

FIRST QUARTER 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 31 March 2014. These figures have not been audited.

	Group		
	3 months ended 31/03/2014 US\$'000	3 months ended 31/03/2013 US\$'000	% Increase/ (Decrease)
Revenue	5,198	8,485	(38.7)
Cost of sales	(5,125)	(8,919)	(42.5)
Gross profit/(loss)	73	(434)	NM
Other income	55	79	(30.4)
Other gains - net	238	232	2.6
Expenses			
- Distribution and marketing	(463)	1,772	NM
- Administrative	(1,198)	(1,206)	(0.7)
- Finance	(312)	(404)	(22.8)
(Loss)/profit before income tax	(1,607)	39	NM
Income tax expense	-	(31)	(100.0)
Net (loss)/profit	(1,607)	8	NM
Other comprehensive losses:			
Available-for-sale financial assets			
- Fair value loss	-	(43)	(100.0)
Currency translation differences arising from consolidation	(144)	(123)	17.1
Other comprehensive losses, net of tax	(144)	(166)	(13.3)
Total comprehensive losses	(1,751)	(158)	NM
(Loss)/profit attributable to:			
Equity holders of the Company	(1,607)	8	NM
Non-controlling interests	-	-	NM
	(1,607)	8	NM
Total comprehensive losses attributable to:			
Equity holders of the Company	(1,751)	(158)	NM
Non-controlling interests	-	-	NM
	(1,751)	(158)	NM
(Loss)/profit per share for net loss attributable to equity holders of the Company (cents per share)			
- Basic	(0.20)	0.00	NM
- Diluted	(0.20)	0.00	NM

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

Profit/(loss) for the financial year ended 31 March is arrived at after (charging)/crediting the following:

	3 months ended 31/03/2014 US\$'000	Group 3 months ended 31/03/2013 US\$'000	% Increase/ (Decrease)
Write back of allowance for inventories obsolescence	-	2,359	(100.0)
Amortisation of intangible assets	(2)	(3)	(33.3)
Depreciation of property, plant and equipment	(713)	(531)	34.3
Foreign exchange gain, net	240	190	26.3
Gain on disposal of an available-for-sale financial asset	-	51	(100.0)
Loss on disposal of property, plant and equipment	(2)	-	NM
Loss on disposal of intangible assets	-	(9)	(100.0)
Interest expenses	(312)	(404)	(22.8)
Interest income	3	44	(93.2)

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

ASSETS

Current assets

Cash and cash equivalents
Available-for-sale financial assets
Trade and other receivables
Inventories

Group		Company	
31/03/2014 US\$'000	31/12/2013 US\$'000	31/03/2014 US\$'000	31/12/2013 US\$'000
5,822	6,261	90	368
1	1	1	1
14,710	17,149	2,249	2,230
6,287	6,073	-	-
26,820	29,484	2,340	2,599
2,186	2,186	-	-
-	-	13,800	13,800
3,303	3,303	-	-
54,029	54,431	-	-
417	424	-	-
59,935	60,344	13,800	13,800
86,755	89,828	16,140	16,399
20,946	21,994	12,913	12,884
4	195	-	-
32,790	33,753	-	-
53,740	55,942	12,913	12,884
3,139	2,259	-	-
1,046	1,046	-	-
4,185	3,305	-	-
57,925	59,247	12,913	12,884
28,830	30,581	3,227	3,515
43,950	43,950	43,950	43,950
-	-	-	-
1,652	1,652	66	66
951	1,095	3,228	3,228
37,894	37,894	-	-
878	878	-	-
132	132	132	132
(56,556)	(54,949)	(44,149)	(43,861)
28,901	30,652	3,227	3,515
(71)	(71)	-	-
28,830	30,581	3,227	3,515

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

	Group			
	As at 31/03/2014		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	23,220	9,570	23,680	10,073
(b) Amount repayable after one year	3,139	-	2,259	-

Details of any collateral

The credit facilities of the subsidiaries are secured by the leasehold properties of UPT Crypson Component (Shanghai) Co., Ltd, as well as the freehold properties of Europtronic Taiwan Ind Corp.

In addition, it is also secured by fixed deposit and the personal guarantee 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

Statement of Cash Flows

Cash flows from operating activities:

Net (loss)/profit before tax

Adjustments for:

- Write back of allowance for inventories obsolescence
- Amortisation of intangible assets
- Depreciation of property, plant and equipment
- Gain on disposal of available-for-sale financial assets
- Loss on disposal of property, plant and equipment
- Loss on disposal of intangible assets
- Interest income
- Finance expense
- Currency exchange differences

Changes in working capital

- Inventories
- Trade and other receivables
- Trade and other payables

Cash (used in)/generated from operations

Interest received

Interest paid

Income tax paid

Net cash (used in)/provided by operating activities

Cash flows from investing activities:

Additions of property, plant and equipment

Disposal of available-for-sale financial assets

Net cash used in investing activities

Cash flows from financing activities:

Bank deposit released from pledge

Loan from directors

Proceeds from borrowings

Repayment of borrowings

Proceeds from finance lease liabilities

Repayment of finance lease liabilities

Interest paid

Net cash provided by/(used in) financing activities

Net decrease in cash and cash equivalents

Cash and cash equivalents

Beginning of financial year

End of financial year

Group	
3 months ended 31/03/2014 US\$'000	3 months ended 31/03/2013 US\$'000
(1,607)	39
-	(2,359)
2	3
713	531
-	(51)
2	-
-	9
(3)	(44)
312	404
(30)	9
(611)	(1,459)
(214)	948
2,439	156
(5,484)	1,743
(3,870)	1,388
3	44
(91)	(142)
(191)	(127)
(4,149)	1,163
(424)	(524)
-	117
(424)	(407)
-	4,928
4,436	-
12,101	18,419
(13,319)	(25,155)
1,430	635
(295)	(88)
(221)	(262)
4,132	(1,523)
(441)	(767)
3,445	2,497
3,004	1,730

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 reserves	Capital and statutory reserve	Fair value reserves	Foreign currency translation reserves	Revaluation reserves	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 January 2014	43,950	-	132	1,652	878	1,095	37,894	(54,949)	30,652	(71)	30,581
Total comprehensive income/(losses) for the period	-	-	-	-	-	(144)	-	(1,607)	(1,751)	-	(1,751)
Balance at 31 March 2014	43,950	-	132	1,652	878	951	37,894	(56,556)	28,901	(71)	28,830
Balance at 1 January 2013	43,950	(426)	132	1,586	921	320	9,875	(43,482)	12,876	(71)	12,805
Total comprehensive income/(losses) for the period	-	-	-	-	(43)	(123)	-	8	(158)	-	(158)
Balance at 31 March 2013	43,950	(426)	132	1,586	878	197	9,875	(43,474)	12,718	(71)	12,647
Company											
Balance at 1 January 2014	43,950	-	132	66	-	3,228	-	(43,861)	3,515	-	3,515
Total comprehensive losses for the period	-	-	-	-	-	-	-	(288)	(288)	-	(288)
Balance at 31 March 2014	43,950	-	132	66	-	3,228	-	(44,149)	3,227	-	3,227
Balance at 1 January 2013	43,950	(426)	132	-	-	3,228	-	(27,611)	19,273	-	19,273
Total comprehensive losses for the period	-	-	-	-	-	-	-	(265)	(265)	-	(265)
Balance at 31 March 2013	43,950	(426)	132	-	-	3,228	-	(27,876)	19,008	-	19,008

- 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.**

	3 months ended 31/03/2014	3 months ended 31/03/2013
Number of issued shares	786,444,154	786,444,154
Less: Number of treasury shares	-	(12,500,000)
Number of issued shares excluding treasury shares	786,444,154	773,944,154

- 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.**

	3 months ended 31/03/2014	3 months ended 31/03/2013
Balance brought forward	-	12,500,000
Balance of treasury shares	-	12,500,000

- 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	
	31/03/2014	31/03/2013
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	(0.20 cents)	0 cents
(ii) On a fully diluted basis	(0.20 cents)	0 cents

(i) EPS for quarter ended 31 March 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 (31/03/2013 : 773,944,154) 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		
	31/03/14	31/12/13	Increase / (Decrease)	31/03/14	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	3.67 cents	3.90 cents	(5.90%)	0.41 cents	0.45 cents	(8.90%)

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 31 March 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 (Q1 2014 vs Q1 2013)

Group revenue decreased by 38.7% or US\$3.3 million from US\$8.5 million to US\$5.2 million due to the scaling down of its distribution business.

Gross profit increased to US\$0.07 million due to lower cost of sales.

Other income decreased by 30.4% or US\$0.02 million to US\$0.05 million due mainly to lower service income received in line with the Group's reduced business activities.

Distribution and marketing expenses increased by US\$2.2 million to US\$0.5 million. This was because there was a write-back of provision of obsolescence inventories in Q1 2013 but none in Q1 2014.

Finance expenses decreased by 22.8% or US\$0.09 million to US\$0.3 million due mainly to a reduction in bank interest arising from foreign currency borrowing.

Overall, the Group reported a loss after tax and before minority interests of US\$1.6 million in Q1 2014 compared to a profit after tax and before minority interests of US\$0.008 million in Q1 2013.

Balance Sheet

Cash and cash equivalents decreased by US\$0.4 million in Q1 2014 due to repayment of bank loan.

Trade and other receivables decreased by US\$2.4 million in Q1 2014 due to lower sales generated in Q1 2014.

Inventories increased by US\$0.2 million in Q1 2014 due to lower sales in Q1 2014.

Trade and other payables decreased by US\$1.0 million in Q1 2014 due to lower purchases in Q1 2014.

Current and non-current borrowings decreased by US\$0.1 million in Q1 2014 due to repayment of bank loan.

Cash Flow Statement

Cash flow use in operations increased from US\$1.2 million surplus in Q1 2013 to US\$4.1 million deficit in Q1 2014 due mainly to settlement of accounts payable to suppliers.

Cash flow use in investing in Q1 2014 remained unchanged compared to Q1 2013.

Cash flow provided from financing increased from US\$1.5 million deficit in Q1 2013 to US\$4.1 million surplus in Q1 2014 due mainly to loan from directors.

Overall, the Group recorded a net increase in cash and cash equivalent of US\$1.3 million in Q1 2014 compared to Q1 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 31 December 2013 released via SGXNet on 27 February 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

Orders for the Group's manufacturing unit are expected to remain stable.

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

The Group's manufacturing business (will increase its buffer inventory for key customers to ensure smooth delivery during the relocation of the Premises which would likely to take place at the end of 2014 or early 2015.

The scaling down of the Group's distribution business is still on-going.

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 first quarter ended 31 March 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 1Q 2014 financial statements for the financial period ended 31 March 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
9 May 2014

Huang Chuang Shueh Ou
Vice Chairman