EUCON HOLDING LIMITED

Quarterly Financial Statement And Dividend Announcement

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	9 months ended		Fav/	3 months ended		Fav/
	30/9/2012	30/9/2011	(Unfav)	30/9/2012	30/9/2011	(Unfav)
	$'000	$'000	%	$'000	$'000	%
Revenue	**57,111**	**77,486**	(26)	**22,586**	**24,632**	(8)
Cost of sales	(57,566)	(66,297)	13	(21,293)	(22,619)	6
Gross (loss) profit	**(455)**	**11,189**	NM	**1,293**	**2,013**	(36)
Gross margin	*-0.8%*	*14.4%*		*5.7%*	*8.2%*	
Other income (including interest income)	484	1,261	(62)	103	1,346	(92)
Administrative expenses	(8,776)	(7,885)	(11)	(3,038)	(2,855)	(6)
Distribution costs	(1,966)	(3,080)	36	(625)	(885)	29
Other expenses	(2,254)	(56)	NM	(2,191)	(22)	NM
Finance costs	(1,318)	(1,315)	(0)	(425)	(441)	4
(Loss) Profit before income tax	**(14,285)**	**114**	NM	**(4,883)**	**(844)**	(478)
Income tax expense	-	(693)	100	-	-	-
Net loss for the period	**(14,285)**	**(579)**	NM	**(4,883)**	**(844)**	(478)
Attributable to:						
Equity holders of the parent	(13,370)	(582)	NM	(4,534)	(664)	(583)
Non-controlling interest	(915)	3	NM	(349)	(180)	(94)
	(14,285)	**(579)**		**(4,883)**	**(844)**	
Statement of comprehensive income						
Net loss for the period	(14,285)	(579)	NM	(4,883)	(844)	(478)
Other comprehensive income:						
Foreign currency translation	(3,175)	732	NM	(1,745)	2,580	NM
Other comprehensive (loss) profit for the period	**(3,175)**	**732**		**(1,745)**	**2,580**	
Total comprehensive (loss) profit for the period	**(17,460)**	**153**	NM	**(6,628)**	**1,736**	NM
Total comprehensive (loss) profit attributable to:						
Equity holders of the parent	(15,774)	(432)	NM	(5,850)	1,129	NM
Non-controlling interest	(1,686)	585	NM	(778)	607	NM
	(17,460)	**153**	NM	**(6,628)**	**1,736**	NM
NM: Not meaningful						
Net loss for the period as a percentage of revenue	-25.0%	-0.7%		-21.6%	-3.4%	
(Loss) Profit before income tax is arrived at after charging (crediting) the following:						
Depreciation of property, plant and equipment	9,977	10,718		3,158	3,505	
Amortisation of land use rights	44	87		-	(56)	
Foreign exchange gain	(4,215)	(460)		(5,241)	(1,019)	
(Gain) Loss on disposal of property, plant and equipment	(32)	(42)		(29)	6	
Interest income	(101)	(49)		(35)	(19)	
Interest expense	1,318	1,315		425	441	

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.

Statements of Financial Position

	Group		Company	
	As at 30/9/2012	As at 31/12/2011	As at 30/9/2012	As at 31/12/2011
	$'000	$'000	$'000	$'000
Current assets				
Cash and bank balances	11,134	17,872	94	201
Pledged bank deposits	468	559	-	-
Trade receivables	28,047	28,626	-	-
Other receivables and prepayments	3,307	2,420	8,097	10,293
Land use rights	89	94	-	-
Inventories	5,817	7,829	-	-
Total current assets	48,862	57,400	8,191	10,494
Non-current assets				
Investment in subsidiaries	-	-	67,033	70,814
Land use rights	3,871	4,160	-	-
Property, plant and equipment	59,446	75,898	707	758
Other receivables	952	1,615	-	-
Goodwill	2,226	2,226	-	-
Deferred tax asset	1,346	1,406	-	-
Total non-current assets	67,841	85,305	67,740	71,572
Total assets	**116,703**	**142,705**	**75,931**	**82,066**
Current liabilities				
Trade payables	19,105	20,182	-	-
Other payables	6,121	8,134	7,357	10,979
Short-term bank loans	9,153	14,898	-	-
Current portion of long-term bank loans	1,157	8,043	59	59
Current portion of finance leases	1,171	1,610	-	-
Due to shareholders	14,915	12,297	14,915	12,297
Total current liabilities	51,622	65,164	22,331	23,335
Non-current liabilities				
Long-term bank loans	8,547	2,781	56	100
Finance leases	678	1,444	-	-
Total non-current liabilities	9,225	4,225	56	100
Capital, reserves and non-controlling interests				
Share capital	56,127	56,127	56,127	56,127
Reserves	(7,644)	8,130	(2,583)	2,504
Equity attributable to equity holders of the company	48,483	64,257	53,544	58,631
Non-controlling interest	7,373	9,059	-	-
Total equity	55,856	73,316	53,544	58,631
Total liabilities and equity	**116,703**	**142,705**	**75,931**	**82,066**

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 30/9/2012		As at 31/12/2011	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
11,481	14,915	24,551	12,297

The amount repayable after one year

As at 30/9/2012		As at 31/12/2011	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
9,225	-	4,225	-

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) Statements of Cash Flows for period ended 30 September

	Group		Group	
	9 months ended		3 months ended	
	30/9/2012	30/9/2011	30/9/2012	30/9/2011
	$'000	$'000	$'000	$'000
Operating Activities:				
(Loss) Profit before Income Tax:	(14,285)	114	(4,883)	(844)
Adjustments for:-				
Depreciation of property, plant and equipment	9,977	10,718	3,158	3,505
Amortisation of land use rights	44	87	-	(56)
Impairment of property, plant and equipment	1,163	-	1,163	-
Fair value gain on derivative financial instrument	-	(23)	-	(42)
Fixed assets written off	805	4	805	4
Interest income	(101)	(49)	(35)	(19)
Interest expense	1,318	1,315	425	441
Net foreign exchange gain	(4,215)	(460)	(5,241)	(1,019)
(Gain) Loss on disposal of property, plant and equipment	(32)	(42)	(29)	6
Operating (loss) profit before working capital changes	(5,326)	11,664	(4,637)	1,976
Changes in working capital:-				
Trade receivables	579	1,327	(3,806)	(1,252)
Other receivables and prepayments	(224)	(1,020)	186	350
Inventories	2,012	621	313	1,689
Trade payables	(1,077)	(3,279)	3,077	(3,247)
Other payables	(2,013)	(2,446)	10	1,274
Cash (used in) generated from operations	(6,049)	6,867	(4,857)	790
Net interest paid	(1,217)	(1,266)	(390)	(422)
Income tax paid	-	(100)	11	(17)
Cash flows (used in) generated from operating activities	**(7,266)**	**5,501**	**(5,236)**	**351**
Investing Activities:				
Proceeds on disposal of property, plant and equipment	1,849	410	1,836	32
Purchase of property, plant and equipment	(876)	(2,967)	(509)	(529)
Cash flows generated from (used in) investing activities	**973**	**(2,557)**	**1,327**	**(497)**
Financing Activities:				
Decrease in cash subjected to restriction	91	80	79	(25)
Repayment of bank loans	(19,396)	(16,679)	(8,330)	(4,598)
New bank loans raised	18,234	17,226	12,199	5,679
Repayment of notes payable	-	(2,105)	-	113
Amount paid to shareholders	(951)	(163)	(144)	341
Amount raised from shareholders	3,021	7	407	7
Repayment of finance lease obligations	(1,406)	(1,592)	(659)	(408)
New finance lease obligations raised	96	1,220	96	-
Cash flows (used in) generated from financing activities	**(311)**	**(2,006)**	**3,648**	**1,109**
Net (decrease) increase in cash and bank balances	**(6,604)**	**938**	**(261)**	**963**
Cash and bank balances at beginning of period	17,872	14,579	11,252	14,482
Effect of exchange rate changes on the balances of cash held in foreign currencies	(134)	(4)	143	68
Cash and bank balances at end of period	**11,134**	**15,513**	**11,134**	**15,513**

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.

Statements of Changes in Equity for the financial period ended 30 September

	Share capital $'000	Currency translation 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 2011	**56,127**	**(8,915)**	**7,417**	**(2,993)**	**14,125**	**65,761**	**8,437**	**74,198**
Total comprehensive income for the period	**-**	1,786	-	**-**	(657)	1,129	607	1,736
At 30 September 2011	**56,127**	**(7,129)**	**7,417**	**(2,993)**	**13,468**	**66,890**	**9,044**	**75,934**
At 1 July 2012	**56,127**	**(7,636)**	**7,750**	**(2,993)**	**1,085**	**54,333**	**8,151**	**62,484**
Total comprehensive loss for the period	**-**	(1,317)	-	**-**	(4,533)	(5,850)	(778)	(6,628)
At 30 September 2012	**56,127**	**(8,953)**	**7,750**	**(2,993)**	**(3,448)**	**48,483**	**7,373**	**55,856**
Company								
At 1 July 2011	**56,127**	**(2,822)**	**-**	**-**	**(163)**	**53,142**	**-**	**53,142**
Total comprehensive income for the period	**-**	3,019	**-**	**-**	280	3,299	**-**	3,299
At 30 September 2011	**56,127**	**197**	**-**	**-**	**117**	**56,441**	**-**	**56,441**
At 1 July 2012	**56,127**	**65**	**-**	**-**	**105**	**56,297**	**-**	**56,297**
Total comprehensive loss for the period	**-**	(1,751)	**-**	**-**	(1,002)	(2,753)	**-**	(2,753)
At 30 September 2012	**56,127**	**(1,686)**	**-**	**-**	**(897)**	**53,544**	**-**	**53,544**

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 2012 to 30 September 2012, 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 30/9/2012	As at 31/12/2011
The total number of issued shares excluding treasury shares	570,000,000	570,000,000

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 2011.

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	
	30/9/2012	30/9/2011	30/9/2012	30/9/2011
Earnings per ordinary share for the year based on net profit/(loss) for the period:				
(i) Based on the weighted average number of	(2.35)	(0.10)	(0.80)	(0.12)
Weighted average number of shares	570,000,000	570,000,000	570,000,000	570,000,000
(ii) On a fully diluted basis (cts)	(2.35)	(0.10)	(0.80)	(0.12)
Weighted average number of shares	570,000,000	570,000,000	570,000,000	570,000,000

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	As at 30/9/2012	As at 31/12/2011	As at 30/9/2012	As at 31/12/2011
Net asset value per ordinary share (cts)	8.12	10.88	9.39	10.29
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 2012 ("YTD 3Q12"), the Group reported revenue of $57.1 million, a drop of 26% from $77.5 million from the corresponding period in 2011 ("YTD 3Q11"). This was an across the board decrease in all segments. The most significant decrease was noted for laser drilling, followed by mechanical drilling segments. Unlike PCB segment whose customers are mainly original equipment manufacturers, laser drilling and mechanical drilling segments are sub-contracted sales which are volatile to fluctuations in market demand.

Similarly, for the three months ended 2012 ("3Q12"), the Group reported revenue of $22.6 million, a drop of 8% from $24.6 million from the corresponding period in 2011 ("3Q11"), with an across the board decrease in all segments and laser drilling taking the lead.

PCB Operations

PCB operations continue to be the major contributor accounting for 86% of our Group's revenue for YTD 3Q12. Revenue from PCB operations dropped by 18% from $59.7 million for YTD 3Q11 to $48.9 million for YTD 3Q12. The reduction was mainly due to weaker business sentiment.

On a quarterly basis, revenue from PCB operations decreased by 3% from $18.7 million in 3Q11 to $18.2 million in 3Q12.

Mechanical Drilling and Routing

Revenue from mechanical drilling and routing segment decreased by 25% from $7.1 million for YTD 3Q11 to $5.3 million for YTD 3Q12. Mechanical drilling and routing segments are mainly made up of sub-contracted sales which are volatile to any fluctuations in market demands.

On a quarterly basis, revenue from mechanical drilling and routing segment decreased by 19% from $2.7 million in 3Q11 to $2.2 million in 3Q12.

Laser Drilling

Revenue from laser drilling segment decreased by 74% from $10.8 million for YTD 3Q11 to $2.8 million for YTD 3Q12. Similar to mechanical drilling and routing segment, laser drilling segment is mainly made up of sub-contracted sales which are volatile to any fluctuations in market demands.

On a quarterly basis, revenue from laser drilling segment decreased by 30% from $3.3 million in 2Q11 to $2.3 million in 3Q12.

Geographical Markets

China operations remained as the key contributor to Group's revenue for 2012. Proportion of revenue from China operations dropped by 7% from 98% in 2Q12 to 91% in 3Q12. This was due to the picking up of laser drilling segment in 3Q12.

Profitability

Gross Profit

Gross profit dropped from $11.2 million for YTD 3Q11 to a gross loss of $0.5 million for YTD 3Q12. Gross loss of $0.5 million was a result of low 2Q12 revenue that are unable to cover the fixed manufacturing expenses such as labour cost, electricity and depreciation.

On a quarterly basis, gross profit dropped from $2.0 million in 3Q11 to $1.3 million in 3Q12.

Expenses

Other Income

The other income of $0.5 million was mainly made up of scrap sales. For YTD 3Q11, the Group made an exchange gain and this gain was recorded under other income, explaining for the higher prior year figure. An exchange loss was incurred for YTD 3Q12 and reclassified under other expense accordingly.

Administrative Expenses

The increase in administrative expenses was mainly due to increase in staff cost as a result of higher wages in China.

Distribution Costs

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

Distribution costs decreased by 36% from $3.1 million in YTD 3Q11 to $2.0 million in YTD 3Q12. This decrease was mainly due to drop in sales commission payable to sales representatives in processing sales for PCB manufacturing.

Other Expenses

Other expenses comprise of fixed assets written off amounting to $0.8 million, exchange loss of $0.3 million and impairment provision on LED equipment of S$1.2 million. Taking into consideration the business volatility faced for laser drilling segment, management decided to better optimise the factory space by ceasing rental of a factory under our Taiwan subsidiary, LGANG Optronics Technology Co., Ltd ("LGANG"), resulting in fixed assets written off. The impairment provision on LED equipment is in relation to the recent announcement made on cessation of manufacturing and sales of LED emitters. Additionally, Shanghai Eu Ya Electronic Technology Co., Ltd ("Eu Ya") wrote off $0.6 million of fixed assets during their fixed assets impairment assessment.

The exchange loss of $0.4 million is due to depreciating of USD and JPY against RMB.

Finance Costs

Finance costs remains relatively stable for YTD 3Q12 and YTD 3Q11.

Balance Sheet

The Group's cash and bank balances decreased from $17.9 million at 4Q11 to $11.1 million at 2Q12. Pledged bank deposits decreased from $0.6 million in 4Q11 to $0.5 million in 3Q12.

Trade receivables decreased by $0.6 million from $28.6 million in 4Q11 to $28 million in 3Q12 whilst trade receivables turnover days increased from 107 days in 4Q11 to 134 days in 3Q12. Trade receivables are assessed for provision on a case-by-case basis every quarter.

Other receivables and prepayments increased by $0.9 million from $2.4 million at 4Q11 to $3.3 million at 3Q12. The increase is mainly due to prepayment made to suppliers by our China subsidiaries. In addition, it is also the norm for our China subsidiaries for expenses to be prepaid, prior to expensing it on a monthly basis. Other receivables and prepayments mainly comprise of prepaid operating expenses, such as utilities, insurance, maintenance expense, etc.

The decrease in inventory level from $7.8 million at 4Q11 to $5.8 million at 3Q12 was mainly due to stricter inventory management in our PCB operations.

The decrease in property, plant and equipment arises from depreciation expense as well as a $1.2 million impairment on LED equipment sold in October 2012.

The decrease of $1.0 million in trade payables was in line with the decrease in inventory level for 3Q12.

Other payables decreased by $2 million was mainly due to refund of deposit placed by customer in prior years, coupled with payout of accrued staff bonus in 1Q12.

Amount due to shareholders increased by $2.6 million from $12.3 million at 4Q11 to $14.9 million at 3Q12 mainly due to more fundings received from shareholders in 2Q12.

Total gross borrowings had also reduced by $5.5 million from $41.1 million at 4Q11 to $35.6 million at 3Q12. This was due to repayments of bank loans and finance leases. In addition, the Group had re-financed some of the bank borrowings, improving its net current liabilities position.

The Group's net current liabilities position decreased from $7.8 million for 4Q11 to $2.8 million for 3Q12.

As at 3Q12, the Group's current ratio (current assets/current liabilities) and debt/equity ratio are 0.95 and 1.3 respectively. The Group's equity (net assets) stands at $48.5 million.

Cash Flow

Cash outflow from operating activities of $5.2 million in 3Q12 was mainly due to higher fixed operating costs, coupled with low sales revenue generated in 3Q12 which resulted in a drop in the collection from trade receivables.

Cash flow generated from investing activities was due to proceeds received from disposal of plant and equipment by LGANG.

Cash flow generated from financing activities of $3.6 million in 3Q12 was mainly due to new bank loans raised of $12.2 million, offsetted by bank loan repayments of $8.3 million and finance lease obligations.

Cash and bank balances decreased by $6.8 million from $17.9 million in 3Q11 to $11.1 million in 3Q12.

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.

During 3Q12, management implemented a series of internal restructuring to better optimise the existing plant and equipment as well as improving productivity. LGANG ceased rental of a factory while China subsidiaries underwent restructuring in terms of manpower and production. This series of internal restructuring is to align the Group with its current research and development in PCB technology.

Nevertheless, management will continue to remain cautious and conservative in its outlook, bearing in mind the renewed uncertainties in the global financial markets and signs of instabilities in many parts of the world.

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 2012.

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

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

During the financial period, there were related parties transactions based on terms agreed between the parties as follows:-

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 30.9.2012: $47.1 million Amount outstanding as at 30.9.2012: $19.3 million	-
Loan from Sunny Worldwide Int'l Ltd (Amount outstanding as at 30.9.2012 is $7.6 million)	Interest for the 9 months ended 30.9.2012: $0.25 million	-
Loan from Mr Wen Yao-Long (Amount outstanding as at 30.9.2012 is $7.3 million)	Interest -free loan	-

Except for the above, there was no other interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into the Group or by the Company during the financial period ended 30 September 2012.

BY ORDER OF THE BOARD

Wen Yao-Long
Executive Chairman & CEO
6 November 2012