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		
	3 months ended		Fav/
	31/3/2010	31/3/2009	(Unfav)
	$'000	$'000	%
Revenue	**24,161**	**11,211**	116
Cost of sales	(21,196)	(14,215)	(49)
Gross profit (loss)	**2,965**	**(3,004)**	NM
Gross margin	*12.3%*	*-26.8%*	
Other income (including Interest Income)	102	1,271	(92)
Administrative expenses	(2,312)	(1,848)	25
Distribution costs	(686)	(381)	80
Other expenses	(244)	(11)	NM
Finance costs	(542)	(927)	42
Loss before income tax	**(717)**	**(4,900)**	85
Income tax expense	-	-	-
Net loss for the period	**(717)**	**(4,900)**	85
Attributable to:			
Equity holders of the parent	(715)	(4,682)	85
Minority interest	(2)	(218)	99
	(717)	**(4,900)**	
Statement of comprehensive income			
Net loss for the period	(717)	(4,900)	85
Other comprehensive income:			
Foreign currency translation	(206)	4,311	NM
Gain (Loss) on cash flow hedge	160	(222)	NM
Other comprehensive (loss) income for the period	**(46)**	**4,089**	
Total comprehensive loss for the period	**(763)**	**(811)**	6
Total comprehensive loss attributable to:			
Equity holders of the parent	(725)	(1,152)	37
Minority interest	(38)	341	NM
	(763)	**(811)**	6

NM: Not meaningful

Net profit for the period as a percentage of revenue	-3.0%	-43.7%

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

Depreciation of property, plant and equipment	4,548	5,308
Amortisation of land use rights	41	23
Foreign exchange loss (gain)	228	(1,110)
Fair value (gain) loss on derivative financial instrument	(54)	192
Loss on disposal of property, plant and equipment	-	19
Interest income	(15)	(19)
Interest expense	542	927

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 31/3/2010	As at 31/12/2009	As at 31/3/2010	As at 31/12/2009
	$'000	$'000	$'000	$'000
Current assets				
Cash and bank balances	8,974	8,748	68	165
Pledged bank deposits	600	460	-	-
Trade receivables	31,769	34,415	-	-
Other receivables and prepayments	1,978	1,558	18,019	19,499
Land use rights	94	94	-	-
Inventories	9,056	7,743	-	-
Total current assets	52,471	53,018	18,087	19,664
Non-current assets				
Investment in subsidiaries	-	-	73,585	73,873
Land use rights	4,296	4,337	-	-
Property, plant and equipment	99,463	103,886	774	781
Other receivables	868	961	-	-
Goodwill	2,226	2,226	-	-
Deferred tax asset	1,489	1,488	-	-
Total non-current assets	108,342	112,898	74,359	74,654
Total assets	**160,813**	**165,916**	**92,446**	**94,318**
Current liabilities				
Trade payables	25,135	25,422	-	-
Other payables	11,198	11,548	8,246	8,252
Short-term bank loans	24,018	19,395	2,180	2,552
Current portion of long-term bank loans	1,041	7,530	59	59
Current portion of finance leases	1,949	2,660	433	614
Current portion of notes payable	2,565	4,780	2,324	4,347
Due to shareholders	12,864	12,532	12,864	12,532
Financial derivative	473	527	296	349
Total current liabilities	79,243	84,394	26,402	28,705
Non-current liabilities				
Long-term bank loans	2,092	2,295	203	218
Finance leases	232	398	-	-
Notes payable	3,252	2,072	3,252	2,072
Total non-current liabilities	5,576	4,765	3,455	2,290
Capital, reserves and minority interests				
Share capital	56,127	56,127	56,127	56,127
Reserves	14,144	14,869	6,462	7,196
Equity attributable to equity holders of the company	70,271	70,996	62,589	63,323
Minority interest	5,723	5,761	-	-
Total equity	75,994	76,757	62,589	63,323
Total liabilities and equity	**160,813**	**165,916**	**92,446**	**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 31/3/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
27,008	2,565	29,585	4,780

The amount repayable after one year

As at 31/3/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
2,324	3,252	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) Cash Flow Statement for period ended 31 March

	Group	
	3 months ended	
	31/3/2010	31/3/2009
	$'000	$'000
Operating Activities:		
Loss before Income Tax:	(717)	(4,900)
Adjustments for:-		
Depreciation of property, plant and equipment	4,548	5,308
Amortisation of land use rights	41	23
Fair value (gain) loss on derivative financial instrument	(54)	192
Interest income	(15)	(19)
Interest expense	542	927
Net foreign exchange gains	(161)	(2,681)
Loss on disposal of property, plant and equipment	-	19
Operating profit (loss) before working capital changes	4,184	(1,131)
Changes in working capital:-		
Trade receivables	2,646	15,202
Other receivables and prepayments	(327)	(481)
Inventories	(1,313)	(528)
Trade payables	(287)	(6,543)
Other payables	(350)	1,626
Cash generated from operations	4,553	8,145
Net interest paid	(527)	(908)
Income tax paid	(1)	(107)
Cash flows from operating activities	**4,025**	**7,130**
Investing Activities:		
Purchase of plant and equipment representing cash flows used in investing activities	-	(18)
Financing Activities:		
Increase in cash subjected to restriction	(140)	(1,820)
Decrease in bank loans	(2,069)	(6,908)
Decrease in notes payable	(1,035)	(1,541)
Due to shareholders	332	635
Repayment of finance lease obligations	(877)	(1,047)
Cash flows used in financing activities	**(3,789)**	**(10,681)**
Net increase (decrease) in cash and bank balances	**236**	**(3,569)**
Cash and bank balances at beginning of period	8,748	23,152
Effect of exchange rate changes on the balances of cash held in foreign currencies	(10)	534
Cash and bank balances at end of period	**8,974**	**20,116**

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 (losses) $'000	Total attributable to equity holders of the company $'000	Minority interests $'000	Total $'000
Group								
At 1 January 2009	56,127	(4,262)	(380)	5,735	27,656	84,876	6,254	91,130
Total comprehensive income (loss) for the period	-	3,827	(222)	(54)	(4,703)	(1,152)	341	(811)
At 31 March 2009	**56,127**	**(435)**	**(602)**	**5,681**	**22,953**	**83,724**	**6,595**	**90,319**
At 1 January 2010	**56,127**	**(5,602)**	**(456)**	**5,735**	**15,192**	**70,996**	**5,761**	**76,757**
Total comprehensive income (loss) for the period	-	(169)	160	(5)	(711)	(725)	(38)	(763)
At 31 March 2010	**56,127**	**(5,771)**	**(296)**	**5,730**	**14,481**	**70,271**	**5,723**	**75,994**
Company								
At 1 January 2009	56,127	3,262	(380)	-	(22,774)	**36,235**	-	**36,235**
Total comprehensive loss for the period	-	2,117	(222)	-	(66)	1,829	-	1,829
At 31 March 2009	**56,127**	**5,379**	**(602)**	-	**(22,840)**	**38,064**	-	**38,064**
At 1 January 2010	**56,127**	**1,549**	**(456)**	-	**6,103**	**63,323**	-	**63,323**
Total comprehensive income (loss) for the period	-	(352)	160	-	(542)	(734)	-	(734)
At 31 March 2010	**56,127**	**1,197**	**(296)**	-	**5,561**	**62,589**	-	**62,589**

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 31 March 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 31/3/2010	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	
	3 months ended	
	31/3/2010	31/3/2009
Earnings per ordinary share for the year		
(i) Based on the weighted average	(0.13)	(0.82)
Weighted average number of shares	570,000,000	570,000,000
(ii) On a fully diluted basis (cts)	(0.13)	(0.82)
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 31/3/2010	As at 31/12/2009	As at 31/3/2010	As at 31/12/2009
Net asset value per ordinary share (cts)	11.94	12.06	10.98	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 three months ended 2010 ("1Q10"), the Group reported revenue of $24.2 million, an encouraging increase of 116% from $11.2 million from the corresponding period in 2009 ("1Q09"). This was an "across the board" increase of revenue from all services. This increase was due to successful transition to the direct sales model to OEM customers, and successful entry into the alternative energy products industry and the rapidly developing 3G network products industry.

PCB Operations
PCB operations continue to be the major contributor accounting for 75% of our Group's revenue in 1Q10.

On a quarterly basis, PCB revenue improved by 102% from $9.0 million in 1Q09 to $18.2 million in 1Q10. The revenue growth was in line with global recovery after the global financial crisis.

Mechanical Drilling and Routing
Revenue from Mechanical Drilling and Routing services increased by 239% from $1.0 million in 1Q09 to $3.3 million in 1Q10. This significant improvement was brought about by the increasing sales orders from our existing customers since the beginning of 2010.

Laser Drilling
Revenue from Laser Drilling services increased by 119% from $1.2 million in 1Q09 to $2.7 million in 1Q10. Similar to Mechanical Drilling and Routing, this significant improvement was brought about by the increasing sales orders from our existing customers since the beginning of 2010.

Geographical Markets
China operations remained as the key contributor to Group's revenue in 1Q10. However, proportion of revenue from China operations decreased by 3% from 93% in 4Q09 to 90% in 1Q10. Since the beginning of 2010, there are signs of recovery from our Taiwan's operations.

The 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. As such, 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 improved from a loss of $3.0 million in 1Q09 to a profit of $3.0 million in 1Q10. This improvement was due to higher revenue as explained above. PCB operations lead with a gross profit of $2.2 million, followed by mechanical drilling, laser drilling and routing services. In general, this improvement was due to recovery from the global economic downturn, coupled with an increase in direct sales with OEM customers who command a higher profit margin and successful expansion into the alternative energy products industry and rapidly developing 3G network products industry.

Gross margin improved from a deficit of 26.8% in 1Q09 to a positive 12.3% in 1Q10. This improvement was in line with the increase in sales which was able to cover for the fixed operating costs incurred.

Expenses

Other Income
The significantly higher other income for 1Q09 was due to net exchange gain earned. For 1Q10, a net exchange loss was incurred and this amount was taken up under other expenses accordingly.

Administrative Expenses
Administrative expenses increased by 25% from $1.9 million in 1Q09 to $2.3 million in 1Q10. This increase was mainly due to higher sales generated in 1Q10 which resulted in higher expenditure in the following areas:

(i) Increase in staff salary and benefits due to over-time. Salary cuts had been re-instated, with the exceptions of certain senior management level and above positions,

(ii) Increase in administrative expenses, such as government levy, union fees, repair and maintenance, utilities and electricity, and

(iii) Increase in research and development expenses due to venturing into new industries.

Distribution Costs
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 by $0.01 million in 1Q09 to $0.2 million in 1Q10 mainly due to increase in exchange loss arising from appreciation of USD and JPY against RMB.

Finance Costs
Finance costs decreased by 42% from $0.9 million in 1Q09 to $0.6 million in 1Q10. This was due mainly to the repayment of bank borrowings and lower interest rates.

Balance Sheet

The Group's cash and bank balances increased from $8.7 million at 4Q09 to $9.0 million at 1Q10. Pledged bank deposits increased from $0.5 million in 4Q09 to $0.6 million in 1Q10 due to addition of a new bank loan facility.

Despite higher sales in 1Q10 as compared to 4Q09, trade receivables decreased by $2.6 million due to improved credit collection procedures from external parties in placed.

Other receivables and prepayments increased by $0.4 million to $1.9 million at 1Q10. This increase is due to higher prepayments and tax refund receivables which increase in line with the increase in sales. Prepayments pertain to prepaid operating expenses, such as utilities.

As part of our cost containment exercise, inventory management had been reviewed and inventory will be kept at the minimum required level. Inventory increased by $1.4 million from $7.7 million at 4Q09 to $9.1 million at 1Q10 is to meet the demand from higher sales expected in 2Q10.

In comparison to increase in sales, variance for trade payables is minimal due to increase in sales with higher profit margins.

Other payables remain constant at $11.5 at 4Q09 and $11.2 at 1Q10.

Total gross borrowings have also reduced by $3.7 million from $52.2 million at 4Q09 to $48.5 million at 1Q10. 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 $26.8 million in 1Q10. This is mainly due to the Group had generated $4 million cashflow from operating activities.

The Group's current ratio (current assets/current liabilities) and debt/equity ratio are 0.66 and 1.2 respectively. The Group's equity (net assets) stands at $70.2 million, decreasing from $71.0 million as at beginning of the year. Despite generating net profit for the month of March 2010, it was insufficient to cover for the loss incurred in the first two months. Sales for January 2010 were comparable with sales for December 2009 while the drop in sales for February 2010 was due to the 10 days holiday in Taiwan and China.

Cash Flow

Cash flow generated from operating activities was lower for 1Q10 at $4.0 million compared to $7.1 million in 1Q09. The decrease was due to higher trade receivables collection in 1Q09 as compared to 1Q10. The higher cashflow generated from operating activities in 1Q09 was due to more receipts for sales generated in earlier months.

There was no expenditure on investing activities for 1Q010.

Cash flow used in financing activities of $3.8 million in 1Q10 was mainly due to repayment of loan borrowings, notes payables and finance lease.

Cash and bank balances stood at $9.0 million as at 1Q10 as compared to 1Q09 of $20.1 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 priority.

Financial & Credit Development

As reported previously for year ended FY2009, the Group was in breach of certain financial covenants on the outstanding current loans. As at 1Q10, the Group remained in breach and these outstanding loans totalled $2.18 million. The Group has been fulfilling its repayment obligations in relation to these outstanding loans and the relevant bank was aware of the breaches. To date, nothing has come to our attention that the bank will demand immediate repayment.

Since 4Q08, monthly tele-conferences were held between the Board and management. Financial reports such as cashflow forecast were circulated. This is to identify and resolve any upcoming issues. Based on the last round of tele-conference held, despite the low cash and bank balance, no significant issues were noted based on the following reasons:

(i) Improved business operations and contribution to higher revenue,

(ii) Majority of the loans are secured by property, plant and machinery, and

(iii) Loan repayment obligations were met without any default and nothing has come to the management's attention that the existing loan facilities will be prematurely terminated.

At the same time the Group is currently taking steps to improve its liquidity position, which includes adopting cost-cutting measures and evaluating alternative sources of financing. The management of the Group continues to place the financial and cash management of the group as a top priority.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual result

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 line with the Group's strategy into direct sales with OEM customer, PCB business is showing improvement with the additions of OEM customers and completion of testing periods for these newly acquired OEM customers. Laser drilling services are also showing improvements with increasing orders coming in from existing customers. Recovery in these two areas is expected to remain positive.

However, the continuing credit tightness remains a risk to our Group. Although the Group had shown improvements in 1Q10, uncertainties such as unexpected withdrawal of bank loans or deterioration in demand for our products and services remain. Therefore the Board thinks it is appropriate to continue to caution shareholders and investors that the ability of the Group to remain as a going concern will continue to depend heavily on its continued ability to rely on banking loans and facilities and sustainable revenue growth in the next 12 months. The Group is also concerned about increasing material cost (such as copper metal) and the appreciation of the PRC Yuan.

Keeping in mind the ongoing economic uncertainties, the management will continue to stay vigilant.

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 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 31.03.2010: S$44.2 million Amount outstanding as at 31.03.2010: S$17.9 million	-
Loan from Sunny Worldwide Int'l Ltd (Amount outstanding as at 31.03.2010 is S$6.6 million)	Interest for the 3 months ended 31.03.2010: S$0.06 million	
Loan from Mr Wen Yao-Long (Amount outstanding as at 31.03.2010 is S$6.3 million)	Interest -free loan	-

BY ORDER OF THE BOARD

Wen Yao-Long
Executive Chairman & CEO
27 April 2010

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 statements for the 1st Quarter ended 31 March 2010 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
27 April 2010