



ELECTROTECH INVESTMENTS LIMITED
(Registration No. 199905084D)

Unaudited Third Quarter Financial Statements And Dividend Announcement

PART 1- INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

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

	Q3 ended			9 months ended		
	30/09/06 \$'000	30/09/05 \$'000	% Change	30/09/06 \$'000	30/09/05 \$'000	% Change
Revenue	54,428	49,665	9.6%	162,993	159,930	1.9%
Cost of sales	(42,392)	(38,697)	9.5%	(128,342)	(123,244)	4.1%
Gross profit	12,036	10,968	9.7%	34,651	36,686	-5.5%
Other gains	417	503	-17.1%	1,251	1,204	3.9%
Selling and distribution expenses	(785)	(774)	1.4%	(2,484)	(2,341)	6.1%
Administrative and general expenses	(3,122)	(2,698)	15.7%	(9,049)	(8,208)	10.2%
Other operating expenses	(230)	(111)	107.2%	(434)	(203)	113.8%
Interest income	293	174	68.4%	823	463	77.8%
Finance costs	(20)	(111)	-82.0%	(89)	(526)	-83.1%
Share of profit of an associated company	-	79	N.M.	-	145	N.M.
Profit before taxation	8,589	8,030	7.0%	24,669	27,220	-9.4%
Income tax expense	(2,242)	(1,229)	82.4%	(5,901)	(6,479)	-8.9%
Total profit	6,347	6,801	-6.7%	18,768	20,741	-9.5%
Attributable to :						
Equity holders of the Company	6,346	6,801	-6.7%	18,767	20,741	-9.5%
Minority Interests	1	-	N.M.	1	-	N.M.
	6,347	6,801	-6.7%	18,768	20,741	-9.5%

N.M. : Not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

	Group			Group		
	Q3 ended			9 months ended		
	30/09/06	30/09/05	%	30/09/06	30/09/05	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Profit for the period is arrived at after charging/(crediting) :-						
Investment income	-	-	-	-	-	-
Other income including interest income	(710)	(677)	4.9%	(2,074)	(1,667)	24.4%
Interest on borrowings	20	111	-82.0%	89	526	-83.1%
Depreciation of property, plant and equipment	2,051	1,899	8.0%	6,271	5,393	16.3%
(Write-back)/Allowance for doubtful debts and bad debts written off/(written back)	38	(1)	3900.0%	30	19	57.9%
(Write back)/Allowance for inventory obsolescence	37	(88)	142.0%	37	166	-77.7%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss -realised	(47)	48	-197.9%	(158)	100	-258.0%
Foreign exchange (gain)/ loss -unrealised	119	(284)	141.9%	160	(177)	190.4%
Adjustments for (over)/ under provision of tax in respect of prior years	(117)	-	N.M	(508)	-	N.M
(Gain)/Loss on disposal of property, plant and equipment	(52)	(4)	1200.0%	(87)	(92)	-5.4%
Property, plant and equipment written off	2	-	N.M	2	-	N.M
(Gain)/Loss on disposal of an associated company	-	-	-	(58)	-	N.M
(Gain)/Loss on disposal of a subsidiary	-	-	-	(56)	-	N.M
Exceptional items	-	-	-	-	-	-

N.M. : Not meaningful

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

	Group		Company	
	30/09/06 \$ '000	31/12/05 \$ '000	30/09/06 \$ '000	31/12/05 \$ '000
NON-CURRENT ASSETS				
Property, plant and equipment	51,741	53,498	-	-
Investments in subsidiaries	-	-	51,283	51,283
Investment in an associated company	-	1,160	-	-
Goodwill	13,757	13,757	-	-
Deferred income tax assets	448	457	-	-
Receivables from subsidiaries	-	-	10,321	11,411
	<u>65,946</u>	<u>68,872</u>	<u>61,604</u>	<u>62,694</u>
CURRENT ASSETS				
Inventories	34,653	30,206	-	-
Trade receivables	45,702	41,192	-	-
Dividends receivable from a subsidiary	-	-	-	8,361
Other receivables	3,800	3,087	12	24
Tax recoverable	-	220	-	-
Cash and cash equivalents	43,619	37,816	7,281	5,828
	<u>127,774</u>	<u>112,521</u>	<u>7,293</u>	<u>14,213</u>
Total assets	<u>193,720</u>	<u>181,393</u>	<u>68,897</u>	<u>76,907</u>
CURRENT LIABILITIES				
Trade payables	24,797	21,781	-	-
Other payables	12,798	13,273	311	234
Borrowings	456	2,056	-	-
Payable to an associated company	-	71	-	-
Taxation	1,067	851	29	20
	<u>39,118</u>	<u>38,032</u>	<u>340</u>	<u>254</u>
NON CURRENT LIABILITIES				
Borrowings	619	1,035	-	-
Deferred income tax liabilities	2,424	2,310	-	-
	<u>3,043</u>	<u>3,345</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>42,161</u>	<u>41,377</u>	<u>340</u>	<u>254</u>
NET ASSETS	<u>151,559</u>	<u>140,016</u>	<u>68,557</u>	<u>76,653</u>
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	76,615	60,943	76,615	60,943
Foreign currency translation reserve	9,644	9,206	-	-
Share premium	-	15,672	-	15,672
Capital reserve	2,345	2,345	-	-
Retained profits/(Accumulated losses)	62,451	51,850	(8,058)	38
	<u>74,440</u>	<u>79,073</u>	<u>(8,058)</u>	<u>15,710</u>
Minority interests	504	-	-	-
TOTAL EQUITY	<u>151,559</u>	<u>140,016</u>	<u>68,557</u>	<u>76,653</u>

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

Amount repayable in one year or less, or on demand

As at 30/9/06	
Secured	Unsecured
\$'000	\$'000
456	-

As at 31/12/05	
Secured	Unsecured
\$'000	\$'000
672	1,384

Amount repayable after one year

As at 30/9/06	
Secured	Unsecured
\$'000	\$'000
619	-

As at 31/12/05	
Secured	Unsecured
\$'000	\$'000
1,035	-

Details of any collateral

The secured borrowings of the Group as at 30 Sept 2006 comprise finance lease liabilities and are secured on equipment and motor vehicles.

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

	Group Q3 ended		Group 9 months ended	
	30/09/06 \$ '000	30/09/05 \$ '000	30/09/06 \$ '000	30/09/05 \$ '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	8,589	8,030	24,669	27,220
Adjustments for:				
Exchange differences	(28)	(42)	(173)	(125)
Depreciation of property, plant and equipment	2,051	1,899	6,271	5,393
Gain on disposal of property, plant and equipment	(52)	(4)	(87)	(92)
Property, plant and equipment written off	2	-	2	-
Gain on disposal of a subsidiary	-	-	(56)	-
Gain on disposal of an associated company	-	-	(58)	-
Interest income	(293)	(174)	(823)	(463)
Interest expense	20	111	89	526
Share of profit of an associated company	-	(79)	-	(145)
Operating cash flow before working capital changes	10,289	9,741	29,834	32,314
Changes in operating assets and liabilities :				
Inventories	(502)	949	(3,804)	(1,356)
Receivables	305	3,233	(5,009)	(3)
Payables	(1,298)	(4,359)	1,545	(5,708)
Associated company	-	(5)	190	(78)
Cash flows generated from operations	8,794	9,559	22,756	25,169
Tax paid	(1,873)	(4,784)	(5,406)	(9,215)
Tax refunded	127	-	127	-
Interest paid	(20)	(111)	(89)	(526)
NET CASH GENERATED FROM OPERATING ACTIVITIES	7,028	4,664	17,388	15,428
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	293	174	823	463
Purchase of property, plant and equipment (Note 1)	(3,153)	(3,479)	(5,732)	(6,551)
Proceeds from disposal of property, plant and equipment	466	264	502	705
Proceeds from disposal of a subsidiary, net of cash disposed of (Note 2)	-	-	988	-
Proceeds from disposal of an associated company	-	-	1,260	-
NET CASH USED IN INVESTING ACTIVITIES	(2,394)	(3,041)	(2,159)	(5,383)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of finance lease liabilities	(195)	(85)	(499)	(1,755)
Repayment of term loans	(10)	(1,060)	(1,411)	(3,016)
Repayment of short term borrowings	(2)	(6,064)	(186)	(7,921)
Payments of share issue expenses	-	(128)	-	(2,778)
Proceed from short term borrowings	2	-	186	-
Proceeds from share issuance	-	-	-	30,500
Proceed from Minority Interest's contribution of share capital in subsidiary	507	-	507	-
Dividend paid to shareholders	-	-	(8,166)	-
Deposits pledged as securities (Note 3)	(79)	-	(79)	-
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	223	(7,337)	(9,648)	15,030
Net (decrease)/increase in cash and cash equivalents	4,857	(5,714)	5,581	25,075
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD				
	38,918	43,407	37,664	12,762
Effect of exchange rate changes on cash and cash equivalents	(235)	(35)	295	(179)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	43,540	37,658	43,540	37,658

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

	Group		Group	
	Q3 ended		9 months ended	
	30/09/06	30/09/05	30/09/06	30/09/05
	\$ '000	\$ '000	\$ '000	\$ '000
Cash and cash equivalents at end of the financial period comprise:				
Short term funds with a financial institution	11,256	-	11,256	-
Deposits with licensed banks	14,262	20,590	14,262	20,590
Cash and bank balances	18,101	17,068	18,101	17,068
	<u>43,619</u>	<u>37,658</u>	<u>43,619</u>	<u>37,658</u>
Less : Deposits pledged as securities (Note 3)	(79)	-	(79)	-
	<u>43,540</u>	<u>37,658</u>	<u>43,540</u>	<u>37,658</u>

Note 1 :

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$6,342,000 (30.9.2005 : \$13,934,000) of which \$35,000 (30.9.2005: \$371,000) was acquired by means of finance lease arrangement and \$575,000 (30.9.2005: \$7,012,000) included in other payables at balance sheet date. Cash payments of \$5,732,000 (30.9.2005: \$6,551,000) were made to purchase these property, plant and equipment.

Note 2 :

The aggregate effects of disposal of a subsidiary are as follow :

	Carrying amount \$ '000
Cash and cash equivalents	18
Other receivables	31
Property, plant and equipment	<u>1,198</u>
Total assets	<u>1,247</u>
Trade and other payables	(6)
Payables to an associated company	(263)
Taxation	<u>(28)</u>
Total liabilities	<u>(297)</u>
Net identifiable assets disposed	950
Gain on disposal	<u>56</u>
Cash proceeds from disposal	1,006
Less : Cash and cash equivalents in subsidiary disposed	<u>(18)</u>
Net cash inflow on disposal	<u>988</u>

Note 3 :

Included in the cash and cash equivalents are amount of \$79,000 (30.9.2005 : Nil) which have been pledged for banking facilities granted to a subsidiary.

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.

(a) Statement of changes in equity for the quarter ended 30 Sept 2006 and 30 Sept 2005

	Attributable to equity holders of the Company						Total Equity
	Share Capital \$ '000	Currency Translation Differences \$ '000	Share Premium \$ '000	Capital Reserve \$ '000	Retained Profits \$ '000	Minority Interests \$ '000	\$ '000
The Group							
At 1 July 2005	60,943	14,559	15,800	2,345	38,631	-	132,278
Currency translation differences	-	(163)	-	-	-	-	(163)
Net loss recognised directly in equity	-	(163)	-	-	-	-	(163)
Net profit for the quarter	-	-	-	-	6,801	-	6,801
Total recognised (loss)/ gains for the quarter	-	(163)	-	-	6,801	-	6,638
Share issue expenses	-	-	(128)	-	-	-	(128)
At 30 September 2005	<u>60,943</u>	<u>14,396</u>	<u>15,672</u>	<u>2,345</u>	<u>45,432</u>	<u>-</u>	<u>138,788</u>
At 1 July 2006	76,615	10,668	-	2,345	56,105	-	145,733
Currency translation differences	-	(1,024)	-	-	-	(4)	(1,028)
Net loss recognised directly in equity	-	(1,024)	-	-	-	(4)	(1,028)
Net profit for the quarter	-	-	-	-	6,346	1	6,347
Total recognised (loss)/ gains for the quarter	-	(1,024)	-	-	6,346	(3)	5,319
Minority Interest's contribution of share capital in subsidiary	-	-	-	-	-	507	507
At 30 September 2006	<u>76,615</u>	<u>9,644</u>	<u>-</u>	<u>2,345</u>	<u>62,451</u>	<u>504</u>	<u>151,559</u>
	Attributable to equity holders of the Company						Total Equity
	Share Capital \$ '000	Currency Translation Reserve \$ '000	Share Premium \$ '000	Capital Reserve \$ '000	Accumulated Losses \$ '000	Minority Interests \$ '000	\$ '000
The Company							
At 1 July 2005	60,943	-	15,800	-	(8,354)	-	68,389
Net profit for the quarter	-	-	-	-	34	-	34
Share issue expenses	-	-	(128)	-	-	-	(128)
At 30 September 2005	<u>60,943</u>	<u>-</u>	<u>15,672</u>	<u>-</u>	<u>(8,320)</u>	<u>-</u>	<u>68,295</u>
At 1 July 2006	76,615	-	-	-	(8,077)	-	68,538
Net profit for the quarter	-	-	-	-	19	-	19
At 30 September 2006	<u>76,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,058)</u>	<u>-</u>	<u>68,557</u>

(b) Statement of changes in equity for the 9 months ended 30 Sept 2006 and 30 Sept 2005

	Attributable to equity holders of the Company						Total Equity
	Share Capital \$ '000	Currency Translation Differences \$ '000	Share Premium \$ '000	Capital Reserve \$ '000	Retained Profits \$ '000	Minority Interests \$ '000	\$ '000
The Group							
At 1 January 2005	48,743	15,096	150	2,345	24,691	-	91,025
Currency translation differences	-	(700)	-	-	-	-	(700)
Net loss recognised directly in equity	-	(700)	-	-	-	-	(700)
Net profit for the financial period	-	-	-	-	20,741	-	20,741
Total recognised (loss)/ gains for the financial period	-	(700)	-	-	20,741	-	20,041
Issue of share capital	12,200	-	18,300	-	-	-	30,500
Share issue expenses	-	-	(2,778)	-	-	-	(2,778)
At 30 September 2005	60,943	14,396	15,672	2,345	45,432	-	138,788
At 1 January 2006	60,943	9,206	15,672	2,345	51,850	0	140,016
Currency translation differences	-	438	-	-	-	(4)	434
Net gain/(loss) recognised directly in equity	-	438	-	-	-	(4)	434
Net profit for the financial period	-	-	-	-	18,767	1	18,768
Total recognised (loss)/ gains for the financial period	-	438	-	-	18,767	(3)	19,202
Effect of Companies (Amendment) Act 2005 (See Note 1)	15,672	-	(15,672)	-	-	-	-
Minority Interest's contribution of share capital in subsidiary	-	-	-	-	-	507	507
Dividend paid	-	-	-	-	(8,166)	-	(8,166)
At 30 September 2006	76,615	9,644	-	2,345	62,451	504	151,559
The Company							
	Share Capital \$ '000	Currency Translation Reserve \$ '000	Share Premium \$ '000	Capital Reserve \$ '000	Retained Profits/ (Accumulated Losses) \$ '000	Minority Interests \$ '000	\$ '000
At 1 January 2005	48,743	-	150	-	(8,351)	-	40,542
Net profit for the financial period	-	-	-	-	31	-	31
Issue of share capital	12,200	-	18,300	-	-	-	30,500
Share issue expenses	-	-	(2,778)	-	-	-	(2,778)
At 30 September 2005	60,943	-	15,672	-	(8,320)	-	68,295
At 1 January 2006	60,943	-	15,672	-	38	-	76,653
Net profit for the financial period	-	-	-	-	70	-	70
Effect of Companies (Amendment) Act 2005 (See Note 1)	15,672	-	(15,672)	-	-	-	-
Dividend paid	-	-	-	-	(8,166)	-	(8,166)
At 30 September 2006	76,615	-	-	-	(8,058)	-	68,557

Note 1: Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concepts of par value and authorised capital are abolished and the amount in the share premium account as of 30 January 2006 becomes part of the Company's share capital.

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 the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital during the current financial period reported on.

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

The figures have not been audited and reviewed by the independent 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 financial statements have been applied.

The Group has adopted 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 as at 31 December 2005 as well as all the applicable Financial Reporting Standards (FRS) which became effective for the financial years beginning on or after 1 January 2006.

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.

The adoption of the new/revised FRS does not have a material financial impact on the Group and the Company.

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.

	Group Q3 ended		Group 9 months ended	
	30/09/06	30/09/05	30/09/06	30/09/05
(i) Basic earnings per share (cents)	2.08	2.23	6.16	7.51
(ii) Diluted earnings per share (cents)	N/A	N/A	N/A	N/A
Weighted average number of ordinary shares in issue	304,713,258	304,713,258	304,713,258	276,112,525

Basic earnings per share for the period is calculated based on the weighted average number of ordinary shares in issue.

There were no potential dilutive ordinary shares in existence for the Third Quarter and 9 months ended 30 September 2006 and 30 September 2005 and accordingly, no diluted earnings per share amount has been presented.

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.

	Group		Company	
	30/09/06	31/12/05	30/09/06	31/12/05
Net asset value per ordinary share based on issued share capital at the end of period/year (cents)	49.74	45.95	22.50	25.16

Net asset value per ordinary shares is calculated based the Group's net asset value divided by the number of ordinary shares at 30.9.2006 of 304,713,258 (31.12.2005 : 304,713,258).

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.

Income Statement

Q3 2006 vs Q3 2005

The Group recorded an increase in revenue of \$4.8 million or 9.6% for Q3 2006 to \$54.4 million as compared to Q3 2005. This comprises a revenue increase of \$5.5 million or 19.2% at the Mechatronics Division and a decline of \$0.7 million or 3.3% at the EMS Division, with the former comprising 62.2% of total revenue. At Mechatronics Division, the semiconductor segment out performed the others by registering robust growth of 129.0% with the medical segment showing modest growth while the analytical segment registered a slow down. The decline at the EMS Division was attributable to a slow down in the office automation segment with the keypad's segment remaining stable.

Although Group revenue increased by 9.6% to \$54.4 million, pre-tax profit increased by only 7% to \$8.6 million due mainly to the increase in administrative and general expenses by \$0.4 million or 15.7% as a result of additional staffing, higher staff incentive provision and increase in capacity at the Mechatronics Division. However, despite the increase in revenue and pre-tax profit, the Group's profit after tax (PAT) decreased by 6.7% to \$6.3 million as compared to Q3 2005, mainly due to a higher effective tax rate arising from lower tax incentive claimed in the current quarter. Other factors which contributed to the decrease in PAT are as follows:

- a) Decrease in other gains by \$0.1 million or 17.1% mainly from lower government grants.
- b) Increase in other operating expenses by \$0.1 million or 107.2% mainly due to foreign exchange losses from inter company balances arising from the stronger Singapore Dollar to the Malaysian Ringgit.
- c) Decrease in share of profit of an associated company by \$0.1 million as the investment was disposed off in June 2006.

The decrease in PAT was mitigated by the following:

- i) Increase in gross profit by \$1.1 million or 9.7% from higher revenue achieved. The Group's gross profit margin remains stable; and
- ii) Lower finance costs from lower level of borrowings coupled with higher interest income from higher cumulative cash, totaling \$0.2 million.

9 months ended 2006 vs 9 months ended 2005

The Group recorded an increase in revenue of \$3.1 million or 1.9% for 9 months ended Sept 2006 to \$163.0 million compared to 9 months ended Sept 2005. This revenue growth comprises 5.9% increase at the Mechatronics Division and a decrease of 4.3% at the EMS Division, with the former representing 63.5% of the total revenue. The increase in revenue at the Mechatronics Division of \$5.7 million or 5.9% was affected by translation loss of the Euro against the Singapore Dollar. If not for this translation impact, revenue at the Mechatronics Division would have grown by 13.6%. Growth in the Mechatronics Division was from the semiconductor and medical segments with analytical segment registering a slow down. The revenue fall at the EMS Division was mainly attributable to the slow down in the office automation segment but cushioned by higher sale in the keypad business.

Similarly, the Group's PAT of \$18.8 million was affected by translation loss at the Mechatronics Division. If not for the impact on translation, the PAT for this division would have improved by 7.0% and that for the Group by 3.9%.

The Group's PAT for the 9 months ended Sept 2006 dropped \$2.0 million or 9.5% to \$18.8 million from \$20.7 million as compared to 9 months ended Sept 2005, attributable to the following factors:-

- a) There was a drop in gross profit margin from 22.9% to 21.3% attributable to margin compression of the keypad business arising from lower average selling price and lower capacity utilisation of the expanded keypad facilities. At the Mechatronics Division, the start up cost of a semiconductor project in the first quarter of 2006, the booking in of *lower margins* engineering projects and higher material costs affected gross margin. The drop in gross profit margin of 1.6 percentage points resulted in the decline in gross profit of \$2.0 million despite the increase in revenue of S\$3.1 million.
- b) Increase in selling and distribution expenses by \$0.1 million or 6.1% was mainly due to higher staff costs, marketing, exhibition and promotional expenses.
- c) Increase in administrative and general expenses by \$0.8 million or 10.2% was mainly due to higher staff costs, increase in professional fees and write back of staff incentive provision in 2005.
- d) Other operating expenses increased by \$0.2 million or 113.8% mainly due to foreign exchange losses from inter company balances arising from the stronger Singapore Dollar to the Malaysian Ringgit.
- e) Decrease in share of profit of an associated company by \$0.1 million as the investment was disposed off in June'06

The decrease in PAT is mitigated by:

- i) Lower finance costs from lower level of borrowings coupled with higher interest income from higher cumulative cash, totaling \$0.8 million; and
- ii) The lower tax expense of \$0.6 million attributable to lower pretax profits, lowering of the statutory tax rate in The Netherlands from 31.5% in 2005 to 29.6% in 2006 coupled with write back of overprovision in the previous years.

Balance Sheet

There was no balance for investment in an associated company as this investment was disposed off in June 2006.

Increase in trade receivables balance by \$4.5 million was in line with the increase in sales in the Q3 2006 as compared with Q4 2005 particularly in the Mechatronics Division.

Likewise, the inventories and trade payables increases by \$4.4 million and \$3.0 million respectively were due to the increase in sale orders in the end of Q3 2006 as compared with the end of Q4 2005 particularly at the Mechatronics Division.

Decrease in bank borrowings by \$2.0 million due to repayments of bank borrowings and hire purchase during the 9 months ended Sept 2006.

Cash Flow Analysis

Q3 2006 vs Q3 2005

The group reported net cash generated from operating activities of \$7.0 million in this quarter, up from \$4.7 million previously due mainly to lower tax payment. Cash used in investing activities was lower, at \$2.4 million against \$3.0 million from lower capital expenditure and higher proceeds from disposal of assets. In this quarter cash generated from financing activities was \$0.3 million against net cash usage of \$7.3 million arising from repayment of borrowings in the same quarter last year. The combined effect of these activities resulted in the group reporting a net cash increase of \$4.9 million in this quarter against a net cash decrease of \$5.7 million previously.

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

The Third Quarter of FY2006 financial results are in line with the prospect statement released in the Second Quarter of FY2006.

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.

In the fourth quarter of FY2006, the performance of the Mechatronics Division is expected to show steady growth in the semiconductor and medical segments. The division's strong development offerings have contributed to new customers, particularly in the medical segment. Revenue from these customers is still modest, being mostly at the product initiation phase, but they are envisaged to contribute positively in the coming years. At the EMS Division, the pricing pressure on the keypad business remains a challenge but the initiatives formulated together with our customer to improve margins have been encouraging. The other segments of the division are less significant and taken together remain essentially stable.

In view of the above positive outlook, the performance of the Group is expected to be better in the fourth quarter as compared to the third quarter of 2006.

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

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

Not applicable.

PART 11- ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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.

Only applies to full year results

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.

Only applies to full year results

15. A breakdown of sales.

Only applies to full year results

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

Only applies to full year results

BY ORDER OF THE BOARD

Gooi Soon Hock
Executive Director
09-Nov-06

Confirmation by Directors Pursuant to Clause 705(4) of the Listing Manual of SGX-ST

We, Gooi Soon Hock and Sebastiaan Johannes van Sprang, being two directors of ElectroTech Investments Limited ("the Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the third quarter 2006 financial results to be false or misleading.

On behalf of the Board of Directors

(Signed)
Gooi Soon Hock
Executive Director

(Signed)
Sebastiaan Johannes van Sprang
Executive Director

Singapore, 9 November 2006