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Elec & Eltek 依利安達

Elec & Eltek International Company Limited

依利安達集團有限公司*

(Incorporated in the Republic of Singapore with Limited Liability)

Singapore Company Registration Number: 199300005H

(Hong Kong Stock Code: 1151)

(Singapore Stock Code: E16.SI)

UNAUDITED FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

This announcement is made by Elec & Eltek International Company Limited (the “**Company**”) pursuant to the disclosure obligation under Rule 13.10B of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**SEHK**”). This announcement is originally prepared in English. In the case of any inconsistency between the English version and Chinese version, the English version shall prevail.

This announcement is prepared in accordance with the relevant regulations of the Singapore Exchange Securities Trading Limited (“**SGX**”). The financial information set out in this announcement has been prepared in accordance with the Singapore Financial Reporting Standards (“**FRS**”) and has not been audited nor reviewed by auditors. Shareholders of the Company and public investors should exercise caution when trading in the shares of the Company.

This announcement contains projections and forward-looking statements regarding the objectives and expectations of the Company and its subsidiaries (collectively referred to as the “**Group**”) with respect to its business opportunities and business prospects. Such forward-looking statements do not constitute guarantees of the future performance of the Group and are subject to factors that could cause the Company’s actual results, plans and objectives to differ materially from those expressed in the forward-looking statements. These factors include, but are not limited to, general industry and economic conditions, shifts in customer demands, customers and partners, and government and policy changes. The Group undertakes no obligation to update or revise any forward-looking statements contained in this announcement to reflect subsequent events or circumstances.

FINANCIAL HIGHLIGHTS

	Three months ended		% Change
	31 March 2015 ("1QCY15") US\$'000	31 March 2014 ("1QCY14") US\$'000	
Revenue	105,509	115,708	-9%
EBITDA*	8,189	12,840	-36%
EBITDA margin*	7.8%	11.1%	
Underlying (loss) profit before tax*	(1,765)	1,270	-239%
Net (loss) profit attributable to owners of the Company			
- Underlying net (loss) profit*	(2,971)	1,165	-355%
- Reported net (loss) profit	(7,132)	1,165	-712%
Basic (loss) earnings per share			
- Based on underlying net (loss) profit*	(US1.59 cents)	US0.62 cents	-356%
- Based on reported net (loss) profit	(US3.82 cents)	US0.62 cents	-716%
	31 Mar 2015	31 Dec 2014	
Net asset value per share	US\$1.79	US\$1.83	-2%
Net gearing ratio	18.7%	19.4%	

* Excluding the addition provision for potential claims of approximately US\$4.2 million made in March 2015 quarter.

RESULTS

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited consolidated results of the Group for the first quarter ended 31 March 2015 (“**1QCY15**”) together with the comparative figures for the first quarter ended 31 March 2014 (“**1QCY14**”).

Consolidated Statement of Profit or Loss

	<i>Notes</i>	1QCY15 US\$'000 <i>(Unaudited)</i>	1QCY14 US\$'000 <i>(Unaudited)</i>	% Change
Revenue	2	105,509	115,708	-8.8%
Cost of sales		<u>(99,753)</u>	<u>(107,051)</u>	-6.8%
Gross profit		5,756	8,657	-33.5%
<i>Gross profit margin</i>		5.5%	7.5%	
Other operating income and gains		1,177	712	65.3%
Distribution and selling costs		(3,337)	(3,462)	-3.6%
Administrative expenses		(8,864)	(4,199)	111.1%
Other operating expenses and losses		(229)	(77)	197.4%
Finance costs	3	<u>(429)</u>	<u>(361)</u>	18.8%
(Loss) Profit before taxation		(5,926)	1,270	-566.6%
Income tax expense	4	<u>(1,148)</u>	<u>(70)</u>	1540.0%
(Loss) Profit for the period		<u>(7,074)</u>	<u>1,200</u>	-689.5%
(Loss) Profit attributable to:				
Owners of the Company		(7,132)	1,165	-712.2%
Non-controlling interests		<u>58</u>	<u>35</u>	65.7%
		<u>(7,074)</u>	<u>1,200</u>	-689.5%
(Loss) Earnings per share (US cents)	6			
- Basic		<u>(3.82)</u>	<u>0.62</u>	-716.1%

Notes to Consolidated Statement of Profit or Loss:

	1QCY15 US\$'000 <i>(Unaudited)</i>	1QCY14 US\$'000 <i>(Unaudited)</i>	% Change
Depreciation	9,503	11,124	-14.6%
Amortisation of prepaid land use rights	41	100	-59.0%
Allowance (reversal of allowance) for doubtful debts	4,161	(135)	n/m
Allowance for inventory obsolescence	521	91	472.5%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	1QCY15 US\$'000 <i>(Unaudited)</i>	1QCY14 US\$'000 <i>(Unaudited)</i>	% Change
(Loss) profit for the period	<u>(7,074)</u>	<u>1,200</u>	<u>-689.5%</u>
Other comprehensive (expenses) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	<u>(426)</u>	<u>105</u>	<u>-505.7%</u>
Other comprehensive (expenses) income for the period, net of tax	<u>(426)</u>	<u>105</u>	<u>-505.7%</u>
Total comprehensive (expenses) income for the period	<u>(7,500)</u>	<u>1,305</u>	<u>-674.7%</u>
Total comprehensive (expenses) income attributable to:			
Owners of the Company	(7,558)	1,270	-695.1%
Non-controlling interests	<u>58</u>	<u>35</u>	<u>65.7%</u>
	<u>(7,500)</u>	<u>1,305</u>	<u>-674.7%</u>

n/m - percentage not meaningful

Statements of Financial Position

	Notes	GROUP		COMPANY	
		31 March 2015	31 December 2014	31 March 2015	31 December 2014
		US\$'000 (Unaudited)	US\$'000 (Audited)	US\$'000 (Unaudited)	US\$'000 (Audited)
ASSETS					
Current assets					
Cash and bank balances		23,278	22,303	57	67
Trade receivables	9	117,070	129,863	—	—
Bills receivables	9	848	518	—	—
Other receivables		18,585	21,203	1	1
Prepaid land use rights		399	399	—	—
Dividend receivables		—	—	27,100	27,100
Inventories	10	40,849	42,729	—	—
Total current assets		201,029	217,015	27,158	27,168
Non-current assets					
Property, plant and equipment	8	306,763	308,017	—	—
Prepaid land use rights		12,900	12,941	—	—
Deposits for acquisition of plant and equipment	8	2,856	6,263	—	—
Investment properties		46,592	46,592	—	—
Subsidiary companies		—	—	459,705	459,849
Deferred tax assets		84	84	—	—
Total non-current assets		369,195	373,897	459,705	459,849
Total assets		570,224	590,912	486,863	487,017
LIABILITIES AND EQUITY					
Current liabilities					
Bank overdraft and loans	12	45,000	44,962	—	—
Trade payables	11	109,578	119,891	—	—
Bills payables	11	3,684	4,745	—	—
Other payables		33,663	31,970	1,356	1,350
Amounts due to subsidiary companies		—	—	234,700	234,587
Provision for taxation		1,675	1,836	—	—
Total current liabilities		193,600	203,404	236,056	235,937
Non-current liabilities					
Bank loans	12	40,782	43,665	—	—
Deferred tax liabilities		989	1,169	—	—
Total non-current liabilities		41,771	44,834	—	—
Capital, reserves and non-controlling interests					
Share capital	13	113,880	113,880	113,880	113,880
Reserves		211,129	218,687	136,927	137,200
Equity attributable to owners of the Company		325,009	332,567	250,807	251,080
Non-controlling interests		9,844	10,107	—	—
Total equity		334,853	342,674	250,807	251,080
Total liabilities and equity		570,224	590,912	486,863	487,017

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital	Capital reserve	Statutory reserve	Revaluation reserve	Other reserve	Retained earnings	Foreign currency	Non-		Total equity
							translation reserve	Total	controlling interests	
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
		(Note i)	(Note ii)	(Note iii)	(Note iv)					
THE GROUP										
1QCY15										
Balance at 1 January 2015 (audited)	113,880	1,916	5,353	2,940	166	191,536	16,776	332,567	10,107	342,674
Change in equity for 1QCY15										
Total comprehensive (expenses) income for the period										
(Loss) profit for the period	—	—	—	—	—	(7,132)	—	(7,132)	58	(7,074)
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(426)	(426)	—	(426)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(426)	(426)	—	(426)
Total	—	—	—	—	—	(7,132)	(426)	(7,558)	58	(7,500)
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	—	—	—	(321)	(321)
Total	—	—	—	—	—	—	—	—	(321)	(321)
Balance at 31 March 2015 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>5,353</u>	<u>2,940</u>	<u>166</u>	<u>184,404</u>	<u>16,350</u>	<u>325,009</u>	<u>9,844</u>	<u>334,853</u>
1QCY14										
Balance at 1 January 2014 (audited)	113,880	1,916	5,345	2,940	166	206,735	16,873	347,855	9,699	357,554
Change in equity for 1QCY14										
Total comprehensive income for the period										
Profit for the period	—	—	—	—	—	1,165	—	1,165	35	1,200
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	105	105	—	105
Other comprehensive income for the period, net of tax	—	—	—	—	—	—	105	105	—	105
Total	—	—	—	—	—	1,165	105	1,270	35	1,305
Balance at 31 March 2014 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>5,345</u>	<u>2,940</u>	<u>166</u>	<u>207,900</u>	<u>16,978</u>	<u>349,125</u>	<u>9,734</u>	<u>358,859</u>

Notes:

- (i) Capital reserve represents amounts transferred from share option reserve upon the exercise of share options.
- (ii) Statutory reserve represents amounts set aside by subsidiary companies operating in the People's Republic of China (the "PRC") and Thailand for declaration of dividends as required under the laws of the PRC and Thailand.
- (iii) The revaluation reserve of the Group represents the gain on revaluation of certain properties of the Group as a result of the transfer from property for own use to investment properties.

- (iv) The amount credited to other reserve represents the difference between the fair value of consideration and the carrying amount of the net assets attributable to the additional interest in subsidiaries being acquired from non-controlling shareholders, which will be recognised to the profit and loss upon the disposal of the subsidiaries or the disposal by the subsidiaries.

	Share capital US\$'000	Capital reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
<u>THE COMPANY</u>				
1QCY15				
Balance at 1 January 2015 (audited)	113,880	1,916	135,284	251,080
Loss for the period, representing total comprehensive expenses for the period	—	—	(273)	(273)
Balance at 31 March 2015 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>135,011</u>	<u>250,807</u>
1QCY14				
Balance at 1 January 2014 (audited)	113,880	1,916	122,386	238,182
Loss for the period, representing total comprehensive expenses for the period	—	—	(386)	(386)
Balance at 31 March 2014 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>122,000</u>	<u>237,796</u>

Consolidated Statement of Cash Flows

	1QCY15	1QCY14
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Operating activities		
(Loss) profit before taxation	(5,926)	1,270
Adjustments for:		
Allowance / (reversal of allowance) for doubtful debts	4,161	(135)
Finance costs	429	361
Depreciation of property, plant and equipment	9,503	11,124
Amortisation of prepaid land use rights	41	100
Gain on disposal of property, plant and equipment	(90)	—
Allowance for inventory obsolescence	521	91
Interest income	<u>(19)</u>	<u>(15)</u>
Operating income before movements in working capital	8,620	12,796
Decrease (Increase) in inventories	1,359	(5,066)
Decrease in trade and other receivables	10,300	880
Decrease in trade and other payables	<u>(9,681)</u>	<u>(4,339)</u>
Net cash generated from operations	10,598	4,271
Interest income received	19	15
Interest paid	(495)	(384)
Income taxes paid	<u>(1,489)</u>	<u>(417)</u>
Net cash from operating activities	<u>8,633</u>	<u>3,485</u>

	1QCY15	1QCY14
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Investing activities		
Proceeds from disposal of property, plant and equipment	321	—
Purchase of property, plant and equipment	(4,173)	(1,461)
Deposits paid for acquisition of property, plant and equipment	<u>(652)</u>	<u>(4,239)</u>
Net cash used in investing activities	<u>(4,504)</u>	<u>(5,700)</u>
Financing activities		
Proceeds from bank borrowings	3,796	15,087
Repayment of bank borrowings	(6,640)	(11,693)
Dividends paid by the Company	<u>(321)</u>	<u>—</u>
Net cash (used in) from financing activities	<u>(3,165)</u>	<u>3,394</u>
Net increase in cash and cash equivalents	964	1,179
Cash and cash equivalents at the beginning of the period	22,302	20,387
Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net	<u>12</u>	<u>105</u>
Cash and cash equivalents at the end of the period	<u>23,278</u>	<u>21,671</u>
Cash and cash equivalents consists of:		
Cash and bank balances	23,278	21,681
Bank overdrafts - unsecured	<u>—</u>	<u>(10)</u>
	<u>23,278</u>	<u>21,671</u>

Notes:

1. Basis of preparation and principal accounting policies

The same accounting policies and methods of computation have been applied in the preparation of the quarterly consolidated financial statements for the first quarter ended 31 March 2015 as the most recent audited financial statements as at 31 December 2014.

In the current period, the Group has applied, the following new and revised Financial Reporting Standards (“**FRS**”), amendments and interpretation of FRS (“**INT FRS**”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015:

- *Improvements to Financial Reporting Standard (January 2014)*
- *Improvements to Financial Reporting Standard (February 2014)*

The adoption of these new and revised FRSs does not result in changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts reported for the current or prior periods.

The Group has not early adopted the following new and revised standards or amendments to FRS which would take effect from financial periods beginning on or after 1 January 2016:

- *FRS 115 Revenue from Contracts with Customers*
- *FRS 109 Financial Instrument*
- *Amendment to FRS 1 Presentation of Financial Statement : Disclosure Initiative*

The Group is in the process of making an assessment of the impact of these new and revised standards and amendments upon initial application but is not yet in a position to state whether these new and revised standards and amendments would have a significant impact on its results of operations and financial position of the Group.

2. Revenue and segment information

The Group’s operating activities are attributable to a single reporting and operating segment focusing on manufacture and distribution of printed circuit boards (“**PCBs**”). This reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to FRSs, that are regularly reviewed by the Executive Directors of the Company. The Executive Directors of the Company regularly review revenue analysis based on shipment locations of customers. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective products. The Executive Directors of the Company reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single reporting segment is represented.

3. Finance costs

	1QCY15 US\$'000 (Unaudited)	1QCY14 US\$'000 (Unaudited)
Interest on bank loans wholly repayable within five years	495	384
Less: Amounts capitalised	<u>(66)</u>	<u>(23)</u>
	<u>429</u>	<u>361</u>

4. Income tax expense

	1QCY15 US\$'000 (Unaudited)	1QCY14 US\$'000 (Unaudited)
Current tax:		
Singapore income tax	1	—
PRC enterprise income tax	1,009	66
Hong Kong income tax	5	2
Other jurisdictions	<u>8</u>	<u>—</u>
	1,023	68
Deferred tax	<u>125</u>	<u>2</u>
	<u>1,148</u>	<u>70</u>

The Group is subject to taxation from the place of its operations where its profit is generated. Taxation arising in other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

5. Dividend

No dividend has been declared or recommended for the first quarter ended 31 March 2015 and the same period last year.

6. (Loss) Earnings per share

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the following:

	<u>(Loss) Earnings</u>	
	1QCY15	1QCY14
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
(Loss) Earnings for the purpose of basic (loss) earnings per share	<u>(7,132)</u>	<u>1,165</u>
	<u>Number of shares</u>	
	1QCY15	1QCY14
	'000	'000
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u>186,920</u>	<u>186,920</u>
(Loss) Earnings per share (US cents) - basic	<u>(3.82)</u>	<u>0.62</u>

The Group had not granted options over shares. There are no dilutive potential ordinary shares.

7. Net asset value

	<u>Group</u>		<u>Company</u>	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
	US\$	US\$	US\$	US\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net asset value (including non-controlling interests) per ordinary share based on total number of issued shares excluding treasury shares at the end of the period*	<u>1.79</u>	<u>1.83</u>	<u>1.34</u>	<u>1.34</u>

* Based on 186,919,962 issued shares as at 31 March 2015 (31 December 2014: 186,919,962 issued shares net of treasury shares).

8. Additions to property, plant and equipment

During the reporting period, the Group spent approximately US\$4.8 million (1QCY14: approximately US\$5.7 million) on acquisition of property, plant and equipment including deposits paid.

The deposits for acquisition of plant and equipment relate to down payments made when new plant and equipment are purchased for operational needs. The amount of down payment reported at each quarter end will depend on factors such as (but not limited to) timing of orders placed for respective equipment, the delivery and the commissioning of the equipment purchase.

9. Trade and bills receivables

	GROUP	
	31 March 2015 US\$'000 (Unaudited)	31 December 2014 US\$'000 (Audited)
Trade receivables		
- Third parties	118,359	131,482
- Related parties (note)	4,583	3,413
Less: Allowance for doubtful debts	(5,872)	(5,032)
	117,070	129,863
Bills receivables	848	518
Total	117,918	130,381

Note: Related parties are subsidiaries of the ultimate holding company other than the Group.

The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	GROUP	
	31 March 2015 US\$'000 (Unaudited)	31 December 2014 US\$'000 (Audited)
Within 90 days	106,505	116,037
91 to 180 days	10,565	13,293
Over 180 days	—	533
	117,070	129,863

At the end of the reporting period, the bills receivables are aged within 180 days (31 December 2014: within 180 days)

Trade receivables are non-interest bearing and generally on 30 to 120 days' credit terms.

10. Inventories

	GROUP	
	31 March 2015 US\$'000 (Unaudited)	31 December 2014 US\$'000 (Audited)
Raw materials	10,399	12,051
Work-in-progress	20,389	21,185
Finished goods	10,061	9,493
	<u>40,849</u>	<u>42,729</u>

11. Trade and bills payables

	GROUP	
	31 March 2015 US\$'000 (Unaudited)	31 December 2014 US\$'000 (Audited)
Trade payables		
- Third parties	62,420	70,258
- Related parties (note)	47,158	49,633
	109,578	119,891
Bills payables	3,684	4,745
Total	<u>113,262</u>	<u>124,636</u>

Note: Related parties are subsidiaries of the ultimate holding company other than the Group.

Trade payables are non-interest bearing and generally on 15 to 120 days' terms. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	GROUP	
	31 March 2015 US\$'000 (Unaudited)	31 December 2014 US\$'000 (Audited)
Within 90 days	69,624	80,003
91 to 180 days	30,095	31,489
Over 180 days	9,859	8,399
	<u>109,578</u>	<u>119,891</u>

At the end of the reporting period, the bills payables are aged within 180 days (31 December 2014: within 180 days). The bills payable was mainly related to the purchase of equipment through issuing irrevocable letters of credits payment mode.

12. Bank overdraft and loans

	GROUP	
	31 March	31 December
	2015	2014
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Unsecured:		
Bank loans	85,782	88,626
Bank overdraft	<u>—</u>	<u>1</u>
Bank loans - unsecured	<u>85,782</u>	<u>88,627</u>
Comprising amounts following due:		
- within one year	45,000	44,962
- more than one year	<u>40,782</u>	<u>43,665</u>
	<u>85,782</u>	<u>88,627</u>

The Group's total external borrowings decreased by approximately 3.2% to approximately US\$85.8 million as at 31 March 2015 from 31 December 2014 as additional loans have been repaid during the quarter.

13. Share capital

As at 31 March 2015, the Company has a total of 186,919,962 (31 December 2014: 186,919,962) issued ordinary shares.

14. Share options

There was no share option outstanding as at 31 March 2015 and 31 December 2014, respectively. No share option has been granted under the 2008 Elec & Eltek Employees' Share Option Scheme since its adoption by the Company on 9 May 2008 and as at the date of this announcement.

15. Reconciliation between FRSs and International Financial Reporting Standards ("IFRSs")

For the first quarter ended 31 March 2015, there were no material differences between the consolidated financial statements of the Group prepared under FRSs and IFRSs.

BUSINESS REVIEW AND OUTLOOK

Business performance of Elec & Eltek International Company Limited and its subsidiaries (collectively the “Group”) was impacted by slower order intake from customers and labour supply disruptions around the Chinese Lunar New Year. As a result, plant capacity utilization was lower than the previous quarter, Group revenue was US\$105.5 million — down by around 9% against same period last year. With lower plant output against a higher overhead absorption at the plants, lower average selling prices and higher operating costs, underlying net attributable loss (loss after tax and non-controlling interests) was US\$3.0 million (excluding the addition provision for potential claims from customers of approximately US\$4.2 million) for the quarter ended 31 March 2015 (“**1QCY2015**”), as compared with profit US\$1.2 million for quarter ended 31 March 2014 (“**1QCY2014**”). Underlying earnings before interest, tax, depreciation and amortization for the Group (“**EBITDA**”) stood at US\$8.2 million (1QCY2014: US\$12.8 million) — down by approximately 36% against the previous year. The Group continued to generate steady operating cash flow. As at end of March 2015, our net gearing ratio was 18.7%. The Group’s financial position remained healthy.

In the first quarter of 2015, communication & networking products (including mobile phones) accounted for about 46.3% of our sales while automotive PCB sales accounted for around 22.8% of our total PCB sales (1QCY2014: 17.7%). High Density Interconnect (“**HDI**”) PCBs accounted for approximately 30.7% of total PCB sales in 1QCY2015 (1QCY2014: 29.3%).

The Group’s gross profit declined by 33.5% to US\$5.8 million in 1QCY2015 as compared with that of 1QCY2014 and gross margin was trimmed to 5.5% (1QCY2014: 7.5%). The decline in gross profit was primarily attributable to (i) average selling price continued to be under pressure due to intensive competition in the market; and (ii) rising operating costs of the Group’s manufacturing operations in China; In addition, during the current quarter, a charge of US\$4.2 million was made in the accounts in relation to potential claims.

Income tax expense increased substantially to US\$1.1 million in 1QCY2015 as a result of increase in the Group’s taxable PRC profit.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2015, the Group's net current assets was approximately US\$7.4 million (31 December 2014: approximately US\$13.6 million), making the current ratio 1.04 as compared to 1.07 as at 31 December 2014.

The net working capital cycle at 24 days as at 31 March 2015 (31 December 2014: 15 days) on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 36 days (31 December 2014: 29 days).
- Trade receivables, in terms of debtors turnover days, increased to 105 days (31 December 2014: 83 days).
- Trade payables, in terms of creditors turnover days, increased to 117 days (31 December 2014: 97 days).

The Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) as at 31 March 2015 was approximately 18.7% (31 December 2014: 19.4%). The proportion of short-term and long-term bank borrowings stood at 52%:48% (31 December 2014: 51%:49%). The total equity of the Group as at 31 March 2015 was approximately US\$334.9 million (31 December 2014: approximately US\$342.7 million). As at 31 March 2015, the Group had cash on hand and undrawn loan facilities of approximately US\$23.2 million and US\$31.6 million respectively.

The Group's transactions and monetary assets are principally denominated in United States dollars, Renminbi and Hong Kong dollars. There was no material foreign exchange exposure to the Group during the year under review.

PROSPECTS

We see improvement in business momentum following the holiday period as customers started to gear up their production for the second quarter. The Group will continue with operation review in the current year with more focus on efficiency and progressive quality improvement. Production capabilities will be further upgraded to serve customers in telecommunication and automotive segments. The forthcoming minimal wage increase by around 20% in the second quarter in Guangdong province and the proposed closure of our HK plant later on this year is expected to have an impact on our earnings. Management is currently reviewing the restructuring arrangement.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures for 1QCY15 have not been audited or reviewed by the Group's auditors.

FORECAST STATEMENT

No forecast statement has been previously disclosed to shareholders.

DISCLOSURE ON THE WEBSITE OF THE EXCHANGES

This announcement shall be published on the website of SGX (<http://www.sgx.com>), the SEHK (<http://www.hkexnews.hk>) and on the Company's website (<http://www.eleceltek.com>).

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the Board of Directors and our global employees for their continued loyalty, diligence and unreserved support to the Group.

INTERESTED PERSONS TRANSACTIONS

Interested persons transactions carried out during the reporting period which fall under Chapter 9 of the SGX Listing Manual are as follows:

Name of Interested Person US\$'000	Aggregate value of all interested person transactions during the 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)	
	1QCY15	1QCY14	1QCY15	1QCY14
<u>Purchases of plant and equipment</u>				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	783	987
	<u>—</u>	<u>—</u>	<u>783</u>	<u>987</u>
<u>Purchases of goods and services</u>				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	22,455	28,056
Elec & Eltek Corporate Services Limited	19	129	—	—
Heng Yang Kingboard Chemical Co., Ltd.	—	—	392	440
Hong Kong Fibre Glass Company Limited	—	—	2,594	2,172
Huizhou Chung Shun Chemical Company Limited	—	—	177	136
Joyful Source Group Limited	7	7	—	—
	<u>26</u>	<u>136</u>	<u>25,618</u>	<u>30,804</u>
<u>Provision of goods and services</u>				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	365	—
Elec & Eltek Computers Limited	—	17	—	—
Elec & Eltek Display Technology Limited	18	10	—	—
Express Electronics Limited	—	—	670	234
Techwise (Macao Commercial Offshore) Circuits Limited	—	—	1,184	—
	<u>18</u>	<u>27</u>	<u>2,219</u>	<u>234</u>

CONFIRMATION BY THE BOARD

We, Stephanie Cheung Wai Lin and Chang Wing Yiu, 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 unaudited financial statements for the first quarter and three months ended 31 March 2015 to be false or misleading.

On behalf of the Board of Directors

Stephanie Cheung Wai Lin
Executive Director

Chang Wing Yiu
Executive Director

By order of the Board
Elec & Eltek International Company Limited
Stephanie Cheung Wai Lin
Vice Chairman

Hong Kong, 30 April 2015

As of the date of this announcement, the Board of the Company comprises the following directors:

Executive Directors:-

Stephanie Cheung Wai Lin (Vice Chairman)

Chang Wing Yiu

Ng Hon Chung

Non-Executive Directors:-

Cheung Kwok Wing (Chairman)

Independent Non-Executive Directors:-

Larry Lai Chong Tuck

Raymond Leung Hai Ming

Stanley Chung Wai Cheong

** For identification purpose only*