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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 2016**

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 the 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 2016 ("1QCY16") US\$'000	31 March 2015 ("1QCY15") US\$'000	
Revenue	111,984	106,578 <sup>#</sup>	5.1%
EBITDA*	13,033	8,189	59.2%
EBITDA margin*	11.6%	7.8%	3.8%
Underlying profit (loss) before tax*	3,245	(1,765)	283.9%
Net profit (loss) attributable to owners of the Company*			
- Underlying net profit (loss)*	3,004	(2,971)	201.1%
- Reported net profit (loss)	3,004	(7,132)	142.1%
Basic earnings (loss) per share			
- Based on underlying net profit (loss)*	US1.61 cents	(US1.59 cents)	201.3%
- Based on reported net profit (loss)	US1.61 cents	(US3.82 cents)	142.1%
	31 Mar 2016	31 Dec 2015	
Net asset value per share	US\$2.00	US\$1.99	0.5%
Net gearing ratio	15.0%	17.3%	-2.3%

\* Excluding the additional provision for potential claims of approximately US\$nil million made in March 2016 quarter (1QCY15: US\$4.2 million).

# The amount is restated for reclassification of rental income for approximately US\$1.1 million from other income to turnover because property investments become a standalone reportable segment to the chief operating decision makers of the Group in the current period.

**RESULTS**

The board of directors (the "**Board**") of the Company is pleased to announce the unaudited consolidated results of the Group for 1QCY16 together with the comparative figures for 1QCY15.

## Consolidated Statement of Profit or Loss

	<i>Notes</i>	<b>1QCY16</b> <b>US\$'000</b> <b>(Unaudited)</b>	1QCY15 US\$'000 (Unaudited)	% Change
<b>Revenue</b>	2	<b>111,984</b>	106,578	5.1%
Cost of sales		<u><b>(100,442)</b></u>	<u>(99,753)</u>	0.7%
<b>Gross profit</b>		<b>11,542</b>	6,825	69.1%
<i>Gross profit margin</i>		<b>10.3%</b>	6.4%	3.9%
Other operating income and gains		<b>1,154</b>	108	968.5%
Distribution and selling costs		<b>(3,490)</b>	(3,337)	4.6%
Administrative expenses		<b>(4,779)</b>	(8,864)	-46.1%
Other operating expenses and losses		<b>(703)</b>	(229)	207.0%
Finance costs	3	<u><b>(479)</b></u>	<u>(429)</u>	11.7%
<b>Profit (loss) before taxation</b>		<b>3,245</b>	(5,926)	154.8%
Income tax expense	4	<u><b>(765)</b></u>	<u>(1,148)</u>	-33.4%
<b>Profit (loss) for the period</b>		<u><b>2,480</b></u>	<u>(7,074)</u>	135.1%
<b>Profit (loss) attributable to:</b>				
Owners of the Company		<b>3,004</b>	(7,132)	142.1%
Non-controlling interests		<u><b>(524)</b></u>	<u>58</u>	-1,003.4%
		<u><b>2,480</b></u>	<u>(7,074)</u>	135.1%
Earnings/(loss) per share (US cents)	6			
- Basic		<u><b>1.61</b></u>	<u>(3.82)</u>	142.1%

Notes to Consolidated Statement of Profit or Loss:

	<b>1QCY16</b> <b>US\$'000</b> <b>(Unaudited)</b>	1QCY15 US\$'000 (Unaudited)	% Change
Depreciation	<b>9,299</b>	9,503	-2.1%
Amortisation of prepaid land use rights	<b>41</b>	41	0%
(Reversal of allowance) allowance for doubtful debts	<b>(206)</b>	4,161	n/m
Allowance for inventory obsolescence	<b>164</b>	521	-68.5%

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	<b>1QCY16</b> <b>US\$'000</b> <b>(Unaudited)</b>	1QCY15 US\$'000 (Unaudited)	% Change
<b>Profit (loss) for the period</b>	<u><b>2,480</b></u>	<u>(7,074)</u>	<u>135.1%</u>
Other comprehensive expenses:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	<u><b>(309)</b></u>	<u>(426)</u>	<u>-27.5%</u>
Other comprehensive expenses for the period, net of tax	<u><b>(309)</b></u>	<u>(426)</u>	<u>-27.5%</u>
Total comprehensive income (expenses) for the period	<u><b>2,171</b></u>	<u>(7,500)</u>	<u>128.9%</u>
Total comprehensive income (expenses) attributable to:			
Owners of the Company	<b>2,695</b>	(7,558)	135.7%
Non-controlling interests	<u><b>(524)</b></u>	<u>58</u>	<u>-1,003.4%</u>
	<u><b>2,171</b></u>	<u>(7,500)</u>	<u>128.9%</u>

*n/m - percentage not meaningful*

## Statements of Financial Position

	Notes	GROUP		COMPANY	
		31 March 2016	31 December 2015	31 March 2016	31 December 2015
		US\$'000 (Unaudited)	US\$'000 (Audited)	US\$'000 (Unaudited)	US\$'000 (Audited)
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		20,588	10,950	199	117
Trade receivables	9	131,685	132,724	—	—
Bills receivables	9	2,409	268	—	—
Other receivables		17,348	14,263	1	1
Prepaid land use rights		399	211	—	—
Dividend receivables		—	—	—	—
Inventories	10	37,706	32,880	—	—
<b>Total current assets</b>		<b>210,135</b>	<b>191,296</b>	<b>200</b>	<b>118</b>
<b>Non-current assets</b>					
Property, plant and equipment	8	287,373	286,245	—	—
Prepaid land use rights		12,736	12,965	—	—
Deposits for acquisition of plant and equipment	8	2,274	1,833	—	—
Investment properties		98,834	98,834	—	—
Subsidiary companies		—	—	248,439	464,916
Deferred tax assets		84	83	—	—
<b>Total non-current assets</b>		<b>401,301</b>	<b>399,960</b>	<b>248,439</b>	<b>464,916</b>
<b>Total assets</b>		<b>611,436</b>	<b>591,256</b>	<b>248,639</b>	<b>465,034</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bank overdraft and loans	12	47,963	41,022	—	—
Trade payables	11	111,830	105,262	—	—
Bills payables	11	8,099	7,069	—	—
Other payables		38,844	30,065	1,241	3,852
Amounts due to subsidiary companies		—	—	—	213,547
Provision for taxation		1,148	709	—	—
<b>Total current liabilities</b>		<b>207,884</b>	<b>184,127</b>	<b>1,241</b>	<b>217,399</b>
<b>Non-current liabilities</b>					
Bank loans	12	28,556	34,310	—	—
Deferred tax liabilities		1,434	1,428	—	—
<b>Total non-current liabilities</b>		<b>29,990</b>	<b>35,738</b>	<b>—</b>	<b>—</b>
<b>Capital, reserves and non-controlling interests</b>					
Share capital	13	113,880	113,880	113,880	113,880
Reserves		249,795	247,100	133,518	133,755
Equity attributable to owners of the Company		363,675	360,980	247,398	247,635
Non-controlling interests		9,887	10,411	—	—
<b>Total equity</b>		<b>373,562</b>	<b>371,391</b>	<b>247,398</b>	<b>247,635</b>
<b>Total liabilities and equity</b>		<b>611,436</b>	<b>591,256</b>	<b>248,639</b>	<b>465,034</b>

## 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	Non-		Total equity
							currency 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	
<b>THE GROUP</b>										
<b>1QCY16</b>										
Balance at 1 January 2016 (audited)	113,880	1,916	5,805	42,684	166	180,640	15,889	360,980	10,411	371,391
<b>Change in equity for 1QCY16</b>										
Total comprehensive (expenses)/income for the period										
(Loss) profit for the period	—	—	—	—	—	3,004	—	3,004	(524)	2,480
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(309)	(309)	—	(309)
Other comprehensive expenses for the period, net of tax	—	—	—	—	—	—	(309)	(309)	—	(309)
Total	—	—	—	—	—	3,004	(309)	2,695	(524)	2,171
Balance at 31 March 2016 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>5,805</u>	<u>42,684</u>	<u>166</u>	<u>183,644</u>	<u>15,580</u>	<u>363,675</u>	<u>9,887</u>	<u>373,562</u>
<b>1QCY15</b>										
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
<b>Change in equity for 1QCY15</b>										
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>

### Notes:

- (i) Capital reserve represents amounts transferred from the 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 of assets by the subsidiaries.

	<b>Share capital US\$'000</b>	<b>Capital reserve US\$'000</b>	<b>Retained earnings US\$'000</b>	<b>Total equity US\$'000</b>
<b><u>THE COMPANY</u></b>				
<b>1QCY16</b>				
Balance at 1 January 2016 (audited)	113,880	1,916	131,839	247,635
Loss for the period, representing total comprehensive expenses for the period	—	—	(237)	(237)
Balance at 31 March 2016 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>131,602</u>	<u>247,398</u>
<b>1QCY15</b>				
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>

## Consolidated Statement of Cash Flows

	1QCY16 US\$'000 (Unaudited)	1QCY15 US\$'000 (Unaudited)
<b>Operating activities</b>		
Profit (loss) before taxation	3,245	(5,926)
Adjustments for:		
(Reversal of allowance) allowance for doubtful debts	(206)	4,161
Finance costs	479	429
Depreciation of property, plant and equipment	9,299	9,503
Amortisation of prepaid land use rights	41	41
Loss (gain) on disposal of property, plant and equipment	5	(90)
Allowance for inventory obsolescence	164	521
Interest income	<u>(31)</u>	<u>(19)</u>
Operating income before movements in working capital	12,996	8,620
(Increase) decrease in inventories	(4,999)	1,359
(Increase) decrease in trade and other receivables	(3,981)	10,300
Increase (decrease) in trade and other payables	<u>16,377</u>	<u>(9,681)</u>
Net cash generated from operations	20,393	10,598
Interest income received	31	19
Interest paid	(600)	(495)
Income taxes paid	<u>(264)</u>	<u>(1,489)</u>
<b>Net cash from operating activities</b>	<b><u>19,560</u></b>	<b><u>8,633</u></b>



	<b>1QCY16</b>	1QCY15
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	5	321
Purchase of property, plant and equipment	(8,911)	(4,173)
Deposits paid for acquisition of property, plant and equipment	<u>(1,780)</u>	<u>(652)</u>
<b>Net cash used in investing activities</b>	<b><u>(10,686)</u></b>	<b><u>(4,504)</u></b>
<b>Financing activities</b>		
Proceeds from bank borrowings	6,941	3,796
Repayment of bank borrowings	(5,754)	(6,640)
Dividends paid by the Company	<u>—</u>	<u>(321)</u>
<b>Net cash from (used in) financing activities</b>	<b><u>1,187</u></b>	<b><u>(3,165)</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>10,061</b>	964
<b>Cash and cash equivalents at the beginning of the period</b>	<b>10,950</b>	22,302
<b>Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net</b>	<b><u>(423)</u></b>	<b><u>12</u></b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>20,588</u></b>	<b><u>23,278</u></b>
Cash and cash equivalents consists of:		
Cash and bank balances	<u>20,588</u>	<u>23,278</u>
	<b><u>20,588</u></b>	<b><u>23,278</u></b>

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 1QCY16 as the most recent audited financial statements as at 31 December 2015.

For the current period, the Group has applied all the new and revised FRS, as well as amendments to and interpretation of FRS that are relevant to its operations and effective for financial periods beginning on or after 1 January 2016:

The adoption of these new and revised FRS 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 financial 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 2017:

- *FRS 115 Revenue from Contracts with Customers*
- *FRS 109 Financial Instruments*
- *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 the results of operations and financial position of the Group.

## 2. Revenue and segment information

The Group's operating activities are attributable to two single reporting and operating segments on (i) fabrication and distribution of printed circuit boards ("**PCB**"); (ii) investment properties. These segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to FRS that are regularly reviewed by the Executive Directors of the Company.

**Period ended 31 March 2016**

	<b>Fabrication and distribution of PCB US\$'000</b>	<b>Investment properties US\$'000</b>	<b>Elimination US\$'000</b>	<b>Total US\$'000</b>
<b>Segment revenue</b>				
Revenue from external customers	110,538	1,446		111,984
Inter-segment revenue	<u>84,974</u>	<u>—</u>	<u>(84,974)</u>	<u>—</u>
Reportable segment revenue	<u>195,512</u>	<u>1,446</u>	<u>(84,974)</u>	<u>111,984</u>
<b>Segment results</b>	1,940	775		2,715
Corporate and other unallocated expenses				<u>530</u>
Profit before tax				<u><u>3,245</u></u>

	<b>Fabrication and distribution of PCB US\$'000</b>	<b>Investment properties US\$'000</b>	<b>Unallocated US\$'000</b>	<b>Total US\$'000</b>
<b>ASSETS</b>				
Segment assets	491,331	99,516		590,847
Unallocated assets			20,589	<u>20,589</u>
Consolidated total assets				<u><u>611,436</u></u>
<b>LIABILITIES</b>				
Segment liabilities	(126,007)	(34,107)		(160,114)
Unallocated liabilities			(77,760)	<u>(77,760)</u>
Consolidated total liabilities				<u><u>(237,874)</u></u>

**Period ended 31 March 2015**

	<b>Fabrication and distribution of PCB US\$'000</b>	<b>Investment properties US\$'000</b>	<b>Elimination US\$'000</b>	<b>Total US\$'000</b>
<b>Segment revenue</b>				
Revenue from external customers	105,510	1,068		106,578
Inter-segment revenue	<u>82,734</u>	<u>—</u>	<u>(82,734)</u>	<u>—</u>
Reportable segment revenue	<u>188,244</u>	<u>1,068</u>	<u>(82,734)</u>	<u>106,578</u>
<b>Segment results</b>	(6,300)	930		(5,370)
Corporate and other unallocated expenses				<u>(556)</u>
Profit before tax				<u><u>(5,926)</u></u>

	<b>Fabrication and distribution of PCB US\$'000</b>	<b>Investment properties US\$'000</b>	<b>Unallocated US\$'000</b>	<b>Total US\$'000</b>
<b>ASSETS</b>				
Segment assets	441,654	105,291		546,945
Unallocated assets			23,279	<u>23,279</u>
Consolidated total assets				<u><u>570,224</u></u>
<b>LIABILITIES</b>				
Segment liabilities	(109,982)	(38,251)		(148,233)
Unallocated liabilities			(87,138)	<u>(87,138)</u>
Consolidated total liabilities				<u><u>(235,371)</u></u>

### 3. Finance costs

	<b>1QCY16</b> <b>US\$'000</b> <b>(Unaudited)</b>	1QCY15 US\$'000 (Unaudited)
Interest on bank loans wholly repayable within five years	<b>589</b>	495
Less: Amounts capitalised	<u><b>(110)</b></u>	<u>(66)</u>
	<u><b>479</b></u>	<u>429</u>

### 4. Income tax expense

	<b>1QCY16</b> <b>US\$'000</b> <b>(Unaudited)</b>	1QCY15 US\$'000 (Unaudited)
Current tax:		
Singapore income tax	—	1
PRC enterprise income tax	<b>703</b>	1,009
Hong Kong income tax	—	5
Other jurisdictions	<u>—</u>	<u>8</u>
	<b>703</b>	1,023
Deferred tax	<u><b>62</b></u>	<u>125</u>
	<u><b>765</b></u>	<u>1,148</u>

The Group is subject to taxation at 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 1QCY16 or the same period last year.

## 6. Earnings/(loss) per share

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

	<u>Earnings/(loss)</u>	
	1QCY16	1QCY15
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Earnings/(loss) for the purpose of basic earnings/(loss) per share	<u>3,004</u>	<u>(7,132)</u>
	<u>Number of shares</u>	
	1QCY16	1QCY15
	'000	'000
Weighted average number of ordinary shares used to compute basic earnings/(loss) per share	<u>186,920</u>	<u>186,920</u>
Earnings/(loss) per share (US cents)		
- basic	<u>1.61</u>	<u>(3.82)</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	31 December	31 March	31 December
	2016	2015	2016	2015
	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>2.00</u>	<u>1.99</u>	<u>1.31</u>	<u>1.32</u>

\* Based on 186,919,962 issued shares as at 31 March 2016 (31 December 2015: 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\$11.0 million (1QCY15: approximately US\$4.8 million) on the 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

	<b>GROUP</b>	
	<b>31 March 2016 US\$'000 (Unaudited)</b>	31 December 2015 US\$'000 (Audited)
Trade receivables		
- Third parties	<b>133,792</b>	135,024
- Related parties (note)	<b>3,211</b>	3,212
Less: Allowance for doubtful debts	<b>(5,318)</b>	(5,512)
	<b>131,685</b>	132,724
Bills receivables	<b>2,409</b>	268
Total	<b>134,094</b>	132,992

*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:

	<b>GROUP</b>	
	<b>31 March 2016 US\$'000 (Unaudited)</b>	31 December 2015 US\$'000 (Audited)
Within 90 days	<b>129,175</b>	112,331
91 to 180 days	<b>2,220</b>	16,320
Over 180 days	<b>290</b>	4,073
	<b>131,685</b>	132,724

At the end of the reporting period, the bills receivables are aged within 180 days (31 December 2015: within 180 days)

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

## 10. Inventories

	<b>GROUP</b>	
	<b>31 March 2016 US\$'000 (Unaudited)</b>	31 December 2015 US\$'000 (Audited)
Raw materials	<b>8,531</b>	6,165
Work-in-progress	<b>17,462</b>	15,430
Finished goods	<b>11,713</b>	11,285
	<b><u>37,706</u></b>	<b><u>32,880</u></b>

## 11. Trade and bills payables

	<b>GROUP</b>	
	<b>31 March 2016 US\$'000 (Unaudited)</b>	31 December 2015 US\$'000 (Audited)
Trade payables		
- Third parties	<b>77,544</b>	56,621
- Related parties (note)	<b>34,286</b>	48,641
	<b>111,830</b>	105,262
Bills payables	<b>8,099</b>	7,069
Total	<b><u>119,929</u></b>	<b><u>112,331</u></b>

*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:

	<b>GROUP</b>	
	<b>31 March 2016 US\$'000 (Unaudited)</b>	31 December 2015 US\$'000 (Audited)
Within 90 days	<b>71,444</b>	77,207
91 to 180 days	<b>30,847</b>	19,528
Over 180 days	<b>9,539</b>	8,527
	<b><u>111,830</u></b>	<b><u>105,262</u></b>

At the end of the reporting period, the bills payables are aged within 180 days (31 December 2015: within 180 days). The bills payables were mainly related to the purchase of equipment via the payment mode of issuing irrevocable letters of credits.



## 12. Bank overdraft and loans

	<b>GROUP</b>	
	<b>31 March</b>	31 December
	<b>2016</b>	2015
	<b>US\$'000</b>	US\$'000
	<b>(Unaudited)</b>	(Audited)
Unsecured:		
Bank loans	<u><b>76,519</b></u>	<u>75,332</u>
Comprising amounts falling due:		
- within one year	<b>47,963</b>	41,022
- more than one year	<u><b>28,556</b></u>	<u>34,310</u>
	<u><b>76,519</b></u>	<u>75,332</u>

The Group's total external borrowings increased by approximately 1.6% to approximately US\$76.5 million as at 31 March 2016 from 31 December 2015 as additional loans have been received during the quarter.

## 13. Share capital

As at 31 March 2016, the Company has a total of 186,919,962 (31 December 2015: 186,919,962) issued ordinary shares excluding treasury shares.

## 14. Share options

There were no share options outstanding as at 31 March 2016 and 31 December 2015, 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. Reconciliation between FRSs and International Financial Reporting Standards ("IFRS")

For 1QCY16, there were no material differences between the consolidated financial statements of the Group prepared under FRS and IFRS.

## **BUSINESS REVIEW AND OUTLOOK**

The Group's revenue for 1QCY16 increased by 5.1% from 1QCY15 to approximately US\$112.0 million. The increase was primarily caused by an increase in the shipment volume. Net attributable profit (profit after tax and non-controlling interests) was US\$2.5 million in 1QCY16, as compared with a loss of US\$7.1 million in 1QCY15, as provision for potential claims of approximately US\$4.2 million was incurred in 1QCY15. Earnings before interest, tax, depreciation and amortization for the Group (“**EBITDA**”) stood at US\$13.0 million (1QCY2015: US\$8.2 million) — increased by approximately 59.2% against the previous year. The Group continued to generate steady operating cash flow. As at end of March 2016, the Group's net gearing ratio was 15.0%. The Group's financial position remained healthy.

In the first quarter of 2016, communication & networking products (including mobile phones) accounted for about 49.1% (1QCY15: 46.5%) of our sales while automotive PCB sales accounted for around 24.1% of our total PCB sales (1QCY15: 22.8%). High Density Interconnect (“**HDI**”) PCB accounted for approximately 30.0% of total PCB sales in 1QCY16 (1QCY15: 30.7%).

The Group's gross profit increased by 69.1% to US\$11.5 million in 1QCY16 as compared with that of US\$6.8 million in 1QCY15, and gross margin grew to 10.3% (1QCY15: 6.4%). The increase in gross profit was primarily attributable to the higher plant output and the lower overhead absorption at the Group's plants and the inclusion of the Group's rental income in its revenue.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at 31 March 2016, the Group's net current assets was approximately US\$2.3 million (31 December 2015: approximately US\$7.2 million), making the current ratio 1.01 as compared to 1.04 as at 31 December 2015.

The net working capital cycle was 42 days as at 31 March 2016 (31 December 2015: 45 days) based on the following key metrics:

- Inventories, in terms of stock turnover days, remained at 31 days (31 December 2015: 31 days).

- Trade receivables, in terms of debtors turnover days, increased to 108 days (31 December 2015: 106 days).
- Trade payables, in terms of creditors turnover days, increased to 97 days (31 December 2015: 92 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 2016 was approximately 15.0% (31 December 2015: 17.3%). The proportion of short-term and long-term bank borrowings stood at 63%: 37% (31 December 2015: 54%:46%). The total equity of the Group, as at 31 March 2016, was approximately US\$373.6 million (31 December 2015: approximately US\$371.4 million). As at 31 March 2016, the Group had cash on hand and undrawn loan facilities of approximately US\$20.6 million and US\$31.3 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.

## **PROSPECTS**

We see improvement in business momentum following the holiday period as customers have 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 quality improvement. Production capabilities will be further upgraded to serve customers in telecommunication and automotive segments. Although there are challenges in 2016, management has confidence in the Group's stronger business development team and in the well-established business relationships with major customers.

## **AUDIT OR REVIEW OF THE FINANCIAL RESULTS**

The figures for 1QCY16 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>), SEHK (<http://www.hkexnews.hk>) and on the Company's website (<http://www.eleceltek.com>).

## APPRECIATION

On behalf of the Board, we would like to take this opportunity to express our appreciation to the Board and our global employees for their continued loyalty, diligence and unreserved support for 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 persons 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 persons transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than S\$100,000)	
	1QCY16	1QCY15	1QCY16	1QCY15
<b>Purchases of plant and equipment</b>				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	568	783
	—	—	568	783
<b>Purchases of goods and services</b>				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	14,872	22,455
Elec & Eltek Corporate Services Limited	19	19	—	—
Heng Yang Kingboard Chemical Co., Ltd.	—	—	361	392
Hong Kong Fibre Glass Company Limited	—	—	3,693	2,594
Huizhou Chung Shun Chemical Company Limited	—	—	207	177
Jiangmen Glory Faith PCB Company Limited	—	—	21	—
Jiangmen Kingboard High-tech Company Limited	—	—	4,350	—
Joyful Source Group Limited	—	7	—	—
Kingfai (Lian Zhou) Electronic Materials Company Ltd.	—	—	2,687	—
Techwise Circuits Co., Ltd. 紐寶力精(廣州)有限公司	—	—	3	—
	—	—	913	—
	19	26	27,107	25,618
<b>Provision of goods and services</b>				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	1,363	365
Elec & Eltek Display Technology Limited	—	18	41	—
Express Electronics Limited	—	—	—	670
Jiangmen Glory Faith PCB Co., Ltd.	—	—	32	—
Techwise (Macao Commercial Offshore) Circuits Limited	—	—	1,676	1,184
Top Faith PCB Co., Ltd.	—	—	1,412	—
	—	18	4,524	2,219

## **CONFIRMATION BY THE BOARD**

We, Stephanie Cheung Wai Lin and Chang Wing Yiu, being two of the Directors of the Company, do hereby confirm on behalf of 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 1QCY16 to be false or misleading.

On behalf of the Board

**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, 13 May 2016

*As of the date of this announcement, the Board 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*