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/
	31/3/2013	31/3/2012	(Unfav)
	$'000	$'000	%
Revenue	**17,921**	**16,980**	6
Cost of sales	(17,528)	(17,613)	0
Gross profit (loss)	**393**	**(633)**	NM
Gross margin	*2.2%*	*-3.7%*	
Other income (including interest income)	781	193	305
Administrative expenses	(2,624)	(2,840)	8
Distribution costs	(479)	(672)	29
Other expenses	(695)	(376)	(85)
Profit from operations	**(2,624)**	**(4,328)**	39
Finance costs	(375)	(450)	17
Loss before income tax	**(2,999)**	**(4,778)**	37
Income tax expense	-	-	-
Net loss for the period	**(2,999)**	**(4,778)**	37
Attributable to:			
Equity holders of the parent	(2,696)	(4,544)	41
Non-controlling interest	(303)	(234)	(29)
	(2,999)	**(4,778)**	
Statement of comprehensive income			
Net loss for the period	(2,999)	(4,778)	37
Other comprehensive income:			
Foreign currency translation	406	(2,007)	NM
Other comprehensive loss for the period	**406**	**(2,007)**	
Total comprehensive loss for the period	**(2,593)**	**(6,785)**	62
Total comprehensive loss attributable to:			
Equity holders of the parent	(2,524)	(6,065)	58
Non-controlling interest	(69)	(720)	90
	(2,593)	**(6,785)**	62

NM: Not meaningful

Net loss for the period as a percentage of revenue	-16.7%	-28.1%

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

Depreciation of property, plant and equipment	2,967	3,432
Amortisation of land use rights	22	22
Foreign exchange loss (gain)	(1,224)	854
Fixed assets written off	69	-
Loss (gain) on disposal of property, plant and equipment	673	(3)
Interest income	(28)	(22)
Interest expense	375	450

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 31/3/2013	As at 31/12/2012	As at 31/3/2013	As at 31/12/2012
	$'000	$'000	$'000	$'000
Current assets				
Cash and bank balances	13,409	17,395	95	103
Pledged bank deposits	400	146	-	-
Trade receivables	26,122	28,411	-	-
Other receivables and prepayments	2,961	2,330	8,087	7,949
Land use rights	92	90	-	-
Inventories	6,230	5,980	-	-
Total current assets	49,214	54,352	8,182	8,052
Non-current assets				
Investment in subsidiaries	-	-	68,683	67,446
Land use rights	3,920	3,872	-	-
Property, plant and equipment	53,756	57,258	717	708
Other receivables	1,304	1,341	-	-
Goodwill	2,226	2,226	-	-
Deferred tax asset	1,362	1,355	-	-
Total non-current assets	62,568	66,052	69,400	68,154
Total assets	**111,782**	**120,404**	**77,582**	**76,206**
Current liabilities				
Trade payables	17,241	18,858	-	-
Other payables	5,624	7,006	8,511	8,241
Provision	9,705	9,705	9,705	9,705
Short-term bank loans	7,302	13,400	-	-
Current portion of long-term bank loans	783	1,017	59	59
Current portion of finance leases	954	1,110	-	-
Due to shareholders	4,000	3,750	4,000	3,750
Total current liabilities	45,609	54,846	22,275	21,755
Non-current liabilities				
Due to shareholders	10,798	10,732	10,798	10,732
Long-term bank loans	12,268	8,946	27	46
Finance leases	244	424	-	-
Total non-current liabilities	23,310	20,102	10,825	10,778
Capital, reserves and non-controlling interests				
Share capital	56,127	56,127	56,127	56,127
Reserves	(20,339)	(17,815)	(11,645)	(12,454)
Equity attributable to equity holders of the company	35,788	38,312	44,482	43,673
Non-controlling interest	7,075	7,144	-	-
Total equity	42,863	45,456	44,482	43,673
Total liabilities and equity	**111,782**	**120,404**	**77,582**	**76,206**

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 31/3/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
9,039	4,000	15,527	3,750

The amount repayable after one year

As at 31/3/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
12,512	10,798	9,370	10,732

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	
	31/3/2013	31/3/2012
	$'000	$'000
Operating Activities:		
Loss before Income Tax:	(2,999)	(4,778)
Adjustments for:-		
Depreciation of property, plant and equipment	2,967	3,432
Amortisation of land use rights	22	22
Fixed assets written off	69	-
Interest income	(28)	(22)
Interest expense	375	450
Net foreign exchange (gain) loss	(1,224)	854
Loss (gain) on disposal of property, plant and equipment	673	(3)
Operating loss before working capital changes	(145)	(45)
Changes in working capital:-		
Trade receivables	2,289	6,430
Other receivables and prepayments	(594)	223
Inventories	(250)	1,177
Trade payables	(1,617)	(2,515)
Other payables	(1,382)	(2,316)
Cash generated from operations	(1,699)	2,954
Net interest paid	(347)	(428)
Cash flows (used in) generated from operating activities	**(2,046)**	**2,526**
Investing Activities:		
Proceeds on disposal of property, plant and equipment	2,168	13
Purchase of property, plant and equipment	(424)	(175)
Cash flows generated from (used in) investing activities	**1,744**	**(162)**
Financing Activities:		
(Increase) decrease in cash subjected to restriction	(254)	17
Repayment of bank loans	(8,218)	(5,463)
New bank loans raised	5,208	2,192
Amount paid to shareholders	(214)	(765)
Amount raised from shareholders	127	266
Repayment of finance lease obligations	(364)	(415)
Cash flows used in financing activities	**(3,715)**	**(4,168)**
Net decrease in cash and bank balances	**(4,017)**	**(1,804)**
Cash and bank balances at beginning of period	17,395	17,872
Effect of exchange rate changes on the balances of cash held in foreign currencies	31	(135)
Cash and bank balances at end of period	**13,409**	**15,933**

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	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 January 2012	**56,127**	**(6,548)**	**7,750**	**(2,993)**	**9,921**	**64,257**	**9,059**	**73,316**
Total comprehensive loss for the period	**-**	(1,521)	-	**-**	(4,544)	(6,065)	(720)	(6,785)
At 31 March 2012	**56,127**	**(8,069)**	**7,750**	**(2,993)**	**5,377**	**58,192**	**8,339**	**66,531**
At 1 January 2013	**56,127**	**(8,737)**	**7,750**	**(2,993)**	**(13,835)**	**38,312**	**7,144**	**45,456**
Total comprehensive loss for the period	**-**	172	-	**-**	(2,696)	(2,524)	(69)	(2,593)
Transfer to statutory reserves	**-**	-	30	**-**	(30)	-	-	-
At 31 March 2013	**56,127**	**(8,565)**	**7,780**	**(2,993)**	**(16,561)**	**35,788**	**7,075**	**42,863**
Company								
At 1 January 2012	**56,127**	**1,414**	**-**	**-**	**1,090**	**58,631**	**-**	**58,631**
Total comprehensive loss for the period	**-**	(1,938)	**-**	**-**	(541)	(2,479)	**-**	(2,479)
At 31 March 2012	**56,127**	**(524)**	**-**	**-**	**549**	**56,152**	**-**	**56,152**
At 1 January 2013	**56,127**	**(1,283)**	**-**	**-**	**(11,171)**	**43,673**	**-**	**43,673**
Total comprehensive income for the period	**-**	801	**-**	**-**	8	809	**-**	809
At 31 March 2013	**56,127**	**(482)**	**-**	**-**	**(11,163)**	**44,482**	**-**	**44,482**

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 2013 to 31 March 2013, 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 31/3/2013	As at 31/12/2012
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 2012.

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	
	31/3/2013	31/3/2012
Earnings per ordinary share for the		
(i) Based on the weighted average	(0.47)	(0.80)
Weighted average number of shares	570,000,000	570,000,000
(ii) On a fully diluted basis (cts)	(0.47)	(0.80)
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 31/3/2013	As at 31/12/2012	As at 31/3/2013	As at 31/12/2012
Net asset value per ordinary share (cts)	5.89	6.33	7.80	7.66
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 2013 ("1Q13"), the Group reported revenue of $17.9 million, an increase of 6% from $17.0 million from the corresponding period in 2012 ("1Q12"). An improvement in revenue was noted for all segments. The most significant increase was observed in the laser drilling segment with an improvement of 140% as compared to prior corresponding period.

PCB Operations

PCB operations continue to be the major contributor accounting for 87% of our Group's revenue in 1Q13. Revenue from PCB operations remains relatively constant with a 1% improvement from $15.5 million in 1Q13 as compared to $15.4 million 1Q12.

Mechanical Drilling and Routing

Revenue from Mechanical drilling and routing segment improved by 9% from $1.1 million in 1Q12 to $1.2 million in 1Q13. Mechanical drilling and routing segments are mainly made up of sub-contracted sales which are volatile to any fluctuations in market demands.

Laser Drilling

Revenue from Laser drilling segment showed the largest improvement of 140% by increasing from $0.5 million in 1Q12 to $1.2 million in 1Q13. Similar to Mechanical drilling and routing segment, Laser drilling segment is mainly made up of sub-contracted sales.

Geographical Markets

China operations remained as the key contributor to Group's revenue in 1Q13. Proportion of revenue from China operations decreased by 2% from 97% in 1Q12 to 95% in 1Q13.

Profitability

Gross Profit

There is an improvement in gross profit where a gross profit of $0.4 million was generated in 1Q13 as compared to a gross loss of $0.6 million in 1Q12. Other than PCB operations which posted a gross profit of $1.1 million, Mechanical drilling and Laser drilling segment recorded a total gross loss of $0.7 million. The gross loss from Mechanical drilling and Laser drilling is mainly as a result of revenue generated for month of January and February being lesser than the fixed manufacturing expenses such as labour cost, electricity and depreciation.

Expenses

Other Income

The increase in other income was mainly due to net exchange gain incurred for 1Q13. In 1Q12, there was a net exchange loss of $0.3 million and taken up under other expenses.

Administrative Expenses

The slight decrease in administrative expenses was mainly due to effective cost management measures adopted by our Taiwan subsidiary, LGANG Optronics Technology Co., Ltd ("LGANG"). LGANG ceased rental of a factory in 4Q12.

Distribution Costs

Distribution costs improved by 29% from $0.7 million in 1Q12 to $0.5 million in 1Q13. In 2Q12, management implemented a series of internal restructuring and China subsidiaries underwent restructuring in terms of manpower.

Other Expenses

The increase in other expense by $0.3 million was mainly due to loss on disposal of fixed assets of $0.7 million incurred in 1Q13 and net exchange gain incurred in 1Q13.

Finance Costs

There is a slight decrease in finance cost from $0.5 million in 1Q12 to $0.4 million in 1Q13. This decrease is mainly due to lesser bank borrowings.

Balance Sheet

The Group's cash and bank balances decreased from $17.4 million at 4Q12 to $13.4 million at 1Q13. Pledged bank deposits increased from $0.1 million in 4Q12 to $0.4 million in 1Q13.

The decrease in trade receivables of $2.3 million is mainly due to drop in quarterly sales of 1Q13 against 4Q12. Trade receivable's credit period ranges from 45 days to 150 days. Trade receivables turnover days increased slightly from 132 days to 133 days from 4Q12 to 1Q13.

Other receivables and prepayments increased by $0.6 million from $3.7 million at 4Q12 to $4.3 million at 1Q13. It is the norm for our China subsidiaries for expenses to be prepaid at the beginning of each financial year, 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 slight increase in inventory level from $6.0 million at 4Q12 to $6.2 million at 1Q13 was mainly due to more sales orders expected in 2nd quarter of 2013.

In 1Q13, there are disposal of machineries by 3 of our subsidiaries. These machineries are close to end of its useful life and with low utilisation rate.

The slight decrease of $1.6 million in trade payables was mainly due to the decline in inventory purchase in previous quarter. Credit terms provided by suppliers are generally 3 months.

The decrease of $1.4 million in other payables was mainly due to payout of accrued audit fees, bonuses as well as decrease in net VAT payables.

Total gross borrowings had also reduced by $3.1 million from $39.4 million at 4Q12 to $36.3 million at 1Q13. This was due to repayments of bank loans and finance leases.

The Group's net working capital position improved from a $0.5 million net liability position for 4Q12 to a $3.6 million net asset position for 1Q13.

As at 1Q13, the Group's current ratio (current assets/current liabilities) and debt/equity ratio are 1.08 and 1.9 respectively. The Group's equity (net assets) stands at $42.8 million.

Cash Flow

A net cash outflow from operating activities was noted for 1Q13. This cash outflow was mainly due to increase in payment for inventory purchase, to trade payables and other payables.

Cash flow generated from investing activities was mainly due to receipts from sales of laser and mechanical drilling machineries by 3 subsidiaries.

Cash flow used in financing activities of $3.7 million in 1Q13 was mainly due to repayment of loan borrowings and amount due to shareholders.

Cash and bank balances dropped by $2.5 million from $15.9 million in 1Q12 to $13.4 million in 1Q13.

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 2012, Eucon Group carried out a series of internal restructuring to better optimise the usage of all existing infrastructure as well as improve productivity. Moving forward, manufacturing of memory modules with embedded resistors technology ("embedded PCB technology") will be Eucon Group's focus, especially for Double Data Rate Synchronous Dynamic Random Access Memory ("DDR SDRAM").

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 first quarter ended 31 March 2013.

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 year, 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 31.3.2013: $33.7 million Amount outstanding as at 31.3.2013: $16.7 million	-
Loan from Sunny Worldwide Int'l Ltd (Amount outstanding as at 31.3.2013 is $7.7 million)	Interest for the 3 months ended 31.3.2013: $0.07 million	-
Loan from Mr Wen Yao-Long (Amount outstanding as at 31.3.2013 is $6.5 million)	Interest -free loan	-
Loan from Mr Wen Yao-Chou (Amount outstanding as at 31.03.2013 is $0.6 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 31 March 2013.

BY ORDER OF THE BOARD

Wen Yao-Long
Executive Chairman & CEO
25 April 2013