EUCON HOLDNG LIMITED

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

These figures have not been audited.

INCOME STATEMENT for the period ended 30 September 2004

	9 months ended 30/09/2004	Group 9 months Ended 30/09/2003	% Increase/ (Decrease)	3 months ended 30/09/2004	Group 3 months ended 30/09/2003	% Increase/ (Decrease)
(S$'000)						
Revenue	28,887	19,570	47.6	9,443	7,462	26.5
Cost of Sales	(16,844)	(10,220)	64.8	(6,668)	(4,104)	62.5
Gross Profit	12,043	9,350	28.8	2,775	3,358	(17.4)
Other operating income	589	58	NM	208	39	NM
Administrative expenses	(4,388)	(2,476)	77.2	(1,381)	(864)	59.8
Profit from operations	8,244	6,932	18.9	1,602	2,533	(36.8)
Finance cost	(957)	(582)	64.4	(344)	(212)	62.3
Profit before income tax	7,287	6,350	14.8	1,258	2,321	(45.8)
Income tax expense	(913)	-	NM	(190)	255	NM
Net profit attributable to the shareholders	6,374	6,350	0.4	1,068	2,576	(58.5)

Notes: Profit before income tax is arrived at after charging/(crediting) the followings:

	9 months ended 30/09/2004	Group 9 months Ended 30/09/2003	% Increase/ (Decrease)	3 months ended 30/09/2004	Group 3 months ended 30/09/2003	% Increase/ (Decrease)
(S$'000)						
Interest Income	(11)	(7)	57.1	(4)	(1)	NM
Interest Expenses	957	582	64.4	344	212	62.3
Depreciation	6,255	3,444	81.6	3,264	1,241	163.0
Amortisation of goodwill	165	165	-	55	55	-
Foreign exchange (gain) /loss - (net)	(148)	(1)	NM	(218)	(1)	NM
Gain on disposal of plant and equipment	(320)	(35)	NM	-	(35)	NM

NM: Not meaningful

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 SHEETS

	Group		Company	
(S$'000)	30/09/2004	31/12/2003	30/09/2004	31/12/2003
ASSETS				
Current assets:				
Cash and fixed deposits	17,669	7,659	4,344	2,417
Trade receivables	15,273	16,557	-	-
Other receivables and prepayments	6,427	1,424	3,665	3,552
Inventories	813	833	-	-
Total current assets	40,182	26,473	8,009	5,969
Non-current assets:				
Investment in subsidiaries	-	-	55,566	43,069
Property, plant and equipment	80,290	64,549	764	-
Goodwill on consolidation	3,932	4,096	-	-
Deferred tax asset	1,835	1,846	-	-
Total non-current assets	86,057	70,491	56,330	43,069
Total assets	126,239	96,964	64,339	49,038
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Trade payables	4,594	3,840	-	-
Other payables	5,527	7,442	7,269	13,355
Income tax payable	729	503	-	-
Short-term bank loans	13,955	14,034	-	-
Current portion of long term bank loans	2,556	1,597	59	-
Current portion of finance leases	2,963	3,355	-	-
Current portion of notes payable	7,512	3,166	-	-
Total current liabilities	37,836	33,937	7,328	13,355
Non-current liabilities:				
Long-term bank loans	7,531	4,944	531	-
Finance leases	2,581	3,696	-	-
Notes payable	668	1,776	-	-
Other long-term payable	2,021	2,861	-	-
Due to Holding company	-	5,592	-	-
Due to a related company (non-trade)	5,521	-	-	-
Total non-current liabilities	18,322	18,869	531	-
Shareholders' equity	70,081	44,158	56,480	35,683
Total liabilities and shareholders' equity	126,239	96,964	64,339	49,038
Net current assets/(liabilities)	2,346	(7,464)	681	(7,386)

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

Amount repayable in one year or less, or on demand

As at 30/9/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
S$'000 19,474	S$'000 7,512	S$'000 18,986	S$'000 3,166

Amount repayable after one year

As at 30/9/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
S$'000 10,112	S$'000 668	S$'000 8,640	S$'000 1,776

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group 9 months Ended 30/09/2004	Group 9 months Ended 30/09/2003	Group 3 months Ended 30/09/2004	Group 3 months ended 30/09/2003
(S$'000)				
Cash flows from operating activities:				
Profit before income tax	7,287	6,350	1,258	2,321
Adjustments for:				
Depreciation expense	6,255	3,444	3,264	1,241
Amortisation of goodwill	165	165	55	55
Interest income	(11)	(7)	(4)	(1)
Interest expense	957	582	344	212
Gain on disposal of plant and equipment	(320)	(35)	2	(35)
Operating profit before working capital changes	14,333	10,499	4,919	3,793
Trade receivables	1,284	(6,244)	(1,512)	(1,751)
Other receivables and prepayments	(1,356)	(2,826)	1,063	1,467
Inventories	20	(158)	(31)	50
Trade payables	754	2,088	(199)	1,076
Other payables	(2,899)	(1,636)	(3,650)	(291)
Cash generated from (used in) operations	12,136	1,723	590	4,344
Interest received	11	7	4	1
Interest paid	(957)	(582)	(344)	(212)
Income tax paid	(759)	(173)	(621)	(139)
Net cash from (used in) operating activities	10,431	975	(371)	3,994
Cash flows from investing activities:				
Purchase of property, plant and equipment	(33,600)	(13,718)	(15,403)	(11,865)
Proceeds on disposal of property, plant and equipment	8,277	3,204	-	2,245
Acquisition of subsidiaries	-	(561)	-	(561)
Net cash used in investing activities	(25,323)	(11,075)	(15,403)	(10,181)
Cash flows from financing activities:				
Decrease (Increase) in cash subjected to restriction	26	19	(6)	19
Increase (Decrease) in notes payable	3,238	4,201	3,246	2,813
Increase (Decrease) in loans	3,467	7,788	4,522	3,981
Increase (Decrease) in obligations under finance lease	(1,507)	(1,253)	(232)	(136)
Dividend paid	(3,380)	-	(3,380)	-
Proceeds from issuing shares for cash	23,857	-	23,857	-
Net cash from (used in) financing activities	25,701	10,755	28,107	6,677
Net effect of exchange rate changes in consolidating subsidiaries	(773)	1,107	631	777

Net (decrease) increase in cash	10,036	1,735	11,702	1,267
Cash at beginning of period	7,333	645	5,667	1,113
Cash at end of period	**17,369**	**2,380**	**17,369**	**2,380**

Note: Bank deposits pledged as security amounting to S$300,000 (31/12/2003: S$326,000) has been netted off against cash.

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

	Issued capital	Share premium	Translation reserve	Proposed dividend	Accumulated profits (losses)	Statutory reserve	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Balance at 1 January 2003	16,937	9,125	(446)	-	3,366	-	28,982
Profit for the period	-	-	-	-	3,774	-	3,774
Transfer	-	-	-	-	-	-	
Translation adjustment	-	-	(432)	-	-	-	(432)
Balance at 30 June 2003	**16,937**	**9,125**	**(878)**	**-**	**7,140**	**-**	**32,324**
Profit for the period	-	-	-	-	2,467	-	2,467
Translation adjustment	-	-	1,658	-	-	-	1,658
Balance at 30 September 2003	**16,937**	**9,125**	**780**	**-**	**9,607**	**-**	**36,449**
Balance at 1 January 2004	**22,000**	**10,284**	**(1,527)**	**3,380**	**10,017**	**4**	**44,158**
Profit for the period	-	-	-	-	5,306	-	5,306
Transfer	-	-	-	-	(57)	57	-
Translation adjustment	-	-	869	-	-	-	869
Transfer to provision for Staff welfare	-	-	-	-	(159)	-	(159)
Balance at 30 June 2004	**22,000**	**10,284**	**(658)**	**3,380**	**15,107**	**61**	**50,174**

New issue of shares	6,500	19,500	-	-	-	-	26,000
Listing expenses	-	(2,143)	-	-	-	-	(2,143)
Profit for the period	-	-	-	-	1,068	-	1,068
Transfer	-	-	-	-	(610)	610	-
Dividend paid	-	-	-	(3,380)	-	-	(3,380)
Translation adjustment	-	-	(1,641)	-	-	-	(1,641)
Transfer to provision for Staff welfare	-	-		-	3	-	3
Balance at 30 September 2004	**28,500**	**27,641**	**(2,299)**	**-**	**15,568**	**671**	**70,081**
Company							
Balance at 1 January 2003	**16,937**	**9,125**	**-**	**-**	**(65)**	**-**	**25,997**
Loss for the period	-	-	-	-	(55)	-	(55)
Balance at 30 June 2003	**16,937**	**9,125**	**-**	**-**	**(120)**	**-**	**25,942**
Loss for the period	-	-	-	-	(24)	-	(24)
Balance at 30 September 2003	**16,937**	**9,125**	**-**	**-**	**(144)**	**-**	**(25,918)**
Balance at 1 January 2004	**22,000**	**10,284**	**-**	**3,380**	**19**	**-**	**35,683**
Profit for the period	-	-	-	-	207	-	207
Balance at 30 June 2004	22,000	10,284	-	3,380	226	-	35,890
New issue of shares	6,500	19,500	-	-	-	-	26,000
Listing expenses	-	(2,143)	-	-	-	-	(2,143)
Profit for the period	-	-	-	-	113	-	113
Dividend paid	-	-	-	(3,380)	-	-	(3,380)
Balance at 30 September 2004	**28,500**	**27,641**	**-**	**-**	**339**	**-**	**56,480**

(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

Changes in the company's issued share capital

	30/9/2004	30/9/2003
At beginning of period	440,000,000	16,936,783
Initial Public Offers	130,000,000	-
At end of period	570,000,000	16,936,783

Note: (i) The share split of each ordinary share of S$1.00 each in the authorised and issued and paid-up share capital of our Company into 20 ordinary shares of S$0.05 each on 14 July 2004

(ii) The company was listed in the Singapore Stock Exchange on 8 September 2004

(iii) Upon the allotment and issue of the New Shares of 130,000,000 ordinary shares, the paid-up capital of the company has been increased to 570,000,000 shares.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor 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

Same accounting policies and methods of computation are followed in the financial statements as compared with the most recent audited financial statements as at 31 December 2003.

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

	3 months ended		9 month ended	
Group	30/9/04	30/9/03	30/9/04	30/9/03
Earnings per ordinary shares for the financial year based on net profit attributable to the shareholders				
((i) Based on weighted average number of ordinary shares in issue; and	0.23 cent	0.76 cent	1.41 cents	1.87 cents
(ii) On a fully diluted basis of ordinary shares in issue; and	0.23 cent	0.76 cent	1.41 cents	1.87 cents

(i) Earnings per ordinary shares (EPS) for nine months ended 30 September 2004 on existing issue share capital is computed based on the weighted average number of shares in issue during the period of 450,912,409 ordinary shares of S$0.05 each (30/9/2003: Based on pre-IPO share capital of 338,735,660 ordinary shares)

(ii) Earnings per ordinary shares (EPS) for three months ended 30 September 2004 on existing issue share capital is computed based on the weighted average number of shares in issue during the period of 472,500,000 ordinary shares of S$0.05 each (30/9/2003: Based on pre-IPO share capital of 338,735,660 ordinary shares ordinary shares)

(iii) There is no dilution in respect of the warrants/shares option outstanding at the end of both financial period.

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		
	30/9/04	31/12/03	Change	30/9/04	31/12/03	Change
Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	11.61 cents	9.11 cents	27.4%	9.91 cents	8.11 cents	22.2%

Note: The NTA per ordinary shares is based on 570,000,000 ordinary shares of ordinary shares of S$0.05 each at the end of period .
(31/12/2003: This is based on issued share capital as at 31/12/2003 of 22,000,000 ordinary shares of S$1.00 each, as adjusted for the share split of 1 ordinary share of S$1.00 each into 20 ordinary shares of $0.05 each)

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 turnover

3Q04 vs 3Q03

Group revenue in the third quarter of FY 2004 ("3Q04") increased by 26.5% to S$9.4m from S$7.4m in 3Q03. This is mainly due to revenue contribution of S$2.7m from our new PCB business in China, which helped to cushion a S$0.9m fall in revenue from the mechanical drilling business.

Group gross profit in 3Q04 fell 17.4% to S$2.8m from S$3.4m in 3Q03. Our performance was affected by our Taiwan laser drilling operations as elaborated below. Further, our PCB production volume in Shanghai was still below the breakeven level.

Our IPO prospectus has stated that our Taiwan subsidiary had ceased provision of mechanical drilling services with effect from February 2004 in order to focus on the provision of laser drilling services. Laser drilling services enjoy higher profit margin and will remain a strong strategic focus of the Group. In line with our strategic focus on laser drilling services, orders for 11 new laser drilling machines were made prior to the listing of the Group in September 2004. Revenue contribution from the provision of laser drilling services for 3Q04 was lower than expected (+S$3m) due to a slowdown in demand for drilling services for mobile phones handsets generally in the Taiwan

and China markets. The slowdown in handset sales during the period had affected our customers who focused on handset PCBs, and that in turn reduced demand for our drilling services. However, we are pleased to see demands for handset laser drilling services improving from October 2004. Despite the slower demand in 3Q04, the Group will continue to focus on provision of laser drilling services as it is confident that it will be a strong revenue leader for the Group in the long term. Our mechanical drilling operation has benefited from the lower operating cost in China and registered a 30%-increase in gross profit to S$1.2m despite a fall in revenue.

Group pre-tax profit fell 45.8% to S$1.3m from S$2.3m in 3Q03. This is mainly attributable to the less than expected performance in laser drilling operation and the start-up costs in PCB manufacturing. Likewise, Group net profit in 3Q04 fell 58.5% to S$1.1m from S$2.6m in 3Q03.

9M04 vs 9M03

Group revenue in the first 9 months ("9M04") of 2004 rose 47.6% to S$28.9m from S$19.6m in the corresponding period in 2003. This is mainly attributable to the buoyant demand for laser drilling services in the first half of 2004 and the first-time revenue contribution from our new PCB manufacturing operation in Shanghai, PRC.

Group gross profit in 9M04 grew at a slower rate of 28.8% to S$12m due to less than expected performance of laser drilling operation and start-up loss of the new PCB manufacturing business in 3Q04. Coupled with higher administrative expenses arising from the new PCB manufacturing operation and higher effective tax rate, Group net profit in 9M04 only managed to show a 0.4% improvement to S$6.4m. The higher effective tax rate was mainly due to the absence of tax credit and lower investment incentive for our Taiwan operation this year.

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 as this is the third quarterly announcement made by the Company.

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 Taiwan, our laser drilling plant has seen a pick-up in demand from October 2004. In Shanghai, our PCB manufacturing business continues to grow at a healthy momentum and we aim to achieve breakeven by 4Q04. However, demand for our drilling services in Shanghai, PRC remains relatively flat and competition remains keen.

Barring unforeseen circumstances, we expect our operation in 4Q04 to show an improvement over 3Q04.

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/recommended, a statement to that effect

Not applicable.

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 the business or geographical segments

Not applicable.

15. A breakdown of sales

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

Not applicable.

BY ORDER OF THE BOARD

Wen Yao-Long
Chief Executive Officer
9/11/2004