

**Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2013**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*(The figures have not been audited)*

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
Revenue	46,837	56,055	89,922	96,308
<b>Results from operating activities</b>	4,780	4,624	8,838	9,298
Finance costs	(249)	(272)	(470)	(543)
Finance income	80	89	149	190
Net finance costs	(169)	(183)	(321)	(353)
<b>Profit before tax</b>	4,611	4,441	8,517	8,945
Tax expense	(1,257)	(1,505)	(2,275)	(2,821)
<b>Profit for the period</b>	3,354	2,936	6,242	6,124
<b>Other comprehensive income for the period, net of tax</b>				
Foreign currency translation differences for foreign operations	18	70	*	69
Total other comprehensive income for the period	18	70	*	69
<b>Total comprehensive income for the period</b>	3,372	3,006	6,242	6,193

**Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2013**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)**

*(The figures have not been audited)*

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
<b>Profit for the period attributable to:</b>				
Owners of the parent	3,301	2,923	6,142	6,091
Non-controlling interests	53	13	100	33
	<u>3,354</u>	<u>2,936</u>	<u>6,242</u>	<u>6,124</u>
<b>Total comprehensive income for the year attributable to:</b>				
Owners of the parent	3,317	2,986	6,142	6,153
Non-controlling interests	55	20	100	40
	<u>3,372</u>	<u>3,006</u>	<u>6,242</u>	<u>6,193</u>
<b>Earnings per share:</b>				
- Basic (sen)	<u>2.54</u>	<u>2.48</u>	<u>4.72</u>	<u>5.16</u>
- Diluted (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Notes:

\* Denotes amount less than RM1,000

*(The unaudited Condensed Consolidated Statements of Profit or loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)*

**Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2013**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*(The figures have not been audited)*

	(Unaudited) 30.06.2013 RM'000	(Audited) 31.12.2012 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	8,487	8,568
Intangible assets	2,555	2,714
Investment properties	192	193
Other investments	10	10
Deferred tax assets	1,667	1,665
<b>Total non-current assets</b>	12,911	13,150
<b>Current assets</b>		
Inventories	39,173	40,947
Trade and other receivables	72,380	66,675
Deposits and prepayments (including derivative)	1,943	1,254
Assets classified as held for sale	215	-
Current tax assets	342	-
Cash and cash equivalents	33,998	35,437
<b>Total current assets</b>	148,051	144,313
<b>TOTAL ASSETS</b>	<b>160,962</b>	<b>157,463</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	65,000	65,000
Reserves	39,664	38,072
Total equity attributable to owners of the Company	104,664	103,072
Non-controlling interests	545	445
<b>TOTAL EQUITY</b>	<b>105,209</b>	<b>103,517</b>

**Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2013**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

*(The figures have not been audited)*

	Note	(Unaudited) 30.06.2013 RM'000	(Audited) 31.12.2012 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>(continued)</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	B7	309	364
Deferred tax liabilities		435	381
<b>Total non-current liabilities</b>		744	745
<b>Current liabilities</b>			
Loans and borrowings	B7	14,996	16,962
Trade and other payables (including derivative)		30,399	33,422
Deferred income		4,385	2,765
Dividend payable		4,550	-
Current tax liabilities		679	52
<b>Total current liabilities</b>		55,009	53,201
<b>TOTAL LIABILITIES</b>		55,753	53,946
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>160,962</b>	<b>157,463</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>		0.81	0.80

*(The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)*

**Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2013**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*(The figures have not been audited)*

	<u>Non-Distributable</u>			<u>Distributable</u>			
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
<b><u>6 Months Period Ended</u></b>							
<b><u>30 June 2013</u></b>							
At 1 January 2013	65,000	4,302	126	33,644	<b>103,072</b>	445	<b>103,517</b>
Total comprehensive income	-	-	-	6,142	<b>6,142</b>	100	<b>6,242</b>
Dividend to owners of the Company	-	-	-	(4,550)	<b>(4,550)</b>	-	<b>(4,550)</b>
At 30 June 2013	65,000	4,302	126	35,236	<b>104,664</b>	545	<b>105,209</b>
<b><u>6 Months Period Ended</u></b>							
<b><u>30 June 2012</u></b>							
At 1 January 2012	53,500	-	62	23,756	<b>77,318</b>	550	<b>77,868</b>
Total comprehensive income	-	-	62	6,091	<b>6,153</b>	40	<b>6,193</b>
Dividend to owners of the Company	-	-	-	(3,900)	<b>(3,900)</b>	-	<b>(3,900)</b>
Dividend to minority interests	-	-	-	(8)	<b>(8)</b>	-	<b>(8)</b>
Share issue	11,500	5,980	-	-	<b>17,480</b>	-	<b>17,480</b>
Share issue expenses	-	(1,689)	-	-	<b>(1,689)</b>	-	<b>(1,689)</b>
At 30 June 2012	65,000	4,291	124	25,939	<b>95,354</b>	590	<b>95,944</b>

*(The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)*

**Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2013**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

*(The figures have not been audited)*

	<b>6 Months Period Ended</b>	
	<b>30.06.2013</b>	<b>30.06.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	8,517	8,945
Adjustments for:		
Amortisation of investment properties	3	1
Amortisation of development costs	121	80
Reversal of provision for foreseeable losses	(35)	(169)
Depreciation of plant and equipment	638	587
Gain on disposal of property and equipment	(10)	-
Impairment loss on goodwill	146	-
Fair value loss on forward exchange contracts	7	-
Finance costs	470	543
Finance income	(149)	(190)
Plant and equipment written off	8	2
Unrealised foreign exchange (gain) / loss	(20)	24
	9,696	9,823
Operating profit before working capital changes		
Changes in working capital:		
Changes in inventories	1,774	(8,458)
Changes in trade and other receivables, deposits and prepayments	(6,574)	(17,748)
Changes in trade and other payables and deferred income	(1,392)	2,605
	3,504	(13,778)
Cash generated from / (used in) operations		
Income tax paid	(1,937)	(1,978)
Interest paid	(452)	(517)
Interest received	149	190
	<b>1,264</b>	<b>(16,083)</b>
<b>Net cash generated from / (used in) operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increased in pledged deposits placed with licensed banks, net	-	610
Proceeds from disposal of plant and equipment	23	5
Proceeds from disposal of investment property	-	263
Purchase of plant and equipment	(579)	(665)
Increased in development costs	(108)	(636)
	<b>(664)</b>	<b>(423)</b>
<b>Net cash used in investing activities</b>		

**Interim Financial Report on Consolidated Results for the Financial Quarter Ended 30 June 2013**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

*(The figures have not been audited)*

	<b>6 Months Period Ended</b>	
	<b>30.06.2013</b>	<b>30.06.2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment of) / Proceeds from loans and borrowings	(2,866)	14,675
Proceeds from issuance of shares	-	15,791
Repayment of finance lease liabilities	(71)	(209)
Dividends paid to minority interests	-	(8)
Interest paid	(18)	(26)
	<hr/>	<hr/>
<b>Net cash (used in) / generated from financing activities</b>	<b>(2,955)</b>	<b>30,223</b>
	<hr/>	<hr/>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(2,355)</b>	<b>13,717</b>
<b>Foreign exchange differences on cash held</b>	<b>*</b>	<b>(37)</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>34,439</b>	<b>9,948</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the financial period</b>	<b>32,084</b>	<b>23,628</b>
	<hr/>	<hr/>
Cash and cash equivalents included in the statements of cash flows comprise:-		
Cash and bank balances	28,484	21,529
Deposit	5,514	4,012
Bank overdrafts	(1,914)	(1,913)
	<hr/>	<hr/>
	<b>32,084</b>	<b>23,628</b>
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Notes:

\* Denotes amount less than RM1,000

*(The unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)*

**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”)**

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**A1. Basis of Preparation**

The unaudited interim financial statements for the period ended 30 June 2013, have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The unaudited interim financial statements should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 December 2012. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

The Group has adopted the Malaysia Financial Reporting Standards (“MFRS”) framework issued by MASB with effect from 1 January 2012.

At the date of issuance of this unaudited interim financial statements, the MFRSs, amendments to MFRSs and IC Interpretation have been issued by MASB but not yet effective are as listed below:

<i><b>MFRSs, Amendments to MFRSs and IC Interpretation</b></i>	<i><b>Effective for annual periods beginning on or after</b></i>
- Amendments to MFRS 10, <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
- Amendments to MFRS 12, <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
- Investment to MFRS 127, <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
- Amendments to MFRS 132, <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
- MFRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in November 2009)	1 January 2015
- MFRS 9 <i>Financial Instruments</i> (IFRS 9 issued by IASB in October 2010)	1 January 2015
- Amendments to MFRS 7, <i>Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	1 January 2015

**A2. Auditors’ Report on Preceding Annual Financial Statements**

There was no qualification in the audit report of the preceding annual financial statements.



**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)**

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**A3. Seasonality or Cyclical Factors**

Save for certain business activities which are project based, our Group does not experience any material seasonality.

**A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

During the current financial quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

**A5. Nature and Amount of Changes in Estimates**

There were no material changes in estimates during the financial quarter under review.

**A6. Debts and Securities**

There were no issuances, cancellations, repurchases and repayments of debt and equity securities for the current financial quarter under review.

**A7. Dividends Paid and Distributed**

During the quarter under review, no dividend was paid.

**A8. Segmental Information**

Segment information in respect of the Group’s business activities for the current period ended 30 June 2013.

	<b>Turnover RM’000</b>	<b>Profit before Tax RM’000</b>
Marketing and Distribution	38,644	3,684
Manufacturing	43,799	2,976
Services	7,479	1,857
Reportable segment	89,922	8,517

**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)**

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**A9. Subsequent Material Event**

There was no material event subsequent to the end of current financial quarter that have not been reflected in the financial statements.

**A10. Changes in the Composition of the Group**

EITA had on 28 May 2013 acquired two (2) existing ordinary shares of RM1.00 each, representing 100% of the total issued and paid-up share capital of EITA Research & Development Sdn Bhd for a cash consideration of RM2.00 only.

**A11. Capital Commitments**

Outstanding commitments in respects of capital expenditure for the Group at reporting date not provided for in the financial statements are:

Balance purchase consideration on acquisition of plant and equipment	<b>RM'000</b> <u>2,571</u>
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**A12. Changes in Contingent Liabilities**

Corporate guarantee given by the Company to secure banking facilities granted to subsidiaries:

	<b>RM'000</b>
At 01.01.2013	91,631
Increase in borrowing facilities	5,349
At 30.06.2013	<u>96,980</u>

Performance guarantee given by subsidiaries for performance of contracts issued to third parties:

At 01.01.2013	5,137
Addition	1,337
At 30.06.2013	<u>6,474</u>

**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)**

**A13. Significant Related Party Transactions**

The Group has the following significant transactions with the related parties during the financial quarter under review:

<b>Company</b>	<b>Relationship</b>
Tenaga Semesta (M) Sdn Bhd (“TS”)	A company in which a director and substantial shareholder is the brother of the Group Managing Director, Mr. Fu Wing Hoong.
CTL Automation Sdn Bhd (“CTL”)	A company in which two (2) of the directors and substantial shareholders are the brother and sister-in-law of the Executive Director, Mr. Lim Joo Swee respectively.
Platinum Group	A group of companies in which a director and substantial shareholder is the brother-in-law of the Executive Director, Mr. Lee Peng Sian.
Boilermech Sdn Bhd (“Boilermech”)	A company in which a director and substantial shareholder is also the Non-Independent Non-Executive Director of EITA Resources Berhad (“EITA”).
QL Palm Pellet Sdn Bhd; and QL Tawau Palm Pellet Sdn Bhd	A company in which a director is a Non-Independent Non-Executive Director of EITA.
Chingsan Development Sdn Bhd	A company in which a director is a Non-Independent Non-Executive Director of EITA.
Schneider Steuerungstechnik Gmbh (“SSG”)	A company in which the sole shareholder is a director of Schneider Control & Drive Systems (M) Sdn Bhd (“SCDS”), a subsidiary of EITA. The company is also the shareholder of SCDS.
Xtetique Studio (“XQS”)	A company in which the executive director and substantial shareholder is the brother of Executive Director, Mr. Lee Peng Sian.

**A. Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 (“MFRS 134”) (continued)**

**A13. Significant Related Party Transactions (Cont’d)**

	<b>Cumulative Financial Quarter Ended</b>	
	<b>30.06.2013 RM’000</b>	<b>30.06.2012 RM’000</b>
<u>Tenaga Semesta (M) Sdn. Bhd. (“TS”)</u>		
- Sales of power equipment	*	24
- Purchase of electrical equipment, mechanical and engineering works and supply, installation, testing and commissioning of electrical works	(4)	(110)
<u>CTL Automation Sdn Bhd (“CTL”)</u>		
- Repairs and purchase of elevators parts	(238)	(283)
<u>Platinum Group</u>		
- Sales of power equipment, supply, install, testing and commissioning of electrical work and equipment, and maintenance of elevator	470	1,003
<u>Boilermech Sdn Bhd (“Boilermech”)</u>		
- Sales of electrical equipment	110	27
<u>QL Palm Pellet Sdn Bhd and QL Tawau Palm Pellet Sdn Bhd</u>		
- Sales of electrical equipment	-	20
<u>Chingsan Development Sdn Bhd</u>		
- Income received from maintenance of elevators	6	4
<u>Schneider Steuerungstechnik Gmbh (“SSG”)</u>		
- Purchase of elevator parts	(141)	(80)
<u>Xtétique Studio (“XQS”)</u>		
- Payment of marketing and advertisement services	(2)	(65)

Note:

\* Denote less than RM1,000

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS (APPENDIX 9B)**

**B1. Review of Performance for the Current Quarter and Financial Year To-Date**

	Individual Financial			Cumulative Financial		
	Quarter Ended		%	Quarter Ended		%
	30.06.2013	30.06.2012	change	30.06.2013	30.06.2012	change
	RM'000	RM'000		RM'000	RM'000	
<b>Revenue</b>						
Marketing and Distribution	20,830	24,572	(15.2%)	38,644	44,800	(13.7%)
Manufacturing	22,239	25,262	(12.0%)	43,799	40,602	7.9%
Services	3,768	6,221	(39.4%)	7,479	10,906	(31.4%)
<b>Total</b>	<b>46,837</b>	<b>56,055</b>	<b>(16.4%)</b>	<b>89,922</b>	<b>96,308</b>	<b>(6.6%)</b>
<b>Profit before Tax ("PBT")</b>						
Marketing and Distribution	1,559	2,790	(44.1%)	3,684	5,300	(30.5%)
Manufacturing	1,612	1,618	(0.4%)	2,976	2,839	4.8%
Services	1,440	1,115	29.1%	1,857	1,888	(1.6%)
<b>Total</b>	<b>4,611</b>	<b>5,523</b>	<b>(16.5%)</b>	<b>8,517</b>	<b>10,027</b>	<b>(15.1%)</b>

**Reconciliation of reportable segment profit or loss**

	Individual Financial	Cumulative Financial
	Quarter Ended	Quarter Ended
	30.06.2012	30.06.2012
	RM'000	RM'000
Total profit for reportable segments	5,523	10,027
- Listing expenses	(1,082)	(1,082)
<b>Consolidated profit before tax</b>	<b>4,441</b>	<b>8,945</b>

The total revenue of the Group for the current quarter decreased by RM9.22 million or 16.4% as compared to the preceding year corresponding quarter due to lower sales in all segments.

Cumulatively, the Group revenue decreased by RM6.39 million or 6.6% as compared to the preceding corresponding period mainly due to lower sales in Marketing and Distribution and Services segments.

The total PBT of the Group for the current quarter decreased by RM0.91 million or 16.5% corresponding with lower revenue.

Cumulatively, the Group PBT decreased by RM1.51 million or 15.1% for the same reason.

In connection with the listing of the company on the Main Market of Bursa Securities in April 2012, the group incurred RM1.08 million in relation to the listing expenses for the preceding year corresponding quarter. Therefore the consolidated PBT of the group was RM4.44 million.

Cumulatively the consolidated PBT was RM8.94 million. Comparing the Group current year's cumulative PBT of RM8.52 million against the cumulative consolidate PBT of RM8.95 million, there was a decrease of RM0.43 million or 4.78% for the same reason.

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS  
(APPENDIX 9B) (continued)**

**B1. Review of Performance for the Current Quarter and Financial Year To-Date (Cont'd)**

(i) Marketing and Distribution Segment

Current quarter revenue decreased by RM3.74 million or 15.2% mainly due to lower sales from power distribution equipment and electrical and electronics component sales. Cumulative revenue decreased by RM6.16 million for the same reason.

Current quarter PBT decreased by RM1.23 million or 44.1% corresponding to the lower revenue.

Cumulative PBT decreased by RM1.62 million or 30.5% for the same reason.

(ii) Manufacturing Segment

Current quarter revenue decreased by RM3.02 million or 12.0% mainly due to lower revenue from elevator projects and busduct.

Cumulatively, revenue increased by RM3.20 million or 7.9% mainly contributed by busduct sales.

Current quarter PBT decreased by RM0.01 million or 0.4% in tandem with lower revenue.

Cumulative PBT increased by RM0.14 million or 4.8% corresponding to the increased revenue.

(iii) Service Segment

Current quarter revenue decreased by RM2.45 million or 39.4% mainly due to lesser project execution of electrical and security systems.

Cumulative revenue decreased by RM3.43 million or 31.4% for the same reason.

However, current quarter PBT increased by RM0.33 million or 29.1% mainly contributed from elevators maintenance contracts.

Cumulative PBT decreased marginally corresponding to the lower revenue.

**B2. Review of Current Quarter Performance against Preceding Quarter**

	<b>Individual Financial Quarter Ended</b>		<b>% change</b>
	<b>30.06.2013 RM'000</b>	<b>31.03.2013 RM'000</b>	
<b>Revenue</b>			
Marketing and Distribution	20,830	17,814	16.9%
Manufacturing	22,239	21,560	3.1%
Services	3,768	3,711	1.5%
Total	46,837	43,085	8.7%
<b>Profit before Tax ("PBT")</b>			
Marketing and Distribution	1,559	2,125	(26.6%)
Manufacturing	1,612	1,364	18.2%
Services	1,440	417	245.3%
Total	4,611	3,906	18.0%

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS  
(APPENDIX 9B) (continued)**

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**B2. Review of Current Quarter Performance against Preceding Quarter (Cont'd)**

The total revenue of the Group for the current quarter increased by RM3.75 million or 8.7% against preceding quarter contributed by all the three segments.

The total PBT of the Group for the current quarter increased by RM0.71 million or 18.0% corresponding to the increase in revenue.

(i) Marketing and Distribution Segment

Revenue increased by RM3.02 million or 16.9% mainly contributed from power distribution equipment.

Current quarter PBT however, decreased by RM0.57 million or 26.6% mainly due to higher sales of lower margin product from different product mix.

(ii) Manufacturing Segment

Current quarter revenue increased by RM0.68 million or 3.1% mainly contributed from elevator projects and ballast.

Current quarter PBT increased by RM0.25 million or 18.2% for the same reason.

(iii) Services Segment

Current quarter revenue increased marginally by RM0.06 million or 1.5% mainly contributed from elevator maintenance contracts.

Current quarter PBT increased by RM1.02 million or 245.3% for the same reason.

**B3. Commentary on Prospects**

The Group's order book has been relatively stable and barring any foreseen circumstances, the Board of Directors of the Company is optimistic on the Group's performance and expects the Group to deliver satisfactory results for the financial year ending 30 September 2013.

**B4. Profit Forecast**

Profit forecast was not provided.

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS  
(APPENDIX 9B) (continued)**

**B5. Tax Expense**

	<b>Individual Financial Quarter Ended 30.06.13 RM'000</b>	<b>Cumulative Financial Quarter Ended 30.06.13 RM'000</b>
<b>Current tax expense</b>		
Malaysia	1,187	2,143
Overseas	54	79
	1,241	2,222
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	16	53
	1,257	2,275

**B6. Status of Corporate Proposals Announced**

(a) Status of Corporate Proposal Announced but Not Completed

There were no corporate proposals announced but not completed as at the date of this report.

(b) Utilisation of Proceeds Raised From Corporate Exercise

The Initial Public Offering ("IPO") consisted of 23.0 million new ordinary shares of RM0.50 each ("EITA shares") and offer for sale of 17.0 million EITA shares at an issue price of RM0.76. The IPO raised proceeds of RM17.48 million for the Company ("IPO Proceeds").

As at 30 June 2013, the status of utilisation of proceeds is as follow:

<b>Description of Utilisation</b>	<b>Time Frame for Utilisation</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance RM'000</b>	<b>Re- allocation RM'000</b>
(i) Expansion and improvements of manufacturing and business facilities	Within 36 months	8,851	2,412	6,439	-
(ii) Expansion in R&D	Within 24 months	3,750	1,017	2,733	-
(iii) Working capital	Within 12 months	2,079	2,127	-	48
(iv) Estimated listing expenses	Immediate	2,800	2,752	-	(48)
<b>Total Public Issue Proceeds</b>		17,480	8,308	9,172	-



**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS  
(APPENDIX 9B) (continued)**

**B7. Group Borrowings**

The Group borrowings as at 30 June 2013 were as follow:-

	<b>Cumulative Financial Quarter Ended</b>	
	<b>30.06.13 RM'000</b>	<b>30.06.12 RM'000</b>
<b>Non-current</b>		
Term loans – secured	-	42
Finance lease liabilities	309	526
	309	568
<b>Current</b>		
Bank overdrafts – unsecured	1,914	1,913
Bills payable – unsecured	12,774	25,998
Finance lease liabilities	308	309
	14,996	28,220
Total group borrowing	15,305	28,788

**B8. Change in Material Litigations**

There were no outstanding material litigations as at the date of this report.

**B9. Proposed Dividend**

No dividend was proposed by the Board of Directors for the current quarter under review.

A first and final dividend in respect of the financial year ended 31 December 2012 of 3.5 sen per ordinary share under the single tier system amounting to approximately RM4.55 million was approved in the Company's Annual General Meeting held on 25 June 2013. The dividend was paid to the shareholders of EITA on 30 July 2013.

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS  
(APPENDIX 9B) (continued)**

**B10. Earnings per Ordinary Share**

**(a) Basic earnings per ordinary share (“EPS”)**

The calculation of EPS was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares in issue during the financial period calculated as follows:

	<b>Individual Financial Quarter Ended</b>		<b>Cumulative Financial Quarter Ended</b>	
	<b>30.06.13</b>	<b>30.06.12</b>	<b>30.06.13</b>	<b>30.06.12</b>
Profit for the period attributable to owners (RM'000)	3,301	2,923	6,142	6,091
Weighted average number of ordinary shares in issue ('000)	130,000	117,995	130,000	117,995
Basic EPS (sen)	<u>2.54</u>	<u>2.48</u>	<u>4.72</u>	<u>5.16</u>

**(b) Diluted EPS**

The Group did not issue any financial instruments, convertible securities and / or other contracts that may entitle its holders to new ordinary shares and therefore dilute its basic earnings per share.

**B11. Financial Instruments**

Outstanding derivatives as at 30 June 2013 is as follow:

	<b>Contract / Notional Value RM'000</b>	<b>Fair Value Through Profit or Loss RM'000</b>
<b>Type of derivatives</b>		
Less than 1 year:-		
Forward exchange contract-buy	<u>565</u>	<u>10</u>

There are no changes to policies related to financial instruments since last financial year.

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS  
(APPENDIX 9B) (continued)**

**B12. Realised and Unrealised Retained Earnings**

	<b>As At 30.06.13 RM'000</b>	<b>As At 31.12.12 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	39,838	36,645
- Unrealised	1,184	2,233
	<u>41,022</u>	<u>38,878</u>
Less: Consolidation adjustments	(5,786)	(5,233)
The retained earnings as per condensed consolidated financial statements	<u>35,236</u>	<u>33,645</u>

**B13. Notes to Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	<b>Individual Financial Quarter Ended</b>		<b>Cumulative Financial Quarter Ended</b>	
	<b>30.06.13 RM'000</b>	<b>30.06.12 RM'000</b>	<b>30.06.13 RM'000</b>	<b>30.06.12 RM'000</b>
<b>Profit for the period is arrived after charging / (crediting):</b>				
Other income including investment income	-	(399)	-	(751)
Bad debts written off	240	-	240	-
Depreciation and amortisation	379	344	762	668
Provision for and write off of receivables	65	1,035	8	885
Provision for or write off of inventories	143	176	312	251
Gain on disposal of quoted or unquoted investments or properties	-	(87)	-	(87)
Gain on disposal of plant and equipment	(10)	-	(10)	-
Impairment of assets	-	2	-	2
Foreign exchange (gain) / loss	(507)	324	(480)	318
Impairment loss on goodwill	146	-	146	-
Fair value changes on forward exchange contracts	(125)	14	7	-
Reversal of provision for foreseeable loss	(135)	(293)	(35)	(169)
Listing expenses	-	1,082	-	1,082
Plant and equipment written off	-	-	8	-
Allowance for diminution in value of other investment	(2)	-	1	-
	<u>(2)</u>	<u>-</u>	<u>1</u>	<u>-</u>



**EITA RESOURCES BERHAD**  
(Company No.: 398748-T)

**B. EXPLANATORY NOTES AS PER MAIN MARKET LISTING REQUIREMENTS  
(APPENDIX 9B) (continued)**

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**B14. Authority for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 27 August 2013.