



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

Singapore Stock Code: E16.SI

Hong Kong Stock Code: 1151



2012 INTERIM REPORT

** For identification purpose only*

RESULTS

The board of directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Group for the second quarter ("2QCY12") and six months ("1HCY12") ended 30 June 2012 together with the comparative figures for the second quarter ("2QCY11") and six months ("1HCY11") ended 30 June 2011.

Consolidated Statement of Comprehensive Income

	Notes	2QCY12 US\$' 000 (Unaudited)	2QCY11 US\$' 000 (Unaudited)	% Change	1HCY12 US\$' 000 (Unaudited)	1HCY11 US\$' 000 (Unaudited)	% Change
Revenue	3	135,758	167,737	-19.1%	257,813	314,858	-18.1%
Cost of sales		<u>(114,843)</u>	<u>(138,550)</u>	-17.1%	<u>(220,902)</u>	<u>(258,411)</u>	-14.5%
Gross profit		20,915	29,187	-28.3%	36,911	56,447	-34.6%
<i>Gross profit margin</i>		15.4%	17.4%		14.3%	17.9%	
Other operating income and gains		1,099	722	52.2%	2,040	1,819	12.1%
Distribution & selling expenses		(3,673)	(4,568)	-19.6%	(7,196)	(8,742)	-17.7%
Administrative expenses		(5,342)	(5,975)	-10.6%	(12,154)	(12,455)	-2.4%
Other operating expenses and losses		(57)	(5,430)	-99.0%	(177)	(5,562)	-96.8%
Finance costs	4	(349)	(332)	5.1%	(723)	(638)	13.3%
Profit before taxation		12,593	13,604	-7.4%	18,701	30,869	-39.4%
Income tax expense	5	(824)	(1,326)	-37.9%	(1,414)	(2,488)	-43.2%
Profit for the period		11,769	12,278	-4.1%	17,287	28,381	-39.1%
Other comprehensive income:							
Exchange differences on translation of foreign operations		(181)	735	-124.6%	(90)	792	-111.4%
Other comprehensive (expense) income for the period		(181)	735	-124.6%	(90)	792	-111.4%
Total comprehensive income for the period		11,588	13,013	-11.0%	17,197	29,173	-41.1%
Profit for the period attributable to:							
Owners of the Company		11,573	12,047	-3.9%	17,122	27,917	-38.7%
Non-controlling interests		196	231	-15.2%	165	464	-64.4%
		11,769	12,278	-4.1%	17,287	28,381	-39.1%

Notes	2QCY12 US\$ '000 (Unaudited)	2QCY11 US\$ '000 (Unaudited)	% Change	1HCY12 US\$ '000 (Unaudited)	1HCY11 US\$ '000 (Unaudited)	% Change
Total comprehensive income attributable to:						
Owners of the Company	11,392	12,782	-10.9%	17,032	28,709	-40.7%
Non-controlling interests	196	231	-15.2%	165	464	-64.4%
	11,588	13,013	-11.0%	17,197	29,173	-41.1%
Earnings per share (US cents)	7					
– basic	6.19	6.45	-4.0%	9.16	14.95	-38.7%
– diluted	6.19	6.45	-4.0%	9.16	14.94	-38.7%

Notes to Statement of Comprehensive Income:

	2QCY12 US\$ '000 (Unaudited)	2QCY11 US\$ '000 (Unaudited)	% Change	1HCY12 US\$ '000 (Unaudited)	1HCY11 US\$ '000 (Unaudited)	% Change
Depreciation	10,903	11,109	-1.9%	21,727	22,238	-2.3%
Amortisation of prepaid land use rights	60	60	0.0%	120	120	0.0%
(Reversal of allowance) / allowance for doubtful debts	(798)	94	n/m	(130)	247	-152.6%
Allowance / (Reversal of allowance) for inventory obsolescence	407	37	n/m	802	(125)	n/m
(Gain) / loss on foreign exchange	(149)	77	-293.5%	(141)	(329)	-57.1%

n/m - percentage not meaningful

		GROUP		COMPANY	
		30 June	31 December	30 June	31 December
		2012	2011	2012	2011
Notes		US\$' 000	US\$' 000	US\$' 000	US\$' 000
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
LIABILITIES AND EQUITY					
Current liabilities					
	Bank overdraft and loans	13	57,068	59,336	—
	Trade payables	12	95,810	106,979	—
	Bills payables	12	7,870	10,777	—
	Other payables		38,851	36,219	1,773
	Amount due to subsidiary companies		—	—	181,146
	Provision for taxation		1,140	953	—
	Total current liabilities		200,739	214,264	182,241
Non-current liabilities					
	Bank loans	13	46,555	67,285	—
	Deferred tax liabilities		1,386	1,896	—
	Total non-current liabilities		47,941	69,181	—
Capital, reserves and non-controlling interests					
	Share capital	14	113,880	113,880	113,880
	Reserves		251,478	256,876	90,418
	Equity attributable to owners of the Company		365,358	370,756	204,298
	Non-controlling interests		9,901	9,934	—
	Total equity		375,259	380,690	187,698
	Total liabilities and equity		623,939	664,135	387,217

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company											
	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000 (Note a)	Statutory reserve US\$'000 (Note b)	Revaluation reserve US\$'000 (Note c)	Other reserve US\$'000 (Note d)	Share option reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
GROUP												
2QCY12												
Balance at 31 March 2012 (unaudited)	113,880	—	1,916	6,921	2,256	166	—	16,118	235,139	376,396	9,705	386,101
Changes in equity for 2QCY12												
Total comprehensive (expense) income for the period	—	—	—	—	—	—	—	(181)	11,573	11,392	196	11,588
Dividend paid in respect of previous year	—	—	—	—	—	—	—	—	(22,430)	(22,430)	—	(22,430)
Balance at 30 June 2012 (unaudited)	<u>113,880</u>	<u>—</u>	<u>1,916</u>	<u>6,921</u>	<u>2,256</u>	<u>166</u>	<u>—</u>	<u>15,937</u>	<u>224,282</u>	<u>365,358</u>	<u>9,901</u>	<u>375,259</u>
2QCY11												
Balance at 31 March 2011 (unaudited)	113,390	—	1,853	6,508	2,167	166	93	14,986	269,359	408,522	9,649	418,171
Changes in equity for 2QCY11												
Total comprehensive income for the period	—	—	—	—	—	—	—	735	12,047	12,782	231	13,013
Shares issued pursuant to the exercise of share options	311	—	—	—	—	—	—	—	—	311	—	311
Transfer to capital reserve upon exercise of share options	—	—	43	—	—	—	(43)	—	—	—	—	—
Transfer to retained earnings upon lapse of share options	—	—	—	—	—	—	(1)	—	1	—	—	—
Dividend paid in respect of previous year	—	—	—	—	—	—	—	—	(46,711)	(46,711)	(13)	(46,724)
Balance at 30 June 2011 (unaudited)	<u>113,701</u>	<u>—</u>	<u>1,896</u>	<u>6,508</u>	<u>2,167</u>	<u>166</u>	<u>49</u>	<u>15,721</u>	<u>234,696</u>	<u>374,904</u>	<u>9,867</u>	<u>384,771</u>

Attributable to owners of the Company

	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000 (Note a)	Statutory reserve US\$'000 (Note b)	Revaluation reserve US\$'000 (Note c)	Other reserve US\$'000 (Note d)	Share option reserve US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
1HCY12												
Balance at 31 December 2011 (audited)	113,880	—	1,916	6,921	2,256	166	—	16,027	229,590	370,756	9,934	380,690
Changes in equity for 1HCY12												
Total comprehensive (expense) income for the period	—	—	—	—	—	—	—	(90)	17,122	17,032	165	17,197
Dividend paid in respect of previous year	—	—	—	—	—	—	—	—	(22,430)	(22,430)	(198)	(22,628)
Balance at 30 June 2012 (unaudited)	<u>113,880</u>	<u>—</u>	<u>1,916</u>	<u>6,921</u>	<u>2,256</u>	<u>166</u>	<u>—</u>	<u>15,937</u>	<u>224,282</u>	<u>365,358</u>	<u>9,901</u>	<u>375,259</u>
1HCY11												
Balance at 31 December 2010 (audited)	114,665	(1,356)	1,842	6,398	2,167	166	103	14,929	253,599	392,513	9,416	401,929
Changes in equity for 1HCY11												
Total comprehensive income for the period	—	—	—	—	—	—	—	792	27,917	28,709	464	29,173
Shares issued pursuant to the exercise of share options	392	—	—	—	—	—	—	—	—	392	—	392
Transfer to capital reserve upon exercise of share options	—	—	54	—	—	—	(54)	—	—	—	—	—
Transfer from retained earnings to statutory reserve	—	—	—	110	—	—	—	—	(110)	—	—	—
Transfer to retained earnings upon lapse of share options	—	—	—	—	—	—	(1)	—	1	—	—	—
Cancellation of treasury shares	(1,356)	1,356	—	—	—	—	—	—	—	—	—	—
Amortisation for the vesting period (Share-based payments)	—	—	—	—	—	—	1	—	—	1	—	1
Dividend paid in respect of previous year	—	—	—	—	—	—	—	—	(46,711)	(46,711)	(13)	(46,724)
Balance at 30 June 2011 (unaudited)	<u>113,701</u>	<u>—</u>	<u>1,896</u>	<u>6,508</u>	<u>2,167</u>	<u>166</u>	<u>49</u>	<u>15,721</u>	<u>234,696</u>	<u>374,904</u>	<u>9,867</u>	<u>384,771</u>

Notes:

- Capital reserve represents amounts transferred from share option reserve upon the exercise of share options.
- 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, respectively.
- 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.
- 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	Treasury shares US\$' 000	Capital reserve US\$' 000	Share option reserve US\$' 000	Retained earnings US\$' 000	Total equity US\$' 000
COMPANY						
2QCY12						
Balance at 31 March 2012 (unaudited)	113,880	—	1,916	—	71,589	187,385
Changes in equity for 2QCY12						
Total comprehensive income for the period	—	—	—	—	39,343	39,343
Dividend paid in respect of previous year	—	—	—	—	(22,430)	(22,430)
Balance at 30 June 2012 (unaudited)	<u>113,880</u>	<u>—</u>	<u>1,916</u>	<u>—</u>	<u>88,502</u>	<u>204,298</u>
2QCY11						
Balance at 31 March 2011 (unaudited)	113,390	—	1,853	93	139,884	255,220
Changes in equity for 2QCY11						
Total comprehensive expense for the period	—	—	—	—	(371)	(371)
Shares issued pursuant to the exercise of share options	311	—	—	—	—	311
Transfer to capital reserve upon exercise of share options	—	—	43	(43)	—	—
Transfer to retained earnings upon lapse of share options	—	—	—	(1)	1	—
Dividend paid in respect of previous year	—	—	—	—	(46,711)	(46,711)
Balance at 30 June 2011 (unaudited)	<u>113,701</u>	<u>—</u>	<u>1,896</u>	<u>49</u>	<u>92,803</u>	<u>208,449</u>

	Share capital US\$' 000	Treasury shares US\$' 000	Capital reserve US\$' 000	Share option reserve US\$' 000	Retained earnings US\$' 000	Total equity US\$' 000
1HCY12						
Balance at 31 December 2011 (audited)	113,880	—	1,916	—	71,902	187,698
Changes in equity for 1HCY12						
Total comprehensive income for the period	—	—	—	—	39,030	39,030
Dividend paid in respect of previous year	—	—	—	—	(22,430)	(22,430)
Balance at 30 June 2012 (unaudited)	<u>113,880</u>	<u>—</u>	<u>1,916</u>	<u>—</u>	<u>88,502</u>	<u>204,298</u>
1HCY11						
Balance at 31 December 2010 (audited)	114,665	(1,356)	1,842	103	140,220	255,474
Changes in equity for 1HCY11						
Total comprehensive expense for the period	—	—	—	—	(707)	(707)
Shares issued pursuant to the exercise of share options	392	—	—	—	—	392
Transfer to capital reserve upon exercise of share options	—	—	54	(54)	—	—
Amortisation for the vesting period (Share-based payments)	—	—	—	1	—	1
Transfer to retained earnings upon lapse of share options	—	—	—	(1)	1	—
Cancellation of treasury shares	(1,356)	1,356	—	—	—	—
Dividend paid in respect of previous year	—	—	—	—	(46,711)	(46,711)
Balance at 30 June 2011 (unaudited)	<u>113,701</u>	<u>—</u>	<u>1,896</u>	<u>49</u>	<u>92,803</u>	<u>208,449</u>

Consolidated Statement of Cash Flows

	2QCY12 US\$' 000 (Unaudited)	2QCY11 US\$' 000 (Unaudited)	1HCY12 US\$' 000 (Unaudited)	1HCY11 US\$' 000 (Unaudited)
Operating activities:				
Profit before taxation	12,593	13,604	18,701	30,869
Adjustments for:				
(Reversal of allowance) / allowance for doubtful debts	(798)	94	(130)	247
Finance costs	349	332	723	638
Depreciation of property, plant and equipment	10,903	11,109	21,727	22,238
Amortisation of prepaid land use rights	60	60	120	120
(Gain) / loss on disposal of property, plant and equipment	(2)	235	(5)	222
Allowance / (Reversal of allowance) for inventory obsolescence	407	37	802	(125)
Share-based payment expense	—	—	—	1
Interest income	(120)	(136)	(260)	(257)
Operating income before movements in working capital	23,392	25,335	41,678	53,953
Decrease / (increase) in inventories	4,163	(2,201)	(42)	(4,297)
(Increase) / decrease in trade and other receivables	(3,669)	(21,790)	14,716	(26,894)
(Decrease) / increase in trade and other payables	(7,180)	14,196	(11,444)	17,093
Net cash generated from operations	16,706	15,540	44,908	39,855
Interest income received	120	136	260	257
Interest paid	(391)	(285)	(829)	(570)
Income taxes paid	(694)	(1,858)	(1,487)	(2,182)
Net cash from operating activities	15,741	13,533	42,852	37,360

	2QCY12 US\$' 000 (Unaudited)	2QCY11 US\$' 000 (Unaudited)	1HCY12 US\$' 000 (Unaudited)	1HCY11 US\$' 000 (Unaudited)
Investing activities:				
Proceeds from disposal of property, plant and equipment	4	2,583	7	2,597
Purchase of property, plant and equipment	(10,321)	(8,446)	(19,011)	(13,944)
Acquisition of prepaid land use rights	—	(86)	—	(113)
Deposits paid for acquisition of property, plant and equipment	(801)	(2,466)	(1,389)	(6,817)
Net cash used in investing activities	(11,118)	(8,415)	(20,393)	(18,277)
Financing activities:				
Proceeds from share issue pursuant to the exercise of share options	—	311	—	392
Proceeds from bank borrowings	8,892	53,721	8,892	55,148
Repayment of bank borrowings	(14,619)	(21,120)	(32,069)	(34,035)
Dividends paid by the Company	(22,430)	(46,711)	(22,430)	(46,711)
Dividends paid by subsidiaries to non-controlling interests	—	(13)	(198)	(13)
Net cash used in financing activities	(28,157)	(13,812)	(45,805)	(25,219)
Net decrease in cash and cash equivalents	(23,534)	(8,694)	(23,346)	(6,136)
Cash and cash equivalents at the beginning of the period	57,532	69,624	57,305	66,906
Effect of foreign exchange rate changes on the balances of cash held in foreign currencies, net	(331)	610	(292)	770
Cash and cash equivalents at the end of the period	33,667	61,540	33,667	61,540

Cash and cash equivalents comprise the following breakdown:

	30 June 2012 US\$' 000	30 June 2011 US\$' 000
Cash and bank balances	33,848	61,540
Bank overdrafts - unsecured	(181)	—
	33,667	61,540

Notes:

1. General

Elec & Eltek International Company Limited (Registration Number 199300005H) (the "**Company**") is a limited liability company incorporated and domiciled in Singapore. The Company's ultimate holding company is Kingboard Chemical Holdings Limited ("**Kingboard**"), incorporated in Cayman Islands. Related companies in these financial statements refer to the ultimate holding company and its subsidiary companies. Related parties in these financial statements refer to entities with common directors or shareholders of the ultimate holding company and its subsidiary companies.

The Company is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX**") and The Stock Exchange of Hong Kong Limited ("**SEHK**"). The financial statements are expressed in United States Dollars, which is the functional currency of the Company.

The Group's manufacturing operations are located in Hong Kong, Thailand and the People's Republic of China (the "**PRC**"). The principal activity of the Company is investment holding. Its subsidiary companies are primarily engaged in the fabrication and distribution of double-sided, multi-layer and high density interconnect ("**HDI**") printed circuit boards ("**PCB**"). There have been no significant changes in the nature of these activities for the six months ended 30 June 2012.

2. Basis of preparation and principal accounting policies

The unaudited interim consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on SEHK and Singapore Financial Reporting Standards 34 "Interim Financial Reporting" ("**FRS 34**").

The same accounting policies and methods of computation have been applied in the preparation of the interim consolidated financial statements for the six-month period ended 30 June 2012 as the most recent audited financial statements as at 31 December 2011.

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 2012:

- *Amendments to FRS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets*
- *Amendments to FRS 107 Financial Instruments: Disclosure – Transferred of Financial Assets*

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 current and prior periods.

The Group has not early adopted the following new and revised standards or amendments to FRS that are relevant to the Group and the Company that have been issued but are not yet effective:

- *FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements¹*
- *FRS 112 Disclosure of Interests in Other Entities¹*
- *FRS 113 Fair value measurement¹*
- *FRS 1 Presentation of Items of Other Comprehensive Income²*

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 July 2012

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.

3. Revenue and segment information

The Group's operating activities are attributable to a single reporting segment focusing on manufacture and distribution of PCBs. This reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies to conform with FRSs, that are regularly reviewed by the Executive Directors of the Company in order to allocate resources to this reportable segment and to assess its performance. Accordingly, no analysis of this single reporting segment is represented.

4. Finance costs

	1HCY12 US\$' 000 (Unaudited)	1HCY11 US\$' 000 (Unaudited)
Interest on bank loans wholly repayable within five years	829	706
Less: Amounts capitalised	(106)	(68)
	723	638

5. Income tax expenses

	1HCY12 US\$' 000 (Unaudited)	1HCY11 US\$' 000 (Unaudited)
Current tax:		
Singapore income tax	2	3
PRC enterprise income tax	904	1,467
Hong Kong income tax	344	340
Other jurisdictions	149	354
	1,399	2,164
(Over) / under provision in prior period:		
PRC enterprise income tax	(203)	(17)
Hong Kong income tax	—	17
	(203)	—
Deferred tax	218	324
	1,414	2,488

The Group's profit 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.

6. Interim dividend

The Directors have resolved to declare an interim dividend (one-tier tax exempt) for the six months ended 30 June 2012 of US9.0 cents (2011: US15.0 cents) per share to the shareholders whose names appear on the register of members of the Company at the close of business on 22 August 2012. The dividend will be paid on 6 September 2012.

7. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following:

	Earnings		Earnings	
	2QCY12 US\$' 000 (Unaudited)	2QCY11 US\$' 000 (Unaudited)	1HCY12 US\$' 000 (Unaudited)	1HCY11 US\$' 000 (Unaudited)
Profit attributable to owners of the Company	11,573	12,047	17,122	27,917
	Number of shares		Number of shares	
	2QCY12 '000	2QCY11 '000	1HCY12 '000	1HCY11 '000
Weighted average number of ordinary shares used to compute basic earnings per share	186,920	186,841	186,920	186,776
Add: Effect of dilutive potential ordinary shares on share options	—	47	—	69
Weighted average number of ordinary shares used to compute diluted earnings per share	186,920	186,888	186,920	186,845
Earnings per share (US cents)				
– basic	6.19	6.45	9.16	14.95
– diluted	6.19	6.45	9.16	14.94

8. Net asset value

Group		Company	
30 June	31 December	30 June	31 December
2012	2011	2012	2011
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*

2.01	2.04	1.09	1.00
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* Based on 186,919,962 issued shares as at 30 June 2012 (31 December 2011: 186,919,962 issued shares net of treasury shares).

9. Additions to property, plant and equipment

During the reporting period, the Group spent approximately US\$20.4 million (six months ended 30 June 2011: approximately US\$20.9 million) on acquisition of property, plant and equipment including deposits paid.

10. Trade and bills receivables

	GROUP	
	30 June	31 December
	2012	2011
	US\$' 000	US\$' 000
	(Unaudited)	(Audited)
Trade receivables		
– Third parties	130,034	134,289
– Related companies	4,941	3,915
Less: Allowance for doubtful debts	(5,461)	(5,669)
	129,514	132,535
Bills receivables	4,374	6,512
Total	133,888	139,047

10. Trade and bills receivables (Continued)

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 2012 US\$' 000 (Unaudited)	31 December 2011 US\$' 000 (Audited)
Within 90 days	116,063	114,462
91 to 180 days	12,616	17,071
Over 180 days	835	1,002
	129,514	132,535

At the end of the reporting period, the bills receivables are aged within 180 days (31 December 2011: within 180 days).

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

11. Other receivables

	GROUP	
	30 June 2012 US\$' 000 (Unaudited)	31 December 2011 US\$' 000 (Audited)
Deposits	1,742	2,721
Prepaid expenses	1,477	1,956
Other tax receivables	9,908	13,517
Claim receivable	4,702	8,028
Others	1,862	2,896
	19,691	29,118

12. Trade and bills payables

	GROUP	
	30 June	31 December
	2012	2011
	US\$' 000	US\$' 000
	(Unaudited)	(Audited)
Trade payables		
– Third parties	64,673	64,009
– Related companies	31,137	42,970
	95,810	106,979
Bills payables	7,870	10,777
Total	103,680	117,756

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
	2012	2011
	US\$' 000	US\$' 000
	(Unaudited)	(Audited)
Within 90 days	76,813	85,585
91 to 180 days	15,063	19,682
Over 180 days	3,934	1,712
	95,810	106,979

At the end of the reporting period, the bills payables are aged within 180 days (31 December 2011: within 180 days).

13. Bank borrowings

	GROUP	
	30 June 2012 US\$' 000 (Unaudited)	31 December 2011 US\$' 000 (Audited)
Unsecured:		
Bank loans	103,442	125,690
Trust receipts	—	929
Bank overdraft	181	2
	103,623	126,621
Comprising amounts following due:		
– within one year	57,068	59,336
– more than one year	46,555	67,285
	103,623	126,621

The Group's total debts decreased by 18.2% to approximately US\$103.6 million as at 30 June 2012 from 31 December 2011 on repayment of bank borrowings.

14. Share capital

	No. of shares	US\$' 000
Issued and fully paid:		
As at 1 January 2011	187,429,962	114,665
Exercise of share options	238,000	571
Cancelled during the period	(748,000)	(1,356)
As at 31 December 2011 and 30 June 2012	186,919,962	113,880

As at 30 June 2012, the Company has a total of 186,919,962 (31 December 2011: 186,919,962) issued ordinary shares excluding treasury shares.

On 15 February 2011, the Company cancelled a total of 748,000 issued ordinary shares. These shares were repurchased by the Company in previous years and held as treasury shares. The treasury shares were cancelled by the Company on 15 February 2011 pursuant to Section 76K(d) of the Companies Act (Cap. 50), Singapore Statutes. After the cancellation, there was no treasury shares held by the Company.

15. Share options

There was no share options outstanding under the 2002 Elec & Eltek Employees' Share Option Scheme as at 30 June 2012 (30 June 2011: 149,200 share options). No share option has been granted under the 2008 Elec & Eltek Employees' Share Option Scheme since its adoption by the Company on 9 May 2008 and as at the date of this announcement.

16. Capital commitments

	GROUP	
	30 June 2012 US\$' 000 (Unaudited)	31 December 2011 US\$' 000 (Audited)
Capital expenditure not provided for in the consolidated financial statements:		
Commitments in respect of contracts placed for plant expansion	20,439	48,843

17. Material acquisitions / Disposals, Significant investments and Charge on assets

The Group did not have any material acquisition or disposals, significant investments during 1HCY12. There was no charge on assets as at 30 June 2012.

18. Net current assets and Total assets less current liabilities

As at 30 June 2012, the Group's net current assets, defined as current assets less current liabilities, amounted to approximately US\$32.0 million (31 December 2011: net current assets approximately US\$57.3 million).

As at 30 June 2012, the Group's total assets less current liabilities amounted to approximately US\$423.2 million (31 December 2011: approximately US\$449.9 million).

19. Related party transactions / Connected transactions

	GROUP	
	1HCY12 US\$' 000 (Unaudited)	1HCY11 US\$' 000 (Unaudited)
Income		
Sales to related companies	7,565	16,485
Sales to a minority shareholder of a subsidiary	62	62
Rental income from a minority shareholder of a subsidiary	972	940
Sharing of office space and office expenses received from related companies	63	92
Expenses		
Purchase from related companies	65,988	92,893
Sharing of office space and office expenses paid to related companies	377	427

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

For the six months ended 30 June 2012, there were no material differences between the consolidated financial statements of the Group prepared under FRSs and IFRSs.

BUSINESS REVIEW AND OUTLOOK

Business Review

On behalf of the Board of Directors ("Board"), I am glad to present the unaudited interim results of Elec & Eltek International Company Limited and its subsidiaries (collectively the "Group") for the six months ended 30 June 2012.

Demand for printed circuit boards ("PCBs") showed recovery sign in the second quarter which has translated into improved capacity utilization for the Group. The strength in the automotive, mobile phone and telecommunications markets offset the contraction of demand from the computer and peripherals markets on a year-on-year basis. Our diversity in market segmentation allowed the Group to achieve improved financial performance in the second quarter with satisfactory cash flow during the six-month period ended 30 June 2012.

In view of the Group's healthy financial position, the Board has declared an interim dividend of US9.0 cents per ordinary share for 1HCY12 (1HCY11: US15.0 cents), representing a dividend payout ratio of 98.3% of net profit.

Financial Highlights

	1HCY12 US\$' 000	1HCY11 US\$' 000	% Change
Revenue	257,813	314,858	-18%
EBITDA*	41,011	58,608	-30%
EBITDA margin*	15.9%	18.6%	
Underlying profit before tax*	18,701	35,869	-48%
Net profit attributable to owners of the Company			
– Underlying net profit*	17,122	32,917	-48%
– Reported net profit	17,122	27,917	-39%
Basic earnings per share			
– Based on underlying net profit*	US9.16 cents	US17.62 cents	-48%
– Based on reported net profit	US9.16 cents	US14.95 cents	-39%
Interim dividend per share	US9.0 cents	US15.0 cents	-40%
Dividend payout ratio	98.3%	100.4%	
	30 Jun 2012	31 Dec 2011	
Net asset value per share	US\$2.01	US\$2.04	-1%
Net gearing ratio	18.6%	18.2%	

* excluding the professional expenses of approximately US\$5.0 million for the six months ended 30 June 2011 in relation to the Company's dual primary listing for its shares on The Stock Exchange of Hong Kong Limited.

Performance

The Group's revenue for 1HCY12 declined by 18.1% to approximately US\$257.8 million from US\$314.9 million in 1HCY11, and the gross profit margin for 1HCY12 was 14.3% compared to 17.9% for 1HCY11.

The Group's proportion of sales of High Density Interconnect ("HDI") PCBs grew to 20.1% in 1HCY12 over 14.4% in the corresponding period last year. Sales of PCBs of 2-layers to 6-layers, and 8-layers and above, accounted for 55.2% and 24.7% respectively of total PCBs sales in 1HCY12 as compared to 62.1% and 23.5% respectively of total PCBs sales in 1HCY11. The overwhelming demand for certain consumer electronics products mainly smart phones and tablet PC continued to drive the growth in demand for HDI PCBs.

Gross profit for 1HCY12 dropped by 34.6% as compared to the corresponding period of previous financial year was mainly due to weaker sales performance in the first quarter this year and an increase in minimum wages in China and Thailand. In addition, the Group tried to keep its prices competitive so as to retain quality customers and explored new sources of business in the electronic industry.

The decrease in distribution and selling expenses by 17.7% to approximately US\$7.2 million in 1HCY12 from approximately US\$8.7 million in 1HCY11 was attributable to a decrease in sales volume. Other operating expenses and losses amounted to approximately US\$0.2 million in 1HCY12 as compared to US\$5.6 million in 1HCY11. The higher in other operating expenses and losses was primarily due to the Group incurring listing-related expenses of approximately US\$5.0 million in the June 2011 quarter for the dual primary listing of shares of the Company on The Stock Exchange of Hong Kong Limited ("SEHK").

During the period under review, the Group received approximately US\$3.3 million as partial settlement of its insurance claims for property, plant and equipment and inventories which were damaged due to the severe flooding in Thailand in October 2011. The Group is still working with the insurance company in recovering the remaining insurance claims pursuant to the terms and provisions of the relevant insurance policies.

Finance costs increased by 13.3% to approximately US\$0.7 million in 1HCY12 from US\$0.6 million in 1HCY11 as a result of an increase in interest rate during the six-month period ended 30 June 2012.

Taking the above factors into account, the Group achieved net profit and net profit margin of approximately US\$17.1 million and 6.6%, respectively in 1HCY12.

To the best of the Board's knowledge, nothing has come to the attention of the Board which may render the unaudited financial results for the six months ended 30 June 2012 to be false or misleading in any material aspect.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2012, the Group's net current assets was approximately US\$32.0 million (31 December 2011: approximately US\$57.3 million) while current ratio was 1.16 as compared to 1.27 as at 31 December 2011.

The net working capital cycle remained at 31 days as at 30 June 2012 compared to 31 days as at 31 December 2011 on the following key metrics:

- Inventories, in terms of stock turnover days, increased to 32 days (31 December 2011: 31 days).

- Trade receivables, in terms of debtors turnover days, increased to 92 days (31 December 2011: 83 days).
- Trade payables, in terms of creditors turnover days, increased to 93 days (31 December 2011: 83 days).

The Group's net gearing ratio (ratio of interest bearing borrowings net of cash and cash equivalents to total equity) at 30 June 2012 was approximately 18.6% (31 December 2011: 18.2%). The proportion of bank borrowings between short term and long term stood at 55%:45% (31 December 2011: 47%:53%). The total equity of the Group as at 30 June 2012 was approximately US\$375.3 million (31 December 2011: approximately US\$380.7 million). As at 30 June 2012, the Group had cash on hand and undrawn loan facilities of approximately US\$33.8 million and US\$52.1 million respectively.

The Group's transactions and the monetary assets are principally denominated in United States dollars, Renminbi or Hong Kong dollars. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 June 2012.

HUMAN RESOURCES

As at 30 June 2012, the Group had approximately 10,762 employees (31 December 2011: 10,199). 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 wages guideline as prescribed by the local government from time to time. The Group awards discretionary bonuses to eligible employees based upon profits achievements of the Company and individual performance.

The Company implemented share option scheme in order to attract and retain the best available personnel and to provide additional incentives to employees of the Group.

PROSPECTS

Economic conditions remained volatile with recovery sluggish in the U.S. and several European countries. Facing complex and uncertain market conditions, the Group would continue to pursue cautious and prudent business strategies in order to preserve cash flow and sustain financial performance.

The management remains cautiously optimistic about the medium-term and long-term prospects of the PCB industry as PCBs are the cornerstones of a wide range of electronics products, even though the revenue and their underlying profit contribution are prone to economic fluctuation.

The automotive industry is expected to experience a steady growth in the emerging markets, such as China and India. With improved living standards in these emerging markets, there is a growing demand for cars fitted with more advanced electronic devices, and in turn a growing demand for PCBs. The PCBs business in this industry segment would complement PCBs business in the electronic industry which is cyclical in nature, and provide earning stability to the Group.

The Group's plant in Yangzhou with an initial production capacity of 500,000 square feet has commenced trial production in June 2012 and is currently gearing up through its learning curve. The Yangzhou plant would allow the Group to have expanding capacity to cater for our customers' growing demand in the coming years.

Current market conditions in the electronic sector remain unfavourable, and the Board is inclined to believe that these uncertainties will persist for a while. In spite of the volatile operating environment, the Board anticipates the financial performance of 3rd quarter of 2012 would remain profitable.

CLOSURE OF REGISTER OF MEMBERS

The Transfer Books and the Registers of Members were closed from 23 August 2012 to 24 August 2012, both dates inclusive, for the purpose of determining the entitlements for the interim dividend.

The interim dividend will be paid on 6 September 2012 in US\$ to shareholders whose names appeared on the Singapore principal register of members and the Hong Kong branch register of members of the Company at the close of business on 22 August 2012.

DIRECTORS' INTERESTS IN SHARES

At 30 June 2012, the interests of the Directors and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Hong Kong ("**SFO**")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Long Position

(a) Ordinary shares of the Company ("**Shares**")

Name of Director	Capacity	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Cheung Kwok Wing	Beneficial owner	1,507,200	0.81%
Mr. Chadwick Mok Cham Hung	Beneficial owner	1,120,200	0.60%
Mr. Li Muk Kam	Beneficial owner	1,803,876	0.97%
Mr. Philip Chan Sai Kit	Beneficial owner	525,481	0.28%
Mr. Clement Sun	Beneficial owner	110,000	0.06%
Ms. Claudia Heng Nguan Leng	Beneficial owner	480,800	0.26%
Mr. Li Chiu Cheuk	Beneficial owner	10,000	0.01%
Mr. Chan Wai Leung	Beneficial owner	52,000	0.03%
Mr. Ng Hon Chung	Beneficial owner	60,000	0.03%
Mr. Chan Wing Kwan (<i>Note</i>)	Beneficial owner / Interest of spouse	1,240,000	0.66%
Mr. Chang Wing Yiu	Beneficial owner	486,600	0.26%
Mr. Larry Lai Chong Tuck	Beneficial owner	25,000	0.01%

Note: Out of the 1,240,000 Shares, 1,200,000 and 40,000 Shares were held by Mr. Chan Wing Kwan and his spouse respectively.

(b) Ordinary shares of HK\$0.10 each ("**Kingboard Shares**") of Kingboard Chemical Holdings Limited ("**Kingboard**")

Name of Director	Capacity	Number of issued Kingboard Shares held	Approximate percentage of the issued share capital of Kingboard
Mr. Cheung Kwok Wing	Beneficial owner	3,738,675	0.44%
Mr. Chan Wing Kwan (Note 1)	Beneficial owner / Interest of spouse	1,760,250	0.21%
Mr. Chang Wing Yiu (Note 2)	Beneficial owner / Interest of spouse	4,115,274	0.48%
Mr. Chadwick Mok Cham Hung (Note 3)	Beneficial owner / Interest of spouse	2,940,000	0.34%
Mr. Philip Chan Sai Kit	Beneficial owner	28,000	0.00%
Mr. Chan Wai Leung (Note 4)	Beneficial owner / Interest of spouse	75,500	0.01%

Note 1: Out of the 1,760,250 Kingboard Shares, 1,700,250 and 60,000 Kingboard Shares were held by Mr. Chan Wing Kwan and his spouse respectively.

Note 2: Out of the 4,115,274 Kingboard Shares, 3,397,074 and 718,200 Kingboard Shares were held by Mr. Chang Wing Yiu and his spouse respectively.

Note 3: Out of the 2,940,000 Kingboard Shares, 2,830,000 and 110,000 Kingboard Shares were held by Mr. Chadwick Mok Cham Hung and his spouse respectively.

Note 4: Out of the 75,500 Kingboard Shares, 75,000 and 500 Kingboard Shares were held by Mr. Chan Wai Leung and his spouse respectively.

(c) Share options of Kingboard ("**Kingboard Share Options**")

Name of Director	Capacity	Interest in underlying Kingboard Shares pursuant to the Kingboard Share Options
Mr. Cheung Kwok Wing	Beneficial owner	2,800,000
Mr. Chang Wing Yiu	Beneficial owner	2,600,000
Mr. Chadwick Mok Cham Hung	Beneficial owner	2,600,000
Mr. Chan Wai Leung	Beneficial owner	2,440,000

(d) *Warrants of Kingboard (“Kingboard Warrants”)*

Name of Director	Capacity	Interest in underlying Kingboard Shares pursuant to the Kingboard Warrants
Mr. Cheung Kwok Wing	Beneficial owner	165,222
Mr. Chan Wing Kwan (<i>Note 1</i>)	Beneficial owner / Interest of spouse	78,025
Mr. Chang Wing Yiu (<i>Note 2</i>)	Beneficial owner / Interest of spouse	335,527
Mr. Chadwick Mok Cham Hung (<i>Note 3</i>)	Beneficial owner / Interest of spouse	182,000

Note 1: Out of the 78,025 Kingboard Warrants, 72,025 and 6,000 Kingboard Warrants were held by Mr. Chan Wing Kwan and his spouse respectively.

Note 2: Out of the 335,527 Kingboard Warrants, 267,707 and 67,820 Kingboard Warrants were held by Mr. Chang Wing Yiu and his spouse respectively.

Note 3: Out of the 182,000 Kingboard Warrants, 181,000 and 1,000 Kingboard Warrants were held by Mr. Chadwick Mok Cham Hung and his spouse respectively.

(e) *Ordinary shares of HK\$0.10 each (“KLHL Shares”) of Kingboard Laminates Holdings Limited (“KLHL”), a non-wholly owned subsidiary of Kingboard*

Name of Director	Capacity	Number of issued KLHL Shares held	Approximate percentage of the issued share capital of KLHL
Mr. Cheung Kwok Wing	Beneficial owner	675,500	0.02%
Mr. Chan Wing Kwan (<i>Note 1</i>)	Interest of spouse	100,000	0.00%
Mr. Chang Wing Yiu (<i>Note 2</i>)	Interest of spouse	100,000	0.00%
Mr. Chadwick Mok Cham Hung (<i>Note 3</i>)	Interest of spouse	60,000	0.00%
Mr. Li Muk Kam (<i>Note 4</i>)	Beneficial owner / Interest of spouse	137,500	0.00%
Mr. Philip Chan Sai Kit	Beneficial owner	52,500	0.00%
Mr. Clement Sun	Beneficial owner	30,000	0.00%
Mr. Li Chiu Cheuk (<i>Note 5</i>)	Interest of spouse	20,000	0.00%
Mr. Chan Wai Leung	Beneficial owner	60,000	0.00%
Mr. Ng Hon Chung	Beneficial owner	20,000	0.00%

Note 1: The 100,000 KLHL Shares were held by the spouse of Mr. Chan Wing Kwan.

Note 2: The 100,000 KLHL Shares were held by the spouse of Mr. Chang Wing Yiu.

Note 3: The 60,000 KLHL Shares were held by the spouse of Mr. Chadwick Mok Cham Hung.

Note 4: Out of the 137,500 KLHL Shares, 117,500 and 20,000 KLHL Shares were held by Mr. Li Muk Kam and his spouse respectively.

Note 5: The 20,000 KLHL Shares were held by the spouse of Mr. Li Chiu Cheuk.

(f) *Share options of KLHL ("KLHL Share Options")*

Name of Director	Capacity	Interest in underlying KLHL Shares pursuant to the KLHL Share Options
Mr. Chadwick Mok Cham Hung <i>(Note)</i>	Interest of spouse	10,000,000
Mr. Chan Wai Leung	Beneficial owner	9,000,000

Note: The 10,000,000 KLHL Share Options were held by the spouse of Mr. Chadwick Mok Cham Hung.

(g) *Non-voting deferred shares of HK\$1 each in the share capital of Kingboard Laminates Limited, a non wholly-owned subsidiary of Kingboard*

Name of Director	Capacity	Number of non-voting deferred shares held <i>(Note)</i>
Mr. Cheung Kwok Wing	Beneficial owner	1,904,400
Mr. Chan Wing Kwan	Beneficial owner	1,481,200
Mr. Chang Wing Yiu	Beneficial owner	423,200

Note: These non-voting deferred shares carry no rights to receive notice of or to attend or vote at any general meeting of Kingboard Laminates Limited and have practically no rights to dividends or to participate in any distribution on winding up.

(h) *Ordinary shares of US\$0.10 each ("KCFH Shares") of Kingboard Copper Foil Holdings Limited ("KCFH"), a non-wholly owned subsidiary of Kingboard*

Name of Director	Capacity	Number of issued KCFH Shares held	Approximate percentage of the issued share capital of KCFH
Mr. Cheung Kwok Wing	Beneficial owner	1,000,000	0.14%

SUBSTANTIAL SHAREHOLDERS

At 30 June 2012, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain Directors, the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company:

Long Position

Ordinary shares of the Company ("**Shares**")

Name of shareholder	Nature of interest	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Elec & Eltek International Holdings Limited (" EEIH ")	Beneficial owner	90,741,550	48.55%
Elitelink Holdings Limited (" Elitelink ")	Beneficial owner	34,321,615	18.36%
Ease Ever Investments Limited (" Ease Ever ")	Interest in controlled corporation (<i>Note 1</i>)	90,741,550	48.55%
Kingboard Investments Limited (" Kingboard Investments ")	Interest in controlled corporation (<i>Note 2</i>)	125,063,165	66.91%
	Beneficial owner	3,641,000	1.95%
Jamplan (BVI) Limited (" Jamplan ")	Interest in controlled corporation (<i>Note 3</i>)	128,704,165	68.86%
Kingboard	Interest in controlled corporation (<i>Note 4</i>)	128,704,165	68.86%
	Beneficial owner	1,018,000	0.54%
Hallgain Management Limited (" HML ")	Interest in controlled corporation (<i>Note 5</i>)	129,722,165	69.40%

Note 1: The entire issued share capital of EEIH is owned approximately 77.34% by Ease Ever, approximately 11.59% by Kingboard and approximately 11.07% by Kingboard Investments. Ease Ever is deemed to have an interest in 90,741,550 Shares held by EEIH, under the provisions of the SFO.

Note 2: The entire issued share capital of Elitelink and Ease Ever are owned by Kingboard Investments. Kingboard Investments is deemed to have an interest in 34,321,615 Shares held by Elitelink and 90,741,550 Shares which Ease Ever is deemed to have an interest in, under the provisions of the SFO.

Note 3: The entire issued share capital of Kingboard Investments is owned by Jamplan. Jamplan is deemed to have an interest in 3,641,000 Shares held by Kingboard Investments and 125,063,165 Shares which Kingboard Investments is deemed to have an interest in, under the provisions of the SFO.

Note 4: The entire issued share capital of Jamplan is owned by Kingboard. Kingboard is deemed to have an interest in 128,704,165 Shares which Jamplan is deemed to have an interest in, under the provisions of the SFO.

Note 5: *Approximately 32.77% of the issued share capital of Kingboard is owned by HML. HML is deemed to have an interest in 1,018,000 Shares held by Kingboard and 128,704,165 Shares which Kingboard is deemed to have an interest in, under the provisions of the SFO. There is no shareholder of HML who is entitled to exercise, or control the exercise of, directly or indirectly, one-third or more of the voting power at HML's general meetings. HML and its directors are not accustomed to act in accordance with any shareholder's direction. Mr. Cheung Kwok Wing and Mr. Chan Wing Kwan are directors of HML.*

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2012.

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

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

AUDIT COMMITTEE

The Audit Committee 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 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

On 1 April 2012, the Code on Corporate Governance Practices ("**Former CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on SEHK was amended and renamed as Corporate Governance Code and Corporate Governance Report ("**New CG Code**"). The Company has adopted the Code Provisions ("**Code Provisions**") as stated in the New CG Code as the Code of the Company in substitution for and to the exclusion of the Former CG Code with effect from 1 April 2012.

Currently, there are four Board Committees, namely, the Nominating Committee, the Remuneration Committee, the Employees' Share Option Scheme Committee and the Audit Committee. The respective terms of reference of the Board Committees, except the Employees' Share Option Scheme Committee are posted on the website of SEHK and the Company's website.

During the relevant periods of the first half of CY2012 under review, the Company fully complied with the Code Provisions in the Former CG Code and New CG Code, save for the following:

1. **For the period from 1 January 2012 to 31 March 2012**

Deviation from the Former CG Code

- Deviation from Code Provision A.4.1
- Deviation from Code Provision E.1.2

2. For the period from 1 April 2012 to 30 June 2012

Deviation from the New CG Code

- Deviation from Code Provision A.4.1
- Deviation from Code Provision E.1.2

1. Under Code Provision A.4.1 of the Former CG Code and the New 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. As such, 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 Former CG Code or New CG Code, as the case may be.

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

The chairman of the Board of the Company has delegated the duty of attending the annual general meeting held on 26 April 2012 to the vice chairman, Mr. Chadwick Mok Cham Hung, being an executive director of the Company. Mr. Mok is serving the function of chief executive officer for many years and is able to answer and address questions raised by shareholders at the annual general meeting.

Notwithstanding the aforesaid deviation, the Company considered that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the Former CG Code or New CG code.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted as the code of conduct regarding securities transactions by the Directors and relevant employees (as defined in the New CG Code) on terms no less exacting than the required standard set out in the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 of 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.

On specific enquiry made, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2012.

AUDIT OR REVIEW OF THE INTERIM FINANCIAL RESULTS

The figures for 2QCY12 and 1HCY12, prepared in accordance with Singapore FRS, 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 interim report shall be published on the website of SGX (<http://www.sgx.com>), the SEHK (<http://www.hkex.com.hk>) and on the Company's website (<http://www.eleceltek.com>).

APPRECIATION

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

INTERESTED PERSONS TRANSACTIONS

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

Name of Interested Person US\$' 000	Aggregate value of all interested person transactions during the financial period under review (including transactions less than S\$100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than S\$100,000)	
	1HCY12	1HCY11	1HCY12	1HCY11
Purchases of plant and equipment				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	2,035	5,502	—
廣東駿好建築工程有限公司	—	220	—	—
	—	2,255	5,502	—
Purchases of goods and services				
Chung Shun Copper Foil (Macao Commercial Offshore) Limited	—	—	—	32,000
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	42,087	38,480
Elec & Eltek Corporate Services Limited	346	401	—	—
Heng Yang Kingboard Chemical Co., Ltd.	—	—	2,193	2,598
Hong Kong Fibre Glass Company Limited	—	—	3,913	1,318
Huizhou Chung Shun Chemical Company Limited	—	—	325	533
Jiangmen Kingboard High-tech Company Limited	—	—	4,772	5,738
Joyful Source Group Limited	31	26	—	—
Kingfai (Lian Zhou) Electronic Materials Ltd.	—	—	7,179	9,971
Techwise (Macao Commercial Offshore) Circuits Limited	—	—	17	—
	377	427	60,486	90,638

Name of Interested Person US\$' 000	Aggregate value of all interested person transactions during the financial period under review (including transactions less than S\$100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (including transactions less than S\$100,000)	
	1HCY12	1HCY11	1HCY12	1HCY11
Sales of plant and equipment				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	2,577	—	—
	—	2,577	—	—
Provision of goods and services				
Chung Shun Laminates (Macao Commercial Offshore) Limited	—	—	—	205
Elec & Eltek Computers Limited	20	—	—	—
Elec & Eltek Display Technology Limited	43	92	—	—
Express Electronics Limited	—	—	2,103	2,794
Express Electronics (Suzhou) Co. Ltd.	—	—	45	70
Jiangmen Glory Faith P.C.B. Company Limited	—	—	1,198	2,613
Shenzhen Wing Fung P.C. Board Company Limited	—	—	5	47
Techwise (Macao Commercial Offshore) Circuits Limited	—	—	4,069	5,246
Top Faith P.C.B. Company Limited	—	—	145	2,933
	63	92	7,565	13,908

CONFIRMATION BY THE BOARD

We, Chadwick Mok Cham Hung and Chan Wai Leung, being two of the Directors of Elec & Eltek International Company Limited (the “**Company**”), do hereby confirm on behalf of the Board of Directors of the Company (the “**Board**”) that, to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the second quarter and six months ended 30 June 2012 to be false or misleading.

On behalf of the Board of Directors

Chadwick Mok Cham Hung
Executive Director

Chan Wai Leung
Executive Director

By order of the Board
Elec & Eltek International Company Limited
Chadwick Mok Cham Hung
Vice Chairman

Hong Kong, 1 August 2012

The Board of the Company comprises the following directors:

Executive Directors:-

Chadwick Mok Cham Hung (*Vice Chairman*)
Li Muk Kam
Philip Chan Sai Kit
Clement Sun
Claudia Heng Nguan Leng
Li Chiu Cheuk
Chan Wai Leung
Ng Hon Chung

Non-executive Directors:-

Cheung Kwok Wing (*Chairman*)
Chan Wing Kwan
Chang Wing Yiu

Independent Non-executive Directors:-

Larry Lai Chong Tuck
Raymond Leung Hai Ming
Stanley Chung Wai Cheong