

EUCON HOLDING LIMITED

Quarterly Financial Statement And Dividend Announcement

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

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

	Group			Group		
	9 months ended		Fav/ (Unfav)	3 months ended		Fav/ (Unfav)
	30/9/2007	30/9/2006		30/9/2007	30/9/2006	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	80,808	83,290	(3)	32,576	31,088	5
Cost of sales	(67,966)	(54,063)	(26)	(24,525)	(22,436)	(9)
Gross profit	12,842	29,227	(56)	8,051	8,652	(7)
<i>Gross margin</i>	15.9%	35.1%	(19)	24.7%	27.8%	(3)
Other income (including Interest Income)	4,254	96	NM	4,118	14	NM
Administrative expenses	(7,349)	(8,148)	10	(2,227)	(2,654)	16
Distribution costs	(3,120)	(3,565)	12	(969)	(1,215)	20
Other expenses	(37)	(343)	89	(3)	(8)	63
Finance costs	(2,549)	(1,642)	(55)	(898)	(531)	(69)
Profit before income tax	4,041	15,625	(74)	8,072	4,258	90
Income tax expense	(368)	(1,574)	77	(106)	(252)	58
Net profit for the period	3,673	14,051	(74)	7,966	4,006	99
Attributable to:						
Equity holders of the parent	3,578	14,051	(75)	7,812	4,006	95
Minority interest	95	-	NM	154	-	NM
	3,673	14,051	(74)	7,966	4,006	99

NM: Not meaningful

Net profit for the period as a percentage of revenue 4.5% 16.9% 24.5% 12.9%

Profit before income tax is arrived at after charging(crediting) the following:

Depreciation of property, plant and equipment	11,874	9,668	4,099	3,411
Amortisation of land use rights	61	-	61	-
Foreign exchange loss (gain) - (net)	(11)	338	3	6
Gain on dilution of interest	(4,074)	-	(4,074)	-
Gain on sale of plant and equipment	-	(16)	-	-
Interest income	(109)	(53)	(43)	(13)
Interest expense	2,549	1,642	898	531

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

Balance sheet

	Group		Company	
	As at 30/9/2007 \$'000	As at 31/12/2006 \$'000	As at 30/9/2007 \$'000	As at 31/12/2006 \$'000
Current assets				
Cash and bank balances	18,311	18,780	883	2,114
Pledged bank deposits	2,085	1,179	-	-
Trade receivables	45,997	37,527	-	-
Other receivables and prepayments	5,005	2,712	41,093	18,596
Land use rights	82	-	-	-
Inventories	13,335	10,200	-	-
	84,815	70,398	41,976	20,710
Non-current assets				
Investment in subsidiaries	-	-	77,172	73,126
Land use rights	3,962	-	-	-
Property, plant and equipment	134,158	117,302	968	1,039
Goodwill	3,956	3,956	-	-
Deferred tax asset	1,097	1,136	-	-
	143,173	122,394	78,140	74,165
Total assets	227,988	192,792	120,116	94,875
Current liabilities				
Trade payables	26,094	23,861	-	-
Other payables	18,877	16,096	14,239	10,791
Income tax payable	56	689	-	-
Short-term bank loans	36,193	32,525	8,957	9,221
Current portion of long-term bank loans	3,153	4,292	59	59
Current portion of finance leases	4,711	3,468	646	1,115
Current portion of notes payable	6,377	2,769	2,900	-
Due to former holding company	5,972	5,785	5,972	5,785
	101,433	89,485	32,773	26,971
Non-current liabilities				
Long-term bank loans	11,159	5,782	350	394
Finance leases	6,402	4,985	849	1,368
Notes payable	10,953	1,510	9,219	-
	28,514	12,277	10,418	1,762
Equity attributable to equity holders of the parent				
Share capital	56,127	56,127	56,127	56,127
Reserves	35,839	34,903	20,798	10,015
	91,966	91,030	76,925	66,142
Minority Interest	6,075	-	-	-
Total Equity	98,041	91,030	76,925	66,142
Total liabilities and equity	227,988	192,792	120,116	94,875

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

Amount repayable in one year or less, or on demand

As at 30/9/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
44,057	6,377	40,285	2,769

The amount repayable after one year

As at 30/9/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
17,561	10,953	10,767	1,510

Details of any collaterals
NA

(c) Cash Flow Statement for period ended 30 September

	Group			
	9 months ended		3 months ended	
	30/9/2007	30/9/2006	30/9/2007	30/9/2006
	\$'000	\$'000	\$'000	\$'000
Operating Activities:				
Profit before Income Tax:	4,041	15,625	8,072	4,258
Adjustments for:-				
Depreciation of property, plant and equipment	11,874	9,668	4,099	3,411
Amortisation of land use rights	61	-	61	-
Gain on dilution of interest	(4,074)	-	(4,074)	-
Gain on disposal of plant and equipment	-	(16)	-	-
Interest income	(109)	(53)	(43)	(13)
Interest expense	2,549	1,642	898	531
Operating profit before working capital changes	14,342	26,866	9,013	8,187
Changes in working capital:-				
Trade receivables	(8,470)	(2,769)	(11,812)	(5,516)
Other receivables and prepayments	(2,293)	(4,703)	12,860	(3,359)
Inventories	(3,135)	(6,875)	(4,540)	(3,915)
Trade payables	2,233	11,139	3,681	8,479
Other payables	12,835	(1,008)	1,046	126
Net cash flows (used in) from operating activities	15,512	22,650	10,248	4,002
Net interest paid	(2,440)	(1,589)	(855)	(518)
Income tax paid	(962)	(1,778)	(98)	(245)
Cash flows from operating activities	12,110	19,283	9,295	3,239
Investing Activities:				
Proceeds on disposal of plant and equipment	-	50	-	-
Purchase of plant and equipment	(29,238)	(14,714)	(24,582)	(2,611)
Purchase of land use rights	(4,105)	-	(4,105)	-
Cash flows used in investing activities	(33,343)	(14,664)	(28,687)	(2,611)
Financing Activities:				
Decrease in cash subjected to restriction	(906)	(327)	(79)	(429)
Increase (Decrease) in notes payable	13,051	(2,059)	15,079	(16)
Dividend paid	(2,850)	(2,850)	(2,850)	(2,850)
Due to former holding company (non-trade)	187	187	62	62
Increase (Decrease) in bank loans	7,906	(4,538)	4,767	828
Increase (Decrease) of finance lease obligations	2,660	(1,056)	3,642	(1,382)
Cash flows from (used in) financing activities	20,048	(10,643)	20,621	(3,787)
Net (decrease) increase in cash and bank balances	(1,185)	(6,024)	1,229	(3,159)
Cash and bank balances at beginning of period	18,780	15,193	16,545	12,811
Net effect of exchange rate changes in consolidating subsidiaries	716	649	537	166
Cash and bank balances at end of period	18,311	9,818	18,311	9,818

Bank deposits pledged as security amounting to S\$2,085,000 (30 September 2006: S\$469,000) has been netted off against cash.

1(d)(i) A statement for the issuer and the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the third quarter ended 30 September

<u>Group</u>	Share Capital \$'000	Currency Translation Reserves \$'000	Accumulated Profits \$'000	Statutory reserve \$'000	Total \$'000	Minority Interest \$'000	Total Equity \$'000
At 1 July 2006	56,127	(3,761)	35,930	2,121	90,417	-	90,417
Transfer	-	-	(946)	946	-	-	-
Exchange differences arising on consolidation	-	41	-	-	41	-	41
Dividend paid	-	-	(2,850)	-	(2,850)	-	(2,850)
Net profit for the period	-	-	4,006	-	4,006	-	4,006
At 30 September 2006	56,127	(3,720)	36,140	3,067	91,614	-	91,614
At 1 July 2007	56,127	(3,404)	31,896	4,175	88,794	9,390	98,184
Transfer	-	-	(697)	697	-	-	-
Exchange differences arising on consolidation	-	(1,712)	9	(87)	(1,790)	-	(1,790)
Dividend paid	-	-	(2,850)	-	(2,850)	-	(2,850)
Minority interest on consolidation	-	-	-	-	-	(3,469)	(3,469)
Net profit for the period	-	-	7,812	-	7,812	154	7,966
At 30 September 2007	56,127	(5,116)	36,170	4,785	91,966	6,075	98,041
<u>Company</u>							
At 1 July 2006	56,127	-	7,775	-	63,902	-	63,902
Dividend paid	-	-	(2,850)	-	(2,850)	-	(2,850)
Net profit for the period	-	-	4,696	-	4,696	-	4,696
At 30 September 2006	56,127	-	9,621	-	65,748	-	65,748
At 1 July 2007	56,127	-	17,476	-	73,603	-	73,603
Dividend paid	-	-	(2,850)	-	(2,850)	-	(2,850)
Net profit for the period	-	-	6,172	-	6,172	-	6,172
At 30 September 2007	56,127	-	20,798	-	76,925	-	76,925

- 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 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.

During 1 July 2007 to 30 September 2007, the Company did not issue any 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.

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 Company has adopted the same accounting policies and methods of computation as compared to the most recent audited financial statements as at 31 December 2006.

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 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		Group	
	9 months ended		3 months ended	
	30/9/2007	30/9/2006	30/9/2007	30/9/2006
Earnings per ordinary share for the year based on net profit/(loss) for the period:				
(i) Based on the weighted average number of ordinary shares in issue (cts); and	0.64	2.47	1.40	0.70
Weighted average number of shares	570,000,000	570,000,000	570,000,000	570,000,000
(ii) On a fully diluted basis (cts)	0.64	2.47	1.40	0.70
Weighted average number of shares	570,000,000	570,000,000	570,000,000	570,000,000

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

	Group		Company	
	As at 30/9/2007	As at 31/12/2006	As at 30/9/2007	As at 31/12/2006
Net asset value per ordinary share (cts)	15.44	15.28	13.50	11.60
Number of shares	570,000,000	570,000,000	570,000,000	570,000,000

8. **Review of the Group's performance**

Revenue

The Group recorded revenue of \$32.6 million in 3Q07, representing an increase of 5% from \$31.1 million in 3Q06. This modest increase is attributable to the increased demand in mechanical drilling business and a recovery in laser drilling demand. In the laser drilling segment, our machines utilisation rate improved significantly from the last quarter.

China

Revenue from China operations increased marginally by \$0.2 million or 0.8% from \$26.4 million in 3Q06 to \$26.6 million in 3Q07.

Revenue from PCB Operations decreased by \$3.0 million or 14% due to lower orders compared to 3Q06. However, revenue from mechanical drilling segment increased 55% from \$3.9 million to \$6.1 million.

Our China production capacity increased due to the addition of 50 mechanical drilling machines this year to our new plant, Shanghai Lian Han Xin which was set up last year to meet the growing demand. We also added 7 laser drilling machines in 3Q07 to our China operations.

Taiwan

Demand for Laser Drilling increased by 29% from \$4.6 million in 3Q06 to \$6.0 million in 3Q07. The improvement in the Laser Drilling segment is due to increased demand for IC substrates as well as higher demand for mobile phones and other sophisticated electronic products that need HDI (High-Density Interconnect) PCBs.

Profitability

Gross Profit

Gross Profit decreased by 7% from \$8.7 million in 3Q06 to \$8.1 million in 3Q07. As a result, Group gross profit margin eased by 3% from 27.8% to 24.7% due to the following factors:

- (i) Increase in cost of sales by 9% from \$22.4 million in 3Q06 to \$24.5 million in 3Q07, due mainly to increased prices of raw materials such as copper.
- (ii) Higher depreciation expenses due to additional mechanical drilling machines, laser drilling machines and PCB facilities.

3Q over 2Q Performance

The Group doubled its net profit from \$4.0 million in 3Q06 to almost \$8.0 million in 3Q07. Compared to 2Q07, all business segments have achieved increases in gross profit. In particular, Laser Drilling segment has turned profitable in 3Q07.

The Group registered a one-off gain of \$4.07 million from a recent sale of 12.5% stake in our subsidiary Shanghai Zhuo Kai. Excluding the said gain, the Group still registered a net profit of \$3.8 million from its operations representing a return to profitability from 2Q07.

Distribution costs have decreased by 20% mainly due to a drop in commission payable and delivery costs incurred by the processing of sales for PCB operations. This offsets the increase in salary and related costs due to the increase in headcount.

Finance costs have increased by \$0.4 million due to higher bank borrowings to fund the purchases of new machines and PCB facilities.

Balance Sheet

In 3Q07, the Group purchased 50 years of land use rights each for Shanghai Zhuo Kai and Shanghai Eu Ya. Land use rights are amortized over 50 years for both subsidiaries and are reflected under current and non-current assets.

Owing to the purchase of machines, 'property, plant and equipment' increased from \$117.3 million to \$134.2 million in net book value, with depreciation factored in. Purchases were funded by internal working capital and borrowings.

Bank loans increased by \$7.9 million mainly due to purchase of PCB facilities at Shanghai Zhuo Kai and Shanghai Eu Ya as well as trade receivables factoring.

Finance leases increased by \$2.7 million mainly due to purchase of laser drilling machines for Lgang Optronics.

Other payables increased by \$2.8 million mainly due to purchase of laser drilling machines for Shanghai Zhuo Kai.

Notes payables have increased by \$13.0 million as the Group issued several promissory notes to our supplier for purchase of mechanical drilling machines for Shanghai Lian Han Xin which was set up in December 2006. These notes are due payable between year 2007 to 2010.

Total debt borrowings increased 42% to \$78.9 million from \$55.5 million in 2Q07. Net gearing ratio rose slightly from 0.42 in 2Q07 to 0.64 in 3Q07.

The Group's cash position stood at \$18.3 million, which is sufficient to meet its daily operational needs.

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

No forecast or prospect statement was disclosed to shareholders previously.

10. **A commentary at the date of 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 Group expects its business to fare well in 4Q07, with a stronger demand for all business segments compared to 3Q07. Seasonally, 4Q07 should see higher demand in our order books for electronic consumer products. The Group expects improved utilisation rates on machines and facilities to cater for this increase in our order books.

The management is currently exploring a more strategic and structured arrangement to smoothen the cyclical demand experienced in our laser drilling business principally to manage and drive a more constant utilisation rate in this capital intensive segment of our businesses. We will continue to exercise prudence and foresight in our investments and expenditure, in tandem with market conditions.

With cautious optimism, the Group has made the following investments in machines in 3Q07:

- 30 computer numeric controlled (CNC) mechanical drilling machines for Shanghai Lian Han Xin in China
- 7 laser drilling machines for Shanghai Zhuo Kai in China
- 7 laser drilling machines for Lgang Optronics in Taiwan

Barring any unforeseen circumstances and market conditions, the Group will remain profitable in FY07.

11. Dividend

11(a) Any dividend declared for the current financial period reported on?

None

11(b) Any dividend declared for the corresponding period of the immediately preceding financial year?

None

11(c) Date payable

Not applicable

11(d) Books closure date

Not applicable

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

No dividend has been declared for the Third quarter ended 30 September 2007.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. 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

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

Not applicable

15. A breakdown of sales as follows:

Not applicable

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Not applicable

17. Interested party transactions

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)
Loan guarantees provided by Mr Wen Yao-Long, Mr Wen Yao-Chou, Ms Chan Hui-Chung to various financial institutions to secure credit facilities for the Group	Total facilities granted as at 30.9.2007: S\$54.5 million Amount outstanding as at 30.9.2007: S\$28.2 million
Loan from Sunny Worldwide Int'l (Amount outstanding as at 30.9.2007 is S\$6.0 million)	Interest for the 9 months ended 30.9.2007: S\$0.1 million

BY ORDER OF THE BOARD

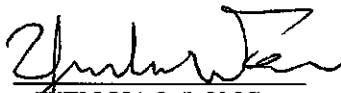
Wen Yao-Long
 Executive Chairman & CEO
 6 November 2007


RULE 705(4) – NEGATIVE ASSURANCE

Confirmation by the Board of Directors

Pursuant to Rule 705(4) of the SGX-ST Listing Manual, we, Wen Yao-Long and Ong Sim Ho, being two Directors of Eucon Holding Limited (the “Company”), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Group’s unaudited interim financial results for the 3rd Quarter ended 30 September 2007 to be false or misleading.

On behalf of the Board of Directors:


WEN YAO-LONG
Director


ONG SIM HO
Director

Singapore, 6 November 2007