ELECTROTECH


ElectroTech Investments Limited


ANNUAL REPORT **2008**

Contents

Group Operating Structure

MECHATRONICS DIVISION

Frencken Group B.V.
Hurksestraat 16
5652 AJ Eindhoven
The Netherlands
Tel : +31 (0) 40 2507 507
Fax : +31 (0) 40 2507 518
Email : group@frencken.nl
Website : www.frencken.nl

Frencken Group Subsidiaries:

- **Frencken Mechatronics B.V.**
  Eindhoven, The Netherlands
- **Machinefabriek Gebrs. Frencken B.V.**
  Eindhoven, The Netherlands
- **Optiwa B.V.**
  Reuver, The Netherlands
- **Frencken Mechatronics (M) Sdn. Bhd.**
  Penang, Malaysia

ELECTRONICS MANUFACTURING SERVICES DIVISION

Precico Group Sdn. Bhd.
Plot 410, Lorong Perusahaan 8B
Prai Industrial Estate, 13600 Prai
Penang, Malaysia
Tel : +60 (04) 388 3177
Fax : +60 (04) 399 7877
Email : corp@precico.com.my
Website : www.precicogroup.com

Precico Group Subsidiaries:

- **Precico Sdn. Berhad**
  Penang, Malaysia
- **Precico Electronics Sdn. Bhd.**
  Penang, Malaysia
- **Precico M&D Sdn. Bhd.**
  Penang, Malaysia
- **Merit Process Sdn. Bhd.**
  Penang, Malaysia

Other Operating Companies:

- **ElectroTech EU Limited**
  Cambridge, United Kingdom
- **Precico Singapore Pte Ltd**
  Republic of Singapore

Corporate Information

BOARD OF DIRECTORS

Dato' Larry Low Hock Peng (NON-EXECUTIVE CHAIRMAN)
Gooi Soon Hock (EXECUTIVE DIRECTOR)
Sebastiaan Johannes van Sprang (EXECUTIVE DIRECTOR)
Professor Low Teck Seng (INDEPENDENT DIRECTOR)
Chia Chor Leong (INDEPENDENT DIRECTOR)
Ling Yong Wah (INDEPENDENT DIRECTOR)

EXECUTIVE COMMITTEE

Gooi Soon Hock (PRESIDENT)
Sebastiaan Johannes van Sprang (SENIOR VICE PRESIDENT)
David Chin Yean Choon (VICE PRESIDENT)
Roger Gerardus Elisabeth Hendriks (VICE PRESIDENT)
Hendrik Gezinus Tappel (VICE PRESIDENT)

AUDIT COMMITTEE

Professor Low Teck Seng (CHAIRMAN)
Chia Chor Leong
Ling Yong Wah
Dato' Larry Low Hock Peng

REMUNERATION COMMITTEE

Ling Yong Wah (CHAIRMAN)
Chia Chor Leong
Dato' Larry Low Hock Peng

NOMINATING COMMITTEE

Chia Chor Leong (CHAIRMAN)
Professor Low Teck Seng
Dato' Larry Low Hock Peng

COMPANY SECRETARIES

Tan Ping Ping, ACIS
Toon Choi Fan, ACIS

REGISTERED OFFICE

8 Cross Street
#11-00 PWC Building
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Tel : +65 6236 3333
Fax : +65 6236 4399

PRINCIPAL ADMINISTRATIVE OFFICE

c/o Precico Group Sdn. Bhd.
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Prai Industrial Estate
13600 Prai, Malaysia
Tel : +60 (04) 388 3177
Fax : +60 (04) 399 7877

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
8 Cross Street
#11-00 PWC Building
Singapore 048424

AUDITORS

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
8 Cross Street
#17-00 PWC Building
Singapore 048424
Partner-in-charge: Rebekah Khan
Year of appointment: 2006

PRINCIPAL BANKERS

ABN Amro Bank N.V.
AmBank (M) Berhad
ING Bank N.V.
United Overseas Bank (Malaysia) Bhd

INVESTOR RELATIONS CONSULTANT

Octant Consulting
10 Anson Road
#33-04 International Plaza
Singapore 079903
Tel: +65 6220 2842

WEBSITE

www.electrotechgroup.com

Chairman's Statement

Dear Shareholders,

As I pen this message to you, the world is in the grip of what may be one of its worst recessions since the Great Depression. At a time when even the largest companies with long and illustrious histories cannot profess to be fully immune to the economic maelstrom, the Board of Directors at ElectroTech Investments Limited would like to assure you that the Group will, as always, exercise prudence in our operational and financial management while we continue to pursue our longer term strategies and business plans.

Our strategy has always been to set our sights on the attainment of long term goals when planning and executing the Group's business roadmap. We do acknowledge that at times, this strategy may entail that we bear a certain degree of discomfort in shorter term performance. Nonetheless, we believe that this is an approach that has served the Group well over the years.

These long term business goals were uppermost on our minds when the Group committed itself to substantially expand our mechatronics business through a proposed merger with ETLA Limited ("ETLA"), a Singapore-incorporated contract equipment solutions provider that has a broad base operational presence in Asia. After carefully evaluating ETLA's operations, we concluded that it complements our Mechatronics Division's plan and strategy to further expand our manufacturing base in Asia to support the Group's regional growth plans. After lengthy negotiations, an agreement was reached and on 3 November, we announced plans to acquire all the outstanding shares of ETLA by way of a proposed share swap involving new ElectroTech shares.

Financial Performance

2008 was a tough year for the global technology sector. The slowdown in the US and world economies took a heavy toll on consumer and business confidence, especially with the onset of the global credit crunch during the final months of the year. Together with a build-up in cost and price pressures along the technology supply chain, the result was rapid erosion in sales and profitability for many companies in the sector.

In spite of this, the Group reported revenue of S$227.0 million for the financial year ended 31 December 2008 ("FY2008"), a relatively mild dip of 7.8% from the previous financial year. The resilient performance is mainly attributed to the growth in sales of our medical, automotive and office automation business segments, which helped to cushion against harsh business conditions in the semiconductor and keypad business segments. However, this changing product mix had an impact on the Group's overall profit margins and consequently led to a 36.2% fall in our net profit to S$14.7 million for FY2008.

Prospects and Business Strategies

The business outlook for the technology sector in 2009 will remain challenging. With the global economy in recession and credit markets still in stasis, it is expected that business conditions in the sector will probably get worse before they improve. In these tough times, we are glad for our sound balance sheet, which has healthy cash balances and minimal borrowings. This steady financial footing will allow us to focus our attention on strengthening the operations of our two core divisions to ensure that we are well prepared to capitalise on opportunities when the economy recovers.

At our EMS Division, we have been executing a strategy over the past two years that has progressively shifted the division's product mix towards products with higher value and longer life cycles. The early fruits of this strategy were reaped in FY2008 as our automotive and office automation business segments did well to register double-digit growth rates despite the slowing economy. As a result, the EMS Division was able to broaden its revenue base in these more stable business segments, which recorded a combined contribution of 42% of the division's revenue in comparison to 27% in FY2007. At the same time, this strategy also enabled the division to reduce its reliance on the keypad segment, which has higher revenue volatility and shorter order visibility.

While the EMS Division will undoubtedly face a higher level of uncertainty in FY2009 due to the depressed market condition resulting in the risk of potential project delays, we are encouraged by the progress that has been made in our automotive and office automation business segments. Therefore, we intend to continue enhancing our capabilities in these areas.

At our Mechatronics Division, if the proposed merger with ETLA is completed as planned, the division's top priority will be to gradually integrate its operations with ETLA with the aim of optimising the use of the merged group's resources. Our plan is for each strategic location in Singapore, Malaysia and China to have manufacturing capabilities and capacities that will enable them to meet their respective business and growth expectations. At the same time, the Group intends to enhance and build on the design and development, as well as engineering and project management capabilities in each location such that they will be able to meet the requirements and expectations of existing and potential customers in the respective markets.

When fully completed, we are confident that this operational integration will transform our Mechatronics Division into a global contract manufacturer that offers a compelling partnership for original equipment manufacturers.

For a start, the proposed merger will substantially strengthen our global operational capabilities as it will combine our Mechatronics Division's strength in upfront design and development, engineering and project management with ETLA's strength in manufacturing know-how and its geographical presence. By combining the merged group's skills and technology, we will enhance our ability to offer customers complete and integrated solutions across the whole value chain.

Over the past few years, we have been gradually building up our mechatronics operations in Penang as part of our strategy to take advantage of an ongoing trend for original equipment manufacturers to relocate to lower-cost centers and growth markets in Asia. With the addition of ETLA's established manufacturing facilities in Singapore, Malaysia and China, the proposed merger will significantly expand our manufacturing footprint, especially in the growth regions of Asia. This will provide us with greater opportunity to capture a bigger share of the growing capital equipment contract manufacturing business in these growth regions and at the same time, target new opportunities in the various business sectors in each of these geographic locations.

An added bonus is that both ETLA and our Mechatronics Division have their own separate base of customers. This means there is less risk of cannibalisation of customers and greater opportunities for us to cross-sell our pooled facilities and capabilities to an expanded customer base while enjoying the benefits of increased sector diversification.

Last but not least, the proposed merger will result in a larger and multi-talented management team that will be able to draw on the management's decades of experience in regional and global business to lead the Group forward.

Proposed Dividend

The Board of Directors is pleased to recommend a first and final tax-exempt dividend of 1.92 cents per share for FY2008, which represents a payout ratio of 39.8% of our Net Profit Attributable to Shareholders in FY2008. The proposed dividend is subject to the approval of shareholders at the Annual General Meeting to be held on 8 April 2009.

Appreciation

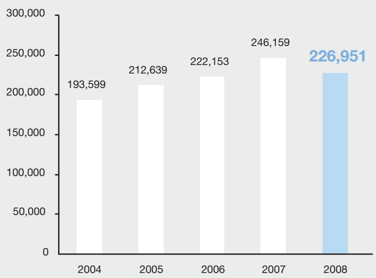
I would like to thank my fellow directors on the Board for their valued contributions. On behalf of the Board, I also wish to thank the management and staff in The Netherlands and Malaysia for their dedication, commitment and contributions to the Group.

In addition, I would like to thank our valued customers, business partners and suppliers for their continuing support, patronage and guidance. I would also like to express my appreciation to shareholders for your continued support of ElectroTech Investments Limited.

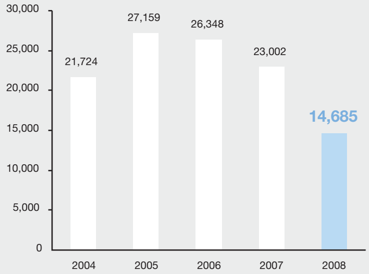
Dato' Larry Low Hock Peng
NON-EXECUTIVE CHAIRMAN

Financial Summary

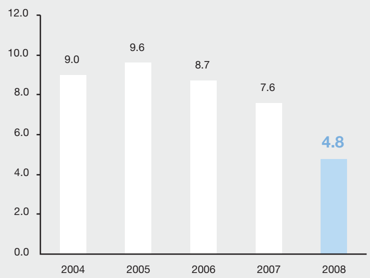
Revenue ($'000)



Profit attributable to equity holders ($'000)



Earnings per share (cents)



FINANCIAL YEAR	FY DEC 2004	FY DEC 2005	FY DEC 2006	FY DEC 2007	FY DEC 2008
Operating Results	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	193,599	212,639	222,153	246,159	**226,951**
Operating profit (1)	30,438	34,821	33,552	27,162	**17,602**
Profit attributable to equity holders	21,724	27,159	26,348	23,002	**14,685**
Financial Position	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total assets	152,481	181,393	207,851	226,775	**212,890**
Total liabilities	61,456	41,377	47,547	48,461	**33,193**
Shareholders' equity	91,025	140,016	159,782	178,314	**179,697**
Cash Flow Position	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash generated from operations	26,514	37,770	38,168	19,577	**20,072**
Cash and cash equivalents (2)	13,606	37,816	46,172	44,022	**45,785**
Key Ratios					
Net profit on turnover (%)	11.2	12.8	11.9	9.3	**6.5**
Return on average equity (%)	27.2	23.5	17.6	13.6	**8.2**
Net debts/(cash) to equity (%) (2)	5.1	(24.8)	(28.3)	(24.2)	**(25.4)**
Earnings per share - basic (cents)	9.0	9.6	8.7	7.6	**4.8**
Net assets value per share (cents)	37.4	46.0	52.4	58.5	**59.0**
Dividend per share (cents)	-	2.68	2.60	2.27	**1.92**
Share Price and Market Capitalisation (3)	**Cents**	**Cents**	**Cents**	**Cents**	**Cents**
Highest	-	65.5	63.5	57.0	**51.5**
Lowest	-	36.5	42.0	41.0	**18.5**
Average	-	51.7	49.3	51.3	**38.8**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Average market capitalisation	-	157,537	150,224	156,318	**118,229**
Average shareholders' equity	-	115,521	149,899	169,048	**179,006**
Market value differential (4)	-	42,016	325	(12,730)	**(60,777)**

(1) Operating profit represent profit before interest, tax and share of results of associated companies

(2) Inclusive of short term funds placed with a Malaysian financial institution

(3) Data shown since listing on the Singapore Exchange Securities Trading Limited on 9 May 2005

(4) This represents the difference between the average market capitalisation and average shareholders' equity for the year

Financial Highlights

	2007	2008	Change
1 **Operating Results**	**$'000**	**$'000**	**%**
Revenue	246,159	**226,951**	(7.8)
Profit attributable to equity holders	23,002	**14,685**	(36.2)
Net profit on turnover (%)	9.3	**6.5**	(30.1)
2 **Divisional Performance**	**$'000**	**$'000**	**%**
Mechatronics - Revenue	171,329	**157,342**	(8.2)
- Operating profit	23,501	**15,988**	(32.0)
EMS - Revenue	74,819	**69,596**	(7.0)
- Operating profit	3,722	**1,636**	(56.0)
3 **Solvency Profile**	**$'000**	**$'000**	**%**
Cash and cash equivalents (1)	44,022	**45,785**	4.0
Borrowings	785	**210**	(73.2)
Net cash (1)	43,237	**45,575**	5.4
Interest cover ratio (2)	334.44	**611.61**	82.9
4 **Shareholders' Value**			**%**
Shareholders' equity ($'000)	178,314	**179,697**	0.8
Earnings per share-basic (cents)	7.6	**4.8**	(36.8)
Return on average equity (%)	13.6	**8.2**	(39.7)
Net asset value per share (cents)	58.5	**59.0**	0.9
Dividend payout ratio (%)	30.1	**39.8**	32.2

(1) Inclusive of short term funds placed with a Malaysian financial institution
(2) Interest cover ratio = Profit before interest and tax/Interest on borrowings

Financial Calendar

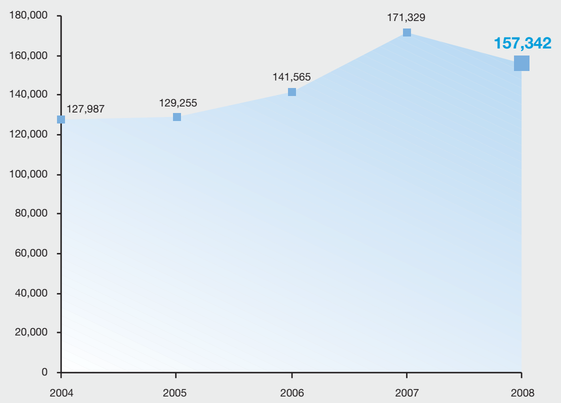
Financial Year	**31 December 2008**	**31 December 2009**
Announcement of Results		
1st Quarter	8 May 2008	**14 May 2009**
2nd Quarter	7 August 2008	**13 August 2009**
3rd Quarter	6 November 2008	**12 November 2009**
4th Quarter	26 February 2009	**February 2010**
Delivery of Annual Report	20 March 2009	**March 2010**
Annual General Meeting	8 April 2009	**April 2010**

Business Review

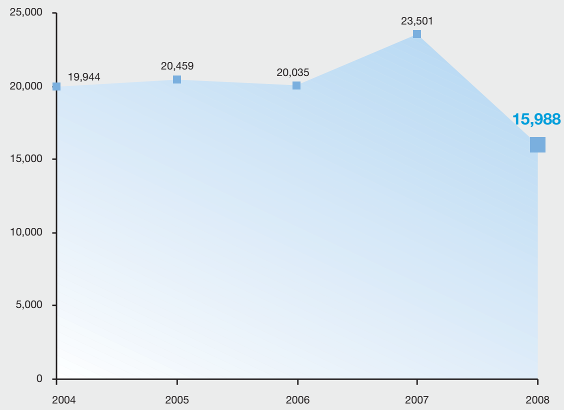
GROUP FINANCIAL PERFORMANCE IN FY2008

For the financial year ended 31 December 2008 ("FY2008"), Group revenue slipped 7.8% year-on-year to S$227.0 million as both the Mechatronics and EMS Divisions reported lower sales due to weakening global economic conditions during the year. However, Group net profit fell a faster 36.2% to S$14.7 million as rising cost and price pressures in the global technology supply chain led to a contraction in profit margins.

The Group ended the financial year with a healthy balance sheet. Total assets amounted to S$212.9 million while shareholders' equity improved to S$179.7 million. Net asset value per share was 59 cents, of which 15 cents or 25.4% comprised net cash (including short term funds placed with a Malaysian financial institution).



Revenue
$'000



Operating Profit
$'000

MECHATRONICS DIVISION'S PERFORMANCE (FY2004-FY2008)

MECHATRONICS DIVISION

In FY2008, revenue from the Mechatronics Division eased by 8.2% to S$157.3 million. The medical and analytical business segments turned in resilient sales performances despite the slowing business environment. Due to its emphasis on a balanced revenue mix between its various business segments, the division was cushioned from the impact of a significant 48.1% decline in sales to S$29.0 million at its semiconductor business segment.

Sales in the medical segment benefited from the introduction of a new product for a major customer in the third quarter of FY2007 and grew by 17.5% to S$67.8 million on the back of a ramp-up in production to meet higher order flows in FY2008.

Sales of the analytical business segment were also marginally higher at S$47.2 million in FY2008 on the back of steady demand from customers throughout the year. Sales to the medical and analytical business segments could have been higher in FY2008 if not for the adverse effects of the global credit crisis in the later part of the year, which saw customers reschedule orders, resulting in delays of product shipments.

The sudden and sharp deterioration in the operating environment during the fourth quarter also had a severe impact on the profitability of the Mechatronics Division in FY2008. The division faced price pressure for some of its products as it worked with customers to institute their cost reduction programs in response to the more challenging business conditions. As a result, the division's net profit fell 31.6% to S$12.9 million.

In spite of the tougher landscape, the Mechatronics Division continued to make encouraging progress on the sales and marketing front during the year under review. The division has recently started commercial production in small volumes of a development project that it completed for a new customer in the semiconductor business segment. Additionally, the division also secured a number of new development projects in the medical and analytical business segments that are expected to be commercially launched from late 2009 onwards.

MECHATRONICS DIVISION (cont'd)

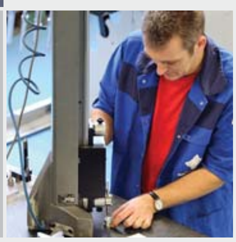
In line with its strategy to continuously expand its operations and take advantage of the lower production costs available in Malaysia, the Group has established a new subsidiary namely, Frencken Mechatronics (M) Sdn Bhd, which has taken over the mechatronics operations in Penang since December 2008. With the kind support of the Malaysian Government, this new subsidiary has been accorded the Pioneer Status incentive. This incentive will provide the new company with the benefit of a 10-year tax holiday as it progressively expands its operations through the transfer of more products and systems from the main plant in The Netherlands, as well as broadens its customer base in Asia. Besides allowing the division to take advantage of the ongoing trend for capital equipment manufacturers to seek high quality contract manufacturers in lower cost regions, the expansion of the Malaysian mechatronics operations will also free up resources and capacity at The Netherlands plant to focus on new projects under development.

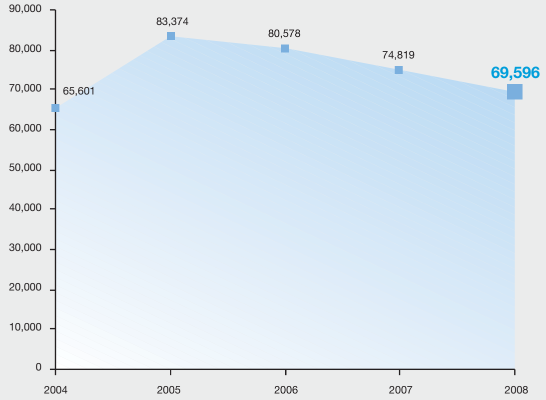
The division is progressing well in its strategy to transfer suitable products and systems to its Penang plant. In the last quarter of FY2008, production volume was ramped up for the first medical module transferred from the plant in The Netherlands. The qualification and transfer process of other modules for the medical, semiconductor and analytical business segments to the Penang plant is also underway.

The Group's proposed merger with ETLA Limited ("ETLA") is expected to be a major milestone in the development of the Mechatronics Division as this strategic merger will substantially strengthen the mechatronics business by adding new manufacturing capabilities, as well as enlarging its footprint in terms of both new geographical markets and customers. When the acquisition is completed, the division will place priority on executing an exercise that will gradually integrate its operations with that of ETLA's.

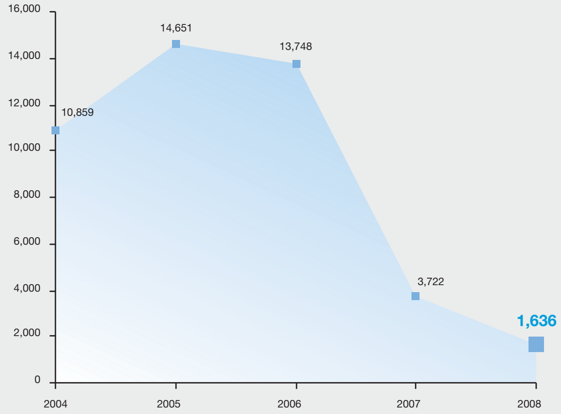
On the sales front, the proposed merger is expected to greatly enhance the Mechatronics Division's competitiveness in the global market place. In view of the increasing complexity and scale of the division's business development function, a Group Sales Director was appointed in July 2008. He assumes the responsibility for improving coordination of all business development and sales activities within the Mechatronics Division, as well as providing customers with clear, direct and easy access to the division's offerings, capabilities and expanded global capacities.





Revenue
$'000



Operating Profit
$'000

EMS DIVISION'S PERFORMANCE (FY2004-FY2008)

EMS DIVISION

As the global economy slumped and business sentiment weakened in the later part of 2008, the EMS Division witnessed a contraction in customer orders for existing products while new product launches were deferred. In spite of this, revenue of the EMS Division in FY2008 dipped a marginal 7.0% to S$69.6 million, from S$74.8 million in FY2007. This can be attributed to the respectable growth in sales of the automotive and office automation business segments which lessened the impact of a 32.9% decline in sales at the keypad/telco business segment to S$28.1 million in FY2008. This was mainly due to challenging conditions in the keypad business, which continued to face intense competition and significant pricing pressure throughout the global mobile handset supply chain.

During FY2008, the EMS Division continued executing its strategy to build a more balanced and stable revenue mix by diversifying to higher-value products with longer life cycles while reducing its dependence on the volatile keypad business segment. Sales to the automotive segment leapt 76.8% to S$13.5 million, from S$7.6 million in FY2007, on the back of a larger number of industrialisation projects that moved into commercial production during the year. Meanwhile, the office automation segment posted a 23.9% increase in sales to S$15.9 million, lifted primarily by the start of mass production of a project that entails mailing system products.

As a result, the automotive and office automation segments accounted for 42.2% of sales of the EMS Division, while revenue contribution from the keypad/telco business was pared to 40.4% in FY2008, compared to 56.0% in the previous financial year.

However, this transition process towards a more balanced revenue mix at the EMS Division was hampered towards the end of FY2008 by the fallout of the global economic downturn. With the US economy tipping into recession, sales to the automotive and office automation segments were affected as the US market is the designated market for most of the newly launched automotive and mailing system products.

The higher costs associated with scaling up the automotive and office automation segments, coupled with selling price pressure and volatility in orders of the keypad business, led to a decline in gross profit margin of the EMS Division to 11.2% in FY2008, from 13.6% previously. Consequently, the lower sales and narrower gross profit margins resulted in a 54.4% decline in net profit at the EMS Division to S$2.0 million in FY2008.

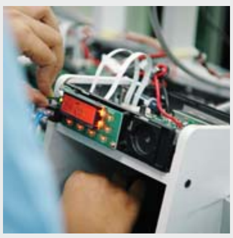
Despite the setbacks caused by the slowing business environment, the EMS Division will continue to stay the course in its strategy to develop a stable revenue base for the long-term by shifting its product mix towards higher-value products with longer life cycles. Additionally, the EMS Division will continue to work towards cost efficiencies to ride through these difficult times.

The hard work put into developing the automotive business over the years has resulted in the EMS Division's success in progressing from supplying parts to a higher level of producing module assemblies for automotive customers. The mass production of the first major module assembly project (with a product life cycle of around 5 years) is expected to commence in smaller volumes from June 2009 and lead to substantial volumes commencing from January 2010 onwards. Additionally, the EMS Division also crossed a milestone when it was awarded a module project as a Tier-1 automotive supplier by one of the world's most reputable car makers in Europe. This project is planned to enter mass production in the latter half of 2009.

The EMS Division is also making headway in developing the office automation business with a number of ongoing industrialisation projects. Following the launch of its first mailing system project, the division is close to completing the industrialisation process of its second major project. Commercial production of this second project is anticipated to take place around the middle of 2009.

While there are still a number of industrialisation projects in the pipeline, the Group will be prudent with capital expenditure in light of the current business conditions. Accordingly, the division plans to continue working on enhancing its capabilities to support these new projects.

The division will also be looking at managing variable costs and improving business processes to achieve better cost efficiencies. At the same time, the EMS Division will be making use of this period to invest in people and improve operations so as to be better positioned when the business environment improves. To this end, the division intends to accelerate the implementation of certain key human resource development programs, as well as continue working on attaining the OSHA certification in compliance with safety and health standards.



Profile of Board of Directors and Key Management

DATO' LARRY LOW HOCK PENG

Dato' Larry Low Hock Peng is our co-founder and Non-Executive Chairman. He was appointed as our Director on 20 July 2000. He is also a member of our Audit, Remuneration and Nominating Committees. His areas of expertise are in matters relating to corporate finance, mergers and acquisitions. From 1985 to 2003, Dato' Low was an executive director of MWE Holdings Berhad ("MWE"), a public company listed on Bursa Malaysia. He was responsible mainly for the business development and corporate affairs of MWE. He has been the Non-Executive Chairman of our Group since its inception in 1995. Since November 2008, he has been appointed as Non-Executive Director of Dynasty Metals Australia Ltd. Dato' Low also holds several board positions in companies in Malaysia, Singapore and other countries. He serves as Trustee of The Penang Chinese Chamber of Commerce, Boards of Governors of an educational institution and advisors of several cultural and clans bodies.

He holds a B.Sc. (Econ) (Honours) degree from the London School of Economics and Political Science, University of London and a Masters in Business Administration (MBA) from the University of California at Los Angeles.

GOOI SOON HOCK

Gooi Soon Hock is our co-founder and Executive Director, as well as the President of our Executive Committee. He was appointed as our Director on 4 July 2000. He is also the Managing Director of Precico Group Sdn. Bhd. which together with its subsidiaries forms the Electronics Manufacturing Services ("EMS") Division of ElectroTech. Mr Gooi is also a founding member and Director of each of the Precico Group companies in Malaysia. In addition to his duties as the President of our Company, he also manages the day-to-day business of the EMS Division.

SEBASTIAAN JOHANNES VAN SPRANG

Sebastiaan Johannes van Sprang, also known as Jack van Sprang, is the Senior Vice President of our Executive Committee and Executive Director of ElectroTech. He was appointed as our Director on 7 February 2003. He joined Frencken Group B.V. in 1996, as the Director of its Mechatronics business, and was appointed Managing Director of the Frencken Group B.V. and its subsidiaries ("Frencken Group") in 1998. As the Managing Director, he was responsible for the day-to-day operations and management of the Frencken Group.

With effect from 1 October 2006, he was promoted to the position of Delegated Supervisory Director of Frencken Group's Supervisory Board while Mr Tappel was appointed as the new Managing Director of Frencken Group.

In his new position as Delegated Supervisory Director, Mr van Sprang will take on an enhanced role to oversee the strategic direction, business development and expansion plans of the Group's Mechatronics Division to further strengthen Frencken's growth profile.

Mr van Sprang was previously a director of Philips Machine-factory in The Netherlands and has more than thirty (30) years of experience in various management, engineering and manufacturing positions within the Mechatronics suppliers' business.

He holds a masters degree in Mechatronics from Technical College Engineering, Zwolle, The Netherlands.

PROFESSOR LOW TECK SENG

Professor Low Teck Seng is our Independent Non-Executive Director and was appointed as our Director on 17 August 2001. He is also the Chairman of our Audit Committee and a member of our Nominating Committee. He is currently the chief executive officer of Parkway Education Pte Ltd, a subsidiary of Parkway Holdings. He is an adjunct professor at the National University of Singapore and the former dean of engineering at the National University of Singapore. Professor Low was the founding director of DSI, a national research institute focussed on data storage and optical storage systems (which he started in 1992 as the Magnetics Technology Centre) until August 1998. He is currently the chairman of the committee that oversees Thematic Strategic Research Programmes for the Agency for Science Technology and Research in Singapore, and he also chairs the oversight committee for its nanoelectronics programme. Professor Low is also a member of the Board of Singapore's Health Science Authority.

He graduated with a B.Sc. (First Class), and a post graduate Ph.D., both from the University of Southampton, United Kingdom.

CHIA CHOR LEONG

Chia Chor Leong is our Independent Non-Executive Director and was appointed as our Director on 22 September 2004. He is also the Chairman of the Nominating Committee and a member of our Audit and Remuneration Committees. He has been practising as an advocate and solicitor since 1981, and is presently a director in Citilegal LLC., a law corporation, heading the litigation practice group. Mr Chia is a distinguished solicitor, a Fellow of the Singapore Institute of Arbitrators and a member of that Institute's Panel of Arbitrators, and an Accredited Adjudicator with the Singapore Mediation Centre. He also acts as an alternate chairman of the Criminal Law Advisory Committee of the Ministry of Home Affairs, Singapore. In recognition of this public service, Mr Chia was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 2000 and the Bintang Bakti Masyarakat (Public Service Star) in 2007. He is both a commissioner for oaths and a notary public.

He has an L.L.B. (Honours) degree from the University of Singapore in 1980 and was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1981.

LING YONG WAH

Ling Yong Wah is our Independent Non-Executive Director and was appointed as our Director on 12 May 2005. He is also the Chairman of our Remuneration Committee and a member of our Audit Committee. He is currently a vice president with Seavi Advent Corporation Ltd ("Seavi"), a private equity firm in Singapore. Seavi is an affiliate of Advent International Corporation, one of the world's leading global mid-market buyout firms, with over US$23 billion in private equity capital raised since inception. At Seavi, he is responsible for identifying suitable companies for acquisitions, executing investment transactions and for monitoring portfolio companies. From 1996 to 2000, Mr Ling was a business development manager with Econ International Ltd ("Econ"), an engineering and construction service provider listed on the Main Board of the SGX-ST. At Econ, he was involved in several cross-border acquisitions. From 1994 to 1996, Mr Ling was a deputy manager with United Overseas Bank Limited, where he was responsible for executing corporate finance transactions under the bank's Corporate Finance Department.

He holds a Bachelor of Economics from Monash University in Melbourne, Australia and is a member of the Institute of Chartered Accountants in England and Wales.

DAVID CHIN YEAN CHOON

David Chin Yean Choon is the Vice President of our Executive Committee as well as the Group Financial Controller and is the key financial personnel of our Group. He has overall responsibility of the treasury and cash flow management, risk management evaluation, corporate finance, audit and tax compliance, systems, operational and financial reporting of our Group. He has extensive exposure in financial management, having held several key positions in various other companies both in Indonesia and Malaysia. In 1970, he commenced his professional training in United Kingdom as an accountant with Jacob Cavenagh and Skeet before moving on as a tax senior in Coopers & Lybrand. In 1978, Mr Chin returned to Malaysia, where he held the positions of financial controller (or equivalent positions) with various companies in Malaysia. Between 1992 and 1996, he was the financial planning advisor for the Bumi Raya Utama Group, a group of companies based in Indonesia. From 1996 to 1998, he was the vice president, finance, for P.T. Smart Corp., another group based in Indonesia. In 1999, he joined the Asian Agri Group, a large Indonesian plantation group, as its group financial controller. Mr Chin joined our Group in 2002.

He is a chartered accountant by profession, a fellow of the Institute of Chartered Accountants in England and Wales as well as a Chartered Accountant of the Malaysian Institute of Accountants.

HENDRIK GEZINUS TAPPEL

Since 1 October 2006, Hendrik Gezinus Tappel also known as Henk Tappel is the Managing Director of Frencken Group B.V. and its subsidiaries ("Frencken Group").

Mr Tappel reports to his predecessor, Mr van Sprang, who is still actively involved in its management team to ensure the division benefits from his considerable experience and knowledge of the mechatronics business.

As Frencken Group's Managing Director, Mr Tappel is responsible for the day-to-day management and operations of the Group's Mechatronics Division. He graduated from the University of Twente and holds a masters degree in Precision Engineering. He has extensive experience in design and product development in the specialised field of complex mechatronic systems. Prior to joining Frencken Group in February 2006, Mr Tappel was with Philips/FEI Electron Optics in The Netherlands since 1987, where he has held various engineering and management positions. Starting as a mechanical designer, Mr Tappel attained a senior position of mechanical architect and product manager prior to his departure from FEI Company. He holds a number of patents. In addition to being Frencken Group's Managing Director, Mr Tappel is also the Vice President of ElectroTech's Executive Committee.

ROGER GERARDUS ELISABETH HENDRIKS

Roger Gerardus Elisabeth Hendriks is the Vice President of our Executive Committee and is also the Finance Director of the Frencken Group B.V. and its subsidiaries ("Frencken Group"). He first joined the Frencken Group in 1989 as an Accountant with Optiwa B.V. ("Optiwa"). From 1993 to 1996, he rose from the ranks of an accountant in Optiwa and Machinefabriek Gebrs. Frencken B.V. to Financial Controller of the Frencken Group. Mr Hendriks was appointed Finance Director of the Frencken Group in 1999.

He is a qualified controller and treasurer and holds Diplomas in Treasury Management and Hoger Financieel Adminstratief Management (HOFAM) from Stichting Nederlandse Management Examens.

The Board of Directors of ElectroTech Investments Limited (the "Company"), is committed to high standards of corporate governance and supports the principles of the Code of Corporate Governance 2005 ("2005 Code") so as to enhance transparency and accountability as well as to protect the interest of shareholders. This report discusses the Company's corporate governance framework and practices with reference to the 2005 Code.

BOARD MATTERS

Principle 1 ***Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.***

The Board's Conduct of its Affairs

The Board has the responsibility for the overall management of the Group. It establishes the corporate strategies of the Group, sets direction and goals for the executive management. It supervises the executive management and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group.

Board Composition

The Board comprises six (6) Directors of whom two (2) are Executive Directors, one (1) Non-Executive Director and three (3) Independent Directors. The Directors of the Company as at the date of this statement are:

Dato' Larry Low Hock Peng	(Non-Executive Chairman)
Gooi Soon Hock	(Executive Director)
Sebastiaan Johannes van Sprang	(Executive Director)
Professor Low Teck Seng	(Independent Director)
Chia Chor Leong	(Independent Director)
Ling Yong Wah	(Independent Director)

The current size of the Board is appropriate for the facilitation of decision making. The Board will continue to review the size of the Board on an ongoing basis. The Directors are of diversified background and collectively bring with them a wide range of experience. The Directors receive regular updates on relevant new laws and regulations from the Company's relevant advisors. Newly appointed Directors will receive appropriate training including familiarisation with the Group's business, governance practices and relevant statutory and regulatory compliance issues.

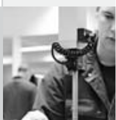
The profile of the Directors are found on pages 14 to 16 of this Annual Report.

Board Processes

To assist in the execution of its responsibilities, the Board has established an Audit Committee, Nominating Committee and Remuneration Committee. All these three (3) committees are chaired by an Independent Director and consist mainly of Non-Executive Directors, majority of whom are independent of management. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of each committee is also constantly reviewed by the Board. In addition, an Executive Committee and an Employee Share Option Scheme ("ESOS") Committee were set up to support the Board and Remuneration Committee respectively.

The full Board meets quarterly and more often when required to address any specific significant matters that may arise.

The Company's Articles of Association provides for Directors to participate in meetings of Directors by means of conference telephone, video conferencing, audio visual, or other similar communication equipment by means of which all persons participating in the meeting can hear each other, without a Director being in the physical presence of the other Directors.



BOARD MATTERS (cont'd)
Principle 1 (cont'd)

Board Processes (cont'd)

The number of Board and Board Committee meetings held during the financial year ended 31 December 2008 and the attendance of each Director, where relevant, are as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee	Executive Committee	ESOS Committee
Number of meetings	5	5	1	1	4	1
Dato' Larry Low Hock Peng	4	3	-	-	N/A	N/A
Gooi Soon Hock	5	N/A	N/A	N/A	4	1
Sebastiaan Johannes van Sprang	4	N/A	N/A	N/A	4	1
Professor Low Teck Seng	5	5	1	N/A	N/A	N/A
Chia Chor Leong	5	5	1	1	N/A	N/A
Ling Yong Wah	5	5	N/A	1	N/A	N/A

Matters Requiring Board Approval

The Board has identified a number of areas for which the Board has direct responsibility for decision making. Interested Persons Transactions and the Group's internal control procedures are also reviewed by the Board. Major investments and funding decisions are approved by the Board.

The Board also meets to review and consider the following corporate matters:

- Performance of the business;
- Approval of quarterly, half yearly and year end result announcements and the release thereof;
- Approval of the annual reports and accounts;
- Convening of shareholder's meetings;
- Approval of corporate strategies; and
- Material acquisitions and disposal of assets.

BOARD COMPOSITION AND BALANCE
Principle 2 ***There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.***

The majority of the Directors are Non-Executive and independent of management. The criteria for independence are determined based on the definition as provided in the 2005 Code.

The Board considers an "independent" director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent judgement of the Group's affairs.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Principle 3 ***There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.***

There is a clear division of responsibilities between the Chairman and President (equivalent to the position of Chief Executive Officer), which ensures there is a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Board subscribes to the principles set in the 2005 Code on the separation of roles of the Chairman and the President.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (cont'd)
Principle 3 (cont'd)

The Chairman bears responsibility for the conduct of the Board and is also a member of the Audit, Remuneration and Nominating Committees. The President bears executive responsibility for the Company's business.

The Chairman ensures that the board meetings are held when necessary and sets the board meeting agenda in consultation with the President. The Chairman reviews the board papers together with the President, prior to presenting them to the Board. The Chairman and the President ensure that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Group.

BOARD MEMBERSHIP
Principle 4 ***There should be a formal and transparent process for the appointment of new directors to the Board. As a principle of good corporate governance, all directors should be required to submit themselves for re-nomination and re-election at regular intervals.***

All Nominating Committee members are Non-Executive, majority of whom are independent of management. The Nominating Committee comprises the following members:

Chia Chor Leong	(Chairman & Independent Director)
Professor Low Teck Seng	(Independent Director)
Dato' Larry Low Hock Peng	(Non-Executive Director)

The Chairman of the Nominating Committee is not, and is not directly associated with, a substantial shareholder.

The Nominating Committee under its term of reference is responsible for the following:

(a) to make recommendations to the Board on all board appointments, including re-nominations, having regard, to the Director's contribution and performance (e.g. attendance, preparedness, participation and candour) including, if applicable, as an Independent Director;

(b) to determine annually whether or not a Director is independent, and makes the appropriate disclosures;

(c) to decide whether or not a Director who has multiple board representations on various companies, is able to and has been adequately carrying out his/her duties as Director, having regard to the competing time commitments that are faced when serving on multiple boards; and

(d) to decide how and by whom the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long term shareholders' value.

None of the Directors are appointed for any fixed term. In accordance with the Company's Articles of Association, one-third (1/3) of the Directors are required to retire at every annual general meeting of the Company and all Directors are required to retire from office at least once every three (3) years, and such Directors will be eligible for re-election at the meeting at which he retires.

The Board confirms that the Independent Non-Executive Directors have been able to devote sufficient time, expertise and attention to the Group's affairs to ensure their compliance with Principle 4.

The Nominating Committee held one (1) meeting during the year under review.

In the search for potential new Directors, the Nominating Committee will seek to identify the competence required for the Board to fulfil its responsibilities. The Nominating Committee may engage recruitment consultants or engage other independent experts to undertake research on, or assess candidates for new positions on the Board.

Recommendations for new Board members are put to the Board for its consideration and approval.

BOARD PERFORMANCE

Principle 5 There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board.

The Nominating Committee examines the Board's size to satisfy that it is appropriate for effective decision making, taking into account the nature and scope of the Company's operation. The Directors bring to the Board their related experiences and knowledge and also provide guidance in the various Board Committee as well as to the Management of the Group.

The Nominating Committee will review and evaluate the performance of the Board as a whole, taking into consideration the attendance record at the meetings of the Board and the Board Committee and also the contribution of each Director to the effectiveness of the Board.

ACCESS TO INFORMATION

Principle 6 In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

The Directors have separate and independent access to senior management and the Company Secretary at all times. Requests for information from the Board are dealt with promptly by management. The Board is informed of all material events and transactions as and when they occurred. The management provides the Board with quarterly reports of the Group's performance. The management also consults with Board members regularly whenever necessary and appropriate. The Board is issued with board papers timely and prior to Board meetings.

The Company Secretary administers, attends and prepares minutes of all Board and Board Committee meetings. The Company Secretary assists the Chairman in ensuring that Board procedures are followed and regularly reviewed so that the Board functions effectively and the Company's Memorandum and Articles of Association and the relevant rules and regulations applicable to the Company are complied with.

The Board in fulfilling its responsibilities, can as a group or individually, when deemed fit, direct the Company to appoint professional adviser to render professional advice.

REMUNERATION MATTERS

Principle 7 There should be a formal and transparent procedure for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

All Remuneration Committee members are Non-Executive, majority of whom are independent of management. The Remuneration Committee comprises the following members:

Ling Yong Wah	(Chairman & Independent Director)
Chia Chor Leong	(Independent Director)
Dato' Larry Low Hock Peng	(Non-Executive Director)

The Remuneration Committee under its term of reference is responsible for the following:

(a) to recommend to the Board a framework of remuneration for the Board and key executives, determine specific remuneration packages for each Executive Director and submit such recommendations for endorsement by the entire Board covering all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options issued under ElectroTech Investments Limited Employee Share Option Scheme 2008 and benefits in kind;

(b) in the case of service contracts, to consider what compensation commitments the Directors' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and

(c) to manage the ElectroTech Investments Limited Employee Share Option Scheme 2008 and administered by the Employee Share Option Scheme ("ESOS") Committee comprising of the following members:

Gooi Soon Hock	(Executive Director)
Sebastiaan Johannes van Sprang	(Executive Director)
Hendrik Gezinus Tappel	(Managing Director of Frencken Group)
David Chin Yean Choon	(Group Financial Controller)
Roger Gerardus Elisabeth Hendriks	(Finance Director of Frencken Group)

The Remuneration Committee and ESOS Committee held one (1) meeting each during the year under review.

LEVEL AND MIX OF REMUNERATION

Principle 8 ***The level of remuneration should be appropriate to attract, retain and motivate the Directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of the Executive Directors' remuneration should be structured so as to link rewards to corporate and individual performance.***

In setting remuneration packages, the Remuneration Committee will take into consideration the pay and employment conditions within the industry and comparable companies and the broad guidelines recommended by the Singapore Institute of Directors. The remuneration of Non-Executive Directors will also be reviewed to ensure that the remuneration commensurate with the contribution and responsibilities of the Non-Executive Directors.

The Company will submit the quantum of Directors' fees of each year to the shareholders for approval at each Annual General Meeting.

Information on ElectroTech Investments Limited Employee Share Option Scheme 2008 such as size of grants, exercise price of options that were granted as well as outstanding and vesting period of option are set out on pages 27 and 28 of the Annual Report.

DISCLOSURE ON REMUNERATION

Principle 9 ***Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.***

A breakdown showing the level and mix of each individual Director's remuneration payable for financial year 2008 is as follows:

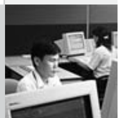
	2008	**2007**
$500,000 and above	2	2
$250,000 to below $500,000	-	-
Below $250,000	4	4
Total	**6**	**6**

	Remuneration Band					**Fringe**	**Directors'**	
	Below	**$250,000 to**	**Above**	**Salary**	**Bonus**	**Benefits**	**Fees**	**Total**
Name	**$250,000**	**$500,000**	**$500,000**	**%**	**%**	**%**	**%**	**%**
Dato' Larry Low Hock Peng	✓			-	-	6	94	100
Gooi Soon Hock			✓	24	68	8	-	100
Sebastiaan Johannes van Sprang			✓	58	39	3	-	100
Professor Low Teck Seng	✓			-	-	9	91	100
Chia Chor Leong	✓			-	-	9	91	100
Ling Yong Wah	✓			-	-	10	90	100

Remuneration of the top ten (10) key executives are as follows:

	Remuneration Band					**Fringe**	**Directors'**	
	Below	**$250,000 to**	**Above**	**Salary**	**Bonus**	**Benefits**	**Fees**	**Total**
Name	**$250,000**	**$500,000**	**$500,000**	**%**	**%**	**%**	**%**	**%**
David Chin Yean Choon	✓			60	22	18	-	100
Roger Gerardus Elisabeth Hendriks			✓	37	41	22	-	100
Hendrik Gezinus Tappel			✓	36	45	19	-	100
Antonius Aloysius Marie Wullms		✓		56	16	28	-	100
Petrus Martinus Johannes Cornelis van der Steen		✓		55	20	25	-	100
Pieter Foppe de Vries		✓		52	27	21	-	100
Tan Mui Siang	✓			49	35	16	-	100
Tan Soo Yew	✓			59	27	14	-	100
Theodorus Franciscus Wilhelminus Maria Kok	✓			63	9	28	-	100
Dr Kou Yook Fat[1]	✓			70	11	19	-	100

1 resigned on 25 January 2009



DISCLOSURE ON REMUNERATION (cont'd)
Principle 9 (cont'd)

Save as disclosed above, the Company does not have any employee who is an immediate family member of a Director or CEO whose remuneration in FY2008 exceeded $150,000.

ACCOUNTABILITY AND AUDIT
Principle 10 The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information that present a balanced and understandable assessment of the company's performance, position and prospects and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual.

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within the legal prescribed periods.

AUDIT COMMITTEE
Principle 11 The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The role of the Audit Committee is to assist the Board with regard to the discharge of its responsibility to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls with an overall objective to ensure that the management has created and maintained an effective control environment in the Company, and that the management demonstrates and stimulates the necessary aspect of the Group's internal control structure among all parties.

All Audit Committee members are Non-Executive, majority of whom are independent of management. The Audit Committee comprises the following members:

Professor Low Teck Seng	(Chairman & Independent Director)
Chia Chor Leong	(Independent Director)
Ling Yong Wah	(Independent Director)
Dato' Larry Low Hock Peng	(Non-Executive Director)

The Audit Committee meets at least quarterly to discuss and review the following where applicable:

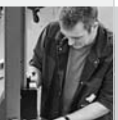
(a) review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the independent auditors;

(b) review with the independent auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and our management's response;

(c) review with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems including financial, operational and compliance controls and risk management;

(d) review the quarterly, half yearly and annual financial statements and balance sheet and income statements before submission to the Board for approval, focusing in particular, on significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(e) review the internal controls and procedures and ensure co-ordination between the independent auditors and management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management);



AUDIT COMMITTEE (cont'd)
Principle 11 (cont'd)

(f) review and discuss with the independent auditors any suspected fraud or irregularity, or suspected infringement of any relevant law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management's response;

(g) consider the appointment or re-appointment of the independent auditors and matters relating to resignation or dismissal of the auditors;

(h) review and recommend to the Board transactions falling within the scope of Chapter 9 of the Listing Manual;

(i) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

(j) generally undertake such other functions and duties as may be required by statute of the Listing Manual, and by such amendments made thereto from time to time. In addition, all future transactions with related parties shall comply with the requirements of the Listing Manual. As required by paragraph 1(9)(e) of Appendix 2.2 of the Listing Manual, the Directors shall abstain from voting in any contracts or arrangements or proposed contracts or arrangements in which they have a personal material interests.

The Audit Committee has the power to conduct or authorise investigations into any matters within the Audit Committee's scope of responsibility. The Audit Committee is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The Company has put in place a whistle-blowing policy to provide a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The objective for such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

The Audit Committee has full access to and co-operation from management and has full discretion to invite any Director or Executive Officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The Audit Committee, having reviewed the range and value of non-audit services performed by the independent auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditors, are pleased to confirm their re-nomination.

During the year under review, the Audit Committee met with the independent auditors a total of five (5) times of which once is without the presence of management.

INTERNAL CONTROLS
Principle 12 The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the Company's assets.

It is the opinion of the Board that, in the absence of evidence to the contrary, the system of internal controls maintained by the Company's management that was in place throughout the financial year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks.

The Board notes that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities.

In line with Listing Rule 1207 (18) on Dealings in Securities, the Group issues a quarterly letter to its Directors, officers and employees prohibiting dealings in listed securities of the Company from two (2) weeks or one (1) month, as the case may be, before the announcement of the Company's quarterly, half yearly and annual financial results, and at any time they are in possession of unpublished material price sensitive information.

Directors and employees are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

INTERNAL AUDIT

Principle 13 The company should establish an internal audit function that is independent of the activities it audits.

The Board believes that the existing system of internal controls is adequate and recognises that it is responsible for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. The effectiveness of the internal financial control systems and procedures are monitored by the management and the internal audit function is out-sourced to an international public accounting firm in Malaysia and a reknown local accounting firm in The Netherlands to assess the enterprise risk management and its risk assessment reports were presented to the Audit Committee in 2006. The internal audit function reports primarily to the Chairman of the Audit Committee.

Arising from the risk assessment, management assurance plans consisting of a three (3) years internal audit strategy were presented and approved by the Audit Committee. During the year, the out-sourced internal auditors carried out one (1) cycle of internal audits for the EMS Division and for the Mechatronics Division, the management carried out its own internal audit based on the risk assessment framework. Their respective findings were presented to the Audit Committee.

COMMUNICATION WITH SHAREHOLDERS

Principle 14 Companies should engage in regular, effective and fair communication with shareholders.

Principle 15 Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company does not practise selective disclosure. In line with continuous obligations of the Company pursuant to the Singapore Exchange's Listing Rules, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to shareholders on a timely basis through:

- SGXNET announcements and news releases
- Annual Report prepared and issued to all shareholders

At the Company's Annual General Meetings, shareholders are given the opportunity to express their views and direct questions to Directors and management regarding the Company. The Chairman of the Audit, Remuneration and Nominating Committees will normally be present at Annual General Meetings and other general meetings of shareholders to assist the Board in addressing shareholders' questions.

EXECUTIVE COMMITTEE

The Executive Committee is responsible to the Board for the management of our Group's operational activities and the interests of its subsidiaries. The Executive Committee reports to the Board on a regular basis and have met four (4) times this year. The Directors as a whole, however, continue to hold statutory responsibility for the duties delegated to the Executive Committee and discharged by the Executive Committee on behalf of the Board.

The Executive Committee comprises the following members:

Gooi Soon Hock	(President)
Sebastiaan Johannes van Sprang	(Senior Vice President)
David Chin Yean Choon	(Vice President)
Roger Gerardus Elisabeth Hendriks	(Vice President)
Hendrik Gezinus Tappel	(Vice President)

RISK MANAGEMENT

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the Audit Committee and Board.

MATERIAL CONTRACTS

There was no material contracts entered into by the Company or any of its subsidiaries involving the interest of the President, any Director, or controlling shareholder subsisting at the end of financial year ended 31 December 2008.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

There was no interested person transactions between the Company or its subsidiaries and any of its interested persons subsisting at the end of the financial year ended 31 December 2008.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Listing Manual Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
NIL	NIL	NIL

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2008 and the balance sheet of the Company at 31 December 2008.

DIRECTORS

The directors of the Company in office at the date of this report are as follows:

Dato' Larry Low Hock Peng
Gooi Soon Hock
Sebastiaan Johannes van Sprang
Professor Low Teck Seng
Chia Chor Leong
Ling Yong Wah

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" on pages 27 and 28 of this report.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares in or debentures of the Company and related corporations, except as follows:

	Holdings registered in name of director			**Holdings in which a director is deemed to have an interest**		
The Company (Ordinary shares)	**At 21.1.2009**	**At 31.12.2008**	**At 1.1.2008**	**At 21.1.2009**	**At 31.12.2008**	**At 1.1. 2008**
Dato' Larry Low Hock Peng	-	-	-	41,366,794	41,366,794	41,366,794
Gooi Soon Hock	3,864,903	3,864,903	3,864,903	100,547,291	100,547,291	100,547,291
Professor Low Teck Seng	450,000	450,000	450,000	-	-	-
Sebastiaan Johannes van Sprang	-	-	-	257,000	257,000	257,000

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the ElectroTech Investments Limited ("ElectroTech") Employee Share Option Scheme 2008 as set out below and under "Share options" on pages 27 and 28 of this report.

	No. of unissued ordinary shares under option	
	At 31.12.2008	**At 1.1.2008**
Sebastiaan Johannes van Sprang - 2008 Options	2,000,000	-

(c) Mr Gooi Soon Hock is deemed to have an interest in the ordinary shares of all the subsidiaries at the beginning and end of the financial year to the extent of his interests of not less than 20% of the issued capital in the Company.

Other than as disclosed above, no other director who held office at the end of the financial year had an interest in shares in or debentures of the Company and its subsidiaries.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest except as disclosed in the financial statements and in this report.

SHARE OPTIONS

(a) ElectroTech Employee Share Option Scheme 2008

The ElectroTech Employee Share Option Scheme 2008 (the "Scheme") for executive directors and employees of the Group was approved by members of the Company at an Extraordinary General Meeting on 18 April 2008 and it is managed by the Remuneration Committee and administered by the Employee Share Option Scheme Committee comprising of the following members:

Gooi Soon Hock	(Executive Director)
Sebastiaan Johannes van Sprang	(Executive Director)
Hendrik Gezinus Tappel	(Managing Director of Frencken Group)
David Chin Yean Choon	(Group Financial Controller)
Roger Gerardus Elisabeth Hendriks	(Financial Director of Frencken Group)

The Scheme will provide the Company with the means to use share options as part of a compensation plan for attracting as well as promoting long-term staff retention, by providing an opportunity for Group Employees (including Executive Directors) who satisfy the eligibility criteria of the Scheme, to participate in the equity of the Company.

Eligibility

Confirmed Group Employees (including Executive Directors) who have attained the age of twenty one (21) years on or prior to the relevant date of grant and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have, as of the date of grant, been in the employment of the Group for a period of at least twelve (12) months, or such shorter period as the Committee may determine, shall be eligible to participate in the Scheme at the absolute discretion of the Committee. Controlling shareholders and their associates (as defined in Listing Manual of the Singapore Exchange Securities Trading Limited) are not entitled to participate in the Scheme.

Size of the Scheme

The total amount of new shares over which the Committee may grant options on any date, when added to the amount of new shares issued and issuable in respect of all shares available under the Scheme shall not exceed 15% of the number of issued shares of the Company on the day immediately preceding the date of grant of the option. Any shares which are held as treasury shares will be disregarded for the purpose of computing the 15% limit.

Exercise price and option period

The exercise price of the options is determined at a price which is set at a discount of 20% to the market price (a price equal to the average of the last dealt prices for the shares on the Singapore Exchange Securities Trading Limited over the last three consecutive trading days immediately preceding the date of grant of options). The vesting of the options is conditional on the executive directors or employees of the Group completing another two (2) years of service to the Group from the date of grant of options. Once the options are vested, they are exercisable for a period of eight (8) years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price.

SHARE OPTIONS (cont'd)

(a) ElectroTech Employee Share Option Scheme 2008 (cont'd)

Option granted under the Scheme

On 1 December 2008, the Company granted options to subscribe for 8,960,000 ordinary shares of the Company 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. The total fair value of the 2008 Options granted was estimated to be $479,073 using the Black-Scholes Option Pricing Model. Details of the options granted to an executive director of the Company are as follows:

	No. of unissued ordinary shares of the Company under option			
Name of director	**Granted in financial year ended 31.12.2008**	**Aggregate granted since commencement of scheme to 31.12.2008**	**Aggregate exercised since commencement of scheme to 31.12.2008**	**Aggregate outstanding as at 31.12.2008**
Mr Sebastiaan Johannes van Sprang	2,000,000	2,000,000	-	2,000,000

Except for Mr Sebastiaan Johannes van Sprang, no participant under the Scheme has received 5% or more of the total number of shares under option available under the Scheme.

(b) Share options outstanding

The number of unissued ordinary shares of the Company under option in relation to the ElectroTech Employee Share Option Scheme outstanding at the end of the financial year was as follows:

	No. of unissued ordinary shares under option at 31.12.2008	**Exercise price**	**Exercise period**
2008 Options	8,960,000	$0.155	1.12.2010 - 30.11.2018

AUDIT COMMITTEE

The role of the audit committee is to assist the board with regard to the discharge of its responsibility to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls with an overall objective to ensure that the management has created and maintained an effective control environment in the Company, and that the management demonstrates and stimulates the necessary aspect of the Group's internal control structure among all parties.

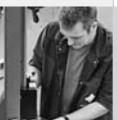
All audit committee members are non-executive, majority of whom are independent of management. The audit committee comprises the following members:

Professor Low Teck Seng	(Chairman & Independent Director)
Chia Chor Leong	(Independent Director)
Ling Yong Wah	(Independent Director)
Dato' Larry Low Hock Peng	(Non-Executive Director)

The audit committee meets at least quarterly to discuss and review the following where applicable:

(a) review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the independent auditors;

(b) review with the independent auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and our management's response;



AUDIT COMMITTEE (cont'd)

(c) review with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems including financial, operational and compliance controls and risk management;

(d) review the quarterly, half yearly and annual financial statements and balance sheet and income statements before submission to the board for approval, focusing in particular, on significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(e) review the internal controls and procedures and ensure co-ordination between the independent auditors and management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management);

(f) review and discuss with the independent auditors any suspected fraud or irregularity, or suspected infringement of any relevant law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and management's response;

(g) consider the appointment or re-appointment of the independent auditors and matters relating to resignation or dismissal of the auditors;

(h) review and recommend to the board transactions falling within the scope of Chapter 9 of the Listing Manual;

(i) undertake such other reviews and projects as may be requested by the board and will report to the board it's findings from time to time on matters arising and requiring the attention of the audit committee; and

(j) generally undertake such other functions and duties as may be required by statute of the Listing Manual, and by such amendments made thereto from time to time. In addition, all future transactions with related parties shall comply with the requirements of the Listing Manual. As required by paragraph 1(9)(e) of Appendix 2.2 of the Listing Manual, the directors shall abstain from voting in any contracts or arrangements or proposed contracts or arrangements in which they have a personal material interests.

The audit committee has the power to conduct or authorise investigations into any matters within the audit committee's scope of responsibility. The audit committee is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The Company has put in place a whistle-blowing policy to provide a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The objectives for such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

The audit committee has full access to and co-operation from management and has full discretion to invite any director or executive officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The audit committee, having reviewed the range and value of non-audit services performed by the independent auditors, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditors, are pleased to confirm their re-nomination.

During the year under review, the audit committee met with the independent auditors a total of five (5) times of which one is without the presence of management.

INDEPENDENT AUDITOR

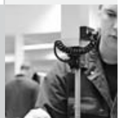
The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

DATO' LARRY LOW HOCK PENG
DIRECTOR

GOOI SOON HOCK
DIRECTOR

3 March 2009



Statement by Directors

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 32 to 75 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2008 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

DATO' LARRY LOW HOCK PENG
DIRECTOR

GOOI SOON HOCK
DIRECTOR

3 March 2009

We have audited the accompanying financial statements of ElectroTech Investments Limited (the "Company") and its subsidiaries (the "Group") set out on pages 32 to 75, which comprise the balance sheets of the Company and of the Group as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PRICEWATERHOUSECOOPERS LLP
Public Accountants and Certified Public Accountants
Singapore, 3 March 2009

Consolidated Income Statement

For the financial year ended 31 December 2008

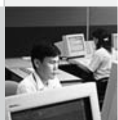
	Notes	The Group 2008 $'000	The Group 2007 $'000
REVENUE	4	226,951	246,159
COST OF SALES		(195,329)	(204,592)
GROSS PROFIT		31,622	41,567
OTHER GAINS	5	1,670	1,621
SELLING AND DISTRIBUTION EXPENSES		(4,697)	(5,304)
ADMINISTRATIVE AND GENERAL EXPENSES		(10,007)	(10,260)
OTHER OPERATING EXPENSES		(986)	(462)
INTEREST INCOME		1,403	1,360
FINANCE COSTS	8	(31)	(85)
SHARE OF RESULT OF ASSOCIATED COMPANIES	14	(45)	(95)
PROFIT BEFORE TAXATION		18,929	28,342
INCOME TAX EXPENSE	9	(4,244)	(5,329)
TOTAL PROFIT		14,685	23,013
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY		14,685	23,002
MINORITY INTEREST		-	11
		14,685	23,013
EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY (CENTS PER SHARE)	10		
- BASIC		4.82	7.55
- DILUTED		4.75	7.55

The accompanying notes form an integral part of these financial statements.

Balance Sheets
As at 31 December 2008

	Notes	The Group 2008 $'000	The Group 2007 $'000	The Company 2008 $'000	The Company 2007 $'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	53,684	56,605	-	-
Investments in subsidiaries	13	-	-	51,297	51,283
Investment in associated company	14	-	6,201	-	6,400
Financial asset, available-for-sale	15	6,400	-	6,400	-
Goodwill arising on consolidation	16	13,757	13,757	-	-
Deferred income tax assets	26	1,176	1,218	-	-
Receivable from subsidiaries	19	-	-	-	4,067
		75,017	77,781	57,697	61,750
CURRENT ASSETS					
Inventories	17	45,976	52,781	-	-
Trade receivables	18	41,551	48,535	-	-
Receivable from subsidiaries	19	-	-	2,540	-
Dividends receivable from subsidiaries		-	-	7,143	6,849
Other receivables	20	3,968	3,269	741	17
Tax recoverable		593	387	-	-
Financial asset, available-for-sale	15	6,049	9,329	-	-
Cash and cash equivalents	21	39,736	34,693	7,609	7,582
		137,873	148,994	18,033	14,448
Total assets		212,890	226,775	75,730	76,198
CURRENT LIABILITIES					
Trade payables	22	19,943	33,578	-	-
Other payables	23	11,142	11,414	641	260
Borrowings	24	76	681	-	-
Taxation		93	476	10	27
		31,254	46,149	651	287
NON-CURRENT LIABILITIES					
Borrowings	24	134	104	-	-
Deferred income tax liabilities	26	1,805	2,208	-	-
		1,939	2,312	-	-
Total liabilities		33,193	48,461	651	287
NET ASSETS		179,697	178,314	75,079	75,911
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	27	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 loss)		92,879	85,111	(1,550)	(704)
		103,082	101,699	(1,536)	(704)
TOTAL EQUITY		179,697	178,314	75,079	75,911

The accompanying notes form an integral part of these financial statements.

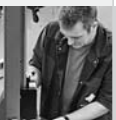


Consolidated Statement of Changes In Equity

For the financial year ended 31 December 2008

		Attributable to equity holders of the Company							
			Non-distributable						
	Notes	Share capital $'000	Currency translation differences $'000	Capital reserve $'000	Share option reserve $'000	Retained profits $'000	Total $'000	Minority interest $'000	Total equity $'000
At 1 January 2008		76,615	14,243	2,345	-	85,111	178,314	-	178,314
Currency translation differences		-	(6,399)	-	-	-	(6,399)	-	(6,399)
Net loss recognised directly in equity		-	(6,399)	-	-	-	(6,399)	-	(6,399)
Net profit for the financial year		-	-	-	-	14,685	14,685	-	14,685
Total recognised (loss)/gains for the financial year		-	(6,399)	-	-	14,685	8,286	-	8,286
Employee share option scheme - value of employee services		-	-	-	14	-	14	-	14
Dividend relating to 2007 paid	11	-	-	-	-	(6,917)	(6,917)	-	(6,917)
At 31 December 2008		76,615	7,844	2,345	14	92,879	179,697	-	179,697
At 1 January 2007		76,615	10,790	2,345	-	70,032	159,782	522	160,304
Currency translation differences		-	3,453	-	-	-	3,453	-	3,453
Net gain recognised directly in equity		-	3,453	-	-	-	3,453	-	3,453
Net profit for the financial year		-	-	-	-	23,002	23,002	11	23,013
Total recognised gains for the financial year		-	3,453	-	-	23,002	26,455	11	26,466
Disposal of shares in a subsidiary		-	-	-	-	-	-	(533)	(533)
Dividend relating to 2006 paid	11	-	-	-	-	(7,923)	(7,923)	-	(7,923)
At 31 December 2007		76,615	14,243	2,345	-	85,111	178,314	-	178,314

The accompanying notes form an integral part of these financial statements.

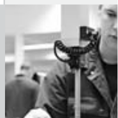


Consolidated Cash Flow Statement

For the financial year ended 31 December 2008

	The Group	
	2008	2007
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Total profit	14,685	23,013
Adjustments for:		
Income tax expense	4,244	5,329
Exchange differences	483	340
Employee share option expense	14	-
Depreciation of property, plant and equipment	8,389	9,603
Gain on disposal of property, plant and equipment	(206)	(385)
Property, plant and equipment written off	31	6
Loss on disposal of a subsidiary	-	9
Loss on disposal of an associated company	-	69
Interest income	(1,403)	(1,360)
Interest expense	31	85
Share of result of associated companies	45	95
Gain on dilution of interest in associate	(244)	-
Operating cash flow before working capital changes	26,069	36,804
Changes in operating assets and liabilities:		
Inventories	4,440	(14,784)
Receivables	3,966	(2,541)
Payables	(14,403)	354
Amount due from a former associated company	-	(256)
Cash flows generated from operations	20,072	19,577
Tax paid	(5,157)	(8,344)
Tax refunded	-	25
Interest paid	(31)	(85)
NET CASH GENERATED FROM OPERATING ACTIVITIES	14,884	11,173
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,403	1,360
Withdrawal of short term fund with a financial institution	2,854	1,019
Purchase of property, plant and equipment (Note 21)	(5,699)	(8,925)
Proceeds from disposal of property, plant and equipment	419	758
Proceeds from disposal of a subsidiary, net of cash disposed of (Note 21)	-	21
Proceeds from disposal of an associated company	-	308
NET CASH USED IN INVESTING ACTIVITIES	(1,023)	(5,459)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of finance lease liabilities	(444)	(507)
Repayment of short term borrowings	(2,270)	(885)
Proceeds from short term borrowings	2,019	1,148
Proceeds from term loan	-	342
Dividend paid to shareholders	(6,917)	(7,923)
Withdrawal of deposits pledged as securities	-	225
NET CASH USED IN FINANCING ACTIVITIES	(7,612)	(7,600)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS CARRIED FORWARD	6,249	(1,886)

The accompanying notes form an integral part of these financial statements.



	The Group	
	2008	2007
	$'000	$'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS BROUGHT FORWARD	6,249	(1,886)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	34,693	35,599
Effect of exchange rate changes on cash and cash equivalents	(1,206)	980
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 21)	39,736	34,693

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 GENERAL

The Company is incorporated and domiciled in Singapore and is publicly traded on the Singapore Exchange. The registered office of the Company is located at:

8 Cross Street
#11-00 PWC Building
Singapore 048424

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are set out in Note 13.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS"). These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2008

On 1 January 2008, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS and INT FRS that are relevant to the Group:

INT FRS 111 Group and Treasury Share Transactions

In addition, amendments to FRS 39 - Financial Instruments: Recognition and Measurement and FRS - 107 Financial Instruments: Disclosure - Reclassifications of Financial Assets, were adopted by the Company with effect from 1 July 2008.

The adoption of the above amended FRS or INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements.

(b) Group accounting

(i) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. Please refer to Note 2(d) for the accounting policy on goodwill.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Group accounting (cont'd)

(i) Subsidiaries (cont'd)

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases.

In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the assets transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are attributed to the equity holders of the Company until the minority's share of losses is fully recovered by the equity holders of the Company.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests, which result in gains and losses for the Group, are recorded in the income statement. The difference between any consideration paid to minority interests for purchases of additional equity interest in a subsidiary and the incremental share of the carrying value of the net assets of the subsidiary is recognised as goodwill.

Please refer to Note 2(c) for the Company's accounting policy on investments in subsidiaries.

Pursuant to the reorganisation of companies under common control, under a Scheme of Arrangement on 28 March 2001, a subsidiary was consolidated in accordance with the principles of merger method of consolidation. Consequently, the consolidated financial statements were presented as if the Scheme of Arrangement had been effected on 27 August 1999 (the date of incorporation of the Company) and its results are presented as if the merger had been effected throughout the current and previous financial years.

The cost of investment in a merger is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other considerations. Expenditure incurred in connection with the merger is recognised as an expense in the income statement. On consolidation, the cost of investment in the merger is cancelled with the nominal values of the shares received. The net differences between the cost of investment and share premium and any other reserves which are attributable to the subsidiary was to taken to "capital reserve".

(ii) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses. Investments in associated companies in the consolidated balance sheet include goodwill (net of accumulated amortisation) identified on acquisition, where applicable. Please refer to Note 2(d) for the accounting policy on goodwill.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Group accounting (cont'd)

(ii) Associated companies (cont'd)

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in the income statement and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognised further losses, unless it has obligations or has made payments on behalf of the associated company.

In applying the equity method of accounting, unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associated companies to ensure consistency of accounting policies with those of the Group.

Dilution gains and losses arising from changes in equity interest in associated companies are recognised in the income statement.

Please refer to Note 2(c) for the Company's accounting policy on investments in associated companies.

(iii) Transaction costs

Costs directly attributable to an acquisition are included as part of the cost of acquisition.

(c) Investments in subsidiaries and associated companies

Investments in subsidiaries and associated companies are stated at cost less accumulated impairment losses (Note 2(e)) in the Company's balance sheet. On disposal of investments in subsidiaries and associated companies, the difference between net disposal proceeds and the carrying amounts of the investments are taken to the income statement.

(d) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries and associated companies at the date of acquisition.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

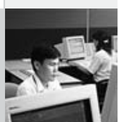
Gains and losses on the disposal of subsidiaries and associated companies include the carrying amount of goodwill relating to the equity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained earnings in the year of acquisition and not recognised in the income statement on disposal.

(e) Impairment of non-financial assets

(i) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in associated company is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.



2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Impairment of non-financial assets (cont'd)

(i) Goodwill (cont'd)

An impairment loss is recognised when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

(ii) Property, plant and equipment
Investments in subsidiaries and associated companies

Property, plant and equipment and investments in subsidiaries and associated companies are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement.

(f) Currency translation

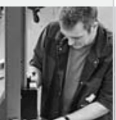
(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Singapore Dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement, unless they arise from net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the income statement as part of gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.



2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Currency translation (cont'd)

(iii) Translation of Group entities' financial statements

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;

(b) Income and expenses are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(c) All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rate at the date of the balance sheet. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition are used.

(g) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Sale of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer and collectibility of the related receivables is reasonably assured.

(ii) Rendering of services

Revenue from rendering of services is recognised when the services are rendered.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

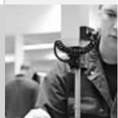
(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(h) Property, plant and equipment

(i) Measurement

All property, plant and equipment other than freehold land are stated at historical cost less accumulated depreciation and accumulated impairment losses. Freehold land is stated at historical cost less accumulated impairment losses.



2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Property, plant and equipment (cont'd)

(ii) Component of costs

The cost of property, plant and equipment includes purchase price and any cost that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

(iii) Depreciation

Freehold land and capital work in progress are not depreciated. Leasehold land and buildings are depreciated on a straight line basis of the lease periods of between 45 and 99 years. Depreciation on other property, plant and equipment is calculated using the straight line method to allocate their depreciable amounts based on the following annual rates:

Freehold buildings	2% - 3.33%
Plant, machinery and equipment and piping and electrical installation	10% - 25%
Moulds and toolings	20% - 50%
Office equipment, furniture and fittings and renovation	8% - 33.33%
Motor vehicles	16% - 25%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

One of the subsidiaries in 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 year ended 31 December 2008 of approximately $1,906,000.

(iv) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised as expenses during the financial year in which they are incurred.

(v) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income statement.

(i) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and short-term, highly liquid funds which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Cash on hand and at banks and deposits with licensed banks are carried at cost.

For the purposes of the cash flow statements, cash and cash equivalents are shown net of outstanding bank overdrafts.

(k) Leases

(i) Lessee - Finance leases

Leases of assets where the Group assumes substantially the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Lessee - Operating leases

Leases of assets where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

(l) Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payment when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Financial guarantee contracts are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount.

In this case, the financial guarantee contracts shall be carried at the expected amount payable to bank.

Intragroup transactions are eliminated on consolidation.

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

(o) Income tax

Current income tax for current and prior periods are recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax liabilities is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred income tax are recognised as income or expenses in the income statement for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from the fair value gains and losses on available-for-sale financial assets are charged or credited directly to equity in the same period the temporary differences arise. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(p) Employee compensation

Employee compensation are recognised as an expense in the income statement, unless the costs qualify to be capitalised as an asset.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

(ii) Employee leave entitlements

Employees' entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Employee compensation (cont'd)

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense in the income statement with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant.

Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the income statement, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

(q) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

(r) Government grants

Grants from government are recognised at their fair values when there is reasonable assurance that the conditions attached to the grants are complied and will be received. Expense related grants are recognised as income in the period in which the respective expenses are incurred.

(s) Dividend

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

(t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are deducted against the share capital account.

(u) Financial assets

(i) Classification

The Group classifies its financial assets as loans and receivables and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are represented within "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Financial assets (cont'd)

(i) Classification (cont'd)

(b) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the income statement. Any amount in the fair value reserve relating to that asset is also taken to the income statement.

(iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(iv) Subsequent measurement

Financial assets available-for-sale is subsequently carried at fair value. Loans and receivables is carried at amortised cost using the effective interest method.

Interest and dividend income on financial assets, available-for-sale are recognised separately in the income statement. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in the income statement and the other changes are recognised in the fair value reserve. Changes in fair value of available-for-sale equity securities (i.e. monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

(v) Impairment

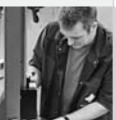
The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(a) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the income statement.

The allowance for impairment loss account is reduced through the income statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.



2 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Financial assets (cont'd)

(v) Impairment (cont'd)

(b) Financial assets, available-for-sale

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that has been recognised directly in the fair value reserve is removed from the fair value reserve within equity and recognised in the income statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in income statement.

Impairment losses on debt instruments classified as available-for-sale financial assets are reversed through the income statement. However, impairment losses recognised in the income statement on equity instruments classified as available-for-sale financial assets are not reversed through the income statement.

(v) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimation of impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(e)(i). The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 16).

If the management's estimated gross margin had been lower by 10%, the carrying amount will not exceed the recoverable amount.

If the management's estimated pre-tax discount rate applied to the discounted cash flows had been raised by 1%, the carrying amount will not exceed the recoverable amount.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. Significant judgement is also required in determining the recognition of deferred tax assets. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The estimate and judgements are reviewed on an ongoing basis, however, are not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 REVENUE

	The Group	
	2008	**2007**
	$'000	**$'000**
Sale of goods	226,938	246,148
Rendering of services	13	11
	226,951	246,159

5 OTHER GAINS

	The Group	
	2008	**2007**
	$'000	**$'000**
Gain on disposal of property, plant and equipment	223	393
Gain on dilution of interest in associate	244	-
Government grants	736	832
Currency exchange differences	299	163
Others	168	233
	1,670	1,621

6 EXPENSES BY NATURE

	The Group	
	2008	2007
	$'000	$'000
Depreciation of property, plant and equipment (Note 12)	(8,389)	(9,603)
Employee compensation (Note 7)	(44,830)	(46,212)
Purchase of raw materials, finished goods and consumables	(122,895)	(157,417)
Changes in inventories of raw materials, work-in-progress and finished goods	(4,642)	14,117
Transportation	(2,679)	(2,815)
Repairs and maintenance	(3,575)	(3,054)
Utilities	(3,667)	(3,623)
Insurance	(666)	(641)
Reversal of inventory written-down	95	294
Rental expenses on operating leases	(620)	(584)
Auditors remuneration paid and payable to:		
- auditors of the Company	(88)	(80)
- other auditors*	(231)	(219)
Other fees paid and payable to:		
- auditors of the Company	-	-
- other auditors*	(12)	(9)
Other expenses	(18,820)	(10,772)
Total cost of sales, selling and distribution expenses, administrative and general expenses and other operating expenses	(211,019)	(220,618)

* Includes other auditors and PricewaterhouseCoopers firms outside Singapore

7 EMPLOYEE COMPENSATIONS

	The Group	
	2008	2007
	$'000	$'000
Wages, salaries and bonuses	(39,211)	(40,936)
Employer's contribution to defined contributions plans	(5,605)	(5,276)
Employee share option expense	(14)	-
	(44,830)	(46,212)

8 FINANCE COSTS

	The Group	
	2008	2007
	$'000	$'000
Interest expense on:		
- finance lease	(21)	(47)
- short term borrowings	(10)	(38)
	(31)	(85)

9 INCOME TAX EXPENSE

	The Group	
	2008	2007
	$'000	$'000
Income tax expense attributable to profit is made up of:		
Current income tax:		
- Singapore	(11)	(20)
- Foreign	(4,561)	(6,129)
Deferred income tax (Note 26)	398	691
	(4,174)	(5,458)
Over/(under) provision in respect of previous financial years:		
- Current income tax	9	30
- Deferred income tax (Note 26)	(79)	99
	(4,244)	(5,329)

The income tax expense on profit before tax differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	The Group	
	2008	2007
	$'000	$'000
Profit before taxation	18,929	28,342
Tax calculated at Singapore income tax rate of 18% (2007: 18%)	(3,407)	(5,102)
Effects of :		
- Different income tax rates in other countries	(1,358)	(2,022)
- Expenses not deductible for tax purposes	(326)	(176)
- Income not subject to taxation	208	109
- Utilisation of previously unrecognised tax losses	35	538
- Utilisation of previously unrecognised other temporary differences	630	334
- Deferred tax assets not recognised	(181)	(50)
- Tax incentives in other countries	225	911
Income tax expense	(4,174)	(5,458)

10 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	The Group	
	2008	2007
	$'000	$'000
Net profit attributable to equity holders of ElectroTech Investments Limited	14,685	23,002
	Number of shares	Number of shares
Weighted average number of ordinary shares in outstanding for basic earnings per share	304,713,258	304,713,258
	Cents	Cents
Basic earnings per share	4.82	7.55

10 EARNINGS PER SHARE (cont'd)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

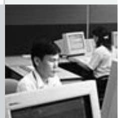
	The Group	
	2008	**2007**
	$'000	**$'000**
Net profit attributable to equity holders of ElectroTech Investments Limited	14,685	23,002
	Number of shares	Number of shares
Weighted average number of ordinary shares in issue for basic earnings per share	304,713,258	304,713,258
Adjustment for share options	4,178,123	-
	308,891,381	304,713,258
	Cents	Cents
Diluted earnings per share	4.75	7.55

11 DIVIDEND

	Group and Company	
	2008	**2007**
	$'000	**$'000**
Ordinary dividends paid or proposed		
First and final exempt dividend paid in respect of the previous financial year of 2.27 cents (2006: 2.60 cents) per share	6,917	7,923

At the Annual General Meeting on 8 April 2009, a first and final exempt dividend in respect of the financial year ended 31 December 2008 of 1.92 cents per share amounting to $5,850,000 will be proposed for the shareholders' approval.

The financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2009.



12 PROPERTY, PLANT AND EQUIPMENT

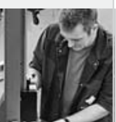
2008 The Group	Freehold land and buildings $'000	Leasehold land and buildings $'000	Plant, machinery and equipment and piping and electrical installation $'000	Moulds and toolings $'000	Office equipment, furniture and fittings and renovation $'000	Motor vehicles $'000	Total $'000
Cost:							
At beginning of the financial year	16,747	15,178	80,981	1,452	12,718	1,810	128,886
Currency translation differences	(725)	(654)	(3,792)	(146)	(567)	(43)	(5,927)
Additions	81	114	6,596	76	711	569	8,147
Disposals	-	-	(1,882)	-	(7)	(516)	(2,405)
Written off	-	-	(107)	(17)	(147)	(2)	(273)
At end of the financial year	16,103	14,638	81,796	1,365	12,708	1,818	128,428
Accumulated depreciation:							
At beginning of the financial year	5,805	2,657	52,422	1,284	9,117	996	72,281
Currency translation differences	(288)	(122)	(2,517)	(152)	(411)	(2)	(3,492)
Charge for the financial year	513	282	6,270	118	941	265	8,389
Disposals	-	-	(1,835)	-	(3)	(354)	(2,192)
Written off	-	-	(77)	(17)	(146)	(2)	(242)
At end of the financial year	6,030	2,817	54,263	1,233	9,498	903	74,744
Net book value:							
At 31 December 2008	10,073	11,821	27,533	132	3,210	915	53,684

2007 The Group	Freehold land and buildings $'000	Leasehold land and buildings $'000	Plant, machinery and equipment and piping and electrical installation $'000	Moulds and toolings $'000	Office equipment, furniture and fittings and renovation $'000	Motor vehicles $'000	Total $'000
Cost:							
At beginning of the financial year	15,885	14,905	76,632	1,378	10,922	1,863	121,585
Currency translation differences	725	(3)	1,516	(18)	190	35	2,445
Additions	137	310	7,883	120	1,866	148	10,464
Disposals	-	(34)	(3,019)	-	(180)	(168)	(3,401)
Disposal of a subsidiary	-	-	(2,001)	(28)	(63)	(68)	(2,160)
Written off	-	-	(30)	-	(17)	-	(47)
At end of the financial year	16,747	15,178	80,981	1,452	12,718	1,810	128,886
Accumulated depreciation:							
At beginning of the financial year	5,032	2,377	47,989	1,211	8,330	813	65,752
Currency translation differences	267	(3)	1,065	(20)	158	14	1,481
Charge for the financial year	499	289	7,599	102	836	278	9,603
Disposals	-	(6)	(2,791)	-	(180)	(51)	(3,028)
Disposal of a subsidiary	-	-	(1,414)	(9)	(5)	(58)	(1,486)
Written off	-	-	(26)	-	(15)	-	(41)
Reclassification	7	-	-	-	(7)	-	-
At end of the financial year	5,805	2,657	52,422	1,284	9,117	996	72,281
Net book value:							
At 31 December 2007	10,942	12,521	28,559	168	3,601	814	56,605

Included in additions in the consolidated financial statements are motor vehicles acquired under finance leases amounting to $148,000 (2007: $Nil).

The carrying amount of plant and equipment, and motor vehicles held under finance leases are $Nil (2007: $689,000) and $349,000 (2007: $357,000) respectively.

Freehold land and buildings with a total net book value of approximately $898,000 (2007: $940,000) are charged as securities for banking facilities granted to certain subsidiaries.



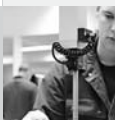
13 INVESTMENTS IN SUBSIDIARIES

	The Company 2008 $'000	The Company 2007 $'000
Equity investment – at cost	55,577	54,551
Less: Accumulated impairment losses	(4,294)	(3,268)
	51,283	51,283
Equity contributions to subsidiaries	14	-
	51,297	51,283

The Company's equity contributions to subsidiaries during the financial year are in respect of its share options granted to the eligible employees (including executive directors) of the Group and credited to share option reserve.

The details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ place of business	Effective equity interest held by the Group				Principal activities
		Company		Subsidiary		
		2008 %	2007 %	2008 %	2007 %	
Precico Singapore Pte Ltd+	Singapore	100	100	-	-	Sales and servicing of tools
ElectroTech EU Limited ^	England	100	100	-	-	Marketing and sale of consumer products
Precico Group Sdn. Bhd.***	Malaysia	100	100	-	-	Management and investment holding
Frencken Group B.V. **	Netherlands	100	100	-	-	Investment holding
Frencken Mechatronics B.V.**	Netherlands	-	-	100	100	Manufacturing, assembly and engineering of precision mechanical modules and equipment
Frencken Technical Projects Assembly B.V.**	Netherlands	-	-	100	100	Provision of services to Group companies
Machinefabriek Gebrs. Frencken B.V.**	Netherlands	-	-	100	100	Manufacturing and assembly of precision mechanical parts, sheet metal and prototyping
Optiwa B.V. **	Netherlands	-	-	100	100	Manufacturing and/or assembly of precision mechanical parts and modules
Frencken Eindhoven B.V.**	Netherlands	-	-	100	100	Provision of services to Group companies



13 INVESTMENTS IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows: (cont'd)

Name of subsidiary	Country of incorporation/ place of business	Effective equity interest held by the Group				Principal activities
		Company		Subsidiary		
		2008 %	2007 %	2008 %	2007 %	
Frencken Logistics & Assembly B.V.**	Netherlands	-	-	100	100	Provision of services to Group companies
Frencken Investments B.V. **	Netherlands	-	-	100	100	Property holding company
Frencken Malaysia Sdn. Bhd.***	Malaysia	-	-	100	100	Dormant
Frencken Mechatronics (M) Sdn. Bhd.***	Malaysia	-	-	100	-	Manufacturing and/or assembly of mechanical parts and modules
Precico D&E Sdn. Bhd.***	Malaysia	-	-	100	100	Dormant
Precico Sdn. Berhad***	Malaysia	-	-	100	100	Manufacture of plastic injection moulded parts and/or assemblies and investment holding
Precico Electronics Sdn. Bhd.***	Malaysia	-	-	100	100	Manufacturing, final test and assembly of electronic related products
Precico M&D Sdn. Bhd.***	Malaysia	-	-	100	100	Design and manufacture of plastic injection moulds and the provision of maintenance services
Merit Process Sdn. Bhd.***	Malaysia	-	-	100	100	Manufacture of plastic injection moulded parts and/or assemblies

+ Audited by Lim Chee Yong & Co, Singapore
** Audited by PricewaterhouseCoopers Eindhoven, Netherlands
*** Audited by PricewaterhouseCoopers Penang, Malaysia
^ Audited by Price Bailey LLP, Cambridge

14 INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Beginning of financial year			6,400	6,400
Transfer to financial asset, available-for-sale (Note 15)			(6,400)	-
End of financial year			-	6,400
Beginning of financial year	6,201	6,353		
Currency translation differences	-	(7)		
Transfer from investments in subsidiaries (Note 21)	-	327		
Disposal during financial year	-	(377)		
Share of results	(45)	(95)		
Gain on dilution of interest in an associate (1)	244	-		
Transfer to financial asset, available-for-sale (Note 15)	(6,400)	-		
End of financial year	-	6,201		
The summarised financial information of associated companies is as follows:				
- Assets	-	15,471		
- Liabilities	-	75		
- Revenue	-	1,400		
- Net loss	-	(189)		

Goodwill amounting $50,000 was included in the carrying amount of investment in associated company as at 31 December 2007.

The details of the associated company are as follows:

Name of associated company	Country of incorporation/ place of business	Effective equity interest held by the Group		Principal activities
		2008	2007	
		%	%	
MTIC Holdings Pte Ltd ++	Singapore	-	39.95	Investment holding (1)

(1) On 25 July 2008, the Group's effective equity interest diluted from 39.95% to 12.85% resulted a gain on dilution of interest of approximately $244,000.

++ Audited by RSM Chio Lim, Singapore

15 FINANCIAL ASSET, AVAILABLE-FOR-SALE

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Non-current portion				
Transfer from investment in associated company (Note 14)	6,400	-	6,400	-
Current portion	6,049	9,329	-	-
	12,449	9,329	6,400	-

Available-for-sale financial asset are analysed as follows:

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Unlisted securities				
- Equity securities - Singapore	6,400	-	6,400	-
- Short term funds placed with a Malaysian financial institution	6,049	9,329	-	-
	12,449	9,329	6,400	-

The fair value of the unlisted securities approximate the carrying value.

16 GOODWILL ARISING ON CONSOLIDATION

	The Group	
	2008	2007
	$'000	$'000
Cost:		
At beginning/end of the financial year	13,757	13,757

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to countries of operation and business segment.

The summary of the goodwill allocation is presented below:

	2008 ($'000)			2007 ($'000)		
	EMS	Mechatronics	Total	EMS	Mechatronics	Total
Malaysia	6,708	146	6,854	6,708	146	6,854
Netherlands	-	6,903	6,903	-	6,903	6,903
	6,708	7,049	13,757	6,708	7,049	13,757

The recoverable amount of a CGU is determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial forecasts approved by management covering a five-year period. The growth rate does not exceed the long-term average growth rate for the components business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	EMS	Mechatronics
	%	%
Gross margin[1]	15.5	14.6
Growth rate[2]	5.0	5.0
Discount rate[3]	14.0	14.2

[1] Forecasted gross margin
[2] Weighted average growth rate used to extrapolate cash flows beyond the forecast period
[3] Pre-tax discount rate applied to the pre-tax cash flow projections

16 GOODWILL ARISING ON CONSOLIDATION (cont'd)

These assumptions were used for the analysis of each CGU within the business segment. Management determined forecasted gross margin based on past performance and its expectations for market development. The weighted average growth rates used were consistent with forecast used and industry knowledge. The discount rates used were pre-tax and reflect specific risks relating to the relevant segments.

There is no impairment charge (2007: $Nil) for the financial year because the value-in-use calculations exceeded the carrying amount of the investments in subsidiaries at balance sheet date.

17 INVENTORIES

	The Group	
	2008	**2007**
	$'000	**$'000**
Raw materials	20,734	24,729
Work-in-progress	12,775	16,061
Finished goods	12,467	11,991
	45,976	52,781

The cost of inventories recognised as expense and included in "cost of sales" amounted to $127,537,000 (2007: $143,300,000).

18 TRADE RECEIVABLES

	The Group	
	2008	**2007**
	$'000	**$'000**
Trade receivables	41,996	49,002
Allowance for impairment of doubtful receivables	(445)	(467)
	41,551	48,535

The carrying values of trade receivables approximated their fair values at balance sheet date as these amounts are recoverable within the next 12 months.

As at 31 December 2008, approximately 66% of the trade receivables balance of the Group relates to four major customers that are involved in a different spectrum of industries and possess a variety of end markets to which they sell. Management has in place specific procedures to ensure that the related credit risks are closely monitored. Due to these factors, management believes that no additional credit risk beyond the amount of allowance for impairment made is inherent in the Group's trade receivables.

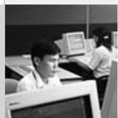
The exposure of trade receivables to credit risks is disclosed in Note 32.

During the year, the Group written off $Nil (2007: $353,000) against the allowance for impairment of doubtful receivables.

19 RECEIVABLES FROM SUBSIDIARIES

The receivables from subsidiaries are non-trade in nature, unsecured and interest free. In the previous financial year, the receivables from subsidiaries were not expected to be repaid within 12 months. In the current financial year, the receivables are repayable on demand.

The carrying values of receivables from subsidiaries approximated their fair values at balance sheet date.



20 OTHER RECEIVABLES

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Sundry receivables	2,482	2,341	717	7
Deposits	108	104	-	-
Prepayments	1,322	692	24	10
Staff loans and advances	97	175	-	-
	4,009	3,312	741	17
Less:				
Allowance for impairment of doubtful receivables	(41)	(43)	-	-
	3,968	3,269	741	17

Included in sundry receivables is a non-audit fee paid to the auditors of the Company and other auditors of S$176,000 and $21,000 respectively, which relates to propose acquisition of ETLA Limited (Note 34). These costs will form part of the cost of acquisition when the transaction is completed.

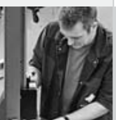
The carrying values of sundry receivables and staff loans approximated their fair values as these amounts are expected to be recovered within the next 12 months.

21 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Deposits with licensed banks	12,358	20,951	7,100	7,450
Cash and bank balances	27,378	13,742	509	132
	39,736	34,693	7,609	7,582

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $8,147,000 (2007: $10,464,000) of which $148,000 (2007: $Nil) was acquired by means of finance lease arrangements and $2,300,000 (2007: $1,539,000) included in other payables at balance sheet date. Cash payments of $5,699,000 (2007: $8,925,000) were made to purchase these property, plant and equipment.

On 31 January 2007, the Group disposed of 21% of its interest in an indirect subsidiary, Frencken Koike Precision Sdn. Bhd. for a cash consideration of $220,000.



21 CASH AND CASH EQUIVALENTS (cont'd)

The aggregate effects of disposal of subsidiary on the cash flows of the Group was as follows:

	Carrying Amount	
	2008	2007
	$'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 (Note 14)	-	(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

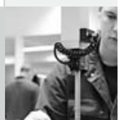
22 TRADE PAYABLES

The carrying values of trade payables approximated their fair values at balance sheet date as these amounts are payable within the next 12 months.

23 OTHER PAYABLES

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Sundry payables	3,466	3,782	361	4
Other operating accruals	7,676	7,632	280	256
	11,142	11,414	641	260

The carrying values of other payables approximated their fair values at balance sheet date as these amounts are payable within the next 12 months.



24 BORROWINGS

	The Group 2008 $'000	The Group 2007 $'000
Current		
Short term bank borrowings:		
- banker acceptance	-	260
Finance lease liabilities (Note 25)	76	421
	76	681
Non-current		
Finance lease liabilities (Note 25)	134	104

The carrying amounts of short term bank borrowings approximated their fair values at balance sheet date.

The carrying amount of finance lease liabilities approximated their fair values as there are no significant differences between the historical interest rates at the points when the liabilities were undertaken and the current prevailing market interest rates.

The short term borrowings for current financial year are unsecured.

Finance lease liabilities of the Group are secured by the rights to the leased plant and equipment, and motor vehicles (Note 12), which will revert to the lessor in the event of default by the Group.

25 FINANCE LEASE LIABILITIES

The future minimum finance lease payments together with their present values are as follows:

	The Group Minimum payments 2008 $'000	Present value of payments 2008 $'000	Minimum payments 2007 $'000	Present value of payments 2007 $'000
Not later than 12 months	85	76	438	421
Between two and five years	144	134	108	104
	229	210	546	525
Less: Future finance charges	(19)	-	(21)	-
Present value of finance lease liabilities	210	210	525	525

26 DEFERRED INCOME TAXATION

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same tax authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	The Group 2008 $'000	The Group 2007 $'000
Deferred income tax assets - to be recovered within one year	(1,176)	(1,218)
Deferred income tax liabilities - to be settled after one year	1,805	2,208
	629	990

26 DEFERRED INCOME TAXATION (cont'd)

The movements on the deferred income tax account are as follows:

	The Group 2008 $'000	The Group 2007 $'000
At 1 January	990	1,764
Credited to income statement (Note 9)	(319)	(790)
Currency translation differences	(42)	16
At 31 December	629	990

The movements in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

The Group

Deferred income tax liabilities

	Accelerated tax depreciation $'000
2008	
Balance at beginning of financial year	2,993
Currency translation differences	(135)
Charged to income statement	219
Balance at end of financial year	3,077
2007	
Balance at beginning of financial year	3,262
Currency translation differences	12
Credited to income statement	(281)
Balance at end of financial year	2,993

Deferred income tax assets

	Decelerated tax depreciation $'000	Unutilised tax losses $'000	Accruals $'000	Others $'000	Total $'000
2008					
Balance at beginning of financial year	(896)	(515)	(343)	(249)	(2,003)
Currency translation differences	35	12	11	35	93
Charged/(Credited) to income statement	21	156	(16)	(699)	(538)
Balance at end of financial year	(840)	(347)	(348)	(913)	(2,448)
2007					
Balance at beginning of financial year	(793)	(439)	(266)	-	(1,498)
Currency translation differences	2	1	1	-	4
Credited to income statement	(105)	(77)	(78)	(249)	(509)
Balance at end of financial year	(896)	(515)	(343)	(249)	(2,003)

Deferred income tax assets are recognised for unutilised tax losses, unutilised capital allowances and unutilised reinvestment allowances carried forward to the extent that realisation of the related income tax benefits through future taxable profits is probable.

26 DEFERRED INCOME TAXATION (cont'd)

On 22 January 2009, the Singapore Minister of Finance announced a reduction in corporate tax rate from 18% to 17% with effect from the year of assessment 2010. The change in Singapore tax rate does not have an impact to the deferred tax as deferred tax is recognised in Malaysia and Netherlands.

The estimated amount of unutilised tax losses, unutilised capital allowances and unutilised reinvestment allowances, pending agreement with the relevant tax authorities in the countries in which the Group operates, for which the related income tax effects have not been accounted for are as follows:

	The Group	
	2008	**2007**
	$'000	**$'000**
Unutilised tax losses	5,220	6,528
Unutilised capital allowances	606	30
Unutilised reinvestment allowances	-	2,612

The above unutilised tax losses, unutilised capital allowances and unutilised reinvestment allowances have no expiry dates.

27 SHARE CAPITAL

	← Issued share capital →	
	No. of shares	**Amount**
		$'000
2008		
Beginning / end of the financial year	304,713,258	76,615
2007		
Beginning / end of the financial year	304,713,258	76,615

All issued shares are fully paid. There is no par value for these ordinary shares.

Share options were granted to executive directors and group employees who been in the employment of the Group for a period of at least twelve (12) months under the ElectroTech Employee Share Option Scheme, which became operative on 1 December 2008.

The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares on the Singapore Exchange for three (3) market days immediately preceding the date of the grant. The vesting of the options is conditional on the executive director or employee of the Group completing another two (2) years of service to the Group from the date of grant of options.

Once the options have vested, they are exercisable for a contractual option term of eight (8) years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

On 1 December 2008, options to subscribe for 8,960,000 ordinary shares of the Company at an exercise price of $0.155 per ordinary share were granted pursuant to the Scheme ("2008 Options"). The 2008 Options are exercisable from 1 December 2010 and expire on 30 November 2018.

27 SHARE CAPITAL (cont'd)

Movement in the number of unissued ordinary shares under option and their exercise prices are as follows:

Group and Company	Number of ordinary shares under option: Beginning of financial year	Granted during financial year	End of financial year	Exercise price	Exercise period
2008 Options	-	8,960,000	8,960,000	$0.155	1.12.2010 - 30.11.2018

The fair value of options granted on 1 December 2008, determined using the Black-Scholes Valuation Model, was $479,073. The significant inputs into the model were share price of $0.19 at the grant date, exercise price of $0.155, standard deviation of expected share price returns of 33%, the option life shown above and annual risk-free interest rate of 1.9%. The volatility measured as the standard deviation of expected share price returns was based on statistical analysis of share prices from year 2006 to 2007.

28 RELATED PARTY TRANSACTIONS

Other than those disclosed elsewhere in the financial statements, the following related party transactions took place during the financial year:

(a) Transactions with subsidiaries

	The Company 2008 $'000	The Company 2007 $'000
Accounting services charged by a subsidiary	53	52
Management fee expense charged to a subsidiary	490	469
Expenses paid on behalf by a subsidiary	96	95
Expenses paid on behalf of a subsidiary	-	107

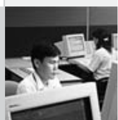
(b) Key management personnel compensation

The key management personnel compensation includes fees, salary, bonuses, and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group, and where the Group did not incur any costs, the value of the benefit.

The key management personnel compensation is as follows:

	The Group 2008 $'000	The Group 2007 $'000
Salaries and other short term employee benefits	4,490	4,809
Post employment benefits - defined contribution plan	303	334
Share option expense	8	-

Total compensation to directors of the Company included in above amounted to $1,540,000 (2007: $2,203,000).



29 SEGMENT INFORMATION

(a) Primary reporting information - Business segments

The Group is organised and managed separately according to the nature of products provided with each segment representing a strategic business unit that offers different products and services different markets. The three main business segments are:

- Mechatronics - mainly serves industrial machinery and capital equipment customers
- Electronics Manufacturing Services ("EMS") - mainly serves consumer electronics, telecommunications and office automation customers
- Investment holding

Other operations of the Group are not of a sufficient size to be reported separately.

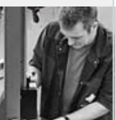
Inter-segment transactions are determined on terms agreed between the parties. Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, goodwill, inventories, receivables, financial investments and operating cash and bank balances and excludes deferred income tax assets and tax recoverable. Segment liabilities comprise operating liabilities and exclude items such as taxation, borrowings and deferred tax liabilities. Capital expenditure comprises additions to property, plant and equipment.

	Mechatronics		**EMS**		**Investment holding**		**Eliminations**		**Total**	
	2008 $'000	**2007 $'000**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**	**2008 $'000**	**2007 $'000**
External revenue	157,342	171,329	69,596	74,819	13	11	-	-	226,951	246,159
Inter-segment sales	27	-	23	46	641	627	(691)	(673)	-	-
	157,369	171,329	69,619	74,865	654	638	(691)	(673)	226,951	246,159
Segment results	15,988	23,501	1,636	3,722	(22)	(61)	-	-	17,602	27,162
Interest income									1,403	1,360
Finance costs									(31)	(85)
Share of result of an associated company	-	57	-	-	(45)	(152)	-	-	(45)	(95)
Profit before taxation									18,929	28,342
Income tax expense									(4,244)	(5,329)
Total profit									14,685	23,013
Segment assets	118,074	126,892	68,379	74,132	24,668	17,945	-	-	211,121	218,969
Investment in associated company	-	-	-	-	-	6,201	-	-	-	6,201
Unallocated assets									1,769	1,605
									212,890	226,775
Segment liabilities	19,224	30,766	11,130	13,863	731	363	-	-	31,085	44,992
Unallocated liabilities									2,108	3,469
									33,193	48,461
Other segment information:										
Capital expenditure	5,002	4,842	3,145	5,622	-	-	-	-	8,147	10,464
Depreciation of property, plant and equipment	4,283	3,776	4,096	5,816	10	11	-	-	8,389	9,603
Other non-cash expenses	12	21	32	6	46	152	-	-	90	179

(b) Secondary reporting format – Geographical segments

The Group's three business segments operate in two main geographical areas:

- Asia - manufacturing of precision moulded plastic parts and electronics assembly and investment holding
- Europe - manufacturing of precision metal parts, mechanical plant and equipment



29 SEGMENT INFORMATION (cont'd)

(b) Secondary reporting format – Geographical segments (cont'd)

Revenue is attributed to geographical areas based on the location of the customers. Assets and capital expenditure are based on the location of those assets.

	Asia		Europe		Others		Eliminations		Total	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	41,803	57,814	183,939	185,192	7,049	8,286	(5,840)	(5,133)	226,951	246,159
Other geographical information:										
Total assets	99,917	105,106	112,973	121,669	-	-	-	-	212,890	226,775
Capital expenditure	3,890	6,461	4,257	4,003	-	-	-	-	8,147	10,464

30 CAPITAL COMMITMENTS

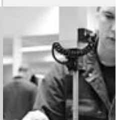
	The Group	
	2008	**2007**
	$'000	**$'000**
Commitments in respect of contracts placed for the purchase of property, plant and equipment but not provided for	161	318
Commitments in respect of approval placed for the purchase of property, plant and equipment but not contracted for	104	1,834

31 OPERATING LEASE COMMITMENTS

The Group leases factories under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under the non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	The Group	
	2008	**2007**
	$'000	**$'000**
Not later than one year	484	370
Between one and five years	1,279	805
Later than five years	456	603
	2,219	1,778



32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Significant risks and events, supported by financial reports are highlighted through the monthly and quarterly management reporting structure to the executive committee and audit committee respectively, who in turn advises the board of directors. The board reviews and approves policies for managing each of these risks and they are summarised as follows:

(a) Market risk

(i) Currency risk

The Group operates mainly in Asia and Europe with dominant operations in Malaysia and The Netherlands. Entities in the Group are transacted in various foreign currencies and therefore, are exposed to movements in foreign currencies rates.

Foreign currencies exchange risk arises when the entities in the Group enter into transactions that are in a currency that is other than the functional currency such as United State Dollar ("USD"), Euro Dollar ("Euro"), Malaysian Ringgit ("MYR") and Great Britain Pound ("GBP").

The Group's exposures to foreign currencies are primarily managed by natural hedges of matching financial assets and financial liabilities denominated in foreign currencies. Should the need arises, the Group will enter into forward currency contracts to hedge its uncovered position.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	Euro $'000	MYR $'000	GBP $'000	Yen $'000	AUD $'000	Total $'000
31 December 2008								
Financial assets								
Cash and cash equivalents	7,621	1,352	23,094	7,634	35	-	-	39,736
Financial asset, available-for-sale	-	-	-	6,049	-	-	-	6,049
Trade and other receivables	760	5,160	28,604	9,039	284	350	-	44,197
Intercompany receivables	2,702	-	221	24	1,169	-	-	4,116
Dividend receivables	-	-	4,502	2,641	-	-	-	7,143
	11,083	6,512	56,421	25,387	1,488	350	-	101,241
Financial liabilities								
Borrowings	-	-	-	(210)	-	-	-	(210)
Other financial liabilities	(981)	(1,655)	(18,383)	(9,372)	(85)	(607)	(2)	(31,085)
Intercompany payables	(2,702)	-	(221)	(24)	(1,169)	-	-	(4,116)
Dividend payables	-	-	(4,502)	(2,641)	-	-	-	(7,143)
	(3,683)	(1,655)	(23,106)	(12,247)	(1,254)	(607)	(2)	(42,554)
Net financial assets /(liabilities)	7,400	4,857	33,315	13,140	234	(257)	(2)	58,687
Less: Net financial assets/(liabilities) denominated in the respective entities functional currencies	(9,069)	-	(27,739)	(10,499)	934	-	-	
Currency exposure	(1,669)	4,857	5,576	2,641	1,168	(257)	(2)	

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Group's currency exposure based on the information provided to key management is as follows: (cont'd)

	SGD $'000	USD $'000	Euro $'000	MYR $'000	GBP $'000	Yen $'000	Total $'000
31 December 2007							
Financial assets							
Cash and cash equivalents	7,602	260	20,981	5,641	209	-	34,693
Financial asset, available-for-sale	-	-	-	9,329	-	-	9,329
Trade and other receivables	63	4,349	33,432	12,448	366	454	51,112
Intercompany receivables	5,137	-	593	42	2,496	-	8,268
Dividend receivables	-	-	5,221	1,628	-	-	6,849
	12,802	4,609	60,227	29,088	3,071	454	110,251
Financial liabilities							
Borrowings	-	-	-	(785)	-	-	(785)
Other financial liabilities	(1,672)	(1,797)	(29,423)	(11,733)	(338)	(29)	(44,992)
Intercompany payables	(5,137)	-	(593)	(42)	(2,496)	-	(8,268)
Dividend payables	-	-	(5,221)	(1,628)	-	-	(6,849)
	(6,809)	(1,797)	(35,237)	(14,188)	(2,834)	(29)	(60,894)
Net financial assets	5,993	2,812	24,990	14,900	237	425	49,357
Less: Net financial assets denominated in the respective entities functional currencies	(9,776)	-	(17,393)	(13,273)	2,218	-	
Currency exposure	(3,783)	2,812	7,597	1,627	2,455	425	

With all other variables including tax rate being held constant, the effects arising from the net currency exposure position will be as follows:

	2008			2007		
		Increase/(Decrease)			Increase/(Decrease)	
	Currency movement	Profit after tax $'000	Equity $'000	Currency movement	Profit after tax $'000	Equity $'000
Group						
USD against MYR	5%			6%		
- strengthened		180	180		123	123
- weakened		(180)	(180)		(123)	(123)
Euro against MYR	1%			5%		
- strengthened		8	8		87	87
- weakened		(8)	(8)		(87)	(87)
SGD against MYR	5%			1%		
- strengthened		(170)	(170)		(54)	(54)
- weakened		170	170		54	54
Euro against SGD	4%			5%		
- strengthened		148	148		214	214
- weakened		(148)	(148)		(214)	(214)
GBP against MYR	5%			5%		
- strengthened		38	38		83	83
- weakened		(38)	(38)		(83)	(83)

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD $'000	Euro $'000	MYR $'000	GBP $'000	Total $'000
31 December 2008					
Financial assets					
Cash and cash equivalents	7,609	-	-	-	7,609
Other receivables	3,109	-	-	148	3,257
Dividend receivables	-	4,502	2,641	-	7,143
	10,718	4,502	2,641	148	18,009
Financial liabilities					
Other financial liabilities	(641)	-	-	-	(641)
Net financial assets	10,077	4,502	2,641	148	17,368
Less: Net financial assets denominated in the Company's functional currency	(10,077)	-	-	-	
Currency exposure	-	4,502	2,641	148	
31 December 2007					
Financial assets					
Cash and cash equivalents	7,582	-	-	-	7,582
Other receivables	3,869	-	-	205	4,074
Dividend receivables	-	5,221	1,628	-	6,849
	11,451	5,221	1,628	205	18,505
Financial liabilities					
Other financial liabilities	(260)	-	-	-	(260)
Net financial assets	11,191	5,221	1,628	205	18,245
Less: Net financial assets denominated in the Company's functional currency	(11,191)	-	-	-	
Currency exposure	-	5,221	1,628	205	

If the Euro and MYR change against the SGD by 4% (2007: 5%) and 5% (2007: 1%) respectively with all other variables including tax rate being held constant, the effects arising from the net currency exposure position will be as follows:

	2008		2007	
	Increase/(Decrease)			
	Profit after tax $'000	Equity $'000	Profit after tax $'000	Equity $'000
Company				
Euro against SGD				
- strengthened	148	148	214	214
- weakened	(148)	(148)	(214)	(214)
MYR against SGD				
- strengthened	108	108	13	13
- weakened	(108)	(108)	(13)	(13)

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Market risk (cont'd)

(ii) Price risk

The price risk does not impact the Group as it does not expose to equity security price risk and commodity price risk.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group is in a net cash position and has minimal interest-bearing borrowings, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Should the need to obtain additional financing through bank borrowings arises, the Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposures.

The Group's borrowings (as disclosed in Note 24) at fixed rates on which effective hedges need not be entered into, are denominated mainly in MYR. As the borrowings amount is not significant, there is no significant impact on the variation of rates to the Group's result.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

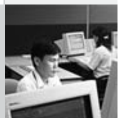
Financial assets, which potentially subject the Group to concentration of credit risk, consist principally of trade and other receivables, financial investments, bank balance and deposits. The Group's cash equivalents, deposits and financial investments are placed with high creditworthiness financial institutions.

The Group's trade receivables comprise 4 debtors (2007: 4 debtors) that individually represented 6% to 40% (2007: 6% to 22%) of trade receivables.

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored through limiting its associations to business partners with high creditworthiness. Trade receivables' payment profile and credit exposure are monitored on an ongoing basis through Group's management reporting procedures.

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	The Company	
	2008 $'000	2007 $'000
Guarantees for banking and finance lease facilities granted to subsidiaries – unsecured	532	1,044



32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Credit risk (cont'd)

The credit risk for trade receivables based on the information provided to key management is as follows:

	The Group 2008 $'000	The Group 2007 $'000
By geographical areas		
America	2,492	1,315
Malaysia	7,599	11,166
Singapore	10	1,025
Netherlands	24,606	26,147
Other countries	6,844	8,882
	41,551	48,535

	The Group 2008 $'000	The Group 2007 $'000
By business segments		
Mechatronics		
Semiconductors	3,163	8,853
Medical	17,348	12,834
Analytical	6,431	6,184
Others	822	3,973
	27,764	31,844
EMS		
Telecommunication	5,023	9,754
Office automation	1,176	1,021
Automotive	2,748	2,507
Others	4,840	3,409
	13,787	16,691

(i) Financial assets that are neither past due nor impaired

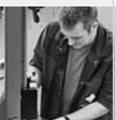
Bank deposits and financial investments that are neither past due nor impaired are mainly deposits with financial institutions with high creditworthiness. Trade receivables that are neither past due nor impaired are substantially companies with high creditworthiness.

(ii) Financial assets that are past due and/or impaired

(a) Trade receivables

The age analysis of trade receivables past due but not impaired is as follows:

	The Group 2008 $'000	The Group 2007 $'000
Past due < 3 months	18,529	14,774
Past due 3 to 6 months	1,041	435
Past due 7 to 12 months	79	884
Past due over 1 year	94	9
	19,743	16,102



32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Credit risk (cont'd)

(ii) Financial assets that are past due and/or impaired (cont'd)

(a) Trade receivables (cont'd)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	The Group	
	2008	2007
	$'000	$'000
Gross amount	774	812
Less: Allowance for impairment	(445)	(467)
	*329	*345

	The Group	
	2008	2007
	$'000	$'000
Beginning of financial year	467	820
Currency translation difference	(22)	4
Allowance utilised	-	(357)
End of financial year	445	467

* This relates to an amount owing by a customer that is currently under litigation as explained in Note 33 to the financial statements.

(b) Other receivables

The age analysis of other receivables past due but not impaired is as follows:

	The Group	
	2008	2007
	$'000	$'000
Past due < 3 months	1,544	1,437
Past due 3 to 6 months	2	-
Past due 7 to 12 months	1	-
Past due over 1 year	31	4
	1,578	1,441

The carrying amount of other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	The Group	
	2008	2007
	$'000	$'000
Gross amount	41	43
Less: Allowance for impairment	(41)	(43)
	-	-

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Credit risk (cont'd)

(ii) Financial assets that are past due and/or impaired (cont'd)

(b) Other receivables (cont'd)

The carrying amount of their receivables individually determind to be impaired and the movement in the related allowance for impairment are as follows : (cont'd)

	The Group 2008 $'000	The Group 2007 $'000
Beginning of financial year	43	43
Currency translation difference	(2)	-
End of financial year	41	43

(c) Liquidity risk

The table below analyses the maturity profile of the Group's and Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Group				
At 31 December 2008				
Trade and other payables	(31,085)	-	-	-
Borrowings	(85)	(57)	(87)	-
	(31,170)	(57)	(87)	-
At 31 December 2007				
Trade and other payables	(44,992)	-	-	-
Borrowings	(698)	(66)	(42)	-
	(45,690)	(66)	(42)	-
Company				
At 31 December 2008				
Other payables	(641)	-	-	-
At 31 December 2007				
Other payables	(260)	-	-	-

(d) Capital risk

The Group's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The risk on capital to the Group is low considering its net cash position with minimal exposure on borrowings.

However, if the need for financing arises, the Group will monitor and manage the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

33 CONTINGENT LIABILITY

Precico Electronics Sdn. Bhd. ("PESB"), a subsidiary of the Company has on 6 May 2004 instituted a legal proceeding against Unitech Tokyo Co., Ltd. ("Unitech"), a company incorporated in Japan to recover a total amount of Yen60,789,352 (approximately SGD846,000) plus interest for non-payment of invoices, compensation for non-fulfilment of purchase orders, legal and other related costs.

On 23 February 2006, Unitech filed a countersuit against PESB for a total claim of Yen211,217,656 (approximately SGD2,750,000) plus interest at 6% per annum and legal costs. This claim is for consequential losses, development and rework costs arising from the alleged breach of contract by PESB.

Subsequently on 25 December 2006, Unitech filed a petition for an increase in the amount of its counterclaim against PESB from Yen211,217,656 (approximately SGD2,750,000) to Yen323,009,656 (approximately SGD4,200,000). The petition was based on:

- a downward revision of the profit rate to be applied from 39% to 31%; and
- an extension of the saleable period from 4 years to 8 years in computing their consequential loss.

The management is of the opinion that the rationale of Unitech's petition was in direct response to a contention made by the Group's lawyer at the court trial on 14 November 2006. The Group's lawyer contended that Unitech's original profit rate of 39% was commercially untenable as it was computed by deducting the purchase cost from the sale price without accounting for selling and administration cost. Consequently, Unitech adjusted down the profit rate to be applied, but more than offset this by doubling the saleable period.

Based on legal advice obtained, the management is of the opinion that the grounds for Unitech's counter claim including the latest petition are frivolous and without justifiable merits.

New judges were appointed in April 2007 and as a consequence to this, resubmissions of statements of plead and arguments were rendered by both PESB and Unitech during the year. The last court trial meeting was held on 28 February 2008, following which the final summon meeting of pleas will be heard on 18 April 2008.

During the final summon meeting on 18 April 2008, the judge concluded judgment shall be given on 25 July 2008.

On 25 July 2008, the court gave judgment on both of the proceedings as follows:-

(i) With regards to the lawsuit instituted by PESB, the court has ruled that Unitech must pay a sum of Yen30,690,430 (approximately SGD489,000) plus interest at 6% per annum from 14 May 2004 until completion of the payment to PESB as recovery for unpaid invoices/debit notes. However, PESB was not successful in an additional claim of Yen3,049,285 (approximately SGD49,000) as recovery for unpaid invoices/debit notes for miscellaneous parts order and Yen27,049,637 (approximately SGD431,000), which is compensation (of unutilised inventory) for non-fulfilment of purchase orders made by Unitech; and

(ii) The court has entirely dismissed the counterclaim instituted by Unitech for the sum of Yen323,009,656 (approximately SGD4,200,000)

Both parties have the right to appeal to the High Court against the judgments.

Subsequently on 9 October 2008, Unitech has lodged an appeal with the Tokyo High Court to set aside the court's judgment. The appeal is mainly on the grounds that the court decision did not take into consideration that certain technical specifications were not satisfied in the manufacture of the product contracted to PESB by Unitech.

Our lawyers have advised that there are legal arguments for PESB to contest the validity of Unitech's appeal and on 29 October 2008, PESB has filed a counter proceedings to the Tokyo High Court. The Tokyo High Court is expected to deliver its judgment on 23 April 2009.

* Equivalent amount in Singapore Dollar is translated at spot rate ruling at that point in time.

34 SUBSEQUENT EVENTS

On 3 November 2008, ElectroTech Investments Limited ("ElectroTech") and ETLA Limited ("ETLA") jointly announced the proposed acquisition by ElectroTech of all the shares in the capital of ETLA in consideration for the allotment and issue of 71,471,078 shares in the capital of ElectroTech (the "New ElectroTech Shares") to the shareholders of ETLA, resulting in the merger of the ElectroTech group and the ETLA group (the "Proposed Merger"). The Proposed Merger shall be effected by way of ETLA implementing a scheme of arrangement (the "Scheme") under Section 210 of the Companies Act, Chapter 50 of Singapore ("Companies Act").

Success of the Scheme is conditional upon, inter alia, the approvals of the respective shareholders of ElectroTech and ETLA as follows:

(i) the approval of the Scheme by the shareholders of ETLA at a shareholders' meeting to be convened by the High Court of the Republic of Singapore. Under Section 210 of the Companies Act, the Scheme must be approved by a majority in number of shareholders holding not less than 75% in value of the ordinary shares present and voting, either in person or by proxy, at such meeting. The Scheme must also be sanctioned by the High Court; and

(ii) the approval of the Proposed Merger and the allotment and issuance of the New ElectroTech Shares pursuant to the Scheme, by a majority in number of the shareholders of ElectroTech present and voting, either in person or by proxy, at a shareholders' meeting to be convened.

Upon completion of the Scheme, ETLA will be a wholly own subsidiary of ElectroTech. The net assets and share capital of the Group will be increased by the value of 71,471,078 shares issued on completion of the acquisition.

35 NEW OR REVISED ACCOUNTING STANDARDS AND FRS INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) FRS 1(R) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)

The revised standard requires:

a. all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income;

b. components of comprehensive income not to be included in statement of changes in equity;

c. items of income and expenses and components of other comprehensive income to be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statement of comprehensive income);

d. presentation of restated balance sheet as at the beginning of the comparative period when entities make restatements or reclassifications of comparative information.

The revisions also include changes in the titles of some of the financial statements primary statements.

The Group will apply the revised standard from 1 January 2009 and provide comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, that is, the statement of comprehensive income.

35 NEW OR REVISED ACCOUNTING STANDARDS AND FRS INTERPRETATIONS (cont'd)

(b) FRS 108 Operating Segments (effective for annual periods beginning on or after 1 January 2009)

FRS 108 supersedes FRS 14 Segment Reporting and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statement, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 from 1 January 2009 and provide comparative information that conforms to the requirements of FRS 108. The Group does not expects the new operating segments to be significantly different from business segments currently disclosed and more information to be disclosed if required under FRS 108.

(c) Revised FRS 23 Borrowings Costs (effective for annual periods beginning on or after 1 January 2009)

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

The Group will apply the revised FRS 23 from 1 January 2009. The revised standard is not expected to have any significant impact to the Group.

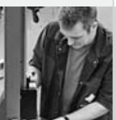
36 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements are authorised for issue by the board of directors in accordance with their resolution dated 3 March 2009.

Details of Properties held by the Group

The properties owned by the Group are as follows:

Location	Registered proprietor	Tenure	Gross land area	Net book value as at 31 Dec 2008 $'000	Use of property	Encumbrances
1. No. 14 to 16 Hurksestraat, Eindhoven, Netherlands	Frencken Investments B.V.	Freehold	12,300 sq m	7,217	Production and office	-
2. Molenweg 3, Reuver, Netherlands	Frencken Investments B.V.	Freehold	11,300 sq m	1,867	Production and office	-
3. Lot No.P.T. 1574, No.H.S. (D) 2846, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	Precico Sdn. Berhad	Leasehold expiring on 11.08.2046	3.79 acres	3,957	Production and office	-
4. Block F104 (20 units) Units Nos. 1.1 to 1.4, 2.1 to 2.4, 3.1 to 3.4, 4.1 to 4.4 and 5.1 to 5.4 Taman Pelangi, Seberang Perai Tengah, Prai erected on part of No. Lot 5794, Pajakan Negeri No. PN 2374, Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang	Precico Sdn. Berhad	99 years lease expiring 22.04.2092	63.03 sq m per unit	348	Hostel for employees	-
5. Block F98-B (40 units) Taman Pelangi, Seberang Perai Tengah, Prai held under Strata Titles Nos. Pajakan Negeri HBM57/M2/1/81 to 88, HBM57/M2/2/97 to 104, HBM57/M2/3/113 to 120, HBM57/M2/4/129 to 136, HBM37/M2/5/145 to 152	Precico Sdn. Berhad	99 years lease expiring 22.04.2092	63.03 sq m per unit	696	Hostel for employees	-
6. Lot No.P.T. 2485, No.H.S.(D) 327, Mukim 6, Seberang Perai Tengah, Pulau Pinang	Precico Sdn. Berhad	Freehold	140 sq m	37	Hostel for employees	-
7. Lot No.P.T.2486, No.H.S.(D) 329, Mukim 6, Seberang Perai Tengah, Pulau Pinang	Precico Sdn. Berhad	Freehold	83 sq m	27	Hostel for employees	-
8. Lot No.P.T.2487, No.H.S.(D) 330, Mukim 6, Seberang Perai Tengah, Pulau Pinang	Precico Sdn. Berhad	Freehold	83 sq m	27	Hostel for employees	-



The properties owned by the Group are as follows:

Location	Registered proprietor	Tenure	Gross land area	Net book value as at 31 Dec 2008 $'000	Use of property	Encumbrances
9. Lot No. 670, No.H.S.(M) 52, Mukim 2, Tempat Tasek, Daerah Seberang Perai Selatan, Pulau Pinang	Merit Process Sdn. Bhd.	Freehold	7,945 sq m	898	Production and office	Legal Charge in favour of Malayan Banking Berhad
10. Lot No.P.T.1576, No.H.S. (D) 2847, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	Precico Electronics Sdn. Bhd.	Leasehold expiring 11.08.2046	1.92 acres or 7,750.38 sq m	2,278	Production and office	-
11. Lot No.P.T.1573, No.H.S. (D) 2845, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	Precico Electronics Sdn. Bhd.	Leasehold expiring 14.07.2046	3.20 acres or 12,957.95 sq m	649	Empty Land	-
12. Lot No.P.T.1559, No.H.S.(D) 2833, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	Precico Electronics Sdn. Bhd.	Leasehold expiring 24.06.2046	2.67 acres or 10,815.59 sq m	2,819	Office and canteen for employees Building rented to Frencken Malaysia Sdn. Bhd. for production and office	-
13. Block F89 (40 units), Taman Pelangi, Seberang Perai Tengah, Prai held under Strata Titles No. Pajakan Negeri HBM57/M2/1/89 to 96, HBM57/M2/2/105 to 112, HBM57/M2/3/121 to 128, HBM57/M2/4/137 to 144, HBM57/M2/5/153 to 160 all of Lot No. 5788, Mukim 11, Seberang Perai Tengah, Pulau Pinang	Precico Electronics Sdn. Bhd.	99 years lease expiring 22.04.2092	63.03 sq m per unit	732	Hostel for employees	-
14. Block F104 (20 units) Units Nos. 1.5 to 1.8, 2.5 to 2.8, 3.5 to 3.8, 4.5 to 4.8 and 5.5 to 5.8 Taman Pelangi, Seberang Perai Tengah, Prai erected on part of No. Lot 5794, Pajakan Negeri No. PN 2374, Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang	Precico Electronics Sdn. Bhd.	99 years lease expiring 22.04.2092	63.03 sq m per unit	342	Hostel for employees	-

Class of share : Ordinary shares fully paid
Voting rights : One (1) vote per ordinary share

ANALYSIS OF SHAREHOLDINGS AS AT 24 FEBRUARY 2009

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	8	0.64	1,317	-
1,000 - 10,000	649	52.00	4,030,298	1.32
10,001 - 1,000,000	560	44.87	37,751,039	12.39
1,000,001 and above	31	2.49	262,930,604	86.29
TOTAL	**1,248**	**100.00**	**304,713,258**	**100.00**

LIST OF TOP 20 SHAREHOLDERS AS AT 24 FEBRUARY 2009

No.	Name of Shareholder	No. of Shares	%
1.	HSBC (Singapore) Nominees Pte Ltd	35,214,200	11.56
2.	DBS Nominees Pte Ltd	34,809,000	11.42
3.	Micro Compact (M) Sdn. Bhd.	26,332,206	8.64
4.	Precico Holdings Sdn. Bhd.	26,154,870	8.58
5.	Strategic Equities Ltd	25,454,794	8.35
6.	Sinn Hin Company Sdn. Bhd.	15,080,000	4.95
7.	Meng Tak Corporation Sdn. Bhd.	13,434,000	4.41
8.	Cayman Resources Sdn. Bhd.	12,527,445	4.11
9.	Primespot Sdn. Bhd.	10,300,000	3.38
10.	Liong Mee San Mrs Boon Suan Lee	9,623,000	3.16
11.	Teo Cheng Tuan Donald	7,719,000	2.53
12.	GBC Holdings Sdn. Bhd.	5,470,000	1.80
13.	Citibank Nominees Singapore Pte Ltd	5,112,000	1.68
14.	K-Tee Holdings Sdn. Bhd.	4,060,000	1.33
15.	Gooi Soon Hock	3,864,903	1.27
16.	Gooi Soon Chai	3,002,723	0.99
17.	Koike Corporation Limited	3,000,000	0.99
18.	Seet Christina	2,782,000	0.91
19.	Merrill Lynch (Singapore) Pte Ltd	2,127,423	0.70
20.	Gooi Soon Kheng	2,085,047	0.68
	TOTAL	**248,152,611**	**81.44**

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

34.12% of the Company's issued paid-up capital is held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 24 FEBRUARY 2009

Name of Substantial Shareholder	No. of shares in which shareholder has a direct interest		No. of shares in which shareholder is deemed to have an interest	
	No. of shares	%	No. of shares	%
Dato' Larry Low Hock Peng	-	-	41,366,794	13.58
Gooi Soon Hock	3,864,903	1.27	100,547,291	33.00
Low Heang Thong	1,070,000	0.35	37,164,794	12.20
Abraxas Limited	-	-	22,520,794	7.39
CIM Dividend Income Fund Limited	-	-	24,250,000	7.96
Gim Thye Realty Sdn. Bhd.	-	-	75,014,721	24.62
Micro Compact (M) Sdn. Bhd.	26,332,206	8.64	-	-
Platinum Global Dividend Fund Limited	-	-	18,960,000	6.22
Precico Holdings Sdn. Bhd.	26,154,870	8.58	26,332,206	8.64
Prime Logic (M) Sdn. Bhd.	1,600,000	0.53	26,332,206	8.64
Queenswood Limited	-	-	22,520,794	7.39
Sinn Hin Company Sdn. Bhd.	15,080,000	4.95	66,614,521	21.86
Strategic Equities Ltd	25,454,794	8.35	-	-

Dato' Larry Low Hock Peng is deemed to have an interest in the 1,540,000 shares held by his family, shares held by Meng Tak Corporation Sdn. Bhd., Queenswood Limited, Queenspac Corporation, Coswell Corporation, Eastern Arrival Sdn. Bhd. and Eudayasco Sdn. Bhd. by virtue of Section 7 of the Companies Act and shares held through Strategic Equities Ltd and Merrill Lynch (Singapore) Pte Ltd in the capital of the Company.

Gooi Soon Hock is deemed to have an interest in the 6,700,770 shares held by his family, shares held by Micro Compact (M) Sdn. Bhd., Prime Logic (M) Sdn. Bhd., Sinn Hin Company Sdn. Bhd., Precico Holdings Sdn. Bhd., Pensyn Sdn. Bhd., Cayman Resources Sdn. Bhd., Primespot Sdn. Bhd. and Sim Hin Realty Sdn. Bhd. by virtue of Section 7 of the Companies Act and shares held through Phillip Securities Pte Ltd in the capital of the Company.

Low Heang Thong is deemed to have an interest in the 1,200,000 shares held by his family, shares held by Meng Tak Corporation Sdn. Bhd., Queenswood Limited and Queenspac Corporation by virtue of Section 7 of the Companies Act.

Abraxas Limited's deemed interest arising from its 100% direct interest in Queenswood Limited's and hence it is deemed to have interest in shares in which Queenswood Limited has a deemed interests.

CIM Dividend Income Fund Limited is deemed to have an interest in the 24,250,000 shares held through DBS Nominees Pte Ltd.

Gim Thye Realty Sdn. Bhd.'s deemed interest arising from its 25.8% direct interest in Precico Holdings Sdn. Bhd. and therefore it is deemed to have an interest in which Precico Holdings Sdn. Bhd. has an interest. Gim Thye Realty Sdn. Bhd. also have deemed interest in the 12,527,445 shares held by Cayman Resources Sdn. Bhd. by way of its 25.6% direct interest in Cayman Resources Sdn. Bhd. and 10,000,200 shares held through HSBC (Singapore) Nominees Pte Ltd in the capital of the Company.

Platinum Global Dividend Fund Limited is deemed to have an interest in the 18,960,000 shares held through HSBC (Singapore) Nominees Pte Ltd.

Precico Holdings Sdn. Bhd.'s deemed interest arising from its 60% direct interests in Micro Compact (M) Sdn. Bhd..

Prime Logic (M) Sdn. Bhd.'s deemed interest arising from its 40% direct interests in Micro Compact (M) Sdn. Bhd..

Queenswood Limited's deemed interests arising from its 50% indirect interest in Queenspac Corporation and hence it is deemed to have an interest in the 22,520,794 shares held through Strategic Equities Ltd.

Sinn Hin Company Sdn. Bhd.'s deemed interests arising from its 24.5% direct interest in Precico Holdings Sdn. Bhd. and therefore it is deemed to have an interest in which Precico Holdings Sdn. Bhd. has an interest. Sinn Hin Company Sdn. Bhd. also have deemed interest in shares held by Prime Logic (M) Sdn. Bhd. and Cayman Resources Sdn. Bhd. by way of its 30.5% and 25.5% direct interest respectively.