



## ELECTROTECH INVESTMENTS LIMITED

(Registration No. 199905084D)

---

### Unaudited Full Year 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			12 months ended		
	31/12/08	31/12/07	%	31/12/08	31/12/07	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
Revenue	48,705	63,652	-23.5%	226,951	246,159	-7.8%
Cost of sales	(43,693)	(52,974)	-17.5%	(195,329)	(204,592)	-4.5%
Gross profit	5,012	10,678	-53.1%	31,622	41,567	-23.9%
Other gains	350	284	23.2%	1,670	1,621	3.0%
Selling and distribution expenses	(1,027)	(1,750)	-41.3%	(4,697)	(5,304)	-11.4%
Administrative and general expenses	(2,297)	(2,285)	0.5%	(10,007)	(10,260)	-2.5%
Other operating expenses	(658)	(631)	4.3%	(986)	(462)	113.4%
Interest income	436	368	18.5%	1,403	1,360	3.2%
Finance costs	(4)	(10)	-60.0%	(31)	(85)	-63.5%
Share of result of associated companies	-	(1)	N.M.	(45)	(95)	-52.6%
Profit before taxation	1,812	6,653	-72.8%	18,929	28,342	-33.2%
Income tax expense	(502)	(1,062)	-52.7%	(4,244)	(5,329)	-20.4%
Total profit	1,310	5,591	-76.6%	14,685	23,013	-36.2%
Attributable to :						
Equity holders of the Company	1,310	5,591	-76.6%	14,685	23,002	-36.2%
Minority Interest	-	-	-	-	11	N.M.
	1,310	5,591	-76.6%	14,685	23,013	-36.2%

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			12 months ended		
	31/12/08	31/12/07	%	31/12/08	31/12/07	%
	\$'000	\$'000	Change	\$'000	\$'000	Change
<b>Profit for the period/year is arrived at after charging/(crediting) :-</b>						
Investment income	-	-	-	-	-	-
Other income including interest income	(786)	(652)	20.6%	(3,073)	(2,981)	3.1%
Interest on borrowings	4	10	-60.0%	31	85	-63.5%
Depreciation of property, plant and equipment	2,163	2,491	-13.2%	8,389	9,603	-12.6%
(Write-back)/Allowance for doubtful debts and bad debts written off	12	-	N.M.	12	-	N.M.
(Write back)/Allowance for inventory obsolescence	403	(137)	393.9%	(95)	(294)	-67.5%
Impairment in value of investments	-	-	-	-	-	-
Foreign exchange (gain)/ loss -realised	233	388	-40.0%	166	111	49.4%
Foreign exchange (gain)/ loss -unrealised	90	249	-63.9%	294	130	-126.1%
Adjustments for (over)/ under provision of tax in respect of prior years	10	64	-84.8%	70	(129)	154.1%
(Gain)/Loss on disposal of property, plant and equipment	(12)	(51)	-76.5%	(206)	(385)	-46.5%
Property, plant and equipment written off	20	-	N.M.	31	6	424.3%
(Gain)/Loss on disposal of an associated company	-	69	N.M.	-	69	N.M.
Loss on disposal of a subsidiary	-	-	-	-	9	N.M.
Gain on dilution of interest in an associate	-	-	-	(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	
	31/12/08 \$'000	31/12/07 \$'000	31/12/08 \$'000	31/12/07 \$'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	53,684	56,605	-	-
Investments in subsidiaries	-	-	51,297	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	1,176	1,218	-	-
Receivables from subsidiaries	-	-	-	4,067
	<u>75,017</u>	<u>77,781</u>	<u>57,697</u>	<u>61,750</u>
<b>CURRENT ASSETS</b>				
Inventories	45,976	52,781	-	-
Trade receivables	41,551	48,535	-	-
Receivables from subsidiaries	-	-	2,540	-
Dividends receivable from subsidiaries	-	-	7,143	6,849
Other receivables	3,968	3,269	741	17
Tax recoverable	593	387	-	-
Financial asset, available-for-sale	6,049	9,329	-	-
Cash and cash equivalents	39,736	34,693	7,609	7,582
	<u>137,873</u>	<u>148,994</u>	<u>18,033</u>	<u>14,448</u>
Total assets	<u>212,890</u>	<u>226,775</u>	<u>75,730</u>	<u>76,198</u>
<b>CURRENT LIABILITIES</b>				
Trade payables	19,943	33,578	-	-
Other payables	11,142	11,414	641	260
Borrowings	76	681	-	-
Taxation	93	476	10	27
	<u>31,254</u>	<u>46,149</u>	<u>651</u>	<u>287</u>
<b>NON CURRENT LIABILITIES</b>				
Borrowings	134	104	-	-
Deferred income tax liabilities	1,805	2,208	-	-
	1,939	2,312	-	-
Total liabilities	<u>33,193</u>	<u>48,461</u>	<u>651</u>	<u>287</u>
<b>NET ASSETS</b>	<u>179,697</u>	<u>178,314</u>	<u>75,079</u>	<u>75,911</u>
<b>EQUITY</b>				
Capital and reserves attributable to the Company's equity holders				
Share capital	76,615	76,615	76,615	76,615
Foreign currency translation reserve	7,844	14,243	-	-
Capital reserve	2,345	2,345	-	-
Share option reserve	14	-	14	-
Retained profits / (Accumulated losses)	92,879	85,111	(1,550)	(704)
	103,082	101,699	(1,536)	(704)
<b>TOTAL EQUITY</b>	<u>179,697</u>	<u>178,314</u>	<u>75,079</u>	<u>75,911</u>

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

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

<b>As at 31/12/08</b>	
<b>Secured</b>	<b>Unsecured</b>
<b>\$'000</b>	<b>\$'000</b>
76	-

<b>As at 31/12/07</b>	
<b>Secured</b>	<b>Unsecured</b>
<b>\$'000</b>	<b>\$'000</b>
421	260

**Amount repayable after one year**

<b>As at 31/12/08</b>	
<b>Secured</b>	<b>Unsecured</b>
<b>\$'000</b>	<b>\$'000</b>
134	-

<b>As at 31/12/07</b>	
<b>Secured</b>	<b>Unsecured</b>
<b>\$'000</b>	<b>\$'000</b>
104	-

**Details of any collateral**

The secured borrowings of the Group as at 31 December 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.**

	<b>Group</b>		<b>Group</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31/12/08</b>	<b>31/12/07</b>	<b>31/12/08</b>	<b>31/12/07</b>
	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Total profit</b>	1,310	5,591	14,685	23,013
Adjustments for:				
Income tax expense	502	1,062	4,244	5,329
Exchange differences	206	358	483	340
Employee share option expense	14	-	14	-
Depreciation of property, plant and equipment	2,163	2,491	8,389	9,603
Gain on disposal of property, plant and equipment	(12)	(51)	(206)	(385)
Property, plant and equipment written off	20	-	31	6
Loss on disposal of a subsidiary	-	-	-	9
Loss on disposal of an associated company	-	69	-	69
Interest income	(436)	(368)	(1,403)	(1,360)
Interest expense	4	10	31	85
Share of result of associated companies	-	1	45	95
Gain on dilution of interest in an associate	-	-	(244)	-
Operating cash flow before working capital changes	<u>3,771</u>	<u>9,163</u>	<u>26,069</u>	<u>36,804</u>
<b>Changes in operating assets and liabilities :</b>				
Inventories	976	(4,090)	4,440	(14,784)
Receivables	6,890	8,974	3,966	(2,541)
Payables	(8,684)	(3,223)	(14,403)	354
Amount due from a former associated company	-	(201)	-	(256)
<b>Cash flows generated from operations</b>	<u>2,953</u>	<u>10,623</u>	<u>20,072</u>	<u>19,577</u>
Tax paid	(712)	(2,461)	(5,157)	(8,344)
Tax refunded	-	-	-	25
Interest paid	(4)	(10)	(31)	(85)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u>2,237</u>	<u>8,152</u>	<u>14,884</u>	<u>11,173</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	436	368	1,403	1,360
(Placement)/Withdrawal of short term fund with a financial institution	(72)	(70)	2,854	1,019
Purchase of property, plant and equipment ( <b>Note 1</b> )	(1,994)	(3,305)	(5,699)	(8,925)
Proceeds from disposal of property, plant and equipment	17	86	419	758
Proceeds from disposal of shares in a subsidiary, net of cash disposed of ( <b>Note 2</b> )	-	-	-	21
Proceeds from disposal of an associated company	-	308	-	308
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(1,613)</u>	<u>(2,613)</u>	<u>(1,023)</u>	<u>(5,459)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of finance lease liabilities	(83)	(121)	(444)	(507)
Repayment of short term borrowings	(242)	(885)	(2,270)	(885)
Proceeds from short term borrowings	-	261	2,019	1,148
Proceeds from term loan	-	-	-	342
Withdrawal of deposits pledged as securities	-	16	-	225
Dividend paid to shareholders	-	-	(6,917)	(7,923)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(325)</u>	<u>(729)</u>	<u>(7,612)</u>	<u>(7,600)</u>
Net increase / (decrease) in cash and cash equivalents	299	4,810	6,249	(1,886)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR</b>	40,048	29,528	34,693	35,599
Effect of exchange rate changes on cash and cash equivalents	(611)	355	(1,206)	980
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR</b>	<u>39,736</u>	<u>34,693</u>	<u>39,736</u>	<u>34,693</u>

**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	
	3 months ended		12 months ended	
	31/12/08	31/12/07	31/12/08	31/12/07
	\$ '000	\$ '000	\$ '000	\$ '000
<b>Cash and cash equivalents at end of the financial period comprise:</b>				
Deposits with licensed banks	12,358	20,951	12,358	20,951
Cash and bank balances	27,378	13,742	27,378	13,742
Bank overdrafts	-	-	-	-
	<u>39,736</u>	<u>34,693</u>	<u>39,736</u>	<u>34,693</u>

**Note 1 :**

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of \$8,147,000 (31.12.2007: \$10,464,000) of which \$148,000 (31.12.2007: \$Nil) was acquired by means of finance lease arrangement and \$2,300,000 (31.12.2007: \$1,539,000) included in other payables at balance sheet date. Cash payments of \$5,699,000 (31.12.2007: \$8,925,000) 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	
	31/12/08	31/12/07
	\$ '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	<u>-</u>	<u>1,796</u>
Trade and other payables	-	(312)
Payable to related companies	-	(46)
Term loan	-	(342)
Taxation	-	(7)
Total liabilities	<u>-</u>	<u>(707)</u>
Net identifiable assets of the subsidiary	-	1,089
Less: Minority Interest	-	(533)
Less: Transfer to investment in associated company	-	(327)
Net identifiable assets disposed	<u>-</u>	<u>229</u>
Loss on disposal	-	(9)
Cash proceeds from disposal	-	220
Less : Cash and cash equivalents in subsidiary disposed	-	(199)
Net cash inflow on disposal	<u>-</u>	<u>21</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**(a) Statement of changes in equity for the quarter ended 31 December 2008 and 31 December 2007**

	Attributable to equity holders of the Company						Total Equity
	Share Capital \$ '000	Currency Translation Differences \$ '000	Capital Reserve \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	Minority Interest \$ '000	\$ '000
<b>The Group</b>							
At 1 October 2007	76,615	12,825	2,345	-	79,520	-	171,305
Currency translation differences	-	1,418	-	-	-	-	1,418
Net gain recognised directly in equity	-	1,418	-	-	-	-	1,418
Net profit for the quarter	-	-	-	-	5,591	-	5,591
Total recognised gain for the quarter	-	1,418	-	-	5,591	-	7,009
Dividend paid	-	-	-	-	-	-	-
At 31 December 2007	<u>76,615</u>	<u>14,243</u>	<u>2,345</u>	<u>-</u>	<u>85,111</u>	<u>-</u>	<u>178,314</u>
At 1 October 2008	76,615	10,575	2,345	-	91,569	-	181,104
Currency translation differences	-	(2,731)	-	-	-	-	(2,731)
Net loss recognised directly in equity	-	(2,731)	-	-	-	-	(2,731)
Net profit for the quarter	-	-	-	-	1,310	-	1,310
Total recognised (loss)/gain for the quarter	-	(2,731)	-	-	1,310	-	(1,421)
Employee share option scheme - value of employee services	-	-	-	14	-	-	14
Dividend paid	-	-	-	-	-	-	-
At 31 December 2008	<u>76,615</u>	<u>7,844</u>	<u>2,345</u>	<u>14</u>	<u>92,879</u>	<u>-</u>	<u>179,697</u>
	Attributable to equity holders of the Company						Total Equity
	Share Capital \$ '000	Currency Translation Differences \$ '000	Capital Reserve \$ '000	Share Option Reserve \$ '000	Retained Profits / (Accumulated Losses) \$ '000	Minority Interest \$ '000	\$ '000
<b>The Company</b>							
At 1 October 2007	76,615	-	-	-	(7,541)	-	69,074
Net profit for the quarter	-	-	-	-	6,837	-	6,837
At 31 December 2007	<u>76,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(704)</u>	<u>-</u>	<u>75,911</u>
At 1 October 2008	76,615	-	-	-	(7,585)	-	69,030
Net profit for the quarter	-	-	-	-	6,035	-	6,035
Employee share option scheme - value of employee services	-	-	-	14	-	-	14
At 31 December 2008	<u>76,615</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>(1,550)</u>	<u>-</u>	<u>75,079</u>

**(b) Statement of changes in equity for the twelve months ended 31 December 2008 and 31 December 2007**

	Attributable to equity holders of the Company						Total Equity
	Share Capital \$ '000	Currency Translation Differences \$ '000	Capital Reserve \$ '000	Share Option Reserve \$ '000	Retained Profits \$ '000	Minority Interest \$ '000	\$ '000
<b>The Group</b>							
At 1 January 2007	76,615	10,790	2,345	-	70,032	522	160,304
Currency translation differences	-	3,453	-	-	-	-	3,453
Net gain recognised directly in equity	-	3,453	-	-	-	-	3,453
Net profit for the financial year	-	-	-	-	23,002	11	23,013
Total recognised gain for the financial year	-	3,453	-	-	23,002	11	26,466
Disposal of shares in a subsidiary	-	-	-	-	-	(533)	(533)
Dividend paid	-	-	-	-	(7,923)	-	(7,923)
At 31 December 2007	<u>76,615</u>	<u>14,243</u>	<u>2,345</u>	<u>-</u>	<u>85,111</u>	<u>-</u>	<u>178,314</u>
At 1 January 2008	76,615	14,243	2,345	-	85,111	-	178,314
Currency translation differences	-	(6,399)	-	-	-	-	(6,399)
Net loss recognised directly in equity	-	(6,399)	-	-	-	-	(6,399)
Net profit for the financial year	-	-	-	-	14,685	-	14,685
Total recognised (loss)/gain for the financial year	-	(6,399)	-	-	14,685	-	8,286
Employee share option scheme - value of employee services	-	-	-	14	-	-	14
Dividend paid	-	-	-	-	(6,917)	-	(6,917)
At 31 December 2008	<u>76,615</u>	<u>7,844</u>	<u>2,345</u>	<u>14</u>	<u>92,879</u>	<u>-</u>	<u>179,697</u>
	Attributable to equity holders of the Company						Total Equity
	Share Capital \$ '000	Currency Translation Differences \$ '000	Capital Reserve \$ '000	Share Option Reserve \$ '000	Retained Profits / (Accumulated Losses) \$ '000	Minority Interest \$ '000	\$ '000
<b>The Company</b>							
At 1 January 2007	76,615	-	-	-	265	-	76,880
Net profit for the financial year	-	-	-	-	6,954	-	6,954
Dividend paid	-	-	-	-	(7,923)	-	(7,923)
At 31 December 2007	<u>76,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(704)</u>	<u>-</u>	<u>75,911</u>
At 1 January 2008	76,615	-	-	-	(704)	-	75,911
Net profit for the financial year	-	-	-	-	6,071	-	6,071
Employee share option scheme - value of employee services	-	-	-	14	-	-	14
Dividend paid	-	-	-	-	(6,917)	-	(6,917)
At 31 December 2008	<u>76,615</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>(1,550)</u>	<u>-</u>	<u>75,079</u>



**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Issued and paid up capital

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

Share options

On 1 December 2008, the Company granted 8,960,000 options pursuant to ElectroTech's Employee Share Option Scheme at exercise price of \$0.155 per share ("2008 Options"). The 2008 Options are exercisable from 1 December 2010 and expire on 30 November 2018. As at 31 December 2008, there were 8,960,000 unissued shares of the Company under options in the 2008 Options.

**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.**

	<b>Total number of issued shares as at</b>	
	<b>31/12/08</b>	<b>31/12/07</b>
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 or 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 twelve months ended 31 December 2008 of approximately \$475,000 and \$1,906,000 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		Group	
	3 months ended 31/12/08	31/12/07	12 months ended 31/12/08	31/12/07
Earnings per ordinary share of the Group based on net profit attributable to the shareholders of the Company:				
(i) Based on weighted average number of shares (in cents)	0.43	1.83	4.82	7.55
- Weighted average number of shares (in thousand)	304,713	304,713	304,713	304,713
(ii) On a fully diluted basis (in cents)	0.43	1.83	4.75	7.55
- Adjusted weighted average number of shares (in thousand)	306,211	304,713	308,891	304,713

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 fourth quarter and twelve months ended 31 December 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	
	31/12/08	31/12/07	31/12/08	31/12/07
Net asset value per ordinary share based on issued share capital at the end of financial year (cents)	58.97	58.52	24.64	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 31.12.2008 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	4Q	q-o-q	12 Months Total
<b>FY2008 (S\$ m)</b>	61.7	58.4	58.2	48.7	(16.2%)	227.0
<b>FY2007 (S\$ m)</b>	56.8	61.4	64.3	63.7	(1.0%)	246.2
<b>y-o-y</b>	8.6%	(4.9%)	(9.5%)	(23.5%)	-	(7.8%)

Group revenue softened by 7.8% to S\$227.0 million for the financial year ended 31 December 2008 (FY2008). This was precipitated primarily by a sharp decline in Group sales from November 2008 in the wake of the worldwide credit crisis and severe downturn in the global economy. Consequently, Group revenue for the three months ended 31 December 2008 (4Q08) fell by 23.5% year-on-year to S\$48.7 million. This sudden deterioration in business conditions is also evident from the sequential fall of 16.2% from 3Q08 to 4Q08, when compared to the lesser decline of 1.0% that was witnessed in the corresponding periods in FY2007.

##### Revenue breakdown by Division

	FY2008		FY2007		y-o-y
	S\$ m	%	S\$ m	%	
<b>Mechatronics</b>	157.3	69.3	171.4	69.6	(8.2%)
<b>EMS</b>	69.6	30.7	74.8	30.4	(7.0%)
<b>Total</b>	226.9	100.0	246.2	100.0	(7.8%)

In FY2008, revenue at the Mechatronics Division declined 8.2% to S\$157.3 million while revenue at the EMS Division decreased 7.0% to S\$69.6 million. The Mechatronics Division continued to account for the major proportion of Group revenue in FY2008 with a contribution of 69.3%.

#### Mechatronics Division

##### Revenue breakdown by Business Segment

	4Q08	4Q07	y-o-y	3Q08	q-o-q	12M08	12M07	y-o-y
	S\$ m	S\$ m	%	S\$ m	%	S\$ m	S\$ m	%
<b>Semiconductor</b>	3.6	12.7	(71.8)	5.7	(36.5)	29.0	55.8	(48.1)
<b>Medical</b>	16.4	17.7	(7.8)	18.0	(8.9)	67.8	57.7	17.5
<b>Analytical</b>	11.0	11.4	(3.4)	11.5	(4.9)	47.2	45.7	3.6
<b>Others</b>	3.3	3.7	(8.7)	3.0	11.6	13.3	12.2	9.3
<b>Total</b>	34.3	45.5	(24.7)	38.2	(10.2)	157.3	171.4	(8.2)

Despite the slowing business environment in FY2008, the medical and analytical business segments turned in resilient sales performances, which helped to cushion the 48.1% decline in sales of its semiconductor segment. The weaker performance of the semiconductor business segment was due to a severe cyclical downturn in the semiconductor equipment market. Accordingly, the semiconductor business segment contributed a lower 18.4% of the division's revenue in FY2008, from 32.6% in FY2007.

Sales for the medical business segment rose by 17.5% to S\$67.8 million in FY2008 on the back of a ramp-up in orders of a product that was introduced by a major customer in 3Q07. As a result, the medical business segment accounted for 43.1% of the Mechatronics Division's revenue, compared to 33.7% in FY2007, and would have registered a stronger performance if not for the continued delay in the market introduction of a new product for another medical customer. Meanwhile, the analytical business segment benefited from steady customer orders amid depressed market conditions to post relatively stable sales of S\$47.2 million in FY2008. Sales of the Others segment also remained steady and grew 9.3% to S\$13.3 million.

However, all the division's three key business segments were affected by the sharp deterioration in the operating environment in 4Q08, which saw sales in this quarter contract on a year-on-year and sequential basis due to an increasing number of delays in product shipments as customers rescheduled their orders in response to changing market conditions.

## **EMS Division**

### **Revenue breakdown by Business Segment**

	<b>4Q08</b>	<b>4Q07</b>	<b>y-o-y</b>	<b>3Q08</b>	<b>q-o-q</b>	<b>12M08</b>	<b>12M07</b>	<b>y-o-y</b>
	S\$ m	S\$ m	%	S\$ m	%	S\$ m	S\$ m	%
<b>Keypad/Telco</b>	5.1	9.9	(48.9)	8.3	(38.8)	28.1	41.9	(32.9)
<b>Office Automation</b>	3.9	2.3	77.2	4.1	(4.3)	15.9	12.8	23.9
<b>Automotive</b>	2.3	2.5	(8.3)	4.7	(50.7)	13.5	7.6	76.8
<b>Others</b>	3.1	3.5	(11.5)	2.9	7.6	12.1	12.5	(2.9)
<b>Total</b>	14.4	18.2	(20.6)	20.0	(27.9)	69.6	74.8	(7.0)

Sales of the automotive segment increased 76.8% to S\$13.5 million in FY2008 due to a larger number of industrialization projects in commercial production during the year. The start of mass production of a major project involving mailing system products also lifted sales of the office automation segment by 23.9% to S\$15.9 million. Meanwhile, sales of the Others Segment remained steady at S\$12.1 million while sales of the keypad/telco business segment declined 32.9% to S\$28.1 million in FY2008.

As a result of the growth in the automotive and office automation businesses, these two segments collectively accounted for 42.2% of sales of the EMS Division. Correspondingly, the revenue contribution of the keypad/telco business was pared to 40.4% in FY2008, compared to 56.0% in the previous financial year. This reinforces the division's strategy to build a more balanced and stable revenue mix by diversifying to higher-value products with longer life cycles and reducing its exposure to the volatile keypad business segment.

### **Gross Profit**

In FY2008, the Group's gross profit (GP) declined by 23.9% to S\$31.6 million, compared to the 7.8% decline in revenue. Consequently, GP margin softened to 13.9% from 16.9% in FY2007, which was mainly due to a contraction to 10.3% in 4Q08, compared to 16.8% in 4Q07.

The GP margin of the Mechatronics Division was lower in FY2008 due to a shift in its sales mix, increases in costs of labour, depreciation and energy as well as price pressure for some of its products, particularly in late FY2008 when customers instituted cost reduction programs in response to more challenging business conditions.

The GP Margin of the EMS Division was also lower in FY2008. This was due to less favourable pricing and reduced orders of the keypad business, as well as higher production costs associated with scaling up the automotive segment, but mitigated by a lower depreciation charge of approximately S\$1.9 million in the division's gross profit (Please refer to item 5 for additional details).

### **Other Gains**

Other gains remained stable at S\$1.7 million in FY2008, compared to S\$1.6 million in FY2007.

### **Operating expenses**

Selling and distribution expenses declined 11.4% to S\$4.7 million, owing to a reduction in expenses related to sales and marketing as well as lower freight costs incurred. Administrative and general expenses declined a marginal 2.5% to S\$10.0 million. Other operating expenses increased to S\$1.0 million, compared to S\$0.5 million in FY2007, due to higher foreign exchange loss and impairment of goodwill for a subsidiary of the Group.

### **Taxation**

Taxation decreased by 20.4% to S\$4.2 million in line with the Group's lower profit before tax in FY2008. The effective tax rate of 22.4% was higher than 18.8% in FY2007, which was mainly due to higher tax liability arising from a restructuring exercise of the Group's mechatronics operations in Malaysia in December 2008.

### **Group Net Profit**

As a result of the factors above, Group net profit decreased 36.2% to S\$14.7 million in FY2008, from S\$23.0 million in FY2007. This translated into a lower net profit margin of 6.5%, compared to 9.3% in FY2007.

## Balance Sheet

The Group continues to remain in a sound financial position. As at 31 December 2008, the Group had total assets of S\$212.9 million and shareholders' equity of S\$179.7 million.

The Group also remained in a net cash position at the end of FY2008 with cash and cash equivalents (including short-term funds placed with a financial institution) amounting to S\$45.8 million, compared to S\$44.0 million as at 31 December 2007. The Group also reduced short term borrowings to S\$0.2 million, from S\$0.8 million at the end of FY2007 while long term borrowings from hire purchase financing stood at S\$0.1 million.

As at 31 December 2008, net asset per share amounted to 59.0 cents, of which net cash comprised 25.4% or 15.0 cents per share.

The Group held lower inventories of S\$46.0 million at end-FY2008, compared to S\$52.8 million at end-FY2007. This was mainly due to lower inventory requirement at the Mechatronics Division, in line with the softer market conditions. As a result, inventory turnover of the Group declined to 86 days for FY2008, against 94 days for FY2007.

The slower market conditions also resulted in a decline in trade receivables to S\$41.6 million as at 31 December 2008, compared with S\$48.5 million at end-FY2007, and a decrease in trade payables to S\$19.9 million from S\$33.6 million previously.

## Cash Flow Analysis

The Group generated higher net cash flow from operating activities of S\$14.9 million in FY2008, compared to S\$11.2 million in FY2007.

During the period, the Group had lower capital expenditure of S\$5.7 million, which was mainly for acquisition of new equipment and upgrading of facilities at the Mechatronics and EMS Divisions. After accounting for interest received of S\$1.4 million, withdrawal of short term funds of S\$2.9 million placed with a financial institution and proceeds of S\$0.4 million from the disposal of equipment, net cash used for investing activities amounted to S\$1.0 million in FY2008, compared to S\$5.5 million in FY2007.

Net cash used in financing activities during FY2008 was S\$7.6 million after accounting for net repayment of borrowings and dividend payment to shareholders.

As a result of the above, the Group ended FY2008 with a net cash gain of S\$6.2 million. When added to the opening cash and cash equivalents of S\$34.7 million and the effect of the restatement of the opening cash denominated in foreign currencies, the ending cash balance increased to S\$39.7 million. Together with short term funds of S\$6.1 million it placed with a financial institution, the total cash of the Group amounted to S\$45.8 million as at 31 December 2008.

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

No forecast or prospect statement was previously disclosed in the Third 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 global technology sector in 2009 will continue to be challenging due to weak end-user demand caused by the recessionary economic environment. In view of slowing order flows and project delays amid the current business climate, the Group intends to focus on managing its capital expenditure and variable costs.

With a sound balance sheet that comprises healthy cash balances and minimal borrowings, the Group is well placed to weather macroeconomic risks and competitive pressures. This will enable it to focus attention on strengthening the operations of both the Mechatronics and EMS Divisions which will allow the Group to be ready for opportunities when business conditions begin to recover.

The Group had also with ETLA Limited jointly announced the Proposed Merger on 3 November 2008. Details of the Proposed Merger and subsequent updates are available at the websites of the SGX-ST ([www.sgx.com](http://www.sgx.com)) and the Group ([www.electrotechgroup.com](http://www.electrotechgroup.com)).

**Mechatronics Division**

The Mechatronics Division's main plant in The Netherlands has a number of concurrent projects for its various business segments. Having recently completed the development of a project for a new customer in the semiconductor business segment, the division has commenced commercial production, albeit in small volumes, in 4Q08. It has also secured a new design and development project for lithography equipment. For its medical business segment, the division is working on a redesign project to enhance an existing product for a customer and secured two new development projects that are anticipated to go into commercial production in 2010. In addition, it is also developing a new product for a customer in the analytical segment targeted for commercial production in 4Q09.

The division is also progressing with its strategy to gradually transfer suitable and relevant products and systems from The Netherlands to its mechatronics plant in Penang. This will enable it to take advantage of Malaysia's lower manufacturing cost structure while freeing up capacity in The Netherlands to cater for new development projects. In 4Q08, production volume was ramped up for the first medical module transferred from The Netherlands while qualification for the next module has commenced in 4Q08. In addition, the qualification and transfer process of other modules for the semiconductor and analytical business segments to the Penang plant is underway.

As more products are transferred to the Penang plant, the Group has obtained Pioneer Status for a new subsidiary, Frencken Mechatronics (M) Sdn Bhd, which took over its mechatronics operations in Penang in December 2008 and will principally provide the benefit of a tax holiday for a period of 10 years. As the Penang plant strengthens its capabilities, the Mechatronics Division will be better positioned to benefit from the ongoing trend for capital equipment manufacturers to seek high quality contract manufacturers that offer lower cost alternatives.

The Mechatronics Division also continues to benefit from customer interest originating in its CFRR alliance – a strategic partnership that was forged with CCM, Ruco Industries and Bosch Rexroth. Specifically its co-operation with alliance partner CCM has led to a number of promising projects, one of which has already entered production stage.

**EMS Division**

The EMS Division will continue developing its business in the office automation and automotive business 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 to counter balance the higher revenue volatility and shorter visibility of the keypad business.

As the keypad business segment has witnessed delays in the mass production of new models and projects due to the uncertain business environment, the division intends to continue realigning its cost and production capacity to be in line with current demand of its major keypad customer.

To support the expansion of its automotive and office automation business segments, the EMS Division will continue to work towards enhancing the capabilities of these businesses.

For its automotive business segment, the division will be progressing from supplying parts to producing module assemblies. Its first major module assembly project for a Tier-1 automotive supplier is scheduled for mass production around the second or third quarter of FY2009. In addition, it is targeting the production launch for two industrialisation projects in 2Q09.

In the office automation business segment, the division is presently working on a number of industrialisation projects. Commercial production of its second major project in postal equipment is anticipated to take place in 2Q09 followed by the launch of another project in 4Q09.

## 11. Dividend

### (a) Current Financial Period Reported on

Any dividend declared(recommended) for the current financial period reported on?

Yes

The Directors are pleased to recommend a first and final exempt dividend in respect of the financial year ended 31 December 2008 of 1.92 cents per ordinary share for approval by shareholders at the forthcoming Annual General Meeting to be convened on 8 April 2009.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	1.92 cents per ordinary share
Par value of shares	Not applicable
Tax Rate	Not applicable

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

The Directors recommended a first and final exempt dividend in respect of the financial year ended 31 December 2007 of 2.27 cents per ordinary share which was approved by shareholders at the Annual General Meeting convened on 18 April 2008.

Name of Dividend	Ordinary Tax Exempt
Dividend Type	Cash
Dividend amount per share (in cents)	2.27 cents per ordinary share
Par value of shares	Not applicable
Tax Rate	Not applicable

### (c) Date Payable

The proposed dividend, if approved at the Annual General Meeting, will be paid on 6 May 2009.

### (d) Books closure date

Notice is also hereby given that the Share Transfer Books and the Register of Members of the Company will be closed on Monday, 20 April 2009 for the purpose of determining the entitlement of Shareholders to the Final Dividend.

Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 8 Cross Street, #11-00 PWC Building, Singapore 048424, up to the close of business at 5.00 p.m. on Friday, 17 April 2009 will be registered to determine Shareholder's entitlements to the Final Dividend.

## 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.

**13 (a) Segmented revenue and results by business segments**

**FY2008**

	Electronics				Total \$'000
	Mechatronics \$'000	Manufacturing Services \$'000	Investment Holding \$'000	Eliminations \$'000	
<b>Turnover</b>					
External revenue	157,342	69,596	13	-	226,951
Inter-segment sales	27	23	641	(691)	-
	<u>157,369</u>	<u>69,619</u>	<u>654</u>	<u>(691)</u>	<u>226,951</u>
<b>Segment results</b>	<u>15,988</u>	<u>1,636</u>	<u>(22)</u>	<u>-</u>	<u>17,602</u>
Interest income					1,403
Finance costs					(31)
Share of result of an associated company	-	-	(45)	-	(45)
Profit before taxation					18,929
Income tax expense					(4,244)
Total profit					<u>14,685</u>
Segment assets	118,074	68,379	24,668	-	211,121
Unallocated assets					1,769
					<u>212,890</u>
Segment liabilities	19,224	11,130	731	-	31,085
Unallocated liabilities					2,108
					<u>33,193</u>
Other segment information:					
Capital expenditure	5,002	3,145	-	-	8,147
Depreciation of property, plant and equipment	4,283	4,096	10	-	8,389
Other non-cash expenses	12	32	46	-	90

**FY2007**

	Electronics				Total \$'000
	Mechatronics \$'000	Manufacturing Services \$'000	Investment Holding \$'000	Eliminations \$'000	
<b>Turnover</b>					
External revenue	171,329	74,819	11	-	246,159
Inter-segment sales	-	46	627	(673)	-
	<u>171,329</u>	<u>74,865</u>	<u>638</u>	<u>(673)</u>	<u>246,159</u>
<b>Segment results</b>	<u>23,501</u>	<u>3,722</u>	<u>(61)</u>	<u>-</u>	<u>27,162</u>
Interest income					1,360
Finance costs					(85)
Share of result of an associated company	57	-	(152)	-	(95)
Profit before taxation					28,342
Income tax expense					(5,329)
Total profit					<u>23,013</u>
Segment assets	126,892	74,132	17,945	-	218,969
Investment in associated company	-	-	6,201	-	6,201
Unallocated assets					1,605
					<u>226,775</u>
Segment liabilities	30,766	13,863	363	-	44,992
Unallocated liabilities					3,469
					<u>48,461</u>
Other segment information:					
Capital expenditure	4,842	5,622	-	-	10,464
Depreciation of property, plant and equipment	3,776	5,816	11	-	9,603
Other non-cash expenses	21	6	152	-	179



**13 (b) Segmented revenue and results for geographical segments****FY2008**

	Asia \$'000	Europe \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
External revenue	41,803	183,939	7,049	(5,840)	226,951
Total assets	99,917	112,973	-	-	212,890
Capital expenditure	3,890	4,257	-	-	8,147

**FY2007**

	Asia \$'000	Europe \$'000	Others \$'000	Eliminations \$'000	Total \$'000
Turnover					
External revenue	57,814	185,192	8,286	(5,133)	246,159
Total assets	105,106	121,669	-	-	226,775
Capital expenditure	6,461	4,003	-	-	10,464

**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.**

Please refer to paragraph 8.

**15. A breakdown of sales.**

	31-Dec-08 \$'000	31-Dec-07 \$'000	% increase/ (decrease)
Sales reported for first half year	120,093	118,217	1.6%
Operating profit after tax before deducting minority interests reported for first half year	8,440	11,343	-25.6%
Sales reported for second half year	106,858	127,942	-16.5%
Operating profit after tax before deducting minority interests reported for second half year	6,245	11,670	-46.5%

**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:-**

	Latest Full 2008 \$'000	Previous Full 2007 \$'000
Ordinary Dividend	5,850	6,917
Preference Dividend	-	-
Total	5,850	6,917

**17. Interested Person Transactions**

Not applicable

**BY ORDER OF THE BOARD**

Gooi Soon Hock  
Executive Director  
26-Feb-09