

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		Fav/ (Unfav)
	3 months ended		
	31/3/2008	31/3/2007	%
	\$'000	\$'000	
Revenue	26,940	23,678	14
Cost of sales	(23,088)	(21,186)	(9)
Gross profit	3,852	2,492	55
<i>Gross margin</i>	14.3%	10.5%	4
Other income (including Interest Income)	90	30	200
Administrative expenses	(2,678)	(2,401)	(12)
Distribution costs	(1,072)	(1,145)	6
Other expenses	(741)	(259)	(186)
Finance costs	(1,167)	(735)	(59)
Loss before income tax	(1,716)	(2,018)	15
Income tax expense	(139)	(146)	5
Net loss for the period	(1,855)	(2,164)	14
Attributable to:			
Equity holders of the parent	(1,597)	(2,164)	26
Minority interest	(258)	-	NM
	(1,855)	(2,164)	14

NM: Not meaningful

Net profit for the period as a percentage of revenue -6.9% -9.1%

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

Depreciation of property, plant and equipment	4,685	3,804
Amortisation of land use rights	23	-
Foreign exchange loss - (net)	730	251
Fair value loss on derivative financial instrument	4	-
Fixed assets written off	16	-
Interest income	(83)	(30)
Interest expense	1,167	735

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 31/3/2008 \$'000	As at 31/12/2007 \$'000	As at 31/3/2008 \$'000	As at 31/12/2007 \$'000
Current assets				
Cash and bank balances	21,094	20,983	791	1,052
Pledged bank deposits	5,391	6,108	-	-
Trade receivables	39,237	53,215	-	-
Other receivables and prepayments	3,224	3,061	33,952	33,480
Land use rights	90	91	-	-
Inventories	12,012	10,446	-	-
Derivative financial instrument	723	727	-	-
Total current assets	81,771	94,631	34,743	34,532
Non-current assets				
Investment in subsidiaries	-	-	78,203	78,679
Land use rights	4,311	4,362	-	-
Property, plant and equipment	124,798	129,373	910	941
Other receivables	1,376	1,372	-	-
Derivative financial instrument	60	60	-	-
Goodwill	3,956	3,956	-	-
Deferred tax asset	1,635	1,600	-	-
Total non-current assets	136,136	140,723	79,113	79,620
Total assets	217,907	235,354	113,856	114,152
Current liabilities				
Trade payables	27,040	29,347	-	-
Other payables	10,522	14,212	8,370	7,165
Income tax payable	194	558	-	-
Short-term bank loans	32,570	39,527	5,978	6,259
Current portion of long-term bank loans	5,194	6,040	59	59
Current portion of finance leases	5,956	5,798	1,223	1,263
Current portion of notes payable	8,347	7,201	4,650	4,333
Due to a shareholder	6,097	6,034	6,097	6,034
Total current liabilities	95,920	108,717	26,377	25,113
Non-current liabilities				
Long-term bank loans	9,723	10,594	4,306	4,757
Finance leases	5,188	6,705	1,606	2,001
Notes payable	8,700	9,027	7,700	7,826
Financial derivative	1,410	1,002	1,410	1,002
Total non-current liabilities	25,021	27,328	15,022	15,586
Capital, reserves and minority interests				
Share capital	56,127	56,127	56,127	56,127
Reserves	34,720	36,744	16,330	17,326
Equity attributable to equity holders of the company	90,847	92,871	72,457	73,453
Minority interest	6,119	6,438	-	-
Total equity	96,966	99,309	72,457	73,453
Total liabilities and equity	217,907	235,354	113,856	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 31/3/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
43,720	8,347	51,365	7,201

The amount repayable after one year

As at 31/3/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
14,911	8,700	17,299	9,027

Details of any collaterals
NA

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

	Group	
	3 months ended	
	31/3/2008	31/3/2007
	\$'000	\$'000
<u>Operating Activities:</u>		
Profit before Income Tax:	(1,716)	(2,018)
Adjustments for:-		
Depreciation of property, plant and equipment	4,685	3,804
Amortisation of land use rights	23	-
Fair value loss on derivative financial instrument	4	-
Fixed assets written off	16	-
Interest income	(83)	(30)
Interest expense	1,167	735
Operating profit before working capital changes	4,096	2,491
Changes in working capital:-		
Trade receivables	13,978	3,869
Other receivables and prepayments	(163)	(6,083)
Inventories	(1,566)	993
Other assets	(4)	-
Trade payables	(2,307)	(3,086)
Other payables	(3,690)	(678)
Net cash flows from (used in) operating activities	10,344	(2,494)
Net interest paid	(1,084)	(705)
Income tax paid	(538)	(193)
Cash flows from (used in) operating activities	8,722	(3,392)
<u>Investing Activities:</u>		
Purchase of plant and equipment	(281)	(1,997)
Cash flows used in investing activities	(281)	(1,997)
<u>Financing Activities:</u>		
Increase in cash subjected to restriction	717	32
(Decrease) Increase in bank loans	(8,674)	5,188
Increase (Decrease) in notes payable	819	(1,703)
Due to former holding company (non-trade)	63	63
Decrease of finance lease obligations	(1,359)	(1,203)
Cash flows (used in) from financing activities	(8,434)	2,377
Net increase (decrease) in cash and bank balances	7	(3,012)
Cash and bank balances at beginning of period	20,983	18,780
Effect of exchange rate changes on the balances of cash held in foreign currencies	107	432
Cash and bank balances at end of period	21,096	16,200

Bank deposits pledged as security amounting to S\$5,391,000 (31 March 2007: S\$1,147,000) 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 31 March

	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 January 2007	56,127	(5,586)	-	3,068	37,421	91,030	-	91,030
Currency translation difference representing net loss recognised directly in equity	-	(689)	-	-	-	(689)	-	(689)
Net loss for the period	-	-	-	-	(2,164)	(2,164)	-	(2,164)
At 31 March 2007	56,127	(6,275)	-	3,068	35,257	88,177	-	88,177
At 1 January 2008	56,127	(6,388)	(1,002)	4,855	39,229	92,871	6,438	99,309
Currency translation difference representing net income recognised directly in equity	-	33	-	-	-	33	(61)	(28)
Loss on cash flow hedge	-	-	(460)	-	-	(460)	-	(460)
Net loss recognised directly in equity	-	33	(460)	-	-	(427)	(61)	(487)
Net loss for the period	-	-	-	-	(1,597)	(1,597)	(258)	(1,855)
Total recognised income and expense for the year	-	33	(460)	-	(1,597)	(2,024)	(319)	(2,342)
Transfer to statutory reserves	-	-	-	387	(387)	-	-	-
At 31 March 2008	56,127	(6,305)	(1,462)	5,242	37,245	90,847	6,119	96,967
Company								
At 1 January 2007	56,127	-	-	-	10,015	66,142	-	66,142
Net loss for the period	-	-	-	-	(998)	(998)	-	(998)
At 31 March 2007	56,127	-	-	-	9,017	65,144	-	65,144
At 1 January 2008	56,127	-	(1,002)	-	18,328	73,453	-	73,453
Currency translation difference representing net income recognised directly in equity	-	(445)	-	-	-	(445)	-	(445)
Loss on cash flow hedge	-	-	(460)	-	-	(460)	-	(460)
Net loss for the period	-	-	-	-	(91)	(91)	-	(91)
At 31 March 2008	56,127	(445)	(1,462)	-	18,237	72,457	-	72,457

- 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 January 2007 to 31 March 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 31/3/2008	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	
	3 months ended	
	31/3/2008	31/3/2007
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	(0.28)	(0.38)
Weighted average number of shares	570,000,000	570,000,000
(ii) On a fully diluted basis (cts)	(0.28)	(0.38)
Weighted average number of shares	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 31/3/2008	As at 31/12/2007	As at 31/3/2008	As at 31/12/2007
Net asset value per ordinary share (cts)	15.24	15.60	12.71	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 improved by 14% to \$26.9 million in 1Q08, from \$23.7 million in 1Q07. The improvement is due to increase in sales from the laser drilling segment both in Taiwan and Shanghai, China.

China

Revenue from China operations decreased by 1% to \$22.3 million in 1Q08, from \$22.6 million in 1Q07. Demand for PCB manufacturing services declined mainly due to the harsh weather conditions in China in 1Q08 which have affected not only the Group's China operations but also its customers and business associates in terms of logistics and transportation.

Overall, the Group's China operations contributed to 82.9% of the Group's revenue in 1Q08, representing a 12.6 percentage point decrease from 95.5% in 1Q07.

Taiwan

Revenue for Laser Drilling in Taiwan increased by 337%, to \$4.6 million in 1Q08, from \$1.1 million in 1Q07, due to the increasing worldwide demand for mobile handsets and IC substrates which are found in sophisticated electronic products. These products which require more frequency in laser drilling services are the main growth drivers for the remarkable improvement in 1Q08. The significant improvement is in line with our management's expectation as stated in our 2007 full year announcement.

Profitability

Gross Profit

Gross Profit for the Group increased by 55%, to \$3.9 million in 1Q08 from \$2.5 million previously in 1Q07. The improvements are due mainly to a higher Gross Profit in Taiwan operations driven by its laser drilling business. On the other hand, it was offset by the operations in China which saw its Gross Profit decrease. As a result, the Group's Gross Margin improved modestly by 4 percentage points, to 14.3% in 1Q08 from 10.5% in 1Q07.

Gross Profit was mainly affected by Cost of sales, which increased by 9% to \$23.1 million from \$21.2 million in 1Q07. The increase in Cost of sales was due mainly to:

- (i) Higher depreciation costs for the Group's machineries and equipment
- (ii) Increase in material costs due to higher copper prices, specifically for PCB manufacturing business.

For the Group's China operations, it has been noted that there is a minimal increase in labour costs due to the recruitment of a new batch of workforce to cater for the expansion of production plants in Shanghai.

Administrative expenses, which comprises payroll costs, depreciation, office rental and other office-related expenses, increased by 12% to \$2.7 million from \$2.4 million previously.

Other expenses increase due to foreign exchange losses of \$0.7 million in 1Q08.

Finance costs increased by 59% to \$1.2 million in 1Q08 from \$0.7 million in 1Q07. This was due mainly to the increase in borrowings to finance machineries and equipment.

Balance Sheet

The Group is in a net current liabilities position in 1Q08; however its cash position stood at \$26.5 million, which is sufficient to meet the needs of the Group's day-to-day operations. Trade receivables decreased by \$14 million due to a considerable amount of debts collected in 1Q08.

Total borrowings have also reduced to \$75.7 million in 1Q08 compared with \$84.9 million in FY07. This is mainly because the Group has paid off for some of the loans. Hence net gearing ratio decreased to 0.56x compared with 0.63x in FY2007.

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 believes that cost of sales may increase in 2Q08 as a result of the continuous rising prices of raw materials such as copper. In addition, with the second quarter being the seasonally slow period, the demand of PCB and related services will see slower growth. Hence, the Group believes its performance for 2Q08 is likely to see minimal improvements compared with 1Q08.

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 first quarter ended 31 March 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)
<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 31.3.2008: S\$64.3 million</p> <p>Amount outstanding as at 31.3.2008: S\$27.7 million</p>
<p>Loan from Sunny Worldwide Int'l (Amount outstanding as at 31.03.2008 is S\$6.1 million)</p>	<p>Interest for the 3 months ended 31.03.2008: S\$0.1 million</p>

BY ORDER OF THE BOARD

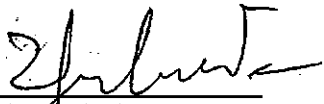
Wen Yao-Long
Executive Chairman & CEO
28 April 2008

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 2008 to be false or misleading.

On behalf of the Board of Directors:



WEN YAO-LONG
Director



ONG SIM HO
Director

Singapore, 28 April 2008