



# Elec & Eltek 依利安達

## Elec & Eltek International Company Limited

(Incorporated in the Republic of Singapore)

Company Registration Number 199300005H

### UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

#### PART I - INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENTS

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

(I) The Company had on 23 August 2006 changed its financial year end from 30 June to 31 December. Accordingly, the Company has set 31 December 2006 as the end of the financial year of the Company for year 2006.

The income statement of the Group, comprising the Company and its subsidiary companies, for the three months (“**4Q CY06**”) and six months (“**2H CY06**”) ended 31 December 2006 was appended hereunder with the comparative figures for the three months and six months ended 31 December 2005 and for the 12 months ended 30 June 2006.

US\$'000	3 months 31.12.2006	3 months 31.12.2005	% Change	6 months 31.12.2006	6 months 31.12.2005	% Change	12 months 30.6.2006
Sale of goods	143,488	126,275	13.6%	285,109	245,133	16.3%	475,869
Cost of sales	(114,733)	(98,482)	16.5%	(224,968)	(191,463)	17.5%	(367,474)
<b>Gross profit</b>	<b>28,755</b>	<b>27,793</b>	<b>3.5%</b>	<b>60,141</b>	<b>53,670</b>	<b>12.1%</b>	<b>108,395</b>
<i>Gross profit margin</i>	<i>20.0%</i>	<i>22.0%</i>		<i>21.1%</i>	<i>21.9%</i>		<i>22.8%</i>
<b>Other revenue</b>							
Interest income	134	54	148.1%	183	78	134.6%	159
<b>Costs and expenses</b>							
Distribution & selling costs	(4,127)	(4,054)	1.8%	(8,770)	(8,381)	4.6%	(16,196)
Administrative costs	(5,715)	(6,068)	-5.8%	(11,600)	(10,925)	6.2%	(23,497)
Other operating expenses	(603)	(249)	142.2%	(900)	(460)	95.7%	(1,134)
<b>Profit from operating activities</b>	<b>18,444</b>	<b>17,476</b>	<b>5.5%</b>	<b>39,054</b>	<b>33,982</b>	<b>14.9%</b>	<b>67,727</b>
Interest expense	(2,127)	(1,518)	40.1%	(4,175)	(2,695)	54.9%	(5,952)
Exceptional item	-	-	n/m	-	-	n/m	(1,288)
Share of results of an associate	281	60	n/m	585	60	n/m	504
<b>Profit before taxation</b>	<b>16,598</b>	<b>16,018</b>	<b>3.6%</b>	<b>35,464</b>	<b>31,347</b>	<b>13.1%</b>	<b>60,991</b>
Taxation	(1,528)	(1,545)	-1.1%	(3,313)	(3,247)	2.0%	(6,760)
<b>Profit after taxation</b>	<b>15,070</b>	<b>14,473</b>	<b>4.1%</b>	<b>32,151</b>	<b>28,100</b>	<b>14.4%</b>	<b>54,231</b>
Attributable to:							
Equity holders of the Company	14,736	13,822	6.6%	31,315	26,788	16.9%	52,008
Minority interests	334	651	-48.7%	836	1,312	-36.3%	2,223
	<b>15,070</b>	<b>14,473</b>	<b>4.1%</b>	<b>32,151</b>	<b>28,100</b>	<b>14.4%</b>	<b>54,231</b>

n/m - percentage not meaningful

(II) Income statement of the Group for the current quarter together with the comparative figures for the three months ended 30 September 2006 (“previous quarter”).

US\$'000	3 months 31.12.2006	3 months 30.9.2006	% Change
Sale of goods	143,488	141,621	1.3%
Cost of sales	(114,733)	(110,235)	4.1%
<b>Gross profit</b>	<b>28,755</b>	<b>31,386</b>	<b>-8.4%</b>
<i>Gross profit margin</i>	<i>20.0%</i>	<i>22.2%</i>	
<b>Other revenue</b>			
Interest income	134	49	173.5%
<b>Costs and expenses</b>			
Distribution & selling costs	(4,127)	(4,643)	-11.1%
Administrative costs	(5,715)	(5,885)	-2.9%
Other operating expenses	(603)	(297)	103.0%
<b>Profit from operating activities</b>	<b>18,444</b>	<b>20,610</b>	<b>-10.5%</b>
Interest expense	(2,127)	(2,048)	3.9%
Share of results of an associate	281	304	-7.6%
<b>Profit before taxation</b>	<b>16,598</b>	<b>18,866</b>	<b>-12.0%</b>
Taxation	(1,528)	(1,785)	-14.4%
<b>Profit after taxation</b>	<b>15,070</b>	<b>17,081</b>	<b>-11.8%</b>
Attributable to:			
Equity holders of the Company	14,736	16,579	-11.1%
Minority interests	334	502	-33.5%
	<b>15,070</b>	<b>17,081</b>	<b>-11.8%</b>

n/m - percentage not meaningful

**Notes to Income Statement:**

US\$'000	3 months 31.12.2006	3 months 31.12.2005	% Change	6 months 31.12.2006	6 months 31.12.2005	% Change	12 months 30.6.2006
Depreciation and amortisation	11,073	8,934	23.9%	21,282	17,609	20.9%	36,358
Allowance for doubtful debts	85	137	-38.0%	152	200	-24.0%	431
Allowance for inventory obsolescence	443	451	-1.8%	1,142	599	90.7%	651
Loss on foreign exchange	223	86	n/m	364	205	77.6%	535
Loss on disposal of plant and equipment	402	3	n/m	412	10	n/m	120

US\$'000	3 months 31.12.2006	3 months 30.9.2006	% Change
Depreciation and amortisation	11,073	10,209	8.5%
Allowance for doubtful debts	85	67	26.9%
Allowance for inventory obsolescence	443	699	-36.6%
Loss on foreign exchange	223	141	58.2%
Loss on disposal of plant and equipment	402	10	n/m

n/m - percentage not meaningful

### 1. Gross profit margin

The Group's revenue rose by US\$40.0 million or 16.3% to US\$285.1 million in 2H CY06 as compared to the previous corresponding period. However, the gross profit margin was lowered to 21.1% from 21.9% due to price increases on critical raw materials such as copper foil, laminates and prepreg during the previous one year.

### 2. Depreciation and amortisation expense

Depreciation and amortisation expense increased 20.9% year-on-year to US\$21.3 million from US\$17.6 million due to additional investment in plant & machinery.

### 3. Allowance for inventory obsolescence

The 90.7% increase in allowance for inventory obsolescence in 2H CY06 when compared with the previous corresponding period was attributable to the excessive work-in-progress and finished goods inventory identified during the September 06 quarter.

#### **4. Other operating expenses**

Other operating expenses comprise loss on foreign exchange, loss on disposal of plant and equipment and other miscellaneous expenses. The 95.7% increase in other operating expenses to US\$0.9 million recorded in 2H CY06 was mainly contributed by higher foreign exchange loss as a result of the downward trend of US\$ against other major operating currencies. The disposition of redundant plant and equipment during the period under review also contributed partly to higher operating expenses.

#### **5. Interest expense**

Interest expense increased 54.9% year-on-year to US\$4.2 million in 2H CY06 due to higher interest rates and increased bank borrowings.

#### **6. Share of results of an associate**

There was a higher share of profits of our associate investment in United Hill Group in 2H CY06 as the Group has made equity accounting for the full 6-month results in 2H CY06 as compared to one-month equity accounting made with effect from 1 December 2005.

#### **7. Taxation**

The Group's effective tax rate fell from 10.4% in the previous corresponding period to 9.3% in 2H CY06. This was mainly due to higher tax-exempted profit from the China facilities in Kaiping.

#### **8. Minority interests**

Lower minority interests relate mainly to acquiring additional equity from the Chinese joint venture partners for their respective interest in the Kaiping and Nanjing subsidiaries.

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

US\$'000	Group			Company		
	31.12.2006	30.9.2006	30.6.2006	31.12.2006	30.9.2006	30.6.2006
<b>Non-current assets</b>						
Property, plant and equipment	356,158	346,443	331,449	14	17	19
Non-current deposit	1,557	2,038	5,535	-	-	-
Intangible assets	2	4	5	-	-	-
Subsidiary companies	-	-	-	22,186	22,186	22,186
Investment in an associate	6,110	5,800	5,504	-	-	-
Deferred tax assets	1,245	1,478	1,601	-	-	-
	<b>365,072</b>	<b>355,763</b>	<b>344,094</b>	<b>22,200</b>	<b>22,203</b>	<b>22,205</b>
<b>Current assets</b>						
Inventories	67,549	71,385	72,877	-	-	-
Trade receivables	140,504	138,252	131,461	-	-	-
Bill receivables	2,745	2,643	4,131	-	-	-
Other receivables	13,423	16,722	15,746	9	28	10
Due from subsidiary companies	-	-	-	138,521	155,328	149,668
Fixed and call deposits	4,317	737	30	27	25	30
Cash at bank and in hand	20,118	15,923	19,893	43	70	50
	<b>248,656</b>	<b>245,662</b>	<b>244,138</b>	<b>138,600</b>	<b>155,451</b>	<b>149,758</b>
<b>Total assets</b>	<b>613,728</b>	<b>601,425</b>	<b>588,232</b>	<b>160,800</b>	<b>177,654</b>	<b>171,963</b>
<b>Current liabilities</b>						
Trade payables	(101,855)	(96,537)	(107,548)	-	-	(34)
Bill payables	(1,856)	(4,500)	(7,679)	-	-	-
Accrued payables	(29,994)	(25,878)	(22,932)	(117)	(176)	(146)
Due to subsidiary companies	-	-	-	(1,947)	(10,906)	(4,913)
Due to bankers	(57,912)	(47,388)	(67,315)	-	-	-
Provision for taxation	(1,856)	(2,671)	(2,127)	(2)	(1)	(1)
	<b>(193,473)</b>	<b>(176,974)</b>	<b>(207,601)</b>	<b>(2,066)</b>	<b>(11,083)</b>	<b>(5,094)</b>
<b>Net current assets</b>	<b>55,183</b>	<b>68,688</b>	<b>36,537</b>	<b>136,534</b>	<b>144,368</b>	<b>144,664</b>
<b>Non-current liabilities</b>						
Due to bankers	(93,015)	(94,433)	(71,164)	-	-	-
Deferred tax liabilities	(1,780)	(2,038)	(2,035)	-	-	-
	<b>(94,795)</b>	<b>(96,471)</b>	<b>(73,199)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>(288,268)</b>	<b>(273,445)</b>	<b>(280,800)</b>	<b>(2,066)</b>	<b>(11,083)</b>	<b>(5,094)</b>
	<b>325,460</b>	<b>327,980</b>	<b>307,432</b>	<b>158,734</b>	<b>166,571</b>	<b>166,869</b>
<b>Equity attributable to equity holders of the Company</b>						
Share capital	97,069	97,050	97,050	97,069	97,050	97,050
Reserves	218,174	217,566	197,323	61,665	69,521	69,819
	<b>315,243</b>	<b>314,616</b>	<b>294,373</b>	<b>158,734</b>	<b>166,571</b>	<b>166,869</b>
Minority interests	10,217	13,364	13,059	-	-	-
<b>Total equity</b>	<b>325,460</b>	<b>327,980</b>	<b>307,432</b>	<b>158,734</b>	<b>166,571</b>	<b>166,869</b>

## Consolidated Balance Sheet Analysis

Total assets increased by US\$12.3 million to US\$613.7 million from the September 06 quarter mainly due to the additions of US\$13.2 million plant & machinery during the financial quarter.

The Group's total liabilities increased by US\$14.8 million or 5.4% to US\$288.3 million as of 31 December 2006 as a result of :

- (i) additional bank borrowings for the Group's capacity expansion;
- (ii) increased provision made for acquiring 25.94% equity interests in the Nanjing subsidiary; and
- (iii) settlement made for bill payables.

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

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

As at 31.12.2006		As at 30.6.2006	
Secured	Unsecured	Secured	Unsecured
Nil	US\$57,912,000	Nil	US\$67,315,000

#### Amount repayable after one year

As at 31.12.2006		As at 30.6.2006	
Secured	Unsecured	Secured	Unsecured
Nil	US\$93,015,000	Nil	US\$71,164,000

#### Details of any collateral

Not applicable.

#### Notes on net borrowings position

US\$'000	As at 31.12.2006	As at 30.9.2006	As at 30.6.2006
Due to bankers	150,927	141,821	138,479
Less: Bank balances, deposits and cash	(24,435)	(16,660)	(19,923)
Net borrowings position	126,492	125,161	118,556

**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	3 months 31.12.2006	3 months 31.12.2005	6 months 31.12.2006	6 months 31.12.2005	12 months 30.6.2006
<b>Cash flow from operating activities:</b>					
Profit before taxation	16,598	16,018	35,464	31,347	60,991
Adjustments for:					
Amortisation of intangible assets	1	1	2	4	6
Depreciation of property, plant and equipment	11,072	8,933	21,280	17,605	36,352
Interest expense	2,127	1,518	4,175	2,695	5,952
Loss on disposal of plant and equipment	402	3	412	10	120
Share-based payment expense	243	303	423	393	834
Allowance for doubtful debts	85	137	152	200	431
Allowance for inventory obsolescence	443	451	1,142	599	651
Interest income	(134)	(54)	(183)	(78)	(159)
Share of results of an associate	(281)	(60)	(585)	(60)	(504)
<b>Operating income before reinvestment in working capital</b>	<b>30,556</b>	<b>27,250</b>	<b>62,282</b>	<b>52,715</b>	<b>104,674</b>
Decrease/(increase) in inventories	3,393	2,320	4,186	3,360	(21,830)
(Increase)/decrease in trade receivables	(2,337)	(5,762)	(9,195)	(11,026)	2,948
(Increase)/decrease in bill receivables	(102)	1,744	1,386	(982)	(2,350)
Decrease/(increase) in other receivables	3,299	(606)	2,323	(1,008)	(3,531)
Increase/(decrease) in trade payables	5,318	10,075	(5,693)	12,302	11,666
(Decrease)/increase in bill payables	(2,644)	3,536	(5,823)	3,181	5,168
Increase/(decrease) in accrued payables	424	(2,851)	3,370	(5,738)	(6,574)
<b>Cash generated from operations</b>	<b>37,907</b>	<b>35,706</b>	<b>52,836</b>	<b>52,804</b>	<b>90,171</b>
Interest income received	134	54	183	78	159
Interest paid	(2,127)	(1,518)	(4,175)	(2,695)	(5,952)
Income taxes paid	(2,318)	(1,495)	(3,415)	(2,904)	(6,520)
<b>Net cash provided by operating activities</b>	<b>33,596</b>	<b>32,747</b>	<b>45,429</b>	<b>47,283</b>	<b>77,858</b>
<b>Cash flow from investing activities:</b>					
Proceeds from disposal of plant and equipment	282	-	289	6	586
Plant and equipment acquired	(13,222)	(19,425)	(34,809)	(25,841)	(62,263)
Decrease/(increase) in deposits placed for plant and equipment	481	1,577	3,978	(3,267)	(4,087)
Acquisition of equity interest in an associate	-	-	-	-	(5,000)
Acquisition of equity interest in subsidiary companies	-	-	-	(2,552)	(2,552)
<b>Net cash used in investing activities</b>	<b>(12,459)</b>	<b>(17,848)</b>	<b>(30,542)</b>	<b>(31,654)</b>	<b>(73,316)</b>
<b>Cash flow from financing activities:</b>					
Proceeds from bank borrowings	22,528	28,865	106,087	35,865	90,451
Repayment of bank borrowings	(9,945)	(21,244)	(87,915)	(43,048)	(76,045)
Proceeds from share issue pursuant to the exercise of share options	19	-	19	-	-
Share issue expense	-	(4)	-	(4)	(11)
Capital injection from minority shareholders	210	-	210	1,287	1,287
Dividends paid by the Company	(22,356)	(17,606)	(22,356)	(17,606)	(31,913)
Dividends paid by subsidiaries to minority shareholders	(491)	-	(491)	(488)	(2,010)
<b>Net cash used in financing activities</b>	<b>(10,035)</b>	<b>(9,989)</b>	<b>(4,446)</b>	<b>(23,994)</b>	<b>(18,241)</b>
Net increase/(decrease) in cash and cash equivalents	11,102	4,910	10,441	(8,365)	(13,699)
Cash and cash equivalents at beginning of financial period	12,820	8,875	13,836	21,417	21,417
Effect of foreign exchange rate changes, net	150	(879)	(205)	(146)	6,118
<b>Cash and cash equivalents at end of financial period</b>	<b>24,072</b>	<b>12,906</b>	<b>24,072</b>	<b>12,906</b>	<b>13,836</b>

Cash and cash equivalents comprise the following breakdown:

US\$'000	31.12.2006	31.12.2005	30.6.2006
Fixed and call deposits	4,317	27	30
Cash at bank and in hand	20,118	20,482	19,893
	24,435	20,509	19,923
Bank overdrafts - unsecured	(363)	(7,603)	(6,087)
	24,072	12,906	13,836

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

US\$'000	Attributable to equity holders of the Company										Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Other reserve	Revenue reserve	Foreign currency translation reserve	Share option reserve	Total	Minority share-holders	
<b>Group</b>											
<b>3 months ended 31.12.2006</b>											
Balance at 30.9.2006	97,050	-	2,597	2,110	199	225,335	(13,689)	1,014	314,616	13,364	327,980
Shares issued pursuant to the exercise of share options	19	-	-	-	-	-	-	-	19	-	19
Transfer from revenue reserve to statutory reserve	-	-	-	124	-	(124)	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-	8,018	-	8,018	459	8,477
Acquisition of minority interests ^	-	-	-	-	(33)	-	-	-	(33)	(3,659)	(3,692)
Capital injection from minority shareholders	-	-	-	-	-	-	-	-	-	210	210
Profit for the financial period	-	-	-	-	-	14,736	-	-	14,736	334	15,070
Grant of share options to employees	-	-	-	-	-	-	-	243	243	-	243
Dividend paid in respect of previous financial year	-	-	-	-	-	(22,356)	-	-	(22,356)	(491)	(22,847)
Balance at 31.12.2006	97,069	-	2,597	2,234	166	217,591	(5,671)	1,257	315,243	10,217	325,460
<b>3 months ended 31.12.2005</b>											
Balance at 30.9.2005	75,435	21,626	2,597	1,930	-	201,010	(25,535)	90	277,153	13,624	290,777
Shares issued pursuant to bonus issue	14,100	(14,100)	-	-	-	-	-	-	-	-	-
Shares issue expenses	-	(4)	-	-	-	-	-	-	(4)	-	(4)
Foreign currency translation	-	-	-	-	-	-	723	-	723	60	783
Profit for the financial period	-	-	-	-	-	13,822	-	-	13,822	651	14,473
Grant of share options to employees	-	-	-	-	-	-	-	303	303	-	303
Dividend paid in respect of previous financial year	-	-	-	-	-	(17,606)	-	-	(17,606)	-	(17,606)
Balance at 31.12.2005	89,535	7,522	2,597	1,930	-	197,226	(24,812)	393	274,391	14,335	288,726

USS'000	Attributable to equity holders of the Company										
	Share capital	Share premium	Capital reserve	Statutory reserve	Other reserve	Revenue reserve	Foreign currency translation reserve	Share option reserve	Total	Minority share-holders	Total equity
<b>Group</b>											
<b>12 months ended 30.6.2006</b>											
Balance at 30.6.2005	75,435	21,626	2,597	1,930	-	188,044	(30,603)	-	259,029	15,445	274,474
Shares issued pursuant to bonus issue	14,100	(14,100)	-	-	-	-	-	-	-	-	-
Shares issue expense	-	(11)	-	-	-	-	-	-	(11)	-	(11)
Transfer from share premium to share capital *	7,515	(7,515)	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-	13,629	-	13,629	(537)	13,092
Acquisition of minority interests	-	-	-	-	-	-	-	-	-	(2,552)	(2,552)
Negative goodwill arising from acquisition of minority interests	-	-	-	-	-	797	-	-	797	(797)	-
Capital injection from minority shareholders	-	-	-	-	-	-	-	-	-	1,287	1,287
Profit for the financial year	-	-	-	-	-	52,008	-	-	52,008	2,223	54,231
Grant of share options to employees	-	-	-	-	-	-	-	849	849	-	849
Lapse of share options to employees	-	-	-	-	-	-	-	(15)	(15)	-	(15)
Dividend paid in respect of previous financial year	-	-	-	-	-	(17,606)	-	-	(17,606)	(2,010)	(19,616)
Dividend paid in respect of current financial year	-	-	-	-	-	(14,307)	-	-	(14,307)	-	(14,307)
Balance at 30.6.2006	97,050	-	2,597	1,930	-	208,936	(16,974)	834	294,373	13,059	307,432
<b>6 months ended 31.12.2006</b>											
Shares issued pursuant to the exercise of share options	19	-	-	-	-	-	-	-	19	-	19
Transfer from revenue reserve to statutory reserve	-	-	-	304	-	(304)	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-	11,303	-	11,303	461	11,764
Acquisition of minority interests ^	-	-	-	-	166	-	-	-	166	(3,858)	(3,692)
Capital injection from minority shareholders	-	-	-	-	-	-	-	-	-	210	210
Profit for the financial period	-	-	-	-	-	31,315	-	-	31,315	836	32,151
Grant of share options to employees	-	-	-	-	-	-	-	423	423	-	423
Dividend paid in respect of previous financial year	-	-	-	-	-	(22,356)	-	-	(22,356)	(491)	(22,847)
Balance at 31.12.2006	97,069	-	2,597	2,234	166	217,591	(5,671)	1,257	315,243	10,217	325,460
<b>6 months ended 31.12.2005</b>											
Balance at 30.6.2005	75,435	21,626	2,597	1,930	-	188,044	(30,603)	-	259,029	15,445	274,474
Shares issued pursuant to bonus issue	14,100	(14,100)	-	-	-	-	-	-	-	-	-
Shares issue expenses	-	(4)	-	-	-	-	-	-	(4)	-	(4)
Foreign currency translation	-	-	-	-	-	-	5,791	-	5,791	(669)	5,122
Acquisition of minority interests	-	-	-	-	-	-	-	-	-	(2,552)	(2,552)
Capital injection from minority shareholders	-	-	-	-	-	-	-	-	-	1,287	1,287
Profit for the financial period	-	-	-	-	-	26,788	-	-	26,788	1,312	28,100
Grant of share options to employees	-	-	-	-	-	-	-	393	393	-	393
Dividend paid in respect of previous financial year	-	-	-	-	-	(17,606)	-	-	(17,606)	(488)	(18,094)
Balance at 31.12.2005	89,535	7,522	2,597	1,930	-	197,226	(24,812)	393	274,391	14,335	288,726

\* With effect from 30 January 2006, the concepts of "par value" and "authorised capital" were abolished under the Companies (Amendment) Act 2005 and the amount standing to the credit of the Company's share premium accounts as at 30 January 2006 became part of the Company's share capital as at that date.

^ The amount credited to other reserve represents the difference between the fair value and the carrying amount of the net assets attributable to the additional interest in subsidiaries being acquired from minority shareholders, which will be recognised in the profit & loss statement upon the earlier of the disposal of the subsidiaries or the disposal by the subsidiaries of the assets which it relates.

US\$'000	Share capital	Share premium	Revenue reserve	Share option reserve	Total share- holders' equity
<b>Company</b>					
<b>3 months ended 31.12.2006</b>					
Balance at 30.9.2006	97,050	-	69,022	499	166,571
Shares issued pursuant to the exercise of share options	19	-	-	-	19
Profit for the financial period	-	-	14,387	-	14,387
Grant of share options to employees	-	-	-	113	113
Dividend paid in respect of previous financial year	-	-	(22,356)	-	(22,356)
Balance at 31.12.2006	97,069	-	61,053	612	158,734
<b>3 months ended 31.12.2005</b>					
Balance at 30.9.2005	75,435	21,626	63,246	38	160,345
Shares issued pursuant to bonus issue	14,100	(14,100)	-	-	-
Share issue expenses	-	(4)	-	-	(4)
Profit for the financial period	-	-	19,767	-	19,767
Grant of share options to employees	-	-	-	131	131
Dividend paid in respect of previous financial year	-	-	(17,606)	-	(17,606)
Balance at 31.12.2005	89,535	7,522	65,407	169	162,633
<b>12 months ended 30.6.2006</b>					
Balance as 30.6.2005	75,435	21,626	63,350	-	160,411
Share issue expense	-	(11)	-	-	(11)
Transfer from share premium to share capital	7,515	(7,515)	-	-	-
Shares issued pursuant to bonus issue	14,100	(14,100)	-	-	-
Profit for the financial year	-	-	37,980	-	37,980
Grant of share options to employees	-	-	-	402	402
Dividend paid in respect of previous financial year	-	-	(17,606)	-	(17,606)
Dividend paid in respect of current financial year	-	-	(14,307)	-	(14,307)
Balance at 30.6.2006	97,050	-	69,417	402	166,869
<b>6 months ended 31.12.2006</b>					
Shares issued pursuant to the exercise of share options	19	-	-	-	19
Profit for the financial period	-	-	13,992	-	13,992
Grant of share options to employees	-	-	-	210	210
Dividend paid in respect of previous financial year	-	-	(22,356)	-	(22,356)
Balance at 31.12.2006	97,069	-	61,053	612	158,734
<b>6 months ended 31.12.2005</b>					
Balance as 30.6.2005	75,435	21,626	63,350	-	160,411
Shares issued pursuant to bonus issue	14,100	(14,100)	-	-	-
Share issue expenses	-	(4)	-	-	(4)
Profit for the financial period	-	-	19,663	-	19,663
Grant of share options to employees	-	-	-	169	169
Dividend paid in respect of previous financial year	-	-	(17,606)	-	(17,606)
Balance at 31.12.2005	89,535	7,522	65,407	169	162,633

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as 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.**

**Share capital**

Since the end of the last financial year, the share capital of the Company increased from US\$97.05 million to US\$97.07 million as 9,600 shares were allotted and issued pursuant to the exercise of share options under The 2002 Elec & Eltek Employees' Share Options Scheme (the "2002 Scheme").

As at 31 December 2006, the Company had a share capital of US\$97.07 million comprising 178,854,462 ordinary shares.

**Share options**

During financial period from 1 July 2006 to 31 December 2006, a total of 1,020,000 share options were accepted by full-time employees of the Company on 12 December 2006 at a discounted subscription price of US\$2.40 per scheme share under the 2002 Scheme. The share options granted are exercisable on staggered exercisable periods from 13 November 2008 to 12 November 2011.

As at 31 December 2006, there were outstanding share options for 11,906,400 (31 December 2005: 11,664,000) unissued ordinary shares under the 2002 Scheme.

The movement of outstanding share options of the Company for the financial period from 1 July 2006 to 31 December 2006 was set out below:

<b>Date of grant</b>	<b>Subscription price per share (US\$)</b>	<b>Outstanding balance as at 1.7.2006</b>	<b>Granted</b>	<b>Lapsed</b>	<b>Exercised</b>	<b>Outstanding balance as at 31.12.2006</b>	<b>Expiry date</b>
24 Jun 2005	2.033	11,190,000	-	(474,000)	(9,600)	10,706,400	24 May 2010
29 Sep 2005	2.375	180,000	-	-	-	180,000	4 Sep 2010
12 Dec 2006	2.400	-	1,020,000	-	-	1,020,000	12 Nov 2011
<b>TOTAL</b>		<b>11,370,000</b>	<b>1,020,000</b>	<b>(474,000)</b>	<b>(9,600)</b>	<b>11,906,400</b>	

Saved as disclosed above, there were no other share options granted to employees under the 2002 Scheme in the financial period from 1 July 2006 to 31 December 2006.

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

The figures for the financial period from 1 July 2006 to 31 December 2006 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 30 June 2006.

The Group and the Company have taken into consideration the new or revised Singapore Financial Reporting Standards (FRS) that are applicable beginning on or after 1 January 2006 and have determined that the adoption of the new / revised FRS does not have a material financial impact on the Group and the Company.

**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.**

	3 months 31.12.2006	3 months 31.12.2005	6 months 31.12.2006	6 months 31.12.2005	12 months 30.6.2006
<b>United States cents</b>					
Earnings per share					
5.1 Based on weighted average number of ordinary shares in issue	8.24	7.73	17.51	14.98	29.08
Weighted average number of ordinary shares in issue ('000)	178,846	178,845	178,845	178,845	178,845
5.2 On a fully diluted basis	8.12	7.67	17.27	14.88	28.81
Adjusted weighted average number of ordinary shares ('000)	181,547	180,234	181,277	179,996	180,527

**6. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year.**

US\$	Group		Company	
	31.12.2006	30.6.2006	31.12.2006	30.6.2006
Net asset value per ordinary share based on issued share capital at end of financial period	1.76	1.65	0.89	0.93

Net asset value per ordinary share was computed based on issued share capital of 178,844,862 and 178,854,462 ordinary shares as at 30 June 2006 and 31 December 2006 respectively.

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

Although revenue in the 4Q CY06 eased after the strong growth recorded in the September 06 quarter, sales revenue for 2H CY06 increased by US\$40.0 million or 16.3% to US\$285.1 million from the previous corresponding period. Order intakes for the period under review remained healthy.

The proportion of 6-layer and above printed circuit boards ("PCBs") accounted for 40.6% of the Group's revenue in 2H CY06 as compared to 43.8% a year ago while the proportion of 2- and 4-layer PCBs increased to 59.4% of the Group's revenue from 56.2% in the previous corresponding period. Despite the shift of product mix to lower layer count, average selling prices for 2H CY06 increased by 5.4% over the previous corresponding period as the Group was able to pass on part of the increased material costs to the customers.

Sales to the consumer electronics and computer and peripherals sectors increased 24.6% and 28.0% to US\$38.0 million and US\$130.7 million respectively in 2H CY06 over the previous corresponding period as there were greater demand for computers and notebooks, consumer products on flat panel display such as LCD and Plasma televisions etc., while sales to the communication and network sector declined to US\$55.4 million in 2H CY06.

During the quarter under review, demands from key customers across most of the market segments remain encouraging and all major manufacturing sites were operating near capacities except the new manufacturing facilities in Kaiping South. The new Kaiping plant has been experiencing a longer than expected learning curve and low manufacturing yield on complex product categories, thereby impacting the Group's gross margin and profitability for 4Q CY06. Consequently, the Group's attributable profit to shareholders for the December 06 quarter was lagged behind the September 06 quarter by US\$1.8 million or 11.1%.

The Group's consolidated pre-tax operating profits for the 2H CY06 increased by US\$4.1 million or 13.1% to US\$35.5 million from US\$31.3 million a year ago. With lower taxes and minority interests, attributable profits to shareholders reached US\$31.3 million for 2H CY06, representing 16.9% growth over the previous corresponding period.

The senior management of the Group is now taking rigorous measures so as to improve our manufacturing yield as product complexities increases on the Kaiping new plant, these include strengthening management and workforce, process and product capabilities.

In the opinion of the Directors, no item, transaction or event of material or unusual nature has occurred during the period from 1 January 2007 to the date of this report that would materially affect the results of the Company and/or the Group in the financial period in which this announcement is made.

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

The Group's performance for the three months ended 31 December 2006 was in line with the SGXNET prospect statement released on 8 November 2006.

**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.**

As we progress into the new financial year, industry analysts hold wide ranging views on the global economies. The management experienced soften market demand from the computer and peripherals segment over the last two months due to post-festival inventory correction while the demands from other business segments remain healthy. The management is certainly mindful of the more competitive business environment in the global PCB industry in the new financial year.

With anticipated inventories clearance in the March 07 quarter and along with the launch of the new Window Vista, we expect demand from the computer and peripherals segment to pickup from the second quarter of financial year 2007.

Construction of the new Kunshan plant for standard PCB products is underway. However, to ensure the Group is well positioned to exploit higher profit margin business opportunities, the senior management has committed to an interim expansion plan for High Density Integrated (“HDI”) facilities in Kaiping. We will proactively seek for product mix in favour of HDI and higher layer count PCB businesses.

Barring unforeseen circumstances, the Directors believe the Group would show satisfactory results for the March 07 quarter. Nevertheless, the Directors expect the March 07 quarter results would be lower than the previous corresponding quarter due to the slower demands from the computers & peripherals segment.

*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	Final	Special
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	US 5.0 cents per ordinary share (one-tier tax exempt)	US 6.0 cents per ordinary share (one-tier tax exempt)

### **Dividend Proposal**

In line with the Group's aim to maintain a consistent dividend policy, the Board of Directors is recommending a one-tier tax exempt final dividend of 11.0 US cents, comprising a one-tier tax exempt final dividend of 5.0 US cents and a one-tier tax exempt special dividend of 6.0 US cents (collectively "one-tier tax exempt final dividend"), representing 63.0% of the net earnings for the financial period from 1 July 2006 to 31 December 2006. As the Company has changed its financial year end from 30 June to 31 December, this one-tier tax exempt final dividend shall be subject to shareholders' approval at the forthcoming annual general meeting of the Company.

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

Any dividend declared for the corresponding period of the immediately preceding financial year?  
Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	US 8.0 cents per ordinary share (one-tier tax exempt)

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

The proposed one-tier tax exempt final dividend is payable on 4 May 2007 to members registered in the books of the Company at the close of business on 19 April 2007.

### **(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. 19 April 2007 to 20 April 2007, both dates inclusive, for the preparation of dividend warrants. Duly completed transfers received by the Company's Registrar, Lim Associates (Pte) Ltd, of 3 Church Street #08-01 Samsung Hub, Singapore 049483, up to the close of business at 5:00 p.m. on 19 April 2007 will be registered to determine shareholders' entitlement to the one-tier tax exempt final 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 19 April 2007 will be entitled to the one-tier tax exempt final dividend.

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

## PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

### 11. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group operates principally in one business segment, the manufacture and distribution of printed circuit boards. All the Group's productive assets are employed in Asia with plants located in Hong Kong, Thailand and mainland China. The analysis of the Group's revenue, results, assets and liabilities are set out in the consolidated income statement and consolidated balance sheet.

The sale of goods of the Group by geographical area segments, which is based upon the shipment locations, is provided below:

US\$'000	6 months 31.12.2006	6 months 31.12.2005	12 months 30.6.2006
<i>Asia</i>			
The People's Republic of China (including Hong Kong)	133,228	115,992	229,113
South East Asia	60,254	58,943	106,811
Others	12,670	3,614	11,872
	206,152	178,549	347,796
Europe	52,621	45,392	88,763
North & Central America	24,112	19,693	34,747
Rest of the world	2,224	1,499	4,563
	285,109	245,133	475,869

The increase in sales of goods to Asia – Others in 2H CY06 as compared to the previous corresponding period was largely attributable to the higher shipments to Japan and Korea.

### 12. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

### 13. A breakdown of sales.

US\$'000	6 months 31.12.2006	Group 12 months 30.06.2006	% Change
(a) Sales reported for first half year	285,109	245,133	16.3%
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	32,151	28,100	14.4%
(c) Sales reported for second half year	n.a.	230,736	n/m
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	n.a.	26,131	n/m

**14. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (US\$'000)	Previous Full Year (US\$'000)
Ordinary	19,727	36,663
Preference	0	0
Total:	19,727	36,663

The amount of US\$36.663 million pertained to dividend declared and paid for the financial year ended 30 June 2006 whereas the amount of US\$19.727 million only relates to the proposed one-tier tax exempt final dividend of US 11.0 cents for the financial period from 1 July 2006 to 31 December 2006 recommended for shareholders' approval at the forthcoming annual general meeting of the Company.

**15. 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)	
	6 months 31.12.2006	6 months 31.12.2005	6 months 31.12.2006	6 months 31.12.2005
<b>US\$'000</b>				
<b><u>Acquisition of associated company</u></b>				
Jamplan (BVI) Limited	-	5,000	-	-
	-	5,000	-	-
<b><u>Purchases of goods and services</u></b>				
Hong Kong Copper Foil Limited	-	-	-	4,529
Hong Kong Fibre Glass Company Limited	-	-	2,311	6,830
Heng Yang Kingboard Chemical Co., Ltd	-	-	915	-
Kingboard Laminates Limited	-	-	-	11,087
Kingboard Copper Foil (Macao Commercial Offshore) Limited	-	-	24,877	8,579
Kingboard Laminates (Macao Commercial Offshore) Limited	-	-	19,262	4,839
Techwise (Macao Commercial Offshore) Circuits Limited	-	-	-	333
Top Faith PCB Co. Ltd	-	-	-	704
Jiangmen Glory Faith PCB Co. Ltd.	-	-	-	111
Elec & Eltek Corporate Services Limited	-	-	141	138
	-	-	47,506	37,150
<b><u>Provision of goods and services</u></b>				
Jiangmen Glory Faith PCB Co. Ltd.	-	-	1,122	52
Techwise (Macao Commercial Offshore) Circuits Limited	-	-	1,754	1,342
Techwise Circuits Co. Ltd.	-	-	12	268
Top Faith PCB Co. Ltd	-	-	-	2
Elec & Eltek Display Technology Limited	-	-	22	23
E & E Magnetic Products Limited	-	-	8	8
	-	-	2,918	1,695

## **16. Subsequent Events**

- (i) Subsequent to the financial period ended 31 December 2006, 477,600 shares have been allotted and issued pursuant to the exercise of share options under the 2002 Scheme, thereby increasing the share capital of the Company by US\$0.97 million to US\$98.04 million as at the date of this announcement.
- (ii) Elec & Eltek Kaiping (Singapore) No. 2 Pte. Ltd. (“EEKS#2”) has entered into an agreement with Elec & Eltek Kaiping (Singapore) Pte. Ltd. (“EEKS”), to sell its Sale Shares which represents 95% of the total registered capital in Kaiping Elec & Eltek No.2 Company Limited (“KPEE#2”) at a purchase consideration of US\$16,863,617.92, arrived at on a “willing-buyer and willing-seller” basis representing the cost of investment in KPEE#2 recorded in the accounts of EEKS#2 as at 31 December 2006.

Both EEKS#2 and EEKS are fellow subsidiary companies and are wholly-owned subsidiary companies of the Company.

Pursuant to the terms of the agreement and following the required registration with respect to the change of registered shareholder of KPEE#2 in accordance with the laws of the PRC, EEKS shall become the registered shareholder of Kai Ping Elec & Eltek Company Limited and KPEE#2.

### **BY ORDER OF THE BOARD**

Cheung Kwok Wing  
Chairman  
27 February 2007