

NEWS RELEASE

ELECTROTECH'S 9M FY2005 NET PROFIT INCREASES 38% TO S\$20.7 MILLION

- **3Q FY2005 net profit at S\$6.8 million**

Year-end Dec (S\$mIn)	3Q FY2005	9M FY2005	9M FY2004	Chg YoY
Revenue	49.7	159.9	138.5	15.5%
Gross Profit	11.0	36.7	32.0	14.8%
Profit from Operations	7.9	27.1	21.3	27.3%
Profit before Tax	8.0	27.2	20.6	32.1%
Net Profit after Tax	6.8	20.7	15.0	38.0%
EPS (SGD cents)	2.2	7.5	6.2	21.3%

* Earnings per share is based on the weighted average number of shares of 276.1 million shares for 9M FY2005 and 242.4 million shares for 9M FY2004.

Key Highlights for 3Q FY2005:

- ✓ Growth in revenue from both Mechatronics and EMS divisions in spite of a decline in the semiconductor segment
- ✓ Lower administrative expenses, non-amortisation of goodwill, gain in forex, reduction in borrowings and lower tax expense improved profits after tax.
- ✓ Strong cash position of S\$37.7 million with improved cash flow from net cash generated from operations and the balance of IPO proceeds pending utilisation.
- ✓ Net asset value of 45.55 SGD cents per share

SINGAPORE, November 10, 2005 – Main Board-listed ElectroTech Investments Limited (“ElectroTech” or “The Group”), an international group of vertically-integrated engineering and manufacturing companies that provides contract design and manufacturing services, today reported a net profit of S\$6.8 million, on the back of a revenue of S\$49.7 million for the third quarter ended 30 September 2005 (“3Q FY2005”). For the nine months ended FY2005 (“9M FY2005”), the Group achieved a 38% growth in net profit to S\$20.7 million from a 15.5% growth in Group revenue to S\$159.9 million.

Said Mr Gooi Soon Hock, President and Executive Director of ElectroTech, "I am pleased that we managed to achieve better results in the medical and analytical segments for our Mechatronics division. This together with the sustained growth momentum for the EMS division enabled us to mitigate the negative impact of the slow down in the semiconductor segment, hence enabling us to continue our growth for both our business divisions.

Our net profit of S\$20.7 million for the nine months ended this financial year, has almost matched the S\$21.7 million recorded for the full financial year of 2004."

Earnings Review

3Q FY2005

- ElectroTech recorded a marginal decline of 2.9% in revenue, from S\$51.1 million for 3Q FY2004 to S\$49.7 million for 3Q FY2005. The slight decline in revenue was due to the decrease in revenue contribution from the semiconductor segment. This was, however, mitigated by the stronger growth in the medical segment of the Mechatronics division and the telecommunication segment of the EMS division.
- Despite the lower revenue, the Group recorded a 1.5% increase in profit after tax to S\$6.8 million for 3Q FY2005 compared to S\$6.7 million in the previous corresponding period. The improvement was attributed to lower administrative costs, non-amortisation of goodwill, gains in foreign exchange, decrease in finance costs, and a tax incentive for capital expenditure in the expansion of the Group's EMS division.
- Earnings per share for 3Q FY2005 was 2.23 SGD cents.

9M FY2005

- ❖ For the nine months in financial year 2005 (“9M FY2005”), ElectroTech registered a 15.5% growth in revenue to S\$159.9 million, attributable to growth in both the Group’s Mechatronics and the EMS divisions. Revenue at the Mechatronics division grew by 6.2% to S\$97.8 million with higher contributions from the analytical and medical segments which offset the decline in the semiconductor segment. The scaling up of the Group’s keypad business and higher contribution from its office automation business had continued to bolster growth in the EMS division, which improved 33.7% to S\$62.1 million for the nine months of FY2005.

- ❖ Gross profit margin decreased marginally from 23.1% for 9M FY2004 to 22.9% for 9M FY2005.

- ❖ Higher revenue, savings from operational and financial costs coupled with non-amortisation of goodwill, drove profit after tax for 9M FY2005 to increase 38.0% to S\$20.7 million.

- ❖ Earnings per share for 9M FY2005 was 7.51 SGD cents.

As at 30 September 2005, ElectroTech had cash and cash equivalents of S\$37.7 million and shareholders’ equity of S\$138.8 million. Net asset value per share was 45.55 SGD cents.

Prospects

The Group expects revenue for its Mechatronics division to show improvement in the fourth quarter of this financial year. The slow down in the semiconductor segment in the third quarter is expected to gradually recover from the fourth quarter onwards. Revenue from the medical segment is expected to grow steadily.

Despite of the seasonal slow fourth quarter for the EMS division, demand for its keypads and transceiver products are expected to remain buoyant.

Added Mr Gooi, "The uniqueness of ElectroTech is that we are able to grow our two core business divisions simultaneously, bridge the seasonal factors between Mechatronics and EMS divisions, and maintain our overall growth momentum."

Barring any unforeseen circumstances, the Group expects to remain profitable in the fourth quarter of FY2005.

About ElectroTech Investments Limited

ElectroTech Investments Limited is an international group of vertically-integrated engineering and manufacturing companies that provide contract design and manufacturing services to a diverse international client base in various industry and product sectors. It is broadly divided into two business divisions – the Mechatronics Division and the EMS Division.

The Mechatronics Division comprises the Frencken Group based primarily in The Netherlands, with operations in Malaysia and Czech Republic. This Division specialises in the design and manufacture of complex electro-mechanical box build assemblies and precision-engineered systems for original equipment manufacturers (OEMs). It serves mainly high precision industrial machinery and capital equipment clients in the medical, analytical and semiconductor sectors.

The EMS Division comprises the Precico Group, which is primarily based in Penang, Malaysia, with a subsidiary in Cambridge, UK, and a branch office in Tokyo, Japan. This Division specialises in providing vertically integrated plastic and electronics manufacturing services ranging from single key plastic component to product design and

development and final test and assembly of complete modules and box build products. It serves mainly the electronics, telecommunications and office automation clients.

Together, these two Divisions provide a comprehensive range of integrated outsourcing services that include product design and engineering, project management and supply chain management and support.

DBS Bank Ltd is the Manager, Underwriter and Placement Agent for the IPO.

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