



## PRESS RELEASE

Second Quarter FY2014 Results (for the three months ended 30 June 2014)

### **EUCON REPORTS NET LOSS OF \$2.2 MILLION FOR 2Q14**

(S\$' million)	1H14	1H13	Fav/ (Unfav) %		2Q14	2Q13	Fav/ (Unfav) %
Revenue	<b>26.6</b>	34.3	(22)		<b>13.7</b>	16.4	(16)
Gross Profit (Loss)	<b>2.7</b>	(0.3)	NM		<b>1.7</b>	(0.7)	NM
Loss from Operations	<b>(4.0)</b>	(4.5)	(11)		<b>(1.9)</b>	(1.9)	-
Finance Costs	<b>(0.5)</b>	(0.7)	29		<b>(0.3)</b>	(0.3)	-
Pre-tax Loss	<b>(4.5)</b>	(5.2)	13		<b>(2.2)</b>	(2.2)	-
Tax Expense	-	-	-			-	-
Net Loss	<b>(4.5)</b>	(5.2)	13		<b>(2.2)</b>	(2.2)	-

\*NM – Not meaningful

Singapore, 5 August 2014 – Singapore Exchange (“SGX”) Mainboard-listed Eucon Holding Limited (“Eucon” or the “Group”), an integrated PCB solutions provider in China and Taiwan, today announced its results for the second quarter ended 30 June 2014 (“2Q14”).

For the six months ended 30 June 2014 (“1H14”), the Group reported revenue of \$26.6 million, a decrease of 22% from \$34.3 million from the corresponding period in 2013 (“1H13”). There is an overall decrease in all business segments with PCB operations taking the lead. PCB operations are undergoing a restructuring exercise to maintain its customer base above a specific profit margin.

Similarly, for the three months ended 30 June 2014 (“2Q14”), the Group reported revenue of \$13.7 million, a decrease of 16% from \$16.4 million from the corresponding period in 2013 (“2Q13”). This is due to decrease in PCB operations, partially offset by a slight increase in revenue for mechanical drilling and routing segment.

PCB operations continue to be the major contributor accounting for 88% of our Group's revenue in 1H14. Revenue from PCB operations decreased by 19% from \$28.9 million in 1H13 to \$23.5 million in 1H14. The reduction was mainly due to restructuring to maintain customer base above specific profit margin. This restructuring exercise resulted in the increase in gross profit despite a decrease in revenue.

On a quarterly basis, revenue from PCB operations decreased by 12% from \$13.3 million in 2Q13 to \$11.7 million in 2Q14.

Revenue from mechanical drilling and routing segment increased by 15% from \$2.7 million in 1H13 to \$3.1 million in 1H14. 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 increased by 33% from \$1.5 million in 2Q13 to \$2 million in 2Q14.

China operations remained as the key contributor to Group's revenue for 2014. Proportion of revenue from China operations slightly decreased by 1% from 98% in 1Q14 to 97% in 2Q14. Upon cessation of laser drilling segment, Taiwan operations will focus on embedded PCB production. To-date, we had begun productions to fulfill small embedded PCB orders and are in the final stage of tuning the production line.

Gross profit improved from a loss of \$0.3 million in 1H13 to a profit of \$2.7 million in 1H14 despite a drop in revenue. This improvement was brought about by the restructuring exercise to maintain customer base above specific profit margin, coupled with decrease in depreciation expense of machineries. In 1H14, other than laser drilling machines classified under assets held for sales, under-utilised mechanical drilling machines were also disposed off which resulted in the decrease in depreciation expense.

On a quarterly basis, gross profit improved from a gross loss of \$0.7 million in 2Q13 to a gross profit of \$1.7 million in 2Q14.

The Group reported a net loss of \$2.2 million for 2Q14 and 2Q13.

Eucon's Executive Chairman and CEO, Mr Wen Yao-Long comments on the financial results, "Management had carried out a series of internal restructuring for all subsidiaries, such as more effective management of existing infrastructure and manpower.

On the note of memory modules with embedded resistors technology ("embedded PCB technology"), there are potential customers. However, the Group's focus now is to optimize the manufacturing process before taking in large orders. In addition, the Group is working closely with JEDEC to set several of Eucon's embedded PCB models as industry standard"

#### **Outlook in FY14**

Our manufacturing line for embedded PCB production has begun productions to fulfill orders received.

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.

## **About Eucon Holding Limited**

SGX Mainboard-listed Eucon Holding Limited (“Eucon” or “the Group”) is an integrated PCB service provider. Its suite of PCB solutions being mechanical drilling, routing and PCB manufacturing are provided through its six plants, 1 located in Taiwan and 5 in Shanghai, China.

In China, the Group has dedicated 2 of the plants in Shanghai to handle the entire process of PCB manufacturing. Shanghai Zhuo Kai Electronic Technology Co., Ltd (“Zhuo Kai”) handles outer-layer PCB manufacturing, while Shanghai Eu Ya Electronic Technology Co., Ltd (“Eu Ya”) focuses on mass lamination production. The rest of the Shanghai plants are equipped with mechanical drilling and routing machines to handle both in-house demand from PCB operations and external customers. They are Shanghai Zeng Kang Electronic Technology Co., Ltd, Shanghai Yaolong Electronic Technology Co., Ltd and Shanghai Lian Han Xin Electronic Technology Co., Ltd.

In August 2012, a wholly owned subsidiary, Emerging Technology Pte Ltd which is trading in nature was incorporated.

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