



EUROPTRONIC GROUP LTD

(Company Registration Number 200009775K)

(Incorporated in the Republic of Singapore on 18 November 2000)

DIFFERENCES BETWEEN UNAUDITED AND AUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Board of Directors (the “**Board**”) of Europtronic Group Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the unaudited full year financial results announcements for the financial year ended 31 December 2015 (“**FY2015**”) released via the SGXNET on 26 February 2016 (the “**Unaudited Financial Statements**”). Further reference is made to the Audited Financial Statements of the Company for FY2015 (the “**Audited Financial Statements**”) which will be provided to shareholders and the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in due course.

Pursuant to Rule 704(6) of the Listing Manual of SGX-ST, the Board wishes to highlight that there are certain adjustments and reclassifications made by the Company to the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Statements of Financial Position (Group and Company) and Consolidated Statement of Cash Flows in the Audited Financial Statements compared to what was disclosed in the Unaudited Financial Statements following the finalization of the audit. A summary of the adjustments and reclassifications are set out below:

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2015

	Unaudited Financial Statements	Audited Financial Statements	Difference	Note
	US\$'000	US\$'000	US\$'000	
Revenue	18,716	18,716	-	
Cost of sales	(16,717)	(17,544)	827.0	a
Gross profit/(loss)	1,999	1,172		
Other income	386	361	25.0	b
Other (losses)/gains - net	(156)	36	(192.0)	c
Expenses				
- Distribution and marketing	(1,552)	(1,603)	51.0	d
- Administrative	(3,881)	(3,924)	43.0	e
- Finance	(1,383)	(1,852)	469.0	c (ii), f
Loss before income tax	(4,587)	(5,810)		
Income tax expense	17	57	(40.0)	g
Net loss	(4,570)	(5,753)		
Other comprehensive losses:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation				
- Losses during the financial year	(1,003)	(980)	(23.0)	h
	(1,003)	(980)		
Items that will not be reclassified subsequently to profit or loss:				
Revaluation losses on property, plant and equipment	(266)	(45)	(221.0)	i
Other comprehensive losses, net of tax	(1,269)	(1,025)		
Total comprehensive losses	(5,839)	(6,778)		
Loss attributable to:				
Equity holders of the Company	(4,548)	(5,612)	1,064.0	a-i
Non-controlling interests	(22)	(141)	119.0	h
	(4,570)	(5,753)		
Total comprehensive losses attributable to:				
Equity holders of the Company	(5,817)	(6,582)	765.0	a-i
Non-controlling interests	(22)	(196)	174.0	h
	(5,839)	(6,778)		
Loss per share attributable to equity holders of the Company (cents per share)				
- Basic and diluted	(0.52)	(0.64)	0.1	a-i

Statement of Financial Position as at 31 December 2015

	Group			Company			
	Unaudited Financial Statements	Audited Financial Statements	Difference	Unaudited Financial Statements	Audited Financial Statements	Difference	Note
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
ASSETS							
Current assets							
Cash and cash equivalents	582	582	-	16	16	-	
Available-for-sale financial assets	1	1	-	1	1	-	
Trade and other receivables	10,365	9,610	755	2,378	2,378	-	a, g, j
Inventories	4,085	3,977	108	-	-	-	d
	15,033	14,170		2,395	2,395		
Non-current assets							
Investments in subsidiaries	-	-	-	13,800	13,800	-	
Investment properties	2,994	2,994	-	-	-	-	
Property, plant and equipment	38,664	38,446	218	-	-	-	c (l)
Intangible assets	134	152	(18)	-	-	-	e
	41,792	41,592		13,800	13,800		
Total assets	56,825	55,762		16,195	16,195		
LIABILITIES							
Current liabilities							
Trade and other payables	23,664	23,722	(58)	13,589	13,589	-	f, j
Financial guarantee contracts	6,856	6,856	-	6,856	6,856	-	
Borrowings	15,619	15,668	(49)	-	-	-	f
	46,139	46,246		20,445	20,445		
Non-current liabilities							
Borrowings	1,656	1,641	15	-	-	-	f
Deferred income tax liabilities	7,272	7,056	216	-	-	-	i
	8,928	8,697		-	-		
Total liabilities	55,067	54,943		20,445	20,445		
NET ASSETS/(LIABILITIES)	1,758	819	-	(4,250)	(4,250)		
EQUITY							
Capital and reserves attributable to equity holders of the company							
Share capital	46,115	46,115	-	46,115	46,115	-	
Other reserves	21,274	21,243	31	3,426	3,426	-	
Accumulated losses	(66,623)	(67,620)	997	(53,791)	(53,791)	-	h, i
	766	(262)		(4,250)	(4,250)		a-i
Non-controlling interests	992	1,081	(89)	-	-	-	
Total equity	1,758	819		(4,250)	(4,250)		

Consolidated Statement of Cash Flows for the year ended 31 December 2015

	Unaudited Financial Statements US\$'000	Audited Financial Statements US\$'000	Difference US\$'000	Note
Cash flows from operating activities				
Net loss	(4,570)	(5,753)	1,183	a-i
Adjustments for:				
- Income tax expenses	(17)	(57)	40	g
- Allowance for/(write back of allowance for) inventories obsolescence	239	290	(51)	d
- Allowance for impairment of doubtful receivables (Trade)	12	12	-	
- Amortisation of intangible assets	6	33	(27)	e
- Bad debts written off	44	44	-	
- Depreciation of property, plant and equipment	2,181	2,181	-	
- Gain on disposal of intangible assets	(14)	(14)	-	
- Gain on disposal of investment properties	(36)	(36)	-	
- (Gain)/loss on disposal of property, plant and equipment	(6)	(6)	-	
- Interest income	(9)	(9)	-	
- Finance expenses	1,383	1,852	(469)	c (ii), f
- Impairment of non-trade receivables	74	74	-	
- Impairment of property, plant and equipment	-	223	(223)	c (i)
- Provision on financial guarantee contracts	404	-	404	c (ii)
- Currency exchange differences	(156)	(143)	(13)	k
	(465)	(1,309)		
Changes in working capital, net of effects from disposal of subsidiaries:				
- Inventories	(48)	9	(57)	d
- Trade and other receivables	362	1,329	(967)	a, g
- Trade and other payables	(745)	(491)	(254)	f, j
Cash generated from operations	(896)	(462)		
Interest received	9	9	-	
Interest paid	(70)	(70)	-	
Income tax paid	(49)	(47)	(2)	g
Net cash (used in)/provided by operating activities	(1,006)	(570)		
Cash flows from investing activities:				
Additions of property, plant and equipment	(148)	(148)	-	
Disposal of intangible assets	253	269	(16)	e
Disposal of investment properties	259	241	18	l
Disposal of property, plant and equipment	-	6	(6)	l
Net cash provided by investing activities	364	368		
Cash flows from financing activities:				
Proceeds from borrowings	30,834	30,834	-	
Repayment of borrowings	(36,967)	(36,967)	-	
Repayment of finance lease liabilities	(258)	(212)	(46)	f
Proceeds from advances from Directors	3,338	3,338	-	
Proceeds from issuance of ordinary share, net	2,165	2,165	-	
Proceeds from deemed disposal of a subsidiary without loss of control	829	829	-	
Repayment of financial guarantee contracts	(631)	(227)	(404)	c (ii)
Proceeds from advance from related companies	-	72	(72)	m
Repayment to related companies	-	(493)	493	m
Interest paid	(1,313)	(1,782)	469	c (ii), f
Net cash used in financing activities	(2,003)	(2,443)		
Net decrease in cash and cash equivalents	(2,645)	(2,645)		
Cash and cash equivalents				
Beginning of financial period	3,227	3,227	-	
End of financial period	582	582		

Notes:

- a) Adjustment due to research and development cost recognised in the statement of comprehensive income as an expense.
- b) Adjustment for overstatement of rental income.
- c) Adjustment to take up:
 - (i) Impairment loss was recognised due to assets that were not used for production.
 - (ii) Reclassification of financial guarantee contract from other losses to finance expenses.
- d) Adjustment for understatement of movement in allowance for inventories obsolescence with corresponding adjustment on inventories.
- e) Adjustment for understatement of intangible assets and amortisation was recognised in the statement of comprehensive income as an expense.
- f) Adjustment to recalculate the finance lease interest to align with the International Financial Reporting Standards ("IFRS").
- g) Adjustment to take up tax credit to align the People's Republic of China Generally Accepted Accounting Principles ("PRC GAAP") with Singapore Financial Reporting Standards ("SFRS").
- h) Adjustment to recalculate on deemed disposal of a subsidiary without loss of control.
- i) Adjustment for overstatement of movement in deferred tax with corresponding adjustment on revaluation reserve.
- j) Adjustment for reclassification of other receivables to other payables.
- k) The differences in cash flows from operating activities are due to foreign exchange difference under the adjustment on the operating activities.
- l) The differences in cash flows from investing activities are due to adjustment on the disposal of investment properties and property, plant and equipment.
- m) The differences in cash flows from financing activities are due to reclassification of receivables and payables from operating activities to financing activities.

By Order of the Board
Eurotronic Group Ltd

HUANG SHIH-AN
Non-Executive Chairman
7 April 2016