



# 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 2010

#### 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 (“2QCY10”) and half-year (“1HCY10”) ended 30 June 2010 together with the comparative figures for the second quarter (“2QCY09”) and half-year (“1HCY09”) ended 30 June 2009.

US\$'000	2QCY10	2QCY09	% Change	1HCY10	1HCY09	% Change
Revenue	155,955	104,251	49.6%	291,247	187,623	55.2%
Cost of sales	(119,773)	(85,364)	40.3%	(225,377)	(156,064)	44.4%
<b>Gross profit</b>	<b>36,182</b>	<b>18,887</b>	<b>91.6%</b>	<b>65,870</b>	<b>31,559</b>	<b>108.7%</b>
<i>Gross profit margin</i>	<i>23.2%</i>	<i>18.1%</i>		<i>22.6%</i>	<i>16.8%</i>	
Interest income	162	77	110.4%	315	192	64.1%
Distribution & selling costs	(3,407)	(3,082)	10.5%	(6,759)	(5,787)	16.8%
Administrative costs	(7,224)	(4,841)	49.2%	(14,313)	(11,221)	27.6%
Other operating income	667	11	n/m	973	228	n/m
Finance costs	(322)	(456)	-29.4%	(594)	(990)	-40.0%
Share of profits of an associate	-	385	n/m	-	756	n/m
<b>Profit before taxation</b>	<b>26,058</b>	<b>10,981</b>	<b>137.3%</b>	<b>45,492</b>	<b>14,737</b>	<b>208.7%</b>
Income tax expense	(1,745)	(736)	137.1%	(2,901)	(1,053)	175.5%
<b>Profit for the financial period</b>	<b>24,313</b>	<b>10,245</b>	<b>137.3%</b>	<b>42,591</b>	<b>13,684</b>	<b>211.2%</b>
Profit attributable to:						
Owners of the Company	24,105	10,219	135.9%	42,162	13,755	206.5%
Minority interests	208	26	n/m	429	(71)	n/m
	<b>24,313</b>	<b>10,245</b>	<b>137.3%</b>	<b>42,591</b>	<b>13,684</b>	<b>211.2%</b>

n/m - percentage not meaningful

(II) Income Statement of the Group 2QCY10 together with the comparative figures for the first quarter ended 31 March 2010 (“1QCY10”).

US\$'000	2QCY10	1QCY10	% Change
Revenue	155,955	135,292	15.3%
Cost of sales	(119,773)	(105,604)	13.4%
<b>Gross profit</b>	36,182	29,688	21.9%
<i>Gross profit margin</i>	23.2%	21.9%	
Interest income	162	153	5.9%
Distribution & selling costs	(3,407)	(3,352)	1.6%
Administrative costs	(7,224)	(7,089)	1.9%
Other operating income	667	306	118.0%
Finance costs	(322)	(272)	18.4%
<b>Profit before taxation</b>	26,058	19,434	34.1%
Income tax expense	(1,745)	(1,156)	51.0%
<b>Profit for the financial period</b>	24,313	18,278	33.0%
Profit attributable to:			
Owners of the Company	24,105	18,057	33.5%
Minority interests	208	221	-5.9%
	24,313	18,278	33.0%

(III) Notes to Income Statement:

US\$'000	2QCY10	2QCY09	% Change	1HCY10	1HCY09	% Change
Depreciation and amortisation	12,128	11,783	2.9%	23,889	23,602	1.2%
(Reversal of allowance) / allowance for doubtful debts	(6)	(181)	-96.7%	49	11	n/m
(Reversal of allowance) / allowance for inventory obsolescence	(438)	200	n/m	(681)	39	n/m
(Gain) / loss on foreign exchange	(126)	28	n/m	27	(40)	n/m

US\$'000	2QCY10	1QCY10	% Change
Depreciation and amortisation	12,128	11,761	3.1%
(Reversal of allowance) / allowance for doubtful debts	(6)	55	n/m
Reversal of allowance for inventory obsolescence	(438)	(243)	80.2%
(Gain) / loss on foreign exchange	(126)	153	n/m

n/m - percentage not meaningful

**Explanatory Notes to Income Statement**

**1. Gross profit**

Gross profit surged by US\$17.3 million or 91.6% year-on-year to US\$36.2 million in 2QCY10 concurrently with a 49.6% increase in revenue to US\$156.0 million as compared to US\$104.3 million in the same period last year. Gross profit margin improved to 23.2% in 2QCY10 as compared to 18.1% a year ago primarily due to higher capacity utilization and better product mix.

**2. Reversal of allowance for doubtful debts**

The reversal of allowance for doubtful debts in the quarter under review was related to excessive allowance for doubtful debts no longer required.

**3. Reversal of allowance for inventory obsolescence**

The reversal of allowance for inventory obsolescence was related to progressive consumption of slow-moving inventories for which provision has been made previously.

**4. Distribution & selling costs**

The increase in distribution & selling costs by 10.5% year-on-year to US\$3.4 million in 2QCY10 was attributable to higher shipments made in the quarter under review.

**5. Administrative costs**

The increased administrative costs was mainly due to the provision of management bonus and higher expenditure in line with increased business activities.

**6. Other operating income**

Other operating income was higher as additional rental income on factory space and foreign exchange gain were recognized in 2QCY10 as compared to foreign exchange loss recorded in the same period last year.

**7. Finance costs**

The decrease in finance costs by 29.4% to US\$0.3 million in 2QCY10 as compared to the same period last year was attributable to lower bank borrowings and lower interest rate environment.

**8. Share of profits of an associate**

The share of profits of an associate ceased since December 2009 following the Group's disposal of the equity interest in the associate.

**9. Income tax expense**

The income tax expense increased by 137.1% to US\$1.7 million in 2QCY10 as compared to the same period last year due to higher profit recorded for the quarter under review. The Group's effective tax rate for 2QCY10 maintained at an approximate 6.7%.

**10. Minority interests**

The amount of US\$0.2 million recorded in 2QCY10 pertained to higher profit attributable to minority shareholders of the PRC subsidiaries as compared to the same period last year.

**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		
	30.6.2010	31.3.2010	31.12.2009	30.6.2010	31.3.2010	31.12.2009
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and bank balances	68,856	104,803	60,054	93	351	43
Trade receivables	155,039	139,922	130,243	-	-	-
Bills receivables	3,759	8,054	6,367	-	-	-
Other receivables	9,745	10,556	10,022	7	12	3
Amounts due from subsidiary companies	-	-	-	375,324	352,546	327,154
Inventories	57,265	51,249	39,738	-	-	-
<b>Total current assets</b>	<b>294,664</b>	<b>314,584</b>	<b>246,424</b>	<b>375,424</b>	<b>352,909</b>	<b>327,200</b>
<b>Non-current assets</b>						
Property, plant and equipment	345,137	345,179	347,115	14	16	17
Deposits for acquisition of plant and equipment	693	5,441	1,253	-	-	-
Investment properties	19,262	19,262	19,262	-	-	-
Subsidiary companies	-	-	-	23,071	23,071	23,071
Deferred tax assets	1,244	1,399	1,437	-	-	-
<b>Total non-current assets</b>	<b>366,336</b>	<b>371,281</b>	<b>369,067</b>	<b>23,085</b>	<b>23,087</b>	<b>23,088</b>
<b>Total assets</b>	<b>661,000</b>	<b>685,865</b>	<b>615,491</b>	<b>398,509</b>	<b>375,996</b>	<b>350,288</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current liabilities</b>						
Bank overdrafts and loans	51,014	51,938	53,532	-	-	-
Trade payables	115,314	110,551	84,573	-	-	-
Bills payables	1,504	1,728	1,588	-	-	-
Other payables	34,405	29,573	30,089	295	354	371
Amounts due to subsidiary companies	-	-	-	170,305	173,488	199,507
Provision for taxation	2,268	2,799	2,044	-	-	-
<b>Total current liabilities</b>	<b>204,505</b>	<b>196,589</b>	<b>171,826</b>	<b>170,600</b>	<b>173,842</b>	<b>199,878</b>
<b>Non-current liabilities</b>						
Bank loans	63,060	74,261	63,920	-	-	-
Deferred tax liabilities	1,802	2,417	2,416	-	-	-
<b>Total non-current liabilities</b>	<b>64,862</b>	<b>76,678</b>	<b>66,336</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>269,367</b>	<b>273,267</b>	<b>238,162</b>	<b>170,600</b>	<b>173,842</b>	<b>199,878</b>
<b>Capital, reserves and minority interests</b>						
Share capital	113,599	112,792	98,656	113,599	112,792	98,656
Treasury shares	(1,356)	(1,356)	(1,356)	(1,356)	(1,356)	(1,356)
Reserves	270,032	291,710	270,765	115,666	90,718	53,110
Equity attributable to owners of the Company	382,275	403,146	368,065	227,909	202,154	150,410
Minority interests	9,358	9,452	9,264	-	-	-
	391,633	412,598	377,329	227,909	202,154	150,410
<b>Total liabilities and equity</b>	<b>661,000</b>	<b>685,865</b>	<b>615,491</b>	<b>398,509</b>	<b>375,996</b>	<b>350,288</b>

## Financial Position Analysis

The decrease in the Group's total assets by US\$24.9 million to US\$661.0 million as at 30 June 2010 from US\$685.9 million in the preceding quarter was mainly due to lower bank balances of US\$68.9 million at June 2010 quarter end as compared to US\$104.8 million as at March 2010 quarter following the dividend payment made in April 2010 and the repayment of borrowings. These were offset by higher trade receivables and inventories attributable to the higher shipments in the quarter under review.

The Group's total liabilities decreased to US\$269.4 million as at 30 June 2010 from US\$273.3 million as at 31 March 2010 on repayment of borrowings offset by higher trade payables for purchases made in 2QCY10.

The owners' equity of the Group decreased to US\$382.3 million as at 30 June 2010 from US\$403.1 million as at 31 March 2010 in respect of final dividend declared and paid in April 2010 offset by the profit achieved for the June 2010 quarter.

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

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

As at 30.6.2010		As at 31.12.2009	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Nil	51,014	Nil	53,532

#### Amount repayable after one year

As at 30.6.2010		As at 31.12.2009	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Nil	63,060	Nil	63,920

#### Details of any collateral

Not applicable.

#### Notes on net borrowings position

US\$'000	As at 30.6.2010	As at 31.3.2010	As at 31.12.2009
Bank overdrafts and loans	114,074	126,199	117,452
Less: Cash and bank balances	(68,856)	(104,803)	(60,054)
Net borrowings position	45,218	21,396	57,398

Group's total debts decreased by US\$12.1 million or 9.6% to US\$114.1 million as at June 2010 quarter from the March 2010 quarter on repayment of borrowings. As a result of lower cash balance following the dividend payment of US\$46.5 million made in April 2010, the Group's net borrowing position increased to US\$45.2 million, and accordingly, the Group's gearing ratio increased to 11.5% as at 30 June 2010 from 5.2% as at 31 March 2010.

**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	2QCY10	2QCY09	1HCY10	1HCY09
<b>Operating activities</b>				
Profit before taxation	26,058	10,981	45,492	14,737
Adjustments for:				
(Reversal of allowance) / allowance for doubtful debts	(6)	(181)	49	11
Depreciation of property, plant and equipment	12,128	11,783	23,889	23,602
Finance costs	322	456	594	990
Loss on disposal of property, plant and equipment	398	41	393	62
(Reversal of allowance) / allowance for inventory obsolescence	(438)	200	(681)	39
Share-based payment expense	9	51	19	97
Interest income	(162)	(77)	(315)	(192)
Share of profits of an associate	-	(385)	-	(756)
Operating income before movements in working capital	38,309	22,869	69,440	38,590
(Increase) / decrease in inventories	(5,578)	(3,067)	(16,846)	917
(Increase) / decrease in trade and other receivables	(10,005)	(11,900)	(21,960)	8,972
Increase / (decrease) in trade and other payables	9,371	9,264	34,973	(23,929)
Net cash generated from operations	32,097	17,166	65,607	24,550
Interest income received	162	77	315	192
Interest paid	(322)	(456)	(594)	(990)
Income taxes paid	(1,835)	(173)	(2,198)	(274)
<b>Net cash from operating activities</b>	<b>30,102</b>	<b>16,614</b>	<b>63,130</b>	<b>23,478</b>
<b>Investing activities</b>				
Proceeds from disposal of property, plant and equipment	141	9	141	20
Purchase of property, plant and equipment	(12,401)	(7,434)	(20,448)	(9,309)
Decrease in deposits paid for acquisition of property, plant and equipment	4,748	2,076	560	1,208
Advance to an associate	-	-	-	(1,718)
Dividend received from an associate	-	-	-	401
<b>Net cash used in investing activities</b>	<b>(7,512)</b>	<b>(5,349)</b>	<b>(19,747)</b>	<b>(9,398)</b>
<b>Financing activities</b>				
Proceeds from bank borrowings	6,101	834	35,091	834
Repayment of bank borrowings	(18,011)	(9,093)	(38,469)	(31,181)
Proceeds from share issue pursuant to the exercise of share options	807	-	14,943	-
Dividends paid by the Company	(46,460)	(18,783)	(46,460)	(18,783)
Dividends paid by subsidiary companies to minority shareholders	(387)	-	(387)	(203)
<b>Net cash used in financing activities</b>	<b>(57,950)</b>	<b>(27,042)</b>	<b>(35,282)</b>	<b>(49,333)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(35,360)</b>	<b>(15,777)</b>	<b>8,101</b>	<b>(35,253)</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>104,588</b>	<b>51,069</b>	<b>60,054</b>	<b>68,670</b>
<b>Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net</b>	<b>(372)</b>	<b>989</b>	<b>701</b>	<b>2,864</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>68,856</b>	<b>36,281</b>	<b>68,856</b>	<b>36,281</b>

Cash and cash equivalents comprise the following breakdown:

US\$'000	1HCY10	1HCY09
Cash and bank balances	68,856	36,484
Bank overdrafts - unsecured	-	(203)
	<b>68,856</b>	<b>36,281</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	2QCY10	2QCY09	1HCY10	1HCY09
<b>Profit for the financial period</b>	24,313	10,245	42,591	13,684
<b>Other comprehensive income :</b>				
Exchange differences on translation of foreign operations	753	2,351	3,598	2,466
Other comprehensive income for the financial period	753	2,351	3,598	2,466
<b>Total comprehensive income for the financial period</b>	<b>25,066</b>	<b>12,596</b>	<b>46,189</b>	<b>16,150</b>
Total comprehensive income / (expense) attributable to:				
Owners of the Company	24,773	12,627	45,708	16,347
Minority interests	293	(31)	481	(197)
	<b>25,066</b>	<b>12,596</b>	<b>46,189</b>	<b>16,150</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 owners of the Company											Total equity
	Share capital	Treasury shares	Capital reserve	Statutory reserve	Revaluation reserve	Other reserve	Retained earnings	Foreign currency translation reserve	Share option reserve	Total	Minority interests	
<b>GROUP</b>												
<b>2QCY10</b>												
Balance at 31.3.2010	112,792	(1,356)	4,335	3,612	2,167	166	264,510	16,579	341	403,146	9,452	412,598
<b>Changes in equity for 2QCY10</b>												
Total comprehensive income for the financial period	-	-	-	-	-	-	24,105	668	-	24,773	293	25,066
Shares issued pursuant to the exercise of share options	807	-	-	-	-	-	-	-	-	807	-	807
Transfer to capital reserve upon exercise of share options	-	-	33	-	-	-	-	-	(33)	-	-	-
Amortisation for the vesting period (Share-based payments)	-	-	-	-	-	-	-	-	9	9	-	9
Transfer to retained earnings upon lapse of share options	-	-	-	-	-	-	93	-	(93)	-	-	-
Transfer from retained earnings to statutory reserve	-	-	-	120	-	-	(120)	-	-	-	-	-
Dividend paid in respect of previous financial year	-	-	-	-	-	-	(46,460)	-	-	(46,460)	(387)	(46,847)
Balance at 30.6.2010	<u>113,599</u>	<u>(1,356)</u>	<u>4,368</u>	<u>3,732</u>	<u>2,167</u>	<u>166</u>	<u>242,128</u>	<u>17,247</u>	<u>224</u>	<u>382,275</u>	<u>9,358</u>	<u>391,633</u>
<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
Amortisation for the vesting period (Share-based payments)	-	-	-	-	-	-	-	-	51	51	-	51
Transfer to retained earnings upon lapse of share options	-	-	-	-	-	-	6	-	(6)	-	-	-
Dividend paid in respect of previous financial year	-	-	-	-	-	-	(18,783)	-	-	(18,783)	-	(18,783)
Balance at 30.6.2009	<u>98,656</u>	<u>(1,356)</u>	<u>2,702</u>	<u>3,606</u>	<u>1,447</u>	<u>166</u>	<u>214,566</u>	<u>15,895</u>	<u>1,849</u>	<u>337,531</u>	<u>9,206</u>	<u>346,737</u>

Attributable to owners of the Company												
US\$'000	Share capital	Treasury shares	Capital reserve	Statutory reserve	Revaluation reserve	Other reserve	Retained earnings	Foreign currency translation reserve	Share option reserve	Total	Minority interests	Total equity
<b>GROUP</b>												
<b>1HCY10</b>												
Balance at 31.12.2009	98,656	(1,356)	2,702	3,612	2,167	166	246,498	13,701	1,919	368,065	9,264	377,329
<b>Changes in equity for 1HCY10</b>												
Total comprehensive income for the financial period	-	-	-	-	-	-	42,162	3,546	-	45,708	481	46,189
Shares issued pursuant to the exercise of share options	14,943	-	-	-	-	-	-	-	-	14,943	-	14,943
Transfer to capital reserve upon exercise of share options	-	-	1,599	-	-	-	-	-	(1,599)	-	-	-
Amortisation for the vesting period (Share-based payments)	-	-	-	-	-	-	-	-	19	19	-	19
Transfer to retained earnings upon lapse of share options	-	-	-	-	-	-	115	-	(115)	-	-	-
Transfer from retained earnings to capital reserve	-	-	67	-	-	-	(67)	-	-	-	-	-
Transfer from retained earnings to statutory reserve	-	-	-	120	-	-	(120)	-	-	-	-	-
Dividend paid in respect of previous financial year	-	-	-	-	-	-	(46,460)	-	-	(46,460)	(387)	(46,847)
Balance at 30.6.2010	<u>113,599</u>	<u>(1,356)</u>	<u>4,368</u>	<u>3,732</u>	<u>2,167</u>	<u>166</u>	<u>242,128</u>	<u>17,247</u>	<u>224</u>	<u>382,275</u>	<u>9,358</u>	<u>391,633</u>
<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
Amortisation for the vesting period (Share-based payments)	-	-	-	-	-	-	-	-	97	97	-	97
Transfer to retained earnings upon lapse of share options	-	-	-	-	-	-	12	-	(12)	-	-	-
Dividend paid in respect of previous financial year	-	-	-	-	-	-	(18,783)	-	-	(18,783)	(203)	(18,986)
Balance at 30.6.2009	<u>98,656</u>	<u>(1,356)</u>	<u>2,702</u>	<u>3,606</u>	<u>1,447</u>	<u>166</u>	<u>214,566</u>	<u>15,895</u>	<u>1,849</u>	<u>337,531</u>	<u>9,206</u>	<u>346,737</u>

US\$'000	Share capital	Treasury shares	Capital reserves	Retained earnings	Share option reserve	Total equity
<b>COMPANY</b>						
<b>2QCY10</b>						
Balance at 31.3.2010	112,792	(1,356)	1,049	89,665	4	202,154
<b>Changes in equity for 2QCY10</b>						
Total comprehensive income for the financial period	-	-	-	71,406	-	71,406
Shares issued pursuant to the exercise of share options	807	-	-	-	-	807
Amortisation for the vesting period (Share-based payments)	-	-	-	-	2	2
Dividend paid in respect of previous financial year	-	-	-	(46,460)	-	(46,460)
Balance at 30.6.2010	113,599	(1,356)	1,049	114,611	6	227,909
<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
Amortisation for the vesting period (Share-based payments)	-	-	-	-	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>1HCY10</b>						
Balance at 31.12.2009	98,656	(1,356)	-	52,048	1,062	150,410
<b>Changes in equity for 1HCY10</b>						
Total comprehensive income for the financial period	-	-	-	109,011	-	109,011
Shares issued pursuant to the exercise of share options	14,943	-	-	-	-	14,943
Transfer to capital reserve upon exercise of share options	-	-	1,049	-	(1,049)	-
Amortisation for the vesting period (Share-based payments)	-	-	-	-	5	5
Transfer to retained earnings upon lapse of share options	-	-	-	12	(12)	-
Dividend paid in respect of previous financial year	-	-	-	(46,460)	-	(46,460)
Balance at 30.6.2010	113,599	(1,356)	1,049	114,611	6	227,909
<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
Amortisation for the vesting period (Share-based payments)	-	-	-	-	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

**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

The share capital of the Company increased from US\$112.8 million to US\$113.6 million in 2QCY10 due to the allotment and issue of 397,000 shares pursuant to the exercise of share options under the expired 2002 Elec & Eltek Employees' Share Options Scheme (the "2002 Scheme").

Consequently, the number of issued shares increased to 186,237,062 as at 30 June 2010 (31 December 2009: 178,887,062) from 185,840,062 issued shares excluding treasury shares as at 31 March 2010.

The treasury shares held by the Company were not used for any allowed application and as at 30 June 2010, the Company held 748,000 (30 June 2009: 748,000) treasury shares.

#### Share options

Consequent to the issuance of 397,000 ordinary shares to the eligible share option holders and following the expiry of options granted on 24 June 2005 under the 2002 Scheme in 2QCY10, option to subscribe for 766,000 ordinary shares remain outstanding as at 30 June 2010 compared to 9,226,200 ordinary shares as at 30 June 2009. 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 2010 to 30 June 2010 was set out below:

<b>Date of grant</b>	<b>Subscription price per share (US\$)</b>	<b>Outstanding balance as at 1.4.2010</b>	<b>Lapsed</b>	<b>Exercised</b>	<b>Outstanding balance as at 30.6.2010</b>	<b>Expiry date</b>
24 Jun 2005	2.033	1,310,200	(913,200)	(397,000)	-	24 May 2010
29 Sep 2005	2.375	60,000	-	-	60,000	4 Sep 2010
12 Dec 2006	2.400	706,000	-	-	706,000	12 Nov 2011
<b>TOTAL</b>		<b>2,076,200</b>	<b>(913,200)</b>	<b>(397,000)</b>	<b>766,000</b>	

There was no share option granted in 2QCY10 under 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 2QCY10 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 2009.

**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	2QCY10	2QCY09	1HCY10	1HCY09
Earnings per share				
5.1 Based on weighted average number of ordinary shares in issue	12.96	5.71	23.09	7.69
Weighted average number of ordinary shares in issue ('000)	186,027	178,887	182,592	178,887
5.2 On a fully diluted basis	12.95	5.71	23.07	7.69
Adjusted weighted average number of ordinary shares ('000)	186,101	178,887	182,791	178,887

**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	
	30.6.2010	31.12.2009	30.6.2010	31.12.2009
Net asset value (including minority interests) per ordinary share based on total number of issued shares excluding treasury shares at end of financial period *	2.10	2.11	1.22	0.84

\* Based on 186,237,062 issued shares excluding treasury shares as at 30 June 2010 (31 December 2009: 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.**

Elec & Eltek (the "Group") continues to grow from strength to strength. In the June quarter, the Group achieved a 49.6% revenue growth to US\$156.0 million as compared to the same quarter last year. This notable growth was fueled by strong demand for electronic products across all our key end market segments.

The High Density Interconnect ("HDI") printed circuits boards ("PCBs") product sector continues to gain positive growth momentum. The proportion of HDI business increased to 8.2% in 2QCY10 from 6.1% in the same period last year. The proportion of 2- to 6- layers and 8-layer and above PCBs sales accounted for 67.1% and 24.7% of the total PCBs sales in 2QCY10 as compared to 67.5% and 26.4% respectively in 2QCY09.

Along with strong sales revenue, gross profit in the current quarter increased substantially by 91.6% to US\$36.2 million from US\$18.9 million a year ago. As a result of better product mix and higher capacity utilization, the Group's gross profit margin expanded by 5.1% to 23.2% in 2QCY10 as compared to 18.1% a year ago.

With the sustained focus on costs control as well as ongoing efficiency improvement, the Group delivered record high quarterly net profit of US\$24.1 million in 2QCY10, registering a growth of 135.9% against US\$10.2 million in the same period last year. Net profit margin improved significantly to 15.5% in 2QCY10 from 9.8% in 2QCY09.

Our excellent business performance and disciplined working capital management generated strong net cash inflow. The Group's financial position remains robust with cash balance standing at US\$68.9 million as at the end of June 2010, demonstrating the Group's robust earnings capability. Elec & Eltek's solid balance sheet facilitates the Group with the necessary financial strength to invest for future earnings growth for our shareholders with reasonable dividend payout.

In the opinion of the Directors, no factor has arisen during the period from 30 June 2010 to the date of this report that would materially affect the results of the Company and/or the Group for the period.

**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.**

In the first six-month of this year, the global economy steadily moved along the path of recovery with improved business sentiment across all market segments. Recent economic data indicates that challenges are still ahead for the US and European economy in the near term. However, outlook for economic growth in emerging markets especially for Asia and China remains positive.

Looking forward, the continued proliferation of new electronics products, e.g. smart phone and other mobile devices, in all of our end markets represents expansion opportunities for Elec & Eltek. The timely establishment of our HDI centre last year allows the Group to benefit from potential business growth arising from thriving demand for these products.

To capture growing demand for PCBs, the Group is moving ahead with a plan to set up new production centre in Yi Zheng Industrial Park, Yangzhou, Jiangsu province with an initial monthly capacity of one million square feet. The plant is expected to commence production in the middle of next 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. Dividend**

### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	US 15.0 cents per ordinary share (one-tier tax exempt)

### **(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?  
No

### **(c) Date payable**

The proposed one-tier tax exempt interim dividend is payable on 25 August 2010 to members registered in the books of the Company at the close of business on 13 August 2010.

### **(d) Books closure date**

NOTICE IS HEREBY GIVEN that the Transfer books and the Register of Members will be closed from 5:00 p.m. 13 August 2010 to 14 August 2010, both dates inclusive, for the preparation of dividend warrants. Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to the close of business at 5:00 p.m. on 13 August 2010 will be registered to determine shareholders' entitlement to the one-tier tax exempt interim dividend.

All shareholders will receive their dividends in United States Dollars. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with shares as at 5:00 p.m. on 13 August 2010 will be entitled to the one-tier tax exempt interim dividend.

In respect of ordinary shares in the securities account with CDP, the one-tier tax exempt interim dividend will be paid by the Company to CDP which will distribute the dividend to the depositors of the securities accounts.

## 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)	
	1HCY10	1HCY09	1HCY10	1HCY09
<b>US\$'000</b>				
<b><u>Purchases of goods and services</u></b>				
Chung Shun Copper Foil (Macao Commercial Offshore) Limited	-	-	26,455	11,723
Chung Shun Laminates (Macao Commercial Offshore) Limited	1,883	-	38,443	22,138
Elec & Eltek Corporate Services Limited	322	233	-	-
Heng Yang Kingboard Chemical Co., Ltd.	-	-	2,433	4,506
Hong Kong Fibre Glass Company Limited	-	-	5,123	898
Huizhou Chung Shun Chemical Co., Ltd.	-	-	299	94
Jiangmen Glory Faith P.C.B. Company Limited	-	-	4	18
Joyful Source Group Limited	1,418	760	-	-
Kingboard Investments Limited	416	159	-	-
Oriental Faith Investment Ltd.	10	-	-	-
Techwise (Macao Commercial Offshore) Circuits Limited	-	-	-	24
Top Faith P.C.B. Company Limited	-	-	68	1,068
	4,049	1,152	72,825	40,469
<b><u>Provision of goods and services</u></b>				
Chung Shun Laminates (Macao Commercial Offshore) Limited	-	-	66	-
Elec & Eltek Display Technology Limited	10	9	-	-
Express Electronics Ltd.	-	-	3,323	-
Express Electronics (Suzhou) Co. Ltd.	-	-	553	-
Jiangmen Glory Faith P.C.B. Company Limited	-	-	3,681	1,555
Shenzhen Wing Fung P.C. Board Company Limited	-	-	64	11
Techwise (Macao Commercial Offshore) Circuits Limited	-	-	968	129
Top Faith P.C.B. Company Limited	-	-	4,647	489
	10	9	13,302	2,184

### BY ORDER OF THE BOARD

Chadwick Mok Cham Hung  
Vice-Chairman  
28 July 2010



**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(5) 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 2010 to be false or misleading.

On behalf of the Board of Directors

Chadwick Mok Cham Hung  
Vice-Chairman

Chan Wing Kwan  
Director

28 July 2010