



# Elec & Eltek 依利安達

## Elec & Eltek International Company Limited

(Incorporated in the Republic of Singapore)

Company Registration Number 199300005H

### UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF-YEAR ENDED 30 JUNE 2009

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

(I) Income Statement of the Group, comprising the Company and its subsidiary companies, for the second quarter (“2QCY09”) and half year (“1HCY09”) ended 30 June 2009 together with the comparative figures for the second quarter (“2QCY08”) and half year (“1HCY08”) ended 30 June 2008.

| US\$'000                               | 2QCY09   | 2QCY08    | % Change | 1HCY09    | 1HCY08    | % Change |
|--|----------|-----------|----------|-----------|-----------|----------|
| Revenue                                | 104,251  | 132,461   | -21.3%   | 187,623   | 279,342   | -32.8%   |
| Cost of sales                          | (85,364) | (110,917) | -23.0%   | (156,064) | (229,612) | -32.0%   |
| <b>Gross profit</b>                    | 18,887   | 21,544    | -12.3%   | 31,559    | 49,730    | -36.5%   |
| <i>Gross profit margin</i>             | 18.1%    | 16.3%     |          | 16.8%     | 17.8%     |          |
| Interest income                        | 77       | 341       | -77.4%   | 192       | 464       | -58.6%   |
| Distribution & selling costs           | (3,082)  | (3,255)   | -5.3%    | (5,787)   | (7,257)   | -20.3%   |
| Administrative costs                   | (4,841)  | (5,714)   | -15.3%   | (11,221)  | (14,289)  | -21.5%   |
| Other operating income/(expenses)      | 11       | 157       | -93.0%   | 228       | (859)     | n/m      |
| Finance costs                          | (456)    | (1,096)   | -58.4%   | (990)     | (2,463)   | -59.8%   |
| Gain on disposal of a subsidiary       | -        | 590       | n/m      | -         | 590       | n/m      |
| Share of profits of an associate       | 385      | 369       | 4.3%     | 756       | 740       | 2.2%     |
| <b>Profit before taxation</b>          | 10,981   | 12,936    | -15.1%   | 14,737    | 26,656    | -44.7%   |
| Income tax expense                     | (736)    | (657)     | 12.0%    | (1,053)   | (1,517)   | -30.6%   |
| <b>Profit for the financial period</b> | 10,245   | 12,279    | -16.6%   | 13,684    | 25,139    | -45.6%   |
| Attributable to:                       |          |           |          |           |           |          |
| Equity holders of the Company          | 10,219   | 12,384    | -17.5%   | 13,755    | 25,272    | -45.6%   |
| Minority interests                     | 26       | (105)     | n/m      | (71)      | (133)     | -46.6%   |
|  | 10,245   | 12,279    | -16.6%   | 13,684    | 25,139    | -45.6%   |

n/m - percentage not meaningful

(II) Income Statement of the Group for 2QCY09 together with the comparative figures for the first quarter ended 31 March 2009 (“1QCY09”).

| US\$'000                               | 2QCY09        | 1QCY09        | % Change      |
|--|---------------|---------------|---------------|
| Revenue                                | 104,251       | 83,372        | 25.0%         |
| Cost of sales                          | (85,364)      | (70,700)      | 20.7%         |
| <b>Gross profit</b>                    | <b>18,887</b> | <b>12,672</b> | <b>49.0%</b>  |
| <i>Gross profit margin</i>             | <i>18.1%</i>  | <i>15.2%</i>  |               |
| Interest income                        | 77            | 115           | -33.0%        |
| Distribution & selling costs           | (3,082)       | (2,705)       | 13.9%         |
| Administrative costs                   | (4,841)       | (6,380)       | -24.1%        |
| Other operating income                 | 11            | 217           | -94.9%        |
| Finance costs                          | (456)         | (534)         | -14.6%        |
| Share of profits of an associate       | 385           | 371           | 3.8%          |
| <b>Profit before taxation</b>          | <b>10,981</b> | <b>3,756</b>  | <b>192.4%</b> |
| Income tax expense                     | (736)         | (317)         | 132.2%        |
| <b>Profit for the financial period</b> | <b>10,245</b> | <b>3,439</b>  | <b>197.9%</b> |
| Attributable to:                       |               |               |               |
| Equity holders of the Company          | 10,219        | 3,536         | 189.0%        |
| Minority interests                     | 26            | (97)          | n/m           |
|  | <b>10,245</b> | <b>3,439</b>  | <b>197.9%</b> |

(III) Notes to Income Statement:

| US\$'000   | 2QCY09 | 2QCY08 | % Change | 1HCY09 | 1HCY08 | % Change |
|--|--------|--------|----------|--------|--------|----------|
| Depreciation and amortisation                                    | 11,783 | 12,419 | -5.1%    | 23,602 | 24,381 | -3.2%    |
| (Write-back of allowance) / allowance for doubtful debts         | (181)  | (498)  | -63.7%   | 11     | 987    | -98.9%   |
| Allowance / (write-back of allowance) for inventory obsolescence | 200    | (350)  | n/m      | 39     | (456)  | n/m      |
| Loss / (gain) on foreign exchange                                | 28     | 141    | -80.1%   | (40)   | 1,843  | n/m      |
| Loss / (gain) on disposal of plant and equipment                 | 41     | 2      | n/m      | 62     | (34)   | n/m      |

n/m - percentage not meaningful

| US\$'000   | 2QCY09 | 1QCY09 | % Change |
|--|--------|--------|----------|
| Depreciation and amortisation                                    | 11,783 | 11,819 | -0.3%    |
| (Write-back of allowance) / allowance for doubtful debts         | (181)  | 192    | n/m      |
| Allowance / (write-back of allowance) for inventory obsolescence | 200    | (161)  | n/m      |
| Loss / (gain) on foreign exchange                                | 28     | (68)   | n/m      |
| Loss on disposal of plant and equipment                          | 41     | 21     | 95.2%    |

n/m - percentage not meaningful

### Explanatory notes to Income Statement

#### 1. Gross profit

Notwithstanding the decline in revenue by 21.3% to US\$104.3 million in the quarter under review when compared to same period last year, gross profit margin improved to 18.1% in 2QCY09 compared to 16.3% in 2QCY08 primarily due to improved operating efficiencies and costs structure.

#### 2. Interest Income

The decrease in interest income by 77.4% in 2QCY09 when compared to the same period last year was primarily due to lower cash and cash equivalents for deposits placement. The cash and bank balances reduced to US\$36.5 million as at 30 June 2009 compared to US\$97.2 million a year ago.

#### 3. Write-back of allowance for doubtful debts

The write-back was attributable to the reversal of allowance for doubtful debts no longer required.

#### 4. Allowance / (write-back of allowance) for inventory obsolescence

The write-back of allowance for inventory obsolescence in 2QCY08 was related to the consumption of slow-moving inventories provided previously.

#### 5. Administrative costs

The administrative costs reduced by 15.3% to US\$4.8 million in 2QCY09 as compared to 2QCY08 as a result of dedicated costs management.

#### 6. Other operating income

The lower other operating income was due to lower rental income on investment property.

#### 7. Finance costs

Finance costs decreased by 58.4% year-on-year to US\$0.5 million in 2QCY09 was attributable to lower interest rates and reduced bank borrowings which stood at US\$127.5 million as at 30 June 2009 as compared to US\$186.2 million a year ago.

#### 8. Gain on disposal of a subsidiary

The gain recorded in 2QCY08 arose on the disposition of equity interest in Elec & Eltek Electronic (Kunshan) Company Limited.

**9. Income tax expense**

The Group's effective tax rate for 2QCY09 was 6.7% as compared with 5.1% in 2QCY08. Despite the decline in the profit before taxation, the income tax expense increased 12.0% in 2QCY09 as compared to the same period last year due to higher corporate tax rate on profits made by the PRC subsidiaries.

**10. Minority interests**

The write-back of minority interests in 2QCY08 related to the over-provision of profit sharing with minority shareholders made previously.

**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               |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 30.6.2009             | 31.3.2009             | 31.12.2008            | 30.6.2009             | 31.3.2009             | 31.12.2008            |
| <b>ASSETS</b>   |                       |                       |                       |                       |                       |                       |
| <b>Non-current assets</b>                                   |                       |                       |                       |                       |                       |                       |
| Property, plant and equipment                               | 365,130               | 368,170               | 379,905               | 22                    | 24                    | 26                    |
| Deposits for acquisition of plant and equipment             | 456                   | 2,532                 | 1,664                 | -                     | -                     | -                     |
| Investment properties                                       | 15,756                | 15,756                | 15,756                | -                     | -                     | -                     |
| Subsidiary companies  | -                     | -                     | -                     | 22,671                | 22,671                | 22,671                |
| Interest in an associate                                    | 8,744                 | 8,357                 | 8,388                 | -                     | -                     | -                     |
| Deferred tax assets   | 1,454                 | 1,450                 | 1,446                 | -                     | -                     | -                     |
|   | <u>391,540</u>        | <u>396,265</u>        | <u>407,159</u>        | <u>22,693</u>         | <u>22,695</u>         | <u>22,697</u>         |
| <b>Current assets</b>                                       |                       |                       |                       |                       |                       |                       |
| Inventories   | 38,626                | 35,759                | 39,582                | -                     | -                     | -                     |
| Trade receivables   | 108,811               | 95,872                | 110,513               | -                     | -                     | -                     |
| Bills receivables   | 4,081                 | 6,119                 | 4,061                 | -                     | -                     | -                     |
| Dividend receivables  | -                     | -                     | -                     | -                     | 5,100                 | 7,800                 |
| Other receivables   | 14,092                | 12,912                | 19,675                | 19                    | 21                    | 3                     |
| Amounts due from subsidiary companies                       | -                     | -                     | -                     | 103,077               | 101,565               | 99,173                |
| Cash and bank balances                                      | 36,484                | 51,273                | 68,672                | 37                    | 31                    | 36                    |
|   | <u>202,094</u>        | <u>201,935</u>        | <u>242,503</u>        | <u>103,133</u>        | <u>106,717</u>        | <u>107,012</u>        |
| <b>Total assets</b>   | <b><u>593,634</u></b> | <b><u>598,200</u></b> | <b><u>649,662</u></b> | <b><u>125,826</u></b> | <b><u>129,412</u></b> | <b><u>129,709</u></b> |
| <b>EQUITY AND LIABILITIES</b>                               |                       |                       |                       |                       |                       |                       |
| <b>Equity attributable to equity holders of the Company</b> |                       |                       |                       |                       |                       |                       |
| Share capital   | 98,656                | 98,656                | 98,656                | 98,656                | 98,656                | 98,656                |
| Treasury shares   | (1,356)               | (1,356)               | (1,356)               | (1,356)               | (1,356)               | (1,356)               |
| Reserves  | 240,231               | 246,336               | 242,570               | 26,234                | 29,701                | 30,074                |
| Equity attributable to equity holders of the Company        | 337,531               | 343,636               | 339,870               | 123,534               | 127,001               | 127,374               |
| Minority interests  | 9,206                 | 9,237                 | 9,606                 | -                     | -                     | -                     |
| Total equity  | <u>346,737</u>        | <u>352,873</u>        | <u>349,476</u>        | <u>123,534</u>        | <u>127,001</u>        | <u>127,374</u>        |
| <b>Non-current liabilities</b>                              |                       |                       |                       |                       |                       |                       |
| Bank loans  | 65,705                | 78,995                | 92,536                | -                     | -                     | -                     |
| Deferred tax liabilities                                    | 1,978                 | 1,993                 | 1,998                 | -                     | -                     | -                     |
|   | <u>67,683</u>         | <u>80,988</u>         | <u>94,534</u>         | <u>-</u>              | <u>-</u>              | <u>-</u>              |
| <b>Current liabilities</b>                                  |                       |                       |                       |                       |                       |                       |
| Trade payables  | 79,935                | 67,782                | 88,250                | -                     | -                     | -                     |
| Bills payables  | 5,996                 | 8,602                 | 12,957                | -                     | -                     | -                     |
| Other payables  | 29,967                | 30,250                | 38,620                | 262                   | 375                   | 304                   |
| Amounts due to subsidiary companies                         | -                     | -                     | -                     | 2,030                 | 2,036                 | 2,031                 |
| Provision for taxation                                      | 1,568                 | 987                   | 762                   | -                     | -                     | -                     |
| Bank overdrafts and loans                                   | 61,748                | 56,718                | 65,063                | -                     | -                     | -                     |
|   | <u>179,214</u>        | <u>164,339</u>        | <u>205,652</u>        | <u>2,292</u>          | <u>2,411</u>          | <u>2,335</u>          |
| Total liabilities   | <u>246,897</u>        | <u>245,327</u>        | <u>300,186</u>        | <u>2,292</u>          | <u>2,411</u>          | <u>2,335</u>          |
| <b>Total liabilities and equity</b>                         | <b><u>593,634</u></b> | <b><u>598,200</u></b> | <b><u>649,662</u></b> | <b><u>125,826</u></b> | <b><u>129,412</u></b> | <b><u>129,709</u></b> |

## Financial Position Analysis

The Group's total assets decreased by US\$4.6 million to US\$593.6 million as at 30 June 2009 from US\$598.2 million in the preceding quarter. Cash and bank balances reduced by US\$14.8 million to US\$36.5 million after payment for the final dividend. Trade receivables increased in tandem with higher shipments made in the quarter under review.

The Group's total liabilities increased slightly from US\$245.3 million at 31 March 2009 to US\$246.9 million as at 30 June 2009, of which, trade payables increased by US\$12.2 million to US\$79.9 million in line with higher production output for the quarter under review. This was offset by decrease in the Group's total bank borrowings of US\$8.3 million following repayments made in 2QCY09.

The Group's shareholders' equity decreased by US\$6.1 million to US\$337.5 million as at 30 June 2009 from US\$343.6 million as at 31 March 2009 in respect of final dividend declared and paid in May 2009 and offset by profit earned during the quarter under review.

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

#### Amount repayable in one year or less, or on demand

| As at 30.6.2009     |                       | As at 31.12.2008    |                       |
|---------------------|-----------------------|---------------------|-----------------------|
| Secured<br>US\$'000 | Unsecured<br>US\$'000 | Secured<br>US\$'000 | Unsecured<br>US\$'000 |
| Nil                 | 61,748                | Nil                 | 65,063                |

#### Amount repayable after one year

| As at 30.6.2009     |                       | As at 31.12.2008    |                       |
|---------------------|-----------------------|---------------------|-----------------------|
| Secured<br>US\$'000 | Unsecured<br>US\$'000 | Secured<br>US\$'000 | Unsecured<br>US\$'000 |
| Nil                 | 65,705                | Nil                 | 92,536                |

#### Details of any collateral

Not applicable.

#### Notes on net borrowings position

| US\$'000                     | As at<br>30.6.2009 | As at<br>31.3.2009 | As at<br>31.12.2008 |
|------------------------------|--------------------|--------------------|---------------------|
| Bank overdrafts and loans    | 127,453            | 135,713            | 157,599             |
| Less: Cash and bank balances | (36,484)           | (51,273)           | (68,672)            |
| Net borrowings position      | 90,969             | 84,440             | 88,927              |

Group's total debts decreased to US\$127.5 million for the June 2009 quarter from US\$135.7 million for the March 2009 quarter on repayment of bank borrowings. With dividend payment of US\$18.8 million made in May 2009, the Group's net borrowings position increased to US\$91.0 million as at 30 June 2009. Accordingly, the Group's net gearing ratio increased to 26.2% as at June 2009 from 23.9% as at 31 March 2009.

**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   | 2QCY09          | 2QCY08          | 1HCY09          | 1HCY08          |
|--|-----------------|-----------------|-----------------|-----------------|
| <b>Operating activities:</b>   |                 |                 |                 |                 |
| Profit before taxation   | 10,981          | 12,936          | 14,737          | 26,656          |
| Adjustments for:   |                 |                 |                 |                 |
| Depreciation of property, plant and equipment  | 11,783          | 12,419          | 23,602          | 24,381          |
| Finance costs  | 456             | 1,096           | 990             | 2,463           |
| Loss / (gain) on disposal of plant and equipment                                       | 41              | 2               | 62              | (34)            |
| Gain on disposal of a subsidiary   | -               | (590)           | -               | (590)           |
| Share-based payment expense  | 51              | 91              | 97              | 181             |
| (Write-back) / allowance for doubtful debts  | (181)           | (498)           | 11              | 987             |
| Allowance / (write-back of allowance) for inventory obsolescence                       | 200             | (350)           | 39              | (456)           |
| Interest income  | (77)            | (341)           | (192)           | (464)           |
| Share of profits of an associate   | (385)           | (369)           | (756)           | (740)           |
| Operating income before reinvestment in working capital                                | 22,869          | 24,396          | 38,590          | 52,384          |
| (Increase) / decrease in inventories   | (3,067)         | (327)           | 917             | 4,144           |
| (Increase) / decrease in trade and other receivables                                   | (11,900)        | 16,746          | 8,972           | 19,586          |
| Increase / (decrease) in trade and other payables                                      | 9,264           | (13,611)        | (23,929)        | (12,895)        |
| Net cash generated from operations   | 17,166          | 27,204          | 24,550          | 63,219          |
| Interest income received   | 77              | 341             | 192             | 464             |
| Interest paid  | (456)           | (1,096)         | (990)           | (2,463)         |
| Income taxes paid  | (173)           | (1,724)         | (274)           | (982)           |
| <b>Net cash from operating activities</b>  | <b>16,614</b>   | <b>24,725</b>   | <b>23,478</b>   | <b>60,238</b>   |
| <b>Investing activities:</b>   |                 |                 |                 |                 |
| Proceeds from disposal of plant and equipment  | 9               | -               | 20              | 335             |
| Purchase of property, plant and equipment  | (7,434)         | (12,267)        | (9,309)         | (22,002)        |
| Decrease/ (increase) in deposits paid for acquisition of property, plant and equipment | 2,076           | (2,406)         | 1,208           | (4,189)         |
| Disposal of a subsidiary   | -               | (469)           | -               | (469)           |
| Advance to an associate  | -               | -               | (1,718)         | -               |
| Dividend received from an associate  | -               | -               | 401             | -               |
| <b>Net cash used in investing activities</b>   | <b>(5,349)</b>  | <b>(15,142)</b> | <b>(9,398)</b>  | <b>(26,325)</b> |
| <b>Financing activities:</b>   |                 |                 |                 |                 |
| Proceeds from bank borrowings  | 834             | 43,388          | 834             | 67,070          |
| Repayment of bank borrowings   | (9,093)         | (8,261)         | (31,181)        | (14,750)        |
| Payment for share buy-back   | -               | -               | -               | (459)           |
| Dividends paid by the Company  | (18,783)        | (22,361)        | (18,783)        | (22,361)        |
| Dividends paid by subsidiary companies to minority shareholders                        | -               | -               | (203)           | -               |
| <b>Net cash (used in) / from financing activities</b>                                  | <b>(27,042)</b> | <b>12,766</b>   | <b>(49,333)</b> | <b>29,500</b>   |
| Net (decrease) / increase in cash and cash equivalents                                 | (15,777)        | 22,349          | (35,253)        | 63,413          |
| Cash and cash equivalents at beginning of the financial period                         | 51,069          | 74,274          | 68,670          | 31,539          |
| Effect of foreign exchange rate changes, net   | 989             | 425             | 2,864           | 2,096           |
| <b>Cash and cash equivalents at end of the financial period</b>                        | <b>36,281</b>   | <b>97,048</b>   | <b>36,281</b>   | <b>97,048</b>   |

Cash and cash equivalents comprise the following breakdown:

| US\$'000                    | 1HCY09        | 1HCY08        |
|-----------------------------|---------------|---------------|
| Cash and bank balances      | 36,484        | 97,220        |
| Bank overdrafts - unsecured | (203)         | (172)         |
|                             | <b>36,281</b> | <b>97,048</b> |

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

| US\$'000   | 2QCY09        | 2QCY08        | 1HCY09        | 1HCY08        |
|--|---------------|---------------|---------------|---------------|
| <b>Profit for the financial period</b>                             | 10,245        | 12,279        | 13,684        | 25,139        |
| <b>Other comprehensive income :</b>                                |               |               |               |               |
| Exchange differences on translation foreign operations, net of tax | 2,351         | 5,013         | 2,466         | 21,499        |
| Other comprehensive income for the financial period, net of tax    | 2,351         | 5,013         | 2,466         | 21,499        |
| <b>Total comprehensive income for the financial period</b>         | <b>12,596</b> | <b>17,292</b> | <b>16,150</b> | <b>46,638</b> |
| Total comprehensive income / (expense) attributable to:            |               |               |               |               |
| Equity holders of the Company                                      | 12,627        | 17,188        | 16,347        | 46,181        |
| Minority interests   | (31)          | 104           | (197)         | 457           |
|  | <b>12,596</b> | <b>17,292</b> | <b>16,150</b> | <b>46,638</b> |

**1(e)(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 |              |
| <b>GROUP</b>  |   |                 |                 |                   |                     |               |                 |                                      |                      |          |                    |              |
| <b>2QCY09</b>   |   |                 |                 |                   |                     |               |                 |                                      |                      |          |                    |              |
| Balance at 31.3.2009  | 98,656  | (1,356)         | 2,702           | 3,606             | 1,447               | 166           | 223,124         | 13,487                               | 1,804                | 343,636  | 9,237              | 352,873      |
| <b>Changes in equity for 2QCY09</b>                             |   |                 |                 |                   |                     |               |                 |                                      |                      |          |                    |              |
| Total comprehensive income / (expense) for the financial period | -   | -               | -               | -                 | -                   | -             | 10,219          | 2,408                                | -                    | 12,627   | (31)               | 12,596       |
| Grant of share options to employees                             | -   | -               | -               | -                 | -                   | -             | -               | -                                    | 51                   | 51       | -                  | 51           |
| Transfer to revenue reserve upon lapse of share options         | -   | -               | -               | -                 | -                   | -             | 6               | -                                    | (6)                  | -        | -                  | -            |
| Dividend paid in respect of previous financial year             | -   | -               | -               | -                 | -                   | -             | (18,783)        | -                                    | -                    | (18,783) | -                  | (18,783)     |
|   | -   | -               | -               | -                 | -                   | -             | (8,558)         | 2,408                                | 45                   | (6,105)  | (31)               | (6,136)      |
| Balance at 30.6.2009  | 98,656  | (1,356)         | 2,702           | 3,606             | 1,447               | 166           | 214,566         | 15,895                               | 1,849                | 337,531  | 9,206              | 346,737      |
| <b>2QCY08</b>   |   |                 |                 |                   |                     |               |                 |                                      |                      |          |                    |              |
| 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      |
| <b>Changes in equity for 2QCY08</b>                             |   |                 |                 |                   |                     |               |                 |                                      |                      |          |                    |              |
| Total comprehensive income for the financial period             | -   | -               | -               | -                 | -                   | -             | 12,384          | 4,804                                | -                    | 17,188   | 104                | 17,292       |
| Transfer from revenue reserve to statutory reserve              | -   | -               | -               | 83                | -                   | -             | (83)            | -                                    | -                    | -        | -                  | -            |
| Transfer to revenue reserve upon lapse of share options         | -   | -               | -               | -                 | -                   | -             | 14              | -                                    | (14)                 | -        | -                  | -            |
| Grant of share options to employees                             | -   | -               | -               | -                 | -                   | -             | -               | -                                    | 91                   | 91       | -                  | 91           |
| Dividend paid in respect of previous financial year             | -   | -               | -               | -                 | -                   | -             | (22,361)        | -                                    | -                    | (22,361) | -                  | (22,361)     |
|   | -   | -               | -               | 83                | -                   | -             | (10,046)        | 4,804                                | 77                   | (5,082)  | 104                | (4,978)      |
| Balance at 30.6.2008  | 98,656  | (1,355)         | 2,702           | 2,780             | 844                 | 166           | 220,912         | 39,039                               | 1,613                | 365,357  | 10,134             | 375,491      |

| Attributable to equity holders of the Company                   |               |                 |                 |                   |                     |               |                 |                                      |                      |          |                    |              |
|---|---------------|-----------------|-----------------|-------------------|---------------------|---------------|-----------------|--------------------------------------|----------------------|----------|--------------------|--------------|
| US\$'000  | Share capital | Treasury shares | Capital reserve | Statutory reserve | Revaluation reserve | Other reserve | Revenue reserve | Foreign currency translation reserve | Share option reserve | Total    | Minority interests | Total equity |
| <b>GROUP</b>  |               |                 |                 |                   |                     |               |                 |                                      |                      |          |                    |              |
| <b>1HCY09</b>   |               |                 |                 |                   |                     |               |                 |                                      |                      |          |                    |              |
| Balance at 31.12.2008   | 98,656        | (1,356)         | 2,702           | 3,606             | 1,447               | 166           | 219,582         | 13,303                               | 1,764                | 339,870  | 9,606              | 349,476      |
| <b>Changes in equity for 1HCY09</b>                             |               |                 |                 |                   |                     |               |                 |                                      |                      |          |                    |              |
| Total comprehensive income / (expense) for the financial period | -             | -               | -               | -                 | -                   | -             | 13,755          | 2,592                                | -                    | 16,347   | (197)              | 16,150       |
| Grant of share options to employees                             | -             | -               | -               | -                 | -                   | -             | -               | -                                    | 97                   | 97       | -                  | 97           |
| Transfer to revenue reserve upon lapse of share options         | -             | -               | -               | -                 | -                   | -             | 12              | -                                    | (12)                 | -        | -                  | -            |
| Dividend paid in respect of previous financial year             | -             | -               | -               | -                 | -                   | -             | (18,783)        | -                                    | -                    | (18,783) | (203)              | (18,986)     |
|   | -             | -               | -               | -                 | -                   | -             | (5,016)         | 2,592                                | 85                   | (2,339)  | (400)              | (2,739)      |
| Balance at 30.6.2009  | 98,656        | (1,356)         | 2,702           | 3,606             | 1,447               | 166           | 214,566         | 15,895                               | 1,849                | 337,531  | 9,206              | 346,737      |
| <b>1HCY08</b>   |               |                 |                 |                   |                     |               |                 |                                      |                      |          |                    |              |
| 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      |
| <b>Changes in equity for 1HCY08</b>                             |               |                 |                 |                   |                     |               |                 |                                      |                      |          |                    |              |
| Total comprehensive income for the financial period             | -             | -               | -               | -                 | -                   | -             | 25,272          | 20,909                               | -                    | 46,181   | 457                | 46,638       |
| Purchase of treasury shares                                     | -             | (459)           | -               | -                 | -                   | -             | -               | -                                    | -                    | (459)    | -                  | (459)        |
| Transfer from revenue reserve to statutory reserve              | -             | -               | -               | 83                | -                   | -             | (83)            | -                                    | -                    | -        | -                  | -            |
| Transfer to revenue reserve upon lapse of share options         | -             | -               | -               | -                 | -                   | -             | 222             | -                                    | (222)                | -        | -                  | -            |
| Grant of share options to employees                             | -             | -               | -               | -                 | -                   | -             | -               | -                                    | 181                  | 181      | -                  | 181          |
| Dividend paid in respect of previous financial year             | -             | -               | -               | -                 | -                   | -             | (22,361)        | -                                    | -                    | (22,361) | -                  | (22,361)     |
|   | -             | (459)           | -               | 83                | -                   | -             | 3,050           | 20,909                               | (41)                 | 23,542   | 457                | 23,999       |
| Balance at 30.6.2008  | 98,656        | (1,355)         | 2,702           | 2,780             | 844                 | 166           | 220,912         | 39,039                               | 1,613                | 365,357  | 10,134             | 375,491      |

| US\$'000  | Share capital | Treasury shares | Revenue reserve | Share option reserve | Total equity |
|---|---------------|-----------------|-----------------|----------------------|--------------|
| <b>COMPANY</b>  |               |                 |                 |                      |              |
| <b>2QCY09</b>   |               |                 |                 |                      |              |
| Balance at 31.3.2009                                    | 98,656        | (1,356)         | 28,701          | 1,000                | 127,001      |
| <b>Changes in equity for 2QCY09</b>                     |               |                 |                 |                      |              |
| Total comprehensive income for the financial period     | -             | -               | 15,295          | -                    | 15,295       |
| Grant of share options to employees                     | -             | -               | -               | 21                   | 21           |
| Dividend paid in respect of previous financial year     | -             | -               | (18,783)        | -                    | (18,783)     |
| Balance at 30.6.2009                                    | 98,656        | (1,356)         | 25,213          | 1,021                | 123,534      |
| <b>2QCY08</b>   |               |                 |                 |                      |              |
| Balance at 31.3.2008                                    | 98,656        | (1,355)         | 40,672          | 870                  | 138,843      |
| <b>Changes in equity for 2QCY08</b>                     |               |                 |                 |                      |              |
| Total comprehensive expense for the financial period    | -             | -               | (82)            | -                    | (82)         |
| Grant of share options to employees                     | -             | -               | -               | 36                   | 36           |
| Dividend paid in respect of previous financial year     | -             | -               | (22,361)        | -                    | (22,361)     |
| Balance at 30.6.2008                                    | 98,656        | (1,355)         | 18,229          | 906                  | 116,436      |
| <b>1HCY09</b>   |               |                 |                 |                      |              |
| Balance at 31.12.2008                                   | 98,656        | (1,356)         | 29,095          | 979                  | 127,374      |
| <b>Changes in equity for 1HCY09</b>                     |               |                 |                 |                      |              |
| Total comprehensive income for the financial period     | -             | -               | 14,901          | -                    | 14,901       |
| Grant of share options to employees                     | -             | -               | -               | 42                   | 42           |
| Dividend paid in respect of previous financial year     | -             | -               | (18,783)        | -                    | (18,783)     |
| Balance at 30.6.2009                                    | 98,656        | (1,356)         | 25,213          | 1,021                | 123,534      |
| <b>1HCY08</b>   |               |                 |                 |                      |              |
| Balance at 31.12.2007                                   | 98,656        | (896)           | 41,345          | 844                  | 139,949      |
| <b>Changes in equity for 1HCY08</b>                     |               |                 |                 |                      |              |
| Total comprehensive expense for the financial period    | -             | -               | (766)           | -                    | (766)        |
| Purchase of treasury shares                             | -             | (459)           | -               | -                    | (459)        |
| Transfer to revenue reserve upon lapse of share options | -             | -               | 11              | (11)                 | -            |
| Grant of share options to employees                     | -             | -               | -               | 73                   | 73           |
| Dividend paid in respect of previous financial year     | -             | -               | (22,361)        | -                    | (22,361)     |
| Balance at 30.6.2008                                    | 98,656        | (1,355)         | 18,229          | 906                  | 116,436      |

**1(e)(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(e)(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(e)(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

There was no movement in the share capital in 2QCY09 and as at 30 June 2009, the Company has a total of 178,887,062 (31 December 2008: 178,887,062) issued shares excluding treasury shares.

The treasury shares held by the Company were not used for any allowed application and as at 30 June 2009, the Company held 748,000 (30 June 2008: 748,000) treasury shares.

#### Share options

As at 30 June 2009, there were outstanding share options to subscribe for 9,226,200 (30 June 2008 : 9,437,800) unissued ordinary shares under the expired 2002 Elec & Eltek Employees' Share Option Scheme (the "2002 Scheme"). Options granted and outstanding under the 2002 Scheme will continue to be valid and be subject to the rules of the 2002 Scheme.

The movement of outstanding share options of the Company for the financial period from 1 April 2009 to 30 June 2009 was set out below:

| <b>Date of grant</b> | <b>Subscription price per share (US\$)</b> | <b>Outstanding balance as at 1.4.2009</b> | <b>Lapsed</b>   | <b>Outstanding balance as at 30.6.2009</b> | <b>Expiry date</b> |
|----------------------|--|---|-----------------|--|--------------------|
| 24 Jun 2005          | 2.033                                      | 8,356,800                                 | (21,600)        | 8,335,200                                  | 24 May 2010        |
| 29 Sep 2005          | 2.375                                      | 120,000                                   | -               | 120,000                                    | 4 Sep 2010         |
| 12 Dec 2006          | 2.400                                      | 823,000                                   | (52,000)        | 771,000                                    | 12 Nov 2011        |
| <b>TOTAL</b>         |  | <b>9,299,800</b>                          | <b>(73,600)</b> | <b>9,226,200</b>                           |                    |

There was no share option granted in 2QCY09 under the new share option scheme, namely, the 2008 Elec & Eltek Employees' Share Option Scheme which was adopted by the Company on 9 May 2008.

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

The figures for 2QCY09 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 adopted revised Financial Reporting Standard ("FRS"), FRS 1 - Presentation of Financial Statement (Revised), which is effective for annual period beginning on or after 1 January 2009 and has changed the basis for presentation and structure of the financial statements. The adoption of the above FRS does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs and has no material effect on the amounts reported for the current or prior periods.

**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  | 2QCY09  | 2QCY08  | 1HCY09  | 1HCY08  |
|--|---------|---------|---------|---------|
| Earnings per share   |         |         |         |         |
| 5.1 Based on weighted average number of ordinary shares in issue | 5.71    | 6.92    | 7.69    | 14.12   |
| Weighted average number of ordinary shares in issue ('000)       | 178,887 | 178,887 | 178,887 | 178,935 |
| 5.2 On a fully diluted basis                                     | 5.71    | 6.92    | 7.69    | 14.12   |
| Adjusted weighted average number of ordinary shares ('000)       | 178,887 | 178,887 | 178,887 | 178,935 |

**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   |            |
|--|-----------|------------|-----------|------------|
|  | 30.6.2009 | 31.12.2008 | 30.6.2009 | 31.12.2008 |
| Net asset value per ordinary share based on total number of issued shares excluding treasury shares at end of financial period * | 1.94      | 1.95       | 0.69      | 0.71       |

\* Based on 178,887,062 issued shares excluding treasury shares as at 30 June 2009 (31 December 2008: 178,887,062 issued shares).

**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.**

Due to the challenging market conditions when compared with the same quarter of 2008, the Group's sales revenue for 2QCY09 decreased by 21.3% to US\$104.3 million, reflecting volume de-leverage and lower average selling prices.

The proportion of sales from 2- to 6- layers printed circuits boards ("PCBs") stood at 67.5% in 2QCY09 whilst the proportion of 8-layer and above as well as microvia PCBs climbed to 32.5% in 2QCY09 as compared with 31.9% in 2QCY08.

The proportion of sales revenue from the Computer and Peripherals sector and the Consumer Electronics sector stood at 49.1% and 16.4% of total PCBs sales in the quarter under review versus 51.6% and 14.1%, respectively on a year-on-year basis. Sales to the Communication and Networking sector accounted for 21.7% of total PCBs sales in 2QCY09 as compared to 14.9% in the same period last year.

With our consistent efforts in driving down costs, the Group has achieved improvement in profit margins in spite of decline in sales revenue. Gross profit margin improved to 18.1% in 2QCY09 compared to 16.3% in 2QCY08 primarily due to improved production efficiencies and costs structure. The Group's net profit after tax and minority interest declined by 17.5% to US\$10.2 million in 2QCY09 from US\$12.4 million in 2QCY08 due to lower sales revenue. Both EBIT margin and net profit margin improved to 10.9% and 9.8% in 2QCY09 compared to 10.3% and 9.3%, respectively, over same period last year.

The Group's consolidated financial position remained healthy with positive net operating cash flow of US\$23.5 million generated for the six-month period under review. The Group is preserving the necessary liquidity resources needed to improve our competitive position when the economy returns to growth and for the long term.

In the opinion of the Directors, no item, transaction or event of material or unusual nature has occurred during the period from 1 July 2009 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.**

Not applicable.

**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.**

Although the global electronics industry remains mired in one of the steepest slowdowns in its history, the Group has no doubt passed the challenge, arguably the toughest ever in the electronics industry.

We have achieved good progress at our new HDI plant in Kaiping South, and is now proactively leveraging on our core competence to penetrate into the HDI product segment.

Our satisfactory operating performance and sound financial position has put the Group on an excellent footing to ride out the storm with initiatives and investments geared toward sustainable growth. Nevertheless, the Group is not complacent and will continue its relentless effort on cost management and efficiency improvements for the rest of the financial year.

*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 1HCY09 (1HCY08: US 10.0 cents per ordinary share, one-tier tax exempt).

## 11. Interested Persons Transactions

| Name of Interested Person                                 | 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) |        |
|---|--|--------|--|--------|
|   | 1HCY09   | 1HCY08 | 1HCY09   | 1HCY08 |
| <b>US\$'000</b>   |  |        |  |        |
| <b><u>Purchases of goods and services</u></b>             |  |        |  |        |
| Elec & Eltek Corporate Services Limited                   | 233  | 224    | -  | -      |
| Heng Yang Kingboard Chemical Co., Ltd                     | -  | -      | 4,506  | 3,016  |
| Hong Kong Fibre Glass Company Limited                     | -  | -      | 898  | 1,966  |
| Huizhou Chung Shun Chemical Co., Ltd.                     | -  | -      | 94   | 207    |
| Jiangmen Glory Faith PCB Co. Ltd.                         | -  | -      | 18   | 19     |
| Joyful Source Group Limited                               | 760  | 1,876  | -  | -      |
| Kingboard Copper Foil (Macao Commercial Offshore) Limited | -  | -      | 11,723   | 23,947 |
| Kingboard Investments Limited                             | 159  | 380    | -  | -      |
| Kingboard Laminates (Macao Commercial Offshore) Limited   | -  | -      | 22,138   | 22,969 |
| Kingboard (Lian Zhou) Electronic Materials Ltd            | -  | -      | 1,313  | 8,072  |
| Techwise (Macao Commercial Offshore) Circuits Limited     | -  | -      | 24   | -      |
| Top Faith PCB Co. Ltd.                                    | -  | -      | 1,068  | -      |
|   | 1,152  | 2,480  | 41,782   | 60,196 |
| <b><u>Provision of goods and services</u></b>             |  |        |  |        |
| Elec & Eltek Display Technology Limited                   | 9  | 24     | -  | -      |
| E & E Magnetic Products Limited                           | -  | 3      | -  | -      |
| Express Electronics (Suzhou) Co. Ltd                      | -  | -      | -  | 12     |
| Jiangmen Glory Faith PCB Co. Ltd.                         | -  | -      | 1,555  | 2,925  |
| Techwise (Macao Commercial Offshore) Circuits Limited     | -  | -      | 129  | 172    |
| Top Faith PCB Co. Ltd.                                    | -  | -      | 489  | 1      |
| Shenzhen Wing Fung PCB Company Limited                    | -  | -      | 11   | 102    |
|   | 9  | 27     | 2,184  | 3,212  |

## 12. Others

These interim results have not been reported on by the auditor and financial adviser, but the Company will release a subsequent announcement on the interim results including the reports of its auditor and the financial adviser latest by 26 August 2009.

## **BY ORDER OF THE BOARD**

Chadwick Mok Cham Hung  
Vice-Chairman  
14 August 2009



**Elec & Eltek 依利安達**  
**Elec & Eltek International Company Limited**  
*(Incorporated in the Republic of Singapore)*  
Company Registration Number 19930000511

**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 second quarter and half year ended 30 June 2009 to be false or misleading.

On behalf of the Board of Directors

Chadwick Mok Cham Hung  
Vice-Chairman

Chan Wing Kwan  
Director

14 August 2009