

THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated statement of comprehensive income for quarter ended 30 September 2014. These figures have not been audited.

	Group			Group		
	9 months ended 30/09/2014 US\$'000	9 months ended 30/09/2013 US\$'000	% Increase/ (Decrease)	3 months ended 30/09/2014 US\$'000	3 months ended 30/09/2013 US\$'000	% Increase/ (Decrease)
Revenue	17,922	28,528	(37.2)	6,069	9,728	(37.6)
Cost of sales	(19,361)	(28,823)	(32.8)	(8,006)	(9,867)	(18.9)
Gross loss	(1,439)	(295)	NM	(1,937)	(139)	NM
Other income	138	279	(50.5)	50	171	(70.8)
Other gains - net	9,535	438	NM	9,553	9	NM
Expenses						
- Distribution and marketing	(1,097)	642	NM	(244)	(548)	(55.5)
- Administrative	(11,130)	(3,592)	NM	(8,641)	(1,215)	NM
- Finance	(983)	(1,928)	(49.0)	(321)	(940)	(65.9)
Loss before income tax	(4,976)	(4,456)	11.7	(1,540)	(2,662)	(42.1)
Income tax expense	37	(103)	NM	54	(36)	NM
Net loss	(4,939)	(4,559)	8.3	(1,486)	(2,698)	(44.9)
Other comprehensive (losses)/income:						
Items that may be reclassified subsequently to profit or loss						
Available-for-sale financial assets						
- Fair value loss	-	(43)	(100.0)	-	-	NM
- Reclassification	(874)	-	NM	(750)	-	NM
Currency translation differences arising from consolidation						
- (Losses)/gains	(340)	313	NM	7	84	NM
- Reclassification	(413)	-	NM	(413)	-	NM
Other comprehensive (losses)/income, net of tax	(1,627)	270	NM	(1,156)	84	NM
Total comprehensive losses	(6,566)	(4,289)	53.1	(2,642)	(2,614)	1.1
Loss attributable to:						
Equity holders of the Company	(4,939)	(4,559)	8.3	(1,486)	(2,698)	(44.9)
Non-controlling interests	-	-	NM	-	-	NM
	(4,939)	(4,559)	8.3	(1,486)	(2,698)	(44.9)
Total comprehensive losses attributable to:						
Equity holders of the Company	(6,566)	(4,289)	53.1	(2,642)	(2,614)	1.1
Non-controlling interests	-	-	NM	-	-	NM
	(6,566)	(4,289)	53.1	(2,642)	(2,614)	1.1
Loss per share for net loss attributable to equity holders of the Company (cents per share)						
- Basic	(0.63)	(0.58)	8.3	(0.19)	(0.34)	(44.3)
- Diluted	(0.63)	(0.58)	8.3	(0.19)	(0.34)	(44.3)

1(a)(ii) Addition information to the income statement

Profit/(loss) for the financial year ended 30 September is arrived at after (charging)/crediting the following:

	9 months ended 30/09/2014 US\$'000	Group 9 months ended 30/09/2013 US\$'000	% Increase/ (Decrease)
Write back of allowance for inventories obsolescence	160	2,359	(93.2)
Amortisation of intangible assets	(9)	(9)	NM
Depreciation of property, plant and equipment	(2,085)	(1,629)	28.0
Foreign exchange gain, net	62	288	(78.5)
Provision on loan & interest	(7,472)	-	NM
Impairment for non trade receivable arising from liquidation of subsidiaries	(47)	-	NM
Gain on liquidation of subsidiary	8,521	-	NM
(Loss)/gain on disposal of an available-for-sale financial asset	(272)	51	NM
(Loss)/gain on disposal of property, plant and equipment	(16)	42	NM
Loss on disposal of intangible assets	-	(9)	(100.0)
Reclassification from other comprehensive income on liquidation of subsidiary	413	-	NM
Reclassification from other comprehensive income on disposal of an available-for-sale financial asset	874	-	NM
Interest expenses	(983)	(1,928)	(49.0)
Interest income	12	100	(88.0)

NM: Not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Statement of Financial Position

	Group		Company	
	30/09/2014	31/12/2013	30/09/2014	31/12/2013
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	4,171	6,261	35	368
Available-for-sale financial assets	13	1	1	1
Trade and other receivables	11,779	17,149	2,243	2,230
Inventories	4,735	6,073	-	-
	20,698	29,484	2,279	2,599
Non-current assets				
Available-for-sale financial assets	-	2,186	-	-
Investments in subsidiaries	-	-	13,800	13,800
Investment properties	3,282	3,303	-	-
Property, plant and equipment	52,553	54,431	-	-
Intangible assets	412	424	-	-
	56,247	60,344	13,800	13,800
Total assets	76,945	89,828	16,079	16,399
LIABILITIES				
Current liabilities				
Trade and other payables *	19,184	21,994	13,442	12,884
Current income tax liabilities	4	195	-	-
Provision on loan & Interest	7,472	-	7,472	-
Borrowings	22,263	33,753	-	-
	48,923	55,942	20,914	12,884
Non-current liabilities				
Borrowings	2,965	2,259	-	-
Deferred income tax liabilities	1,042	1,046	-	-
	4,007	3,305	-	-
Total liabilities	52,930	59,247	20,914	12,884
NET ASSETS	24,015	30,581	(4,835)	3,515
EQUITY				
Capital and reserves attributable to equity holders of the company				
Share capital	43,950	43,950	43,950	43,950
Capital and statutory reserve	1,652	1,652	66	66
Currency translation reserve	342	1,095	3,228	3,228
Asset revaluation reserve	37,894	37,894	-	-
Fair value reserve	4	878	-	-
Share option reserve	132	132	132	132
Accumulated losses	(59,888)	(54,949)	(52,211)	(43,861)
	24,086	30,652	(4,835)	3,515
Non-controlling interests	(71)	(71)	-	-
Total equity	24,015	30,581	(4,835)	3,515

* Other payables inclusive of US\$4.0 million loan from a shareholder.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	Group			
	As at 30/09/2014		As at 31/12/2013	
	Secured	Unsecured	Secured	Unsecured
	US\$'000	US\$'000	US\$'000	US\$'000
(a) Amount repayable in one year or less, or on demand	17,361	4,902	23,680	10,073
(b) Amount repayable after one year	2,965	-	2,259	-

Details of any collateral

The credit facilities of the Group's subsidiaries were secured by the leasehold properties of UPT Crypson Component (Shanghai) Co., Ltd, the freehold properties of Europtronic Taiwan Ind Corp, fixed deposit and personal guarantees provided by Mr Huang Shih An, Mrs Huang Chuang Shueh Ou and Mr Huang Chien Hung.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			
	9 months ended 30/09/2014 US\$'000	9 months ended 30/09/2013 US\$'000	3 months ended 30/09/2014 US\$'000	3 months ended 30/09/2013 US\$'000
Cash flows from operating activities:				
Net loss before tax	(4,976)	(4,456)	(1,540)	(2,662)
Adjustments for:				
- Write back of allowance for inventories obsolescence	(160)	(2,359)	(160)	(4)
- Amortisation of intangible assets	9	9	2	2
- Depreciation of property, plant and equipment	2,085	1,629	661	547
- Gain on disposal of treasury shares	-	(66)	-	(66)
- Gain on liquidation of subsidiary	(8,521)	-	(8,521)	-
- Loss/(gain) on disposal of available-for-sale financial assets	272	(51)	250	-
- Loss/(gain) on disposal of property, plant and equipment	16	(42)	14	-
- Loss on disposal of intangible assets	-	9	-	-
- Reclassification from other comprehensive income on liquidation of subsidiary	(413)	-	(413)	-
- Reclassification from other comprehensive income on disposal of available-for-sale financial assets	(874)	-	(750)	-
- Reversal of impairment loss on available-for-sale financial assets	-	-	(135)	-
- Impairment of non-trade receivables arising from liquidation of subsidiaries	47	-	47	-
- Interest income	(12)	(100)	(3)	(28)
- Finance expense	983	1,928	321	940
- Provision on loan & interest	7,472	-	7,472	-
- Currency exchange differences	53	543	6	(25)
	(4,019)	(2,956)	(2,749)	(1,296)
Changes in working capital				
- Inventories	1,498	1,654	2,403	1,057
- Trade and other receivables	1,830	2,282	163	1,841
- Trade and other payables	2,432	4,530	(603)	500
Cash generated from/(used in) operations	1,741	5,510	(786)	2,102
Interest received	12	100	3	28
Interest paid	(199)	(414)	(39)	(136)
Income tax paid	(154)	(225)	(31)	(33)
Net cash provided by/(used in) operating activities	1,400	4,971	(853)	1,961
Cash flows from investing activities:				
Additions of property, plant and equipment	(804)	(1,915)	(86)	(445)
Disposal of available-for-sale financial assets	1,893	117	1,613	-
Disposal of intangible assets	-	10	-	-
Net cash provided by/(used in) investing activities	1,089	(1,788)	1,527	(445)
Cash flows from financing activities:				
Bank deposit pledged to bank	(204)	-	(4)	-
Bank deposit released from pledge	2,120	8,169	2,063	2,110
Disposal of treasury shares	-	492	-	492
Loan from directors	(424)	1,324	73	1,324
Proceeds from borrowings	44,705	51,042	14,260	19,552
Repayment of borrowings	(48,828)	(63,454)	(16,550)	(23,734)
Proceeds from finance lease liabilities	1,419	951	-	(42)
Repayment of finance lease liabilities	(667)	(396)	(179)	(52)
Interest paid	(784)	(1,514)	(282)	(804)
Net cash used in financing activities	(2,663)	(3,386)	(619)	(1,154)
Net (decrease)/increase in cash and cash equivalents	(174)	(203)	55	362
Cash and cash equivalents				
Beginning of financial year	3,445	2,497	3,216	1,932
End of financial year	3,271	2,294	3,271	2,294

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Treasury shares	Share option reserve	Capital and statutory reserve	Fair value reserve	Currency translation reserve	Revaluation reserve	Accumulated losses	Total	Non-controlling interest	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group											
Balance at 1 July 2014	43,950	-	132	1,652	754	748	37,894	(58,402)	26,728	(71)	26,657
Total comprehensive income/(losses) for the period	-	-	-	-	(750)	(406)	-	(1,486)	(2,642)	-	(2,642)
Balance at 30 September 2014	43,950	-	132	1,652	4	342	37,894	(59,888)	24,086	(71)	24,015
Balance at 1 July 2013	43,950	(426)	132	1,586	878	549	9,875	(45,343)	11,201	(71)	11,130
Disposal of treasury shares	-	426	-	-	-	-	-	-	426	-	426
Total comprehensive income/(losses) for the period	-	-	-	-	-	84	-	(2,698)	(2,614)	-	(2,614)
Balance at 30 September 2013	43,950	-	132	1,586	878	633	9,875	(48,041)	9,013	(71)	8,942
Company											
Balance at 1 July 2014	43,950	-	132	66	-	3,228	-	(44,439)	2,937	-	2,937
Total comprehensive losses for the period	-	-	-	-	-	-	-	(7,772)	(7,772)	-	(7,772)
Balance at 30 September 2014	43,950	-	132	66	-	3,228	-	(52,211)	(4,835)	-	(4,835)
Balance at 1 July 2013	43,950	(426)	132	-	-	3,228	-	(28,121)	18,763	-	18,763
Disposal of treasury shares	-	426	-	-	-	-	-	-	426	-	426
Total comprehensive losses for the period	-	-	-	-	-	-	-	(223)	(223)	-	(223)
Balance at 30 September 2013	43,950	-	132	-	-	3,228	-	(28,344)	18,966	-	18,966

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Not applicable.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	9 months ended 30/09/2014	9 months ended 30/09/2013
Number of issued shares	786,444,154	786,444,154
Number of issued shares excluding treasury shares	786,444,154	786,444,154

- 1(d)(iv) A statement showing all sales transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

	9 months ended 30/09/2014	9 months ended 30/09/2013
Balance brought forward	-	12,500,000
Disposal of treasury shares	-	(12,500,000)
Balance of treasury shares	-	-

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the most recent audited financial statements as at 31 December 2013.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	30/09/2014	30/09/2013
Loss per ordinary share ("EPS") for the period based on net loss attributable to the shareholders		
(i) Based on weighted average number of ordinary shares in issue ; and	(0.63 cents)	(0.58 cents)
(ii) On a fully diluted basis	(0.63 cents)	(0.58 cents)

(i) EPS for quarter ended 30 September 2014 on existing issued share capital is computed based on the weighted average number of shares in issue during the period of 786,444,154 (30/09/2013 : 786,444,154) ordinary shares.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group			Company		
	30/09/14	31/12/13	Increase / (Decrease)	30/09/14	31/12/13	Increase / (Decrease)
Net asset value ("NAV") backing per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on	3.06 cents	3.90 cents	(21.54%)	(0.61) cents	0.45 cents	(235.56%)

Note:

NAV per ordinary share is computed based on number of shares in issue of 786,444,154 (31/12/2013 : 786,444,154) as at 30 September 2014.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Statement of Comprehensive Income

(Three Quarters ended 30 September 2014 ("3Q 2014") vs Three Quarters ended 30 September 2013 ("3Q 2013"))

Group revenue decreased by 37.2% or US\$10.6 million from US\$28.5 million to US\$17.9 million as a result of the scaling down of the Group's distribution business.

Gross loss increased by US\$1.1 million to US\$1.4 million due mainly to the disposal of all the obsolescence inventories below cost under the Group's manufacturing business.

Other income decreased by 50.5% or US\$0.1 million to US\$0.1 million due mainly to lesser interest income from the fixed deposits as most of the fixed deposits were used to repay part of the bank loans.

Other gain increased by US\$9.1 million to US\$9.5 million due mainly to the disposal of the Group's subsidiary namely Eurotronic (Singapore) Pte Ltd ("ESPL"), as announced via SGXNet on 26 September 2014. ESPL had net tangible liabilities.

Distribution and marketing expenses were stated net of a reversal of allowance for inventories which amounted to US\$2.4 million for 3Q 2013. Excluding this reversal, the distribution and marketing expenses would have been US\$1.7 million for 3Q 2013. The latter when compared against the distribution and marketing expenses for 3Q 2014, saw a decrease of US\$0.6 million. This decrease was due mainly to a reduction in staff headcounts resulting from a cost cutting exercise undertaken by the Group.

Administrative expenses were stated net of provision on loan & interest on ESPL of US\$7.5 million for 3Q 2014. Excluding this provision, the finance expenses would have been US\$3.7 million for 3Q 2014. The latter when compared against the administrative expenses for 3Q 2013, saw an increase of US\$0.1 million. This increase was due mainly to an increase of minimum wages in PRC.

Finance expenses decreased by 49.0% or US\$0.9 million to US\$1.0 million due mainly to a reduction in bank interest arising from the foreign currency borrowing and saving in finance cost following repayment of bank loans.

Overall, the Group reported a wider loss after tax and before minority interests of US\$4.9 million for 3Q 2014 compared to a loss after tax and before minority interests of US\$4.6 million for 3Q 2013.

Balance Sheet

Cash and cash equivalents decreased by US\$2.1 million to US\$4.2 million for 3Q 2014 as most of the fixed deposits were used to repay part of the bank loans.

Trade and other receivables decreased by US\$5.4 million to US\$11.8 million for 3Q 2014 in line with lower sales generated for 3Q 2014.

Inventories decreased by US\$1.3 million to US\$4.7 million for 3Q 2014 due to disposal of all obsolescence inventories under the Group's manufacturing business.

Trade and other payables decreased by US\$2.8 million to US\$19.2 million for 3Q 2014 due to reduced purchases which was in line with lower sales.

Current and non-current borrowings decreased by US\$10.8 million to US\$25.2 million for 3Q 2014 due to repayment of bank loans and non consolidation of ESPL following its disposal on 26 September 2014.

Cash Flow Statement

Cash flow provided from operations decreased from US\$5.0 million for 3Q 2013 to US\$1.4 million for 3Q 2014 due mainly to lower sales.

Cash flow provided in investing increased from deficit US\$1.8 million for 3Q 2013 to US\$1.1 million for 3Q 2014 due mainly to disposal of the Group's investment shares held in Tecstar Technology Co Ltd in Taiwan.

Cash flow used in financing decreased from US\$3.4 million for 3Q 2013 to US\$2.7 million for 3Q 2014 due mainly to saving in finance cost following repayment of bank loans.

Overall, the Group recorded a net increase in cash and cash equivalent of US\$1.0 million for 3Q 2014 compared to 3Q 2013.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The results are in line with the item 10 of the Company's results announcement for the financial ended 30 June 2014 released via SGXNet on 8 August 2014.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The negotiations with the authorities in the People's Republic of China("PRC") in relation to the terms of the compulsory acquisition of the land ("the Land") on which the factory and office premises of the Group are located at No. 1618 Yundongdadao, Wujiang Economic and Technological Development Zone, Suzhou, Jiangsu Province, PRC 215200 (the "Compulsory Acquisition") are still on-going.

During the course of negotiating compensation for the Compulsory Acquisition, Management has been negotiating with several teams of government officials appointed by the local government. The composition of the teams was however changed frequently during the course of negotiations. The negotiation of the terms of the Compulsory Acquisition has thus taken longer than expected. After rounds of negotiation, the latest indicative compensation package is well below the market valuation and the Group's expectation. Notwithstanding, the Group endeavours to achieve the best terms possible for the Compulsory Acquisition.

If the latest indicative compensation package is accepted by the Group, it is expected to have a material negative impact on the financial statements of the Company and the Group.

The Group has divested most of its investment in Tecstar Technology Co Ltd. The Group has also completed the scaling down of its distribution business, thus freeing more resources for the Group to focus in its manufacturing business.

Management will continue to explore all avenues to improve the financial position of the Group, including disposing its other non-core assets.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been recommended by the Directors for the third quarter ended 30 September 2014.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have a general mandate from its shareholders for IPTs.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable

16. A breakdown of sales.

Not applicable

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend

	Latest Full Year (2014)	Previous Full Year (2013)
Ordinary	-	-
Preference	-	-
Total:	-	-

Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual of SGX-ST.

On behalf of the Board of Directors of the Company, we, Huang Shih An and Huang Chuang Shueh Ou, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the 3Q 2014 financial statements for the financial period ended 30 September 2014 set out above to be false or misleading in any material aspect.

On behalf of the Board of Directors
of Europtronic Group Ltd

Huang Shih An
Chairman
11 November 2014

Huang Chuang Shueh Ou
Vice Chairman