



## PRESS RELEASE

Third Quarter FY2014 Results (for the three months ended 30 September 2014)

### **EUCON REPORTS NET LOSS OF \$0.9 MILLION FOR 3Q14**

(S\$' million)	YTD3Q14	YTD3Q13	Fav/ (Unfav) %		3Q14	3Q13	Fav/ (Unfav) %
Revenue	<b>41.4</b>	51.2	(19)		<b>14.9</b>	16.9	(12)
Gross Profit	<b>3.8</b>	1.0	NM		<b>1.1</b>	1.3	(15)
Loss from Operations	<b>(4.6)</b>	(6.3)	27		<b>(0.6)</b>	(1.8)	67
Finance Costs	<b>(0.8)</b>	(1.1)	27		<b>(0.3)</b>	(0.4)	25
Pre-tax Loss	<b>(5.4)</b>	(7.4)	27		<b>(0.9)</b>	(2.2)	59
Tax Expense	-	-	-		-	-	-
Net Loss	<b>(5.4)</b>	(7.4)	27		<b>(0.9)</b>	(2.2)	59

\*NM – Not meaningful

Singapore, 5 November 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 third quarter ended 30 September 2014 (“3Q14”).

For the nine months ended 30 September 2014 (“YTD3Q14”), the Group reported revenue of \$41.4 million, a decrease of 19% from \$51.2 million from the corresponding period in 2013 (“YTD3Q13”). 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 September 2014 (“3Q14”), the Group reported revenue of \$14.9 million, a decrease of 12% from \$16.9 million from the corresponding period in 2013 (“3Q13”). This is due to decrease in mechanical drilling and routing segment, partially offset by a slight increase in revenue for PCB operations.

PCB operations continue to be the major contributor accounting for 88% of our Group's revenue in YTD3Q14. Revenue from PCB operations decreased by 13% from \$41.8 million in YTD3Q13 to \$36.5 million in YTD3Q14. 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 increased by 2% from \$12.9 million in 3Q13 to \$13.1 million in 3Q14.

Revenue from mechanical drilling and routing segment remained constant at \$4.9 million for both YTD3Q13 and YTD3Q14. 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 18% from \$2.2 million in 3Q13 to \$1.8 million in 3Q14.

China operations remained as the key contributor to Group's revenue for 2014. Proportion of revenue from China operations slightly decreased by 1% from 97% in 2Q14 to 96% in 3Q14. 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.

Gross profit improved from \$1 million in YTD3Q13 to a \$3.8 million in YTD3Q14 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.

On a quarterly basis, gross profit decreased by 17% from \$1.3 million in 3Q13 to \$1 million in 3Q14.

The Group reported a net loss of \$0.9 million for 3Q14 and net loss of \$2.2 million for 3Q13.

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.

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.

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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