

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		
	6 months ended		Fav/ (Unfav) %	3 months ended		Fav/ (Unfav) %
	30/6/2010 \$'000	30/6/2009 \$'000		30/6/2010 \$'000	30/6/2009 \$'000	
Revenue	55,760	30,035	86	31,599	18,824	68
Cost of sales	(45,937)	(33,487)	(37)	(24,741)	(19,272)	(28)
Gross profit (loss)	9,823	(3,452)	NM	6,858	(448)	NM
Gross margin	17.6%	-11.5%		21.7%	-2.4%	
Other income (including interest income)	314	586	(46)	212	255	(17)
Administrative expenses	(5,047)	(5,056)	0	(2,735)	(3,208)	15
Distribution costs	(1,645)	(1,093)	(51)	(959)	(712)	(35)
Other expenses	(615)	(31)	NM	(371)	(960)	61
Finance costs	(1,107)	(1,903)	42	(565)	(976)	42
Profit (Loss) before income tax	1,723	(10,949)	NM	2,440	(6,049)	NM
Income tax expense	(131)	-	NM	(131)	-	NM
Profit (Loss) for the period	1,592	(10,949)	NM	2,309	(6,049)	NM
Attributable to:						
Equity holders of the parent	1,462	(10,480)	NM	2,177	(5,798)	NM
Minority interest	130	(469)	NM	132	(251)	NM
	1,592	(10,949)		2,309	(6,049)	
Statement of comprehensive income						
Profit (Loss) for the period	1,592	(10,949)	NM	2,309	(6,049)	NM
Other comprehensive income:						
Foreign currency translation	(366)	1,029	NM	(160)	(3,218)	95
(Loss) Gain on cash flow hedge	249	(77)	NM	89	81	10
Other comprehensive (loss) income for the period	(117)	952		(71)	(3,137)	
Total comprehensive profit (loss) for the period	1,475	(9,997)	NM	2,238	(9,186)	NM
Total comprehensive profit (loss) attributable to:						
Equity holders of the parent	1,367	(9,640)	NM	2,092	(8,488)	NM
Minority interest	108	(357)	NM	146	(698)	NM
	1,475	(9,997)	NM	2,238	(9,186)	NM

NM: Not meaningful

Profit (Loss) for the period as a percentage of revenue

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

Allowance for bad debts	-	863	-	863
Depreciation of property, plant and equipment	9,014	10,410	4,466	5,102
Amortisation of land use rights	58	50	17	28
Foreign exchange loss (gain)	578	(170)	350	940
Fair value (gain) loss on derivative financial instrument	(143)	75	(89)	(117)
Fixed assets written off	21	-	21	-
Gain on disposal of property, plant and equipment	-	(2)	-	(21)
Interest income	(22)	(36)	(7)	(17)
Interest expense	1,107	1,903	565	976

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 30/6/2010 \$'000	As at 31/12/2009 \$'000	As at 30/6/2010 \$'000	As at 31/12/2009 \$'000
Current assets				
Cash and bank balances	7,667	8,748	90	165
Pledged bank deposits	1,373	460	-	-
Trade receivables	41,772	34,415	-	-
Other receivables and prepayments	1,332	1,558	15,823	19,499
Land use rights	94	94	-	-
Inventories	11,055	7,743	-	-
Total current assets	63,293	53,018	15,913	19,664
Non-current assets				
Investment in subsidiaries	-	-	73,693	73,873
Land use rights	4,279	4,337	-	-
Property, plant and equipment	94,815	103,886	772	781
Other receivables	898	961	-	-
Goodwill	2,226	2,226	-	-
Deferred tax asset	1,481	1,488	-	-
Total non-current assets	103,699	112,898	74,465	74,654
Total assets	166,992	165,916	90,378	94,318
Current liabilities				
Trade payables	31,895	25,422	-	-
Other payables	9,428	11,548	6,963	8,252
Short-term bank loans	12,611	19,395	1,812	2,552
Current portion of long-term bank loans	7,232	7,530	59	59
Current portion of finance leases	1,335	2,660	250	614
Current portion of notes payable	3,398	4,780	3,339	4,347
Due to shareholders	13,499	12,532	13,499	12,532
Financial derivative	384	527	207	349
Total current liabilities	79,782	84,394	26,129	28,705
Non-current liabilities				
Long-term bank loans	6,826	2,295	188	218
Finance leases	58	398	-	-
Notes payable	2,094	2,072	2,094	2,072
Total non-current liabilities	8,978	4,765	2,282	2,290
Capital, reserves and minority interests				
Share capital	56,127	56,127	56,127	56,127
Reserves	16,236	14,869	5,840	7,196
Equity attributable to equity holders of the company	72,363	70,996	61,967	63,323
Minority interest	5,869	5,761	-	-
Total equity	78,232	76,757	61,967	63,323
Total liabilities and equity	166,992	165,916	90,378	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 30/6/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
21,178	3,398	29,585	4,780

The amount repayable after one year

As at 30/6/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
6,884	2,094	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 June

	Group		Group	
	6 months ended		3 months ended	
	30/6/2010	30/6/2009	30/6/2010	30/6/2009
	\$'000	\$'000	\$'000	\$'000
Operating Activities:				
Profit (Loss) before income tax:	1,723	(10,949)	2,440	(6,049)
Adjustments for:-				
Depreciation of property, plant and equipment	9,014	10,410	4,466	5,102
Allowance for doubtful receivables	-	863	-	863
Amortisation of land use rights	58	50	17	28
Fair value (gain) loss on derivative financial instrument	(143)	75	(89)	(117)
Fixed assets written off	21	-	21	-
Interest income	(22)	(36)	(7)	(17)
Interest expense	1,107	1,903	565	976
Net foreign exchange (gain) loss	(55)	(526)	106	2,155
Gain on disposal of property, plant and equipment	-	(2)	-	(21)
Operating profit before working capital changes	11,703	1,788	7,519	2,920
Changes in working capital:-				
Trade receivables	(7,357)	9,507	(10,003)	(5,695)
Other receivables and prepayments	289	(347)	616	134
Inventories	(3,312)	(461)	(1,999)	67
Trade payables	6,473	(5,466)	6,760	1,077
Other payables	(2,120)	1,619	(1,770)	(7)
Cash generated from operations	5,676	6,640	1,123	(1,504)
Net interest paid	(1,085)	(1,867)	(558)	(959)
Income tax paid	(124)	(73)	(123)	34
Cash flows from (used in) operating activities	4,467	4,700	442	(2,429)
Investing Activities:				
Purchase of plant and equipment	-	(1,099)	-	(1,081)
Proceeds on disposal of plant and equipment	-	28	-	28
Cash flows used in investing activities	-	(1,071)	-	(1,053)
Financing Activities:				
Increase in cash subjected to restriction	(913)	(2,216)	(773)	(396)
New bank loans raised	21,456	20,121	16,383	14,730
Repayment of bank loans	(24,007)	(26,451)	(16,865)	(14,152)
Decrease in notes payable	(1,360)	(2,517)	(325)	(976)
Due to shareholders	967	1,699	635	1,064
Repayment of finance lease obligations	(1,665)	(2,415)	(788)	(1,368)
Cash flows used in financing activities	(5,522)	(11,779)	(1,733)	(1,098)
Net decrease in cash and bank balances	(1,055)	(8,150)	(1,291)	(4,580)
Cash and bank balances at beginning of period	8,748	23,152	8,974	20,116
Effect of exchange rate changes on the balances of cash held in foreign currencies	(26)	168	(16)	(366)
Cash and bank balances at end of period	7,667	15,170	7,667	15,170

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 June

	Share capital \$'000	Currency translation reserves \$'000	Hedging reserves \$'000	Statutory reserves \$'000	Accumulated profits (losses) \$'000	Total attributable to equity holders of the company \$'000	Minority interests \$'000	Total \$'000
Group								
At 1 April 2009	56,127	(435)	(602)	5,681	22,953	83,724	6,595	90,319
Total comprehensive income (loss) for the period	-	(2,771)	81	-	(5,798)	(8,488)	(698)	(9,186)
At 30 June 2009	56,127	(3,206)	(521)	5,681	17,155	75,236	5,897	81,133
At 1 April 2010	56,127	(5,771)	(296)	5,730	14,481	70,271	5,723	75,994
Total comprehensive income (loss) for the period	-	(174)	89	-	2,177	2,092	146	2,238
At 30 June 2010	56,127	(5,945)	(207)	5,730	16,658	72,363	5,869	78,232
Company								
At 1 April 2009	56,127	5,379	(602)	-	(22,840)	38,064	-	38,064
Total comprehensive income (loss) for the period	-	(1,657)	81	-	(1,082)	(2,658)	-	(2,658)
At 30 June 2009	56,127	3,722	(521)	-	(23,922)	35,406	-	35,406
At 1 April 2010	56,127	1,197	(296)	-	5,561	62,589	-	62,589
Total comprehensive income (loss) for the period	-	87	89	-	(798)	(622)	-	(622)
At 30 June 2010	56,127	1,284	(207)	-	4,763	61,967	-	61,967

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 June 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.

The total number of issued shares excluding treasury shares

As at 30/6/2010	As at 31/12/2009
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.

Earnings per ordinary share for the year
(i) Based on the weighted average number of ordinary shares in issue (cts); and

(ii) On a fully diluted basis (cts)

	Group		Group	
	6 months ended		3 months ended	
	30/6/2010	30/6/2009	30/6/2010	30/6/2009
(i)	0.26	(1.84)	0.38	(1.02)
	570,000,000	570,000,000	570,000,000	570,000,000
(ii)	0.26	(1.84)	0.38	(1.02)
	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.

Net asset value per ordinary share (cts)
Number of shares

	Group		Company	
	As at 30/6/2010	As at 31/12/2009	As at 30/6/2010	As at 31/12/2009
	12.30	12.06	10.87	11.11
	570,000,000	570,000,000	570,000,000	570,000,000

8. Review of the Group's performance

Revenue

For the six months ended 2010 ("1H10"), the Group reported revenue of \$55.8 million, an encouraging increase of 86% from \$30.0 million from the corresponding period in 2009 ("1H09"). This was an "across the board" increase of revenue from all services.

In addition to successful transition from the direct sales model to OEM customers, and successful entry into the alternative energy products industry and the rapidly developing 3G network products industry, majority of this improvement was brought about by our laser drilling services. This strong recovery in laser drilling services 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.

For the three months ended 2010 ("2Q10"), the Group reported revenue of \$31.6 million, an increase of 68% from \$18.8 million from the corresponding period in 2009 ("2Q09"). Similarly, this was an "across the board" increase of revenue from all services.

Out of this improvement of \$12.8 million, laser drilling services picked up significantly in this quarter, contributing \$4.1 million. PCB operations continued to improve steadily, contributing for \$5.5 million of the remaining improvement. This signals a robust recovery of our Group's businesses from the past 6 financial quarters of losses.

PCB Operations

PCB operations continue to be the major contributor accounting for 70.6% of our Group's revenue for 1H10. PCB revenue improved by 60% from \$24.7 million in 1H09 to \$39.4 million in 1H10. The revenue growth was in line with global recovery, coupled with internal restructuring exercise as mentioned above.

On a quarterly basis, PCB revenue improved by 35% from \$15.7 million in 2Q09 to \$21.2 million in 2Q10.

Mechanical Drilling and Routing

Revenue from mechanical drilling and routing services increased by 208% from \$2.6 million in 1H09 to \$8.0 million in 1H10. The revenue growth was in line with global recovery, coupled with internal restructuring exercise as mentioned above.

On a quarterly basis, mechanical drilling and routing services improved by 200% from \$1.6 million in 2Q09 to \$4.8 million in 2Q10.

Laser Drilling

Revenue from laser drilling services increased by 196% from \$2.8 million in 1H09 to \$8.3 million in 1H10. 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 256% from \$1.6 million in 2Q09 to \$5.7 million in 2Q10.

Geographical Markets

China operations remained as the key contributor to Group's revenue in 1H10. Proportion of revenue from China operations decreased by 5% from 90% in 1Q10 to 85% in 2Q10. 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 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 \$3.5 million in 1H09 to a profit of \$9.8 million in 1H10. PCB operations lead with a gross profit of \$4.6 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 a loss of \$0.4 million in 2Q09 to a profit of \$6.9 million in 2Q10. Laser drilling services lead with a gross profit of \$2.8 million, followed by PCB operations, mechanical drilling and routing services.

Gross margin improved from a deficit of 11.5% in 1H09 to a positive 17.6% in 1H10. Whereas, on a quarterly basis, gross margin improved from a deficit of 2.4% in 2Q09 to a positive 21.7% in 2Q10.

Expenses

Other Income

The significantly higher other income for 1H09 was due to net foreign exchange gain. For 1H10, a net exchange loss was incurred and this amount was taken up under other expenses accordingly.

Administrative Expenses

Administrative expenses remained constant between 1H09 and 1H10.

At a quarterly basis, lower administrative expenses in 2Q10 as compared to 2Q09 were mainly due to bad debts expenses of \$0.8 million recognised in 2Q09, partially offset by increase in administrative expenses in line with increase in sales.

Distribution Costs

The increase in distribution costs is in line with the increase in revenue. Distribution costs increased by 51% from \$1.0 million in 1H09 to \$1.6 million in 1H10.

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 1H09 to \$0.6 million in 1H10. The increase was mainly due to increase in foreign exchange loss.

On a quarterly basis, the significantly higher other expenses of \$1.0 million in 2Q09 was also due to foreign exchange loss.

Finance Costs

Finance costs decreased by 42% from \$1.9 million in 1H09 to \$1.1 million in 1H10. This was due mainly to the repayment of bank borrowings and lower interest rates.

Balance Sheet

The Group's cash and bank balances decreased from \$8.7 million at 4Q09 to \$7.7 million at 2Q10. This decrease was mainly due to bank loan repayments and increase in inventory purchases to meet future sales orders.

Pledged bank deposits increased from \$0.5 million in 4Q09 to \$1.4 million in 2Q10 as the Group has pledged more bank deposit for the new bank loan facilities.

With increasing quarterly sales since 4Q09, it is within our expectation that trade receivables in 2Q10 will be higher as compared to 4Q09. 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 significantly by 38 days since beginning of 2009.

At Group level, other receivables and prepayments remain constant between 4Q09 and 2Q10. At company level, the decrease pertains to repayment of intercompany receivables.

As part of our cost containment exercise, inventory management is constantly reviewed and inventory will be kept at the minimum required level. Inventory increased by \$3.4 million from \$7.7 million at 4Q09 to \$11.1 million at 2Q10 is to meet the demand from higher sales expected based on past seasonal trend.

The increase in trade payables is in line with increase in inventory.

Other payables decreased by \$2.1 million from \$11.5 million at 4Q09 and \$9.4 million at 2Q10 mainly due to refund of deposit placed by customer in prior years.

Total gross borrowings had also reduced by \$4.6 million from \$51.7 million at 4Q09 to \$47.1 million at 2Q10. This was due to repayments of bank loans, finance leases and notes payable.

In 2Q10, 12-months bank loans of \$6.0 million had been renewed. In this renewal, repayment period was extended into 3 years. Respective reclassification into long-term bank loans had been put through to reflect on this bank loan renewal.

The Group's net current liabilities position improved from \$31.4 million at 4Q09 to \$16.5 million in 2Q10. This was mainly due to the improvement in sales and the extension of bank loans repayment period to 3 years.

The Group's current ratio (current assets/current liabilities) and debt/equity ratio are 0.8 and 1.2 respectively. The Group's equity (net assets) stands at \$72.4 million, an improvement from \$71.0 million as at beginning of the year.

Cash Flow

Cash flow generated from operating activities was similar between 1H09 and 1H10. On a quarterly basis, higher cashflow generated in 2Q10 was due to increase in sales.

There was no expenditure on investing activities for 2Q010.

Cash flow used in financing activities of \$1.7 million in 2Q10 was mainly due to repayment of loan borrowings, notes payables and finance lease.

Cash and bank balances stood at \$7.7 million as at 2Q10 as compared to 2Q09 of \$15.2 million. The decrease was mainly due to insufficient sales generated in 2009 to meet the repayment of bank loans. Financial and cash management continued to be placed top

Financial & Credit Development

The Group was not in breach of any financial covenants on the outstanding current loans as at June 2010, although there was a breach for the month of April 2010 which has since been cured.

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.**

In 1H10, there was an "across the board" growth for all services, led by laser drilling services which contributed \$2 million to net profit. Laser drilling services which picked up strongly in 2Q10, was mainly boosted by global electronics demand. For PCB operations, there had been slow but steady sales from several new customers. These new customers are major players in the global market. Growth in these two areas is expected to remain good.

Nevertheless, continuing credit tightness remains a key area of focus by our Group. Although the Group had shown improvements in 2Q10, 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 appreciation of the PRC Yuan. Therefore the Board thinks it is appropriate to continue to caution shareholders and investors in this regard.

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 second quarter ended 30 June 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

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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 30.06.2010: S\$60.4 million Amount outstanding as at 30.06.2010: S\$25.9 million	-
Loan from Sunny Worldwide Int'l Ltd (Amount outstanding as at 30.06.2010 is S\$6.7 million)	Interest for the 6 months ended 30.06.2010: S\$0.12 million	-
Loan from Mr Wen Yao-Long (Amount outstanding as at 30.06.2010 is S\$6.8 million)	Interest -free loan	-

BY ORDER OF THE BOARD

Wen Yao-Long
 Executive Chairman & CEO
 4 August 2010

EUCON HOLDING LIMITED
(Company Registration No. 200107762R)

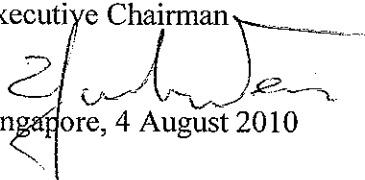
RULE 705(5) – NEGATIVE ASSURANCE CONFIRMATION

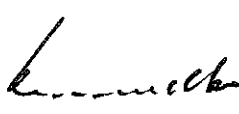
Confirmation by the Board of Directors

Pursuant to Rule 705(5) 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 2nd Quarter ended 30 June 2010 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Wen Yao-Long
Executive Chairman


Singapore, 4 August 2010


Ong Sim Ho
Director