

**ETI TECH CORPORATION BERHAD (667845-M)**  
**(Incorporated in Malaysia)**  
**QUARTERLY REPORT FOR THE PERIOD ENDED 30 NOVEMBER 2008**

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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 and its subsidiaries (“ETICB Group” or “Group”).

**A2. Seasonal or cyclical factors**

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

**A3. 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.

**A4. 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.

**A5. 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.

**A6. Dividend paid**

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

**A7. Segmental information**

The ETICB Group operates in one industry and accordingly, only geographical segmental information is presented as follows:-

	<b>Current Quarter 30.11.2008 RM'000</b>	<b>Current Year To Date 30.11.2008 RM'000</b>
<i>Revenue</i>		
Export sales		
- Taiwan	5,181	5,181
- Hong Kong	5,059	5,059
- China	4,854	4,854
- India	80	80
- Philippines	17	17
- Singapore	12	12
- USA	9	9
- Thailand	4	4
Domestic sales	4,259	4,259
Total	19,475	19,475

**A8. 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.

**A9. 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.

**A10. Significant events during the current quarter**

On 24 September 2008, ETI Tech (M) Sdn Bhd ("ETMSB"), a wholly-owned subsidiary of ETICB, had entered into a marketing agreement with TSH Corporation Limited ("TSH") and CFree Energy Sdn Bhd ("CFree") for the purpose of appointing TSH as its marketing agent with the sole and exclusive right to market the Green GenSet and ETI Battery for electric bicycles (collectively the "Products") worldwide.

ETMSB had also on the same day entered into a manufacturing agreement with TSH and Unilink Development Limited ("UDL") to grant its consent to TSH to engage the expertise of UDL to manufacture and supply the Products worldwide on a non-exclusive basis for sale by TSH, whereby such Products manufactured and supplied shall conform to ETMSB's specification.

**A11. 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.

**A12. 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.

**A13. Material events subsequent to the end of the interim reporting period**

On 13 January 2009, ETMSB had entered into a Distributor Agreement with Compugates Sdn. Bhd. (“Compugates”) for the purpose of appointing Compugates as the distributor for the promotion and sale of its Nano Mobile series within Malaysia, Bangladesh, Indonesia and Cambodia.

**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 first quarter ended 30 November 2008, the Group achieved revenue and profit before taxation of approximately RM19.5 million and RM4.2 million respectively, which were mainly contributed from the sale of existing products such as Series 4 Portable Power Pack, Personal Digital Assistant Batteries, Radio Control Batteries, Bluetooth Headset Batteries, Notebook Batteries, Nano Mobile Charger and Green Genset. The increase in revenue by RM1.6 million compared to the corresponding quarter in the preceding year was due to stronger demand from existing and new customers for its existing and new products. However, the Group recorded a lower profit before taxation by RM0.1 million compared to the corresponding quarter in the preceding year due to an increase in overhead costs.

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

As compared to the preceding quarter, the Group’s revenue of approximately RM19.5 million (2008 Q4 : RM22.9 million) recorded for the quarter ended 30 November 2008 showed a decrease of approximately RM3.4 million or 14.85% which was mainly due to weaker demand from the Group’s existing customers.

In tandem with the lower revenue, the Group achieved a profit before taxation of approximately RM4.2 million (2008 Q4 : RM5.3 million) during the quarter under review, representing a decrease of approximately RM1.1 million or 20.75% as compared with the preceding quarter.

**B3. Prospects for the financial year ending 31 August 2009**

Barring any unforeseen circumstances, the Group expects to continue to achieve satisfactory performance for the year ending 31 August 2009 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.

Apart from existing products, the Group will further improve and invest in the research and development in products with increased capacity for various applications.

**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 ETMSB is exempted from tax due to its pioneer status granted by Multimedia Development Corporation Sdn Bhd (“MDC”). Under this incentive, 100% of ETMSB’s statutory income derived from the development and commercialisation of the Polymer Lithium Ion (“PLi”) 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.

ETMSB was granted an extension of pioneer status for another five years from 15 July 2008 to 14 July 2013 by MDC on the qualifying activities of PLi battery series version 1, 2, 3, 4, 6, 8, 14S EV battery packs, MCU based PCM's, Green Genset, Mobile charger with added features and High Power Battery Bank.

**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's borrowings and debt securities**

The ETICB Group's 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	38	5
Term loan	208	3,501
Trade facilities	5,567	-
	<u>5,813</u>	<u>3,506</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. 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.

**B13. Earnings per share**

	<b>Current quarter 30.11.2008</b>	<b>Preceding year corresponding quarter 30.11.2007</b>	<b>Current year to date 30.11.2008</b>	<b>Preceding year corresponding period 30.11.2007</b>
Net profit after tax (RM'000)	4,217	4,372	4,217	4,372
Weighted average number of ordinary shares in issue ('000)	226,924	226,924	226,924	226,924
Basic earnings per share (sen)	1.86	1.93	1.86	1.93
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 RM4,217,000 by the weighted average number of shares in issue of 226,924,000 ETICB shares.