



Elec & Eltek 依利安達

Elec & Eltek International Company Limited

(Incorporated in the Republic of Singapore)

Company Registration Number 199300005H

UNAUDITED FINANCIAL STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

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

Income statement of the Group, comprising the Company and its subsidiary companies, for the first quarter ended 31 March 2008 (“1QCY08”) together with the comparative figures for the first quarter ended 31 March 2007 (“1QCY07”) and the fourth quarter ended 31 December 2007 (“4QCY07”).

US\$'000	1QCY08	1QCY07	% Change	4QCY07	% Change
Revenue	146,881	123,209	19.2%	166,576	-11.8%
Cost of sales	(118,695)	(104,512)	13.6%	(134,640)	-11.8%
Gross profit	28,186	18,697	50.8%	31,936	-11.7%
<i>Gross profit margin</i>	19.2%	15.2%		19.2%	
Interest income	123	50	146.0%	69	78.3%
Distribution & selling costs	(4,002)	(4,336)	-7.7%	(4,802)	-16.7%
Administrative costs	(8,575)	(5,387)	59.2%	(11,062)	-22.5%
Other operating expenses	(1,016)	(459)	121.4%	(443)	129.3%
Finance costs	(1,367)	(1,853)	-26.2%	(1,763)	-22.5%
Share of profits of an associate	371	236	57.2%	513	-27.7%
Profit before taxation	13,720	6,948	97.5%	14,448	-5.0%
Income tax expense	(860)	(335)	156.7%	(987)	-12.9%
Profit for the financial period	12,860	6,613	94.5%	13,461	-4.5%
Attributable to:					
Equity holders of the Company	12,888	6,613	94.9%	13,314	-3.2%
Minority interests	(28)	-	n/m	147	n/m
	12,860	6,613	94.5%	13,461	-4.5%

n/m - percentage not meaningful

Notes to Income Statement:

US\$'000	1QCY08	1QCY07	% Change	4QCY07	% Change
Depreciation and amortisation	11,962	11,105	7.7%	11,686	2.4%
Allowance for doubtful debts	1,485	236	529.2%	2,875	-48.3%
(Write-back of allowance) / allowance for inventory obsolescence	(106)	461	-123.0%	698	-115.2%
Loss on foreign exchange	1,702	311	447.3%	403	322.3%
(Gain) / loss on disposal of plant and equipment	(36)	97	-137.1%	61	-159.0%

n/m - percentage not meaningful

Explanatory notes to Consolidated Income Statements

1. Gross profit

Gross profit margin grew US\$9.5 million to US\$28.2 million, an increase of 50.8% compared to 1QCY07 on higher revenue achieved through penetration into the higher layer count product segments in the quarter under review. Notwithstanding the higher raw material costs and wages, and an appreciating RMB, the Group achieved economies of scale with our continual efforts to improve operational performance, producing an overall blended gross profit margin of 19.2% as compared to 15.2% a year ago.

2. Interest income

Interest income recorded a 146.0% increase in 1QCY08 as compared to the previous corresponding period when higher amounts of surplus fund were placed under fixed deposit.

3. (Write back of allowance) / allowance for inventory obsolescence

The write back of allowance for inventory obsolescence in 1QCY08 was related to disposition of slow-moving inventories during the quarter which inventory provision was previously provided for.

4. Distribution and selling costs

The decrease in distribution and selling costs by 7.7% in 1QCY08 as compared to 1QCY07 was primarily due to lower freight charges on better shipping rates along with different shipment terms for the underlying shipments.

5. Administrative costs and Allowance for doubtful debts

The administrative costs comprise relevant staff costs, depreciation, allowance for doubtful debts, management bonus and other administrative costs other than those related to the sales and marketing activities. The increase in administrative costs by 59.2% in 1QCY08 as compared to the previous corresponding period was mainly due to the increase in allowance for doubtful debts on certain disputable receivables pending negotiation with the customers and provision made for management bonus.

6. Other operating expenses

The other operating expenses recorded a 121.4% increase year-on-year to US\$1.0 million in 1QCY08 from US\$0.5 million mainly due to the erosion of US\$ against Renminbi and other major operating currencies which the Group transacted with.

7. Finance costs

The decrease in finance costs by 26.2% from US\$1.9 million in 1QCY07 to US\$1.4 million in 1QCY08 was due to the lower US\$ and HK\$ interest rate environment.

8. Share of profits of an associate

The increase in share of profits of an associate by 57.2% in 1QCY08 when compared to the previous corresponding period was attributable to the satisfactory returns generated by our associated investment in Jiangmen Kingboard High Tech Limited.

9. Income tax expense

The Group's effective tax rate for 1QCY08 was 6.3% whereas the effective tax rate for 1QCY07 was 4.8%, which was largely due to income tax benefit arising from profits re-investments in our China subsidiaries in the previous corresponding period.

10. Minority interests

The write back of minority interests in 1QCY08 was in respect of reversal of over-provision of profits sharing with minority shareholders made in the previous periods.

The negligible sharing of profits by minority shareholders in 1QCY07 was attributable by the complete transformation of our Nanjing subsidiary from a joint venture corporation to a wholly-owned subsidiary and reduced profits contribution by other joint venture corporations within the Group.

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.

US\$'000	GROUP		COMPANY	
	31.3.2008	31.12.2007	31.3.2008	31.12.2007
ASSETS				
Current assets				
Cash and bank balances	74,010	26,478	31	37
Trade receivables	144,948	152,432	-	-
Bills receivables	1,985	4,265	-	-
Other receivables	24,317	19,346	21	6
Amounts due from subsidiary companies	-	-	118,015	117,448
Inventories	54,613	58,978	-	-
	<u>299,873</u>	<u>261,499</u>	<u>118,067</u>	<u>117,491</u>
Assets classified as held for sale	11,442	15,621	-	-
	<u>311,315</u>	<u>277,120</u>	<u>118,067</u>	<u>117,491</u>
Non-current assets				
Property, plant and equipment	369,865	357,299	9	11
Deposits for acquisition of plant and equipment	5,608	3,825	-	-
Investment properties	8,733	8,733	-	-
Subsidiary companies	-	-	24,571	24,571
Interest in an associate	8,218	8,169	-	-
Deferred tax assets	1,407	1,351	-	-
	<u>393,831</u>	<u>379,377</u>	<u>24,580</u>	<u>24,582</u>
Total assets	705,146	656,497	142,647	142,073
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts and loans	107,825	83,223	-	-
Trade payables	117,029	119,233	-	-
Bills payables	4,486	2,981	-	-
Other payables	38,374	32,654	792	757
Amounts due to subsidiary companies	-	-	3,012	1,366
Provision for taxation	3,798	2,189	-	1
	<u>271,512</u>	<u>240,280</u>	<u>3,804</u>	<u>2,124</u>
Liabilities directly associated with assets classified as held for sale	8,242	12,547	-	-
	<u>279,754</u>	<u>252,827</u>	<u>3,804</u>	<u>2,124</u>
Non-current liabilities				
Bank loans	43,262	50,521	-	-
Deferred tax liabilities	1,661	1,657	-	-
	<u>44,923</u>	<u>52,178</u>	<u>-</u>	<u>-</u>
Capital and reserves				
Share capital	98,656	98,656	98,656	98,656
Treasury shares	(1,355)	(896)	(1,355)	(896)
Reserves	273,138	244,055	41,542	42,189
	<u>370,439</u>	<u>341,815</u>	<u>138,843</u>	<u>139,949</u>
Equity attributable to equity holders of the Company	370,439	341,815	138,843	139,949
Minority interests	10,030	9,677	-	-
	<u>380,469</u>	<u>351,492</u>	<u>138,843</u>	<u>139,949</u>
Total liabilities and equity	705,146	656,497	142,647	142,073

Explanatory notes to Consolidated Balance Sheet

The Group's total assets increased by US\$48.6 million to US\$705.1 million as at 31 March 2008 from US\$656.5 million as at 31 December 2007 due to higher operating cash flow generation and refundable value-added tax, and additional capital equipment acquired.

Total liabilities have increased by US\$19.7 million to US\$324.7 million as at 31 March 2008 mainly due to higher owing for equipment purchased and higher bank borrowings drawn down in the quarter under review.

The amounts of US\$11.4 million and US\$8.2 million classified under "assets classified as held for sale" and "liabilities directly associated with assets classified as held for sale", respectively were related to leasehold land & building and other liabilities associated with the disposition of our equity interest in Elec & Eltek Electronic (Kunshan) Company Limited ("EE Kunshan") pursuant to a sale and purchase agreement executed on 30 October 2007. As at 31 March 2008, the transfer documentation and other registration procedures were pending for approval by the relevant Chinese authorities. The transfer documentation was approved by the Chinese authorities subsequent to 31 March 2008 and the registration procedures will be completed in the 2nd quarter of CY2008 whereby EE Kunshan shall be effectively transferred to the purchaser and no longer be a subsidiary of the Group.

The increase in the Group shareholders' funds to US\$370.4 million as at 31 March 2008 from US\$341.8 million as at 31 December 2007 was mainly contributed by the attributable profits for 1QCY08 and increase in foreign currency translation arising from the translation of the net investment in foreign entities.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31.3.2008		As at 31.12.2007	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Nil	107,825	Nil	83,223

Amount repayable after one year

As at 31.3.2008		As at 31.12.2007	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Nil	43,262	Nil	50,521

Details of any collateral

Not applicable.

Notes on net borrowings position

US\$'000	As at 31.3.2008	As at 31.12.2007
Bank overdrafts and loans	151,087	133,744
Less: Cash and bank balances (including bank balances classified as held for sale)	(74,499)	(31,614)
Net borrowings position	<u>76,588</u>	<u>102,130</u>

The Group's total debt increased by 13.0% to US\$151.1 million as at 31 March 2008 from the December 2007 quarter on additional borrowings drawn to fund its capacity expansion. The cash and bank position as at 1QCY08 was US\$74.5 million and net borrowings position has improved by 25.0% to US\$76.6 million. Driven by better operating profit and improved working capital, Group's net gearing ratio has improved to 20.1% as compared to 29.1% as at 31 December 2007.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

US\$'000	1QCY08	1QCY07	4QCY07
Operating activities:			
Profit before taxation	13,720	6,948	14,448
Adjustments for:			
Amortisation of intangible assets	-	1	-
Depreciation of property, plant and equipment	11,962	11,104	11,686
Interest expense	1,367	1,853	1,763
(Gain) / loss on disposal of plant and equipment	(36)	97	61
Share-based payment expense	90	150	131
Allowance for doubtful debts	1,485	236	2,875
(Write-back) / allowance for inventory obsolescence	(106)	461	698
Interest income	(123)	(50)	(69)
Share of profits of an associate	(371)	(236)	(513)
Operating income before reinvestment in working capital	<u>27,988</u>	<u>20,564</u>	<u>31,080</u>
Decrease in inventories	4,471	6,572	6,875
Decrease/(increase) in trade and other receivables	3,293	3,882	(11,267)
Increase/(decrease) in trade and other payables	716	(15,081)	20,737
Cash generated from operations	<u>36,468</u>	<u>15,937</u>	<u>47,425</u>
Interest income received	123	50	69
Interest paid	(1,367)	(1,853)	(1,763)
Income taxes refunded/(paid)	742	(362)	150
Net cash from operating activities	<u>35,966</u>	<u>13,772</u>	<u>45,881</u>
Investing activities:			
Proceeds from disposal of plant and equipment	335	6	75
Purchase of property, plant and equipment	(9,735)	(10,495)	(15,369)
Proceeds received in advance relating to "assets held for sale"	-	-	8,308
(Increase)/decrease in deposits paid for acquisition of property, plant and equipment	(1,783)	671	(2,090)
Acquisition of equity interest in subsidiary companies	-	(3,692)	-
Net cash used in investing activities	<u>(11,183)</u>	<u>(13,510)</u>	<u>(9,076)</u>
Financing activities:			
Proceeds from bank borrowings	23,682	95,997	-
Repayment of bank borrowings	(6,489)	(101,162)	(23,380)
Proceeds from share issue pursuant to the exercise of share options	-	1,303	-
Payment for share buy-back	(459)	-	(896)
Capital injection from minority shareholders	-	-	1,511
Dividends paid by subsidiary companies to minority shareholders	-	(1,306)	(1,187)
Net cash from/(used in) financing activities	<u>16,734</u>	<u>(5,168)</u>	<u>(23,952)</u>
Net increase/(decrease) in cash and cash equivalents	41,517	(4,906)	12,853
Cash and cash equivalents at beginning of the financial period	31,539	24,072	16,451
Effect of foreign exchange rate changes, net	1,218	2,159	2,235
Cash and cash equivalents at end of the financial period	<u>74,274</u>	<u>21,325</u>	<u>31,539</u>

The Group continued to generate healthy cash flow of US\$36.0 million from its operating activity, after accounting for capital expenditures of US\$11.2 million, we close the period with positive cash inflow of US\$24.8 million driven largely by improved operating performance and working capital management.

Cash and cash equivalents comprise the following breakdown:

US\$'000	1QCY08	1QCY07	4QCY07
Cash and bank balances	74,010	21,876	26,478
Cash and bank balance classified as held for sale	489	-	5,136
Bank overdrafts - unsecured	(225)	(551)	(75)
	<u>74,274</u>	<u>21,325</u>	<u>31,539</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

US\$'000	Attributable to equity holders of the Company											Total equity
	Share capital	Treasury Shares	Capital reserve	Statutory reserve	Revaluation reserve	Other reserve	Revenue reserve	Foreign currency translation reserve	Share option reserve	Total	Minority interests	
GROUP												
1QCY08												
Balance at 31.12.2007	98,656	(896)	2,702	2,697	844	166	217,862	18,130	1,654	341,815	9,677	351,492
Profit for the financial period	-	-	-	-	-	-	12,888	-	-	12,888	(28)	12,860
Foreign currency translation	-	-	-	-	-	-	-	16,105	-	16,105	381	16,486
Total recognised income for the financial period	-	-	-	-	-	-	12,888	16,105	-	28,993	353	29,346
Purchase of treasury shares	-	(459)	-	-	-	-	-	-	-	(459)	-	(459)
Transfer to revenue reserve upon lapse of share options	-	-	-	-	-	-	208	-	(208)	-	-	-
Grant of share options to employees	-	-	-	-	-	-	-	-	90	90	-	90
	-	(459)	-	-	-	-	208	-	(118)	(369)	-	(369)
Balance at 31.3.2008	98,656	(1,355)	2,702	2,697	844	166	230,958	34,235	1,536	370,439	10,030	380,469
1QCY07												
Balance at 31.12.2006	97,069	-	2,597	2,234	-	166	217,591	(5,671)	1,257	315,243	10,217	325,460
Profit for the financial period	-	-	-	-	-	-	6,613	-	-	6,613	-	6,613
Foreign currency translation	-	-	-	-	-	-	-	4,203	-	4,203	(13)	4,190
Total recognised income for the financial period	-	-	-	-	-	-	6,613	4,203	-	10,816	(13)	10,803
Shares issued pursuant to the exercise of share options	1,303	-	-	-	-	-	-	-	-	1,303	-	1,303
Transfer to capital reserve upon exercise of share options	-	-	84	-	-	-	-	-	(84)	-	-	-
Grant of share options to employees	-	-	-	-	-	-	-	-	150	150	-	150
Dividend paid in respect of previous financial year	-	-	-	-	-	-	-	-	-	-	(1,306)	(1,306)
	1,303	-	84	-	-	-	-	-	66	1,453	(1,306)	147
Balance at 31.3.2007	98,372	-	2,681	2,234	-	166	224,204	(1,468)	1,323	327,512	8,898	336,410
4QCY07												
Balance at 30.9.2007	98,656	-	2,702	2,482	-	190	204,750	7,309	1,536	317,625	9,508	327,133
Profit for the financial period	-	-	-	-	-	-	13,314	-	-	13,314	147	13,461
Foreign currency translation	-	-	-	-	-	-	-	10,821	-	10,821	(326)	10,495
Total recognised income for the financial period	-	-	-	-	-	-	13,314	10,821	-	24,135	(179)	23,956
Purchase of treasury shares	-	(896)	-	-	-	-	-	-	-	(896)	-	(896)
Transfer from revenue reserve to statutory reserve	-	-	-	215	-	-	(215)	-	-	-	-	-
Acquisition of additional interest in subsidiaries	-	-	-	-	-	(24)	-	-	-	(24)	24	-
Transfer to revenue reserve upon lapse of share options	-	-	-	-	-	-	13	-	(13)	-	-	-
Arising from revaluation of properties	-	-	-	-	844	-	-	-	-	844	-	844
Grant of share options to employees	-	-	-	-	-	-	-	-	131	131	-	131
Capital injection from minority shareholders	-	-	-	-	-	-	-	-	-	-	1,511	1,511
Dividend paid in respect of previous financial year	-	-	-	-	-	-	-	-	-	-	(1,187)	(1,187)
	-	(896)	-	215	844	(24)	(202)	-	118	55	348	403
Balance at 31.12.2007	98,656	(896)	2,702	2,697	844	166	217,862	18,130	1,654	341,815	9,677	351,492

US\$'000	Share capital	Treasury shares	Revenue reserve	Share option reserve	Total equity
COMPANY					
1QCY08					
Balance at 31.12.2007	98,656	(896)	41,345	844	139,949
Purchase of treasury shares	-	(459)	-	-	(459)
Profit for the financial period	-	-	(684)	-	(684)
Transfer to revenue reserve upon lapse of share options	-	-	11	(11)	-
Grant of share options to employees	-	-	-	37	37
Balance at 31.3.2008	98,656	(1,355)	40,672	870	138,843
1QCY07					
Balance at 31.12.2006	97,069	-	61,053	612	158,734
Shares issued pursuant to the exercise of share options	1,303	-	-	-	1,303
Profit for the financial period	-	-	(474)	-	(474)
Grant of share options to employees	-	-	-	59	59
Balance at 31.3.2007	98,372	-	60,579	671	159,622
4QCY07					
Balance at 30.9.2007	98,656	-	41,397	785	140,838
Purchase of treasury shares	-	(896)	-	-	(896)
Profit for the financial period	-	-	(52)	-	(52)
Grant of share options to employees	-	-	-	59	59
Balance at 31.12.2007	98,656	(896)	41,345	844	139,949

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.

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

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

Share capital

Since the end of the last financial year, no share was issued in 1QCY08 and the Company acquired 261,000 of its own shares through on-market purchases on the Singapore Exchange Securities Trading Limited. The total consideration paid to acquire the shares was US\$458,974 and this was deducted against shareholders' equity. Such shares are held as treasury shares for future application

The treasury shares held by the Company were not used for any allowed application and as at 31 March 2008, the Company held 748,000 (31 March 2007: Nil) treasury shares.

Consequent to the above, the Company has a total of 178,887,062 (31 March 2007: 179,495,262) issued shares excluding treasury shares as at 31 March 2008.

Subsequent to the close of 1QCY08, at the Extraordinary General Meeting held on 21 April 2008, the renewal of the share buy-back mandate was approved by the shareholders.

Share options

As at 31 March 2008, there were outstanding share options to subscribe for 9,526,000 (31 March 2007: 11,245,600) unissued ordinary shares under the 2002 Elec & Eltek Employees' Share Option Scheme (the "2002 Scheme").

The movement of outstanding share options of the Company for the financial period from 1 January 2008 to 31 March 2008 was set out below:

Date of grant	Subscription price per share (US\$)	Outstanding balance as at 1.1.2008	Lapsed	Outstanding balance as at 31.3.2008	Expiry date
24 Jun 2005	2.033	9,579,000	(1,080,000)	8,499,000	24 May 2010
29 Sep 2005	2.375	180,000	(60,000)	120,000	4 Sep 2010
12 Dec 2006	2.400	928,000	(21,000)	907,000	12 Nov 2011
TOTAL		10,687,000	(1,161,000)	9,526,000	

The 2002 Scheme had expired in November 2007 without affecting the rights of holders of any options granted and outstanding under the 2002 Scheme.

The Company had on 9 May 2008 adopted a new share option scheme, the 2008 Elec & Eltek Employees' Share Option Scheme (the "Option Scheme") upon fulfillment of all the conditions set out in rule 2 of the Option Scheme.

There were no share options granted to employees in 1QCY08.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures for 1QCY08 have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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, and 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 the effect of, the change

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with the audited financial statements for the year ended 31 December 2007.

5. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

United States cents	1QCY08	1QCY07	4QCY07
Earnings per share			
5.1 Based on weighted average number of ordinary shares in issue	7.20	3.69	7.42
Weighted average number of ordinary shares in issue ('000)	178,984	179,274	179,456
5.2 On a fully diluted basis	7.20	3.64	7.42
Adjusted weighted average number of ordinary shares ('000)	178,984	181,915	179,456

**6. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.**

US\$	GROUP		COMPANY	
	31.3.2008	31.12.2007	31.3.2008	31.12.2007
Net asset value per ordinary share based on total number of issued shares excluding treasury shares at end of financial period	2.13	1.96	0.78	0.78

Net asset value per ordinary share was computed based on total number of issued shares excluding treasury shares of 179,148,062 and 178,887,062 ordinary shares as at 31 December 2007 and 31 March 2008, respectively.

**7. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group achieved a double-digit growth in sales revenue to reach US\$146.9 million in 1QCY08 from US\$123.2 million in the same period of last financial year. This steady performance was achieved amid sluggish industry conditions during the seasonally slower March quarter. Revenue from the Automotives and Computer & Peripherals sectors recorded a 30.7% and 50.6% increase to US\$19.4 million and US\$63.4 million in 1QCY08 respectively when compared 1QCY07. However, revenue from Communication & Networking and Consumer Electronics sectors had weakened by 15.1% and 16.9% respectively from a year ago due to the lack of new high volume programs.

The Group managed to expand its penetration into the higher layer count product segments as reflected by the change in revenue mix. The proportion of sales from 8-layers and above printed circuit boards ("PCB") increased to 31.6% in 1QCY08 from 23.6% in 1QCY07 whilst the proportion of sales from 2- to 6-layers PCBs decreased to 68.4% in 1QCY08 from 76.4% of the corresponding previous period. This has helped to lift average selling prices by 12.9% from a year ago.

Despite higher raw material costs and wages, and an appreciating Renminbi, the overall blended gross profit margin for the quarter was 19.2%, and increased by US\$9.5 million year-on-year to US\$28.2 million for the quarter under review. This underscores the strength of our competitive position in the market place and our continual efforts to improve operational performance.

On the back of satisfactory revenue growth and healthy margins, the Group's profit before tax grew 97.5% to US\$13.7 million while profit after-tax and minority interests rose 94.9% to US\$12.9 million. Compared to the prior quarter, profit after tax declined by 4.5%, reflecting the seasonally slower January to March quarter typical of the electronics industry.

In the opinion of the Directors, no item, transaction or event of material or unusual nature has occurred during the period from 1 April 2008 to the date of this report that would materially affect the results of the Company and/or the Group in the financial period in which this announcement is made.

8. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's performance for 1QCY08 was in line with the SGXNET prospect statement released on 27 February 2008.

9. A commentary at the date of the announcement of the significant trends and 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.

The Group expects certain short-term adjustments for different industrial sectors in the next one to two quarters of the current financial year, especially the slowdown in the US economy and the inflationary cost environment, will persist for a short while. We have proactively pursued for ongoing yield improvement as well as developing new material application, so as to stay vigilant of events unfolding around us.

Construction of the new HDI plant and the underlying machinery installation in Kaiping South are expected to complete by September 2008 quarter. Equipped with state-of-the-art machinery and new technology, pilot testing of the Group's first dedicated HDI plant is scheduled to start from fourth quarter of the current financial year.

There is no doubt that the current soften business environment may create an even more volatile market conditions. However, with our strong financial position, our investment in future process and technology development, and our ongoing strategies in rationalizing the Group's operations as well as other effective strategies already in place, we are cautiously optimistic that barring unforeseen circumstances, the Group shall maintain profitable results in the second quarter of CY2008.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economics conditions, shifts in customer demands, customers and partners, and government and policy changes. You are cautioned not to place undue reliance on these forward looking statements which are based on current view of management on future events.

10. If no dividend has been declared/recommended, a statement to that effect.

No dividend will be declared for 1QCY08 (1QCY07: Nil).

11 Interested Persons Transactions

Name of Interested Person US\$'000	Aggregate value of all interested person transactions during the financial period under review (including transactions less than S\$100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than S\$100,000)	
	1QCY08	1QCY07	1QCY08	1QCY07
<u>Purchases of goods and services</u>				
Hong Kong Fibre Glass Company Limited	-	-	1,458	1,546
Heng Yang Kingboard Chemical Co., Ltd	-	-	1,389	746
Kingboard Copper Foil (Macao Commercial Offshore) Limited	-	-	12,172	11,165
Kingboard Laminates (Macao Commercial Offshore) Limited	-	-	10,416	8,872
Kingboard Investments Limited	132	-	-	-
Jiangmen Glory Faith PCB Co. Ltd.	-	-	19	-
Elec & Eltek Corporate Services Limited	112	62	-	-
Joyful Source Group Limited	621	423	-	-
Kingboard (Lian Zhou) Electronic Materials Ltd	-	-	4,373	-
	865	485	29,827	22,329
<u>Provision of goods and services</u>				
Jiangmen Glory Faith PCB Co. Ltd.	-	2	1,126	393
Techwise (Macao Commercial Offshore) Circuits Limited	-	4	7	392
Techwise Circuits Co. Ltd.	-	-	-	33
Top Faith PCB Co. Ltd	-	1	1	-
Smark Foundate (H.K.) Ltd.	-	1	-	-
Topsearch Printed Circuits (H.K.) Ltd.	-	6	-	-
Wing Fung PCB Company Limited	-	-	61	-
Elec & Eltek Display Technology Limited	12	11	-	-
E & E Magnetic Products Limited	2	4	-	-
	14	29	1,195	818

12 Subsequent Events

The Group is in the process of recovering long-overdue trade receivables of approximately RMB1.0 million from a customer pertaining to PCBs supplied to the said customer during 2006, and the same customer has commenced legal proceedings of a claim amounting to RMB30.0 million in respect of its alleged losses associated with the aforesaid goods. Based on the legal advice obtained by the Group, the abovementioned potential lawsuit currently has no material adverse effect on the Group.

BY ORDER OF THE BOARD

Chadwick Mok Cham Hung
Vice-Chairman
13 May 2008



Elec & Eltek 依利安達

Elec & Eltek International Company Limited

(Incorporated in the Republic of Singapore)

Company Registration Number 199300005H

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

We, Chadwick Mok Cham Hung and Chan Wing Kwan, being two of the Directors of Elec & Eltek International Company Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company (the "Board") that, to the best of their knowledge, nothing has come to the attention of the Board which may render the financial statements for the first quarter ended 31 March 2008 to be false or misleading.

On behalf of the Board of Directors

Chadwick Mok Cham Hung
Vice-Chairman

Chan Wing Kwan
Director

13 May 2008