



Etec & Eltek 依利安達

Etec & Eltek International Company Limited

(Incorporated in the Republic of Singapore)

Company Registration Number 199300005H

UNAUDITED FINANCIAL STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

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.

The Company had on 23 August 2006 changed its financial year end from 30 June to 31 December. With the release of the consolidated financial statements covering the 6-month transitional period from 1 July 2006 to 31 December 2006, the Company will be reporting its consolidated financial statements on a calendar year ("CY") basis with effect from CY2007.

Income statement of the Group, comprising the Company and its subsidiary companies, for the first quarter ended 31 March 2007 ("1QCY07") together with the comparative figures for the first quarter ended 31 March 2006 ("1QCY06") and the fourth quarter ended 31 December 2006 ("4QCY06").

US\$'000	3 months 31.3.2007	3 months 31.3.2006	% Change	3 months 31.12.2006	% Change
Sale of goods	123,209	115,385	6.8%	143,488	-14.1%
Cost of sales	(104,512)	(88,195)	18.5%	(114,733)	-8.9%
Gross profit	18,697	27,190	-31.2%	28,755	-35.0%
<i>Gross profit margin</i>	15.2%	23.6%		20.0%	
Interest income	50	49	2.0%	134	-62.7%
Distribution & selling costs	(4,336)	(3,712)	16.8%	(4,127)	5.1%
Administrative costs	(5,387)	(6,116)	-11.9%	(5,715)	-5.7%
Other operating expenses	(459)	(287)	59.9%	(603)	-23.9%
Finance costs	(1,853)	(1,486)	24.7%	(2,127)	-12.9%
Redundancy payment made to streamline the Group's manufacturing plants	-	(52)	n/m	-	n/m
Impairment of property, plant and equipment made to integrate manufacturing plants in Nanjing	-	(1,236)	n/m	-	n/m
Share of profits of an associate	236	183	29.0%	281	-16.0%
Profit before taxation	6,948	14,533	-52.2%	16,598	-58.1%
Income tax expense	(335)	(1,936)	-82.7%	(1,528)	-78.1%
Profit for the financial period	6,613	12,597	-47.5%	15,070	-56.1%
Attributable to:					
Equity holders of the Company	6,613	12,256	-46.0%	14,736	-55.1%
Minority interests	-	341	n/m	334	n/m
	6,613	12,597	-47.5%	15,070	-56.1%

n/m - percentage not meaningful

Notes to Income Statement:

US\$'000	3 months 31.3.2007	3 months 31.3.2006	% Change	3 months 31.12.2006	% Change
Depreciation and amortisation	11,105	9,146	21.4%	11,073	0.3%
Allowance for doubtful debts	236	141	67.4%	85	177.6%
Allowance/(write-back of provision) for inventory obsolescence	461	(44)	n/m	443	4.1%
Loss on foreign exchange	311	164	89.6%	223	39.5%
Loss on disposal of plant and equipment	97	2	n/m	402	-75.9%

n/m - percentage not meaningful

1. Gross profit

The Group's revenue rose 6.8% to US\$123.2 million in 1QCY07 as compared to the previous corresponding period. However, the year-on-year gross profit margin declined from 23.6% to 15.2% and was impacting by the following factors:

- (i) softened demand from the computer and peripherals segment, a major contributor to the Group's revenue;
- (ii) high volatility in raw materials prices, particularly copper ;
- (iii) flat average selling prices.

2. Depreciation and amortisation expense

Depreciation and amortisation expense increased 21.4% year-on-year to US\$11.1 million from US\$9.1 million for ongoing expansion and upgrading of production facilities.

3. Allowance for doubtful debts

The allowance for doubtful debts increased by 67.4% in 1QCY07 as compared a year ago as new provision was made for disputable receivables being identified from time to time.

4. Allowance for inventory obsolescence

The allowance for inventory obsolescence in 1QCY07 relates to provision made for slow-moving inventory, while the write back of provision in 1QCY06 related to disposition of slow-moving inventory during 1QCY06.

5. Other operating expenses

The 59.9% increase in other operating expenses to US\$0.5 million in 1QCY07 from US\$0.3 million in 1QCY06 as a result of depreciation of US\$ against other major operating currencies.

6. Finance costs

Finance costs increased 24.7% year-on-year to US\$1.9 million in 1QCY07 as a result of rise in interest rates on the back of higher borrowings drawn down to fund our capital expenditures during the year.

7. Income tax expense

The Group's overall effective tax rate fell from 13.3% in the previous corresponding period to 4.8% in 1QCY07. This was mainly due to certain income tax privileges on profits re-investments of our Kaiping and Guangzhou subsidiaries were approved and received during the current financial quarter.

8. Minority interests

The negligible sharing of profits by minority shareholders in 1QCY07 was attributable by: (a) complete registration of our Nanjing subsidiary from a joint venture corporation to that of wholly-owned subsidiary; (b) lower profits contribution by other joint venture corporations within the Group.

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

US\$'000	Group		Company	
	31.3.2007	31.12.2006	31.3.2007	31.12.2006
ASSETS				
Current assets				
Cash and bank balances	21,876	24,435	54	70
Trade receivables	133,451	140,504	-	-
Bills receivables	4,593	2,745	-	-
Other receivables	14,510	13,423	19	9
Amount due from subsidiary companies	-	-	139,514	138,521
Inventories	60,516	67,549	-	-
	<u>234,946</u>	<u>248,656</u>	<u>139,587</u>	<u>138,600</u>
Non-current assets				
Property, plant and equipment	357,480	356,158	12	14
Deposits for acquisition of plant and equipment	886	1,557	-	-
Intangible assets	1	2	-	-
Subsidiary companies	-	-	22,186	22,186
Interest in an associate	6,328	6,110	-	-
Deferred tax assets	1,293	1,245	-	-
	<u>365,988</u>	<u>365,072</u>	<u>22,198</u>	<u>22,200</u>
Total assets	600,934	613,728	161,785	160,800
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts and loans	71,129	57,912	-	-
Trade payables	89,906	101,855	-	-
Bills payables	2,512	1,856	-	-
Other payables	22,514	29,994	217	117
Amounts due to subsidiary companies	-	-	1,944	1,947
Provision for taxation	1,804	1,856	2	2
	<u>187,865</u>	<u>193,473</u>	<u>2,163</u>	<u>2,066</u>
Non-current liabilities				
Bank loans	74,821	93,015	-	-
Deferred tax liabilities	1,838	1,780	-	-
	<u>76,659</u>	<u>94,795</u>	<u>-</u>	<u>-</u>
Capital and reserves				
Share capital	98,372	97,069	98,372	97,069
Reserves	229,140	218,174	61,250	61,665
Equity attributable to equity holders of the Company	<u>327,512</u>	<u>315,243</u>	<u>159,622</u>	<u>158,734</u>
Minority interests	8,898	10,217	-	-
	<u>336,410</u>	<u>325,460</u>	<u>159,622</u>	<u>158,734</u>
Total liabilities and equity	600,934	613,728	161,785	160,800

Consolidated Balance Sheet Analysis

The Group has invested approximate US\$10.5 million in plant & equipment mainly for our plants in China during 1QCY07. After accounting for depreciation charges of US\$11.1 million incurred for the financial quarter under review, the Group's fixed assets as at 31 March 2007 were level with that of last quarter.

Trade receivables decreased to US\$133.5 million as at 31 March 2007 from US\$140.5 million as at 31 December 2006 due to lower sales revenue for the quarter and improved collection efforts.

Trade and other payables declined from US\$131.8 million as at 31 December 2006 to US\$112.4 million as at 31 March 2007. This was attributable to the payment of capital expenditure incurred in 2006 that came due in the financial quarter under review and repayment of other overdue payables.

The reduction in the minority interests was mainly due to the payment of dividend by subsidiaries to minority shareholders

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

Amount repayable in one year or less, or on demand

As at 31.3.2007		As at 31.12.2006	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Nil	71,129	Nil	57,912

Amount repayable after one year

As at 31.3.2007		As at 31.12.2006	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Nil	74,821	Nil	93,015

Details of any collateral

Not applicable.

Notes on net borrowings position

US\$'000	As at 31.3.2007	As at 31.12.2006
Due to bankers	145,950	150,927
Less: Bank balances, deposits and cash	(21,876)	(24,435)
Net borrowings position	<u>124,074</u>	<u>126,492</u>

The reduction in the Group's net borrowings has lowered the gearing to 36.9% from 38.9% sequentially.

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 31.3.2007	3 months 31.12.2006	3 months 31.3.2006
Cash flow from operating activities:			
Profit before taxation	6,948	16,598	14,533
Adjustments for:			
Amortisation of intangible assets	1	1	1
Depreciation of property, plant and equipment	11,104	11,072	9,145
Interest expense	1,853	2,127	1,486
Loss on disposal of plant and equipment	97	402	2
Share-based payment expense	150	243	67
Allowance for doubtful debts	236	85	141
Allowance/(write-back of provision) for inventory obsolescence	461	443	(44)
Interest income	(50)	(134)	(49)
Share of profits of an associate	(236)	(281)	(183)
Operating income before reinvestment in working capital	20,564	30,556	25,099
Decrease/(increase) in inventories	6,572	3,393	(5,616)
Decrease in trade and other receivables	3,882	860	11,971
(Decrease)/increase in trade and other payables	(15,081)	3,098	(4,849)
Cash generated from operations	15,937	37,907	26,605
Interest income received	50	134	49
Interest paid	(1,853)	(2,127)	(1,486)
Income taxes paid	(362)	(2,318)	(1,354)
Net cash provided by operating activities	13,772	33,596	23,814
Cash flow from investing activities:			
Proceeds from disposal of plant and equipment	6	282	-
Plant and equipment acquired	(10,495)	(13,222)	(12,384)
Decrease/(increase) in deposits placed for plant and equipment	671	481	(1,484)
Acquisition of equity interest in an associate	-	-	(5,000)
Acquisition of equity interest in subsidiary companies	(3,692)	-	-
Net cash used in investing activities	(13,510)	(12,459)	(18,868)
Cash flow from financing activities:			
Proceeds from bank borrowings	95,997	22,528	13,033
Repayment of bank borrowings	(101,162)	(9,945)	(6,999)
Proceeds from share issue pursuant to the exercise of share options	1,303	19	-
Capital injection from minority shareholders	-	210	-
Dividends paid by the Company	-	(22,356)	(14,307)
Dividends paid by subsidiaries to minority shareholders	(1,306)	(491)	(1,172)
Net cash used in financing activities	(5,168)	(10,035)	(9,445)
Net (decrease)/increase in cash and cash equivalents	(4,906)	11,102	(4,499)
Cash and cash equivalents at beginning of financial period	24,072	12,820	12,906
Effect of foreign exchange rate changes, net	2,159	150	6,094
Cash and cash equivalents at end of financial period	21,325	24,072	14,501

Cash and cash equivalents comprise the following breakdown:

US\$'000	3 months 31.3.2007	3 months 31.12.2006	3 months 31.3.2006
Cash and bank balances	21,876	24,435	18,208
Bank overdrafts - unsecured	(551)	(363)	(3,707)
	21,325	24,072	14,501

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 interests	
Group											
3 months ended 31.3.2006											
Balance at 31.12.2005	89,535	7,522	2,597	1,930	-	197,226	(24,812)	393	274,391	14,335	288,726
Profit for the financial period	-	-	-	-	-	12,256	-	-	12,256	341	12,597
Foreign currency translation	-	-	-	-	-	-	5,707	-	5,707	560	6,267
Total recognised income for the financial period	-	-	-	-	-	12,256	5,707	-	17,963	901	18,864
Transfer from share premium to share capital (Note (a))	7,522	(7,522)	-	-	-	-	-	-	-	-	-
Grant of share options to employees	-	-	-	-	-	-	-	67	67	-	67
Dividend paid in respect of - previous financial year	-	-	-	-	-	-	-	-	-	(1,172)	(1,172)
- current financial year	-	-	-	-	-	(14,307)	-	-	(14,307)	-	(14,307)
	<u>7,522</u>	<u>(7,522)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,307)</u>	<u>-</u>	<u>67</u>	<u>(14,240)</u>	<u>(1,172)</u>	<u>(15,412)</u>
Balance at 31.3.2006	<u>97,057</u>	<u>-</u>	<u>2,597</u>	<u>1,930</u>	<u>-</u>	<u>195,175</u>	<u>(19,105)</u>	<u>460</u>	<u>278,114</u>	<u>14,064</u>	<u>292,178</u>
3 months ended 31.12.2006											
Balance at 30.9.2006	97,050	-	2,597	2,110	199	225,335	(13,689)	1,014	314,616	13,364	327,980
Profit for the financial period	-	-	-	-	-	14,736	-	-	14,736	334	15,070
Foreign currency translation	-	-	-	-	-	-	8,018	-	8,018	459	8,477
Total recognised income for the financial period	-	-	-	-	-	14,736	8,018	-	22,754	793	23,547
Shares issued pursuant to the exercise of share options	19	-	-	-	-	-	-	-	19	-	19
Transfer from revenue reserve to statutory reserve	-	-	-	124	-	(124)	-	-	-	-	-
Grant of share options to employees	-	-	-	-	-	-	-	243	243	-	243
Capital injection from minority shareholders	-	-	-	-	-	-	-	-	-	210	210
Acquisition of additional interest in subsidiaries (Note (b))	-	-	-	-	(33)	-	-	-	(33)	(3,659)	(3,692)
Dividend paid in respect of previous financial year	-	-	-	-	-	(22,356)	-	-	(22,356)	(491)	(22,847)
	<u>19</u>	<u>-</u>	<u>-</u>	<u>124</u>	<u>(33)</u>	<u>(22,480)</u>	<u>-</u>	<u>243</u>	<u>(22,127)</u>	<u>(3,940)</u>	<u>(26,067)</u>
Balance at 31.12.2006	<u>97,069</u>	<u>-</u>	<u>2,597</u>	<u>2,234</u>	<u>166</u>	<u>217,591</u>	<u>(5,671)</u>	<u>1,257</u>	<u>315,243</u>	<u>10,217</u>	<u>325,460</u>
3 months ended 31.3.2007											
Balance at 31.12.2006	97,069	-	2,597	2,234	166	217,591	(5,671)	1,257	315,243	10,217	325,460
Profit for the financial period	-	-	-	-	-	6,613	-	-	6,613	-	6,613
Foreign currency translation	-	-	-	-	-	-	4,203	-	4,203	(13)	4,190
Total recognised income for the financial period	-	-	-	-	-	6,613	4,203	-	10,816	(13)	10,803
Shares issued pursuant to the exercise of share options	1,303	-	-	-	-	-	-	-	1,303	-	1,303
Transfer to revenue reserve upon exercise of share options	-	-	-	-	-	84	-	(84)	-	-	-
Grant of share options to employees	-	-	-	-	-	-	-	150	150	-	150
Dividend paid in respect of previous financial year	-	-	-	-	-	-	-	-	-	(1,306)	(1,306)
	<u>1,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84</u>	<u>-</u>	<u>66</u>	<u>1,453</u>	<u>(1,306)</u>	<u>147</u>
Balance at 31.3.2007	<u>98,372</u>	<u>-</u>	<u>2,597</u>	<u>2,234</u>	<u>166</u>	<u>224,288</u>	<u>(1,468)</u>	<u>1,323</u>	<u>327,512</u>	<u>8,898</u>	<u>336,410</u>

US\$'000	Share capital	Share premium	Revenue reserve	Share option reserve	Total equity
Company					
3 months ended 31.3.2006					
Balance at 31.12.2005	89,535	7,522	65,407	169	162,633
Transfer from share premium to share capital (Note (a))	7,522	(7,522)	-	-	-
Profit for the financial period	-	-	5,295	-	5,295
Grant of share options to employees	-	-	-	32	32
Dividend paid in respect of current financial year	-	-	(14,307)	-	(14,307)
Balance at 31.3.2006	<u>97,057</u>	<u>-</u>	<u>56,395</u>	<u>201</u>	<u>153,653</u>
3 months ended 31.12.2006					
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	<u>97,069</u>	<u>-</u>	<u>61,053</u>	<u>612</u>	<u>158,734</u>
3 months ended 31.3.2007					
Balance at 31.12.2006	97,069	-	61,053	612	158,734
Shares issued pursuant to the exercise of share options	1,303	-	-	-	1,303
Profit for the financial period	-	-	(474)	-	(474)
Grant of share options to employees	-	-	-	59	59
Balance at 31.3.2007	<u>98,372</u>	<u>-</u>	<u>60,579</u>	<u>671</u>	<u>159,622</u>

Note (a) - 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.

Note (b) - 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.

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\$97.07 million to US\$98.37 million as 640,800 shares were allotted and issued pursuant to the exercise of share options under The 2002 Elec & Eltek Employees' Share Option Scheme (the "2002 Scheme").

As at 31 March 2007, the Company had a share capital of US\$98.37 million comprising 179,495,262 ordinary shares.

Share options

As at 31 March 2007, options to subscribe for 11,245,600 ordinary shares under the 2002 Scheme remain outstanding against 11,430,000 ordinary shares as at 31 March 2006.

The movement of outstanding share options of the Company for the financial period from 1 January 2007 to 31 March 2007 was set out below:

Date of grant	Subscription price per share (US\$)	Outstanding balance as at 1.1.2007	Lapsed	Exercised	Outstanding balance as at 31.3.2007	Expiry date
24 Jun 2005	2.033	10,706,400	-	(640,800)	10,065,600	24 May 2010
29 Sep 2005	2.375	180,000	-	-	180,000	4 Sep 2010
12 Dec 2006	2.400	1,020,000	(20,000)	-	1,000,000	12 Nov 2011
TOTAL		11,906,400	(20,000)	(640,800)	11,245,600	

There were no share options granted to employees under the 2002 Scheme in the current financial quarter.

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

The figures for 1QCY07 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 period ended 31 December 2006.

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 31.3.2007	3 months 31.3.2006	3 months 31.12.2006
United States cents			
Earnings per share			
5.1 Based on weighted average number of ordinary shares in issue	3.69	6.85	8.24
Weighted average number of ordinary shares in issue ('000)	179,274	178,845	178,846
5.2 On a fully diluted basis	3.64	6.75	8.12
Adjusted weighted average number of ordinary shares ('000)	181,915	181,615	181,547

**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	
	31.3.2007	31.12.2006	31.3.2007	31.12.2006
Net asset value per ordinary share based on issued share capital at end of financial period	1.82	1.76	0.89	0.89

Net asset value per ordinary share was computed based on issued share capital of 178,854,462 and 179,495,262 ordinary shares as at 31 December 2006 and 31 March 2007, respectively.

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

The Group achieved sales revenue of US\$123.2 million in 1QCY07, representing an increase of 6.8% from the previous corresponding period and down 14.1% sequentially. The sequential lower revenue was due to the shorter working days during the Chinese New Year holidays and weaker consumer demands on computer and peripherals segment.

The impact of lower orders from the computer and peripherals segment has affected the overall capacity utilization as the Group's sales revenue were highly exposed to this market segment. The startup of the Kaiping new plant meant for the supposedly growing computer segment also did not come true.

The Group was able to maintain a healthy utilization rate across all of its manufacturing operations as demands from the Automotive and Consumer Electronics segments were steady. The sales growth in the Automotive and Consumer Electronics segments have help to mitigate the sales decline in the Computer and Peripherals segment. As a result, the shift in product segments has seen sales of 2 - 6 layer PCBs increased by 21.8% over the previous corresponding period.

In spite of the above, the average selling prices for 1QCY07 remain flat with that of the previous corresponding period as financial effects of price increment agreed with certain customers in the December 2006 quarter has fully reflected in the March 2007 quarter.

As a result of the foregoing factors, and higher material prices during the past one year, the Group's gross profit decreased by US\$8.5 million or 31.2% in 1QCY07 to US\$18.7 million from US\$27.2 million in 1QCY06. The Group's net profit attributable to shareholders declined by US\$5.7 million or 46.0% to US\$6.6 million from US\$12.3 million in 1QCY06.

In the opinion of the Directors, no item, transaction or event of material or unusual nature has occurred during the period from 1 April 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 1QCY07 was in line with the SGXNET prospect statement released on 27 February 2007.

9. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group experienced a soft start as we progress into the new financial year, and this is expected to stretch a little longer before the computer and peripherals segment starts to pick up in the second half of 2007. Hence, the overall business environment is expected to remain challenging in 2007.

However, global demand for electronic products shall remain positive over the long term due to the anticipated launches of new electronic products, and constant upgrading of product technology. This shall create growth potential across the diverse segments of the electronics industry, especially for the HDI and higher layer count product segment.

Although the Group has strong presence in the conventional layer count segment, we are proactively strengthening our core competence in the HDI and higher layer count product segment and are making good progress. The top management is working on a dedicated HDI plant on the Kaiping site. Once this plant become fully operational by early 2008, the Group would be in a much better position to gear up for another phase of growth era with broadening customer base and product ranges.

Barring unforeseen circumstances, the Directors believe the Group would show profitable results for the June 2007 quarter, Nevertheless, the Directors expect the improvement for the June 2007 quarter to be modest and gradual.

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 1QCY07 (1QCY06: Nil).

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)		
	US\$'000	3 months 31.3.2007	3 months 31.3.2006	3 months 31.3.2007	3 months 31.3.2006
<u>Purchases of goods and services</u>					
Hong Kong Fibre Glass Company Limited	-	-	1,546	1,499	
Heng Yang Kingboard Chemical Co., Ltd	-	-	746	-	
Kingboard Copper Foil (Macao Commercial Offshore) Limited	-	-	11,165	7,832	
Kingboard Laminates (Macao Commercial Offshore) Limited	-	-	8,872	11,980	
Kingboard Investments Limited	-	-	-	32	
Top Faith PCB Co. Ltd	-	-	-	59	
Elec & Eltek Corporate Services Limited	62	-	-	67	
Joyful Source Group Limited	423	-	-	-	
	485	-	22,329	21,469	
<u>Provision of goods and services</u>					
Jiangmen Glory Faith PCB Co. Ltd.	2	-	393	153	
Techwise (Macao Commercial Offshore) Circuits Limited	4	-	392	971	
Techwise Circuits Co. Ltd.	-	-	33	191	
Top Faith PCB Co. Ltd	1	-	-	-	
Smark Foundate (H.K.) Ltd.	1	-	-	-	
Topsearch Printed Circuits (H.K.) Ltd.	6	-	-	-	
Elec & Eltek Display Technology Limited	11	-	-	13	
E & E Magnetic Products Limited	4	-	-	5	
	29	-	818	1,333	

12 Subsequent Events

- (i) Subsequent to the financial period ended 31 March 2007, 139,800 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\$0.28 million to US\$98.65 million as at the date of this announcement.
- (ii) Elec & Eltek Huangpu (Singapore) No. 4 Pte. Ltd. ("EEHS#4") has entered into an agreement with Elec & Eltek Huangpu (Singapore) Pte. Ltd. ("EEHS"), to sell its Sale Shares which represents 98% of the total registered capital in Guangzhou Elec & Eltek High Density Interconnect Technology No. 1 Company Limited ("GZHDI") at a purchase consideration of US\$24,500,000, arrived at on a "willing-buyer and willing-seller" basis representing the cost of investment in GZHDI recorded in the accounts of EEHS#4 as at 31 December 2006.

Both EEHS#4 and EEHS 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 GZHDI in accordance with the laws of the PRC, EEHS shall become the registered shareholder of Elec & Eltek (Guangzhou) Electronic Company Limited and GZHDI.

BY ORDER OF THE BOARD

Cheung Kwok Wing
Chairman
8 May 2007



Elec & Eltek 依利安達

Elec & Eltek International Company Limited

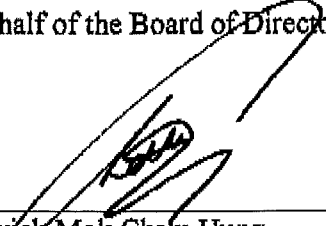
(Incorporated in the Republic of Singapore)

Company Registration Number 199300005H


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

We, Chadwick Mok Cham Hung and Sammy Leung Tin Po, being two of the Directors of Elec & Eltek International Company Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company (the "Board") that, to the best of their knowledge, nothing has come to the attention of the Board which may render the financial statements for the first quarter ended 31 March 2007 to be false or misleading.

On behalf of the Board of Directors



Chadwick Mok Cham Hung
Vice-Chairman



Sammy Leung Tin Po
Chief Executive Officer

8 May 2007

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