

**ETI TECH CORPORATION BERHAD (667845-M)**  
(Incorporated in Malaysia)  
**QUARTERLY REPORT FOR THE YEAR ENDED 31 AUGUST 2009**

---

**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 (“Bursa Securities”) for the ACE 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 31.08.2009 RM'000</b>	<b>Current Year To Date 31.08.2009 RM'000</b>
<i>Revenue</i>		
Export sales		
- Taiwan	5,904	21,473
- Hong Kong	5,884	20,233
- China	6,110	21,099
- India	17	283
- Philippines	-	17
- Singapore	24	38
- USA	-	53
- United Arab Emirates	34	37
- Europe	-	8
Domestic sales	5,445	19,839
Total	23,418	83,080

**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 7 August 2009, ETI Tech (M) Sdn. Bhd. ("ETMSB"), a wholly-owned subsidiary of ETICB, has signed a Sales & Purchase Agreement with A'Famosa Resort Hotel Sdn. Bhd. ("A'Famosa Resort") to replace all their lead acid batteries used in their golf carts with ETI's green battery.

On 19 August 2009, ETICB has signed a binding Memorandum of Understanding with ZAP (a US company in Santa Rosa, California is a leading global distributor of alternative fuel technology vehicles and a leader in electric transportation since 1994) for Electric Vehicle Joint Venture.

**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 11 September 2009, the Shareholders of ETICB approved the bonus issue of 453,848,000 new ordinary shares of RM0.10 each (Bonus Shares) in ETICB on the basis of two bonus shares for every one existing ETICB share held. The date of Book Closure for the Bonus Issue was fixed on September 30, 2009 and the said Bonus Shares were duly credited into the shareholders' accounts on 1 October 2009.

On 12 October 2009, ETI Tech (M) Sdn Bhd ("ETMSB"), a wholly-owned subsidiary of ETICB, has appointed Compugates Sabah Sdn Bhd as distributor and marketer for the resale of all present and future products owned, offered or manufactured by ETMSB within the state of Sabah.

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

### **B1. Review of performance**

For the financial year ended ("FYE") 31 August 2009, the Group achieved revenue and profit before taxation of approximately RM83.08 million and RM20.13 million respectively, which were mainly contributed from the sale of its existing own brand mobile charging products and customized design battery packs. The increase in revenue and profit before taxation by RM1.31 million and RM0.15 million respectively compared to the preceding year were due to an increase in demand for its products.

For the current quarter, the Group recorded revenue and profit before taxation of approximately RM23.42 million and RM5.29 million respectively.

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

Compared to the preceding quarter, the Group's revenue of approximately RM23.42 million (2009 Q3 : RM21.99 million) recorded for the quarter ended 31 August 2009, represented an increase of approximately RM1.43 million or 6.50% which was mainly due to higher demand from the Group's customers.

The Group achieved a profit before taxation of approximately RM5.29 million (2009 Q3 : RM5.86 million) during the quarter under review. The decrease of approximately RM0.57 million or 9.73% as compared with the preceding quarter was mainly due to an increase of marketing and general administrative expenses.

### **B3. Prospects for the financial year ending 31 August 2010**

Barring unforeseen circumstances, the Group expects to continue to achieve satisfactory performance for the year ending 31 August 2010 with its continuous efforts to undertake more new business negotiations, upgrade engineering capabilities and technical know-how as well as provide more enhanced services to customers.

Apart from the existing mobile charging products, the Group is at the stage of commercialisation of its products with increased capacity for application in electric vehicles such as golf carts, electric bicycles, e-scooters, neighbourhood cars and solar application.

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

### **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 version 1, 2, 3, 4, 6, 8 and above, 14S EV battery packs, MCU based PCM’s, Green Genset, Mobile charger with added features and High Power Battery Bank are exempted from income tax for a period of five (5) years from 15 July 2008 to 14 July 2013.

**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 period-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 period-to-date.

**B8. Status of corporate proposals**

Via an Extraordinary General Meeting held on 11 September 2009 of which the shareholders had approved the following:-

- i) Proposed bonus issue of 453,848,000 new ordinary shares of RM0.10 each in ETICB on the basis of two (2) bonus shares for every one (1) existing ETICB share (Bonus Shares) held at an entitlement date to be determined later;
- ii) Proposed increase in authorized share capital from RM50,000,000 comprising 500,000,000 shares to RM100,000,000 comprising 1,000,000,000 shares; and
- iii) Proposed amendment to the Memorandum of Association of ETICB.

The said Bonus Shares were duly allotted and credited to the shareholders’ accounts on 1 October 2009.

On 5 October 2009, ETICB proposed to undertake a transfer of the listing of and quotation for the entire issued and paid up share capital of ETICB from ACE Market to the Main Market of Bursa Securities.

**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	13	-
Term loan	208	3,326
Trade facilities	5,817	-
	<u>6,038</u>	<u>3,326</u>

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

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

**B10. Off balance sheet financial instruments**

There is no off balance sheet financial instrument 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 31.08.2009</b>	<b>Preceding year corresponding quarter 31.08.2008</b>	<b>Current year to date 31.08.2009</b>	<b>Preceding year corresponding period 31.08.2008</b>
Net profit after tax (RM'000)	5,285	5,282	20,132	20,063
Weighted average number of ordinary shares in issue ('000)	226,924	226,924	226,924	226,924
Basic earnings per share (sen)	2.33	2.33	8.87	8.84
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 RM5,285,000 by the weighted average number of shares in issue of 226,924,000 ETICB shares.