

**ETI TECH CORPORATION BERHAD (667845-M)**

(Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE FOURTH QUARTER AND THE PERIOD ENDED 31 AUGUST 2007**

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**PART A - EXPLANATORY NOTES IN COMPLIANCE WITH FINANCIAL REPORTING STANDARD (“FRS”) 134 (INTERIM FINANCIAL REPORTING)**

**A1. Basis of preparation**

These interim financial statements have not been audited and have been prepared in compliance with FRS 134 (Interim Financial Reporting) and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Securities Exchange”) for the MESDAQ Market.

The accounting principles, methods of computation and bases used for this quarterly financial report are consistent with those previously adopted in the preparation of the financial statements of the ETICB Group.

**A2. Auditors’ report of the preceding annual financial statements**

The preceding year’s annual audited financial statements of the ETICB Group were not subject to any qualification.

**A3. Seasonal or cyclical factors**

The ETICB Group’s business operation results were not materially affected by any major seasonal and cyclical factor.

**A4. Unusual nature and amounts of items affecting assets, liabilities, equity, net income and cash flows**

There was no item of unusual nature or amount affecting the assets, liabilities, equity, net income or cash flows during the current quarter under review.

**A5. Material changes in estimates**

There was no material change in the estimates of amounts reported that have a material effect on the current quarter under review.

**A6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

There was no issuance or repayment of debts or equity securities during the current quarter under review and the Company had not engaged in any share buyback scheme or implemented any share cancellation.

**A7. Dividend paid**

No dividend was declared or paid during the current quarter under review.

**A8. Segmental information**

The ETICB Group operates in one industry and accordingly, only geographical segmental information is presented. Segment results are not available.

	<b>Current Quarter 31.08.2007 RM'000</b>	<b>Current Year To Date 31.08.2007 RM'000</b>
<i>Revenue</i>		
Export sales		
- Taiwan	5,367	20,648
- United Arab Emirates	2,902	12,028
- Africa	-	106
- Australia	2,719	7,632
- Singapore	2,087	9,044
- India	3,934	9,830
- Thailand	2,373	5,344
- Europe	339	441
- Philippines	2	2
Domestic sales	4,663	11,761
Total	24,386	76,836

**A9. Valuation of property, plant and equipment**

There was no valuation on any of the ETICB Group's property, plant and equipment during the current quarter under review.

**A10. Acquisition of property, plant and equipment**

There was no material acquisition or disposal of property, plant and equipment of the ETICB Group during the current quarter under review.

**A11. Significant events during the current quarter**

There was no significant event reported during the current quarter under review.

**A12. Changes in the composition of the ETICB Group**

There was no change in the composition of the ETICB Group during the current quarter under review.

**A13. Contingent liabilities**

As at the date of this announcement, the Board of Directors of ETICB is not aware of any contingent liability of the ETICB Group.

**A14. Material events subsequent to the end of the interim reporting period**

On 10 October 2007, ETICB announced that ETI Tech International Sdn. Bhd. ("ETI International") has disposed off its entire investment in the issued and paid-up capital of Blithe Forest Limited ("BFL") of HKD10,000 comprising 10,000 ordinary shares of HKD1.00 each to Mr. Chang Kee Kwong and Eternal Sun Global Limited ("the Purchasers") for a total consideration of RM4,741.30 arrived at based on the initial cost of investment by ETI International in BFL ("the Disposal"). Consequently, BFL ceased to be a wholly-owned subsidiary of ETICB.

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET**

**B1. Review of performance**

For the year ended August 31, 2007, the Group achieved revenue and profit after taxation of RM76.8 million and RM20.2 million respectively, which were contributed mainly from the sales of existing products such as Series 4 Portable Power Pack, Personal Digital Assistant Batteries, Radio Control Batteries, Bluetooth Headset Batteries, Notebook Batteries and Nano Mobile Charger. The increase in revenue and profit compared to the corresponding quarter in the preceding year was due to the increase in demand from existing and new customers.

For the current quarter, the Group has achieved revenue and profit after taxation of RM24.4 million and RM6.6 million respectively. This is mainly due to the increase in sale of abovementioned products.

**B2. Variation of results against preceding quarter**

Compared to the preceding quarter, the Group's revenue of RM24.4 million (2007 Q3 : RM20.0 million) recorded for the quarter ended 31 August 2007 showed an increase of approximately RM4.4 million or 22%. This was mainly due to an increase in customer base and higher demand from the Group's existing customers.

In tandem with the higher revenue, the Group achieved a higher profit before taxation of RM6.6 million (2007 Q3 : RM5.1 million) during the quarter under review, representing an increase of approximately RM1.5 million or 29.41% as compared to the preceding quarter.

**B3. Prospects for the financial year ending 31 August 2008**

Barring unforeseen circumstances, the Group expects to continue to achieve satisfactory performance for the year ending 31 August 2008 with its continuous efforts to undertake more new business negotiations, upgrade engineering capabilities and technical know-how as well as to provide more enhanced services to customers.

As the world's demand for energy grows, along with worries over depleting energy sources and global warming, the Group, which provides innovative energy storage solutions, foresees an increase in demand for its products.

The Group is also attempting to develop the next generation of energy storage systems with larger capacity for solar panels. Besides having larger capacity, the storage systems can be recharged faster and will have a longer life span.

The Group will introduce a new range of mobile chargers under the Yeti brand name to contribute the group's revenue next year. The new mobile chargers, with 4,100 milli-ampere hour power capacity, are aimed at the new range of 3G and WiMax-enabled mobile phone market.

**B4. Variance on actual and forecast profit**

The ETICB Group has not provided any quarterly profit forecast and therefore no variance information is available for presentation.

**B5. Tax expense**

There is no income tax charge on the ETICB Group because the income of its wholly-owned subsidiary ETI TECH is exempted from tax due to pioneer status granted by Multimedia Development Corporation Sdn Bhd. Under this incentive, 100% of ETI TECH's statutory income derived from the development and commercialisation of the polymer lithium ion Battery Series 1, 2, 3, 4, 6 and 8 is exempted from income tax for a period of five years from 15 July 2003 to 14 July 2008.

**B6. Profit/(Loss) on sale of unquoted investments and/or properties**

There was no sale of unquoted investments and/or properties during the current quarter under review and financial year-to-date.

**B7. Purchase or disposal of quoted securities**

There was no purchase or disposal of quoted securities during the current quarter under review and financial year-to-date.

**B8. Status of corporate proposals**

There were no corporate proposals announced during the current quarter under review.

**B9. ETICB Group borrowings and debt securities**

The ETICB Group borrowings at the end of the financial quarter are as follows:

	<b>Payable within twelve (12) months RM'000</b>	<b>Payable after twelve (12) months RM'000</b>
<b><u>Secured</u></b>		
Hire purchase	40	54
Term loan	267	3,733
Trade facilities	4,374	-
	<u>4,681</u>	<u>3,787</u>

There was no unsecured debt during the current quarter under review and financial year-to-date.

The ETICB Group does not have any foreign borrowings and debt securities as at the date of this announcement.

**B10. Off balance sheet financial instruments**

There are no off balance sheet financial instruments as at the date of this announcement.

**B11. Change in material litigation**

The ETICB Group is not engaged in any material litigation either as plaintiff or defendant and the Board of Directors do not have any knowledge of any proceedings pending or threatened against the ETICB Group as at the date of this announcement.

**B12. Earnings per share**

	<b>Current quarter 31.08.2007</b>	<b>Preceding year corresponding quarter 31.08.2006</b>	<b>Current year to date 31.08.2007</b>	<b>Preceding year corresponding period 31.08.2006</b>
Net profit after tax (RM'000)	6,590	2,154	20,155	6,131
Weighted average number of ordinary shares in issue (‘000)	122,917	94,928	122,917	94,928
Basic earnings per share (sen)	5.36	2.27	16.40	6.46
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

The earnings per share for the current quarter to date is calculated by dividing the net profit attributable to shareholders of RM6,590,000 by the weighted average number of shares in issue of 122,917,000 ETICB shares.