EUCON HOLDING LIMITED

Third Quarter Financial Statement And Dividend Announcement For The Period Ended 30/9/2010

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/
	30/9/2010	30/9/2009	(Unfav)	30/9/2010	30/9/2009	(Unfav)
	$'000	$'000	%	$'000	$'000	%
Revenue	**89,618**	**54,214**	65	**33,858**	**24,179**	40
Cost of sales	(72,905)	(54,493)	(34)	(26,968)	(21,006)	(28)
Gross profit (loss)	**16,713**	**(279)**	NM	**6,890**	**3,173**	117
Gross margin	*18.6%*	*-0.5%*		*20.3%*	*13.1%*	
Other income (including interest income)	460	849	(46)	146	263	(44)
Administrative expenses	(7,742)	(7,148)	(8)	(2,695)	(2,092)	(29)
Distribution costs	(2,980)	(1,798)	(66)	(1,335)	(705)	(89)
Other expenses	(1,646)	(38)	NM	(1,031)	(7)	NM
Finance costs	(1,545)	(2,722)	43	(438)	(819)	47
Profit (Loss) before income tax	**3,260**	**(11,136)**	NM	**1,537**	**(187)**	NM
Income tax expense	(208)	(22)	NM	(77)	(22)	(250)
Profit (Loss) for the period	**3,052**	**(11,158)**	NM	**1,460**	**(209)**	NM
Attributable to:						
Equity holders of the parent	2,752	(10,842)	NM	1,290	(362)	NM
Minority interest	300	(316)	NM	170	153	11
	3,052	**(11,158)**	NM	**1,460**	**(209)**	NM
Statement of comprehensive income						
Profit (Loss) for the period	3,052	(11,158)	NM	1,460	(209)	NM
Other comprehensive income:						
Foreign currency translation	(2,987)	(782)	(282)	(2,621)	(1,811)	(45)
Gain (Loss) on cash flow hedge	270	(16)	NM	21	61	(66)
Other comprehensive loss for the period	**(2,717)**	**(798)**	(240)	**(2,600)**	**(1,750)**	(49)
Total comprehensive profit (loss) for the period	**335**	**(11,956)**	NM	**(1,140)**	**(1,959)**	42
Total comprehensive profit (loss) attributable to:						
Equity holders of the parent	510	(11,505)	NM	(857)	(1,865)	54
Minority interest	(175)	(451)	61	(283)	(94)	(201)
	335	**(11,956)**	NM	**(1,140)**	**(1,959)**	42

NM: Not meaningful

Profit (Loss) for the period as a percentage of revenue	3.4%	-20.6%	4.3%	-0.9%

Profit (Loss) for the period is arrived at after charging (crediting) the following:

Allowance for bad debts	-	780	-	(83)
Depreciation of property, plant and equipment	13,276	15,342	4,262	4,932
Amortisation of land use rights	258	74	200	24
Foreign exchange loss (gain)	1,565	804	987	973
Fair value (gain) loss on derivative financial instrument	(171)	18	(28)	(57)
Fixed assets written off	64	132	43	132
Loss (gain) on disposal of property, plant and equipment	85	(2)	85	0
Interest income	(28)	(72)	(6)	(36)
Interest expense	1,545	2,722	438	819

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.

Statement of Financial Position

	Group		Company	
	As at 30/9/2010	As at 31/12/2009	As at 30/9/2010	As at 31/12/2009
	$'000	$'000	$'000	$'000
Current assets				
Cash and bank balances	10,774	8,748	995	165
Pledged bank deposits	1,190	460	-	-
Trade receivables	46,541	34,415	-	-
Other receivables and prepayments	1,935	1,558	12,394	19,499
Land use rights	90	94	-	-
Inventories	8,765	7,743	-	-
Total current assets	69,295	53,018	13,389	19,664
Non-current assets				
Investment in subsidiaries	-	-	67,686	73,873
Land use rights	4,083	4,337	-	-
Property, plant and equipment	87,212	103,886	737	781
Other receivables	952	961	-	-
Goodwill	2,226	2,226	-	-
Deferred tax asset	1,428	1,488	-	-
Total non-current assets	95,901	112,898	68,423	74,654
Total assets	**165,196**	**165,916**	**81,812**	**94,318**
Current liabilities				
Trade payables	30,614	25,422	-	-
Other payables	9,669	11,548	6,664	8,252
Short-term bank loans	15,724	19,395	1,375	2,552
Current portion of long-term bank loans	854	7,530	59	59
Current portion of finance leases	602	2,660	60	614
Current portion of notes payable	3,377	4,780	3,377	4,347
Due to shareholders	13,220	12,532	13,220	12,532
Financial derivative	356	527	186	349
Total current liabilities	74,416	84,394	24,941	28,705
Non-current liabilities				
Long-term bank loans	12,434	2,295	174	218
Finance leases	-	398	-	-
Notes payable	1,254	2,072	1,254	2,072
Total non-current liabilities	13,688	4,765	1,428	2,290
Capital, reserves and minority interests				
Share capital	56,127	56,127	56,127	56,127
Reserves	12,386	14,869	(684)	7,196
Equity attributable to equity holders of the company	68,513	70,996	55,443	63,323
Minority interest	8,579	5,761	-	-
Total equity	77,092	76,757	55,443	63,323
Total liabilities and equity	**165,196**	**165,916**	**81,812**	**94,318**

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 30/9/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
17,180	3,377	29,585	4,780

The amount repayable after one year

As at 30/9/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
12,434	1,254	2,693	2,072

Details of any collaterals

The group’s borrowings are primarily secured by personal guarantees from directors, pledged bank deposits, property, plant and equipment, land use rights and trade receivables.

1 (c) Statement of Cash Flows for period ended 30 September

	Group		Group	
	9 months ended		3 months ended	
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
	$'000	$'000	$'000	$'000
Operating Activities:				
Profit (Loss) before income tax:	3,260	(11,136)	1,537	(187)
Adjustments for:-				
Depreciation of property, plant and equipment	13,276	15,342	4,262	4,932
Allowance for doubtful receivables	-	780	-	(83)
Amortisation of land use rights	258	74	200	24
Fair value (gain) loss on derivative financial instrument	(171)	18	(28)	(57)
Fixed assets written off	64	132	43	132
Interest income	(28)	(72)	(6)	(36)
Interest expense	1,545	2,722	438	819
Net foreign exchange loss	532	(119)	587	407
Loss (gain) on disposal of property, plant and equipment	85	(2)	85	-
Operating profit before working capital changes	18,821	7,739	7,118	5,951
Changes in working capital:-				
Trade receivables	(12,126)	3,814	(4,769)	(5,693)
Other receivables and prepayments	(368)	(1,615)	(657)	(1,268)
Inventories	(1,022)	(1,002)	2,290	(541)
Trade payables	5,192	(2,709)	(1,281)	2,757
Other payables	(1,879)	2,924	241	1,305
Cash generated from operations	8,618	9,151	2,942	2,511
Net interest paid	(1,517)	(2,650)	(432)	(783)
Income tax paid	(148)	(114)	(24)	(41)
Cash flows from operating activities	**6,953**	**6,387**	**2,486**	**1,687**
Investing Activities:				
Purchase of plant and equipment	-	(1,269)	-	(170)
Proceeds on disposal of plant and equipment	-	29	-	1
Cash flows used in investing activities	**-**	**(1,240)**	**-**	**(169)**
Financing Activities:				
(Increase) Decrease in cash subjected to restriction	(730)	(548)	183	1,668
New bank loans raised	35,453	24,930	13,997	4,809
Repayment of bank loans	(35,661)	(33,886)	(11,654)	(7,435)
(Decrease) Increase in notes payable	(2,221)	(2,389)	(861)	128
Due to shareholders	688	2,267	(279)	568
Repayment of finance lease obligations	(2,456)	(3,846)	(791)	(1,431)
Cash flows (used in) from financing activities	**(4,927)**	**(13,472)**	**595**	**(1,693)**
Net increase (decrease) in cash and bank balances	**2,026**	**(8,325)**	**3,081**	**(175)**
Cash and bank balances at beginning of period	8,748	23,152	7,667	15,170
Effect of exchange rate changes on the balances of cash held in foreign currencies	-	583	26	415
Cash and bank balances at end of period	**10,774**	**15,410**	**10,774**	**15,410**

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 period ended 30 September

	Share capital $'000	Currency translation reserves $'000	Hedging reserves $'000	Statutory reserves $'000	Other reserves * $'000	Accumulated profits (losses) $'000	Total attributable to equity holders of the company $'000	Minority interests $'000	Total $'000
Group									
At 1 July 2009	56,127	(3,206)	(521)	5,681	-	17,155	75,236	5,897	81,133
Total comprehensive income (loss) for the period	-	(1,559)	61	(208)	-	(159)	(1,865)	(94)	(1,959)
At 30 September 2009	**56,127**	**(4,765)**	**(460)**	**5,473**	**-**	**16,996**	**73,371**	**5,803**	**79,174**
At 1 July 2010	56,127	(5,939)	(207)	5,730	-	16,652	72,363	5,869	78,232
Total comprehensive income (loss) for the period	-	(2,137)	21	-	(3,024)	1,290	(3,850)	2,710	(1,140)
At 30 September 2010	**56,127**	**(8,076)**	**(186)**	**5,730**	**(3,024)**	**17,942**	**68,513**	**8,579**	**77,092**
Company									
At 1 July 2009	56,127	3,722	(521)	-	-	(23,922)	**35,406**	-	**35,406**
Total comprehensive income (loss) for the period	-	(876)	61	-	-	(936)	(1,751)	-	(1,751)
At 30 September 2009	**56,127**	**2,846**	**(460)**	**-**	**-**	**(24,858)**	**33,655**	**-**	**33,655**
At 1 July 2010	**56,127**	**1,284**	**(207)**	**-**	**-**	**4,763**	**61,967**	**-**	**61,967**
Total comprehensive income (loss) for the period	-	(2,499)	21	-	-	(4,046)	(6,525)	-	(6,525)
At 30 September 2010	**56,127**	**(1,215)**	**(186)**	**-**	**-**	**717**	**55,443**	**-**	**55,443**

* Other reserves pertains to other reserves attributable to equity holders of the company

In September, a supplementary agreement was signed with Hongta Innovation Partners Co., Ltd for the transfer of 7% shareholdings in Shanghai Zhuo Kai. For more details, please refer to announcement made on 28 September 2010.

As there is no loss of control resulting from this transfer of shareholding, the loss on partial disposal of investment in subsidiary of $3.0 million is accounted for as an equity transaction in accordance with FRS 27 Consolidated and Separate Financial Statements, paragraph 30.

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 2010 to 30 September 2010, 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 30/9/2010	As at 31/12/2009
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 2009.

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	
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
Earnings per ordinary share for the year based				
(i) Based on the weighted average number of	0.48	(1.90)	0.23	(0.06)
ordinary shares in issue (cts); and	570,000,000	570,000,000	570,000,000	570,000,000
(ii) On a fully diluted basis (cts)	0.48	(1.90)	0.23	(0.06)
	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 30/9/2010	As at 31/12/2009	As at 30/9/2010	As at 31/12/2009
Net asset value per ordinary share (cts)	11.63	12.06	9.73	11.11
Number of shares	570,000,000	570,000,000	570,000,000	570,000,000

8. Review of the Group's performance

Revenue

For the nine months ended 2010 ("YTD 2010"), the Group reported revenue of $89.6 million, an encouraging increase of 65% from $54.2 million from the corresponding period in 2009 ("YTD 2009"). This was an "across the board" increase of revenue from all business services.

Since beginning FY2010, laser drilling services had picked up significantly. Laser drilling is used for the production of high density interconnects ("HDI") boards. Demand for HDI boards is on the rise as the market places more emphasis in the production of "slick and slim" IT gadgets.

For the three months ended 2010 ("3Q10"), the Group reported revenue of $33.9 million, an increase of 40% from $24.2 million from the corresponding period in 2009 ("3Q09"). Similarly, this was an "across the board" increase of revenue from all services.

On a quarter-on-quarter comparison, laser drilling services had shown the best improvement of 77%, followed by PCB operations and mechanical drilling services.

PCB Operations

PCB operations continue to be the major contributor accounting for 71% of our Group's revenue for YTD 2010. PCB revenue improved by 50% from $42.4 million in YTD 2009 to $63.6 million in YTD 2010. The revenue growth was in line with global recovery, coupled with internal restructuring exercise.

On a quarterly basis, PCB revenue improved by 37% from $17.7 million in 3Q09 to $24.2 million in 3Q10.

Mechanical Drilling and Routing

Revenue from mechanical drilling and routing services increased by 107% from $5.9 million in YTD 2009 to $12.2 million in YTD 2010. The revenue growth was in line with global recovery, coupled with internal restructuring exercise.

On a quarterly basis, mechanical drilling and routing services improved by 24% from $3.4 million in 3Q09 to $4.2 million in 3Q10.

Laser Drilling

Revenue from laser drilling services increased by 134% from $5.9 million in YTD 2009 to $13.8 million in YTD 2010. This significant improvement was boosted by global electronics demand as a result of strong recovery in the underlying markets and increasing demand for more advanced technologies in mobile phone handsets and PCs, requiring new capacity with leading edge capabilities.

On a quarterly basis, laser drilling services improved by 77% from $3.1 million in 3Q09 to $5.5 million in 3Q10.

Geographical Markets

China operations remained as the key contributor to Group's revenue for YTD 2010. Proportion of revenue from China operations increased by 4% from 85% in 2Q10 to 89% in 3Q10. Since 1Q10, the revenue growth of the Taiwan operations has been catching with the revenue growth of the China operation.

Taiwan operations focus on laser drilling services. Although laser drilling business commands a higher margin, the market demand in this area is inherently more volatile as compared to our PCB business. The Group's strategy is to concurrently focus on both laser drilling services in Taiwan and PCB business in China, with PCB business providing revenue stability for the Group.

Profitability

Gross Profit

Gross profit made a turnaround from a loss of $0.3 million in YTD 2009 to a profit of $16.7 million in YTD 2010. PCB operations lead with a gross profit of $7.7 million, followed by laser drilling, mechanical drilling and routing services. In general, this improvement was a result of global recovery, coupled with successful internal restructuring plans carried out.

On a quarterly basis, gross profit improved from $3.2 million in 3Q09 to a profit of $6.9 million in 3Q10. PCB operations lead with a gross profit of $3.1 million, followed by laser drilling services, mechanical drilling and routing services.

Gross margin improved from a deficit of 0.5% in YTD 2009 to a positive 18.6% in YTD 2010. Whereas, on a quarterly basis, gross margin improved from 13.1% in 3Q09 to 20.3% in 3Q10.

Expenses

Other Income

Other income earned for YTD 2010 is made up of miscellaneous and scrap sales.

Administrative Expenses

The slight increase in administrative expenses for YTD 2010 and 3Q10 is due to increase in production level.

Distribution Costs

The increase in distribution costs is in line with the increase in revenue. Distribution costs increased by 66% from $1.8 million in YTD 2009 to $3.0 million in YTD 2010.

Distribution costs comprise mainly sales commission payable to sales representatives in processing sales for PCB manufacturing and related delivery costs.

Other Expenses
Other expense increased from $0.03 million in YTD 2009 to $1.6 million in YTD 2010, with majority of the increase in 3Q10. The increase was mainly due to foreign exchange loss arising from depreciation USD and appreciating JPY.

Finance Costs
Finance costs dropped by 43% from $2.7 million in YTD 2009 to $1.5 million in YTD 2010. This was due mainly to the repayment of bank borrowings and lower interest rates.

Overall

Net Profit
The Group reported a net profit of $3.1 million for YTD 2010 compared to a net loss of $11.1 million in YTD 2009, and a corresponding quarterly net profit of $1.5 million for 3Q10 as compared to a net loss of $0.2 million for 3Q09.

Balance Sheet

The Group's cash and bank balances increased from $8.7 million at 4Q09 to $10.8 million at 3Q10. This increase was brought about by increasing sales.

Pledged bank deposits increased from $0.5 million in 4Q09 to $1.2 million in 3Q10 as the Group has pledged more bank deposits for the new bank loan facilities.

With increasing quarterly sales since 2010, it is within our expectation that trade receivables in 3Q10 will be higher as compared to 4Q09. Moreover, it is an industry trend for higher sales in second half of the year due to the festival seasons.

Since the onset of financial crisis, improving credit collection process remains a key focus area by management and significant improvements had been observed. Trade receivables turnover days had improved by 19 days since beginning of 2009.

At Group level, other receivables and prepayments increased from $1.6 million at 4Q09 to $1.9 million at 3Q10. This is mainly due to increase in production level resulting in increase in utility bills and other miscellaneous expenses. At company level, the decrease pertains to repayment of intercompany receivables.

As part of our working capital management, inventory management is constantly reviewed and inventory will be kept at the minimum required level. Inventory increased by $1.1 million from $7.7 million at 4Q09 to $8.8 million at 3Q10 to meet the demand from higher sales expected based on past seasonal trend, as well as stocking up of durable raw materials due to increasing prices.

The increase in trade payables is in line with the increase in sales.

Other payables decreased by $1.8 million from $11.5 million at 4Q09 to $9.7 million at 3Q10 mainly due to refund of deposit placed by customer in prior years.

Total gross borrowings also reduced by $4.2 million from $51.7 million at 4Q09 to $47.5 million at 3Q10. This was due to repayments of bank loans, finance leases and notes payable.

The Group's net current liabilities position improved from $31.4 million at 4Q09 to $5.1 million in 3Q10. This was mainly due to the improvement in sales and the extension of a $6 million bank loan's repayment period to 3 years.

The Group's current ratio (current assets/current liabilities) and debt/equity ratio are 0.9 and 1.2 respectively. The Group's equity (net assets) stands at $68.5 million. The decrease is due to the transfer of 7% shareholdings in Shanghai Zhuo Kai to Hongta Innovation Partners Co., Ltd.

Cash Flow

Cash flow generated from operating activities was similar between YTD 2009 and YTD 2010, as well as 3Q09 and 3Q10.

There was no expenditure on investing activities for 3Q10.

In 3Q10, a net cash inflow of $0.6 million was generated from financing activities after offsetting new bank borrowings against repayment of loan borrowings, notes payables and finance lease.

Cash and bank balances stood at $10.8 million as at 3Q10 as compared to 3Q09 of $15.4 million. The decrease was mainly due to insufficient sales generated in 2009 to meet the repayment of bank loans. Financial and cash management had since continued to be placed top priority.

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.

For YTD 2010, there was an "across the board" growth for all services, led by laser drilling services in terms of net profit contribution. Laser drilling services which picked up significantly since 2Q10, was mainly boosted by global electronics demand. Unlike laser drilling, PCB operations had fallen short of expectation due to the shift in global demand for "slick and slim" IT gadgets. PCB sales did not improve as much as expected. However, as PCB's customer base consists of major players in the global market, there is a steady flow of sales. Growth in these two areas is expected to remain good.

Although the Group had shown improvements in 3Q10, uncertainties such as deterioration in demand for our products and services remain. The Group is also concerned about increasing material cost (such as copper metal) and the currency fluctuations.

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 2010.

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)**	**Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)**
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 30.09.2010: S$54.1 million Amount outstanding as at 30.09.2010: S$23.3 million	-
Loan from Sunny Worldwide Int'l Ltd (Amount outstanding as at 30.09.2010 is S$6.7 million)	Interest for the 9 months ended 30.09.2010: S$0.19 million	-
Loan from Mr Wen Yao-Long (Amount outstanding as at 30.09.2010 is S$6.5 million)	Interest -free loan	-

BY ORDER OF THE BOARD

Wen Yao-Long
Executive Chairman & CEO
3 November 2010