

SECOND QUARTER AND FIRST HALF YEAR 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 June 2017. These figures have not been audited.

	Group			Group		
	6 months	6 months	%	3 months	3 months	%
	ended	ended	Increase/	ended	ended	Increase/
	30/06/2017	30/06/2016	(Decrease)	30/06/2017	30/06/2016	(Decrease)
	US\$'000	US\$'000		US\$'000	US\$'000	
Revenue	234	5,064	(95.38)	83	2,901	(97.1)
Cost of sales	(207)	(5,552)	(96.27)	(83)	(3,084)	(97.3)
Gross profit/(loss)	27	(488)	NM	-	(183)	NM
Other income	83	113	NM	18	82	NM
Other gains/(losses) - net	(115)	(620)	NM	236	(317)	NM
Expenses						
- Distribution and marketing	(97)	(497)	(80.48)	(44)	(264)	(83.3)
- Administrative	(776)	(2,143)	(63.79)	(454)	(1,055)	(57.0)
- Finance	(175)	(827)	(78.84)	(89)	(415)	NM
Loss before income tax	(1,053)	(4,462)	NM	(333)	(2,152)	NM
Income tax expense	(1,363)	(117)	NM	-	(9)	NM
Net loss	(2,416)	(4,579)	NM	(333)	(2,161)	(84.6)
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Currency translation differences arising from consolidation						
- Gains/(Losses)	138	(398)	NM	63	61	NM
- Reclassification	(12)	-	NM	(12)	-	NM
	126	(398)	NM	51	61	
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Movement in asset revaluation reserve	407	-	NM	407	-	NM
Revaluation gain on property, plant and equipment	-	521	NM	-	-	NM
Other comprehensive income, net of tax	533	123	NM	458	61	NM
Total comprehensive losses	(1,883)	(4,456)	(57.74)	125	(2,100)	(106.0)
Loss attributable to:						
Equity holders of the Company	(2,416)	(4,451)	NM	(333)	(2,035)	NM
Non-controlling interests	-	(128)	NM	-	(126)	NM
	(2,416)	(4,579)	NM	(333)	(2,161)	NM
Total comprehensive losses attributable to:						
Equity holders of the Company	(1,883)	(4,295)	NM	125	(1,990)	NM
Non-controlling interests	-	(161)	NM	-	(110)	NM
	(1,883)	(4,456)	NM	125	(2,100)	NM
Loss per share for net loss attributable to equity holders of the Company (cents per share)						
- Basic and diluted	(0.26)	(0.47)	NM	(0.04)	(0.19)	NM

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

Loss for the quarter ended 30 June is arrived at after (charging)/crediting the following:			
	Group		
	6 months	6 months	%
	ended	ended	Increase/
	30/06/2017	30/06/2016	(Decrease)
	US\$'000	US\$'000	
Amortisation of intangible assets	(1)	(6)	(83.33)
Depreciation of property, plant and equipment	(14)	(982)	(98.57)
Foreign exchange (losses)/gain, net	(327)	(78)	319.23
Finance expenses	(175)	(827)	(78.84)
Gain/(Loss) on disposal of property, plant and equipment	8	(542)	NM
Interest income	10	-	NM
Loss on disposal of investment properties	(394)	-	NM
Write back of allowance for impairment of inventories	52	-	NM
Write back of allowance for impairment of doubtful receivables (Non-trade)	12	-	NM
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

	Group		Company	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	1,128	125	998	4
Available-for-sale financial assets	1	1	1	1
Trade and other receivables	1,576	743	707	119
Inventories	29	83	-	-
	2,734	952	1,706	124
Asset of disposal group classified as held-for-sale	37,631	37,631	-	-
Non-current asset classified as held-for-sale	-	-	13,307	13,307
	40,365	38,583	15,013	13,431
Non-current assets				
Investments in subsidiaries	-	-	-	-
Investment properties	-	2,772	-	-
Property, plant and equipment	35	100	-	-
Intangible assets	77	77	-	-
	112	2,949	-	-
Total assets	40,477	41,532	15,013	13,431
LIABILITIES				
Current liabilities				
Trade and other payables	25,094	18,922	17,745	11,827
Current income tax liabilities	-	-	-	-
Financial guarantee contracts	4,315	7,206	4,315	7,206
Borrowings	-	2,004	-	-
	29,409	28,132	22,060	19,033
Liabilities directly associated with disposal group classified as held-for-sale	24,783	24,783	-	-
	54,192	52,915	22,060	19,033
Non-current liabilities				
Borrowings	-	43	-	-
Deferred income tax liabilities	-	406	-	-
	-	449	-	-
Total liabilities	54,192	53,364	22,060	19,033
NET LIABILITIES	(13,715)	(11,832)	(7,047)	(5,602)
EQUITY				
Capital and reserves attributable to equity holders of the company				
Share capital	46,115	46,115	46,115	46,115
Capital and statutory reserve	1,538	1,538	66	66
Currency translation reserve	(1,091)	(1,229)	3,228	3,228
Asset revaluation reserve	16,076	17,308	-	-
Share option reserve	132	132	132	132
Accumulated losses	(77,266)	(76,477)	(56,588)	(55,143)
	(14,496)	(12,613)	(7,047)	(5,602)
Non-controlling interests	781	781	-	-
Total equity	(13,715)	(11,832)	(7,047)	(5,602)

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

		Group			
		As at 30/06/2017		As at 31/12/2016	
		Secured	Unsecured	Secured	Unsecured
		US\$'000	US\$'000	US\$'000	US\$'000
(a)	Amount repayable in one year or less, or on demand	-	-	2,004	-
(b)	Amount repayable after one year	-	-	43	-

Details of any collateral

In 2014, the Company had agreed to provide corporate guarantees over the principal and its related interest costs on the outstanding bank borrowings of Europtronic (Singapore) Pte Ltd. The Company is not obliged against the subsequent drawdown of the bank borrowings incurred by Europtronic (Singapore) Pte Ltd. As at 30 June 2017, the financial guarantee contracts to banks in connection with credit facilities provided to Europtronic (Singapore) Pte Ltd amounted to US\$4.3 million.

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		Group	
	6 months	6 months	3 months	3 months
	ended	ended	ended	ended
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
Loss before income tax	(1,053)	(4,579)	(333)	(2,161)
Adjustments for:				
- Income tax expenses	-	117	-	9
- Amortisation of intangible assets	1	6	1	4
- Depreciation of property, plant and equipment	14	982	4	483
- (Gain)/Loss on disposal of property, plant and equipment	(8)	542	(8)	30
- Interest income	(10)	-	(3)	-
- Finance expenses	175	827	156	415
- Loss on disposal of investment properties	394	-	394	-
- Write back of allowance for impairment for inventories	(52)	(11)	(3)	(11)
- Write back of allowance for impairment of non-trade receivables	(12)	-	(12)	-
- Waiver of financial guarantee contracts and provision for interest	(586)	-	(586)	-
- Currency exchange differences	101	110	50	396
Operating cash flow before working capital changes	(1,036)	(2,006)	(340)	(835)
Changes in working capital:				
- Inventories	106	(571)	33	(92)
- Trade and other receivables	(821)	1,362	(927)	342
- Trade and other payables	7,635	1,072	(2)	(332)
Cash generated from/(used in) operations	5,884	(143)	(1,236)	(917)
Interest received	10	-	3	-
Interest paid	(6)	(19)	(6)	(10)
Income tax paid	(1,363)	(117)	-	(9)
Net cash provided by/(used in) operating activities	4,525	(279)	(1,239)	(936)
Cash flows from investing activities:				
Additions to property, plant and equipment	(8)	(42)	(6)	(34)
Disposals of property, plant and equipment	68	3,751	68	(229)
Disposal of investment properties	2,382	-	2,382	-
Net cash provided by/(used in) investing activities	2,442	3,709	2,444	(263)
Cash flows from financing activities:				
(Repayments of)/Proceeds from advances from Directors	(1,343)	243	(789)	201
(Repayments of)/Proceeds from financial guarantee contracts	(2,648)	224	1	132
Proceeds from borrowings	-	8,640	-	4,371
Repayments of borrowings	(1,965)	(11,195)	(1,965)	(3,387)
Proceeds from finance lease liabilities	-	-	-	-
Repayments of finance lease liabilities	(8)	(243)	(5)	(94)
Proceeds from partial disposal of a sub diary without loss of control	-	600	-	-
Interest paid	-	(808)	-	(405)
Repayment of non trade amount due to related party transaction	-	(153)	-	-
Net cash (used in)/provided by financing activities	(5,964)	(2,692)	(2,758)	818
Net increase/(decrease) in cash and cash equivalents	1,003	738	(1,553)	(381)
Cash and cash equivalents				
Beginning of financial period	125	582	2,681	1,701
End of financial period	1,128	1,320	1,128	1,320

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	Share option reserve	Capital and statutory reserve	Currency translation reserve	Asset revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group									
Balance at 1 April 2017	46,115	132	1,538	(1,154)	17,308	(78,560)	(14,621)	781	(13,840)
Loss for the period	-	-	-	-	-	(333)	(333)	-	(333)
Other comprehensive income/ (losses) for the period	-	-	-	63	395	-	458	-	458
Total comprehensive income/ (losses) for the period	-	-	-	63	395	(333)	125	-	125
Revaluation gain transferred to accumulated losses arising from disposal of investment properties	-	-	-	-	(1,627)	1,627	-	-	-
Balance at 30 June 2017	46,115	132	1,538	(1,091)	16,076	(77,266)	(14,496)	781	(13,715)
Balance at 1 April 2016	46,115	132	1,538	(1,213)	17,308	(66,321)	(2,441)	1,504	(937)
Loss for the period	-	-	-	-	-	(2,035)	(2,035)	(110)	(2,145)
Other comprehensive income/ (losses) for the period	-	-	-	45	-	-	45	-	45
Total comprehensive income/ (losses) for the period	-	-	-	45	-	(2,035)	(1,990)	(110)	(2,100)
Balance at 30 June 2016	46,115	132	1,538	(1,168)	17,308	(68,356)	(4,431)	1,394	(3,037)
Company									
Balance at 1 April 2017	46,115	132	66	3,228	-	(56,763)	(7,222)	-	(7,222)
Profit for the period	-	-	-	-	-	175	175	-	175
Total comprehensive loss for the period	-	-	-	-	-	175	175	-	175
Balance at 30 June 2017	46,115	132	66	3,228	-	(56,588)	(7,047)	-	(7,047)
Balance at 1 April 2016	46,115	132	66	3,228	-	(54,261)	(4,720)	-	(4,720)
Loss for the period	-	-	-	-	-	(352)	(352)	-	(352)
Total comprehensive loss for the period	-	-	-	-	-	(352)	(352)	-	(352)
Balance at 30 June 2016	46,115	132	66	3,228	-	(54,613)	(5,072)	-	(5,072)

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.**

	6 months ended 30/06/2017	6 months ended 30/06/2016
Number of issued shares	943,732,154	943,732,154
Number of issued shares excluding treasury shares	943,732,154	943,732,154

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

Not applicable.

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

Not applicable.

- 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 2016.

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	
	30/06/2017	30/06/2016
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	(0.26 cents)	(0.47 cents)
(ii) On a fully diluted basis	(0.26 cents)	(0.47 cents)

(i) EPS for quarter ended 30 June 2017 on existing issued share capital is computed based on the weighted average number of shares issued during the period, amounted to 943,732,154 (30/06/2016 : 943,732,154) 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		
	30/06/17	31/12/16	Increase / (Decrease)	30/06/17	31/12/16	Increase / (Decrease)
Net asset value ("NAV") per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on	(1.54) cents	(1.34) cents	(14.93%)	(0.75) cents	(0.59) cents	(25.79%)

Note:

NAV per ordinary share is computed based on 943,732,154 (31/12/2016 : 943,732,154) ordinary shares as at 30 June 2017.

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 (First Half ended 30 June 2017 ("1H 2017")) vs First Half ended 30 June 2016 ("1H 2016")

The Group's revenue decreased by 95.38% or US\$4.83 million from US\$5.06 million to US\$0.23 million due mainly to the reduction in revenue from the Component Manufacturing Business Unit ("CMBU") in which its major components have been classified as discontinued operations.

Despite the decrease in revenue, the Group recorded a gross profit of US\$0.03 million for 1H 2017 from a gross loss of US\$0.49 million for 1H 2016 due mainly to the savings from discontinuation of the loss-making entities in CMBU.

Distribution and marketing expenses decreased by 80.48% or US\$0.40 million from US\$0.50 million to US\$0.10 million attributed mainly to reduction in staff headcount and marketing costs.

Administrative expenses decreased by 63.79% or US\$1.37 million from US\$2.14 million to US\$0.78 million due mainly to effective on-going cost control.

Depreciation of property, plant and equipment decreased by 98.57% from US\$0.98 million to US\$0.01 million due mainly to depreciation of US\$0.96 million for 1H 2016 incurred previously by assets held-for-sale.

Finance expenses decreased by US\$0.65 million from US\$0.83 million to US\$0.18 million due mainly to decrease in interest expenses from borrowings incurred previously by assets held-for-sale.

Overall, the Group reported a loss after tax and before minority interests of US\$2.42 million in 1H 2017 as compared to US\$4.58 million in 1H 2016.

Statement of Financial Position

Trade and other receivables increased by US\$0.83 million to US\$1.58 million due mainly to the final instalment receivable of US\$0.99 million from the force sale of investment properties, offset by the lower sales generated.

The investment properties have been disposed of upon force sale by banker who is the mortgagee.

Trade and other payables increased by US\$6.17 million from US\$18.92 million to US\$25.09 million due mainly to the first instalment received of US\$11.64 million from Nantong Jianghai Power Electronics Co Ltd ("Jianghai"), the buyer of the proposed sale of Europtronic Suzhou Co., Ltd ("ER Suzhou"), offset by the settlement of payables in 1H 2017.

Financial guarantee contracts decreased by US\$2.89 million to US\$4.32 million in 1H 2017 due mainly to the repayment of financial guarantee contracts and waiver by the banker.

Borrowings and deferred income tax liabilities decreased in 1H 2017 due mainly to the disposal of investment properties in Shanghai.

The Group's net liabilities stood at US\$13.72 million as at 30 June 2017, compared to net liabilities of US\$11.83 million as at 31 December 2016.

Consolidated Statement of Cash Flow

Net cash flow provided by operating activities for 1H 2017 was US\$4.53 million, comprising mainly cash outflow from operating activities before working capital changes of US\$1.04 million, net working capital inflow of US\$6.92 million and income tax paid of US\$1.36 million.

Net cash provided by investing activities in 1H 2017 of US\$2.44 million, comprising mainly gross proceed from the disposal of investment properties.

Net cash used in financing activities was US\$5.96 million, arising mainly from the repayments of financial guarantee contracts of US\$2.65 million, borrowings of US\$1.97 million and advances from Director of US\$1.34 million.

Overall, the Group recorded a net increase in cash and cash equivalent of US\$1.00 million in 1H 2017, bringing cash and cash equivalents per the consolidated statement of cash flow of US\$1.13 million as at 30 June 2017.

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

Not applicable. No forecast provided.

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

In accordance with the sale and purchase agreement signed between the Company together with the other shareholders of Europtronic Suzhou Co., Ltd ("ER Suzhou") and Nantong Jianghai Power Electronics Co Ltd ("Jianghai") on 4 July 2016, the Board and management are still negotiating with Jianghai in relation to the remaining second and third instalments of sale considerations, which are conditional upon relevant approvals and other terms and conditions. However, even if the remaining instalments are received by the Company, the Company will not be able to satisfy the claims of all its creditors.

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/recommendedd, a statement to that effect.

No dividend has been recommended by the Directors for the quarter ended 30 June 2017.

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.

Name of Interested Person	Aggregate value of all interested person transaction during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Description of the transaction entered into with the interested person during the financial year under review	Aggregate value of all interested person transaction conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nil	N.A.	N.A.	N.A.

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

14. Confirmation by the issuer pursuant to Rule 720(1)

The Board of Directors of the Company hereby confirms that the undertakings from all its Directors and Executive Officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

15. Confirmation by the Board pursuant to Rule 705(5)

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 1H 2017 financial statements for the financial period ended 30 June 2017 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
Non-Executive Chairman
14 August 2017

Huang Chuang Shueh-Ou
Vice Chairman