ELECTROTECH

ELECTROTECH INVESTMENTS LIMITED

(Registration No. 199905084D)

Unaudited Second 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.

	3 months ended			1H ended		
	30/06/08 $'000	30/06/07 $'000	% Change	30/06/08 $'000	30/06/07 $'000	% Change
Revenue	58,429	61,427	-4.9%	120,093	118,217	1.6%
Cost of sales	(50,315)	(50,771)	-0.9%	(102,374)	(97,561)	4.9%
Gross profit	8,114	10,656	-23.9%	17,719	20,656	-14.2%
Other gains	554	723	-23.4%	881	977	-9.8%
Selling and distribution expenses	(1,227)	(1,191)	3.0%	(2,483)	(2,204)	12.7%
Administrative and general expenses	(2,572)	(2,722)	-5.5%	(5,247)	(5,345)	-1.8%
Other operating expenses	(48)	(199)	-75.9%	(328)	(304)	7.9%
Interest income	323	326	-0.9%	605	677	-10.6%
Finance costs	(9)	(45)	-80.0%	(22)	(61)	-63.9%
Share of result of associated companies	(25)	(45)	-44.4%	(34)	(77)	-55.8%
Profit before taxation	5,110	7,503	-31.9%	11,091	14,319	-22.5%
Income tax expense	(1,067)	(1,647)	-35.2%	(2,651)	(2,976)	-10.9%
Total profit	4,043	5,856	-31.0%	8,440	11,343	-25.6%
Attributable to :						
Equity holders of the Company	4,043	5,856	-31.0%	8,440	11,332	-25.5%
Minority Interest	-	-	-	-	11	N.M.
	4,043	5,856	-31.0%	8,440	11,343	-25.6%

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		
	3 months ended			1H ended		
	30/06/08	30/06/07	%	30/06/08	30/06/07	%
	$'000	$'000	Change	$'000	$'000	Change
charging/(crediting) :-						
Investment income	-	-	-	-	-	-
Other income including interest income	(877)	(1,049)	-16.4%	(1,486)	(1,654)	-10.2%
Interest on borrowings	9	45	-80.0%	22	61	-63.9%
Depreciation of property, plant and equipment	2,028	2,392	-15.2%	4,139	4,725	-12.4%
(Write-back)/Allowance for doubtful debts and bad debts written off	-	-	-	-	20	N.M.
(Write back)/Allowance for inventory obsolescence	(516)	(51)	911.8%	(516)	(43)	1100.0%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss -realised	(64)	12	-633.3%	70	13	438.5%
Foreign exchange (gain)/ loss -unrealised	(53)	(60)	-11.7%	29	(73)	139.7%
Adjustments for (over)/ under provision of tax in respect of prior years	-	(2)	N.M.	-	(196)	N.M.
(Gain)/Loss on disposal of property, plant and equipment	(144)	2	-7300.0%	(161)	(42)	283.3%
Property, plant and equipment written off	2	2	0.0%	4	2	100.0%
Loss on disposal of a subsidiary	-	-	-	-	9	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	
	30/06/08	**31/12/07**	**30/06/08**	**31/12/07**
	$'000	**$'000**	**$'000**	**$'000**
NON-CURRENT ASSETS				
Property, plant and equipment	53,509	56,605	-	-
Investments in subsidiaries	-	-	51,283	51,283
Investment in associated company	6,166	6,201	6,400	6,400
Goodwill arising on consolidation	13,757	13,757	-	-
Deferred income tax assets	1,017	1,218	-	-
Receivables from subsidiaries	-	-	3,785	4,067
	74,449	77,781	61,468	61,750
CURRENT ASSETS				
Inventories	49,452	52,781	-	-
Trade receivables	47,442	48,535	-	-
Dividends receivable from subsidiaries	-	-	-	6,849
Other receivables	3,435	3,269	89	17
Tax recoverable	659	387	-	-
Short term funds with a financial institution	6,055	9,329	-	-
Cash and cash equivalents	37,053	34,693	7,637	7,582
	144,096	148,994	7,726	14,448
Total assets	218,545	226,775	69,194	76,198
CURRENT LIABILITIES				
Trade payables	26,301	33,578	-	-
Other payables	11,240	11,414	142	260
Borrowings	631	681	-	-
Taxation	10	476	6	27
	38,182	46,149	148	287
NON CURRENT LIABILITIES				
Borrowings	104	104	-	-
Deferred income tax liabilities	2,044	2,208	-	-
	2,148	2,312	-	-
Total liabilities	40,330	48,461	148	287
NET ASSETS	178,215	178,314	69,046	75,911
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	76,615	76,615	76,615	76,615
Foreign currency translation reserve	12,621	14,243	-	-
Capital reserve	2,345	2,345	-	-
Retained profits / (Accumulated losses)	86,634	85,111	(7,569)	(704)
	101,600	101,699	(7,569)	(704)
TOTAL EQUITY	178,215	178,314	69,046	75,911

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

Amount repayable in one year or less, or on demand

As at 30/06/08		As at 31/12/07	
Secured $'000	**Unsecured $'000**	**Secured $'000**	**Unsecured $'000**
202	429	421	260

Amount repayable after one year

As at 30/06/08		As at 31/12/07	
Secured $'000	**Unsecured $'000**	**Secured $'000**	**Unsecured $'000**
104	-	104	-

Details of any collateral

The secured borrowings of the Group as at 30 June 2008 and 31 December 2007 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 3 months ended		Group 1H ended	
	30/06/08	**30/06/07**	**30/06/08**	**30/06/07**
	$ '000	**$ '000**	**$ '000**	**$ '000**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	5,110	7,503	11,091	14,319
Adjustments for:				
Exchange differences	116	(134)	221	(144)
Depreciation of property, plant and equipment	2,028	2,392	4,139	4,725
(Gain)/Loss on disposal of property, plant and equipment	(144)	2	(161)	(42)
Property, plant and equipment written off	2	2	4	2
Loss on disposal of a subsidiary	-	-	-	9
Interest income	(323)	(326)	(605)	(677)
Interest expense	9	45	22	61
Share of result of associated companies	25	45	34	77
Operating cash flow before working capital changes	6,823	9,529	14,745	18,330
Changes in operating assets and liabilities :				
Inventories	2,378	(4,300)	3,126	(9,307)
Receivables	1,321	(2,488)	436	(1,813)
Payables	(3,719)	(3,414)	(7,787)	(1,179)
Associated company	-	163	-	24
Cash flows generated from / (used in) operations	6,803	(510)	10,520	6,055
Tax paid	(2,264)	(1,757)	(3,344)	(2,999)
Tax refunded	-	25	-	25
Interest paid	(9)	(45)	(22)	(61)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	4,530	(2,287)	7,154	3,020
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	323	326	605	677
Purchase of property, plant and equipment **(Note 1)**	(821)	(2,154)	(1,504)	(3,559)
Proceeds from disposal of property, plant and equipment	242	11	278	169
Proceeds from disposal of shares in a subsidiary, net of cash disposed of **(Note 2)**	-	-	-	21
NET CASH USED IN INVESTING ACTIVITIES	(256)	(1,817)	(621)	(2,692)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of finance lease liabilities	(106)	(118)	(270)	(264)
Repayment of short term borrowings	(1,070)	-	(1,620)	-
Proceeds from short term borrowings	606	69	1,797	69
Proceeds from term loan	-	-	-	342
Withdrawal/(Placement) of short term fund with a financial institution	3,543	828	2,998	(126)
Withdrawal of deposits pledged as securities	-	58	-	119
Dividend paid to shareholders	(6,917)	(7,923)	(6,917)	(7,923)
NET CASH USED IN FINANCING ACTIVITIES	(3,944)	(7,086)	(4,012)	(7,783)
Net increase / (decrease) in cash and cash equivalents	330	(11,190)	2,521	(7,455)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	36,834	39,377	34,693	35,599
Effect of exchange rate changes on cash and cash equivalents	(111)	683	(161)	726
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	37,053	28,870	37,053	28,870

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 3 months ended		Group 1H ended	
	30/06/08	**30/06/07**	**30/06/08**	**30/06/07**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Cash and cash equivalents at end of the financial period comprise:				
Deposits with licensed banks	25,225	17,570	25,225	17,570
Cash and bank balances	11,828	11,414	11,828	11,414
Bank overdrafts	-	-	-	-
	37,053	28,984	37,053	28,984
Less: Deposits pledged as securities **(Note 3)**	-	(114)	-	(114)
	37,053	28,870	37,053	28,870

Note 1 :
During the financial period, the Group acquired property, plant and equipment with an aggregate cost of $2,155,000 (30.06.2007: $3,888,000) of which $65,000 (30.06.2007: $Nil) was acquired by means of finance lease arrangement and $586,000 (30.06.2007: $329,000) included in other payables at balance sheet date. Cash payments of $1,504,000 (30.06.2007: $3,559,000) were made to purchase these property, plant and equipment.

Note 2 :
On 31 January 2007, the Group disposed of 21% of its interest in an indirect subsidiary, Frencken Koike Precision Sdn. Bhd.("FKP"). As a result, the effective equity interest held by the Group decreased to 30% and ceased to be the ultimate holding company of FKP.

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

	Carrying amount as at	
	30/06/08	**30/06/07**
	$ '000	**$ '000**
Cash and cash equivalents	-	199
Receivable from related companies	-	302
Trade and other receivables	-	269
Inventories	-	352
Property, plant and equipment	-	674
Total assets	-	1,796
	-	
Trade and other payables	-	(312)
Payable to related companies	-	(46)
Term loan	-	(342)
Taxation	-	(7)
Total liabilities	-	(707)
Net identifiable assets of the subsidiary	-	1,089
Less: Minority Interest	-	(533)
Less: Transfer to investment in associated company	-	(327)
Net identifiable assets disposed	-	229
Loss on disposal	-	(9)
Cash proceeds from disposal	-	220
Less : Cash and cash equivalents in subsidiary disposed	-	(199)
Net cash inflow on disposal	-	21

Note 3 :
Included in the cash and cash equivalents are amount of $Nil (30.06.2007: $114,000) which have been pledged for banking facilities granted to the subsidiaries.

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 June 2008 and 30 June 2007

	Attributable to equity holders of the Company					Total Equity
The Group	**Share Capital $ '000**	**Currency Translation Differences $ '000**	**Capital Reserve $ '000**	**Retained Profits $ '000**	**Minority Interest $ '000**	**$ '000**
At 1 April 2007	76,615	11,065	2,345	75,508	-	165,533
Currency translation differences	-	3,173	-	-	-	3,173
Net gain recognised directly in equity	-	3,173	-	-	-	3,173
Net profit for the quarter	-	-	-	5,856	-	5,856
Total recognised gain for the quarter	-	3,173	-	5,856	-	9,029
Dividend paid	-	-	-	(7,923)	-	(7,923)
At 30 June 2007	76,615	14,238	2,345	73,441	-	166,639
At 1 April 2008	76,615	14,156	2,345	89,508	-	182,624
Currency translation differences	-	(1,535)	-	-		(1,535)
Net loss recognised directly in equity	-	(1,535)	-	-	-	(1,535)
Net profit for the quarter	-	-	-	4,043	-	4,043
Total recognised (loss)/gain for the quarter	-	(1,535)	-	4,043	-	2,508
Dividend paid	-	-	-	(6,917)	-	(6,917)
At 30 June 2008	76,615	12,621	2,345	86,634	-	178,215

	Attributable to equity holders of the Company					Total Equity
The Company	**Share Capital $ '000**	**Currency Translation Differences $ '000**	**Capital Reserve $ '000**	**Retained Profits / (Accumulated Losses) $ '000**	**Minority Interest $ '000**	**$ '000**
At 1 April 2007	76,615	-	-	301	-	76,916
Net profit for the quarter	-	-	-	47	-	47
Dividend paid	-	-	-	(7,923)	-	(7,923)
At 30 June 2007	76,615	-	-	(7,575)	-	69,040
At 1 April 2008	76,615	-	-	(738)	-	75,877
Net profit for the quarter	-	-	-	86	-	86
Dividend paid	-	-	-	(6,917)	-	(6,917)
At 30 June 2008	76,615	-	-	(7,569)	-	69,046

(b) Statement of changes in equity for the half year ended 30 June 2008 and 30 June 2007

The Group	Share Capital $ '000	Currency Translation Differences $ '000	Capital Reserve $ '000	Retained Profits $ '000	Minority Interest $ '000	Total Equity $ '000
	Attributable to equity holders of the Company					
At 1 January 2007	76,615	10,790	2,345	70,032	522	160,304
Currency translation differences	-	3,448	-	-	-	3,448
Net gain recognised directly in equity	-	3,448	-	-	-	3,448
Net profit for the financial period	-	-	-	11,332	11	11,343
Total recognised gain for the financial period	-	3,448	-	11,332	11	14,791
Disposal of shares in a subsidiary	-	-	-	-	(533)	(533)
Dividend paid	-	-	-	(7,923)	-	(7,923)
At 30 June 2007	76,615	14,238	2,345	73,441	-	166,639
At 1 January 2008	76,615	14,243	2,345	85,111	-	178,314
Currency translation differences	-	(1,622)	-	-		(1,622)
Net loss recognised directly in equity	-	(1,622)	-	-	-	(1,622)
Net profit for the financial period	-	-	-	8,440	-	8,440
Total recognised (loss)/gain for the financial period	-	(1,622)	-	8,440	-	6,818
Dividend paid	-	-	-	(6,917)	-	(6,917)
At 30 June 2008	76,615	12,621	2,345	86,634	-	178,215

The Company	Share Capital $ '000	Currency Translation Differences $ '000	Capital Reserve $ '000	Retained Profits / (Accumulated Losses) $ '000	Minority Interest $ '000	Total Equity $ '000
	Attributable to equity holders of the Company					
At 1 January 2007	76,615	-	-	265	-	76,880
Net profit for the financial period	-	-	-	83	-	83
Dividend paid	-	-	-	(7,923)	-	(7,923)
At 30 June 2007	76,615	-	-	(7,575)	-	69,040
At 1 January 2008	76,615	-	-	(704)	-	75,911
Net profit for the financial period	-	-	-	52	-	52
Dividend paid	-	-	-	(6,917)	-	(6,917)
At 30 June 2008	76,615	-	-	(7,569)	-	69,046

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.

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

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.

	Total number of issued shares as at	
	30/06/08	**31/12/07**
Number of issued shares	304,713,258	304,713,258
Number of treasury shares	-	-
Total number of issued shares excluding treasury shares	304,713,258	304,713,258

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.

Not applicable.

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 accounting policies and methods of computation applied by the Group are consistent with those used in its most recent audited financial statements as well as all the applicable Financial Reporting Standards (FRS) which became effective for the financial years beginning on or after 1 January 2008.

The Group reviewed and changed the estimate of the useful lives of certain categories of plant and equipment in accordance with FRS108 Accounting Policies, Changes in Accounting Estimates and Errors with effect from 1 January 2008 (Refer to item 5 below for details).

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 Group revised upward the estimated useful lives of certain categories of plant and equipment with effect from 1 January 2008. The useful lives for these categories of assets were originally estimated to reflect the pattern in which the future economic benefits of the assets were expected to be consumed in the keypad business segment. Arising from a review of the expectation of further future usage of such plant and equipment for the automotive business segment, the useful lives of these categories of assets have been revised to be in line with the economic lives of these assets.

Following the review, the estimated useful lives of these categories of assets have been increased from 5 years to 7 and 10 years. Accordingly, the revision in the estimated useful lives of these assets has resulted in a lower depreciation charge to the Group's income statement for the three months and six months ended 30 June 2008 of approximately $463,500 and $963,500 respectively .

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 3 months ended		**Group 1H ended**	
	30/06/08	**30/06/07**	**30/06/08**	**30/06/07**
(i) Basic earnings per share (cents)	1.33	1.92	2.77	3.72
(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	304,713,258

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 Second Quarter and six months ended 30 June 2008 and 30 June 2007 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 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.

	Group		**Company**	
	30/06/08	**31/12/07**	**30/06/08**	**31/12/07**
Net asset value per ordinary share based on issued share capital at the end of financial period / year (cents)	58.49	58.52	22.66	24.91

Net asset value per ordinary shares is calculated based on the Group's net asset value divided by the number of ordinary shares at 30.06.2008 of 304,713,258 (31.12.2007 : 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

Group Revenue

	1Q	2Q	q-o-q	1H
FY2008 (S$ m)	61.7	58.4	(5.2%)	120.1
FY2007 (S$ m)	56.8	61.4	8.2%	118.2
y-o-y	8.6%	(4.9%)	-	1.6%

Group revenue declined 4.9% year-on-year to S$58.4 million for the three months ended 30 June 2008 (2Q08), compared to S$61.4 million in 2Q07. This was mainly attributable to the impact of a cyclical slowdown in semiconductor sector on the Mechatronics Division, and softer sales of keypads arising from keen competition in the mobile handset industry, which impinged on the revenue of the EMS Division.

For the six months ended 30 June 2008 (1H08), Group revenue remained steady at S$120.1 million, an increase of 1.6% from S$118.2 million in 1H07.

Revenue breakdown by Division

	2Q08		2Q07		y-o-y
	S$ m	%	S$ m	%	%
Mechatronics	40.4	69.2	42.5	69.2	(4.8)
EMS	18.0	30.8	18.9	30.8	(5.0)
Total	58.4	100.0	61.4	100.0	(4.9)

For 2Q08, the Mechatronics and EMS Divisions experienced marginal revenue declines of approximately 5% each to S$40.4 million and S$18.0 million respectively, as compared to 2Q07. The Mechatronics Division continued to account for the major proportion of Group revenue with a contribution of 69.2% in 2Q08.

Mechatronics Division

Revenue breakdown by Business Segment

	2Q08	2Q07	y-o-y	1H08	1H07	y-o-y
	S$ m	S$ m	%	S$ m	S$ m	%
Semiconductor	8.5	15.7	(45.6)	19.7	30.4	(35.1)
Medical	16.8	12.4	35.3	33.4	24.7	35.1
Analytical	11.6	11.6	0.4	24.8	22.9	8.0
Others	3.5	2.8	23.8	7.0	5.8	22.1
Total	40.4	42.5	(4.8)	84.9	83.8	1.3

The Medical and Others segments continued to register strong double-digit sales growth of 35.3% and 23.8% to S$16.8 million and S$3.5 million respectively in 2Q08 as production was ramped up on the back of increased orders. Sales of the Analytical segment were unchanged at S$11.6 million, compared to 2Q07. However, the overall performance of the division in 2Q08 was dampened by the 45.6% decline in sales to semiconductor customers due to slower conditions in the global semiconductor equipment industry.

The situation was similar for 1H08 with strong sales of the Medical and Others segments offsetting the weaker performance of the Semiconductor segment. As a result, the Mechatronics division posted a marginal 1.3% increase in sales to S$84.9 million in 1H08, from S$83.8 million in 1H07.

EMS Division

Revenue breakdown by Business Segment

	2Q08	2Q07	y-o-y	1H08	1H07	y-o-y
	S$ m	S$ m	%	S$ m	S$ m	%
Keypad	5.6	8.7	(35.9)	12.7	17.8	(28.6)
Telecommunications	0.9	1.1	(15.6)	2.0	2.0	(2.2)
Office Automation	4.7	4.3	8.8	7.8	6.5	20.2
Automotive	3.5	1.9	81.4	6.5	2.6	153.8
Others	3.3	2.9	12.2	6.2	5.5	12.9
Total	18.0	18.9	(5.0)	35.2	34.4	2.3

The Automotive segment has continued to register growth during 2Q08 as sales increased 81.4% to S$3.5 million, compared to S$1.9 million in 2Q07. On a sequential basis, automotive sales grew by 21.7% from 1Q08, indicating progress in building up this business segment. This resulted from the higher number of industrialisation projects that went into commercial production. However, revenue growth in 2Q08 was lower-than-anticipated due to slower economic conditions in the USA, which is the target market for most of the newly launched automotive products.

Sales of the Office Automation segment rose 8.8% year-on-year to S$4.7 million in 2Q08. On a sequential basis, this translated to quarter-on-quarter growth of 50.8% resulting from the mass production launch of a major project for mailing system products in 1Q08. Sales of the Others segment also rose 12.2% year-on-year to S$3.3 million in 2Q08.

Growth of the above business segments helped cushion the division from the softer performance of the Keypad segment, which registered a 35.9% decline in sales due to keen competition in the global mobile handset supply chain.

For 1H08, the EMS Division reported a 2.3% increase in revenue to S$35.2 million as the increased sales of the Automotive, Office Automation and Others segments more than offset the lower sales of the Keypad segment. This validates the EMS Division's strategy to build a more balanced and stable revenue mix by diversifying to higher-value products with longer life cycles.

Gross Profit

The Group's gross profit (GP) fell by 23.9% to S$8.1 million in 2Q08. GP margin in 2Q08 contracted to 13.9%, compared to 17.3% in 2Q07, and was mainly attributable to the softer GP margin of the Mechatronics Division. This was due to the shift in sales mix, as well as increases in the costs of labour and raw materials.

The GP Margin of the EMS Division remained steady in 2Q08 as margin pressures caused by softer pricing of the keypad business and higher production costs of scaling up the automotive segment were cushioned by higher tooling margin and a lower depreciation charge of approximately S$463,500 in the division's gross profit (Please refer to item 5 for additional details).

For 1H08, the Group's GP margin contracted to 14.8%, from 17.5% in 1H07. At the Mechatronics Division, the softer GP margin was due to the shift in sales mix and higher production costs while the EMS Division's lower margin was attributable to softer pricing and volatility of keypad orders as well as costs associated with scaling up the automotive and office automation segments.

Other Gains

Other gains declined by 23.4% to S$0.6 million in 2Q08 which was due mainly to a decrease in government grants.

Operating expenses

In 2Q08, the Group's selling and distribution expenses increased a marginal 3.0% to S$1.2 million while administrative and general expenses declined 5.5% to S$2.6 million. In addition, other operating expenses fell by 75.9% to S$0.05 million in 2Q08 due to lower foreign exchange losses during the quarter.

For 1H08, selling and distribution expenses were up 12.7% year-on-year to S$2.5 million mainly due to higher sales commission and an increase in freight charges arising from higher automotive sales. Administrative and general expenses remained steady at S$5.2 million during the 6-month period.

Interest Income

Interest income remained relatively unchanged at S$0.3 million in 2Q08. However, interest income declined by 10.6% to S$0.6 million in 1H08 due to lower interest rates.

Taxation

Taxation decreased by 35.2% to S$1.1 million in 2Q08 as profit before tax was lower compared to 2Q07.

For 1H08, taxation decreased by 10.9% to S$2.7 million as the Group posted a lower profit before tax during the period. However, the effective tax rate of 23.9% was higher than 20.8% in 1H07 due to lower incentive claimed at the EMS Division.

Group Net Profit

Group net profit decreased 31.0% to S$4.0 million in 2Q08, compared to S$5.9 million in 2Q07. This is mainly attributable to a 35.2% decline in net profit of the Mechatronics Division to S$3.2 million, while net profit of the EMS Division remained unchanged at S$0.9 million in 2Q08. Correspondingly, the Group's net profit margin softened to 6.9% in 2Q08, compared to 9.5% in 2Q07.

For 1H08, Group net profit was down 25.5% to S$8.4 million, from S$11.3 million in 1H07, due to weaker performances of both the Mechatronics and EMS Divisions during the period.

Balance Sheet

The Group continued to maintain a sound financial position and had total assets of S$218.5 million and shareholders' equity of S$178.2 million as at 30 June 2008.

The Group also maintained a net cash position at the end of the period with cash and cash equivalents (including short-term funds placed with a financial institution) amounting to S$43.1 million, compared to S$44.0 million as at 31 December 2007. Short term borrowings were reduced to S$0.6 million, from S$0.7 million at end of FY2007, while long term borrowings from hire purchase financing remained at S$0.1 million.

At the end of 30 June 2008, net asset per share amounted to 58.5 cents, which included cash per share of 14.1 cents.

The level of inventories was lower at S$49.5 million, compared to S$52.8 million at end-FY2007, and translated to an inventory turnover of 88 days for 1H08.

The Group had lower trade receivables of S$47.4 million while its trade payables declined to S$26.3 million, compared to S$48.5 million and S$33.6 million respectively at the end of FY2007.

Cash Flow Analysis

The Group generated positive net cash flow from operating activities of S$4.5 million in 2Q08.

During the period, the Group invested S$0.8 million to acquire new equipment and upgrade the facilities of the Mechatronics and EMS Divisions. After accounting for interest received of S$0.3 million and proceeds of S$0.2 million from the disposal of equipment, net cash used for investing activities amounted to S$0.3 million in 2Q08.

Net cash used in financing activities for the quarter was S$3.9 million. In 2Q08, the Group repaid net borrowings of S$0.5 million and distributed dividends to shareholders of S$6.9 million. These were partially offset by the S$3.5 million proceeds from a withdrawal of short term funds placed with a financial institution.

As a result of the above, the Group ended the quarter with a net cash increase of S$0.3 million. When added to its cash and cash equivalents of S$36.8 million at the beginning of 2Q08, this amounted in an ending cash balance of S$37.1 million. Together with the short term funds of S$6.0 million placed with a financial institution, the total cash of the Group amounted to S$43.1 million as at 30 June 2008.

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

The Second Quarter of FY2008 financial results are in line with the prospect statement released in the First Quarter of FY2008.

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.

While competitive conditions prevail in the industries in which the Mechatronics and EMS Divisions operate, the Group's sound balance sheet puts it in a good position to weather short-term macroeconomic risks while continuing to pursue its current strategic initiatives and alliances for both divisions.

Mechatronics Division

At the Mechatronics Division's main plant in The Netherlands, new projects are being developed for the medical, semiconductor and analytical segments with commercial production targeted to phase in from 4Q09 onwards. The development of a project in the Semiconductor segment was also completed recently and expected to progress to commercial production in 3Q08/4Q08.

At the same time, the division is gradually transferring suitable and relevant products and systems to its Penang plant from The Netherlands, which will free up the latter's capacity to cater for more new development projects. Presently, production volume for the first medical module transferred from The Netherlands is expected to ramp up in 3Q08/4Q08. Qualification and progressive transfer of other modules for the Medical and Analytical segments to the Penang plant are also in the pipeline.

The Group is confident that as the Penang plant strengthens its mechatronics capabilities, it will stand to benefit from the emerging trend for capital equipment manufacturers located in high-cost regions such as Europe, USA and Japan to shift their supply chain to high quality contract manufacturers that offer lower cost alternatives.

In addition, the CFRR alliance – a strategic partnership that was forged with CCM, Ruco Industries and Bosch Rexroth – continues to make good progress. At present, initial production orders have been received for the CFRR alliance's maiden project with additional three new projects secured from existing and new customers.

EMS Division

The EMS Division continues to focus on broadening its product mix towards the Office Automation and Automotive segments, which have products with higher-value and longer life cycles, to counter balance the revenue contribution of the Keypad segment, which is a business with higher volatility and shorter visibility.

To support the expansion of the Automotive and Office Automation segments, the EMS Division will continue to upgrade its facilities to increase capacity and enhance its capabilities of these businesses.

The division plans to invest in assembly lines and facilities that will be dedicated to new automotive assembly projects by 4Q08, as well as realign its "spraying" and "laser etching" capacity to match this segment's expected growth. The division also plans to progressively expand its assembly and warehousing facilities (including a new factory building) to cater for the commercial production of new office automation projects which are currently at the industrialisation phase.

At the same time, capacity for the Keypad segment will be capped and strategically reallocated to the Automotive segment.

11. Dividend
(a) Current Financial Period Reported on

Any dividend declared(recommended) 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

17. Interested Person Transactions

Not applicable

BY ORDER OF THE BOARD

Gooi Soon Hock
Executive Director
7-Aug-08

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 second quarter 2008 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, 7 August 2008