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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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2015

This announcement is made by Elec & Eltek International Company Limited (the “**Company**”) pursuant to Rule 13.49(6) 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 the Group’s 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 economics conditions, shifts in customer demands, 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

	Six months ended		
	30 Jun 2015 ("1HCY15") US\$'000	30 Jun 2014 ("1HCY14") US\$'000	% Change
Revenue	221,501	251,520	-12%
EBITDA*	15,750	28,961	-46%
EBITDA margin*	7.1%	11.5%	
Underlying (loss) profit before tax*	(4,197)	5,805	-172%
Net (loss) profit attributable to owners of the Company			
- Underlying net (loss) profit*	(6,296)	5,293	-219%
- Reported (loss) profit	(10,457)	5,293	-298%
Basic (loss) earnings per share			
- Underlying net (loss) profit*	(US3.37 cents)	US2.83 cents	-219%
- Reported (loss) profit	(US5.59 cents)	US2.83 cents	-298%
Interim dividend per share	NIL	US3.0 cents	n/m
Dividend payout ratio	N/A	105.9%	
	30 Jun 2015	31 Dec 2014	
Net asset value per share	US\$1.74	US\$1.83	-5%
Net gearing ratio	23.4%	19.4%	

* Excluding the additional provision for potential claims of approximately US\$4.2 million made in the quarter ended 31 March 2015.

n/m - percentage not meaningful

RESULTS

The board of directors (the “**Board**”) of the Company submits herewith the unaudited consolidated results of the Group for the second quarter (“**2QCY15**”) and six months ended 30 June 2015 (“**1HCY15**”) together with the comparative figures for the second quarter (“**2QCY14**”) and six months ended 30 June 2014 (“**1HCY14**”).

Consolidated Statement of Profit or Loss

	Notes	2QCY15 US\$'000 (Unaudited)	2QCY14 US\$'000 (Unaudited)	% Change	1HCY2015 US\$'000 (Unaudited)	1HCY2014 US\$'000 (Unaudited)	% Change
Revenue	2	115,992	135,812	-14.6%	221,501	251,520	-11.9%
Cost of sales		<u>(108,497)</u>	<u>(123,582)</u>	-12.2%	<u>(208,250)</u>	<u>(230,633)</u>	-9.7%
Gross profit		7,495	12,230	-38.7%	13,251	20,887	-36.6%
<i>Gross profit margin</i>		6.5%	9.0%		6.0%	8.3%	
Other operating income and gains		1,009	796	26.8%	2,186	1,508	45.0%
Distribution and selling costs		(3,708)	(3,738)	-0.8%	(7,045)	(7,200)	-2.2%
Administrative expenses		(5,064)	(4,310)	17.5%	(13,928)	(8,509)	63.7%
Other operating expenses and losses		(1,705)	(80)	n/m	(1,934)	(157)	n/m
Finance costs	3	<u>(459)</u>	<u>(363)</u>	26.4%	<u>(888)</u>	<u>(724)</u>	22.7%
(Loss) profit before taxation		(2,432)	4,535	-153.6%	(8,358)	5,805	-244.0%
Income tax expense	4	<u>(817)</u>	<u>(268)</u>	204.9%	<u>(1,965)</u>	<u>(338)</u>	481.4%
(Loss) profit for the period		<u>(3,249)</u>	<u>4,267</u>	-176.1%	<u>(10,323)</u>	<u>5,467</u>	-288.8%
(Loss) profit attributable to:							
Owners of the Company		(3,325)	4,128	-180.5%	(10,457)	5,293	-297.6%
Non-controlling interests		<u>76</u>	<u>139</u>	-45.3%	<u>134</u>	<u>174</u>	-23.0%
		<u>(3,249)</u>	<u>4,267</u>	-176.1%	<u>(10,323)</u>	<u>5,467</u>	-288.8%
(Loss) earnings per share (US cents)	6						
- Basic		<u>(1.77)</u>	<u>2.21</u>	-180.1%	<u>(5.59)</u>	<u>2.83</u>	-297.5%

n/m - percentage not meaningful

Notes to Consolidated Statement of Profit or Loss:

	2QCY15	2QCY14		1HCY2015	1HCY2014	
	US\$'000	US\$'000	% Change	US\$'000	US\$'000	% Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Depreciation	9,504	11,198	-15.1%	19,007	22,381	-15.1%
Amortisation of prepaid land use rights	41	41	0.0%	82	82	0.0%
Allowance (reversal of allowance) for doubtful debts	56	(302)	-118.5%	4,217	(437)	n/m
Allowance (reversal of allowance) for inventory obsolescence	10	(196)	-105.1%	531	(105)	-605.7%

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2QCY15	2QCY14		1HCY2015	1HCY2014	
	US\$'000	US\$'000	% Change	US\$'000	US\$'000	% Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
(Loss) profit for the period	<u>(3,249)</u>	<u>4,267</u>	-176.1%	<u>(10,323)</u>	<u>5,467</u>	-288.8%
Other comprehensive (expenses) income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	<u>(1,129)</u>	<u>39</u>	n/m	<u>(1,555)</u>	<u>144</u>	n/m
Other comprehensive (expenses) income for the period, net of tax	<u>(1,129)</u>	<u>39</u>	n/m	<u>(1,555)</u>	<u>144</u>	n/m
Total comprehensive (expenses) income for the period	<u>(4,378)</u>	<u>4,306</u>	-201.7%	<u>(11,878)</u>	<u>5,611</u>	-311.7%
Total comprehensive (expenses) income attributable to:						
Owners of the Company	<u>(4,454)</u>	<u>4,167</u>	-206.9%	<u>(12,012)</u>	<u>5,437</u>	-320.9%
Non-controlling interests	<u>76</u>	<u>139</u>	-45.3%	<u>134</u>	<u>174</u>	-23.0%
	<u>(4,378)</u>	<u>4,306</u>	-201.7%	<u>(11,878)</u>	<u>5,611</u>	-311.7%

n/m - percentage not meaningful

Statement of Financial Position

		GROUP		COMPANY	
		30 June 2015 US\$'000 (Unaudited)	31 December 2014 US\$'000 (Audited)	30 June 2015 US\$'000 (Unaudited)	31 December 2014 US\$'000 (Audited)
	Notes				
ASSETS					
Current assets					
Cash and bank balances		14,270	22,303	57	67
Trade receivables	9	126,593	129,863	—	—
Bills receivables	9	491	518	—	—
Other receivables		18,776	21,203	—	1
Prepaid land use rights		399	399	—	—
Dividend receivables		—	—	27,100	27,100
Inventories	10	40,015	42,729	—	—
Total current assets		200,544	217,015	27,157	27,168
Non-current assets					
Property, plant and equipment	8	299,548	308,017	—	—
Prepaid land use rights		12,859	12,941	—	—
Deposits for acquisition of plant and equipment	8	2,828	6,263	—	—
Investment properties		46,592	46,592	—	—
Subsidiary companies		—	—	459,587	459,849
Deferred tax assets		84	84	—	—
Total non-current assets		361,911	373,897	459,587	459,849
Total assets		562,455	590,912	486,744	487,017
LIABILITIES AND EQUITY					
Current liabilities					
Bank overdraft and loans	12	49,171	44,962	—	—
Trade payables	11	110,509	119,891	—	—
Bills payables	11	2,469	4,745	—	—
Other payables		31,986	31,970	1,360	1,350
Amounts due to subsidiary companies		—	—	240,881	234,587
Provision for taxation		1,812	1,836	—	—
Total current liabilities		195,947	203,404	242,241	235,937
Non-current liabilities					
Bank loans	12	41,092	43,665	—	—
Deferred tax liabilities		1,006	1,169	—	—
Total non-current liabilities		42,098	44,834	—	—
Capital, reserves and non-controlling interests					
Share capital	13	113,880	113,880	113,880	113,880
Reserves		200,610	218,687	130,623	137,200
Equity attributable to owners of the Company		314,490	332,567	244,503	251,080
Non-controlling interests		9,920	10,107	—	—
Total equity		324,410	342,674	244,503	251,080
Total liabilities and equity		562,455	590,912	486,744	487,017

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital US\$'000	Capital reserve US\$'000 (Note i)	Statutory reserve US\$'000 (Note ii)	Revaluation reserve US\$'000 (Note iii)	Other reserve US\$'000 (Note iv)	Retained earnings US\$'000	Foreign currency translation reserve US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
THE GROUP										
2QCY15										
Balance at 1 April 2015 (unaudited)	113,880	1,916	5,353	2,940	166	184,404	16,350	325,009	9,844	334,853
Change in equity for 2QCY15										
Total comprehensive (expenses) income for the period										
(Loss) profit for the period	—	—	—	—	—	(3,325)	—	(3,325)	76	(3,249)
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(1,129)	(1,129)	—	(1,129)
Other comprehensive (expenses) income for the period, net of tax	—	—	—	—	—	—	(1,129)	(1,129)	—	(1,129)
Total	—	—	—	—	—	(3,325)	(1,129)	(4,454)	76	(4,378)
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(6,065)	—	(6,065)	—	(6,065)
Total	—	—	—	—	—	(6,065)	—	(6,065)	—	(6,065)
Balance at 30 June 2015 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>5,353</u>	<u>2,940</u>	<u>166</u>	<u>175,014</u>	<u>15,221</u>	<u>314,490</u>	<u>9,920</u>	<u>324,410</u>
2QCY14										
Balance at 1 April 2014 (unaudited)	113,880	1,916	5,345	2,940	166	207,900	16,978	349,125	9,734	358,859
Change in equity for 2QCY14										
Total comprehensive income for the period										
Profit for the period	—	—	—	—	—	4,128	—	4,128	139	4,267
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	39	39	—	39
Other comprehensive income for the period, net of tax	—	—	—	—	—	—	39	39	—	39
Total	—	—	—	—	—	4,128	39	4,167	139	4,306
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(13,084)	—	(13,084)	—	(13,084)
Total	—	—	—	—	—	(13,084)	—	(13,084)	—	(13,084)
Balance at 30 June 2014 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>5,345</u>	<u>2,940</u>	<u>166</u>	<u>198,944</u>	<u>17,017</u>	<u>340,208</u>	<u>9,873</u>	<u>350,081</u>

	Attributable to owners of the Company									
	Share capital US\$'000	Capital reserve US\$'000 (Note i)	Statutory reserve US\$'000 (Note ii)	Revaluation reserve US\$'000 (Note iii)	Other reserve US\$'000 (Note iv)	Retained earnings US\$'000	Foreign currency translation reserve US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
THE GROUP										
1HCY15										
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 1HCY15										
Total comprehensive (expenses) income for the period										
(Loss) profit for the period	—	—	—	—	—	(10,457)	—	(10,457)	134	(10,323)
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(1,555)	(1,555)	—	(1,555)
Other comprehensive (expenses) income for the period, net of tax	—	—	—	—	—	—	(1,555)	(1,555)	—	(1,555)
Total	—	—	—	—	—	(10,457)	(1,555)	(12,012)	134	(11,878)
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(6,065)	—	(6,065)	(321)	(6,386)
Total	—	—	—	—	—	(6,065)	—	(6,065)	(321)	(6,386)
Balance at 30 June 2015 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>5,353</u>	<u>2,940</u>	<u>166</u>	<u>175,014</u>	<u>15,221</u>	<u>314,490</u>	<u>9,920</u>	<u>324,410</u>
1HCY14										
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 1HCY14										
Total comprehensive income for the period										
Profit for the period	—	—	—	—	—	5,293	—	5,293	174	5,467
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	144	144	—	144
Other comprehensive income for the period, net of tax	—	—	—	—	—	—	144	144	—	144
Total	—	—	—	—	—	5,293	144	5,437	174	5,611
Transactions with owners, recognised directly in equity										
Dividend paid in respect of previous year	—	—	—	—	—	(13,084)	—	(13,084)	—	(13,084)
Total	—	—	—	—	—	(13,084)	—	(13,084)	—	(13,084)
Balance at 30 June 2014 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>5,345</u>	<u>2,940</u>	<u>166</u>	<u>198,944</u>	<u>17,017</u>	<u>340,208</u>	<u>9,873</u>	<u>350,081</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>				
2QCY15				
Balance at 1 April 2015 (unaudited)	113,880	1,916	135,011	250,807
Loss for the period, representing total comprehensive expenses for the period	—	—	(239)	(239)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(6,065)	(6,065)
Balance at 30 June 2015 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>128,707</u>	<u>244,503</u>
2QCY14				
Balance at 1 April 2014 (unaudited)	113,880	1,916	122,000	237,796
Loss for the year, representing total comprehensive expenses for the period	—	—	(178)	(178)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(13,084)	(13,084)
Balance at 30 June 2014 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>108,738</u>	<u>224,534</u>
1HCY15				
Balance at 1 January 2015 (audited)	113,880	1,916	135,284	251,080
Loss for the period, representing total comprehensive expenses for the year	—	—	(512)	(512)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(6,065)	(6,065)
Balance at 30 June 2015 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>128,707</u>	<u>244,503</u>
1HCY14				
Balance at 1 January 2014 (audited)	113,880	1,916	122,386	238,182
Loss for the period, representing total comprehensive expenses for the year	—	—	(564)	(564)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(13,084)	(13,084)
Balance at 30 June 2014 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>108,738</u>	<u>224,534</u>

Consolidated Statement of Cash Flows

	2QCY15 US\$'000 (Unaudited)	2QCY14 US\$'000 (Unaudited)	1HCY2015 US\$'000 (Unaudited)	1HCY2014 US\$'000 (Unaudited)
Operating activities				
(Loss) profit before taxation	(2,432)	4,535	(8,358)	5,805
Adjustments for:				
Allowance (reversal of allowance) for doubtful debts	56	(302)	4,217	(437)
Finance costs	459	363	888	724
Depreciation of property, plant and equipment	9,504	11,198	19,007	22,381
Amortisation of prepaid land use rights	41	41	82	82
Loss (gain) on disposal of property, plant and equipment	651	(55)	561	(55)
Allowance (reversal for allowance) for inventory obsolescence	10	(196)	531	(105)
Interest income	(11)	(16)	(30)	(31)
Operating income before movements in working capital	8,278	15,568	16,898	28,364
Decrease (increase) in inventories	824	(1,273)	2,183	(6,339)
(Increase) decrease in trade and other receivables	(9,783)	(20,410)	517	(19,530)
(Decrease) increase in trade and other payables	(1,961)	21,602	(11,642)	17,263
Net cash (used in) generated from operations	(2,642)	15,487	7,956	19,758
Interest income received	11	16	30	31
Interest paid	(472)	(428)	(967)	(812)
Income taxes paid	(664)	(656)	(2,153)	(1,073)
Net cash (used in) generated from operating activities	(3,767)	14,419	4,866	17,904
Investing activities				
Proceeds from disposal of property, plant and equipment	—	209	321	209
Purchase of property, plant and equipment	(2,800)	(11,131)	(6,973)	(12,592)
Deposits paid for acquisition of property, plant and equipment	(785)	(4,284)	(1,437)	(8,523)
Net cash used in investing activities	(3,585)	(15,206)	(8,089)	(20,906)

2QCY15	2QCY14	1HCY2015	1HCY2014
US\$'000	US\$'000	US\$'000	US\$'000
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Financing activities

Proceeds from bank borrowings	15,165	19,303	18,961	34,390
Repayment of bank borrowings	(10,697)	(6,519)	(17,337)	(18,212)
Dividends paid by the Company	(6,065)	(13,084)	(6,065)	(13,084)
Dividends paid by subsidiary companies to non-controlling shareholders	<u>—</u>	<u>—</u>	<u>(321)</u>	<u>—</u>
Net cash (used in) from financing activities	<u>(1,597)</u>	<u>(300)</u>	<u>(4,762)</u>	<u>3,094</u>
Net (decrease) increase in cash and cash equivalents	(8,949)	(1,087)	(7,985)	92
Cash and cash equivalents at the beginning of the period	23,278	21,671	22,302	20,387
Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net	<u>(72)</u>	<u>(148)</u>	<u>(60)</u>	<u>(43)</u>
Cash and cash equivalents at the end of the period	<u>14,257</u>	<u>20,436</u>	<u>14,257</u>	<u>20,436</u>

Cash and cash equivalents consists of:

	30 Jun 2015	30 Jun 2014
	US\$'000	US\$'000
Cash and bank balances	14,270	20,436
Bank overdrafts - unsecured	<u>(13)</u>	<u>—</u>
	<u>14,257</u>	<u>20,436</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 second quarter ended 30 June 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

	1HCY15 US\$'000 (Unaudited)	1HCY14 US\$'000 (Unaudited)
Interest on bank loans wholly repayable within five years	967	804
Less: Amounts capitalised	<u>(79)</u>	<u>(80)</u>
	<u>888</u>	<u>724</u>

4. Income tax expense

	1HCY15 US\$'000 (Unaudited)	1HCY14 US\$'000 (Unaudited)
Current tax:		
Singapore income tax	1	—
PRC enterprise income tax	1,796	248
Hong Kong income tax	10	8
Other jurisdictions	<u>17</u>	<u>8</u>
	1,824	264
Deferred tax	<u>141</u>	<u>74</u>
	<u>1,965</u>	<u>338</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 six months ended 30 June 2015 (2014: dividend of US\$3.0 cents per share was declared).

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>		<u>(Loss) earnings</u>	
	2QCY15	2QCY14	1HCY15	1HCY14
	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) earnings for the purpose of basic				
(loss) earnings per share	<u>(3,325)</u>	<u>4,128</u>	<u>(10,457)</u>	<u>5,293</u>
	<u>Number of shares</u>		<u>Number of shares</u>	
	2QCY15	2QCY14	1HCY15	1HCY14
	'000	'000	'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>	<u>186,920</u>	<u>186,920</u>
(Loss) earnings per share (US cents)				
- basic	<u>(1.77)</u>	<u>2.21</u>	<u>(5.59)</u>	<u>2.83</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>	
	30 June	31 December	30 June	31 December
	2015	2014	2015	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>1.74</u>	<u>1.83</u>	<u>1.31</u>	<u>1.34</u>

* Based on 186,919,962 issued shares as at 30 June 2015 (31 December 2014: 186,919,962 issued shares).

8. Additions to property, plant and equipment

During the reporting period, the Group spent approximately US\$8.4 million (1HCY14: approximately US\$21.1 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	
	30 June	31 December
	2015	2014
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Trade receivables		
- Third parties	125,806	131,482
- Related parties (note)	6,625	3,413
Less: Allowance for doubtful debts	(5,838)	(5,032)
	126,593	129,863
Bills receivables	491	518
Total	127,084	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	
	30 June	31 December
	2015	2014
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Within 90 days	108,608	116,037
91 to 180 days	17,823	13,293
Over 180 days	162	533
	126,593	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	
	30 June	31 December
	2015	2014
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Raw materials	10,291	12,051
Work-in-progress	18,330	21,185
Finished goods	11,394	9,493
	<u>40,015</u>	<u>42,729</u>

11. Trade and bills payables

	GROUP	
	30 June	31 December
	2015	2014
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Trade payables		
- Third parties	62,955	70,258
- Related parties (note)	47,554	49,633
	110,509	119,891
Bills payables	2,469	4,745
Total	<u>112,978</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	
	30 June	31 December
	2015	2014
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Within 90 days	75,900	80,003
91 to 180 days	27,426	31,489
Over 180 days	7,183	8,399
	<u>110,509</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	
	30 June	31 December
	2015	2014
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Unsecured:		
Bank loans	90,250	88,626
Bank overdraft	13	1
Bank loans - unsecured	90,263	88,627
Comprising the following amounts due:		
- within one year	49,171	44,962
- more than one year	41,092	43,665
	90,263	88,627

The Group's total external borrowings increased by approximately 1.8% to approximately US\$90.3 million as at 30 June 2015 compared with 31 December 2014 as additional loans have been drawn down.

13. Share capital

As at 30 June 2015, the Company has a total of 186,919,962 (31 December 2014: 186,919,962) issued ordinary shares.

14. Share options

There were no share options outstanding as at 30 June 2015 and 31 December 2014 respectively. No share options have 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. Net current assets and total assets less current liabilities

As at 30 June 2015, the Group's net current assets, defined as current assets less current liabilities, amounted to approximately US\$4.6 million (31 December 2014: approximately US\$13.6 million).

As at 30 June 2015, the Group's total assets less current liabilities amounted to approximately US\$366.5 million (31 December 2014: approximately US\$387.5 million).

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

For the six months ended 30 June 2015, there were no material differences between the consolidated financial statements of the Group prepared under FRSs and IFRSs.

BUSINESS REVIEW

Business performance of the Group was impacted by slower order intake from customers. As a result, plant capacity utilization was lower and revenue of the Group was US\$116.0 million - down by approximately 15% against the same period last year. With a lower plant output against a higher overhead absorption at the plants, coupled with lower average selling prices and higher operating costs, the underlying net attributable loss (loss after tax and non-controlling interests) was US\$3.3 million for the 2QCY2015, as compared with profit of US\$4.1 million for 2QCY2014. Underlying earnings before interest, tax, depreciation and amortization of the Group for the 2QCY2015 stood at US\$7.6 million (2QCY2014: US\$16.1 million) - down by approximately 53% against the same period last year.

The Group's gross profit declined by 39% to US\$7.5 million in 2QCY2015 as compared with that of 2QCY2014 and gross margin was trimmed to 6.5% in 2QCY2015 (2QCY2014: 9.0%). The decline in gross profit was primarily attributable to: (i) the average selling prices continuing to be under pressure due to intensive competition in the market; and (ii) the rising operating costs of the Group's manufacturing operations in the PRC. The Group continued to generate steady operating cash flow. As at the end of June 2015, the Group's net gearing ratio was 23.4%. The Group's overall financial position remains healthy.

In the second quarter of 2015, communication & networking products (including mobile phones) accounted for about 43.4% of the Group's sales while automotive PCB sales accounted for about 24.7% of the Group's total PCB sales (2QCY2014: 15.9%). High Density Interconnect ("HDI") PCBs accounted for approximately 26.6% of total PCB sales in 2QCY2015 (2QCY2014: 31.8%).

Income tax expense increased to US\$0.8 million in 2QCY2015 as a result of an increase in the taxable income of certain profit-making operations in the PRC.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2015, the Group's net current assets was approximately US\$4.6 million (31 December 2014: approximately US\$13.6 million), making the current ratio 1.02 as compared to 1.07 as at 31 December 2014. The net working capital cycle of 25 days as at 30 June 2015 (31 December 2014: 15 days), is based on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 34 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 114 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 30 June 2015 was approximately 23.4% (31 December 2014: 19.4%). The proportion of short-term and long-term bank borrowings stood at 54:46 (31 December 2014: 51:49). The total equity of the Group as at 30 June 2015 was approximately US\$324.4 million (31 December 2014: approximately US\$342.7 million). As at 30 June 2015, the Group had cash on hand and undrawn loan facilities of approximately US\$14.3 million and US\$41.3 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.

HUMAN RESOURCES

As at 30 June 2015, the Group had approximately 9,456 employees (31 December 2014: 9,337). Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market as well as the minimum wage guideline as prescribed by the local government from time to time. The Group awards discretionary bonuses to eligible employees based upon profit achievements of the Company and individual performance.

The Company has in place a share option scheme in order to attract and retain the best available personnel and to align individual interests with the Group's interests, as and when appropriate.

PROSPECTS

The management begins to see some improvements in business momentum as customers gear up their production for the second half of 2015. The Group continues to review its operations in the current year with more focus on efficiency and progressive quality improvement. Production capabilities will be further upgraded to serve customers in the telecommunication and automotive segments. The management expects that the depreciation of Renminbi could bring positive impact on the rising operating costs in the PRC. Moreover, the Group has recently undergone a corporate restructuring to streamline its operations and achieve the Group's business goals in a more efficient and effective way. Upon completion of the restructuring, the management expects to see favorable developments in its businesses, improvements in competitiveness and an improvement in its ability to grab better business opportunities in the near future.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the last six-month period, neither the Company nor any of the subsidiaries of the Company purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed, with the management, the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the unaudited interim financial statements of the Group for the six months ended 30 June 2015.

COMPLIANCE WITH THE HONG KONG CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions (“**Code Provisions**”) as stated in the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on SEHK (the “**CG Code**”) as the code of the Company.

Currently, the Company comprises five Board Committees, namely, the Nomination Committee, the Remuneration Committee, the Employees’ Share Option Scheme Committee, the Audit Committee and the Executive Committee. The respective terms of reference of the Board Committees, except the Employees’ Share Option Scheme Committee and the Executive Committee are posted on the website of SEHK. The respective terms of reference of the Board Committees, except the Employees’ Share Option Scheme Committee, are also posted on the Company’s website.

During the relevant period of the first half of CY2015 under review, the Company fully complied with the Code Provisions in the CG Code, save for the followings:

1. Deviation from Code Provision A.4.1

Under Code Provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and be subject to re-election.

All the existing non-executive directors of the Company are not appointed for a specific term, but are subject to retirement and re-election at the Company’s annual general meeting in accordance with “Article 95 — Election of Directors” of the Articles of Association of the Company that one-third of its directors for the time being, or, if their number is not three or a multiple of three, then the number rounded to the nearest one-third shall retire from office by rotation provided always that every director shall be subject to retirement at an annual general meeting at least once every three years. This effectively means that no directors will remain in office for more than 3 years before needing to be re-elected by the Company’s shareholders. The Company considers that sufficient measures have been taken to ensure the Company’s corporate governance practices are no less exacting than those in the CG Code.

2. Deviation from Code Provision E.1.2

Under Code Provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company.

The chairman of the Board delegated the duty of attending the annual general meeting held on 24 April 2015 to the Vice Chairman and an Executive Director, Ms. Stephanie Cheung Wai Lin (“Ms. Cheung”), who chaired the meeting. Ms. Cheung and the independent non-executive directors who attended the meeting were able to answer the questions raised by the attending shareholders at the meeting.

Notwithstanding the aforesaid deviations, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG code.

HONG KONG CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the directors of the Company (“the directors”) and relevant employees (as defined in the CG Code) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Rules Governing the Listing of Securities on SEHK. A copy of the internal memorandum is circulated to each director and relevant employees, at least 30 days and 60 days respectively before the date of the board meeting to approve the Company’s quarterly results and annual results, with a reminder that the directors and relevant employees cannot deal in the securities of the Company until after such results have been published.

After the Company made a specific enquiry, all directors confirmed that they had complied with the required standard set out in the Model Code and the Company’s code of conduct throughout the six months ended 30 June 2015.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures for 2QCY15 and 1HCY15 have not been audited or reviewed by the Group's auditors.

FORECAST STATEMENT

No forecast statement had been previously disclosed to shareholders of the Company.

DISCLOSURE ON THE WEBSITE OF THE RELEVANT SECURITIES 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 gratitude to our global employees for their continued loyalty, diligence and unreserved support to the Group.

INTERESTED PERSONS TRANSACTIONS

The 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 financial period under review (including transactions of less than S\$100,000 and excluding transactions conducted under a shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 (including transactions of less than S\$100,000)	
	1H CY15	1H CY14	1H CY15	1H CY14
Purchases of plant and equipment				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	2,295	4,577
	—	—	2,295	4,577
Purchases of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	46,061	58,735
Elec & Eltek Corporate Services Limited	19	148	—	—
Heng Yang Kingboard Chemical Co., Ltd.	—	—	815	1,006
Hong Kong Fibre Glass Company Limited	—	—	6,425	5,796
Huizhou Chung Shun Chemical Co., Ltd.	—	—	343	277
Joyful Source Group Limited	13	14	—	—
	32	162	53,644	65,814
Provision of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	2,766	—
Elec & Eltek Computers Limited	—	34	—	—
Elec & Eltek Display Technology Limited	18	13	—	—
Express Electronics Ltd	—	—	1,277	557
Techwise (Macao Commercial Offshore) Circuits Limited	—	—	2,385	—
	18	47	6,428	557

CONFIRMATION BY THE BOARD

We, Stephanie Cheung Wai Lin and Chang Wing Yiu, being two of the Directors, do hereby confirm on behalf of the Board that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the second quarter and six months ended 30 June 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, 14 August 2015

As at 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*