ELECTROTECH

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.

	3 months ended			9 months ended		
	30/09/08 $'000	30/09/07 $'000	% Change	30/09/08 $'000	30/09/07 $'000	% Change
Revenue	58,153	64,290	-9.5%	178,246	182,507	-2.3%
Cost of sales	(49,262)	(54,057)	-8.9%	(151,636)	(151,618)	0.0%
Gross profit	8,891	10,233	-13.1%	26,610	30,889	-13.9%
Other gains	439	924	-52.5%	1,320	1,901	-30.6%
Selling and distribution expenses	(1,187)	(1,350)	-12.1%	(3,670)	(3,554)	3.3%
Administrative and general expenses	(2,463)	(2,630)	-6.3%	(7,710)	(7,975)	-3.3%
Other operating expenses	-	(91)	-100.0%	(328)	(395)	-17.0%
Interest income	362	315	14.9%	967	992	-2.5%
Finance costs	(5)	(14)	-64.3%	(27)	(75)	-64.0%
Share of result of associated companies	(11)	(17)	-35.3%	(45)	(94)	-52.1%
Profit before taxation	6,026	7,370	-18.2%	17,117	21,689	-21.1%
Income tax expense	(1,091)	(1,291)	-15.5%	(3,742)	(4,267)	-12.3%
Total profit	4,935	6,079	-18.8%	13,375	17,422	-23.2%
Attributable to :						
Equity holders of the Company	4,935	6,079	-18.8%	13,375	17,411	-23.2%
Minority Interest	-	-	-	-	11	N.M.
	4,935	6,079	-18.8%	13,375	17,422	-23.2%

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			9 months ended		
	30/09/08	30/09/07	%	30/09/08	30/09/07	%
	$'000	$'000	Change	$'000	$'000	Change
Profit for the period is arrived at after charging/(crediting) :-						
Investment income	-	-	-	-	-	-
Other income including interest income	(801)	(1,239)	-35.4%	(2,287)	(2,893)	-20.9%
Interest on borrowings	5	14	-64.3%	27	75	-64.0%
Depreciation of property, plant and equipment	2,087	2,387	-12.6%	6,226	7,112	-12.5%
(Write-back)/Allowance for doubtful debts and bad debts written off	-	(20)	N.M.	-	-	-
(Write back)/Allowance for inventory obsolescence	18	(114)	115.8%	(498)	(157)	217.2%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss -realised	(137)	(290)	-52.8%	(67)	(277)	-75.8%
Foreign exchange (gain)/ loss -unrealised	175	(46)	480.4%	204	(119)	271.4%
Adjustments for (over)/ under provision of tax in respect of prior years	60	3	1900.0%	60	(193)	131.1%
(Gain)/Loss on disposal of property, plant and equipment	(33)	(292)	-88.7%	(194)	(334)	-41.9%
Property, plant and equipment written off	7	5	40.0%	11	7	57.1%
Loss on disposal of a subsidiary	-	-	-	-	9	N.M.
Gain on dilution of interest in an associate	(244)	-	N.M.	(244)	-	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	
	30/09/08	**31/12/07**	**30/09/08**	**31/12/07**
	$'000	**$'000**	**$'000**	**$'000**
NON-CURRENT ASSETS				
Property, plant and equipment	54,520	56,605	-	-
Investments in subsidiaries	-	-	51,283	51,283
Investment in associated company	-	6,201	-	6,400
Financial asset available for sale	6,400	-	6,400	-
Goodwill arising on consolidation	13,757	13,757	-	-
Deferred income tax assets	968	1,218	-	-
Receivables from subsidiaries	-	-	3,654	4,067
	75,645	77,781	61,337	61,750
CURRENT ASSETS				
Inventories	48,229	52,781	-	-
Trade receivables	49,179	48,535	-	-
Dividends receivable from subsidiaries	-	-	-	6,849
Other receivables	4,290	3,269	289	17
Tax recoverable	691	387	-	-
Short term funds with a financial institution	6,051	9,329	-	-
Cash and cash equivalents	40,048	34,693	7,750	7,582
	148,488	148,994	8,039	14,448
Total assets	224,133	226,775	69,376	76,198
CURRENT LIABILITIES				
Trade payables	27,756	33,578	-	-
Other payables	12,720	11,414	338	260
Borrowings	380	681	-	-
Taxation	11	476	8	27
	40,867	46,149	346	287
NON CURRENT LIABILITIES				
Borrowings	157	104	-	-
Deferred income tax liabilities	2,005	2,208	-	-
	2,162	2,312	-	-
Total liabilities	43,029	48,461	346	287
NET ASSETS	181,104	178,314	69,030	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	10,575	14,243	-	-
Capital reserve	2,345	2,345	-	-
Retained profits / (Accumulated losses)	91,569	85,111	(7,585)	(704)
	104,489	101,699	(7,585)	(704)
TOTAL EQUITY	181,104	178,314	69,030	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 30/09/08		As at 31/12/07	
Secured $'000	**Unsecured $'000**	**Secured $'000**	**Unsecured $'000**
139	241	421	260

Amount repayable after one year

As at 30/09/08		As at 31/12/07	
Secured $'000	**Unsecured $'000**	**Secured $'000**	**Unsecured $'000**
157	-	104	-

Details of any collateral

The secured borrowings of the Group as at 30 September 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 9 months ended	
	30/09/08	30/09/07	30/09/08	30/09/07
	$ '000	$ '000	$ '000	$ '000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	6,026	7,370	17,117	21,689
Adjustments for:				
Exchange differences	56	126	277	(18)
Depreciation of property, plant and equipment	2,087	2,387	6,226	7,112
(Gain)/Loss on disposal of property, plant and equipment	(33)	(292)	(194)	(334)
Property, plant and equipment written off	7	5	11	7
Loss on disposal of a subsidiary	-	-	-	9
Interest income	(362)	(315)	(967)	(992)
Interest expense	5	14	27	75
Share of result of associated companies	11	17	45	94
Gain on dilution of interest in an associate	(244)	-	(244)	-
Operating cash flow before working capital changes	7,553	9,312	22,298	27,642
Changes in operating assets and liabilities :				
Inventories	338	(1,387)	3,464	(10,694)
Receivables	(3,360)	(9,702)	(2,924)	(11,515)
Payables	2,068	4,755	(5,719)	3,576
Associated company	-	(79)	-	(55)
Cash flows generated from operations	6,599	2,899	17,119	8,954
Tax paid	(1,101)	(2,884)	(4,445)	(5,883)
Tax refunded	-	-	-	25
Interest paid	(5)	(14)	(27)	(75)
NET CASH GENERATED FROM OPERATING ACTIVITIES	5,493	1	12,647	3,021
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	362	315	967	992
Purchase of property, plant and equipment **(Note 1)**	(2,201)	(2,061)	(3,705)	(5,620)
Proceeds from disposal of property, plant and equipment	124	503	402	672
Proceeds from disposal of shares in a subsidiary, net of cash disposed of **(Note 2)**	-	-	-	21
NET CASH USED IN INVESTING ACTIVITIES	(1,715)	(1,243)	(2,336)	(3,935)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of finance lease liabilities	(91)	(122)	(361)	(386)
Repayment of short term borrowings	(411)	-	(2,031)	-
Proceeds from short term borrowings	225	818	2,022	887
Proceeds from term loan	-	-	-	342
(Placement)/Withdrawal of short term fund with a financial institution	(72)	1,215	2,926	1,089
Withdrawal of deposits pledged as securities	-	90	-	209
Dividend paid to shareholders	-	-	(6,917)	(7,923)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(349)	2,001	(4,361)	(5,782)
Net increase / (decrease) in cash and cash equivalents	3,429	759	5,950	(6,696)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR	37,053	28,870	34,693	35,599
Effect of exchange rate changes on cash and cash equivalents	(434)	(101)	(595)	625
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	40,048	29,528	40,048	29,528

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 9 months ended	
	30/09/08	**30/09/07**	**30/09/08**	**30/09/07**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Cash and cash equivalents at end of the financial period comprise:				
Deposits with licensed banks	28,981	13,747	28,981	13,747
Cash and bank balances	11,067	15,797	11,067	15,797
Bank overdrafts	-	-	-	-
	40,048	29,544	40,048	29,544
Less: Deposits pledged as securities **(Note 3)**	-	(16)	-	(16)
	40,048	29,528	40,048	29,528

Note 1 :

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of $5,964,000 (30.09.2007: $5,984,000) of which $148,000 (30.09.2007: $Nil) was acquired by means of finance lease arrangement and $2,111,000 (30.09.2007: $364,000) included in other payables at balance sheet date. Cash payments of $3,705,000 (30.09.2007: $5,620,000) 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	
	30/09/08	**30/09/07**
	$ '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 (30.09.2007: $16,000) 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 September 2008 and 30 September 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 July 2007	76,615	14,238	2,345	73,441	-	166,639
Currency translation differences	-	(1,413)	-	-	-	(1,413)
Net loss recognised directly in equity	-	(1,413)	-	-	-	(1,413)
Net profit for the quarter	-	-	-	6,079	-	6,079
Total recognised (loss)/gain for the quarter	-	(1,413)	-	6,079	-	4,666
Dividend paid	-	-	-	-	-	-
At 30 September 2007	76,615	12,825	2,345	79,520	-	171,305
At 1 July 2008	76,615	12,621	2,345	86,634	-	178,215
Currency translation differences	-	(2,046)	-	-		(2,046)
Net loss recognised directly in equity	-	(2,046)	-	-	-	(2,046)
Net profit for the quarter	-	-	-	4,935	-	4,935
Total recognised (loss)/gain for the quarter	-	(2,046)	-	4,935	-	2,889
Dividend paid	-	-	-	-	-	-
At 30 September 2008	76,615	10,575	2,345	91,569	-	181,104

	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 July 2007	76,615	-	-	(7,575)	-	69,040
Net profit for the quarter	-	-	-	34	-	34
At 30 September 2007	76,615	-	-	(7,541)	-	69,074
At 1 July 2008	76,615	-	-	(7,569)	-	69,046
Net loss for the quarter	-	-	-	(16)	-	(16)
At 30 September 2008	76,615	-	-	(7,585)	-	69,030

(b) Statement of changes in equity for the nine months ended 30 September 2008 and 30 September 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	-	2,035	-	-	-	2,035
Net gain recognised directly in equity	-	2,035	-	-	-	2,035
Net profit for the financial period	-	-	-	17,411	11	17,422
Total recognised gain for the financial period	-	2,035	-	17,411	11	19,457
Disposal of shares in a subsidiary	-	-	-	-	(533)	(533)
Dividend paid	-	-	-	(7,923)	-	(7,923)
At 30 September 2007	76,615	12,825	2,345	79,520	-	171,305
At 1 January 2008	76,615	14,243	2,345	85,111	-	178,314
Currency translation differences	-	(3,668)	-	-		(3,668)
Net loss recognised directly in equity	-	(3,668)	-	-	-	(3,668)
Net profit for the financial period	-	-	-	13,375	-	13,375
Total recognised (loss)/gain for the financial period	-	(3,668)	-	13,375	-	9,707
Dividend paid	-	-	-	(6,917)	-	(6,917)
At 30 September 2008	76,615	10,575	2,345	91,569	-	181,104

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	-	-	-	117	-	117
Dividend paid	-	-	-	(7,923)	-	(7,923)
At 30 September 2007	76,615	-	-	(7,541)	-	69,074
At 1 January 2008	76,615	-	-	(704)	-	75,911
Net profit for the financial period	-	-	-	36	-	36
Dividend paid	-	-	-	(6,917)	-	(6,917)
At 30 September 2008	76,615	-	-	(7,585)	-	69,030

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	
	30/09/08	**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 financial information for the nine-month period ended 30 September 2008 as set out in paragraphs 1, 4, 5, 6 and 7 of this announcement has been extracted from the condensed interim financial report that has been reviewed in accordance with Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity".

As the Company had on 3 November 2008 released a joint announcement together with ETLA Limited ("ETLA", and together with its subsidiaries, the "ETLA Group") on the proposed acquisition by the Company of all the shares in ETLA resulting in the merger of the Group with the ETLA Group (the "Proposed Merger"), the Third Quarter FY2008 interim financial information of the Group have been reported on by the Company's auditors and the financial adviser to the Company in accordance with the Singapore Code on Take-overs and Mergers.

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

The following is the independent auditor's review report dated 13 November 2008 on the condensed interim financial information of the Company and its subsidiaries for the nine-month period ended 30 September 2008:

Introduction

ElectroTech Investments Limited has engaged us to review the condensed interim financial information for the nine-month period ended 30 September 2008 as a requirement under Rule 25.6(c) of the Singapore Code on Take-overs and Merger.

We have reviewed the accompanying condensed interim financial information of ElectroTech Investments Limited ("the Company") and its subsidiaries (the "Group") set out on pages 2 to 12, which comprise the condensed interim balance sheet of the Company and of the Group as of 30 September 2008 and the related condensed consolidated interim income statement of the Group, condensed interim statements of changes in equity of the Company and of the Group and condensed consolidated interim cash flow statement of the Group for the nine-month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with Financial Reporting Standard 34 ("FRS 34"), 'Interim financial reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with FRS 34.

PricewaterhouseCoopers
Certified Public Accountants
Singapore, 13 November 2008

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 nine months ended 30 September 2008 of approximately $468,000 and $1,431,500 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 9 months ended	
	30/09/08	**30/09/07**	**30/09/08**	**30/09/07**
(i) Basic earnings per share (cents)	1.62	1.99	4.39	5.71
(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 third quarter and nine months ended 30 September 2008 and 30 September 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	
	30/09/08	**31/12/07**	**30/09/08**	**31/12/07**
Net asset value per ordinary share based on issued share capital at the end of financial period / year (cents)	59.43	58.52	22.65	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 30.09.2008 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	3Q	q-o-q	9 Month Total
FY2008 (S$ m)	61.7	58.4	58.2	(0.5%)	178.2
FY2007 (S$ m)	56.8	61.4	64.3	4.7%	182.5
y-o-y	8.6%	(4.9%)	(9.5%)	-	(2.3%)

For the three months ended 30 September 2008 (3Q08), Group revenue declined 9.5% year-on-year to S$58.2 million, from S$64.3 million in 3Q07. This was mainly attributable to slower sales of both the Mechatronics and EMS Divisions during the period under review. On a sequential basis, Group revenue in 3Q08 was steady compared to S$58.4 million in 2Q08 despite a more challenging operating backdrop due to weaker economic and business conditions worldwide.

For the nine months ended 30 September 2008 (9M08), Group revenue was marginally lower at S$178.2 million, compared to S$182.5 million in 9M07.

Revenue breakdown by Division

	3Q08		3Q07		y-o-y
	S$ m	%	S$ m	%	%
Mechatronics	38.2	65.6	42.0	65.3	(9.2)
EMS	20.0	34.4	22.3	34.7	(10.2)
Total	58.2	100.0	64.3	100.0	(9.5)

Revenue at the Mechatronics Division declined 9.2% to S$38.2 million in 3Q08, from S$42.0 million in 3Q07. This is attributable mainly to the Semiconductor segment, which registered significantly lower sales due to a cyclical slowdown in the semiconductor equipment market. Sequentially, the division's sales were down a lesser 5.7% from S$40.4 million in 2Q08 due to improved sales to customers in the Medical segment.

Revenue at the EMS Division declined 10.2% to S$20.0 million in 3Q08, from S$22.3 million in 3Q07. This is attributable to lower sales of the Keypad/Telco segment as a result of stiff competition in the global mobile handset supply chain and the scaling back of capacity of this volatile segment to facilitate growth in the Automotive segment. On a sequential basis, the EMS Division's revenue in 3Q08 increased 11.3% from S$18.0 million in 2Q08 due to traditionally stronger third quarter for Keypad/Telco segment, initial contribution from commercial production of sputtering type keypads and increase in industrialisation projects at the Automotive segment.

The Mechatronics Division continued to account for the major proportion of Group revenue with a contribution of 65.6% for 3Q08, and 69.1% for 9M08.

<u>Mechatronics Division</u>

Revenue breakdown by Business Segment

	3Q08	3Q07	y-o-y	2Q08	q-o-q	9M08	9M07	y-o-y
	S$ m	S$ m	%	S$ m	%	S$ m	S$ m	%
Semiconductor	5.7	12.6	(55.4)	8.5	(33.9)	25.4	43.1	(41.1)
Medical	18.0	15.2	18.4	16.8	7.3	51.4	40.0	28.7
Analytical	11.5	11.4	1.5	11.6	(1.1)	36.3	34.3	5.8
Others	3.0	2.8	6.4	3.5	(14.6)	10.0	8.5	16.9
Total	38.2	42.0	(9.2)	40.4	(5.7)	123.1	125.9	(2.2)

The Medical segment continued to perform strongly in 3Q08, contributed by the improving order flow of a product introduced in 3Q07. As a result, sales at the Medical segment grew to S$18.0 million in 3Q08, 18.4% higher than S$15.2 million in 3Q07 and 7.3% above 2Q08 sales of S$16.8 million, despite being hampered by a delay in the launch of a new product for another medical customer.

In addition, the division registered a modest 6.4% increase in sales of S$3.0 million to the Others segment while sales to the Analytical segment remained steady at S$11.5 million, compared to 3Q07. However, the overall performance of the Mechatronics Division in 3Q08 was dampened by the 55.4% decline in sales to semiconductor customers.

For 9M08, the weaker performance of the Semiconductor segment was balanced by strong sales growth of the Medical and Others segments. As a result, the Mechatronics division posted a marginal 2.2% sales decline to S$123.1 million, from S$125.9 million in 9M07.

EMS Division

Revenue breakdown by Business Segment

	3Q08	3Q07	y-o-y	2Q08	q-o-q	9M08	9M07	y-o-y
	S$ m	S$ m	%	S$ m	%	S$ m	S$ m	%
Keypad/Telco	8.3	12.1	(31.5)	6.5	28.2	23.0	32.0	(28.0)
Office Automation	4.1	4.1	0.8	4.7	(11.9)	11.9	10.5	12.7
Automotive	4.7	2.6	84.8	3.5	33.7	11.2	5.1	119.1
Others	2.9	3.5	(18.9)	3.3	(12.9)	9.0	9.0	0.4
Total	20.0	22.3	(10.2)	18.0	11.3	55.1	56.6	(2.6)

The Automotive segment has continued to witness good growth with sales in 3Q08 increasing 84.8% to S$4.7 million, from S$2.6 million in 3Q07, due to the higher number of industrialisation projects in commercial production. Automotive sales momentum was also registered on a sequential basis with growth of 33.7% from S$3.5 million in 2Q08. However, revenue growth in 3Q08 was still lower-than-anticipated due to the slowdown in the USA economy, which is the target market for most of the newly launched automotive products.

Growth of the Automotive segment helped cushion the division from the softer performance of the Keypad/Telco segment, which registered a 31.5% year-on-year sales decline to S$8.3 million during 3Q08 due to keener competition in the global mobile handset supply chain. On a quarter-on-quarter basis, sales of the Keypad/Telco segment in 3Q08 increased 28.2% from S$6.5 million in 2Q08 due to initial contribution from the production launch of sputtering type keypads and the traditionally stronger third quarter for this segment.

Meanwhile, sales of S$4.1 million for the Office Automation segment in 3Q08 were flat compared to 3Q07. On a sequential basis, sales for this segment declined 11.9% from S$4.7 million in 2Q08, as sales designated for the USA market softened from fallout of the slowdown. Sales of the Others segment decreased 18.9% year-on-year to S$2.9 million in 3Q08.

For 9M08, the EMS Division reported a marginal 2.6% decline in revenue to S$55.1 million, from S$56.6 million in 9M07, as increased sales of the Automotive and Office Automation segments cushioned against lower sales of the Keypad/Telco segment. This reinforced the Group's strategy to build a more balanced and stable revenue mix for the EMS Division by diversifying to higher-value products with longer life cycles.

Gross Profit

The Group's gross profit (GP) fell by 13.1% to S$8.9 million in 3Q08 while GP margin of 15.3% in 3Q08 was slightly lower than 15.9% in 3Q07.

This is attributable to slight improvement in the GP Margin of the EMS Division in 3Q08 as margin pressures caused by softer pricing of the keypad business and higher production costs of scaling up the automotive segment were cushioned by a lower depreciation charge of approximately S$0.5 million in the division's gross profit (Please refer to item 5 for additional details).

On the other hand, the Mechatronics Division recorded a softer GP margin attributable to the shift in its sales mix, as well as increases in costs of labour, depreciation and energy.

For 9M08, the Group's GP margin contracted to 14.9%, from 16.9% in 9M07. 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 52.5% to S$0.4 million and 30.6% to S$1.3 million in 3Q08 and 9M08 respectively. The declines were mainly due to a decrease in foreign exchange gain during the period, lower gain on disposal of plant and machinery but partly off-set by a gain on dilution of investment in associate.

Operating expenses

Selling and distribution expenses declined 12.1% to S$1.2 million, owing to a reduction in sales and marketing related expenses. Administrative and general expenses declined 6.3% to S$2.5 million.

For 9M08, selling and distribution expenses increased a marginal 3.3% year-on-year to S$3.7 million mainly due to higher sales commission and an increase in freight charges arising from higher automotive sales. Meanwhile, administrative and general expenses declined 3.3% to S$7.7 million.

Interest Income

Interest income increased by 14.9% year-on-year to S$0.4 million in 3Q08, and remained steady at S$1.0 million for 9M08.

Taxation

Taxation decreased by 15.5% to S$1.1 million in 3Q08 as profit before tax was lower compared to 3Q07.

For 9M08, taxation decreased by 12.3% to S$3.7 million as the Group posted a lower profit before tax for the period. The effective tax rate of 21.9% in 9M08 was higher than 19.7% in 9M07 from lower incentive claim at the EMS Division.

Group Net Profit

Group net profit decreased 18.8% to S$4.9 million in 3Q08, compared to S$6.1 million in 3Q07, which is the result of lower net profits of S$3.2 million and S$1.6 million reported by the Mechatronics and EMS Divisions respectively. On a sequential basis, 3Q08 net profit increased 22.1% from S$4.0 million in 2Q08. While the Group's net profit margin of 8.5% in 3Q08 was lower than 9.5% in 3Q07, it was an improvement from 6.9% in 2Q08.

For 9M08, Group net profit was down 23.2% to S$13.4 million, from S$17.4 million in 9M07.

Balance Sheet

The Group continues to remain in a sound financial position. As at 30 September 2008, the Group had total assets of S$224.1 million and shareholders' equity of S$181.1 million.

The Group also maintained a net cash position at the end of 3Q08 with cash and cash equivalents (including short-term funds placed with a financial institution) amounting to S$46.1 million, compared to S$44.0 million as at 31 December 2007. The Group also reduced short term borrowings to S$0.4 million, from S$0.7 million at the end of FY2007 while its long term borrowings from hire purchase financing stood at S$0.2 million.

As at 30 September 2008, net asset per share amounted to 59.4 cents, of which cash comprised 25.5% or 15.1 cents per share.

In line with the prevailing softer market conditions, the Group held lower inventories of S$48.2 million at end-3Q08, compared to S$52.8 million at end-FY2007. This translated to an inventory turnover of 87 days for 9M08, against 94 days for FY2007.

The Group had trade receivables of S$49.2 million and trade payables of S$27.8 million at end-3Q08, compared to S$48.5 million and S$33.6 million respectively at end-FY2007.

Cash Flow Analysis

The Group generated net cash flow from operating activities of S$5.5 million in 3Q08.

During the period, the Group invested S$2.2 million to acquire new equipment and upgrade the facilities of the Mechatronics and EMS Divisions. After accounting for interest received of S$0.4 million and proceeds of S$0.1 million from the disposal of equipment, net cash used for investing activities amounted to S$1.7 million in 3Q08.

Net cash used in financing activities during 3Q08 was S$0.3 million after accounting for repayment of borrowings, proceeds from short-term borrowings and placement of short term funds placed with a financial institution.

As a result of the above, the Group ended 3Q08 with a net cash increase of S$3.4 million. When added to its cash and cash equivalents of S$37.1 million at the beginning of 3Q08, this amounted in an ending cash balance of S$40.0 million. Together with short term funds of S$6.1 million it has placed with a financial institution, the total cash of the Group amounted to S$46.1 million as at 30 September 2008.

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

The Group had previously published certain expectations of revenue, profit and/or growth for FY2008 in the financial results and results presentations for its First Quarter FY2008. However, since then the business outlook for the technology sector has become more challenging due to the slowdown in the world's economy and the current global credit crisis. Accordingly, no forecast or prospect statement was previously disclosed in the Second Quarter FY2008 financial results or results presentation.

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.

The business outlook for the technology sector has become more challenging due to the slowdown in the world's economy and the current global credit crisis. With a sound balance sheet that comprises strong cash balances and minimal borrowings, the Group will continue to pursue its business strategies for both the Mechatronics and EMS Divisions.

The Company had also with ETLA jointly announced the Proposed Merger on 3 November 2008. More details of the Proposed Merger are set out in the said joint announcement, a copy of which is available at the website of the SGX-ST at ***www.sgx.com<http://www.sgx.com>***.

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 4Q08.

At the same time, the division will continue to execute its strategy to gradually transfer suitable and relevant products and systems from The Netherlands to its plant in Penang. This will enable it to take advantage of a lower manufacturing cost structure in Penang while freeing up capacity in The Netherlands to cater for new development projects. Presently, production volume for the first medical module transferred from The Netherlands is expected to ramp up in 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 while progress is being made on additional three new projects for existing and new customers.

EMS Division

The Group will continue to develop the EMS Division's business in the Office Automation and Automotive segments. This is in line with the division's strategy to broaden its revenue base by shifting its product mix towards products with higher-value and longer life cycles, which will counter balance the higher revenue volatility and shorter visibility of the keypad business.

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.

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
13-Nov-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 third quarter 2008 financial results to be false or misleading.

On behalf of the Board of Directors

(Signed)	*(Signed)*
Gooi Soon Hock	Sebastiaan Johannes van Sprang
Executive Director	Executive Director

Singapore, 13 November 2008