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KINGBOARD CHEMICAL HOLDINGS LIMITED

建滔化工集團*

(Incorporated in the Cayman Islands)

(Stock Code: 148)

ANNOUNCEMENT
RESULTS OF A SUBSIDIARY

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ELEC & ELTEK INTERNATIONAL COMPANY LIMITED

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UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2010

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

(I) In the financial statement, the Group's financial performance for the period ended 30 September 2010 is compared with the corresponding period of the immediately preceding financial year ended 30 September 2009.

US\$'000	3QCY10	3QCY09	% Change	YTD 3QCY10	YTD 3QCY09	% Change
Revenue	159,669	119,767	33.3%	450,916	307,390	46.7%
Cost of sales	(125,963)	(97,376)	29.4%	(351,340)	(253,440)	38.6%
Gross profit	33,706	22,391	50.5%	99,576	53,950	84.6%
	%	%		%	%	
Inventories	137	67	104.5%	452	259	74.5%
Depreciation & amortisation	(3,176)	(2,103)	51.0%	(9,935)	(7,890)	25.9%
Administrative expenses	(7,521)	(5,479)	37.3%	(21,834)	(16,700)	30.7%
Finance income	471	276	70.7%	1,444	504	186.5%
Finance costs	(356)	(385)	-7.5%	(950)	(1,375)	-30.9%
		551	n/a		1,307	n/a
Profit before taxation	23,261	15,318	51.9%	68,753	30,055	128.8%
In tax	(1,592)	(1,092)	45.8%	(4,493)	(2,145)	109.5%
Profit for the financial period	21,669	14,226	52.3%	64,260	27,910	130.2%
Minority interest						
Company profit	21,443	14,158	51.5%	63,605	27,913	127.9%
Non-controlling interest	226	68	n/a	655	(3)	n/a
	21,669	14,226	52.3%	64,260	27,910	130.2%

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(II) In the consolidated financial statements for the 3QCY10, the consolidated financial statements for the period ended 30 June 2010 (2QCY10).

US\$'000	3QCY10	2QCY10	% Change
Revenue	159,669	155,955	2.4%
Cost of sales	(125,963)	(119,773)	5.2%
Gross profit	33,706	36,182	-6.8%
	21.1%	23.2%	
Inventories	137	162	-15.4%
Depreciation & amortisation	(3,176)	(3,407)	-6.8%
Administrative expenses	(7,521)	(7,224)	4.1%
Finance income	471	667	-29.4%
Finance expenses	(356)	(322)	10.6%
Profit before taxation	23,261	26,058	-10.7%
In tax	(1,592)	(1,745)	-8.8%
Profit for the financial period	21,669	24,313	-10.9%
Profit for the financial period	21,443	24,105	-11.0%
Minority interest	226	208	8.7%
	21,669	24,313	-10.9%

(III) 2010年9月30日止九个月：
 

US\$'000	3QCY10	3QCY09	% Change	YTD 3QCY10	YTD 3QCY09	% Change
Debt interest expense	12,233	11,790	3.8%	36,122	35,392	2.1%
Amortization of debt discount	180	322	-44.1%	229	333	-31.2%
Amortization of (debt discount / debt premium) / foreign exchange loss	67	(215)	n/a	(614)	(176)	n/a
(Gain) / loss on foreign exchange	(109)	86	n/a	(82)	46	n/a

US\$'000	3QCY10	2QCY10	% Change
Debt interest expense	12,233	12,128	0.9%
Amortization of (debt discount / debt premium) / foreign exchange loss	180	(6)	n/a
Amortization of (debt discount / debt premium) / foreign exchange loss	67	(438)	n/a
Gain on foreign exchange	(109)	(126)	-13.5%

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Explanatory Notes to Income Statement

1. Gross profit

Gross profit was \$11.3 million (50.5% of net sales) compared to \$33.7 million in 2019.

9. Non-controlling interests

The company has a subsidiary, ABC Ltd, which is 100% owned by the company. The subsidiary has a net asset value of \$0.2 million. The company has a net asset value of \$10 million. The company has a net asset value of \$10 million.

1(b)(i)

US\$'000	GROUP			COMPANY		
	30.9.2010	30.6.2010	31.12.2009	30.9.2010	30.6.2010	31.12.2009
LIABILITIES AND EQUITY						
Current liabilities						
Bank overdrafts	60,004	51,014	53,532	-	-	-
Trade payables	113,747	115,314	84,573	-	-	-
Bank borrowings	2,029	1,504	1,588	-	-	-
Other payables	30,740	34,405	30,089	315	295	371
Accruals	-	-	-	172,336	170,305	199,507
Deferred income	2,519	2,268	2,044	-	-	-
Total current liabilities	209,039	204,505	171,826	172,651	170,600	199,878
Non-current liabilities						
Bank loans	77,849	63,060	63,920	-	-	-
Deferred income	2,157	1,802	2,416	-	-	-
Total non-current liabilities	80,006	64,862	66,336	-	-	-
Total liabilities	289,045	269,367	238,162	172,651	170,600	199,878
Capital, reserves and non-controlling interests						
Share capital	114,479	113,599	98,656	114,479	113,599	98,656
Reserves	(1,356)	(1,356)	(1,356)	(1,356)	(1,356)	(1,356)
Non-controlling interests	262,804	270,032	270,765	87,330	115,666	53,110
Total capital and reserves	375,927	382,275	368,065	200,453	227,909	150,410
Total liabilities and equity	674,452	661,000	615,491	373,104	398,509	350,288

Financial Position Analysis

Group's borrowings and debt securities as at 30.9.2010 were \$674.5 million, compared with \$661.0 million as at 31.12.2009. The increase was due to the issuance of new debt securities and the repayment of existing borrowings.

Group's borrowings and debt securities as at 30.9.2010 were \$289.0 million, compared with \$269.4 million as at 31.12.2009. The increase was due to the issuance of new debt securities and the repayment of existing borrowings.

Group's borrowings and debt securities as at 30.9.2010 were \$375.9 million, compared with \$375.9 million as at 31.12.2009. The increase was due to the issuance of new debt securities and the repayment of existing borrowings.

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

Amount repayable in one year or less, or on demand

As at 30.9.2010		As at 31.12.2009	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
60,004	60,004	53,532	53,532

Amount repayable after one year

As at 30.9.2010		As at 31.12.2009	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
77,849	77,849	63,920	63,920

Details of any collateral

US\$'000	As at 30.9.2010	As at 30.6.2010	As at 31.12.2009
Bank deposits	137,853	114,074	117,452
Other assets	(75,632)	(68,856)	(60,054)
	<u>62,221</u>	<u>45,218</u>	<u>57,398</u>

Group's revenue increased by \$137.9 million or 16.1% for the 30 months ended 30 September 2010, compared with the 30 months ended 30 September 2009. The Group's revenue for the 30 months ended 30 September 2010 was \$1,115.5 million, compared with \$977.6 million for the 30 months ended 30 September 2009.

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	3QCY10	3QCY09	YTD 3QCY10	YTD 3QCY09
Operating activities:				
Profit before taxation	23,261	15,318	68,753	30,055
Adjustments for:				
Amortisation of intangible assets	180	322	229	333
Depreciation of property, plant and equipment	12,233	11,790	36,122	35,392
Finance income	356	385	950	1,375
Loss on disposal of property, plant and equipment	121	8	514	70
Gain on disposal of financial assets	(96)	-	(96)	-
Amortisation / (depreciation) of investment properties	67	(215)	(614)	(176)
Share of profit / (loss) of associates	9	43	28	140
Income tax	(137)	(67)	(452)	(259)
Finance income	-	(551)	-	(1,307)
Change in non-current assets and liabilities	35,994	27,033	105,434	65,623
Dividends / (interest) received	2,640	963	(14,206)	1,880
Income tax	(8,252)	(13,047)	(30,212)	(4,075)
(Dividends) / interest received	(4,707)	(1,776)	30,266	(25,705)
Change in current assets and liabilities	25,675	13,173	91,282	37,723
Income tax	137	67	452	259
Income tax	(356)	(385)	(950)	(1,375)
Income tax	(866)	(274)	(3,064)	(548)
Net cash from operating activities	24,590	12,581	87,720	36,059

US\$'000	3QCY10	3QCY09	YTD 3QCY10	YTD 3QCY09
Investing activities:				
Acquisition of property, plant and equipment	12	6	153	26
Disposal of property, plant and equipment	(7,980)	(4,511)	(28,428)	(13,820)
(In) /				
Acquisition of intangible assets	(6,749)	(351)	(6,189)	857
Acquisition of subsidiaries				(1,718)
Disposal of subsidiaries				401
Acquisition of financial assets	(48)		(48)	
Net cash used in investing activities	(14,765)	(4,856)	(34,512)	(14,254)
Financing activities:				
Proceeds from bank borrowings	38,712	25,489	73,803	26,323
Repayment of bank borrowings	(14,933)	(28,461)	(53,402)	(59,642)
Proceeds from the issuance of shares				
Disposal of subsidiaries	880		15,823	
Disposal of subsidiaries	(27,990)		(74,450)	(18,783)
Disposal of subsidiaries	(5)	(251)	(392)	(454)
Net cash used in financing activities	(3,336)	(3,223)	(38,618)	(52,556)

Consolidated financial statements:

US\$'000	YTD 3QCY10	YTD 3QCY09
Consolidated	75,632	40,692
Bank		(73)
	<u>75,632</u>	<u>40,619</u>

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

US\$'000	3QCY10	3QCY09	YTD 3QCY10	YTD 3QCY09
Profit for the financial period	21,669	14,226	64,260	27,910
Other comprehensive (expense)/ income:				
Exchange differences on translation of financial statements	(741)	(1,233)	2,857	1,233
Financial assets and liabilities at fair value through other comprehensive income	(741)	(1,233)	2,857	1,233
Total comprehensive income for the financial period	<u>20,928</u>	<u>12,993</u>	<u>67,117</u>	<u>29,143</u>
Profit for the financial period attributable to: - Shareholders of the Company	20,753	12,848	66,461	29,195
- Non-controlling interests	175	145	656	(52)
	<u>20,928</u>	<u>12,993</u>	<u>67,117</u>	<u>29,143</u>

1(e)(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.

	Attributable to shareholders of the Company		
US\$'000	Share capital	Treasury shares	Capital reserve

Attributable to shareholders of the Company

US\$'000	Share capital	Treasury shares	Capital reserves	Retained earnings	Share option reserve	Total equity
COMPANY						
3QCY10						
Balance 30.6.2010	113,599	(1,356)	1,049	114,611	6	227,909
Changes in equity for 3QCY10						
Transfer from retained earnings to share option reserve				(346)		(346)
Transfer from retained earnings to capital reserves	880					880
Transfer from retained earnings to share option reserve			6		(6)	
Dividend paid				(27,990)		(27,990)
Balance 30.9.2010	<u>114,479</u>	<u>(1,356)</u>	<u>1,055</u>	<u>86,275</u>		<u>200,453</u>
3QCY09						
Balance 30.6.2009	98,656	(1,356)		25,213	1,021	123,534
Changes in equity for 3QCY09						
Transfer from retained earnings to share option reserve				(297)		(297)
Amortisation of share option reserve					21	21
Balance 30.9.2009	<u>98,656</u>	<u>(1,356)</u>		<u>24,916</u>	<u>1,042</u>	<u>123,258</u>

US\$'000	Share capital	Treasury shares	Capital reserves	Retained earnings	Share option reserve	Total equity
COMPANY						
YTD 3QCY10						
Balance 31.12.2009	98,656	(1,356)		52,048	1,062	150,410
Changes in equity for YTD 3QCY10						
Profit for the period				108,665		108,665
Share-based payment	15,823					15,823
Change in fair value of financial assets at fair value through profit or loss			1,055		(1,055)	
Available for sale financial assets					5	5
Change in fair value of financial assets at fair value through profit or loss				12	(12)	
Dividend income				(46,460)		(46,460)
Dividend income from associates				(27,990)		(27,990)
Balance 30.9.2010	<u>114,479</u>	<u>(1,356)</u>	<u>1,055</u>	<u>86,275</u>		<u>200,453</u>
YTD 3QCY09						
Balance 31.12.2008	98,656	(1,356)		29,095	979	127,374
Changes in equity for YTD 3QCY09						
Profit for the period				14,604		14,604
Available for sale financial assets					63	63
Dividend income				(18,783)		(18,783)
Balance 30.9.2009	<u>98,656</u>	<u>(1,356)</u>		<u>24,916</u>	<u>1,042</u>	<u>123,258</u>

1(e)(ii) Details of any changes in the company's share capital arising from rights issue,

For the year ended 30 September 2010

Date of grant	Subscription price per share (US\$)	Outstanding balance as at 1.7.2010	Lapsed	Exercised	Outstanding balance as at 30.9.2010	Expiry date
29 June 2005	2.375	60,000		(60,000)		4 June 2010
12 December 2006	2.400	706,000	(15,000)	(307,500)	383,500	12 December 2011
TOTAL		766,000	(15,000)	(367,500)	383,500	

For the year ended 30 September 2008 & E & E k E 2008.

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

For the year ended 30 September 2010

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

For the year ended 30 September 2008

- 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.

For the year ended 30 September 2009

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.

As a result of the above, the Group's turnover for the year ended 31.12.2010 was \$159.7 million, compared with \$119.8 million for the year ended 31.12.2009.

The Group's operating profit for the year ended 31.12.2010 was \$10.0 million, compared with \$7.9 million for the year ended 31.12.2009. The Group's operating profit margin for the year ended 31.12.2010 was 6.3%, compared with 6.6% for the year ended 31.12.2009. The Group's operating profit margin for the year ended 31.12.2010 was 6.3%, compared with 6.6% for the year ended 31.12.2009.

As a result of the above, the Group's operating profit for the year ended 31.12.2010 was \$10.0 million, compared with \$7.9 million for the year ended 31.12.2009. The Group's operating profit margin for the year ended 31.12.2010 was 6.3%, compared with 6.6% for the year ended 31.12.2009. The Group's operating profit margin for the year ended 31.12.2010 was 6.3%, compared with 6.6% for the year ended 31.12.2009.

The Group's operating profit for the year ended 31.12.2010 was \$10.0 million, compared with \$7.9 million for the year ended 31.12.2009. The Group's operating profit margin for the year ended 31.12.2010 was 6.3%, compared with 6.6% for the year ended 31.12.2009. The Group's operating profit margin for the year ended 31.12.2010 was 6.3%, compared with 6.6% for the year ended 31.12.2009.

In the year ended 31.12.2010, the Group's operating profit was \$10.0 million, compared with \$7.9 million for the year ended 31.12.2009. The Group's operating profit margin for the year ended 31.12.2010 was 6.3%, compared with 6.6% for the year ended 31.12.2009.

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

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.

During the reporting period, the Group has continued to focus on its core business of providing high-quality products and services to its customers. The Group has also been actively engaged in various social and environmental activities, including community development projects and environmental protection initiatives. The Group's financial performance has been strong, with a steady increase in revenue and profit over the reporting period. The Group's management team has been working hard to ensure the Group's long-term sustainable growth and development.

The Group's financial performance has been strong, with a steady increase in revenue and profit over the reporting period. The Group's management team has been working hard to ensure the Group's long-term sustainable growth and development. The Group's financial performance has been strong, with a steady increase in revenue and profit over the reporting period. The Group's management team has been working hard to ensure the Group's long-term sustainable growth and development. The Group's financial performance has been strong, with a steady increase in revenue and profit over the reporting period. The Group's management team has been working hard to ensure the Group's long-term sustainable growth and development.

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

The Group has not declared or recommended any dividend for the reporting period.

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)	
	YTD	YTD	YTD	YTD
	US\$'000	3QCY10	3QCY09	3QCY09
Purchases of goods and services				
C, n, n C, F (ff)			41,093	19,056
C, n, n n (ff)	2,713		54,035	37,365
E & E k C	491	351		
H n, n, n C			3,799	6,998
H n, n F G C n			5,389	898
H, C, n, n C			438	138
n n n G F .C.B.			30	18
C n				
f G	2,092	1,261		
n In n	531	255		
n F In n	10			
(ff)				
C			4	25
F .C.B. C n			68	1,556
	5,837	1,867	104,856	66,054
Provision of goods and services				
C, n, n n (ff)			577	
E & E k D n	15	14		
E E n			3,984	
E E n () C			537	
n n n G F .C.B.				
C n			5,408	2,662
n n n F n .C. B				
C n			85	61
(ff)				
C			3,233	365
F .C.B. C n			4,783	669
	15	14	18,607	3,757

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

I, **Chan Wing Kwan**, Chairman of the Board of Directors & Executive Director of **Kingboard Chemical Holdings Limited** (the "Company"), hereby confirm that I am a member of the Board of Directors of the Company (the "Board"). I am a director of the Company since 30 June 2010.

I am a member of the Board of Directors of the Company.

Chadwick Mok Cham Hung

Chan Wing Kwan

(Signature)

(Signature)

By **Chan Wing Kwan** for the Board
Kingboard Chemical Holdings Limited
Chan Wing Kwan

(Signature)

On 2 June 2010

I, **Chan Wing Kwan**, Chairman of the Board of Directors & Executive Director of **Kingboard Chemical Holdings Limited** (the "Company"), hereby confirm that I am a member of the Board of Directors of the Company (the "Board"). I am a director of the Company since 30 June 2010.