

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)
	30/6/2013	30/6/2012		30/6/2013	30/6/2012	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	34,271	34,525	(1)	16,350	17,545	(7)
Cost of sales	(34,548)	(36,273)	5	(17,020)	(18,660)	9
Gross loss	(277)	(1,748)	84	(670)	(1,115)	40
<i>Gross margin</i>	<i>-0.8%</i>	<i>-5.1%</i>		<i>-4.1%</i>	<i>-6.4%</i>	
Other income (including interest income)	2,160	381	467	1,379	188	634
Administrative expenses	(5,340)	(5,738)	7	(2,716)	(2,898)	6
Distribution costs	(1,017)	(1,341)	24	(538)	(669)	20
Other expenses	(38)	(63)	40	657	313	110
Finance costs	(722)	(893)	19	(347)	(443)	22
Loss before income tax	(5,234)	(9,402)	44	(2,235)	(4,624)	52
Income tax expense	-	-	-	-	-	-
Net loss for the period	(5,234)	(9,402)	44	(2,235)	(4,624)	52
Attributable to:						
Equity holders of the parent	(4,513)	(8,836)	49	(1,817)	(4,292)	58
Non-controlling interest	(721)	(566)	(27)	(418)	(332)	(26)
	(5,234)	(9,402)		(2,235)	(4,624)	
Statement of comprehensive income						
Net loss for the period	(5,234)	(9,402)	44	(2,235)	(4,624)	52
Other comprehensive income:						
Foreign currency translation	1,563	(1,430)	NM	1,157	577	101
Other comprehensive loss for the period	1,563	(1,430)		1,157	577	
Total comprehensive loss for the period	(3,671)	(10,832)	66	(1,078)	(4,047)	73
Total comprehensive loss attributable to:						
Equity holders of the parent	(3,593)	(9,924)	64	(1,069)	(3,859)	72
Non-controlling interest	(78)	(908)	91	(9)	(188)	95
	(3,671)	(10,832)	66	(1,078)	(4,047)	73

NM: Not meaningful

Net loss for the period as a percentage of revenue

-15.3%

-27.2%

-13.7%

-26.4%

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

Depreciation of property, plant and equipment	5,781	6,819	2,814	3,387
Amortisation of land use rights	44	44	22	22
Fixed assets written off	73	-	4	-
Foreign exchange loss	73	1,027	1,298	173
Gain on disposal of property, plant and equipment	(237)	(3)	(910)	-
Interest income	(59)	(66)	(31)	(44)
Interest expense	722	893	347	443

- 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 30/6/2013	As at 31/12/2012	As at 30/6/2013	As at 31/12/2012
	\$'000	\$'000	\$'000	\$'000
Current assets				
Cash and bank balances	16,759	17,395	-	103
Pledged bank deposits	-	146	-	-
Trade receivables	21,384	28,411	-	-
Other receivables and prepayments	3,472	2,330	8,210	7,949
Land use rights	95	90	-	-
Inventories	5,357	5,980	-	-
Total current assets	47,067	54,352	8,210	8,052
Non-current assets				
Investment in subsidiaries	-	-	70,918	67,446
Investment in associate	212	-	-	-
Land use rights	4,024	3,872	-	-
Property, plant and equipment	52,689	57,258	737	708
Other receivables	1,247	1,341	-	-
Goodwill	2,226	2,226	-	-
Deferred tax asset	1,398	1,355	-	-
Total non-current assets	61,796	66,052	71,655	68,154
Total assets	108,863	120,404	79,865	76,206
Current liabilities				
Bank overdraft	-	-	8	-
Trade payables	15,722	18,858	-	-
Other payables	5,719	7,006	9,501	8,241
Provision	9,705	9,705	9,705	9,705
Short-term bank loans	6,412	13,400	-	-
Current portion of long-term bank loans	1,079	1,017	59	59
Current portion of finance leases	809	1,110	-	-
Due to shareholders	3,609	3,750	3,609	3,750
Total current liabilities	43,055	54,846	22,882	21,755
Non-current liabilities				
Due to shareholders	10,863	10,732	10,863	10,732
Long-term bank loans	12,992	8,946	12	46
Finance leases	168	424	-	-
Total non-current liabilities	24,023	20,102	10,875	10,778
Capital, reserves and non-controlling interests				
Share capital	56,127	56,127	56,127	56,127
Reserves	(21,408)	(17,815)	(10,019)	(12,454)
Equity attributable to equity holders of the company	34,719	38,312	46,108	43,673
Non-controlling interest	7,066	7,144	-	-
Total equity	41,785	45,456	46,108	43,673
Total liabilities and equity	108,863	120,404	79,865	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 30/6/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
8,300	3,609	15,527	3,750

The amount repayable after one year

As at 30/6/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
13,160	10,863	9,370	10,732

Details of any collaterals

The group's borrowings are primarily secured by personal guarantees from directors, plant and equipment, land use rights and trade receivables.

1 (c) **Statements of Cash Flows for period ended 30 June**

Operating Activities:

Loss before Income Tax:	(5,234)	(9,402)
Adjustments for:-		
Depreciation of property, plant and equipment	5,781	6,819
Amortisation of land use rights	44	44
Fixed assets written off	73	-
Interest income	(59)	(66)
Interest expense	722	893
Net foreign exchange loss	73	1,027
Gain on disposal of property, plant and equipment	(237)	(3)
Operating loss before working capital changes	1,163	(688)
Changes in working capital:-		
Trade receivables	7,027	4,385
Other receivables and prepayments	(1,048)	(410)
Inventories	623	1,699
Trade payables	(3,136)	(4,154)
Other payables	(1,287)	(2,023)
Cash generated from (used in) operations	3,342	(1,191)
Net interest paid	(663)	(827)
Income tax paid	-	(11)

Cash flows generated from (used in) operating activities

Investing Activities:

Incorporation of associate	(212)	-
Proceeds on disposal of property, plant and equipment	2,812	13
Purchase of property, plant and equipment	(1,350)	(367)

Cash flows generated from (used in) investing activities

Financing Activities:

Decrease in cash subjected to restriction	146	12
Repayment of bank loans	(9,985)	(11,066)
New bank loans raised	5,646	6,035
Amount paid to shareholders	(658)	(807)
Amount raised from shareholders	261	2,614
Repayment of finance lease obligations	(544)	(747)

Cash flows (used in) generated from financing activities

Net (decrease) increase in cash and bank balances

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	569	(278)

Cash and bank balances at end of period

Group	
6 months ended	
30/6/2013	30/6/2012
\$'000	\$'000
(5,234)	(9,402)
5,781	6,819
44	44
73	-
(59)	(66)
722	893
73	1,027
(237)	(3)
1,163	(688)
7,027	4,385
(1,048)	(410)
623	1,699
(3,136)	(4,154)
(1,287)	(2,023)
3,342	(1,191)
(663)	(827)
-	(11)
2,679	(2,029)
(212)	-
2,812	13
(1,350)	(367)
1,250	(354)
146	12
(9,985)	(11,066)
5,646	6,035
(658)	(807)
261	2,614
(544)	(747)
(5,134)	(3,959)
(1,205)	(6,342)
17,395	17,872
569	(278)
16,759	11,252

Group	
3 months ended	
30/6/2013	30/6/2012
\$'000	\$'000
(2,235)	(4,624)
2,814	3,387
22	22
4	-
(31)	(44)
347	443
1,298	173
(910)	-
1,309	(643)
4,738	(2,045)
(454)	(633)
873	522
(1,519)	(1,639)
95	293
5,042	(4,145)
(316)	(399)
-	(11)
4,726	(4,555)
(212)	-
644	-
(926)	(192)
(494)	(192)
400	(5)
(1,767)	(5,603)
438	3,843
(444)	(42)
134	2,348
(180)	(332)
(1,419)	209
2,813	(4,538)
13,409	15,933
537	(143)
16,759	11,252

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 June

	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
<u>Group</u>								
At 1 April 2012	56,127	(8,069)	7,750	(2,993)	5,377	58,192	8,339	66,531
Total comprehensive income for the period	-	433	-	-	(4,292)	(3,859)	(188)	(4,047)
At 30 June 2012	56,127	(7,636)	7,750	(2,993)	1,085	54,333	8,151	62,484
At 1 April 2013	56,127	(8,565)	7,780	(2,993)	(16,561)	35,788	7,075	42,863
Total comprehensive loss for the period	-	747	-	-	(1,816)	(1,069)	(9)	(1,078)
At 30 June 2013	56,127	(7,818)	7,780	(2,993)	(18,377)	34,719	7,066	41,785
<u>Company</u>								
At 1 April 2012	56,127	(524)	-	-	549	56,152	-	56,152
Total comprehensive loss for the period	-	589	-	-	(444)	145	-	145
At 30 June 2012	56,127	65	-	-	105	56,297	-	56,297
At 1 April 2013	56,127	(482)	-	-	(11,163)	44,482	-	44,482
Total comprehensive income for the period	-	1,452	-	-	174	1,626	-	1,626
At 30 June 2013	56,127	970	-	-	(10,989)	46,108	-	46,108

- 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 30 June 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.**

The total number of issued shares excluding treasury shares

As at 30/6/2013	As at 31/12/2012
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.**

Earnings per ordinary share for the year based on net profit/(loss) for the period:

(i) Based on the weighted average number of
Weighted average number of shares

(ii) On a fully diluted basis (cts)
Weighted average number of shares

Group		Group	
6 months ended		3 months ended	
30/6/2013	30/6/2012	30/6/2013	30/6/2012
(0.79) 570,000,000	(1.55) 570,000,000	(0.32) 570,000,000	(0.75) 570,000,000
(0.79) 570,000,000	(1.55) 570,000,000	(0.32) 570,000,000	(0.75) 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 30/6/2013	As at 31/12/2012	As at 30/6/2013	As at 31/12/2012
5.70 570,000,000	6.33 570,000,000	8.09 570,000,000	7.66 570,000,000

* NAV per ordinary share excluding goodwill.

8. Review of the Group's performance

Revenue

For the six months ended 30 June 2013 ("1H13"), the Group reported revenue of \$34.3 million, a slight decrease of 1% from \$34.5 million from the corresponding period in 2012 ("1H12"). Overall, the decrease in revenue for mechanical drilling and routing segment and PCB operations was offsetted by an increase in revenue for laser drilling segment.

Similarly, for the three months ended 30 June 2013 ("2Q13"), the Group reported revenue of \$16.4 million, a drop of 7% from \$17.5 million from the corresponding period in 2012 ("2Q12"), with an increase in revenue for laser drilling segment while mechanical drilling and routing segment and PCB operations see a drop.

PCB Operations

PCB operations continue to be the major contributor accounting for 84% of our Group's revenue in 1H13. Revenue from PCB operations dropped by 6% from \$30.7 million in 1H12 to \$28.9 million in 1H13. The reduction was mainly due to weaker business sentiment resulting in drop in demand.

On a quarterly basis, revenue from PCB operations decreased by 14% from \$15.4 million in 2Q12 to \$13.3 million in 2Q13.

Mechanical Drilling and Routing

Revenue from mechanical drilling and routing segment decreased by 13% from \$3.1 million in 1H12 to \$2.7 million in 1H13. 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 25% from \$2 million in 2Q12 to \$1.5 million in 2Q13.

Laser Drilling

Revenue from laser drilling segment increased from \$0.6 million in 1H12 to \$2.7 million in 1H13. 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. This was a notable increase in sales orders placed by several of our major customers.

On a quarterly basis, revenue from laser drilling segment increased from \$0.1 million in 2Q12 to \$1.5 million in 2Q13.

Geographical Markets

China operations remained as the key contributor to Group's revenue for 2013. Proportion of revenue from China operations decreased by 2% from 95% in 1Q13 to 93% in 2Q13.

Profitability

Gross Loss

Gross loss reduced from \$1.7 million in 1H12 to \$0.3 million in 1H13. This is mainly due to the picking up of laser drilling segment where a slight gross profit of \$0.1 million was made in 1H13 as compared to a gross loss of \$2.4 million incurred in 1H12. On the other hand, gross profit from PCB operations dropped by 43% from \$2.1 million in 1H12 to \$1.2 million in 1H13.

On a quarterly basis, gross loss decreased by 40% from \$1.1 million in 2Q12 to \$0.7 million in 2Q13.

Other Income

The increase in other income was mainly due to gain on sale of fixed assets of S\$0.2 million and exchange gain of \$1.5 million incurred in 1H13.

Administrative Expenses

The decrease in administrative expenses was mainly due to effective cost management measures adopted by our Taiwan subsidiary, LGANG Optronics Technology Co., Ltd ("LGANG") where rental of a factory ceased in 4Q12. Other expenses such as research and development and software upgrading were lower in 1H13 as compared to corresponding period of 1H12.

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 23% from \$1.3 million in 1H12 to \$1 million in 1H13. This decrease was mainly due to drop in sales commission payable to sales representatives in processing sales for PCB manufacturing.

Finance Costs

There is a decrease in finance cost from \$0.9 million in 1H12 to \$0.7 million in 1H13. 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 \$16.8 million at 2Q13.

The decrease in trade receivables of \$7 million is in line with the decrease in sales. Generally, trade receivables is correlated with the revenue level of that quarter.

There was a decrease in trade receivables turnover days from 132 days in 4Q12 to 100 days in 2Q13.

Other receivables and prepayments increased by \$1 million from \$3.7 million at 4Q12 to \$4.7 million at 2Q13. 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 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 decrease in inventory level from \$6 million at 4Q12 to \$5.4 million at 2Q13 was mainly due to stricter inventory management in our PCB operations.

In 2Q13, Petron Co., Ltd ("Petron") was incorporated under LGANG Optronics Technology Co., Ltd, a wholly-owned subsidiary of the Group. LGANG Optronics Technology Co., Ltd has a 50% shareholding in Petron while the remaining 50% is held by 3 non-related third parties. Petron is an associate of the Group and is primarily engaged in provision of customisation, services and maintenance of machineries.

The decrease of \$3.1 million in trade payables was in line with the decrease in inventory level for 2Q13.

Other payables decreased by \$1.3 million were mainly due to payout of accrued audit fees, bonuses as well as decrease in net VAT payables.

Amount due to shareholders remains constant at \$14.5 for 4Q12 and 2Q13.

Total gross borrowings had also reduced by \$3.4 million from \$24.9 million at 4Q12 to \$21.5 million at 2Q13. This was due to repayments of bank loans and finance leases.

The Group's net current assets/liabilities position improved from a \$0.5 million net liability position in 4Q12 to \$4 million net assets position in 2Q13.

The Group's current ratio improves from 0.99 as at 4Q12 to 1.09 as at 2Q13, while debt/equity ratio decreases from 1.96 as at 4Q12 to 1.93 as at 2Q13. The Group's equity stands at \$41.8 million as at 2Q13.

Cash Flow

Cash inflow from operating activities of \$4.7 million in 2Q13 was mainly due to increase in trade receivables collectability.

Cash flow used in investing activities was mainly due to capital expenditure spent for embedded PCB machineries amounting to \$1 million. This was partially offsetted by sales of existing under utilised machineries amounting to \$0.6 million.

Cash flow used in financing activities of \$1.4 million in 2Q13 was mainly due to repayment of loan borrowings and amount due to shareholders.

Cash and bank balances increased by \$3.4 million from \$13.4 million in 1Q13 to \$16.8 million in 2Q13.

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.

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"). Sales orders for DDR SDRAM are expected in 4th quarter of 2013.

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 second quarter ended 30 June 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 30.6.2013: \$32.4 million Amount outstanding as at 30.6.2013: \$16.5 million	-
Loan from Sunny Worldwide Int'l Ltd (Amount outstanding as at 30.6.2013 is \$7.7 million)	Interest for the 6 months ended 30.6.2013: \$0.13 million	-
Loan from Mr Wen Yao-Long (Amount outstanding as at 30.6.2013 is \$6.8 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 June 2013.

BY ORDER OF THE BOARD

Wen Yao-Long
Executive Chairman & CEO
6 August 2013