

# KB

## KINGBOARD CHEMICAL HOLDINGS LIMITED

### 建滔化工集團\*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 148)**

### ANNOUNCEMENT RESULTS OF A SUBSIDIARY

Elec & Eltek International Company Limited, a 71.29% owned subsidiary of Kingboard Chemical Holdings Limited, announced its unaudited consolidated results for the third quarter and nine months ended 30 September 2008 on the Singapore Exchange Securities Trading Limited on 10 November 2008.

Pursuant to Rule 705(2) 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 71.29% owned subsidiary of Kingboard Chemical Holdings Limited (“Kingboard”), announced its unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the third quarter and nine months ended 30 September 2008 on the website of [www.sgx.com](http://www.sgx.com) of SGX on 10 November 2008. 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:

\* *for identification purpose only*

**“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 30 SEPTEMBER 2008**

**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, comprising the Company and its subsidiary companies, for the third quarter (“**3QCY08**”) and nine months (“**YTD 3QCY08**”) ended 30 September 2008 together with the comparative figures for the third quarter (“**3QCY07**”) and nine months (“**YTD 3QCY07**”) ended 30 September 2007.

US\$'000				YTD		YTD	
	3QCY08	3QCY07	% Change	3QCY08	3QCY07	% Change	
Revenue	141,211	150,699	-6.3%	420,553	405,698	3.7%	
Cost of sales	(118,673)	(129,425)	-8.3%	(348,285)	(345,534)	0.8%	
<b>Gross profit</b>	<b>22,538</b>	<b>21,274</b>	<b>5.9%</b>	<b>72,268</b>	<b>60,164</b>	<b>20.1%</b>	
<i>Gross profit margin</i>	<i>16.0%</i>	<i>14.1%</i>		<i>17.2%</i>	<i>14.8%</i>		
Interest income	501	49	922.4%	965	165	484.8%	
Distribution & selling costs	(3,827)	(4,090)	-6.4%	(11,084)	(12,706)	-12.8%	
Administrative costs	(6,505)	(6,266)	3.8%	(20,794)	(17,869)	16.4%	
Other operating income/(expenses)	685	(682)	n/m	(174)	(2,208)	-92.1%	
Finance costs	(986)	(1,970)	-49.9%	(3,449)	(5,744)	-40.0%	
Gain on disposal of a subsidiary	–	–	n/m	590	–	n/m	
Share of profits of an associate	410	412	-0.5%	1,150	913	26.0%	
<b>Profit before taxation</b>	<b>12,816</b>	<b>8,727</b>	<b>46.9%</b>	<b>39,472</b>	<b>22,715</b>	<b>73.8%</b>	
Income tax expense	(525)	(575)	-8.7%	(2,042)	(1,285)	58.9%	
<b>Profit for the financial period</b>	<b>12,291</b>	<b>8,152</b>	<b>50.8%</b>	<b>37,430</b>	<b>21,430</b>	<b>74.7%</b>	
Attributable to:							
Equity holders of the Company	12,233	8,052	51.9%	37,505	21,483	74.6%	
Minority interests	58	100	-42.0%	(75)	(53)	41.5%	
	<b>12,291</b>	<b>8,152</b>	<b>50.8%</b>	<b>37,430</b>	<b>21,430</b>	<b>74.7%</b>	

*n/m – percentage not meaningful*

(II) Income statement of the Group for 3QCY08 together with the comparative figures for the second quarter ended 30 June 2008 (“2QCY08”).

<b>US\$'000</b>	<b>3QCY08</b>	<b>2QCY08</b>	<b>% Change</b>
Revenue	141,211	132,461	6.6%
Cost of sales	<u>(118,673)</u>	<u>(110,917)</u>	7.0%
<b>Gross profit</b>	22,538	21,544	4.6%
<i>Gross profit margin</i>	<i>16.0%</i>	<i>16.3%</i>	
Interest income	501	341	46.9%
Distribution & selling costs	(3,827)	(3,255)	17.6%
Administrative costs	(6,505)	(5,714)	13.8%
Other operating income	685	157	n/m
Finance costs	(986)	(1,096)	-10.0%
Gain on disposal of a subsidiary	–	590	n/m
Share of profits of an associate	<u>410</u>	<u>369</u>	11.1%
<b>Profit before taxation</b>	12,816	12,936	-0.9%
Income tax expense	<u>(525)</u>	<u>(657)</u>	-20.1%
<b>Profit for the financial period</b>	<u>12,291</u>	<u>12,279</u>	0.1%
Attributable to:			
Equity holders of the Company	12,233	12,384	-1.2%
Minority interests	<u>58</u>	<u>(105)</u>	n/m
	<u>12,291</u>	<u>12,279</u>	0.1%

(III) Notes to Income Statement:

<b>US\$'000</b>	<b>3QCY08</b>	<b>3QCY07</b>	<b>% Change</b>	<b>YTD 3QCY08</b>	<b>YTD 3QCY07</b>	<b>% Change</b>
Depreciation and amortisation	12,713	11,711	8.6%	37,094	34,371	7.9%
Allowance for doubtful debts	719	217	n/m	1,706	908	87.9%
(Write-back of allowance)/ allowance for inventory obsolescence	(380)	515	n/m	(836)	1,456	n/m
(Gain)/loss on foreign exchange	(457)	463	n/m	1,386	1,301	6.5%
Loss/(gain) on disposal of plant and equipment	32	153	-79.1%	(2)	744	n/m

*n/m – percentage not meaningful*

<b>US\$'000</b>	<b>3QCY08</b>	<b>2QCY08</b>	<b>% Change</b>
Depreciation and amortisation	12,713	12,419	2.4%
Allowance/(Write-back of allowance) for doubtful debts	719	(498)	n/m
Write-back of allowance for inventory obsolescence	(380)	(350)	8.6%
(Gain)/loss on foreign exchange	(457)	141	n/m
Loss on disposal of plant and equipment	32	2	n/m

*n/m – percentage not meaningful*

## **Explanatory notes to Consolidated Income Statements**

### **1. Gross profit**

Gross profit for the Group at US\$22.5 million was 5.9% higher year-over-year. The corresponding gross margin was 16.0% compared with 14.1% for the same quarter last year, reflecting improving management on material and manufacturing overheads.

### **2. Interest income**

The increase in interest income to US\$0.5 million in 3QCY08 as compared to US\$0.1 million in 3QCY07 was contributed by higher cash balances placed under fixed deposit.

### **3. (Write back of allowance)/allowance for inventory obsolescence**

The write back of allowance for inventory obsolescence in 3QCY08 for US\$0.4 million was primarily due to progressive consumption of slow-moving inventories during the quarter when inventory provision was previously provided for.

### **4. Administrative costs**

The increase in administrative costs by US\$0.2 million in 3QCY08 as compared to 3QCY07 was due to accrual made for management bonus while there was a management bonus written back a year ago.

### **5. Other operating income/(expenses)**

The other operating income of US\$0.7 million in 3QCY08 relates to rental collection from the Group's investment property while the other operating expenses of US\$0.7 million in 3QCY07 were mainly due to loss on disposition of machineries and exchange losses.

### **6. Finance costs**

The decrease in interest expenses by 49.9% to US\$1.0 million in 3QCY08 compared to US\$2.0 million in 3QCY07 was primarily due to lower average interest rates during the quarter.

### **7. Income tax expense**

The Group's overall effective tax rate decreased from 6.6% in 3QCY07 to 4.1% in 3QCY08 on receiving income tax rebates in respect of profits re-investments incentive from the Group's Chinese subsidiaries.

### **8. Minority interests**

The 42.0% year-on-year decrease in minority interests was attributed by the lower profits contribution by certain joint venture subsidiaries.

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		
	30.9.2008	30.6.2008	31.12.2007	30.9.2008	30.6.2008	31.12.2007
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and bank balances	70,164	97,220	26,478	33	57	37
Trade receivables	138,554	133,416	152,432	–	–	–
Bills receivables	3,560	1,924	4,265	–	–	–
Dividend receivables	–	–	–	5,100	–	–
Other receivables	17,338	20,130	19,346	9	6	6
Amounts due from subsidiary companies	–	–	–	86,413	92,517	117,448
Inventories	53,418	55,290	58,978	–	–	–
	283,034	307,980	261,499	91,555	92,580	117,491
Assets classified as held for sale	–	–	15,621	–	–	–
	283,034	307,980	277,120	91,555	92,580	117,491
<b>Non-current assets</b>						
Property, plant and equipment	388,668	374,273	357,299	28	7	11
Deposits for acquisition of plant and equipment	4,810	8,014	3,825	–	–	–
Investment properties	16,416	8,733	8,733	–	–	–
Subsidiary companies	–	–	–	24,571	24,571	24,571
Interest in an associate	8,998	8,581	8,169	–	–	–
Deferred tax assets	1,454	1,441	1,351	–	–	–
	420,346	401,042	379,377	24,599	24,578	24,582
<b>Total assets</b>	<b>703,380</b>	<b>709,022</b>	<b>656,497</b>	<b>116,154</b>	<b>117,158</b>	<b>142,073</b>

US\$'000	GROUP			COMPANY		
	30.9.2008	30.6.2008	31.12.2007	30.9.2008	30.6.2008	31.12.2007
<b>LIABILITIES AND EQUITY</b>						
<b>Current liabilities</b>						
Bank overdrafts and loans	76,481	126,046	83,223	–	–	–
Trade payables	101,323	100,683	119,233	–	–	–
Bills payables	10,164	6,910	2,981	–	–	–
Other payables	36,916	35,383	32,654	714	722	757
Amounts due to subsidiary companies	–	–	–	–	–	1,366
Provision for taxation	1,682	3,009	2,189	–	–	1
	<u>226,566</u>	<u>272,031</u>	<u>240,280</u>	<u>714</u>	<u>722</u>	<u>2,124</u>
Liabilities directly associated with assets classified as held for sale	–	–	12,547	–	–	–
	<u>226,566</u>	<u>272,031</u>	<u>252,827</u>	<u>714</u>	<u>722</u>	<u>2,124</u>
<b>Non-current liabilities</b>						
Bank loans	103,436	60,115	50,521	–	–	–
Deferred tax liabilities	1,822	1,385	1,657	–	–	–
	<u>105,258</u>	<u>61,500</u>	<u>52,178</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Capital and reserves</b>						
Share capital	98,656	98,656	98,656	98,656	98,656	98,656
Treasury shares	(1,356)	(1,355)	(896)	(1,356)	(1,355)	(896)
Reserves	264,302	268,056	244,055	18,140	19,135	42,189
Equity attributable to equity holders of the Company	361,602	365,357	341,815	115,440	116,436	139,949
Minority interests	9,954	10,134	9,677	–	–	–
	<u>371,556</u>	<u>375,491</u>	<u>351,492</u>	<u>115,440</u>	<u>116,436</u>	<u>139,949</u>
<b>Total liabilities and equity</b>	<b>703,380</b>	<b>709,022</b>	<b>656,497</b>	<b>116,154</b>	<b>117,158</b>	<b>142,073</b>

## Balance Sheet Analysis

Group's total assets of US\$703.4 million at 30 September 2008 were US\$5.6 million lower than the preceding quarter. Bank balances decreased by US\$27.1 million as a result of interim dividend payout and repayment of bank borrowings. The reduction in other receivable by US\$2.8 million was primarily due to receipt of VAT refund by our Chinese subsidiaries.

Group's total liabilities of US\$331.8 million at 30 September 2008 were US\$1.7 million lower than US\$333.5 million against the June quarter after bank borrowing repayment.

Group shareholders' funds decreased marginally to US\$361.6 million as at September quarter from US\$365.4 million in June 2008 quarter largely due to interim dividend payout in August 2008.

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

#### *Amount repayable in one year or less, or on demand*

As at 30.9.2008		As at 31.12.2007	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Nil	76,481	Nil	83,223

#### *Amount repayable after one year*

As at 30.9.2008		As at 31.12.2007	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Nil	103,436	Nil	50,521

#### *Details of any collateral*

Not applicable.

#### Notes on net borrowings position

US\$'000	As at 30.9.2008	As at 30.6.2008	As at 31.12.2007
Bank overdrafts and loans	179,917	186,161	133,744
Less: Cash and bank balances	(70,164)	(97,220)	(31,614)
Net borrowings position	<u>109,753</u>	<u>88,941</u>	<u>102,130</u>

Group's total debt decreased by 3.4% to US\$179.9 million at 30 September 2008 from the June 2008 quarter on repayment of bank borrowings. However, net gearing ratio increased to 29.5% as at 3QCY08 from 23.7% as at 30 June 2008 on interim dividend payment.

**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	3QCY08	3QCY07	YTD 3QCY08	YTD 3QCY07
<b>Operating activities:</b>				
Profit before taxation	12,816	8,727	39,472	22,715
Adjustments for:				
Amortisation of intangible assets	–	–	–	2
Depreciation of property, plant and equipment	12,713	11,711	37,094	34,369
Interest expense	986	1,970	3,449	5,744
Loss/(gain) on disposal of plant and equipment	32	153	(2)	744
Gain on disposal of a subsidiary	–	–	(590)	–
Share-based payment expense	90	139	271	439
Allowance for doubtful debts	719	217	1,706	908
(Write-back)/allowance for inventory obsolescence	(380)	515	(836)	1,456
Interest income	(501)	(49)	(965)	(165)
Share of profits of an associate	(410)	(412)	(1,150)	(913)
	<u>26,065</u>	<u>22,971</u>	<u>78,449</u>	<u>65,299</u>
Operating income before reinvestment in working capital	26,065	22,971	78,449	65,299
Decrease/(increase) in inventories	2,252	(1,752)	6,396	(458)
(Increase)/decrease in trade and other receivables	(4,701)	(13,322)	15,255	(12,257)
Increase/(decrease) in trade and other payables	5,427	4,014	(10,704)	8,357
	<u>29,043</u>	<u>11,911</u>	<u>89,396</u>	<u>60,941</u>
Cash generated from operations	29,043	11,911	89,396	60,941
Interest income received	501	49	965	165
Interest paid	(986)	(1,970)	(3,449)	(5,744)
Income taxes paid	(1,402)	(249)	(2,402)	(2,239)
	<u>27,138</u>	<u>9,741</u>	<u>84,510</u>	<u>53,123</u>
<b>Net cash from operating activities</b>	<u>27,138</u>	<u>9,741</u>	<u>84,510</u>	<u>53,123</u>
<b>Investing activities:</b>				
Proceeds from disposal of plant and equipment	36	11	371	258
Purchase of property, plant and equipment	(34,487)	(10,355)	(56,489)	(31,631)
Decrease/(increase) in deposits paid for acquisition of property, plant and equipment	3,204	(1,501)	(985)	(178)
Acquisition of equity interest in an associate	–	–	–	(441)
Acquisition of equity interest in subsidiary companies	–	–	–	(3,692)
	<u>(31,247)</u>	<u>(11,845)</u>	<u>(57,103)</u>	<u>(35,684)</u>
<b>Net cash used in investing activities</b>	<u>(31,247)</u>	<u>(11,845)</u>	<u>(57,103)</u>	<u>(35,684)</u>

US\$'000	3QCY08	3QCY07	YTD 3QCY08	YTD 3QCY07
<b>Financing activities:</b>				
Proceeds from bank borrowings	1,235	26,016	68,305	136,046
Repayment of bank borrowings	(7,381)	(17,544)	(22,131)	(129,561)
Proceeds from share issue pursuant to the exercise of share option	–	–	–	1,587
Payment for share buy-back	(1)	–	(460)	–
Dividends paid by the Company	(17,889)	(14,371)	(40,250)	(34,131)
Dividends paid by subsidiary companies to minority shareholders	(261)	–	(261)	(1,388)
<b>Net cash (used in)/from financing activities</b>	<u>(24,297)</u>	<u>(5,899)</u>	<u>5,203</u>	<u>(27,447)</u>
Net (decrease)/increase in cash and cash equivalents	(28,406)	(8,003)	32,610	(10,008)
Cash and cash equivalents at beginning of the financial period	97,048	23,949	31,539	24,072
Effect of foreign exchange rate changes, net	1,448	505	5,941	2,387
<b>Cash and cash equivalents at end of the financial period</b>	<u>70,090</u>	<u>16,451</u>	<u>70,090</u>	<u>16,451</u>

Cash and cash equivalents comprise the following breakdown:

US\$'000	YTD 3QCY08	YTD 3QCY07
Cash and bank balances	70,164	16,637
Bank overdrafts – unsecured	<u>(74)</u>	<u>(186)</u>
	<u>70,090</u>	<u>16,451</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.**

US\$'000	Attributable to equity holders of the Company											Total equity
	Share capital	Treasury shares	Capital reserve	Statutory reserve	Revaluation reserve	Other reserve	Revenue reserve	Foreign currency translation reserve	Share option reserve	Total	Minority interests	
<b>GROUP</b>												
<b>3QCY08</b>												
Balance at 30.6.2008	98,656	(1,355)	2,702	2,780	844	166	220,912	39,039	1,613	365,357	10,134	375,491
Profit for the financial period	-	-	-	-	-	-	12,233	-	-	12,233	58	12,291
Foreign currency translation	-	-	-	-	-	-	-	1,812	-	1,812	23	1,835
Total recognised income for the financial period	-	-	-	-	-	-	12,233	1,812	-	14,045	81	14,126
Purchase of treasury shares	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)
Transfer from revenue reserve to statutory reserve	-	-	-	160	-	-	(160)	-	-	-	-	-
Transfer to revenue reserve upon lapse of share options	-	-	-	-	-	-	12	-	(12)	-	-	-
Grant of share options to employees	-	-	-	-	-	-	-	-	90	90	-	90
Dividend paid in respect of	-	-	-	-	-	-	-	-	-	-	(261)	(261)
- previous financial year	-	-	-	-	-	-	(17,889)	-	-	(17,889)	-	(17,889)
- current financial year	-	(1)	-	160	-	-	(18,037)	-	78	(17,800)	(261)	(18,061)
Balance at 30.9.2008	98,656	(1,356)	2,702	2,940	844	166	215,108	40,851	1,691	361,602	9,954	371,556
<b>3QCY07</b>												
Balance at 30.6.2007	98,656	-	2,702	2,482	-	190	211,060	3,155	1,406	319,651	8,837	328,488
Profit for the financial period	-	-	-	-	-	-	8,052	-	-	8,052	100	8,152
Foreign currency translation	-	-	-	-	-	-	-	4,154	-	4,154	571	4,725
Total recognised income for the financial period	-	-	-	-	-	-	8,052	4,154	-	12,206	671	12,877
Transfer to revenue reserve upon lapse of share options	-	-	-	-	-	-	9	-	(9)	-	-	-
Grant of share options to employees	-	-	-	-	-	-	-	-	139	139	-	139
Dividend paid in respect of current financial year	-	-	-	-	-	-	(14,371)	-	-	(14,371)	-	(14,371)
	-	-	-	-	-	-	(14,362)	-	130	(14,232)	-	(14,232)
Balance at 30.9.2007	98,656	-	2,702	2,482	-	190	204,750	7,309	1,536	317,625	9,508	327,133

Attributable to equity holders of the Company

US\$'000	Share capital	Treasury shares	Capital reserve	Statutory reserve	Revaluation reserve	Other reserve	Revenue reserve	Foreign currency translation reserve	Share option reserve	Total	Minority interests	Total equity
<b>GROUP</b>												
<b>YTD 3QCY08</b>												
Balance at 31.12.2007	98,656	(896)	2,702	2,697	844	166	217,862	18,130	1,654	341,815	9,677	351,492
Profit for the financial period	-	-	-	-	-	-	37,505	-	-	37,505	(75)	37,430
Foreign currency translation	-	-	-	-	-	-	-	22,721	-	22,721	613	23,334
Total recognised income for the financial period	-	-	-	-	-	-	37,505	22,721	-	60,226	538	60,764
Purchase of treasury shares	-	(460)	-	-	-	-	-	-	-	(460)	-	(460)
Transfer from revenue reserve to statutory reserve	-	-	-	243	-	-	(243)	-	-	-	-	-
Transfer to revenue reserve upon lapse of share options	-	-	-	-	-	-	234	-	(234)	-	-	-
Grant of share options to employees	-	-	-	-	-	-	-	-	271	271	-	271
Dividend paid in respect of	-	-	-	-	-	-	(22,361)	-	-	(22,361)	(261)	(22,622)
- previous financial year	-	-	-	-	-	-	(17,889)	-	-	(17,889)	-	(17,889)
- current financial year	-	-	-	-	-	-	-	-	-	-	-	-
	-	(460)	-	243	-	-	(40,259)	-	37	(40,439)	(261)	(40,700)
Balance at 30.9.2008	98,656	(1,356)	2,702	2,940	844	166	215,108	40,851	1,691	361,602	9,954	371,556
<b>YTD 3QCY07</b>												
Balance at 31.12.2006	97,069	-	2,597	2,234	-	166	217,591	(5,671)	1,257	315,243	10,217	325,460
Profit for the financial period	-	-	-	-	-	-	21,483	-	-	21,483	(53)	21,430
Foreign currency translation	-	-	-	-	-	-	-	12,980	-	12,980	756	13,736
Total recognised income for the financial period	-	-	-	-	-	-	21,483	12,980	-	34,463	703	35,166
Shares issued pursuant to the exercise of share options	1,587	-	-	-	-	-	-	-	-	1,587	-	1,587
Transfer from revenue reserve to statutory reserve	-	-	-	248	-	-	(248)	-	-	-	-	-
Acquisition of additional interest in subsidiaries	-	-	-	-	-	24	-	-	-	24	(24)	-
Transfer to capital reserve upon exercise of share options	-	-	105	-	-	-	-	-	(105)	-	-	-
Transfer to revenue reserve upon lapse of share options	-	-	-	-	-	-	55	-	(55)	-	-	-
Grant of share options to employees	-	-	-	-	-	-	-	-	439	439	-	439
Dividend paid in respect of	-	-	-	-	-	-	(19,760)	-	-	(19,760)	(1,388)	(21,148)
- previous financial year	-	-	-	-	-	-	(14,371)	-	-	(14,371)	-	(14,371)
- current financial year	-	-	-	-	-	-	-	-	-	-	-	-
	1,587	-	105	248	-	24	(34,324)	-	279	(32,081)	(1,412)	(33,493)
Balance at 30.9.2007	98,656	-	2,702	2,482	-	190	204,750	7,309	1,536	317,625	9,508	327,133

US\$'000	Share capital	Treasury shares	Revenue reserve	Share option reserve	Total equity
<b>COMPANY</b>					
<b>3QCY08</b>					
Balance at 30.6.2008	98,656	(1,355)	18,229	906	116,436
Purchase of treasury shares	–	(1)	–	–	(1)
Profit for the financial period	–	–	16,857	–	16,857
Grant of share options to employees	–	–	–	37	37
Dividend paid in respect of current financial year	–	–	(17,889)	–	(17,889)
Balance at 30.9.2008	<u>98,656</u>	<u>(1,356)</u>	<u>17,197</u>	<u>943</u>	<u>115,440</u>
<b>3QCY07</b>					
Balance at 30.6.2007	98,656	–	40,595	725	139,976
Profit for the financial period	–	–	15,173	–	15,173
Grant of share options to employees	–	–	–	60	60
Dividend paid in respect of current financial year	–	–	(14,371)	–	(14,371)
Balance at 30.9.2007	<u>98,656</u>	<u>–</u>	<u>41,397</u>	<u>785</u>	<u>140,838</u>
<b>YTD 3QCY08</b>					
Balance at 31.12.2007	98,656	(896)	41,345	844	139,949
Purchase of treasury shares	–	(460)	–	–	(460)
Profit for the financial period	–	–	16,091	–	16,091
Transfer to revenue reserve upon lapse of share options	–	–	11	(11)	–
Grant of share options to employees	–	–	–	110	110
Dividend paid in respect of previous financial year	–	–	(22,361)	–	(22,361)
Dividend paid in respect of current financial year	–	–	(17,889)	–	(17,889)
Balance at 30.9.2008	<u>98,656</u>	<u>(1,356)</u>	<u>17,197</u>	<u>943</u>	<u>115,440</u>
<b>YTD 3QCY07</b>					
Balance at 31.12.2006	97,069	–	61,053	612	158,734
Shares issued pursuant to the exercise of share options	1,587	–	–	–	1,587
Profit for the financial period	–	–	14,475	–	14,475
Grant of share options to employees	–	–	–	173	173
Dividend paid in respect of previous financial year	–	–	(19,760)	–	(19,760)
Dividend paid in respect of current financial year	–	–	(14,371)	–	(14,371)
Balance at 30.9.2007	<u>98,656</u>	<u>–</u>	<u>41,397</u>	<u>785</u>	<u>140,838</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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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.**

1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on:**

Share capital

There was no movement in the share capital during the September quarter and as at 30 September 2008, the Company has a total of 178,887,062 issued shares excluding treasury shares (30 September 2007: 179,635,062).

As at 30 September 2008, the Company held 748,000 (30 September 2007: Nil) treasury shares, and no application has been made against these treasury shares.

Share options

As at 30 September 2008, options to subscribe for 9,363,800 ordinary shares under the expired 2002 Elec & Eltek Employees’ Share Option Scheme (the “2002 Scheme”) remained outstanding against 10,879,000 ordinary shares as at 30 September 2007. Options granted and outstanding under the 2002 Scheme will continue to be valid and be subject to the rules of the 2002 Scheme.

The movement of outstanding share options of the Company for the financial period from 1 July 2008 to 30 September 2008 was set out below:

<b>Date of grant</b>	<b>Subscription price per share (US\$)</b>	<b>Outstanding balance as at 1.7.2008</b>	<b>Lapsed</b>	<b>Outstanding balance as at 30.9.2008</b>	<b>Expiry date</b>
24 Jun 2005	2.033	8,428,800	(48,000)	8,380,800	24 May 2010
29 Sep 2005	2.375	120,000	–	120,000	4 Sep 2010
12 Dec 2006	2.400	889,000	(26,000)	863,000	12 Nov 2011
<b>TOTAL</b>		<b>9,437,800</b>	<b>(74,000)</b>	<b>9,363,800</b>	

The Company had on 9 May 2008 adopted a new share option scheme, the 2008 Elec & Eltek Employees’ Share Option Scheme (the “2008 Scheme”) after obtaining shareholders’ approval at the general meeting.

There were no share options granted to employees in 3QCY08.

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

The figures for 3QCY08 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 Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period compared with the audited financial statements for the year ended 31 December 2007.

**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	3QCY08	3QCY07	YTD 3QCY08	YTD 3QCY07
Earnings per share				
5.1 Based on weighted average number of ordinary shares in issue	6.84	4.48	20.96	11.97
Weighted average number of ordinary shares in issue ('000)	178,887	179,635	178,919	179,513
5.2 On a fully diluted basis	6.84	4.47	20.96	11.86
Adjusted weighted average number of ordinary shares ('000)	178,887	180,124	178,919	181,128

**6. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:–**

- (a) **current financial period reported on; and**  
 (b) **immediately preceding financial year.**

US\$	GROUP		COMPANY	
	30.9.2008	31.12.2007	30.9.2008	31.12.2007
Net asset value per ordinary share based on total number of issued shares excluding treasury shares at end of financial period*	2.08	1.96	0.65	0.78

\* Based on 178,887,062 issued shares excluding treasury shares at end of financial period (31 December 2007: 179,148,062 issued shares).

**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.**

The third quarter of financial year 2008 turned out to be a much slower period than what the management originally expected. Due to the soften market condition, the Group achieved a sales revenue of approximately US\$141.2 million in 3QCY08, representing a 6.3% decline over the corresponding period of last financial year. This decrease was attributed to a 11.6% decline in shipment volume in 3QCY08 compared to 3QCY07.

In spite of the adverse revenue growth, gross profit increased by 5.9% year-on-year to US\$22.5 million in 3QCY08. Overall gross profit margin increased to 16.0% in 3QCY08 from 14.1% a year ago contributed by improved materials costs and lower manufacturing overheads. Couple with higher interest income and rental collection, the Group’s unaudited consolidated net profit increased to US\$12.2 million, which exceeded that of the same period of last financial year by US\$4.2 million or 51.9%.

Revenues from Computer & Peripherals sector were US\$71.1 million, up 9.9% from US\$64.7 million in 3QCY07, primarily due to increased orders on notebook segment, this was partially offset by weakness in the Communication & Networking and Consumer Electronics sectors which reduced by 30.7% and 17.3% respectively from a year ago.

The Group's product mix in 3QCY08 was marginally improved when compared to the same period of last financial year as a result of our increased focus on higher-end products. The higher-margin eight-layered and above printed circuit boards ("PCB") business proportion enjoyed a 1% improvement while double-sided to six-layered PCBs business categories fell by 1% over the same period of last financial year. The favourable product mix help to lift average selling prices by 5.4% compared to a year ago.

From a balance sheet perspective, the Group's sound financial standing maintained. The Group generated US\$29.0 million cash flow from operations, and a total of US\$89.4 million over the nine-month period. The solid financial strength was driven by earnings growth and effective management of our cash conversion cycle. We close the period with cash and cash equivalent of US\$70.1 million, and approximately 90% of our bank borrowings being fixed-term loan. The Group managed its treasury operation on very prudent basis and did not undertake any currency speculation on foreign currency. This conservative practice allows the Group to stay away from the extreme volatility in the recent global currency environment.

In the opinion of the Directors, no item, transaction or event of material or unusual nature has occurred during the period from 1 October 2008 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.

**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 3QCY08 was in line with the SGXNET prospect statement released on 31 July 2008.

**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.**

With the USA economy heading toward recession and the world economy facing sluggish growth at best, we are seeing increased caution and some budget tightening in the market place. In these capital constraints environment, we starts to see soften order intake from October 2008. Although this weakness is expected to persist into the fourth quarter, the recent aggressive rate cut by the US Federal Reserve Board would help to smoothen the overall effect of this global recession phenomenon.

The Group continues to receive positive feedback from our customers for the overall performance of conventional PCB product categories. In addition, our team in Kaiping is ramping up the production volume of HDI products. Hence, looking beyond the near-term turbulent market environment, the current challenges, arguably the toughest ever in the global landscape, will see the differences and strengths among PCB suppliers, like Elec & Eltek Group, whom have vigorous business attributes fabricated diligently and invariably by a dedicated management team to create value for its shareholders. The management would also pursue its consistent strategy to focus on generating positive operating cash flow which is critical to support the Group to weather through the tough economic backdrops and emerge even stronger after the economic recovery.

With our strong financial position backed by low leverage, and our investments in future process and organization rationalization, the Group is confident to withstand these turbulent market conditions. Barring unforeseen circumstances, the Group shall maintain profitable results for the full CY2008 and the December 2008 quarter. Nevertheless, the Directors expect the financial results for the December 2008 quarter would be lower than the September 2008 quarter.

*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 3QCY08 (3QCY07: Nil).

## 11. Interested Persons Transactions

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)	
	YTD 3QCY08	YTD 3QCY07	YTD 3QCY08	YTD 3QCY07
<b>Sale of plant and equipment</b>				
Techwise (Macao Commercial Offshore) Circuits Limited	–	161	–	–
	–	161	–	–
<b>Purchases of goods and services</b>				
Elec & Eltek Corporate Services Limited	343	272	–	–
Elec & Eltek Display Technology (Qingyuan) Co. Ltd	–	117	–	–
Heng Yang Kingboard Chemical Co., Ltd	–	–	5,470	3,840
Hong Kong Fibre Glass Company Limited	–	–	2,229	4,921
Huizhou Chung Shun Chemical Co., Ltd	–	–	279	–
Jiangmen Glory Faith PCB Co. Ltd.	–	–	19	–
Joyful Source Group Limited	2,421	2,626	–	–
Kingboard Copper Foil (Macao Commercial Offshore) Limited	–	–	36,817	38,370
Kingboard Investments Limited	510	–	–	–
Kingboard Laminates (Macao Commercial Offshore) Limited	–	–	37,407	38,494
Kingboard (Lian Zhou) Electronic Materials Ltd	–	–	12,330	5,147
Techwise (Macao Commercial Offshore) Circuits Limited	–	5	–	54
Top Faith PCB Co. Ltd	–	–	10	–
	<u>3,274</u>	<u>3,020</u>	<u>94,561</u>	<u>90,826</u>
<b>Provision of goods and services</b>				
Elec & Eltek Display Technology Limited	33	33	–	–
E & E Magnetic Products Limited	5	11	–	–
Express Electronics (Suzhou) Co. Ltd	–	–	12	–
Jiangmen Glory Faith PCB Co. Ltd.	–	3	3,941	2,216
Smark Foundate (H.K.) Ltd.	–	1	–	–
Techwise Circuits Company Limited	–	–	–	115
Techwise (Macao Commercial Offshore) Circuits Limited	–	6	291	891
Top Faith PCB Co. Ltd	–	1	174	–
Topsearch Printed Circuits (H.K.) Ltd.	–	10	–	–
Wing Fung PCB Company Limited	–	1	122	2
	<u>38</u>	<u>66</u>	<u>4,540</u>	<u>3,224</u>

## **CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL**

We, Chadwick Mok Cham Hung and Chan Wing Kwan, 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 financial statements for the third quarter and nine months ended 30 September 2008 to be false or misleading.

On behalf of the Board of Directors

**Chadwick Mok Cham Hung**  
*Vice-Chairman*

**Chan Wing Kwan**  
*Director”*

BY ORDER OF THE BOARD  
**Kingboard Chemical Holdings Limited**  
**Chan Wing Kwan**  
*Managing Director*

Hong Kong, 10 November 2008

*As at the date of this announcement, the board of directors of Kingboard consists of Messrs. Cheung Kwok Wing, Chan Wing Kwan, Cheung Kwong Kwan, Chang Wing Yiu, Ho Yin Sang, Cheung Wai Lin, Stephanie and Mok Cham Hung, Chadwick, being the executive directors, and Messrs. Cheng Ming Fun, Paul, Cheng Wai Chee, Christopher, Henry Tan and Tse Kam Hung, being the independent non-executive directors.*