

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		
	3 months ended		Fav/ (Unfav)
	31/3/2007	31/3/2006	
\$'000	\$'000	%	
Revenue	23,678	25,895	(9)
Cost of sales	(21,186)	(14,306)	(48)
Gross profit	2,492	11,589	(78)
<i>Gross margin</i>	10.5%	44.8%	(34)
Other income (including Interest Income)	30	17	76
Administrative expenses	(2,401)	(2,615)	8
Distribution costs	(1,145)	(1,223)	6
Other expenses	(259)	(343)	24
(Loss)Profit from operations	(1,283)	7,425	NM
Finance costs	(735)	(559)	(31)
(Loss)Profit before income tax	(2,018)	6,866	NM
Income tax expense	(146)	(859)	83
Net (loss)profit for the period	(2,164)	6,007	NM

NM: Not meaningful

Net (loss)profit for the period as a percentage of revenue -9.1% 23.2%

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

Depreciation of property, plant and equipment	3,804	3,024
Foreign exchange loss - (net)	251	342
Interest income	(30)	(17)
Interest expense	735	559

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 31/3/2007 \$'000	As at 31/12/2006 \$'000	As at 31/3/2007 \$'000	As at 31/12/2006 \$'000
Current assets				
Cash and bank balances	16,200	18,780	2,261	2,114
Pledged bank deposits	1,147	1,179	-	-
Trade receivables	33,658	37,527	-	-
Other receivables and prepayments	8,795	2,712	7,381	18,596
Inventories	9,207	10,200	-	-
	69,007	70,398	9,642	20,710
Non-current assets				
Investment in subsidiaries	-	-	85,569	73,126
Property, plant and equipment	117,522	117,302	1,015	1,039
Goodwill	3,956	3,956	-	-
Deferred tax asset	1,107	1,136	-	-
	122,585	122,394	86,584	74,165
Total assets	191,592	192,792	96,226	94,875
Current liabilities				
Trade payables	20,775	23,861	-	-
Other payables	18,566	16,096	13,334	10,791
Income tax payable	613	689	-	-
Short-term bank loans	29,990	32,525	9,361	9,221
Current portion of long-term bank loans	3,684	4,292	59	59
Current portion of finance leases	3,090	3,468	912	1,115
Current portion of notes payable	1,472	2,769	-	-
Due to former holding company	5,848	5,785	5,848	5,785
	84,038	89,485	29,514	26,971
Non-current liabilities				
Long-term bank loans	14,113	5,782	380	394
Finance leases	4,160	4,985	1,188	1,368
Notes payable	1,104	1,510	-	-
	19,377	12,277	1,568	1,762
Capital and reserves				
Share capital	56,127	56,127	56,127	56,127
Reserves	32,050	34,903	9,017	10,015
	88,177	91,030	65,144	66,142
Total liabilities and equity	191,592	192,792	96,226	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 31/3/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
36,764	1,472	40,285	2,769

The amount repayable after one year

As at 31/3/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
18,273	1,104	10,767	1,510

Details of any collaterals

NA

1 (c) Cash Flow Statement for period ended 31 March

	Group	
	12 months ended	
	31/3/2007	31/3/2006
	\$'000	\$'000
<u>Operating Activities:</u>		
(Loss)Profit before taxation:	(2,018)	6,866
Adjustments for:-		
Depreciation of property, plant and equipment	3,804	3,024
Interest income	(30)	(17)
Interest expense	735	559
Operating profit before working capital changes	2,491	10,432
Changes in working capital:-		
Trade receivables	3,869	2,427
Other receivables and prepayments	(6,083)	(1,520)
Inventories	993	77
Trade payables	(3,086)	(801)
Other payables	(678)	2,347
Net cash flows (used in)from operating activities	(2,494)	12,962
Net interest paid	(705)	(542)
Income tax paid	(193)	(497)
Cash flows (used in)from operating activities	(3,392)	11,923
<u>Investing Activities:</u>		
Purchase of plant and equipment	(1,997)	(5,583)
Cash flows used in investing activities	(1,997)	(5,583)
<u>Financing Activities:</u>		
Decrease in cash subjected to restriction	32	67
Decrease in notes payable	(1,703)	(2,096)
Due to former holding Company (non-trade)	63	63
Increase in bank loans	5,188	503
Decrease of finance lease obligations	(1,203)	(957)
Cash flows from(used) financing activities	2,377	(2,420)
Net (decrease)increase in cash	(3,012)	3,920
Cash at beginning of period	18,780	15,193
Effect of exchange rate changes on balances held in foreign currencies	432	167
Cash at end of period	16,200	19,280

Bank deposits pledged as security amounting to S\$1,147,000 (31 March 2006: S\$75,000) 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 period ended 31 March

<u>Group</u>	Share Capital \$'000	Share Premium \$'000	Currency Translation Reserves \$'000	Accumulated Profits \$'000	Statutory reserve \$'000	Total \$'000
At 1 January 2006	28,500	27,627	(1,137)	26,469	1,537	82,996
Transfer from share premium reserve to share capital account (note a)	27,627	(27,627)	-	-	-	-
Exchange differences arising on consolidation	-	-	(1,716)	-	-	(1,716)
Net profit for the period	-	-	-	6,007	-	6,007
At 31 March 2006	56,127	-	(2,853)	32,476	1,537	87,287
At 1 January 2007	56,127	-	(5,586)	37,421	3,068	91,030
Exchange differences arising on consolidation	-	-	(689)	-	-	(689)
Net loss for the period	-	-	-	(2,164)	-	(2,164)
At 31 March 2007	56,127	-	(6,275)	35,257	3,068	88,177
<u>Company</u>						
At 1 January 2006	28,500	27,627	-	3,512	-	59,639
Transfer from share premium reserve to share capital account (note a)	27,627	(27,627)	-	-	-	-
Net loss for the period	-	-	-	(847)	-	(847)
At 31 March 2006	56,127	-	-	2,665	-	58,792
At 1 January 2007	56,127	-	-	10,015	-	66,142
Net loss for the period	-	-	-	(998)	-	(998)
At 31 March 2007	56,127	-	-	9,017	-	65,144

Note (a):

Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concepts of par value and authorised share capital are abolished and the amount in the share premium account as of 30 January 2006 is required to become part of the Company's share capital.

- 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 January 2007 to 31 March 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	
	12 months ended		3 months ended	
	31/3/2007	31/3/2006	31/3/2007	31/3/2006
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	(0.38)	1.05	(0.38)	1.05
Weighted average number of shares	570,000,000	570,000,000	570,000,000	570,000,000
(ii) On a fully diluted basis (cts)	(0.38)	1.05	(0.38)	1.05
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 31/3/2007	As at 31/12/2006	As at 31/3/2007	As at 31/12/2006
Net asset value per ordinary share (cts)	14.78	15.28	11.43	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

For 1Q07, the Group achieved revenue of \$23.7 million, representing 9% decrease from \$25.9 million in 1Q06. The decline in revenue was mainly due to the weaker demand for laser drilling services in Taiwan.

China

In China, revenue for PCB manufacturing increased 31% from \$14.0 million in 1Q06 to \$18.3 million in 1Q07. Revenue from PCB manufacturing accounted for 77% of the Group revenue.

Mechanical drilling and routing services in China recorded a combined revenue of \$4.3 million in 1Q07, slightly lower as compared to \$4.8 million in 1Q06. Demand for mechanical drilling and routing from outsourced services in 1Q07 decreased due to weaker demand.

Taiwan

Revenue for laser drilling services decreased 85% from \$7.1 million in 1Q06 to \$1.1 million in 1Q07. This is due to the low utilisation of laser machines as the slow down in the demand for laser drilling continued into 1Q07.

Profitability

Gross Profit

Gross Profit for 1Q07 decreased from \$11.6 million in 1Q06 to \$2.5 million in 1Q07. Group Gross Profit margin fell from 44.8% in 1Q06 to 10.5% in 1Q07 due mainly to the following factors:

- (i) Weaker demand for the higher-margin laser drilling services in 1Q07.
- (ii) Higher depreciation cost due to the increase in the number of machines in 1Q07 compared to 1Q06.
- (iii) An increase in turnkey PCB projects in 1Q07. These turnkey projects entail in-house mechanical drilling and routing services which have lower margins compared to more single outsourced services.
- (iv) The increase in cost of goods due to:
 - a. Rise in material prices since 2Q06 which remain still on the high side;
 - b. Fewer clients providing their own raw materials for the jobs in 1Q07 compared to 1Q06. The Group is not able to completely pass on to the customers the higher raw materials cost in such situation.
- (v) Increased orders of higher-layer PCB projects in 1Q07 which fetched lower margins.
- (vi) Increase in direct labour related costs owing to the higher headcount given the Group's business expansion and the setting up of the new plant, Lian Han Xin in Shanghai.

Administrative expenses comprise operating expenses which include indirect labour cost, office rental and related office expenses.

Distribution costs include sales commission payable to sales representatives in procuring sales for PCB operations.

Finance costs increased from \$0.56 million in 1Q06 to \$0.74 million in 1Q07 due to higher borrowings to fund the purchase of new machines in FY06.

Income tax in 1Q07 is \$146,000 which is based on chargeable income from profitable companies within the Group which cannot be used to offset against the loss from the Group's other subsidiaries.

Balance Sheet

The Group is in the net current liabilities position as most of its loans are short term and renewed annually. The Group has not encountered any difficulties in servicing these loans. The Group has also been making efforts to negotiate for longer term loans to ease the situation.

The cash position of the Group is at \$16.2 million, which is sufficient to meet the Group's needs for its day-to-day operations.

Total debt borrowings of the Group increased \$2.3 million to \$57.6 million. The net debt gearing is at 46%. The gearing ratio reflects the nature of the business which is highly capital-expenditure intensive.

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 weaker demand for laser drilling services in our Taiwan operations is likely to continue into 2Q07, although we may see some recovery in 2Q07.

China is currently the largest PCB market in terms of production value and comprehensive supply chain. In the light of this factor, as well as the continued outsourcing trend to China and the increase in domestic demand for electronic products, we expect the demand in PCB manufacturing in China to show steady continued growth.

The Group will tread cautiously on investments and continue to monitor the general market conditions and customer demand levels closely.

1. Dividend

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

None

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

None

1(c) Date payable

Not applicable

1(d) Books closure date

Not applicable

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

No dividend has been declared for the first quarter ended 31 March 2007.

ART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

3. 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

4. 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

5. A breakdown of sales as follows:

Not applicable

6. 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)
<p>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</p>	<p>Total facilities granted as at 31.3.2007: S\$53.4 million</p> <p>Amount outstanding as at 31.3.2007: S\$22.2 million</p>
<p>Loan from Sunny Worldwide Int'l (Amount outstanding as at 31.3.2007 is S\$5.9 million)</p>	<p>Interest for the 3 months ended 31.3.2007: S\$0.1 million</p>

BY ORDER OF THE BOARD


Wen Yao-Long
Executive Chairman & CEO
27 April 2007

RULE 705(4) – NEGATIVE ASSURANCE

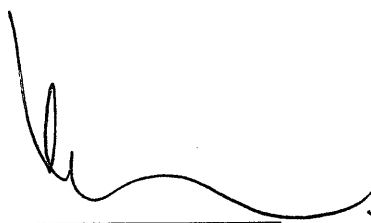
Confirmation by the Board of Directors

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 1st Quarter ended 31 March 2007 to be false or misleading.

On behalf of the Board of Directors:



WEN YAO-LONG
Director



ONG SIM HO
Director

Singapore, 27 April 2007