

ETI TECH CORPORATION BERHAD (667845-M)
(Incorporated in Malaysia)
QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 MAY 2010

The Board of Directors of ETI TECH Corporation Berhad ("ETICB" or "Company") is pleased to announce the following unaudited consolidated results for the second quarter ended 31 May 2010.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31.05.2010 RM'000	QUARTER ENDED 31.05.2009 RM'000	PERIOD ENDED 31.05.2010 RM'000	PERIOD ENDED 31.05.2009 RM'000
Revenue	18,596	21,985	58,843	59,662
Other operating income	2	-	16	2
Operating expenses	(14,928)	(16,018)	(48,500)	(44,481)
Finance costs	(619)	(106)	(867)	(336)
Profit before taxation	<u>3,051</u>	<u>5,861</u>	<u>9,492</u>	<u>14,847</u>
Taxation	-	-	-	-
Net profit for the year attributable to shareholders	<u>3,051</u>	<u>5,861</u>	<u>9,492</u>	<u>14,847</u>
Earnings per share (sen)				
1) Basic	0.45	0.86	1.39	2.18
2) Diluted	N/A	N/A	N/A	N/A

The unaudited condensed consolidated income statements should be read in conjunction with the accompanying explanatory notes of this interim financial report.

The calculation of the basic earnings per share has been taken into account the effect of the bonus shares issued on 1 October 2009 on the basis of two (2) new ordinary share of RM0.10 each for every existing ordinary share of RM0.10 each held.

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT 31.05.2010 RM'000	AUDITED AS AT 31.08.2009 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	13,589	13,480
Prepaid lease payments	1,199	1,216
Development expenditure	29,543	23,279
	<u>44,331</u>	<u>37,975</u>
CURRENT ASSETS		
Inventories	12,768	7,452
Trade receivables	41,351	42,710
Other receivables	5,506	5,269
Short-term deposits with a licensed bank	803	803
Cash and cash equivalents	10,662	10,436
	<u>71,090</u>	<u>66,670</u>
CURRENT LIABILITIES		
Trade payables	2,137	2,806
Other payables	1,635	1,087
Borrowings	7,599	6,043
Current tax liabilities	26	26
	<u>11,397</u>	<u>9,962</u>
NET CURRENT ASSETS	<u>59,693</u>	<u>56,708</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	251	251
Borrowings	3,253	3,404
	<u>3,504</u>	<u>3,655</u>
NET ASSETS	<u>100,520</u>	<u>91,028</u>
FINANCED BY:-		
Share capital	68,077	22,692
Retained profits	32,443	68,336
SHAREHOLDERS' EQUITY	<u>100,520</u>	<u>91,028</u>
Net assets per share (RM)	<u>0.15</u>	<u>0.13</u>

The unaudited condensed consolidated balance sheet should be read in conjunction with the accompanying explanatory notes of this interim financial report.

The calculation of the net assets per share has been taken into account the effect of the bonus shares issued on 1 October 2009 on the basis of two (2) new ordinary share of RM0.10 each for every existing ordinary share of RM0.10 each held.

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	PERIOD ENDED 31.05.2010 RM'000	PERIOD ENDED 31.05.2009 RM'000
Cash flows from operating activities		
Profit before tax	9,492	14,847
Adjustments for:		
Non-cash items	2,372	2,082
Non operating items	416	334
	12,280	17,263
Operating profit before working capital changes		
Changes in working capital:		
Net changes in current assets	(4,201)	(4,906)
Net changes in current liabilities	(122)	(1,080)
	7,957	11,277
Net cash generated from operating activities		
Cash flows from investing activities		
Interest received	1	1
Purchase of property, plant and equipment	(2,621)	(2,937)
Development expenditure	(6,100)	(4,838)
	(8,720)	(7,774)
Net cash used in investing activities		
Cash flows from financing activities		
Increase in short term bank borrowings (net)	1,574	1,683
Interest paid	(416)	(336)
Repayment of hire purchase	(13)	(30)
Repayment of term loans	(156)	(175)
	989	1,142
Net cash from financing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	226	4,645
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	10,436	5,016
CASH AND CASH EQUIVALENTS CARRIED FORWARD	10,662	9,661

The unaudited condensed consolidated cashflow statement should be read in conjunction with the accompanying explanatory notes of this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>SHARE CAPITAL</u> RM'000	<u>RETAINED PROFITS</u> RM'000	<u>TOTAL</u> RM'000
Period ended 31 May 2010			
Balance at 1.9.2009	22,692	68,336	91,028
Net profit for the year	-	9,492	9,492
Bonus Issue	45,385	(45,385)	-
Balance at 31.05.2010	<u>68,077</u>	<u>32,443</u>	<u>100,520</u>
Year ended 31 August 2009			
Balance at 1.9.2008	22,692	48,320	71,012
Net profit for the year	-	20,016	20,016
Balance at 31.08.2009	<u>22,692</u>	<u>68,336</u>	<u>91,028</u>

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes of this interim financial report.