



**Elec & Eltek 依利安達**

**Elec & Eltek International Holdings Limited**

*(Incorporated in Bermuda with Limited Liability)*

(Stock Code: 33)

**ANNOUNCEMENT IN RELATION TO THE RESULTS FOR THE FIRST  
QUARTER ENDED 30 SEPTEMBER 2004 OF A SUBSIDIARY**

EEIC, a 51.71% owned subsidiary of Elec & Eltek International Holdings Limited, announced its unaudited consolidated results for the three months period ended 30 September 2004 on the Singapore Exchange Securities Trading Limited on 3 November 2004.

This announcement, reproducing hereinbelow the unaudited consolidated results (the “Results”) of Elec & Eltek International Company Limited (“EEIC” and hereinbelow referred to as the “Company”) and its subsidiaries (collectively hereinbelow referred to as the “Group”) for the three months period ended 30 September 2004, is made pursuant to the disclosure obligation under Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

EEIC is a public company listed on the Singapore Exchange Securities Trading Limited as to 51.71% owned by Elec & Eltek International Holdings Limited.

The Results are prepared in accordance with the provision of the Singapore Financial Reporting Standards and are released in the website of [www.sgx.com](http://www.sgx.com) of the Singapore Exchange Securities Trading Limited on 3 November 2004:

**“Elec & Eltek International Company Limited**

(Company Registration Number: 199300005H)

**UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST  
QUARTER ENDED 30 SEPTEMBER 2004**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY  
(Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the  
corresponding period of the immediately preceding financial year.**

Income statement of the Group for the first quarter ended 30 September 2004 (“Q1 FY2005”) together with the comparative figures for the first quarter ended 30 September 2003 (“Q1 FY2004”) and the fourth quarter ended 30 June 2004 (“Q4 FY2004”).

These figures have not been audited.

<i>US\$'000</i>	Q1		Q1	Q1	
	FY2005	FY2004	%	FY2005	FY2005
			Change	vs Q1	vs Q4
				FY2004	FY2004
				Change	Change
Sale of goods	106,173	72,491	46.5%	100,350	5.8%
Cost of sales	(82,979)	(58,171)	42.6%	(75,920)	9.3%
<b>Gross profit</b>	23,194	14,320	62.0%	24,430	-5.1%
<i>Gross profit margin</i>	21.8%	19.8%		24.3%	
<b>Other revenue</b>					
Interest income	20	48	-58.3%	51	-60.8%
<b>Costs and expenses</b>					
Distribution & selling costs	(3,861)	(3,806)	1.4%	(3,679)	4.9%
Administrative costs	(5,665)	(4,165)	36.0%	(5,468)	3.6%
Other operating (expenses)/income	(179)	80	n/m	(943)	-81.0%
<b>Profit from operating activities</b>	13,509	6,477	108.6%	14,391	-6.1%
Interest expense	(532)	(298)	78.5%	(227)	134.4%
Exceptional item	0	0	n/m	0	n/m
<b>Profit before taxation</b>	12,977	6,179	110.0%	14,164	-8.4%
Taxation	(1,262)	(201)	527.9%	(1,150)	9.7%
<b>Profit after taxation</b>	11,715	5,978	96.0%	13,014	-10.0%
Minority interests	(540)	(394)	37.1%	(546)	-1.1%
<b>Profit attributable to shareholders</b>	<u>11,175</u>	<u>5,584</u>	100.1%	<u>12,468</u>	-10.4%

*n/m - percentage not meaningful*

**Notes to Income Statement:**

<i>US\$'000</i>	Q1 FY2005		vs	Q1 FY2005	
	Q1 FY2005	Q1 FY2004	% Change	Q4 FY2004	% Change
Depreciation and amortisation	7,411	5,362	38.2%	6,402	15.8%
Provision for doubtful debts	66	143	-53.8%	62	6.5%
Provision for inventory obsolescence	405	344	17.7%	46	n/m
(Gain)/Loss on foreign exchange	(60)	(185)	-67.6%	485	-112.4%
Loss on disposal of plant and equipment	58	48	20.8%	53	9.4%

## Notes to Income Statement

### 1. Gross Profit Margin

The Group's gross profit margin has dropped from 24.3% in Q4 FY2004 to 21.8% in Q1 FY2005 despite higher turnover. The lower gross profit margin was mainly due to (1) lower weighted average selling prices ("ASP") as a result of shift in product mix; and (2) higher manufacturing overheads in supporting the expanding business.

### 2. Depreciation and amortisation

Higher depreciation and amortisation charges in the current financial quarter as more equipment was put into productive use.

### 3. (Gain)/loss on foreign exchange

Exchange (gain)/loss arose largely from the translation of non-US\$ denominated trade receivables and payables.

## 1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

US\$'000	Group		Company	
	30.9.2004	30.6.2004	30.9.2004	30.6.2004
<b>Non-current assets</b>				
Property, plant and equipment	291,958	278,350	24	26
Intangible assets	46	71	0	0
Subsidiary companies	0	0	20,178	20,178
Deferred tax assets	1,900	2,111	0	0
<b>Current assets</b>				
Inventories	51,715	42,364	0	0
Trade and other receivables	127,948	117,945	15,661	15,505
Due from subsidiary companies	0	0	109,960	111,014
Fixed and call deposits	857	5,221	36	418
Cash at bank and in hand	16,142	24,409	51	180
	<u>196,662</u>	<u>189,939</u>	<u>125,708</u>	<u>127,117</u>
<b>Current liabilities</b>				
Trade and other payables	(125,481)	(124,641)	(319)	(129)
Due to subsidiary companies	0	0	0	(1,346)
Due to bankers	(48,861)	(41,390)	0	0
Provision for taxation	(1,398)	(1,442)	(1)	(1)
	<u>(175,740)</u>	<u>(167,473)</u>	<u>(320)</u>	<u>(1,476)</u>
<b>Net current assets</b>	20,922	22,466	125,388	125,641
<b>Non-current liabilities</b>				
Due to bankers	(49,749)	(48,501)	0	0
Deferred tax liabilities	(2,144)	(2,440)	0	0
	<u>262,933</u>	<u>252,057</u>	<u>145,590</u>	<u>145,845</u>
<b>Equity</b>				
Share capital	74,065	74,065	74,065	74,065
Reserves	<u>175,380</u>	<u>164,229</u>	<u>71,525</u>	<u>71,780</u>
	249,445	238,294	145,590	145,845
Minority interests	<u>13,488</u>	<u>13,763</u>	<u>0</u>	<u>0</u>
	<u>262,933</u>	<u>252,057</u>	<u>145,590</u>	<u>145,845</u>

**Notes to Balance Sheet:****1. Property, plant & equipment**

In gearing up for anticipated business expansion, a total of US\$16.1 million and US\$4.7 million were incurred for new plant & machinery and building extension during the current financial quarter.

**2. Inventories, trade & other receivables and trade & other payables**

The increase in inventories, trade and other receivables, as well as trade and other payables were due to higher production volume during the current financial quarter.

**3. Due to bankers**

Additional loan facilities were drawn down during the current financial quarter to finance acquisition of fixed assets.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

<b>As at 30.9.2004</b>		<b>As at 30.6.2004</b>	
Secured	Unsecured	Secured	Unsecured
Nil	US\$48,861,000	Nil	US\$41,390,000

**Amount repayable after one year**

<b>As at 30.9.2004</b>		<b>As at 30.6.2004</b>	
Secured	Unsecured	Secured	Unsecured
Nil	US\$49,749,000	Nil	US\$48,501,000

**Details of any collateral**

Not applicable.

**Notes on net borrowing position**

<i>US\$'000</i>	<b>As at 30.9.2004</b>	<b>As at 30.6.2004</b>
Due to bankers	98,610	89,891
Less: Bank balances, deposits and cash	(16,999)	(29,630)
Net borrowings position	<u>81,611</u>	<u>60,261</u>

The Group's net borrowing amounted to US\$81.6 million compared to US\$60.3 million at the end of last financial year. The increase was for funding the Group's working capital as well as the facility extension for the Guangzhou East plant.

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<i>US\$'000</i>	<b>Q1 FY2005</b>	<b>Q1 FY2004</b>	<b>Q4 FY2004</b>
<b>Cash flow from operating activities:</b>			
Operating profit before interest and taxation	13,489	6,429	14,340
Adjustments for:			
Amortisation of intangible assets	25	24	26
Depreciation of property, plant and equipment	7,386	5,338	6,376
Loss on disposal of plant and equipment	<u>58</u>	<u>48</u>	<u>53</u>
<b>Operating income before reinvestment in working capital</b>	20,958	11,839	20,795
Increase in inventories	(9,351)	(3,011)	(5,213)
Increase in trade and other receivables	(10,003)	(10,972)	(5,496)
Increase in trade and other payables	<u>840</u>	<u>4,814</u>	<u>28,762</u>
<b>Cash generated from operations</b>	2,444	2,670	38,848
Interest income received	20	48	51
Interest paid	(532)	(298)	(227)
Income taxes paid	<u>(1,361)</u>	<u>(131)</u>	<u>(1,889)</u>
<b>Net cash provided by operating activities</b>	<u>571</u>	<u>2,289</u>	<u>36,783</u>
<b>Cash flow from investing activities:</b>			
Proceeds from disposal of plant and equipment	82	20	69
Plant and equipment acquired	<u>(20,774)</u>	<u>(8,124)</u>	<u>(44,885)</u>
<b>Net cash used in investing activities</b>	<u>(20,692)</u>	<u>(8,104)</u>	<u>(44,816)</u>
<b>Cash flow from financing activities:</b>			
Bank borrowings obtained	5,888	3,568	20,579
Repayment of loan to minority shareholders	0	(181)	0
Proceeds from share issue pursuant to the exercise of share options	0	0	540
Capital injection from minority interest	397	0	0
Dividends paid by subsidiaries to minority shareholders	<u>0</u>	<u>(181)</u>	<u>0</u>
<b>Net cash provided in financing activities</b>	6,285	3,206	21,119
Net (decrease)/increase in cash and cash equivalents	(13,836)	(2,609)	13,086
Cash and cash equivalents at beginning of financial period	29,630	22,374	16,050
Effect of foreign exchange rate changes, net	<u>(1,626)</u>	<u>(127)</u>	<u>494</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>14,168</u>	<u>19,638</u>	<u>29,630</u>

1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<i>US\$'000</i>	Share capital	Share premium	Capital reserve	Statutory reserve	Revenue reserve	Foreign currency translation reserve	Total shareholders' equity
<b>Group</b>							
<b>Q1 FY2004</b>							
Balance at 30.6.2003	73,982	17,359	2,597	70	159,024	(31,455)	221,577
Foreign currency translation	0	0	0	0	0	1,715	1,715
Profit for the financial period	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,584</u>	<u>0</u>	<u>5,584</u>
Balance at 30.9.2003	<u>73,982</u>	<u>17,359</u>	<u>2,597</u>	<u>70</u>	<u>164,608</u>	<u>(29,740)</u>	<u>228,876</u>
<b>Q4 FY2004</b>							
Balance at 31.3.2004	73,982	17,359	2,597	567	161,891	(30,231)	226,165
Shares issued pursuant to the exercise of options	83	457	0	0	0	0	540
Foreign currency translation	0	0	0	0	0	(879)	(879)
Profit for the financial period	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,468</u>	<u>0</u>	<u>12,468</u>
Balance at 30.6.2004	<u>74,065</u>	<u>17,816</u>	<u>2,597</u>	<u>567</u>	<u>174,359</u>	<u>(31,110)</u>	<u>238,294</u>
<b>Q1 FY2005</b>							
Balance at 30.6.2004	74,065	17,816	2,597	567	174,359	(31,110)	238,294
Transfer from revenue reserve to statutory reserve	0	0	0	82	(82)	0	0
Foreign currency translation	0	0	0	0	0	(24)	(24)
Profit for the financial period	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,175</u>	<u>0</u>	<u>11,175</u>
Balance at 30.9.2004	<u>74,065</u>	<u>17,816</u>	<u>2,597</u>	<u>649</u>	<u>185,452</u>	<u>(31,134)</u>	<u>249,445</u>

<i>US\$'000</i>	<b>Share capital</b>	<b>Share premium</b>	<b>Revenue reserve</b>	<b>Total shareholders' equity</b>
<b>Company</b>				
<b>Q1 FY2004</b>				
Balance at 30.6.2003	73,982	17,359	32,965	124,306
Profit for the financial period	<u>0</u>	<u>0</u>	<u>178</u>	<u>178</u>
Balance at 30.9.2003	<u>73,982</u>	<u>17,359</u>	<u>33,143</u>	<u>124,484</u>
<b>Q4 FY2004</b>				
Balance at 31.3.2004	73,982	17,359	28,063	119,404
Shares issued pursuant to the exercise of options	83	457	0	540
Profit for the financial period	<u>0</u>	<u>0</u>	<u>25,901</u>	<u>25,901</u>
Balance as 30.6.2004	<u>74,065</u>	<u>17,816</u>	<u>53,964</u>	<u>145,845</u>
<b>Q1 FY2005</b>				
Balance at 30.6.2004	74,065	17,816	53,964	145,845
Profit for the financial period	<u>0</u>	<u>0</u>	<u>(255)</u>	<u>(255)</u>
Balance at 30.9.2004	<u>74,065</u>	<u>17,816</u>	<u>53,709</u>	<u>145,590</u>

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

No shares was issued in Q1 FY2005 and the issued and paid-up capital of the Company at the end of Q1 FY2005 was S\$116,989,918 (equivalent to US\$74.1 million), represented by 146,237,397 ordinary shares of S\$0.80 each.

During Q1 FY2005, the Company granted the second share options of 1,400,000 options to Mr. Thomas Tang Koon Yiu, Chairman and managing director of the Company, pursuant to The 2002 Elec & Eltek Employees' Share Option Scheme (the "2002 Scheme") at a subscription price of US\$2.25 per scheme share. This represents more than 5% of the total number of the options available under the 2002 Scheme.

Save as disclosed above, there were no share options granted to other employees under the 2002 Scheme in Q1 FY2005.

Details of the movement of share options previously granted by the Company to eligible employees in Q1 FY2005 and the number of share options at the end of Q1 FY2004 were as follows:

Date of grant	Subscription	Outstanding balance as at 1.7.2004	Granted	Outstanding	Outstanding	Expiry date
	price per share (US\$)			balance as at 30.9.2004	balance as at 30.9.2003	
19 April 1999	3.100	0	0	0	828,000	18 April 2004
25 May 2000	1.308	400	0	400	400	24 May 2005
7 May 2003	1.450	700,000	0	700,000	700,000	6 May 2006
7 May 2003	1.450	700,000	0	700,000	700,000	6 May 2007
19 July 2004	2.250	0	700,000	700,000	0	18 July 2007
19 July 2004	2.250	0	700,000	700,000	0	18 July 2008
TOTAL		<u>1,400,400</u>	<u>1,400,000</u>	<u>2,800,400</u>	<u>2,228,400</u>	

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures for Q1 FY2005 have neither been audited nor reviewed in accordance with relevant auditing standards.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group and the Company has adopted the same accounting policies and methods of computation in the current financial quarter in preparing the financial statements as those for the audited financial statements for the financial year ended 30 June 2004.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Basic earnings per share is calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period.

Diluted earnings per share is calculated by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue, adjusted for the effect of dilutive options during the financial period.



The following reflects the income and share data used in the basic and diluted earnings per share computations of the Group after deducting any provision for preference dividends:

	<b>Q1 FY2005</b>	<b>Q1 FY2004</b>	<b>Q4 FY2004</b>
Profit attributable to shareholders ( <i>US\$'000</i> )	11,175	5,584	12,468
<b>Number of ordinary shares (in thousands)</b>			
Number of ordinary shares in issue at the beginning of financial period	146,237	146,063	146,063
Weighted average number of ordinary shares issued pursuant to the exercise of share options	<u>0</u>	<u>0</u>	<u>127</u>
Weighted average number of ordinary shares applicable to basic earnings per share	146,237	146,063	146,190
Effect of dilutive share options	<u>902</u>	<u>460</u>	<u>695</u>
Weighted average number of ordinary shares applicable to diluted earnings per share	<u>147,139</u>	<u>146,523</u>	<u>146,885</u>
Earnings per share (United States cents)			
— basic	7.64	3.82	8.53
— diluted	<u>7.59</u>	<u>3.81</u>	<u>8.49</u>

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year.**

	<b>Group US\$</b>	<b>Company US\$</b>
Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-		
(a) current financial period reported on	1.71	1.00
(b) immediately preceding financial year	1.63	1.00

There were 146,237,397 ordinary shares in issue at the end of Q1 FY2005.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Strong demand in computer and computer peripherals products has offset the seasonal volatility impact due to summer vacation and the inventory excess in the communication sector.

As a result, the layer count mix in Q1 FY2005 has deteriorated slightly over that in 2nd half FY2004. The 2- and 4-layered printed circuit boards ("PCBs") have increased by around 2.0%, and microvias PCBs products have declined by around 2.0% as well.

Year-on-year, the layer count mix has improved significantly with 8.9% less in 2- and 4-layered products, 2.3% gain in 6- and 8-layered products, and 6.6% gain in 10-layered above and microvias PCBs.

Book-to-bill ratio for Q1 FY2005 was maintained above one though Q1 FY2005 PCB shipments were higher than Q4 FY2004 by 7.6%.

Seasonal factors helped stabilize the prices of copper foil, fibre glass and copper clad laminate in Q1 FY2005.

Due to lower layer count mix, the Group's ASP have dropped by around 2.0% sequentially but were 13.9% higher than those of Q1 FY2004.

As a result of a mix of variable factors mentioned above, the Group's revenue in Q1 FY2005 stood at US\$106.2 million or was growing at 5.8% sequentially and 46.5% year-on-year.

The Group's consolidated profit before taxation was at US\$13.0 million, down 8.4% over last quarter and up 110.0% over Q1 FY2004.

The Group's effective tax rate in Q1 FY2005 was at 9.7% as compared with 8.1% in Q4 FY2004 as tax losses brought forward in a subsidiary were fully utilized in the previous quarter.

In the opinion of the Directors, no item, transaction or event of a material or unusual nature has occurred during the period from 1 October 2004 to the date of this report that would materially affect the results of the Company and/or the Group in the financial period in which this announcement is made.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's performance in Q1 FY2005 was slightly slower than Q4 FY2004 due to seasonal volatility and was in line with the prospect statement made by the Company in its previous financial year-end results announcement on 23 August 2004.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Starting from October 2004, the Group saw an increased demand due to seasonal factors on computer and computer peripherals and consumer products. The communication sector has also started to rebuild inventory after slowing down for around five months.

Key PCB raw material prices are expected to stabilize as new capacity gradually becomes available. However, certain PCB raw materials may have pricing pressure because of oil price hike.

Although there are dangers due to increased oil prices, global economy is still considered to be healthy. The electronic product market is still growing positively with more products being made in China. The Group is carefully monitoring the impact of oil price volatility, and its effects on the Group's business.

Barring unforeseen circumstances, the Directors expect that the Group should maintain good results in the second quarter on a year-on-year basis.

11. **Dividend**

*(a) Current Financial Period Reported On*

Any dividend declared for the current financial period reported on? None

*(b) Corresponding Period of the Immediately Preceding Financial Year*

Any dividend declared for the corresponding period of the immediately preceding financial year? None

*(c) Date payable*

Not applicable.

*(d) Books closure date*

Not applicable.

12. **If no dividend has been declared/recommended, a statement to that effect.**

No dividend will be declared for Q1 FY2005 (Q1 FY2004: NIL).

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

15. **A breakdown of sales.**

Not applicable.

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	<b>Latest Full Year</b>	<b>Previous Full Year</b>
Ordinary		
Preference		
Total:		

17. **Interested Persons Transactions**

The amount of interested person transactions to be disclosed pursuant to Rule 920(1)(a)(ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited was not more than S\$100,000 during the current financial period.”

*As at the date of this announcement, the Directors of Elec & Eltek International Holdings Limited comprise two Executive Directors, Mr. Thomas Tang Koon Yiu and Mr. Canice Chung Tai Keung; five Non-executive Directors, Mr. David So Cheung Sing, Mr. Marcus Tsang Ming Pui, Mr. Wilson Tam Kam Ho, Mr. Johnny Ng Ho Kin and Mr. Peter Lee Yip Wah, and three Independent Non-executive Directors, Mr. Eugene Lee, Mr. Kenneth Shim Hing Choi and Mr. Keith Tay Ah Kee.*

**BY ORDER OF THE BOARD**  
**Thomas Tang Koon Yiu**  
*Chairman*

Hong Kong, 3 November 2004

Please also refer to the published version of this announcement in South China Morning Post.