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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 THIRD QUARTER AND NINE MONTHS ENDED
30 SEPTEMBER 2015**

This announcement is made by Elec & Eltek International Company Limited (the “**Company**”) pursuant to 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 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 Group’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

	Nine months ended		
	30 Sep 2015	30 Sep 2014	%
	("YTD	("YTD	Change
	3QCY15")	3QCY14")	
	US\$'000	US\$'000	
Revenue	337,339	385,832	-13%
EBITDA	29,405*	44,648**	-34%
EBITDA margin	8.7%*	11.6%**	
Underlying (loss) profit before tax	(277)*	8,801**	-103%
Net (loss) profit attributable to owners of the Company			
- Underlying net (loss) profit	(3,934)*	7,823**	-150%
- Reported (loss) profit	(8,095)	4,353	-286%
Basic (loss) earnings per share			
- Underlying net (loss) profit	(US2.10 cents)*	US4.19 cents**	-150%
- Reported (loss) profit	(US4.33 cents)	US2.33 cents	-286%
	30 Sep 2015	31 Dec 2014	
Net asset value per share	US\$1.75	US\$1.83	-4%
Net gearing ratio	19.9%	19.4%	

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

** Excluding the restructuring provision of approximately US\$3.5 million made in the quarter ended 30 September 2014

RESULTS

The board of directors (the “**Board**”) of the Company submits herewith the unaudited consolidated results of the Group for the third quarter (“**3QCY15**”) and nine months ended 30 September 2015 (“**YTD 3QCY15**”) together with the comparative figures for the third quarter (“**3QCY14**”) and nine months ended 30 September 2014 (“**YTD 3QCY14**”).

Consolidated Statement of Profit or Loss

	Notes	3QCY15 US\$'000 (Unaudited)	3QCY14 US\$'000 (Unaudited)	% Change	YTD 3QCY15 US\$'000 (Unaudited)	YTD 3QCY14 US\$'000 (Unaudited)	% Change
Revenue	2	115,838	134,312	-13.8%	337,339	385,832	-12.6%
Cost of sales		<u>(105,261)</u>	<u>(122,710)</u>	-14.2%	<u>(313,511)</u>	<u>(353,343)</u>	-11.3%
Gross profit		10,577	11,602	-8.8%	23,828	32,489	-26.7%
<i>Gross profit margin</i>		<i>9.1%</i>	8.6%		<i>7.1%</i>	8.4%	
Other operating income and gains		1,346	722	86.4%	3,532	2,230	58.4%
Distribution and selling costs		(3,022)	(3,800)	-20.5%	(10,067)	(11,000)	-8.5%
Administrative expenses		(4,508)	(4,925)	-8.5%	(18,436)	(13,434)	37.2%
Other operating expenses and losses		(20)	(3,689)	-99.5%	(1,954)	(3,846)	-49.2%
Finance costs	3	<u>(453)</u>	<u>(384)</u>	18.0%	<u>(1,341)</u>	<u>(1,108)</u>	21.0%
Profit (loss) before taxation		3,920	(474)	-927.0%	(4,438)	5,331	-183.2%
Income tax expense	4	<u>(1,292)</u>	<u>(294)</u>	339.5%	<u>(3,257)</u>	<u>(632)</u>	415.3%
Profit (loss) for the period		<u>2,628</u>	<u>(768)</u>	-442.2%	<u>(7,695)</u>	<u>4,699</u>	-263.8%
Profit (loss) attributable to:							
Owners of the Company		2,362	(940)	-351.3%	(8,095)	4,353	-286.0%
Non-controlling interests		<u>266</u>	<u>172</u>	54.7%	<u>400</u>	<u>346</u>	15.6%
		<u>2,628</u>	<u>(768)</u>	-442.2%	<u>(7,695)</u>	<u>4,699</u>	-263.8%
Earnings (loss) per share (US cents)	6						
- Basic		<u>1.26</u>	<u>(0.50)</u>	-352.0%	<u>(4.33)</u>	<u>2.33</u>	-285.8%

Notes to Consolidated Statement of Profit or Loss:

	3QCY15	3QCY14		YTD	YTD	
	US\$'000	US\$'000	% Change	3QCY15	3QCY14	% Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Depreciation	9,248	12,271	-24.6%	28,255	34,652	-18.5%
Amortisation of prepaid land use rights	41	41	0.0%	123	123	0.0%
(Reversal of allowance) allowance for doubtful debts	(159)	(569)	-72.1%	4,058	(1,006)	-503.4%
Allowance (reversal of allowance) for inventory obsolescence	522	17	n/m	1,053	(88)	n/m

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	3QCY15	3QCY14		YTD	YTD	
	US\$'000	US\$'000	% Change	3QCY15	3QCY14	% Change
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Profit (loss) for the period	<u>2,628</u>	<u>(768)</u>	-442.2%	<u>(7,695)</u>	<u>4,699</u>	-263.8%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	<u>815</u>	<u>132</u>	517.4%	<u>(740)</u>	<u>276</u>	-368.1%
Other comprehensive income for the period, net of tax	<u>815</u>	<u>132</u>	517.4%	<u>(740)</u>	<u>276</u>	-368.1%
Total comprehensive income for the period	<u>3,443</u>	<u>(636)</u>	-641.4%	<u>(8,435)</u>	<u>4,975</u>	-269.5%
Total comprehensive income attributable to:						
Owners of the Company	3,177	(808)	-493.2%	(8,835)	4,629	-290.9%
Non-controlling interests	<u>266</u>	<u>172</u>	54.7%	<u>400</u>	<u>346</u>	15.6%
	<u>3,443</u>	<u>(636)</u>	-641.4%	<u>(8,435)</u>	<u>4,975</u>	-269.5%

n/m - percentage not meaningful

Statements of Financial Position

	<i>Notes</i>	GROUP		COMPANY	
		30 September	31 December	30 September	31 December
		2015	2014	2015	2014
		US\$'000	US\$'000	US\$'000	US\$'000
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS					
Current assets					
Cash and bank balances		21,130	22,303	93	67
Trade receivables	9	131,095	129,863	—	—
Bills receivables	9	1,337	518	—	—
Other receivables		15,454	21,203	1	1
Prepaid land use rights		164	399	—	—
Dividend receivables		—	—	27,100	27,100
Inventories	10	39,308	42,729	—	—
Total current assets		208,488	217,015	27,194	27,168
Non-current assets					
Property, plant and equipment	8	299,110	308,017	—	—
Prepaid land use rights		13,053	12,941	—	—
Deposits for acquisition of plant and equipment	8	2,565	6,263	—	—
Investment properties		46,592	46,592	—	—
Subsidiary companies		—	—	459,465	459,849
Deferred tax assets		84	84	—	—
Total non-current assets		361,404	373,897	459,465	459,849
Total assets		569,892	590,912	486,659	487,017
LIABILITIES AND EQUITY					
Current liabilities					
Bank overdraft and loans	12	51,080	44,962	—	—
Trade payables	11	114,343	119,891	—	—
Bills payables	11	6,594	4,745	—	—
Other payables		31,437	31,970	1,361	1,350
Amounts due to subsidiary companies		—	—	241,034	234,587
Provision for taxation		2,148	1,836	—	—
Total current liabilities		205,602	203,404	242,395	235,937
Non-current liabilities					
Bank loans	12	35,333	43,665	—	—
Deferred tax liabilities		1,104	1,169	—	—
Total non-current liabilities		36,437	44,834	—	—
Capital, reserves and non-controlling interests					
Share capital	13	113,880	113,880	113,880	113,880
Reserves		203,787	218,687	130,384	137,200
Equity attributable to owners of the Company		317,667	332,567	244,264	251,080
Non-controlling interests		10,186	10,107	—	—
Total equity		327,853	342,674	244,264	251,080
Total liabilities and equity		569,892	590,912	486,659	487,017

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory reserve	Revaluation reserve	Other reserve	Retained earnings	Foreign currency translation reserve	Total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Note i)	(Note i)	(Note ii)	(Note iii)	(Note iv)					
THE GROUP										
3QCY15										
Balance at 1 July 2015 (unaudited)	113,880	1,916	5,353	2,940	166	175,014	15,221	314,490	9,920	324,410
Change in equity for 3QCY15										
Total comprehensive income for the period										
Profit for the period	—	—	—	—	—	2,362	—	2,362	266	2,628
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	815	815	—	815
Other comprehensive income for the period, net of tax	—	—	—	—	—	—	815	815	—	815
Total	—	—	—	—	—	2,362	815	3,177	266	3,443
Balance at 30 September 2015 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>5,353</u>	<u>2,940</u>	<u>166</u>	<u>177,376</u>	<u>16,036</u>	<u>317,667</u>	<u>10,186</u>	<u>327,853</u>
3QCY14										
Balance at 1 July 2014 (unaudited)	113,880	1,916	5,345	2,940	166	198,944	17,017	340,208	9,873	350,081
Change in equity for 3QCY14										
Total comprehensive income for the period										
(Loss) profit for the period	—	—	—	—	—	(940)	—	(940)	172	(768)
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	132	132	—	132
Other comprehensive income for the period, net of tax	—	—	—	—	—	—	132	132	—	132
Total	—	—	—	—	—	(940)	132	(808)	172	(636)
Transactions with owners, recognised directly in equity										
Transfer from retained earnings to statutory reserve	—	—	4	—	—	(4)	—	—	—	—
Dividend paid in respect of current year	—	—	—	—	—	(5,608)	—	(5,608)	—	(5,608)
Total	—	—	4	—	—	(5,612)	—	(5,608)	—	(5,608)
Balance at 30 September 2014 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>5,349</u>	<u>2,940</u>	<u>166</u>	<u>192,392</u>	<u>17,149</u>	<u>333,792</u>	<u>10,045</u>	<u>343,837</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										
YTD 3QCY15										
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 YTD 3QCY15										
Total comprehensive income for the period										
(Loss) profit for the period	—	—	—	—	—	(8,095)	—	(8,095)	400	(7,695)
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	(740)	(740)	—	(740)
Other comprehensive expense for the period, net of tax	—	—	—	—	—	—	(740)	(740)	—	(740)
Total	—	—	—	—	—	(8,095)	(740)	(8,835)	400	(8,435)
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 September 2015 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>5,353</u>	<u>2,940</u>	<u>166</u>	<u>177,376</u>	<u>16,036</u>	<u>317,667</u>	<u>10,186</u>	<u>327,853</u>
YTD 3QCY14										
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 YTD 3QCY14										
Total comprehensive income for the period										
Profit for the period	—	—	—	—	—	4,353	—	4,353	346	4,699
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	276	276	—	276
Other comprehensive income for the period, net of tax	—	—	—	—	—	—	276	276	—	276
Total	—	—	—	—	—	4,353	276	4,629	346	4,975
Transactions with owners, recognised directly in equity										
Transfer from retained earnings to statutory reserve	—	—	4	—	—	(4)	—	—	—	—
Dividend paid in respect of										
- previous year	—	—	—	—	—	(13,084)	—	(13,084)	—	(13,084)
- current year	—	—	—	—	—	(5,608)	—	(5,608)	—	(5,608)
Total	—	—	4	—	—	(18,696)	—	(18,692)	—	(18,692)
Balance at 30 September 2014 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>5,349</u>	<u>2,940</u>	<u>166</u>	<u>192,392</u>	<u>17,149</u>	<u>333,792</u>	<u>10,045</u>	<u>343,837</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 (Note i)	Retained earnings US\$'000	Total equity US\$'000
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THE COMPANY

3QCY15

Balance at 1 July 2015 (unaudited)	113,880	1,916	128,707	244,503
Loss for the period, representing total comprehensive income for the period	—	—	(239)	(239)
Balance at 30 September 2015 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>128,468</u>	<u>244,264</u>

3QCY14

Balance at 1 July 2014 (unaudited)	113,880	1,916	108,738	224,534
Loss for the period, representing total comprehensive income for the period	—	—	(189)	(189)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of current year	—	—	(5,608)	(5,608)
Balance at 30 September 2014 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>102,941</u>	<u>218,737</u>

YTD 3QCY15

Balance at 1 January 2015 (audited)	113,880	1,916	135,284	251,080
Loss for the period, representing total comprehensive income for the period	—	—	(751)	(751)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of previous year	—	—	(6,065)	(6,065)
Balance at 30 September 2015 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>128,468</u>	<u>244,264</u>

YTD 3QCY14

Balance at 1 January 2014 (audited)	113,880	1,916	122,386	238,182
Loss for the period, representing total comprehensive income for the period	—	—	(753)	(753)
Transactions with owners, recognised directly in equity				
Dividend paid in respect of				
- previous year	—	—	(13,084)	(13,084)
- current year	—	—	(5,608)	(5,608)
Balance at 30 September 2014 (unaudited)	<u>113,880</u>	<u>1,916</u>	<u>102,941</u>	<u>218,737</u>

Note:

- (i) Capital reserve represents amounts transferred from share option reserve upon the exercise of share options.

Consolidated Statement of Cash Flows

	3QCY15	3QCY14	YTD 3QCY15	YTD 3QCY14
	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating activities				
Profit (loss) before taxation	3,920	(474)	(4,438)	5,331
Adjustments for:				
(Reversal of allowance) allowance for doubtful debts	(159)	(569)	4,058	(1,006)
Finance costs	453	384	1,341	1,108
Depreciation of property, plant and equipment	9,248	12,271	28,255	34,652
Amortisation of prepaid land use rights	41	41	123	123
(Gain) loss on disposal of property, plant and equipment	(78)	—	483	(55)
Impairment loss recognised in respect of property, plant and equipment	—	2,374	—	2,374
Allowance (reversal of allowance) for inventory obsolescence	522	17	1,053	(88)
Interest income	(7)	(5)	(37)	(36)
Operating income before movements in working capital	13,940	14,039	30,838	42,403
Decrease (increase) in inventories	185	(4,013)	2,368	(10,352)
Decrease (increase) in trade and other receivables	1,523	(5,666)	2,040	(25,196)
Increase (decrease) in trade and other payables	7,410	14,524	(4,232)	31,787
Net cash generated from operations	23,058	18,884	31,014	38,642
Interest income received	7	5	37	36
Interest paid	(482)	(459)	(1,449)	(1,271)
Income taxes paid	(876)	(117)	(3,029)	(1,190)
Net cash generated from operating activities	21,707	18,313	26,573	36,217
Investing activities				
Proceeds from disposal of property, plant and equipment	125	—	446	209
Purchase of property, plant and equipment	(9,728)	(8,831)	(16,701)	(21,423)
Deposits paid for acquisition of property, plant and equipment	(1,146)	(1,734)	(2,583)	(10,257)
Net cash used in investing activities	(10,749)	(10,565)	(18,838)	(31,471)

	3QCY15	3QCY14	YTD	YTD
	US\$'000	US\$'000	3QCY15	3QCY14
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Financing activities				
Proceeds from bank borrowings	4,197	12,744	23,158	47,134
Repayment of bank borrowings	(8,039)	(13,203)	(25,376)	(31,415)
Dividends paid by the Company	—	(5,608)	(6,065)	(18,692)
Dividends paid by subsidiary companies to non-controlling shareholders	—	—	(321)	—
Net cash used in financing activities	<u>(3,842)</u>	<u>(6,067)</u>	<u>(8,604)</u>	<u>(2,973)</u>
Net increase (decrease) in cash and cash equivalents	7,116	1,681	(869)	1,773
Cash and cash equivalents at the beginning of the period	14,257	20,436	22,302	20,387
Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net	<u>(249)</u>	<u>286</u>	<u>(309)</u>	<u>243</u>
Cash and cash equivalents at the end of the period	<u>21,124</u>	<u>22,403</u>	<u>21,124</u>	<u>22,403</u>

Cash and cash equivalents consist of:

	30 Sep	30 Sep
	2015	2014
	US\$'000	US\$'000
Cash and bank balances	21,130	22,458
Bank overdrafts - unsecured	<u>(6)</u>	<u>(55)</u>
	<u>21,124</u>	<u>22,403</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 third quarter ended 30 September 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 (“**PCB**”). This reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to FRS 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 review 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

	YTD 3QCY15 US\$'000 (Unaudited)	YTD 3QCY14 US\$'000 (Unaudited)
Interest on bank loans wholly repayable within five years	1,449	1,271
Less: Amounts capitalised	<u>(108)</u>	<u>(163)</u>
	<u>1,341</u>	<u>1,108</u>

4. Income tax expense

	YTD 3QCY15 US\$'000 (Unaudited)	YTD 3QCY14 US\$'000 (Unaudited)
Current tax		
- Singapore income tax	2	2
- PRC enterprise income tax	2,998	496
- Hong Kong income tax	15	14
- Other jurisdictions	<u>21</u>	<u>21</u>
	3,036	533
Deferred tax	<u>221</u>	<u>99</u>
	<u>3,257</u>	<u>632</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 third quarter ended 30 September 2015 and 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>		<u>(Loss) earnings</u>	
			YTD	YTD
	3QCY15	3QCY14	3QCY15	3QCY14
	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings (loss) for the purpose of basic earnings (loss) per share	<u>2,362</u>	<u>(940)</u>	<u>(8,095)</u>	<u>4,353</u>
	<u>Number of shares</u>		<u>Number of shares</u>	
			YTD	YTD
	3QCY15	3QCY14	3QCY15	3QCY14
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	<u>186,920</u>	<u>186,920</u>	<u>186,920</u>	<u>186,920</u>
Earnings (loss) per share (US cents)				
- basic	<u>1.26</u>	<u>(0.50)</u>	<u>(4.33)</u>	<u>2.33</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 September	31 December	30 September	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>1.75</u>	<u>1.83</u>	<u>1.31</u>	<u>1.34</u>

* Based on 186,919,962 issued shares as at 30 September 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\$19.3 million (YTD 3QCY14: approximately US\$31.7 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	
	30 September 2015 US\$'000 (Unaudited)	31 December 2014 US\$'000 (Audited)
Trade receivables		
- Third parties	129,245	131,482
- Related parties (note)	7,585	3,413
Less: Allowance for doubtful debts	<u>(5,735)</u>	<u>(5,032)</u>
	131,095	129,863
Bills receivables	<u>1,337</u>	<u>518</u>
Total	<u>132,432</u>	<u>130,381</u>

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 September 2015 US\$'000 (Unaudited)	31 December 2014 US\$'000 (Audited)
Within 90 days	107,868	116,037
91 to 180 days	21,100	13,293
Over 180 days	<u>2,127</u>	<u>533</u>
	<u>131,095</u>	<u>129,863</u>

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

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

10. Inventories

	GROUP	
	30 September	31 December
	2015	2014
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Raw materials	9,669	12,051
Work-in-progress	18,531	21,185
Finished goods	<u>11,108</u>	<u>9,493</u>
	<u>39,308</u>	<u>42,729</u>

11. Trade and bills payables

	GROUP	
	30 September	31 December
	2015	2014
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Trade payables		
- Third parties	64,110	70,258
- Related parties (note)	<u>50,233</u>	<u>49,633</u>
	114,343	119,891
Bills payables	<u>6,594</u>	<u>4,745</u>
Total	<u>120,937</u>	<u>124,636</u>

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

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	GROUP	
	30 September	31 December
	2015	2014
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Within 90 days	75,780	80,003
91 to 180 days	29,640	31,489
Over 180 days	8,923	8,399
	<u>114,343</u>	<u>119,891</u>

Trade payables are non-interest bearing and generally on 15 to 120 days' terms.

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 September	31 December
	2015	2014
	US\$'000	US\$'000
	(Unaudited)	(Audited)
Unsecured		
- Bank loans	86,407	88,626
- Bank overdraft	6	1
Bank overdraft and loans - unsecured	<u>86,413</u>	<u>88,627</u>
Comprising the following amounts due:		
- within one year	51,080	44,962
- more than one year	35,333	43,665
	<u>86,413</u>	<u>88,627</u>

The Group's total external borrowings decreased by approximately 2.5% to approximately US\$86.4 million as at 30 September 2015 compared with 31 December 2014 as bank loans have been repaid.

13. Share capital

As at 30 September 2015, the Company had 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 September 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 September 2015, the Group's net current assets, defined as current assets less current liabilities, amounted to approximately US\$2.9 million (31 December 2014: approximately US\$13.6 million).

As at 30 September 2015, the Group's total assets less current liabilities amounted to approximately US\$364.3 million (31 December 2014: approximately US\$387.5 million).

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

For the nine months ended 30 September 2015, there were no material differences between the unaudited financial results of the Group prepared under FRSs and IFRSs.

BUSINESS REVIEW

Business performance of the Group continued to be impacted by slower order intake from customers. As a result, revenue of the Group for 3QCY15 was US\$115.8 million, down by approximately 13.8% against the same period last year (3QCY14: US\$134.3 million). However, with improvements to the overall plant capacity utilization and with a tighter control on operating costs, the underlying net attributable profit (profit after tax and non-controlling interests) was US\$2.3 million for 3QCY15, which was comparable to US\$2.5 million for 3QCY14. Underlying earnings before interest, taxes, depreciation and amortization of the Group for 3QCY15 was US\$13.7 million (3QCY14: US\$15.7 million), down by approximately 12.7% against the same period last year.

The Group's gross profit declined by 8.8% to US\$10.6 million in 3QCY15 as compared with that of 3QCY14 due to the decrease in turnover. However, the gross profit margin increased to 9.1% in 3QCY15. The improvement was mainly attributable to the upgrade of its product mix as part of the corporate restructuring to streamline its operations. The Group continued to generate steady operating cash flow. At the end of September 2015, the Group's net gearing ratio was 19.9%. The Group's overall financial position remains healthy.

In 3QCY15, communication and networking PCB products (including mobile phones) accounted for about 50.9% (3QCY14: 49.0%) while automotive PCB products accounted for about 22.4% (3QCY14: 19.1%) of the Group's total PCB sales. High Density Interconnect PCBs accounted for approximately 33.6% of total PCB sales in 3QCY15 (3QCY14: 36.5%).

Income tax expense increased to US\$1.3 million in 3QCY15 as a result of an increase in the taxable income of certain profit-making operations in the PRC (3QCY14: US\$0.3 million).

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2015, the Group's net current assets was approximately US\$2.9 million (31 December 2014: approximately US\$13.6 million), making the current ratio 1.01 as compared to 1.07 as at 31 December 2014. The net working capital cycle of 22 days as at 30 September 2015 (31 December 2014: 15 days), is based on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 33 days (31 December 2014: 29 days)
- Trade receivables, in terms of debtors turnover days, increased to 106 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 30 September 2015 was approximately 19.9% (31 December 2014: 19.4%). The proportion of short-term and long-term bank borrowings was 59:41 (31 December 2014: 51:49). The total equity of the Group as at 30 September 2015 was approximately US\$327.9 million (31 December 2014: approximately US\$342.7 million). As at 30 September 2015, the Group had cash on hand and undrawn loan facilities of approximately US\$21.1 million and US\$38.0 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 reporting period under review.

PROSPECTS

The Group has benefited from the corporate restructuring which brings in synergy to improve productivity and cost-efficiency. The Group will continue the process of upgrading production facilities in order to further enhance production capacity, and to meet the needs of the customers. The management strives to achieve a long-term growth in the Group's performance by consolidating production capabilities and putting more emphasis on quality improvement and cost control.

As we approach the last quarter of the year, order intake is likely to be moderately soft as customers customarily would start to control their inventory level in line with normal seasonality. However, as our sales and marketing team has commenced negotiations with our customers on order allocations for next year, we are confident that we would be able to capture a higher market share in our target market segments.

AUDIT OR REVIEW OF THE FINANCIAL RESULTS

The figures for 3QCY15 and YTD 3QCY15, prepared in accordance with FRS, have not been audited nor reviewed by the Group's auditors.

FORECAST STATEMENT

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

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 gratitude to our employees around the world 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 Persons US\$'000	Aggregate value of all interested persons transactions during the financial period under review (including transactions of less than S\$100,000 and excluding transactions conducted under a shareholder's mandate pursuant to Rule 920)		Aggregate value of all interested persons transactions conducted under a shareholder's mandate pursuant to Rule 920 (including transactions of less than S\$100,000)	
	YTD 3QCY15	YTD 3QCY14	YTD 3QCY15	YTD 3QCY14
Purchases of plant and equipment				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	5,411	5,665
	<u>—</u>	<u>—</u>	<u>5,411</u>	<u>5,665</u>
Purchases of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	73,219	89,479
Elec & Eltek Corporate Services Limited	57	171	—	—
Heng Yang Kingboard Chemical Co., Ltd.	—	—	1,299	1,651
Hong Kong Fibre Glass Company Limited	—	—	9,211	10,912
Huizhou Chung Shun Chemical Co., Ltd.	—	—	519	555
Joyful Source Group Limited	<u>20</u>	<u>21</u>	<u>—</u>	<u>—</u>
	<u>77</u>	<u>192</u>	<u>84,248</u>	<u>102,597</u>
Provision of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	4,408	—
Elec & Eltek Computers Limited	—	37	—	—
Elec & Eltek Display Technology Limited	18	28	—	—
Express Electronics Ltd	—	—	2,785	1,420
Techwise (Macao Commercial Offshore) Circuits Limited	<u>—</u>	<u>—</u>	<u>3,698</u>	<u>1,173</u>
	<u>18</u>	<u>65</u>	<u>10,891</u>	<u>2,593</u>

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 of the Company 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 third quarter and nine months ended 30 September 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, 13 November 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 Director:-

Cheung Kwok Wing (Chairman)

Independent Non-executive Directors:-

Larry Lai Chong Tuck

Raymond Leung Hai Ming

Stanley Chung Wai Cheong

* *For identification purpose only*