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/	3 months ended		Fav/
	30/9/2008	30/9/2007	(Unfav)	30/9/2008	30/9/2007	(Unfav)
	$'000	$'000	%	$'000	$'000	%
Revenue	**100,043**	**80,808**	24	**35,258**	**32,576**	8
Cost of sales	(85,259)	(67,966)	(25)	(30,623)	(24,525)	(25)
Gross profit	**14,784**	**12,842**	15	**4,635**	**8,051**	(42)
Gross margin	*14.8%*	*15.9%*	(1)	*13.1%*	*24.7%*	*(12)*
Other income (including Interest Income)	1,480	4,254	(65)	921	4,118	(78)
Administrative expenses	(7,764)	(7,349)	(6)	(2,642)	(2,227)	(19)
Distribution costs	(3,398)	(3,120)	(9)	(1,062)	(969)	(10)
Other expenses	(96)	(37)	(159)	(83)	(3)	(2,667)
Finance costs	(3,472)	(2,549)	(36)	(1,204)	(898)	(34)
Profit before income tax	**1,534**	**4,041**	(62)	**565**	**8,072**	(93)
Income tax expense	(485)	(368)	(32)	(51)	(106)	52
Net profit for the period	**1,049**	**3,673**	(71)	**514**	**7,966**	(94)
Attributable to:						
Equity holders of the parent	1,151	3,578	(68)	508	7,812	(93)
Minority interest	(102)	95	NM	6	154	(96)
	1,049	**3,673**	(71)	**514**	**7,966**	(94)

NM: Not meaningful

Net profit for the period as a percentage of revenue	1.0%	4.5%	1.5%	24.5%
Profit before income tax is arrived at after charging(crediting) the following:				
Depreciation of property, plant and equipment	14,917	11,874	5,080	4,099
Amortisation of land use rights	69	61	24	61
Foreign exchange (gain) loss - (net)	(1,104)	(11)	(779)	3
Fair value gain on derivative financial instrument	(45)	-	(43)	-
Fixed assets written off	17	-	1	-
Gain on dilution of interest	-	(4,074)	-	(4,074)
Loss on sale of plant and equipment	286	-	289	-
Interest income	(250)	(109)	(88)	(43)
Interest expense	3,472	2,549	1,204	898

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 30/9/2008	As at 31/12/2007	As at 30/9/2008	As at 31/12/2007
	$'000	$'000	$'000	$'000
Current assets				
Cash and bank balances	18,952	20,983	710	1,052
Pledged bank deposits	6,590	6,108	-	-
Trade receivables	55,059	53,215	-	-
Other receivables and prepayments	2,598	3,061	26,591	33,480
Land use rights	96	91	-	-
Inventories	13,085	10,446	-	-
Derivative financial instruments	769	727	-	-
Total current assets	97,149	94,631	27,301	34,532
Non-current assets				
Investment in subsidiaries	-	-	83,164	78,679
Land use rights	4,537	4,362	-	-
Property, plant and equipment	132,997	129,373	916	941
Other receivables	1,927	1,372	-	-
Derivative financial instruments	63	60	-	-
Goodwill	3,956	3,956	-	-
Deferred tax asset	1,610	1,600	-	-
Total non-current assets	145,090	140,723	84,080	79,620
Total assets	**242,239**	**235,354**	**111,381**	**114,152**
Current liabilities				
Trade payables	38,238	29,347	-	-
Other payables	15,514	14,212	7,889	7,165
Income tax payable	367	558	-	-
Short-term bank loans	41,157	39,527	4,033	6,259
Current portion of long-term bank loans	4,504	6,040	59	59
Current portion of finance leases	5,981	5,798	1,294	1,263
Current portion of notes payable	6,343	7,201	4,438	4,333
Due to a shareholder	6,221	6,034	6,221	6,034
Total current liabilities	118,325	108,717	23,934	25,113
Non-current liabilities				
Long-term bank loans	8,320	10,594	3,670	4,757
Finance leases	3,996	6,705	1,000	2,001
Notes payable	5,915	9,027	5,304	7,826
Financial derivative	630	1,002	630	1,002
Total non-current liabilities	18,861	27,328	10,604	15,586
Capital, reserves and minority interests				
Share capital	56,127	56,127	56,127	56,127
Reserves	42,021	36,744	20,716	17,326
Equity attributable to equity holders of the company	98,148	92,871	76,843	73,453
Minority interest	6,905	6,438	-	-
Total equity	105,053	99,309	76,843	73,453
Total liabilities and equity	**242,239**	**235,354**	**111,381**	**114,152**

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 30/9/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
51,642	6,343	51,365	7,201

The amount repayable after one year

As at 30/9/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
12,316	5,915	17,299	9,027

Details of any collaterals

NA

1 (c) **Cash Flow Statement for period ended 30 September**

	Group		Group	
	9 months ended		3 months ended	
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	$'000	$'000	$'000	$'000
Operating Activities:				
Profit before Income Tax:	1,534	4,041	565	8,072
Adjustments for:-				
Depreciation of property, plant and equipment	14,917	11,874	5,080	4,099
Amortisation of land use rights	69	61	24	61
Fair value gain on derivative financial instrument	(45)	-	(43)	-
Fixed assets written off	17	-	1	-
Gain on dilution of interest	-	(4,074)	-	(4,074)
Loss on disposal of plant and equipment	286	-	289	-
Interest income	(250)	(109)	(88)	(43)
Interest expense	3,472	2,549	1,204	898
Operating profit before working capital changes	20,000	14,342	7,032	9,013
Changes in working capital:-				
Trade receivables	(1,844)	(8,470)	89	(11,812)
Other receivables and prepayments	463	(2,293)	(713)	12,860
Inventories	(2,639)	(3,135)	(193)	(4,540)
Other assets	(555)	-	10	-
Trade payables	8,891	2,233	465	3,681
Other payables	1,302	12,835	(377)	1,046
Net cash flows from operating activities	25,618	15,512	6,313	10,248
Net interest paid	(3,222)	(2,440)	(1,116)	(855)
Income tax paid	(686)	(962)	9	(98)
Cash flows from operating activities	**21,710**	**12,110**	**5,206**	**9,295**
Investing Activities:				
Proceeds on disposal of plant and equipment	5	-	0	-
Purchase of property, plant and equipment	(13,146)	(29,238)	(2,482)	(24,582)
Purchase of land use rights	-	(4,105)	-	(4,105)
Cash flows used in investing activities	**(13,141)**	**(33,343)**	**(2,482)**	**(28,687)**
Financing Activities:				
Decrease in cash subjected to restriction	(482)	(906)	(821)	(79)
(Decrease) Increase in bank loans	(2,180)	7,906	1,250	4,767
(Decrease) Increase in notes payable	(3,970)	13,051	(1,153)	15,079
Dividends paid	-	(2,850)	-	(2,850)
Due to former holding company (non-trade)	187	187	62	62
(Decrease) Increase of finance lease obligations	(2,526)	2,660	410	3,642
Cash flows (used in) from financing activities	**(8,971)**	**20,048**	**(252)**	**20,621**
Net (decrease) increase in cash and bank balances	**(402)**	**(1,185)**	**2,472**	**1,229**
Cash and bank balances at beginning of period	20,983	18,780	17,834	16,545
Effect of exchange rate changes on the balances of cash held in foreign currencies	(1,629)	716	(1,354)	537
Cash and bank balances at end of period	**18,952**	**18,311**	**18,952**	**18,311**

Bank deposits pledged as security amounting to S$6,590,000 (30 September 2007: S$2,085,000) 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 financial year ended 30 September

	Share capital $'000	Currency translation reserves $'000	Hedging reserves $'000	Statutory reserves $'000	Accumulated profits $'000	Total attributable to equity holders of the company $'000	Minority interests $'000	Total $'000
Group								
At 1 July 2007	56,127	(3,404)	-	4,175	31,896	**88,794**	9,390	**98,184**
Currency translation difference representing net loss recognised directly in equity	-	(1,712)	-	(87)	9	**(1,790)**	-	**(1,790)**
Net loss for the period	-	-	-	-	7,812	**7,812**	154	**7,966**
Total recognised income and expense for the year	-	(1,712)	-	(87)	7,821	**6,022**	154	**6,176**
Acquisition of shareholdings in subsidiary by minority interest	-	-	-	-	-	-	(3,469)	**(3,469)**
Dividends paid	-	-	-	-	(2,850)	**(2,850)**	-	**(2,850)**
Transfer to statutory reserves	-	-	-	697	(697)	**-**	-	**-**
At 30 September 2007	**56,127**	**(5,116)**	**-**	**4,785**	**36,170**	**91,966**	**6,075**	**98,041**
At 1 July 2008	56,127	(6,001)	(1,057)	5,241	39,486	**93,796**	6,360	**100,156**
Currency translation difference representing net income recognised directly in equity	-	3,351	-	-	9	**3,360**	539	**3,899**
Gain on cash flow hedge	-	-	484	-	-	**484**	-	**484**
Net profit recognised directly in equity	-	3,351	484	-	9	**3,844**	539	**4,383**
Net profit for the period	-	-	-	-	508	**508**	6	**514**
Total recognised income and expense for the year	-	3,351	484	-	517	**4,352**	545	**4,897**
Transfer to statutory reserves	-	-	-	1	(1)	-	-	**-**
At 30 September 2008	**56,127**	**(2,650)**	**(573)**	**5,242**	**40,002**	**98,148**	**6,905**	**105,053**
Company								
At 1 July 2007	56,127	-	-	-	17,476	**73,603**	-	**73,603**
Net profit for the period	-	-	-	-	6,172	**6,172**	-	**6,172**
Dividends paid	-	-	-	-	(2,850)	**(2,850)**	-	**(2,850)**
At 30 September 2007	**56,127**	**-**	**-**	**-**	**20,798**	**76,925**	**-**	**76,925**
At 1 July 2008	56,127	201	(1,057)	-	17,208	**72,479**	-	**72,479**
Currency translation difference representing net income recognised directly in equity	-	3,930	-	-	-	**3,930**	-	**3,930**
Gain on cash flow hedge	-	-	484	-	-	**484**	-	**484**
Net loss for the period	-	-	-	-	(50)	**(50)**	-	**(50)**
At 30 September 2008	**56,127**	**4,131**	**(573)**	**-**	**17,158**	**76,843**	**-**	**76,843**

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.

During 1 July 2008 to 30 September 2008, the Company did not issue any shares.

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.

	As at 30/9/2008	As at 31/12/2007
The total number of issued shares excluding treasury shares	570,000	570,000

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.

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.

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 2007.

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	
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
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	0.20	0.63	0.09	1.37
Weighted average number of shares	570,000,000	570,000,000	570,000,000	570,000,000
(ii) On a fully diluted basis (cts)	0.20	0.63	0.09	1.37
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 30/9/2008	As at 31/12/2007	As at 30/9/2008	As at 31/12/2007
Net asset value per ordinary share (cts)	16.52	15.60	13.48	12.89
Number of shares	570,000,000	570,000,000	570,000,000	570,000,000

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

Revenue

Group revenue rose 8% to $35.3 million in 3Q08 from $32.6 million during the corresponding quarter last year. The increase was driven mainly by better contribution from PCB manufacturing which benefited from the emergence of new electronics products and existing products upgrades. This helped mitigate lower contributions from the mechanical drilling, laser drilling and routing business segments.

China

In China, PCB manufacturing continued to be the key contributor, accounting for 67% of Group revenue during the third quarter. Revenue for PCB manufacturing increased by 29.7% to $23.6 million from $18.2 million during the same period in 2007.

The increase in sales for PCB manufacturing and laser drilling was offset by a decrease in mechanical drilling. The latter was 18% lower at $5.0 million compared to $6.1 million in 3Q07. There was also marginal decrease in routing services from $0.8 million in 3Q07 to $0.7 million in 3Q08.

Taiwan

In Taiwan, revenue from laser drilling dropped by 22% decrease in revenue from $5.9 million in 3Q07 to $4.6 million in 3Q08. This was due to the slowdown in global demand from the electronics industry, particularly for sophisticated consumer electronic products that require more laser drilling services.

Profitability

Gross Profit

Gross profit for 3Q08 declined by 42% from $8.1 million in 3Q07 to $4.6 million in 3Q08. Overall, gross margins were lower at 13.1%, compared to 24.7% in the corresponding period last year.

The reasons were :
(i) Increase in material costs, which were absorbed by the Group as a result of stiff competition
(ii) Higher depreciation expenses arising from the machineries and equipment

Other income for the Group stood at $0.9 million for this year's third quarter, compared to $4.1 million previously which was realized from a one-off gain from the sale of a 12.5% stake in our subsidiary Shanghai Zhuo Kai in 3Q07.

The Group had a $0.78 million forex gain in 3Q08 which partially offset the losses in sale of plant and equipment of $0.29 million. For the 9 months ended 30 September 2008, the Group's had total forex gains of $1.1 million. This was mainly due to unrealised gains from the revaluation of the appreciating RMB against the declining USD.

Administrative expenses were higher at $2.6 million in 3Q08 compared to $2.2 million in 3Q07. This was due to higher R&D expenses incurred for Shanghai Zhuo Kai and the inclusion of depreciation costs attributable to the purchase of two buildings at Shanghai Zhuo Kai and Shanghai Eu Ya.

Distribution costs also increased from $0.97 million in 3Q07 to $1.1 million due to increased delivery expenses arising from the increase in PCB manufacturing sales.

Finance costs increased by from $0.9 million to $1.2 million in the same quarter last year due to rising interest rates and higher borrowings needed to finance the acquisition of the 50-year land-use rights in 3Q07, the two buildings mentioned in earlier, as well as the purchase of additional PCB manufacturing facilities and laser drilling equipment.

The combination of these factors brought 3Q08 pre-tax and net profit down to $0.57 million and $0.51 million respectively compared to $8.07 million and $7.97 million in 3Q07.

Balance Sheet

Total current assets increased by $2.5 million from $94.6 million to $97.1 million as a result of higher trade receivables and inventories to support the increase in sales and a lower cash and bank balance due to repayment of bank borrowings, finance leases and notes payable.

Total non-current assets increased by $4.4 million from $140.7 million to $145.1 million mainly due to the purchase of three laser drilling machines for Taiwan subsidiary Lgang of $2.1 million.

Total current liabilities increased by $9.6 million from $108.7 million to $118.3 million. This was mainly due to higher trade payables arising from the increased cost of sales and increase in business volume.

Total non-current liabilities decreased by $8.4 million from $27.3 million to $18.9 million due to repayment of borrowings, finance leases and notes payable.

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.**

Business & Performance

Given the global economic slowdown and unfavourable market sentiments across all industries, the Group expects outlook for the next few quarters to be very challenging. The Board would also like to inform stakeholders that the Group is likely to end the financial year with a loss.

Financial and Credit risk assessment

The current and continuing severe credit tightness has posed a serious threat to many enterprises especially in the manufacturing industries. Our Group is not spared from this growing threat. The Board therefore thinks it is appropriate to caution shareholders and investors that the business operations of the Group depend heavily on its continued ability to rely on banking loans and facilities in the foreseeable future. The Group recently repaid a loan amounting to USD1.5 million upon maturity in October 2008. Several loans/facilities will mature or be considered for renewal over the next few quarters.

The Group's current ratio (current assets/current liabilities) and debt/equity ratio have been hovering around 0.8 and 1.4 respectively. However, the Group's equity (net assets) has increased from $92.8 million at the beginning of the year to $98.1 million at the end of 3Q08. In the event where bank loans/facilities are not available or withdrawn the Group will face serious cashflow difficulties. The management of the Group has therefore put the financial and cash management of the group as a top priority. It has suspended all uncommitted CAPEX and will watch expenditure closely.

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

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 2008.

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 30.9.2008: S$69.1 million Amount outstanding as at 30.9.2008: S$26.0 million
Loan from Sunny Worldwide Int'l (Amount outstanding as at 30.09.2009 is S$6.2 million)	Interest for the 9 months ended 30.09.2008: S$0.1 million

BY ORDER OF THE BOARD

Wen Yao-Long
Executive Chairman & CEO
01 November 2008

RULE 705(4) – NEGATIVE ASSURANCE CONFIRMATION

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 statements for the 3rd Quarter ended 30 September 2008 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

WEN YAO-LONG
Director

ONG SIM HO
Director

Singapore, 1 November 2008