KINGBOARD CHEMICAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 148)

ANNOUNCEMENT RELATING TO THE UNAUDITED CONSOLIDATED QUARTERLY RESULTS OF A SUBSIDIARY FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2006

EEIC, a 70.48% owned subsidiary of Kingboard Chemical Holdings Limited, announced its unaudited consolidated quarterly results for the third quarter and nine months ended 31 March 2006 on the SGX on 9 May 2006.

Pursuant to Rule 705 and Rule 920 (1)(a)(ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX"), Elec & Eltek International Company Limited ("EEIC" or "the Company"), a public company listed on the SGX and a 70.48% owned subsidiary of Kingboard Chemical Holdings Limited, announced its unaudited consolidated quarterly results of the Company and its subsidiaries (collectively referred to as the "Group") for the third quarter and nine months ended 31 March 2006 on the website of www.sgx.com of SGX on 9 May 2006. The results are prepared in accordance with Singapore Financial Reporting Standards and Interpretations of Financial Reporting Standards.

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is being released for information purpose only. The following is a reproduction of the results announcement of EEIC.

"ELEC & ELTEK INTERNATIONAL COMPANY LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199300005H)

UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 MARCH 2006

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

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

(I) Income statement of the Group for the third quarter ("3Q2006") and nine months ("YTD 3Q2006") ended 31 March 2006 together with the comparative figures for the third quarter ("3Q2005") and nine months ("YTD 3Q2005") ended 31 March 2005.

US$'000	**3Q2006**	**3Q2005**	**3Q2006 vs 3Q2005 % Change**	**YTD 3Q2006**	**YTD 3Q2005**	**YTD 3Q2006 vs YTD 3Q2005 % Change**
Sale of goods	115,385	104,194	10.7%	360,518	322,287	11.9%
Cost of sales	(88,195)	(82,149)	7.4%	(279,658)	(253,157)	10.5%
Gross profit	27,190	22,045	23.3%	80,860	69,130	17.0%
Gross profit margin	*23.6%*	*21.2%*		*22.4%*	*21.4%*	
Other revenue						
Interest income	49	12	n/m	127	75	69.3%
Costs and expenses						
Distribution & selling costs	(3,712)	(4,091)	–9.3%	(12,093)	(12,016)	0.6%
Administrative costs	(6,116)	(5,205)	17.5%	(17,041)	(16,173)	5.4%
Other operating expenses	(287)	(307)	–6.5%	(747)	(671)	11.3%
Profit from operating activities	17,124	12,454	37.5%	51,106	40,345	26.7%
Interest expense	(1,486)	(1,058)	40.5%	(4,181)	(2,386)	75.2%
Exceptional item	(1,288)	(785)	64.1%	(1,288)	(1,657)	–22.3%
Share of profit of associated co.	183	–	n/m	243	–	n/m
Profit before taxation	14,533	10,611	37.0%	45,880	36,302	26.4%
Taxation	(1,936)	(1,542)	25.6%	(5,183)	(3,655)	41.8%
Profit after taxation	12,597	9,069	38.9%	40,697	32,647	24.7%
Minority interests	(341)	(921)	–63.0%	(1,653)	(2,336)	–29.2%
Profit attributable to shareholders	12,256	8,148	50.4%	39,044	30,311	28.8%

(II) Income statement of the Group for 3Q2006 together with the comparative figures for the second quarter ended 31 December 2005 ("2Q2006").

US$'000	**3Q2006**	**2Q2006**	**3Q2006 vs 2Q2006 % Change**
Sale of goods	115,385	126,275	–8.6%
Cost of sales	(88,195)	(98,482)	–10.4%
Gross profit	27,190	27,793	–2.2%
Gross profit margin	*23.6%*	*22.0%*	
Other revenue			
Interest income	49	54	–9.3%
Costs and expenses			
Distribution & selling costs	(3,712)	(4,054)	–8.4%
Administrative costs	(6,116)	(6,068)	0.8%
Other operating expenses	(287)	(249)	15.3%
Profit from operating activities	17,124	17,476	–2.0%
Interest expense	(1,486)	(1,518)	–2.1%
Exceptional item	(1,288)	–	n/m
Share of profit of associated co.	183	60	n/m
Profit before taxation	14,533	16,018	–9.3%
Taxation	(1,936)	(1,545)	25.3%
Profit after taxation	12,597	14,473	–13.0%
Minority interests	(341)	(651)	–47.6%
Profit attributable to shareholders	12,256	13,822	–11.3%

(III) Notes to Income Statement:

US$'000	**3Q2006**	**3Q2005**	**3Q2006 vs 3Q2005 % Change**	**YTD 3Q2006**	**YTD 3Q2005**	**YTD 3Q2006 vs YTD 3Q2005 % Change**
Depreciation and amortisation	9,146	8,121	12.6%	26,755	23,414	14.3%
Provision for doubtful debts	141	130	8.5%	341	457	–25.4%
(Write-back of provision)/ Provision for inventory obsolescence	(44)	354	n/m	555	27	n/m
Loss on foreign exchange	164	275	–40.4%	369	239	54.4%
Loss/(Gain) on disposal of plant and equipment	2	(3)	n/m	12	71	–83.1%

US$'000	**3Q2006**	**2Q2006**	**3Q2006 vs 2Q2006 % Change**
Depreciation and amortisation	9,146	8,934	2.4%
Provision for doubtful debts	141	137	2.9%
(Write-back of provision)/Provision for inventory obsolescence	(44)	451	n/m
Loss on foreign exchange	164	86	90.7%
Loss on disposal of plant and equipment	2	3	–33.3%

n/m – percentage not meaningful

1. **Gross profit margin**
The Group's gross profit margin improved from 22.0% in 2Q2006 to 23.6% in 3Q2006 primarily due to leveraging of fixed costs with better production line balancing during the financial quarter.

2. **Depreciation and amortisation**
Depreciation and amortisation expense increased 12.6% and 14.3% year-on-year to US$9.1 million and US$26.8 million for 3Q2006 and YTD 3Q2006, respectively, on major machinery and equipment capitalised during the financial quarter just ended. It was 2.4% higher than US$8.9 million for 2Q2006.

3. **(Write-back of provision)/Provision for inventory obsolescence**
The provision for inventory obsolescence was written back in 3Q2006 as certain slow-moving raw materials were disposed of during the financial quarter just ended.

4. **Interest Income**
Higher interest income achieved in 3Q2006 and YTD 3Q2006 was attributable to rising deposit rate.

5. **Distribution and selling costs**
Distribution and selling costs declined 9.3% over 3Q2005 despite higher sales revenue for the financial quarter due to tight control on sales related expenses.

6. **Administrative costs**
Administrative costs increased 17.5% to US$6.1 million for 3Q2006 on share-based compensation and provision for management performance related bonuses.

7. **Loss on exchange**
Loss on exchange decreased 40.4% and increased 54.4% on year-on-year comparison for 3Q2006 and YTD 3Q2006, respectively mainly due to exchange differences recorded on translating the Group's non-US$ denominated balance sheet items.

8. **Interest expense**
Interest expense increased 40.5% and 75.2% to US$1.5 million and US$4.2 million for 3Q2006 and YTD 3Q2006, respectively on rising interest rate (weighted borrowing rates for 3Q2006: 4.07% to 5.57% vs 3Q2005: 3.52% to 4.11%).

9. **Exceptional item**
The exceptional item of US$1.3 million in 3Q2006 referred to provision made for impairment of long-lived assets identified during the process of integrating the two manufacturing sites of the Nanjing plant, while the exceptional item of US$0.8 million in 3Q2005 referred to organizational restructuring of the Group's Hong Kong operations in January 2005.

   The exceptional item of US$1.7 million in YTD 3Q2005 referred to costs incurred for streamlining exercise carried out in the Group's Hong Kong operations and professional fees in relation to takeover compliance by Kingboard Chemical Holdings Limited in the equity interests of the Company.

10. **Share of profit of associated company**
Share of profit of an associated company of US$0.2 million referred to equity accounting for share of 49% profit of United Hill Group Limited, a drill bit manufacturer acquired by the Company on 1 December 2005.

11. **Taxation**
Effective tax rate decreased to 13.3% in 3Q2006 as compared to 14.5% in 3Q2005 as one of the operating subsidiaries in Kaiping received further corporate income tax privilege on the granting of hi-tech status.

12. **Minority interest**
Despite higher profit after tax, share of profits by minority shareholders decreased 63.0% and 29.2% year-on-year to US$0.3 million and US$1.7 million compared to 3Q2005 and YTD 3Q2005 respectively following the reduction of minority interest of the Group's Kaiping subsidiaries from 9.9% to 5.0% from September 2005 onward.

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.

		Group			Company	
US$'000	**31.3.2006**	**31.12.2005**	**30.6.2005**	**31.3.2006**	**31.12.2005**	**30.6.2005**
Non-current assets						
Property, plant and equipment	317,007	313,586	300,120	14	15	17
Intangible assets	6	7	11	–	–	–
Subsidiary companies	–	–	–	22,186	22,186	22,186
Associated company	5,241	5,060	–	–	–	–
Deferred tax assets	1,551	1,496	2,771	–	–	–
	323,805	320,149	302,902	22,200	22,201	22,203
Current assets						
Inventories	53,151	47,491	51,450	–	–	–
Trade receivables	130,686	145,088	134,262	–	–	–
Other receivables	24,475	20,701	15,444	16	22	4
Due from subsidiary companies	–	–	–	137,004	141,091	138,892
Fixed and call deposits	30	27	27	30	27	27
Cash at bank and in hand	18,178	20,482	26,592	83	84	59
	226,520	233,789	227,775	137,133	141,224	138,982
Total assets	**550,325**	**553,938**	**530,677**	**159,333**	**163,425**	**161,185**
Current liabilities						
Trade payables	(101,854)	(108,184)	(95,882)	–	(74)	(60)
Other payables	(30,941)	(29,460)	(32,017)	(99)	(103)	(98)
Due to subsidiary companies	–	–	–	(5,580)	(614)	(614)
Due to related company	–	(5,000)	–	–	–	–
Due to bankers	(57,731)	(55,156)	(74,251)	–	–	–
Provision for taxation	(2,616)	(2,283)	(2,355)	(1)	(1)	(2)
	(193,142)	(200,083)	(204,505)	(5,680)	(792)	(774)
Net current assets	**33,378**	**33,706**	**23,270**	**131,453**	**140,432**	**138,208**
Non-current liabilities						
Due to bankers	(62,813)	(63,250)	(48,937)	–	–	–
Deferred tax liabilities	(2,192)	(1,879)	(2,761)	–	–	–
	(65,005)	(65,129)	(51,698)	–	–	–
Total liabilities	**(258,147)**	**(265,212)**	**(256,203)**	**(5,680)**	**(792)**	**(774)**
	292,178	**288,726**	**274,474**	**153,653**	**162,633**	**160,411**
Equity						
Share capital	97,057	89,535	75,435	97,057	89,535	75,435
Reserves	181,057	184,856	183,594	56,596	73,098	84,976
	278,114	274,391	259,029	153,653	162,633	160,411
Minority interests	14,064	14,335	15,445	–	–	–
	292,178	**288,726**	**274,474**	**153,653**	**162,633**	**160,411**

Balance Sheet Analysis

Trade receivables decreased by US$14.4 million or 9.9% to US$130.7 million mainly due to lower sales revenue for the current financial quarter and tighten credit control.

The increase in inventories by 11.9% to US$53.2 million was largely attributable to higher level of raw materials inventory. Increase in other receivables by 18.2% to US$24.5 million related to additional down-payments for machineries and higher guaranteed bank acceptance bills of exchange. These increases were partially offset by the decrease in trade receivables.

During 3Q2006, US$12.4 million capital expenditure was expended to gear up for capacity expansion.

The increase in associated company related to the equity accounting for share of 49% profit of United Hill Group Limited from 1 December 2005.

In spite of additional loans taken up to fund the Group's expansion plan in China, the Group's total liabilities decreased by 2.7% to US$258.1 million due to reduction in trade payables.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31.3.2006		As at 30.6.2005	
Secured	**Unsecured**	**Secured**	**Unsecured**
Nil	US$57,731,000	Nil	US$74,251,000

Amount repayable after one year

As at 31.3.2006		As at 30.6.2005	
Secured	**Unsecured**	**Secured**	**Unsecured**
Nil	US$62,813,000	Nil	US$48,937,000

Details of any collateral
Not applicable.

Notes on net borrowings position

US$'000	*As at* **31.3.2006**	*As at* **31.12.2005**	*As at* **30.6.2005**
Due to bankers	120,544	118,406	123,188
Less: Bank balances, deposits and cash	(18,208)	(20,509)	(26,619)
Net borrowings position	102,336	97,897	96,569

The Group's net borrowings increased marginally from US$97.9 million in 2Q2006 to US$102.3 million in 3Q2006 on new loans taken up to fund the Group's expansion plan in China. Net debt to equity ratio was 35.0% and 35.2% as at 31 March 2006 and 30 June 2005 respectively while it was 33.9% as at 31 December 2005.

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

US$'000	**3Q2006**	**3Q2005**	**YTD 3Q2006**	**YTD 3Q2005**
Cash flow from operating activities:				
Operating profit before interest and taxation	15,970	11,657	49,934	38,613
Adjustments for:				
Amortisation of intangible assets	1	5	5	56
Depreciation of property, plant and equipment	9,145	8,116	26,750	23,358
Loss/(Gain) on disposal of plant and equipment	2	(3)	12	71
Share of profit in associated company	(183)	–	(243)	–
Operating income before reinvestment in working capital	24,935	19,775	76,458	62,098
(Increase)/decrease in inventories	(5,660)	2,033	(1,701)	(5,207)
Decrease/(increase) in trade receivables	14,402	(3,596)	3,576	(22,547)
Increase in other receivables	(3,774)	(1,234)	(9,031)	(1,061)
(Decrease)/increase in trade payables	(6,330)	(11,641)	5,972	(21,977)
Increase/(decrease) in other payables	1,481	(2,898)	(1,076)	(2,259)
Cash generated from operations	25,054	2,439	74,198	9,047
Interest income received	49	12	127	75
Interest paid	(1,486)	(1,058)	(4,181)	(2,386)
Income taxes paid	(1,354)	(753)	(4,258)	(2,503)
Net cash provided by operating activities	22,263	640	65,886	4,233

Cash flow from investing activities:

Proceeds from disposal of plant and equipment	–	–	6	201
Plant and equipment acquired	(12,384)	(10,209)	(38,225)	(44,739)
Acquisition of equity interest in associated company	(5,000)	–	(5,000)	–
Acquisition of equity interest in subsidiary companies	–	–	(2,552)	–
Net cash used in investing activities	(17,384)	(10,209)	(45,771)	(44,538)
Cash flow from financing activities:				
Bank borrowings obtained/(repaid)	6,034	8,931	(1,149)	41,497
Proceeds from share issue pursuant to the exercise of share options	–	–	–	5,180
Share issue expenses	–	–	(4)	–
Capital injection from minority interest	–	–	1,287	552
Dividends paid by the Company	(14,307)	(11,909)	(31,913)	(27,583)
Dividends paid by subsidiaries to minority shareholders	(1,172)	–	(1,660)	(1,145)
Net cash (used in)/provided by financing activities	(9,445)	(2,978)	(33,439)	18,501
Net decrease in cash and cash equivalents	(4,566)	(12,547)	(13,324)	(21,804)
Cash and cash equivalents at beginning of financial period	12,906	21,598	21,417	29,630
Effect of foreign exchange rate changes, net	6,161	1,508	6,408	2,733
Cash and cash equivalents at end of financial period	14,501	10,559	14,501	10,559

Cash and cash equivalents comprise the following breakdown:

US$'000	**3Q2006**	**3Q2005**	**YTD 3Q2006**	**YTD 3Q2005**
Fixed and call deposits	30	357	30	357
Cash at bank and in hand	18,178	18,546	18,178	18,546
	18,208	18,903	18,208	18,903
Bank overdrafts – unsecured	(3,707)	(8,344)	(3,707)	(8,344)
	14,501	10,559	14,501	10,559

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.

US$'000	**Share capital**	**Share premium**	**Capital reserve**	**Statutory reserve**	**Revenue reserve**	**Foreign currency translation reserve**	**Share option reserve**	**Total share–holders' equity**
Group								
3Q2006								
Balance at 31.12.2005	89,535	7,522	2,597	1,930	197,226	(24,812)	393	274,391
Transfer from share premium to share capital *	7,522	(7,522)	–	–	–	–	–	–
Foreign currency translation	–	–	–	–	–	5,707	–	5,707
Profit for the financial period	–	–	–	–	12,256	–	–	12,256
Share option expense	–	–	–	–	–	–	67	67
Dividend paid in respect of current financial year	–	–	–	–	(14,307)	–	–	(14,307)
Balance at 31.3.2006	97,057	–	2,597	1,930	195,175	(19,105)	460	278,114

US$'000	**Share capital**	**Share premium**	**Capital reserve**	**Statutory reserve**	**Revenue reserve**	**Foreign currency translation reserve**	**Share option reserve**	**Total share–holders' equity**
3Q2005								
Balance at 31.12.2004	75,435	21,626	2,597	1,641	179,790	(27,332)	–	253,757
Foreign currency translation	–	–	–	–	–	(676)	–	(676)
Profit for the financial period	–	–	–	–	8,148	–	–	8,148
Dividend paid in respect of current financial year	–	–	–	–	(11,909)	–	–	(11,909)
Balance at 31.3.2005	75,435	21,626	2,597	1,641	176,029	(28,008)	–	249,320
YTD 3Q2006								
Balance at 30.6.2005	75,435	21,626	2,597	1,930	188,044	(30,603)	–	259,029
Shares issued pursuant to bonus issue	14,100	(14,100)	–	–	–	–	–	–
Shares issue expenses	–	(4)	–	–	–	–	–	(4)
Transfer from share premium to share capital *	7,522	(7,522)	–	–	–	–	–	–
Foreign currency translation	–	–	–	–	–	11,498	–	11,498
Profit for the financial period	–	–	–	–	39,044	–	–	39,044
Share option expense	–	–	–	–	–	–	460	460
Dividend paid in respect of previous financial year	–	–	–	–	(17,606)	–	–	(17,606)
Dividend paid in respect of current financial year	–	–	–	–	(14,307)	–	–	(14,307)
Balance at 31.3.2006	97,057	–	2,597	1,930	195,175	(19,105)	460	278,114
YTD 3Q2005								
Balance at 30.6.2004	74,065	17,816	2,597	567	174,359	(31,110)	–	238,294
Shares issued pursuant to the exercise of options	1,370	3,810	–	–	–	–	–	5,180
Transfer from revenue reserve to statutory reserve	–	–	–	1,058	(1,058)	–	–	–
Foreign currency translation	–	–	–	16	–	3,102	–	3,118
Profit for the financial period	–	–	–	–	30,311	–	–	30,311
Dividend paid in respect of previous financial year	–	–	–	–	(15,674)	–	–	(15,674)
Dividend paid in respect of current financial year	–	–	–	–	(11,909)	–	–	(11,909)
Balance at 31.3.2005	75,435	21,626	2,597	1,641	176,029	(28,008)	–	249,320

US$'000	**Share capital**	**Share premium**	**Revenue reserve**	**Share option reserve**	**Total share-holders' equity**
Company					
3Q2006					
Balance at 31.12.2005	89,535	7,522	65,183	393	162,633
Transfer from share premium to share capital *	7,522	(7,522)	–	–	–
Profit for the financial period	–	–	5,260	–	5,260
Share option expense	–	–	–	67	67
Dividend paid in respect of current financial year	–	–	(14,307)	–	(14,307)
Balance at 31.3.2006	97,057	–	56,136	460	153,653
3Q2005					
Balance at 31.12.2004	75,435	21,626	53,556	–	150,617
Profit for the financial period	–	–	22,248	–	22,248
Dividend paid in respect of current financial year	–	–	(11,909)	–	(11,909)
Balance at 31.3.2005	75,435	21,626	63,895	–	160,956
YTD 3Q2006					
Balance as 30.6.2005	75,435	21,626	63,350	–	160,411
Shares issued pursuant to bonus issue	14,100	(14,100)	–	–	–
Share issue expenses	–	(4)	–	–	(4)
Transfer from share premium to share capital *	7,522	(7,522)	–	–	–
Profit for the financial period	–	–	24,699	–	24,699
Share option expense	–	–	–	460	460
Dividend paid in respect of previous financial year	–	–	(17,606)	–	(17,606)
Dividend paid in respect of current financial year	–	–	(14,307)	–	(14,307)
Balance at 31.3.2006	97,057	–	56,136	460	153,653
YTD 3Q2005					
Balance at 30.6.2004	74,065	17,816	58,119	–	150,000
Shares issued pursuant to the exercise of options	1,370	3,810	–	–	5,180
Profit for the financial period	–	–	33,359	–	33,359
Dividend paid in respect of previous financial year	–	–	(15,674)	–	(15,674)
Dividend paid in respect of current financial year	–	–	(11,909)	–	(11,909)
Balance at 31.3.2005	75,435	21,626	63,895	–	160,956

* With effect from 30 January 2006, the concepts of "par value" and "authorised capital" were abolished under the Companies (Amendment) Act 2005 and the amount standing to the credit of the Company's share premium accounts as at 30 January 2006 became part of the Company's share capital as at that date.

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.

Share capital
Since the end of the last financial year, the share capital of the Company increased from US$75.4 million to US$97.1 million arising from

(i) additional 29,807,465 shares allotted and issued pursuant to the bonus issue effected by capitalising from the share premium account of the Company on 13 October 2005; and

(ii) the transfer of the amount standing to the credit of the share premium account as at 30 January 2006 to share capital pursuant to the change under the Companies (Amendment) Act 2005.

No share was issued in 3Q2006. At the end of 3Q2006, the Company had a share capital of US$97.1 million comprising 178,844,862 ordinary shares.

Share options
As at 31 March 2006, there were outstanding share options for 11,430,000 (31 March 2005: Nil) unissued ordinary shares under The 2002 Elec & Eltek Employees' Share Option Scheme (the "2002 Scheme").

The movement of outstanding share options of the Company during the period from January to March 2006 was set out below:

Date of grant	Subscription price per share (US$)	Outstanding balance as at 1.1.2006	Lapsed	Outstanding balance as at 31.3.2006	Expiry date
24 Jun 2005	2.033	11,484,000	(234,000)	11,250,000	24 May 2010
29 Sep 2005	2.375	180,000	–	180,000	4 Sep 2010
TOTAL		**11,664,000**	**(234,000)**	**11,430,000**	

No share options were granted to employees under the 2002 Scheme in 3Q2006.

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

The figures for 3Q2006 and YTD 3Q2006 have not been audited or reviewed by the auditors.

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, and 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

The accounting policies and methods of computation applied by the Group in preparing the financial statements for 3Q2006 and YTD 3Q2006 are consistent with those used in its most recently audited financial statements, except for the adoption of all the new and revised financial reporting standards ("FRS") which became effective and mandatory for the Group for the financial year beginning 1 July 2005.

The adoption of these new and revised FRSs did not have any significant financial impact to the Group except as disclosed below:

(i) Effect of changes to the profit and loss account for 3Q2006 and YTD 3Q2006 were US$67K and US$460K respectively (3Q2005 and YTD 3Q2005: Nil) as a result of the adoption of FRS 102.

(ii) Description of changes

FRS 39: Financial Instruments: Recognition and Measurement
FRS 39 sets out the new requirement for the recognition, de-recognition and measurement of the Group's financial instruments and hedge accounting.

The adoption of the FRS 39 did not give rise to any adjustment required in the financial statements of the Group and the Company.

As at the financial period ended 31 March 2006, there was no outstanding derivative contracts in place.

FRS 102: Share-based payment
The Group's share option scheme is equity-settled, share based compensation plan. Prior to the effectiveness of the new standard FRS 102, the Group and the Company recognised an increase in equity and share premium when the options were exercised. Consequently, the provision of share options to eligible employees did not result in any charge to the profit and loss account.

Under FRS 102, share options to employees are measured at fair value at the date of grant and recognised as expense over the vesting period.

At each subsequent balance sheet date, the Group would review and revise its estimates of the number of share options that are expected to vest by the vesting date, and make corresponding revision to the profit and loss account as well as the equity over the remaining vesting periods.

FRS 103: Business Combinations; FRS 36: Impairment of Assets; and FRS 38: Intangible Assets
In accordance with the provision of FRS 103, amortisation of goodwill is discontinued from 1 January 2005. Instead, goodwill arising from the acquisition of a subsidiary will be tested for impairment annually or as and when there are indications of impairment called for under FRS 36. Impairment loss, if applicable, shall be charged to profit and loss account and no subsequent reversal is allowed.

The adoption of FRS 103 does not have any financial impact to the Group.

5. 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.

United States cents	**3Q2006**	**3Q2005**	**YTD 3Q2006**	**YTD 3Q2005**
Earnings per share				
5.1 Based on weighted average number of ordinary shares in issue	6.85	4.56	21.83	17.13
Weighted average number of ordinary shares in issue ('000)	178,845	178,845	178,845	176,896
5.2 On a fully diluted basis	6.81	4.56	21.76	17.07
Adjusted weighted average number of ordinary shares ('000)	179,865	178,845	179,415	177,537

6. 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.

US$	**Group**		**Company**	
	31.3.2006	**30.6.2005**	**31.3.2006**	**30.6.2005**
Net asset value per ordinary share based on issued share capital at end of financial period	1.56	1.45	0.86	0.90

Net asset value per ordinary share is computed based on issued share capital of 178,844,862 ordinary shares as at 31 March 2006.

7. 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.

Third Quarter ("Q3"), financial year 2006
Though March quarter performance was normally much slower due to festival holidays and consumer electronics cycle, Elec & Eltek Group has maintained its growth momentum to achieve operating profits of US$17.1 million, which was just marginally lower than US$17.5 million in 2Q2006.

In the quarter, the Group's revenue of US$115.4 million was 10.7% higher than that of 3Q2005 mainly due to higher shipment volume. The Group continued to operate at above 90% utilisation rate on expanded production capacities.

The proportion of 6-layer and above PCB sales accounted for 41.5% of the Group's revenue in 3Q2006 compared to 43.8% in 2Q2006, while the proportion of 2- and 4-layer PCB sales increased from 56.2% in 2Q2006 to 58.5% in 3Q2006. This shift in product mix was driven by stronger sales made to the Group's several major customers in the personal computer and consumer electronics segments.

During the financial quarter, while the raw material prices such as laminates and copper foil continued to trend upwards, the Group was able to weather the price increases through more volume purchase and better supports from its parent company, Kingboard Chemical Holdings Limited. Along with greater economies of scale and disciplined costs control, the Group has indeed pull in better gross margin on a sequential basis.

The Group's consolidated net profit after tax and minority interest in 3Q2006 grew 50.4% to US$12.3 million from the corresponding period last year. Sequentially, the Group's consolidated net profit after tax and minority interest declined by only 11.3% after accounting for the impairment provision for the long-lived assets in Nanjing as stated hereinbelow.

In an ongoing effort to streamline its businesses, the Group is in the process of integrating the two manufacturing sites of the Nanjing plant for effective management and improved competitiveness. Certain long-lived machineries and equipment are expected to be retired and disposed of in the course of the plant rationalisation. Accordingly, the Group has made an estimated net impairment provision of US$0.9 million excluding minority interest for these long-lived assets in this announcement and accounted for it as part of the exceptional item.

In the absence of the above impairment provision, the Group's consolidated net profit after tax and minority interest for 3Q2006 would have been US$13.2 million, representing a growth of 61.6% compared to a year ago.

The Group's effective tax rate in 3Q2006 was 13.3% compared to 14.5% in 3Q2005. The accreditation of the "High Density Technology Incentive" awarded to one of the Kaiping subsidiaries was the contributory factor for the lower effective tax rate.

Share of profits by minority shareholders decreased 63.0% year-on-year to US$0.3 million as a result of reduction in equity interest of certain joint venture partners in PRC.

Nine Months ("YTD Q3"), financial year 2006

Overall, the Group has attained commendable nine-month results in FY2006 with greater demand across multiple market segments, especially in consumer electronics. Elec & Eltek Group was well-positioned to capitalize on this growth trend, and achieved a 11.9% increase in revenue, recording US$360.5 million for the YTD 3Q2006 compared to US$322.3 million a year ago.

Sales to the Asian market grew by 11.6% over YTD 3Q2005 on increased orders from consumer electronics. Sales to American and European markets grew by 14.0% and 9.6% due to new projects secured from certain existing and new customers.

Sales to automotive and consumer electronics segments increased by 41.3% and 33.2% in YTD 3Q2006 compared to YTD 3Q2005 resulting in the Group's exposure to end product applications being more balanced.

Consequently, the proportion of 2- and 4-layer PCB sales accounted for 56.9% of the Group's revenue for YTD 3Q2006 compared to 53.5% for YTD 3Q2005, while the proportion of 6-layer and above PCBs sales has reduced from 46.5% in YTD 3Q2005 to 43.1% in YTD 3Q2006.

In spite of higher shipment to the lower layer count product categories, ASP has been holding up well from the December quarter. The stabilised ASP trend reflects our ability to supply PCBs with more advanced configuration and features to meet the evolving sophisticated end product requirements.

Consequently, consolidated net profit after tax and minority interests increased 28.8% to US$39.0 million for YTD 3Q2006 from a year ago.

In the opinion of the Directors, no item, transaction or event of material or unusual nature has occurred during the period from 1 April 2006 to the date of this report that would materially affect the results of the Company and/or the Group in the financial year in which this announcement is made.

8. 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 for 3Q2006 was in line with the SGXNET prospect statement released for 2Q2006 on 9 February 2006.

9. 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.

Amid the rising material prices on copper foil and laminates, the Group expects the selling prices of PCB will rise to lower the impact of rising raw material cost. Based on the current order inflows, the Group is, therefore, cautiously optimistic on the outlook in the fourth quarter.

In the medium and longer term, the growth in the PCB market is expected to continue – particularly in China – which is still one of the countries with the lowest manufacturing costs. The Group has been expanding in China since 1993, and to-date, about 80% of the annual production capacities are from our manufacturing facilities there. The Group's China strategy continues to be affirmed in line with growing global outsourcing trend.

The Group's expansion plan is on track with the new Kaiping South plant under construction and machinery installation. Group's available production capacities are expected to reach 48.0 million square footage per annum by the end of year 2006. The Group will continue to monitor closely the available business opportunities in order to ensure its expansion plan is being executed in accordance to market demands.

Barring unforeseen circumstances, the Directors are confident that the Group would continue to perform satisfactorily in the fourth quarter of FY2006.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economics conditions, shifts in customer demands, customers and partners, and government and policy changes. You are cautioned not to place undue reliance on these forward looking statements which are based on current view of management on future events.

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

No dividend will be declared for 3Q2006 (3Q2005: Nil)

11. Interested Persons Transactions

Name of Interested Person	**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$100,000)**	
US$'000	**YTD 3Q2006**	**YTD 3Q2005**	**YTD 3Q2006**	**YTD 3Q2005**
Acquisition of associated company				
Jamplan (BVI) Limited	5,000	–	–	–
	5,000	–	–	–
Purchases of goods and services				
Hong Kong Copper Foil Limited	–	–	4,529	–
Hong Kong Fibre Glass Company Limited	–	–	8,329	–
Kingboard Laminates Limited	–	1,296	11,087	–
Kingboard Copper Foil (Macao Commercial Offshore) Limited	–	–	16,411	–
Kingboard Laminates (Macao Commercial Offshore) Limited	–	–	16,819	–
Kingboard Investments Limited	–	–	32	–
Techwise (Macao Commercial Offshore) Circuits Limited	–	–	333	–
Top Faith PCB Co. Ltd	–	–	763	–
Jiangmen Glory Faith PCB Co. Ltd.	–	–	111	–
Elec & Eltek Corporate Services Limited	–	–	205	–
	–	1,296	58,619	–
Provision of goods and services				
Jiangmen Glory Faith PCB Co. Ltd.	–	–	205	–
Techwise (Macao Commercial Offshore) Circuits Limited	–	–	2,313	–
Techwise Circuits Co. Ltd.	–	–	459	–
Top Faith PCB Co. Ltd	–	–	2	–
Elec & Eltek Display Technology Limited	–	–	36	–
E & E Magnetic Products Limited	–	–	13	–
	–	–	3,028	– ”

As at the date of this announcement, Mr. Cheung Kwok Wing, Mr. Chan Wing Kwan, Mr. Lam Ka Po, Mr. Cheung Kwok Keung, Mr. Cheung Kwok Wa, Mr. Cheung Kwong Kwan, Mr. Cheung Kwok Ping, Mr. Chang Wing Yiu and Mr. Mok Cham Hung, Chadwick are executive directors of Kingboard Chemical Holdings Limited, and Mr. Cheng Ming Fun, Paul, Mr. Tse Kam Hung and Mr. Henry Tan are independent non-executive directors of Kingboard Chemical Holdings Limited.

BY ORDER OF THE BOARD
Kingboard Chemical Holdings Limited
Cheung Kwok Wing
Chairman

Hong Kong, 9 May 2006

"Please also refer to the published version of this announcement in The Standard."