



**eti tech**

ETI TECH CORPORATION BERHAD  
(667845-M)



Annual Report 2010

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# Corporate Vision, Mission, Objectives and Strategies

## ■ CORPORATE VISION

To excel as an energy solution provider through technology innovation.

## ■ CORPORATE MISSION

Provide shareholder value through the exploitation of the corporate asset in terms of revenue, earnings, cost reduction and time to market opportunities, and product innovation.

## ■ CORPORATE OBJECTIVES

Our three main corporate objectives are:

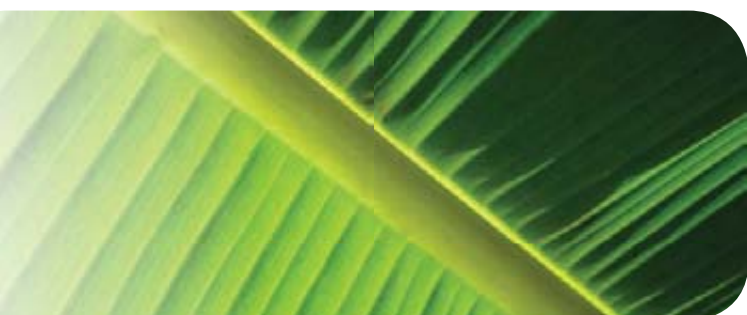
- To emerge as a premier international design house for rechargeable energy solutions.
- To develop an international distribution network.
- To build a strong internationally recognized brand.

## ■ BUSINESS STRATEGY

To align with green energy policy adopted by Malaysian government on the promotion and use of environmental friendly battery cells for global customers.

## ■ OUR COMMITMENT

You are assured of advance design, superior quality and competitive pricing when you purchase our products.



## Principal Activities

ETI Tech Corporation Berhad (ETICB) is principally involved in investment holding and provision of management services. The subsidiaries of ETICB during the financial year ended 31 August 2010 (FY2010) were as follows:

Name	Date and Place of Incorporation	Date of Acquisition	Effective Equity Interest	Principal activities
ETI Tech (M) Sdn Bhd (ETI Tech)	30 July 2002/ Malaysia	30 July 2005	100%	R&D of BMS technology, as well as the design and marketing of the resulting battery packs and portable power packs for rechargeable energy storage solutions
Power Mac Sdn Bhd (A wholly owned subsidiary of ETI Tech)	21 March 2005/ Malaysia	20 July 2006	100%	Intended to carry out business of manufacturer and assembler in relation to the Lithium-Ion Cells and Battery Packs.
ETI Tech International Sdn Bhd	14 March 2006/ Malaysia	20 July 2006	100%	Intended to carry out investment holding and to carry out its international procurement / sourcing function for the Group.

## BOARD OF DIRECTORS

Dato' Ahmad Shukri Bin Tajuddin  
*Independent Non-Executive Chairman*

Lee Kah Kheng  
*Managing Director*

Dennis Chuah  
*Executive / Business Development Director*

Khor Yee Kwang  
*Executive Director*

Nordin Bin Mohamad Desa  
*Independent Non-Executive Director*

Baqir Hussain Bin Hatim Ali  
*Independent Non-Executive Director*

Iqbal Yousuf Habib Al Yousuf  
*Non-Independent Non-Executive Director*

Mansor Bin Padzin  
*Executive Director*  
*(Retired on 25 February 2010)*

Anthony Power  
*Non-Independent Non-Executive Director*  
*(Retired on 25 February 2010)*

Khoo Lay Tatt  
*Independent Non-Executive Director*  
*(Resigned w.e.f. 22 October 2010)*

## AUDIT COMMITTEE

Nordin Bin Mohamad Desa  
*Chairman*

Baqir Hussain Bin Hatim Ali

Dato' Ahmad Shukri Bin Tajuddin  
*(Appointed w.e.f. 27 October 2010)*

Khoo Lay Tatt  
*(Resigned w.e.f. 22 October 2010)*

## REMUNERATION COMMITTEE

Baqir Hussain Bin Hatim Ali  
*Chairman*

Nordin Bin Mohamad Desa

Lee Kah Kheng

## NOMINATION COMMITTEE

Baqir Hussain Bin Hatim Ali  
*Chairman*

Nordin Bin Mohamad Desa

Dato' Ahmad Shukri Bin Tajuddin  
*(Appointed w.e.f. 27 October 2010)*

Khoo Lay Tatt  
*(Resigned w.e.f. 22 October 2010)*

## COMPANY SECRETARY

How Wee Ling (MAICSA 7033850)  
Ooi Ean Hoon (MAICSA 7057078)  
*(Appointed w.e.f. 23 December 2010)*

## REGISTERED OFFICE

57-G Persiaran Bayan Indah  
Bayan Bay, Sungai Nibong  
11900 Penang  
Tel : 604 640 8933  
Fax : 604 643 8911

## HEAD OFFICE

Lot No. 12, Industrial Zone Phase II  
Kulim Hi-Tech Park  
09000 Kulim  
Kedah Darul Aman  
Tel : +60 (4) 403 1828  
Fax : +60 (4) 403 6828  
E-mail : [info@etitech.com.my](mailto:info@etitech.com.my)  
Website : [www.etitech.com.my](http://www.etitech.com.my)

## SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium,  
Jalan Damanlela, Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur  
Tel : 603 2084 9000  
Fax : 603 2094 9940

## AUDITORS

Crowe Horwath  
Chartered Accountants  
17.01 Menara Boustead Penang,  
39 Jalan Sultan Ahmad Shah,  
10050 Penang

## SOLICITOR

Messrs. Zaid Ibrahim & Co

## PRINCIPAL BANKERS

Malayan Banking Berhad  
EON Bank Berhad  
Standard Chartered Bank Malaysia Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Code : ETITECH (0118)

# Corporate Structure

## ETI TECH CORPORATION BERHAD

("ETICB" or the "Company") and Subsidiaries  
("ETICB Group" or the "Group")  
as at 31 December 2010



### ETI Tech Corporation Berhad ("ETICB")



## Calendar Of Events

Year	Event
<b>September 2009</b>	<p>ETICB's members approved the undermentioned Proposals via an Extraordinary General Meeting held on 11 September 2009:-</p> <ul style="list-style-type: none"> <li>(a) Proposed increase in the authorized share capital from RM50,000,000 divided into 500,000,000 Ordinary Shares of RM0.10 each ("Shares") to RM100,000,000 divided into 1,000,000,000 Shares;</li> <li>(b) Proposed bonus issue of 453,848,000 new Shares ("Bonus Shares") on the basis of two (2) new Bonus Shares for every one (1) existing Share held at an entitlement date to be determined at a later date upon obtaining all relevant approvals ("Proposed Bonus Issue"); and</li> <li>(c) Proposed amendments to the Memorandum of Association of ETICB.</li> </ul>
	<p>On 29 September 2009, ETI Tech unveiled a revolutionary technology involving the replacement of lead acid battery with PLi-based battery for storage of renewable energy from the sun. launched its green solar energy solution for Solar Home - the Green Solar Powered System ("GSPS") at its office in Kulim Hi-Tech Park, Kedah. With this technology, ETI Tech is expecting to commercialize the concept of the "Solar Home", powered exclusively by ETI Tech PLi-based battery system in 2010.</p>
<b>October 2009</b>	<p>The 453,848,000 Bonus Shares have been listed and quoted on Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 1 October 2009.</p>
	<p>ETICB undertakes the Proposed Transfer of the listing of and quotation for the entire issued and paid-up share capital of ETICB of RM68,077,200 comprising 680,772,000 ordinary shares of RM0.10 each in ETICB from the ACE Market to the Main Market of Bursa Securities.</p>
	<p>ETI Tech had on 12 October 2009 appointed Compugates Sabah Sdn. Bhd. as Distributor and Marketer for the resale of all present and future products owned, offered or manufactured by ETI Tech within the state of Sabah</p>
	<p>Commercialised of Energy Rider</p>
<b>November 2009</b>	<p>Participated in Intrade 2009 at Matrade Exhibition &amp; Convention Centre, Kuala Lumpur.</p>
<b>January 2010</b>	<p>On 19 January 2010, ETI Tech has signed a Memorandum of Understanding ("MOU") with Sirim Berhad to establish a partnership to develop the necessary testing technology and safety approval standards for the medium to high power lithium based battery for various industry applications eg, solar, electric vehicles and other applications in the domestic as well as international markets.</p>
<b>February 2010</b>	<p>ETI Tech, in collaboration with Compugates Sabah Sdn Bhd (a 51%-owned subsidiary of Compugates Holdings Berhad, a company listed on the Main Market of Bursa Securities), has successfully completed the installation of Mini Solar Home System for 41 homes in Kampung Sumambu, Tenom.</p> <p>A Key Handing Over Ceremony to Mini Solar Home System owners was held on 1 February 2010. This is the first time Lithium-based battery, replacing the conventional lead acid-based battery, has been used in solar home system in Malaysia.</p>
<b>March 2010</b>	<p>ETI Tech had on 27 March 2010 held a Handling Over Ceremony on Handling over of Green Solar Power System using Eco-Friendly Rechargeable Green Batteries and Energy Saving "LED" Lamps for Batu Sapi Jetties.</p>
<b>April 2010</b>	<p>Securities Commission and Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 6 and 12 April 2010 respectively approved the transfer of ETICB's entire enlarged issued and paid-up share capital from the ACE Market to the Main Market of Bursa Securities.</p> <p>The entire enlarged issued and paid-up share capital of ETICB was transferred to the Main Market of Bursa Securities, under the "Technology" sector on 20 April 2010.</p>

## Calendar Of Events (Cont'd)

Year	Event
<b>May 2010</b>	ETI Tech and ZAP ("ZAP"), a California-incorporated company, with headquarters at Santa Rosa, California have mutually agreed not to further extend the MoU entered on 19 August 2009 upon its expiration on 19 May 2010 as both parties could not come to a consensus in the terms and conditions of the final Manufacturing and Distribution Agreement.
<b>June 2010</b>	ETI Tech had on 4 May 2010 entered into a Non-exclusive Distributorship Agreement with Al Yousuf Digitals LLC ("AYD"), appointed the latter as the distributor for the promotion and sale of Nano Mobile Charger, Energy Rider, Green GenSet, Green Golf Cart battery pack within U.A.E, Middle East and Africa for a period of one year.
	ETI Tech had on 21 June 2010 entered into a Business Development Agreement with Green Electric Sdn. Bhd. ("GESB") and Erapolitan Sdn. Bhd. ("Erapolitan") for the purpose of joint collaboration in the project proposals or tender bids to the Ministry of Education Malaysia ("MOE") and the Ministry of Rural and Regional Development ("MRRD") for the supply of power through solar system for schools and villages in rural areas which could not be supplied with power via the grid system and if successful, ETI Tech, GESB and Erapolitan shall jointly participate to realize the said projects.
<b>August 2010</b>	ETI Tech had on 25 August 2010 entered into a MoU with KoKam Co. Ltd. ("Kokam"). The MoU is to set forth the basic principles upon which the definitive agreement(s) will be entered into by ETI Tech and Kokam for the collaboration of providing lithium based battery pack/s to be applied in the Off-Grid Solar Energy Storage systems and related services.
<b>September 2010</b>	ETI Tech had received an Appointment letter dated 24 September 2010 from Jabatan Kerja Raya Malaysia (JKR) as its Project Partner on the pilot project for Genset Hybrid Systems to supply 24 hour electricity to schools located in the rural areas of Kapit.



### **Dato' Ahmad Shukri Bin Tajuddin**

*Independent Non-Executive  
Chairman  
Malaysian, aged 51  
Member of Audit Committee  
Member of Nomination  
Committee*

Dato' Ahmad Shukri was appointed to the Board on 28 October 2008. He holds a Bachelor of Science degree in Accountancy from University of Missouri, Columbia, USA and was awarded a Master of Business Administration (MBA) from Greenwich University, Australia. He has over 26 years experience in various capacities in private as well as government sector and has accumulated vast experience in property, construction, business and technology development. He was appointed to the Kulim Technology Park Corporation's ("KTPC") Board of Directors in 1996 and had served as Managing Director until 2000, when he was then appointed the Group Managing Director / Chief Executive Officer of KTPC Group of Companies until September 2008.

As a co-founder of KTPC, he was responsible for the overall implementation of the KHTP development Master Plan. Together with his team of professionals at KTPC, he has built from the ground up into one of Asia's best science and technological parks. As a premier technology park in Malaysia, KHTP was conferred a Cybercity Status in 2006.

Besides travelling extensively worldwide and locally to market KHTP to high tech companies, he has also created upstream and downstream industrial / technological activities that are inter-complementary for the further development of KHTP. He enjoys strong rapport with all the multinational and local companies present in KHTP.

He is now the Chief Executive Officer and a member of the Board of Senai Hi-Tech Park, the second hi-tech park for the country. He also sits as a member of the Board of MIGHT Technology Nurturing (MTN) Sdn Bhd and Universiti Malaysia Perlis (UniMEP). He was a member of the Technical Committee to prepare and formulate the Malaysia Industrial Master Plan 3 (IMP3) and a Technical Advisor and Head of Study Team to the Government of Zambia for setting up of Industrial Park in Zambia.

Earlier, he had served in various capacities in Kedah State Development Corporation and Darulaman Realty Sdn Bhd, the latter of which he was involved in the planning and development of the then new 1,200 acre Bandar Darulaman township in the 1986 – 1989.

He has no family relationship with any other Directors and/or major shareholders of the Company.

### **Lee Kah Kheng**

*Managing Director  
Malaysian, aged 47  
Member of Remuneration  
Committee*

Mr. Lee is a promoter and substantial shareholder of ETICB, he was appointed to the Board of ETICB on 1 August 2005. He is also the Managing Director and a co-founder of ETI Tech (M) Sdn. Bhd. ("ETI Tech"). He graduated from Tunku Abdul Rahman College, Kuala Lumpur in 1988 with a professional accountancy qualification accredited by the Malaysian Institute of Certified Public Accountants ("MICPA") and became a member of MICPA in 1993. He was attached to an accounting firm, Hanafiah, Raslan & Mohamad, from 1988 to 1992 as Senior Auditor before moving on to a multinational corporation, Northern Telecom Industry Sdn Bhd (whose principal activity is manufacturing and assembly of telecommunication products) in 1992 as a Cost Accountant. He left in 1994 to join a local corporation, Suiwah Corporation Bhd, which is currently listed on the Main Market of Bursa Securities and is principally involved in the retail industry, as its Group Financial Controller. He then left in 1997 to join Qdos Flexcircuits Sdn Bhd, a flexible PCB manufacturing company, as Executive Director. In 1999, he was promoted to become Group Executive Director of Qdos Holdings Sdn Bhd. In 2000, he left and became a consultant for several companies involved in ICT. He then set up ETI Tech in 2002 and was appointed its Managing Director in the same year. He is responsible for our Group's overall operations.

Mr. Lee also sits on the Board of Dufu Technology Corp. Berhad, a company listed on the Main Market of Bursa Securities, as an Independent Director.

Mr Lee does not have any family relationship with other directors of the Company. He is the spouse of Ms. Yeoh Li Hua, a major shareholder of ETICB.



## Profile Of Directors (Cont'd)

### **Dennis Chuah**

*Executive/Business  
Development Director  
Malaysian, aged 38*

Mr. Dennis Chuah is a promoter and major shareholder of ETICB and was appointed to the Board of ETICB on 1 August 2005. He is also a co-founder of ETI Tech. He finished his secondary education at Methodist Boys School, Penang in 1990. He then joined Tako Astatic Technology Sdn Bhd in 1992 as a sales executive in charge of the sales of electrostatic discharge protective material for the semiconductor and electronics industries in Malaysia and Singapore. He left in 1996 to set up Zapstat Sdn Bhd, a manufacturer of electrostatic discharge packaging material, and was its Marketing Director until 2002. He helped to set up ETI Tech in 2002 and was appointed its Business Development Director in the same year. He is responsible for the overall business development and marketing functions of our Group.

Mr. Dennis Chuah does not have any family relationship with any director and/or major shareholder of ETICB.

### **Khor Yee Kwang**

*Executive Director  
Malaysian, aged 52*

Mr. Khor was appointed to the Board of ETICB on 1 November 2007. He graduated from Loughborough University, UK, in 1980 with a Bachelor of Science (Honours) in Metallurgy and a Bachelor of Science (Honours) in Management. In addition, he won the James France Prize for best overall academic results and became a postgraduate research student at Rolls Royce Plc, UK.

In 1982, he joined Rolls Royce Plc as a researcher, developing military aircraft materials and Formula 1 racing car engine alloys. He then joined National Semiconductor (M) Sdn Bhd, whose principal activity was testing and development of semiconductors, as a Chief Engineer and was involved in setting up manufacturing systems for International Business Machines printer production. He was promoted to R&D Manager of Micro Machining in 1986, where he was involved in integrated circuit test equipment design and stayed with the company until 1989 after which he joined Sony Corporation, Japan ("Sony"), as Chief Engineer to pioneer the setting up of the Sony factory in Prai, Penang. From 1989 to 1999, he has held various job positions in Sony such as Auto Insertion Group Head, Assistant General Manager, Engineering Group Head, Photonics and Optics Group Head and SMI Development Group member. He left Sony in 1999 to join Flex Plus Pte Ltd in Singapore, a company involved in Flexible PCB ("FPC"), as its Research Chief in FPC technology. Between 1999 and 2002, he helped build Qdos Holdings Sdn Bhd's FPC plant in Penang, assisted KKKea Holdings Pte Ltd, a Singapore firm to begin liquid crystal display (LCD) manufacturing and listing on the Stock Exchange of Singapore Dealing and Automated Quotation System ("SESDAQ") and assisted BTE Sdn Bhd, a company based in Perak, to manufacture torque rod bush for Mercedes trucks. In 2002, he ventured into private research involving interconnection (circuitry) technology, energy and photonics.

He was a consultant and Engineering Director for Flextronics Technology (Shah Alam) Sdn Bhd, a manufacturer and ODM company for mobile phone products which he was involved in the setting up of its handphone WCDMA (Wideband Code Division Multiple Access, a wireless technology of multiplexing, also called spread spectrum, in which analog signals are converted into digital form for transmission), CDMA2000 (a 3G transmission range Code Division Multiple Access (CDMA)), EDGE Enhanced (Data rates for Global System for Mobile communications (GSM) Evolution), 3G (third generation) Bluetooth industrialisation centre, electromagnetic interference (EMI) shield metallisation process, robotised paint coating process and super precision electrical injection moulding operation. He was also actively involved in the development of a small-sized thin film transistor (TFT) display manufacturing outfit. He joined ETI Tech as its Chief Technical Director and is responsible for the full R&D operations of our Group. He is a member of the National Committee for Environmental Standards, based in Universiti Putra Malaysia and had represented Malaysia in the fifth (5<sup>th</sup>) sub-committee of the Industrial Standards Organisation global technical group (ISO TC207 SC5) to develop the ISO 14040, 14041, 14042 and 14043 standards in Life Cycle Assessment. He was also involved in Green Partnership (Sony) and ROHS (a European environmental directive on the restriction of use of certain hazardous substances in electronic and electrical equipment) initiatives since year 2003.

He has no family relationship with any Director and/or major shareholder of the Company.

### **Nordin Bin Mohamad Desa**

*Independent Non-Executive  
Director  
Malaysian, aged 55  
Chairman of the Audit  
Committee  
Member of Nomination  
Committee  
Member of Remuneration  
Committee*

En. Nordin was appointed to the Board of ETICB on 1 August 2005. He graduated from the University of Leeds, UK, in 1979 with a Bachelor of Science degree in Electrical and Electronic Engineering. He obtained a Master of Business Administration (MBA) degree from the University of Hull, UK in 1993.

He started his career in 1979 in Jabatan Telekom Malaysia as an Assistant Controller of Telecoms where he was involved in the operations and maintenance of telecommunication switches, subscriber network, equipment and apparatus. He then left in 1985 to join Ericsson Telecommunications Sdn Bhd as a Technical Manager in charge of technical and customer service operations for Private Automatic Branch eXchange (PABX) and public subscriber equipment. In 1990, he joined Perkom Sdn Bhd as an Engineering Manager where he was responsible for technical, maintenance and sales support operations for data and computer network equipment for the banking, telecommunication and airline industries. Subsequently, in 1992, he joined the Malaysian Technology Development Corporation Sdn Bhd where he was involved in the promoting and developing technology-based industries, commercialisation of local R&D, technology acquisition and transfer, and venture capital funding. He held several senior managerial positions in the company and was its Senior General Manager when he resigned in 2001.

En. Nordin does not have any family relationship with any director and/or major shareholder of ETICB.

### **Baqir Hussain Bin Hatim Ali**

*Independent Non-Executive  
Director  
Malaysian, aged 48  
Member of the Audit Committee  
Chairman of Nomination  
Committee  
Chairman of Remuneration  
Committee*

En. Baqir was appointed to the Board of ETICB on 1 August 2005. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Chartered Tax Institute of Malaysia. He is also an Approved Company Auditor and Licensed Tax Agent.

En. Baqir graduated from Ungku Omar Polytechnic in 1986 with a Diploma in Accountancy and began his career in the same year with Hanafiah, Raslan & Mohamad / Arthur Andersen as an audit assistant. He obtained his qualification as a Chartered Accountant ("CA") and Certified Public Accountant ("CPA") while employed with the firm. He left the firm as a Senior Manager in the Assurance and Business Advisory Division in 2002 to venture into his own public practice. He has amassed more than 20 years of experience in the field of accountancy including external and internal auditing, mergers and acquisitions, receiverships and liquidations, initial public offerings and tax consultancy. He is currently the founder and managing partner of Baqir Hussain & Co, a firm of chartered accountants.

En. Baqir also sits on the Board of Dufu Technology Corp. Berhad, a company listed on the Main Market of Bursa Securities, as an Independent Director.

En. Baqir does not have any family relationship with any director and/or major shareholder of ETICB.

## Profile Of Directors (Cont'd)

### **Iqbal Yousuf Habib Al Yousuf**

*Non-Independent  
Non-Executive Director  
Emirati, aged 53*

Mr. Iqbal was appointed to the Board on 28 April 2008. He holds a Bachelors degree in Computer Science and Economics from University of Minnesota, USA in 1983.

He commenced his career in the Accounts Department at Al Yousuf L.L.C and after a two (2)-year stint, he was entrusted with the task of making a success of the company's computer business which is now one of the biggest players in the region, with offices in six (6) countries, covering Arab states, the Levant, North Africa and parts of Asia.

In 2006, Mr. Iqbal became president of Al Yousuf L.L.C, a company that for more than 56 years that has grown into a multi-million Dirham conglomerate covering operations ranging from motor vehicles, boat manufacturing, auto rental, real estate development, home electrical appliances, computer operating systems, electronics and taxi businesses.

He is actively involved with numerous social and environmental causes – both at a personal and professional level.

He has no family relationship with any Director and/or major shareholder of the Company.

## Additional Information On Directors

- **Material contracts involving Directors**  
There were no material contracts involving Directors during the financial year.
- **Convictions for offences (within past 10 years, other than traffic offences)**  
None of Directors have any convictions for offences other than traffic offences.
- **Securities held in the Company**  
The details are disclosed on page 58 of this Annual Report.

# Chairman's Statement

On behalf of the Board of Directors of ETI Tech Corporation Berhad ("ETICB"), I have the pleasure of presenting to you the Annual Report of the Company for the financial year ended 31 August 2010.

The year 2010 was a challenging year for ETICB. We were transferred from the ACE Market to the Main Market of Bursa Securities, under the "Technology" sector. We also had undertaken more new business negotiations, upgraded engineering capabilities and technical know-how as well as provided more enhanced services to customers across all sectors of markets, internationally and domestically. The increasing awareness of the advantages of lithium based battery applications over lead acid battery which is deemed to be not environment friendly may create a potential growth of lithium based battery in the market. We therefore foresee a potential increase in demand for our products which provides innovative energy storage solutions.

## FINANCIAL RESULTS

For the financial year ended 31 August 2010, the Group has achieved revenue and profit before taxation of RM74.0 million and RM9.9 million respectively, which were mainly contributed from the sales of its existing own brand mobile charging products and customized design battery packs. The decrease in revenue and profit before taxation by RM9.05 million and RM10.26 million respectively compared to the preceding year were mainly contributed from the depreciation of US Dollar against the Ringgit Malaysia and foreign exchange losses.

## RESEARCH & DEVELOPMENT

In 2010, the Group continued to carry out its Research & Development ("R&D") efforts and activities as planned and in line with the market's needs and technological advances. During the year, the Group had focused in R&D activities for the development of the range of medium to high power battery pack and started to make its foray into the green and renewable energy sector, focusing on green energy storage solutions.

Increasingly, the Group will focus on working in collaboration with system integrators that utilise our lithium based batteries as the energy storage solution such as:

- i) In 2010, the Group signed a Memorandum of Understanding ("MoU") with Sirim Berhad to develop the necessary testing technology and safety approval standards for the medium to high power lithium based battery for various industry applications eg, solar, electric vehicles and other applications in the domestic as well as international markets.
- ii) The Group is also working together with Jabatan Kerja Raya Malaysia (JKR) as its Project Partner on the pilot project for Genset Hybrid Systems, which uses diesel genset as its power generation and ETI lithium based batteries as its energy storage. This pilot project is being implemented in a school located in the rural areas of Kapit, Sarawak. This is a test case in which using lithium polymer battery will have better efficiency, reliability and cost advantage over the conventional lead acid based system. The objective of this project is to enable this school to be supplied with 24 hour electricity.
- iii) We also have been progressively developing mid-power battery products suitable for Light Electric Vehicles or LEVs and other industries and applications, including for the green and renewable energy sector.

The green and renewable energy sector is becoming increasingly significant and important as countries and governments globally are concerned about depleting non-renewable energy sources and global warming as well as to seek to become less reliant on traditional energy sources such as fossil fuels. Battery, as an energy storage medium, is one of the main components of the green energy drive.

We are hopeful of being able to secure meaningful contracts by introducing these energy storage solutions in the domestic and international markets.



# Chairman's Statement (Cont'd)

## FUTURE PROSPECTS OF THE GROUP

The financial turmoil surrounding the US and European economies continued to weigh down on Asia and the rest of the world during the year. However, going forward into 2011, measured recovery is expected and in view of this as well as the promising outlook of the green and renewable energy sector, the Group foresees an increase in the demand for its products and hence has continued to undertake more business negotiations, upgrade its engineering capabilities and technical know-how as well as provide more enhanced and value-added services and innovative solutions to its customers. Among the initiatives taken by the Group are as follows:

- i) In May 2010, the Group had entered into a Non-exclusive Distributorship Agreement with Al Yousuf Digital LLC as the distributor for the promotion and sale of Nano Mobile Charger, Energy Rider, Green GenSet, Green Golf Cart battery pack within U.A.E, Middle East and Africa for a period of one year.
- ii) In June 2010, the Group had entered into a Business Development Agreement with Green Electric Sdn. Bhd. ("GESB") and Erapolitan Sdn. Bhd ("Erapolitan") for the purpose of joint collaboration in the project proposals or tender bids to the Ministry of Education Malaysia and Ministry of Rural and Regional Development. The purpose of the agreement is for the supply of power through solar system for schools and villages in rural areas which could not be supplied with power via the grid system. If successful, ETMSB, GESB and Erapolitan shall jointly participate in the realisation of the said project.
- iii) In August 2010, the Group had entered into Memorandum of Understanding ("MoU") with KoKam Co. Ltd. ("Kokam") to set forth the basic principles upon which the definitive agreement(s) will be entered into by the ETI and Kokam for the collaboration of supplying lithium based battery pack/s to be applied in the Off-Grid Solar Energy Storage systems and related application.

Apart from the above potential revenue, the Group will also continue on its sale of ODM/OEM products and own brand products to sustain its revenue and profitability.

We expect a strong growth in both revenue and profitability in the near future given the promising outlook of the green and renewable energy sector.

## Appreciation

On behalf of the Board, I would like to express our sincere appreciation and gratitude to the management team and staff for their continuing efforts, dedication and contribution towards the success of the Group. I would like to take this opportunity to thank our valued customers, business associates, suppliers, bankers and regulatory authorities for their support.

I would also like to thank our shareholders for their continuing support, trust and confidence towards the achievements of the Group thus far. Last but not least, I wish to thank my fellow Directors for their invaluable guidance, advice and support.

**DATO' AHMAD SHUKRI BIN TAJUDDIN**  
Chairman



# Corporate Governance Statement

The Board of Directors of ETICB ("Board") is committed to comply with the Malaysian Code of Corporate Governance ("the Code") and hence, ensuring high standards of corporate governance is in place and is practiced throughout the ETICB Group.

ETICB has adopted all the best practices recommended by the Code except for the best practice relating to the appointment of a Senior Independent, non-Executive Director to whom shareholders may address their grievances and concerns. Presently, the Board is collectively responsible to address all grievances and concerns brought up by the shareholders but from time to time, the Board will review the need to implement the best practice.

## A. Board of Directors

### 1.1 Composition and balance of the Board

The present Board is headed by the Chairman, and comprises:-

- 3 Executive Directors
- 3 Independent Non-Executive Directors; and
- 1 Non-Independent Non-Executive Directors

The composition of the Board reflects fairly the interest of all shareholders of ETICB and a strong independent element on the Board. The Board believes that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting ETICB's current requirements.

There is a clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman is responsible for running the Board and ensuring that all Directors receive sufficient and reliable information on financial and non-financial matters to enable them to participate actively in Board decisions whilst the Managing Director take overall responsibilities over the operating units, organization effectiveness and implementation of the Board's policies and decisions.

The Independent Directors make up at least 1/3 of the membership of the Board.

### 1.2 Board Meetings

The Board governs the operations of the Group. The Board meets regularly, at least once every quarter and with additional meetings held as necessary to formulate and adopt strategic business plan for the Group, to evaluate the impact of risks affecting the operations of the Group and to formulate appropriate risk management systems.

The attendance record for each Director at Directors' meeting for the financial year ended 31 August 2010 (FY2010) is as follows:

Director	No. of meetings held	No. of meetings attended
Dato' Ahmad Shukri Bin Tajuddin	5	4
Lee Kah Kheng	5	5
Dennis Chuah	5	5
Khor Yee Kwang	5	5
Nordin Bin Mohamad Desa	5	5
Baqir Hussain Bin Hatim Ali	5	5
Iqbal Yousuf Habib Al Yousuf	5	4
Khoo Lay Tatt (Resigned w.e.f. 22 October 2010)	5	5
Mansor Bin Padzin (Retired on 25 February 2010)	3	3
Anthony Power (Retired on 25 February 2010)	3	1

### 1.3 Supply of Information

Meeting agenda and relevant board meeting documents are circulated to the Directors in advance of each meeting to ensure that board meetings are conducted effectively. Any additional information requested by the Directors will be provided in a timely manner.

The proceedings of all board meetings are duly compiled in minutes. The minutes are kept at the registered office of ETICB.

All Directors have access to the services and advice of the Company Secretary. The Company Secretary advises the Board on their statutory obligations as well as obligations arising from the Bursa Malaysia Securities Berhad Main Market Listing Requirements (Main LR) and other regulatory requirements.

In furtherance of their duties, the Directors, collectively and individually, have access to information within the Company. This includes direct access to the senior management.

# Corporate Governance Statement (Cont'd)

## A. Board of Directors (cont'd)

### 1.4 Access to Information and Advice

The Board of Directors is supplied with financial and operational information, both in qualitative and quantitative forms to assist the Board members to discharge their responsibilities. Where a potential conflict of interest may arise, the Director concerned will be required to declare his interest and abstain from decision making/voting.

All Directors will have full access to the information and are entitled to obtain full disclosure by the management and advice or services from the Company Secretary or independent professional on matters that will be put forward to the Board for decision to ensure that they are being discussed and examined in an impartial manner that takes into account the long term interests of shareholders, employees, suppliers, customers and other public in which the group conduct its business.

### 1.5 Re-election of the Directors

In accordance with the Company's Articles of Association, one-third or nearest to one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting provided always that all Directors including the Managing Director shall retire from office at least once in every three (3) years. The Directors to retire at the Annual General Meeting are Directors who have been longest in office since their appointment or re-election.

A retiring Director is eligible for re-election. The election of each Director is voted on separate resolution.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next Annual General Meeting and shall then be eligible for re-election.

The profile of all Directors including their personal profile, meeting attendance and their shareholdings in ETICB has been furnished in this Annual Report.

### 1.6 Directors' Training

All Directors have attended the Mandatory Accreditation Programme ("MAP").

The Board of Directors will assume the onus of determining or overseeing the training needs for Directors. In this respect, the Directors are encouraged to attend various external professional programmes deemed necessary in order to keep abreast with the latest developments in the market place, advances in corporate governance and to further enhance their skill and knowledge to enable them to discharge their duties as Directors in an effective manner.

Save for the undermentioned directors who have attended the training as follows, the other Directors have not attended any training during the FY 2010 due to their respective tight schedule and travel commitments:-

Director	Date	Description
Baqir Hussain Bin Hatim Ali	8 & 9 September 2009	Implementing Quality Control: Incorporating ISQC 1 and practice review findings
	28 October 2009	Tax and Economic Conference 2009
	10 November 2009	National Seminar on Taxation 2009
	8 & 9 June 2010	Malaysia Corporate Tax Practice and Principals

## 2. Board Committees

The Board, in discharging its fiduciary duties, is assisted by the following Board Committees which have been set up for specific functions. The terms of reference for each committee have been approved by the Board and comply with best practices recommended by the Code:-

- Audit Committee
- Executive Committee
- Remuneration Committee
- Nomination Committee

All the Board Committees are assisted by the Company Secretary.

### 2.1 Audit Committee

The terms of reference and the function of the Audit Committee are discussed on pages 17 to 19 of this Annual Report.

# Corporate Governance Statement (Cont'd)

## A. Board of Directors (cont'd)

### 2.2 Executive Committee

The Executive Committee ("Exco") comprises the Executive Directors as follows:

Chairman	:	Lee Kah Kheng
Members	:	Dennis Chuah Mansor Bin Padzin ( <i>Retired on 25 February 2010</i> )

The Exco has been formed to assist the Managing Director to manage ETICB Group's day-to-day operations. Its main function is to formulate operations plans and oversee the execution of these plans.

The Exco meets regularly to discuss operational issues.

### 2.3 Remuneration Committee

The Remuneration Committee ("RC") currently comprises the following:

Chairman	:	Baqir Hussain Bin Hatim Ali (Independent Non-Executive Director)
Members	:	Nordin Bin Mohamad Desa (Independent Non-Executive Director) Lee Kah Kheng (Executive Director)

Majority of the RC are Independent Non-Executive Directors.

The RC is responsible for recommending to the Board about the remuneration policy and the establishment of a formal and transparent methodology in determining the remuneration of, Executive Directors, Non-Executive Directors and Senior Management and to review changes to the policy and methodology as necessary. The RC also reviews the existing level of remuneration of Executive Directors and to recommend their remuneration to the Board based on the performance of the Company and on their individual performances, to ensure their remuneration level commensurate with the scope of their responsibilities.

The policy practiced on Directors' remuneration by the RC is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

Details of Directors' remunerations for FY2010 are as follows:

Category	Fee	Salaries	Allowances	EPF & SOCSO	Total
Executive Directors	RM41,000	RM708,000		RM86,820	RM835,820
Non-Executives Directors	RM128,000		RM20,000		RM148,000
Total	RM169,000	RM708,000	RM20,000	RM86,820	RM983,820

The number of Directors for each band of total remuneration received is as follows:

Band	Executive Directors	Non-Executive Directors
Below RM50,000	1	6
RM200,001-RM250,000	2	
RM300,001-RM350,000	1	

### 2.4 Nomination Committee

The Nomination Committee ("NC") currently comprises the following:

Chairman	:	Baqir Hussain Bin Hatim Ali (Independent Non-Executive Director)
Member	:	Nordin Bin Mohamad Desa (Independent Non-Executive Director) Dato' Ahmad Shukri Bin Tajuddin (Independent Non-Executive Director) ( <i>Appointed w.e.f. 27 October 2010</i> ) Khoo Lay Tatt (Independent Non-Executive Director) ( <i>Resigned w.e.f. 22 October 2010</i> )

The NC consists exclusively of Independent Non-Executive Directors.



# Corporate Governance Statement (Cont'd)

## A. Board of Directors (cont'd)

### 2.4 Nomination Committee (cont'd)

The NC is empowered by the Board with the terms of reference to review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary. The NC also recommends to the Board, the minimum requirements for the Board, ie. required mix of skills, experience, qualification and other core competencies required of a Director including the Managing Director. In addition, the NC also reviews the adequacy of committee structures of the Board Committees, assess and recommend to the Board the terms of reference of the Board Committees.

The Board, through the NC, appraises the composition of the Board. The NC believes that the current composition brings the required mix of skills and core competencies for the Board to discharge its duties effectively. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are observed.

## B. Accountability and Audit

### Audit Committee

The composition, terms of reference, attendance of meetings by individual members and the function of the Audit Committee are discussed in pages 17 to 19 of this Annual Report.

#### 1.1 Financial Reporting

In presenting the Annual Report and quarterly announcement of interim financial results to the shareholders, the Board aims to provide and present a balanced and understandable assessment of the Group's financial performance and prospects.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

#### 1.2 Internal Control

The Board is fully aware of its responsibility to safeguard and enhance the value of shareholders in ETICB. In this respect, the Company has engaged an independent firm of professionals to conduct internal audits. The functions of internal auditors are to ensure that adequate system of internal controls exist to assist the management to address operational, regulatory and financial risks.

Information pertaining to the Company's internal controls is shown in the Statement on Internal Controls set out on page 20 of this Annual Report.

#### 1.3 Relationship with the Auditors

The Board maintains a good professional relationship with the external auditors. Non-Executive members of the Audit Committee intend to meet with the external auditors at least twice a year to discuss the conduct and concerns arising from their audit.

## C. Relationship with Shareholders and Investors

The Board of ETICB recognizes the value of good investor relation and the importance of disseminating information in a fair and equitable manner. As such, participation of shareholders and investors, both individual and institutional, at general meetings is encouraged. The Board welcomes requests for briefings from the press and investment analysts.

The annual report, together with notice of annual general meeting, is sent to shareholders at least 21 days before the date of each annual general meeting.

In line with the recommendation of the Main LR and the Code, material information is disseminated to shareholders and investors on a timely basis. This information can be viewed at the Company's website ([www.etitech.com.my](http://www.etitech.com.my)) and includes:

1. Quarterly announcements
2. Annual reports
3. Circular to shareholders
4. Other important announcements

This statement was made in accordance with a resolution of the Board dated December 23, 2010.

# Audit Committee Report

## COMPOSITION

### *Chairman*

En. Nordin Bin Mohamad Desa  
Independent Non-Executive Director

### *Member*

En. Baqir Hussain Bin Hatim Ali  
Independent Non-Executive Director

Dato' Ahmad Shukri Bin Tajuddin  
Independent Non-Executive Director  
(Appointed w.e.f. 27 October 2010)

Khoo Lay Tatt  
Independent Non-Executive Director  
(Resigned w.e.f. 22 October 2010)

## TERMS OF REFERENCE

The Committee is governed by the following terms of reference:-

### 1. Objective

The principal activities of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. In addition, the committee shall:-

- Evaluate the quality of the audit conducted by the internal and external auditors;
- Provide assurance that the financial information presented by management is relevant, reliable and timely;
- Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- Determine the adequacy of the Group's control environment.

### 2. Membership

The Committee shall be appointed by the Board from amongst its members and shall consist of not less than three members exclusively Non-Executive Directors of whom a majority shall be Independent Directors.

The members of the Committee shall elect a Chairman from among their number who is Independent Director. No Chief Executive Officer and Alternate Director shall be appointed as a member of the Committee.

If the number of members is reduced below three, due to whatsoever reasons, the Board shall within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

### 3. Meetings

Meetings shall be at least four times a year.

A quorum of two independent members shall constitute a valid meeting.

The Internal Auditor or professional firm engaged to provide such services and senior management members shall be invited to attend meetings, as the Committee deems necessary.

The external auditors or any member of the Committee may request a meeting as and when they deem necessary.

A meeting with external auditors shall be held at least twice a year without the presence of executive Board members.

The Company Secretary shall be the Secretary to the Committee.

### 4. Authority

The Committee is authorized by the Board to investigate any activity within its terms of reference and shall have the resources required to perform its duties. The Committee has full and unrestricted access to all information and documents relevant to its activities as well as to the internal and external auditors and employees of the Group.

The Committee is authorized by the Board to obtain external legal, independent or other professional advice and be able to convene meetings with external parties whenever deemed necessary.

# Audit Committee Report (Cont'd)

## 4. Authority (cont'd)

It shall also have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner, as the Committee shall deemed fit and necessary.

## 5. Duties and Responsibilities

The duties and responsibilities of the Committee shall be:-

- to review with the external auditors the audit plan following from structured risk assessment process, their evaluation of the internal controls and their audit reports and to consider adequacy of Management's actions taken on external audit reports.
- to discuss with the external auditors before the audit commences, the nature and scope of the audit.
- to review the assistance given by the employees of the Company to the external auditors.
- to review the external auditors management letter and management's response.
- to nominate a person or persons as the external auditors of the Company, the fees thereof, assess reappointment of existing external auditors and consider resignation of external auditors.
- to review the internal programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function (if any).
- to review the adequacy of the scope, functions and resources of the internal audit functions (if any).
- to review any related party transactions and conflict of interest situation that may arise within the Company or Group and to monitor any inter-company transaction or any transaction between the Company and any related parties outside the Group.
- to review the quarterly and year-end financial statements of the Company and the Group and thereafter submit them to the Board.
- to review and evaluate the adequacy and effectiveness of the Group's accounting policies, procedures and internal controls.
- to perform such other duties if any as may be agreed to by the Committee and the Board.

## 6. Reporting

The Committee is authorized to regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The Minutes of the meetings shall be concluded by the Secretary of the Committee to the Committee members and all the other Board members.

## 7. Attendance at Meetings

The information on the attendance of each member at the Committee meeting held during the financial year ended 31 August 2010 [FY 2010] is as follows:-

Member	No. of Meeting Held	Attendance
En. Nordin Bin Mohamad Desa	5	5
En. Baqir Hussain Bin Hatim Ali	5	5
Dato' Ahmad Shukri Bin Tajuddin (Appointed w.e.f. 27 October 2010)	-	-
Mr. Khoo Lay Tatt (Resigned w.e.f. 22 October 2010)	5	5

# Audit Committee Report (Cont'd)

## 8. Activities of the Audit Committee

The activities were carried out by the Committee during the FY 2010 in the discharge of its duties and responsibilities are as follows:-

- Reviewed the draft quarterly results of the Group and the recommendation of the same to the Board for approval.
- Reviewed the compliance on the Bursa Malaysia Securities Berhad Main Market Listing Requirements (Main LR), Malaysian Code on Corporate Governance and other statutory requirements.
- Discussed with the external auditors before the audit commences, the nature and scope of the audit.
- Reviewed the external auditors management letter and management's response.
- Reviewed the internal programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal auditors.
- Reviewed any related party transactions and conflict of interest situation that may arise within the Company or Group and to monitor any inter-company transaction or any transaction between the Company and any related parties outside the Group.
- Reviewed the quarterly and year-end financial statements of the Company and the Group and thereafter submit them to the Board.

## 9. Internal Audit Function

The Board has engaged an external professional firm to carry out the internal audit function of the Group. The Internal Auditors report directly to the Committee. The primary roles of the Internal Auditors are to assist the Committee on an ongoing basis to :

- review the risk management framework;
- evaluate the state of compliance with the Main LR, Malaysian Code on Corporate Governance and other statutory requirements;
- provide independent, systematic and objective evaluation on the state of internal control within the Group;
- review recurrent related party transaction;
- perform such other functions as requested by the Committee.

During the financial year, the internal auditors have assisted the Audit Committee to:

- conduct the internal audit for FY 2010
- review the state of corporate governance of the Group
- review and document the risk management framework of the Group
- review the state of internal control of various operating cycles within the Group

Information pertaining to the Company's internal controls is shown in the Statement on Internal Controls set out on page 20 of this Annual Report.

This statement was made in accordance with a resolution of the Board dated December 23, 2010.

# Statement On Internal Control

## Introduction

This Statement on Internal Control has been prepared in accordance with the "Statement on Internal Control – Guidance for Directors of Public Listed Companies.

## Board Responsibilities

The Board recognises the importance of maintaining a sound system of internal control over financial reporting, compliance with laws and regulations and the Group's operations as well as having effective risk management practices within the Group.

The Board affirms its overall responsibility and reviews the adequacy and integrity of the system of internal control to safeguard shareholders' investment and the Group's assets. However, due to the inherent limitations of any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve the Group's objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement or loss.

## Risk Management

The Board recognizes its responsibilities with regard to identifying and managing principal risks.

The Group has a formalized risk management framework in which the existence of significant risks of the Group have been identified and quantified. The corresponding controls to manage the risks have also been documented. The framework also sets out the management action plan to improve on the system of controls in order to manage the risks more effectively. The risk profile of the Group has been compiled to help the Board and management to prioritize their focus on areas of high risks.

The senior management is responsible for identifying, managing and reporting on significant risks on an ongoing basis. Significant risk matters are brought to the attention of the Executive Directors, and if necessary, are also discussed at Board meetings.

## Internal Audit

The Board acknowledges the importance of the internal audit function and has outsourced the internal audit function to an independent firm of professionals to provide much of the assurance it requires on the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. The costs incurred for the internal audit function in FY2010 was RM7,700.

The internal audit function has adopted a risk-based approach in its audit work. The audit focused on areas with high risk, which were identified in the risk management framework, to ensure that the controls were functioning and where necessary, action plans were developed to improve on controls to manage significant risks.

The internal audit function has presented its annual audit plan and internal audit reports to the Audit Committee during the Audit Committee meetings. The internal audit function will continuously monitor the status of implementation of recommended action plans by the management and report on their progress in future Audit Committee meetings.

## Internal Control

Apart from the risk management framework and internal audit function, the Group has put in place the following key elements of internal control:-

- An organization structure with clearly defined lines of responsibility, authority and accountability;
- Regular Board and management meetings are held where information is provided to the Board and management covering financial performances and operations;
- Regular training and development programs are being attended by employees with the objective of enhancing their knowledge and competency; and
- Management accounts and reports are prepared monthly for monitoring of operating results.

The internal control system will continue to be reviewed, added on or updated in line with changes in the operating environment.

## Conclusion

The Board is of the view that there were no significant weaknesses in the systems of internal control of the Group that had a material impact on the operations of the Group for FY2010. The Board remains committed to a sound system of internal controls and to progressively enhance the system to support the Group's operations.

This statement was made in accordance with a resolution of the Board dated December 23, 2010.

# Disclosure Requirements

Pursuant To The Bursa Securities Main Market Listing Requirements

## Utilization of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

## Share Buybacks

During the financial year, there were no share buyback by the Company.

## Options, Warrants or Convertible Securities

No options, warrants or convertibles securities were issued by the Company during the financial year.

## American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any such programme.

## Imposition of Sanctions and/or Penalties

There were no material sanction and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the regulatory bodies.

## Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Company and its subsidiary companies for the financial year by the Company's Auditors, or a firm or company affiliated to the Auditors' firm is RM30,000.00.

## Profit Forecast and Unaudited Results Deviation

There was no profit forecast issued by the Group during the financial year.

The audited consolidated results during the financial year of the Group did not deviate by more than 10% of the unaudited consolidated results of the Group as announced via the BURSALINK on [www.bursamalaysia.com](http://www.bursamalaysia.com) on 29 October 2010.

## Profit Guarantee

There was no profit guarantee issued by the Group during the financial year.

## Recurrent Related Party Transactions of a Revenue or Trading Nature

The details of Recurrent Related Party Transactions concluded and their actual amount entered into from 4 May 2010 to 31 August 2010 are as below:-

No.	Related Parties		Nature of Transactions	Interested Related Party	Cumulative amount transacted as at 31.08.2010 (RM)
1.	ETI Tech (Principal)	AYD (Distributor)	Sale of Products by ETI Tech to AYD within U.A.E, Middle East and Africa	Al Yousuf L.L.C ("Al Yousuf"), a major shareholder of ETICB is also the holding company of AYD  Iqbal Yousuf Habib Al Yousuf, a Director of ETICB is also a major shareholder of ETICB and Al Yousuf.	119,382.00

ETI Tech - ETI Tech (M) Sdn. Bhd.

AYD – Al Yousuf Digitals LLC

## Revaluation Policy

The policy on revaluation of properties is as disclosed in the financial statements.

## Material Contract

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and substantial shareholders interests either still subsisting as at 31 August 2010 or entered into since the end of the previous financial year.

## Corporate Social Responsibility (CSR) Statement

The Group is driven by the belief that in pursuit of any business objective, we need to strike a balance between profitability and contributions to the social and environmental responsibilities. With such belief, the Group is committed and uses its best endeavour, on ongoing basis, to integrate CSR practices into its day-to-day business operations i.e. constantly reviewing the staff benefits to enhance the quality of life of its employees and adopting eco-friendly practices such as minimizing the use of hazardous compound in its manufacturing process to protect the environment.

# Statement Of Directors' Responsibilities

The Directors are required to prepare audited financial statements that give a true and fair view of the state of affairs, including the cash flow and results, of the Group and the Company as at the end of each financial year.

In preparing these financial statements, the Directors have considered the following:

- that the Group and the Company have used appropriate accounting policies, and are consistently applied;
- that reasonable and prudent judgements and estimates were made;
- that the approved accounting standards in Malaysia have been applied; and
- that the preparation of the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

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# Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 August 2010.

## Principal Activities

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and the Company during the financial year.

## Results

	The Group RM	The Company RM
Net profit/(loss) for the financial year	<u>9,652,858</u>	<u>(841,912)</u>

## Dividends

No dividends were proposed, declared or paid by the Company since the end of the previous financial year.

## Reserves And Provisions

There were no material transfers to or from reserves or provisions during the financial year apart from those disclosed in the financial statements.

## Issue Of Shares Or Debentures

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM22,692,400 to RM68,077,200 by way of a bonus issue of 453,848,000 new ordinary shares of RM0.10 each on the basis of 2 new ordinary shares for every 1 existing ordinary share in issue by capitalising the retained profits of the Company.

There was no issue of debentures by the Company during the financial year.

## Options Granted Over Unissued Shares

No share options were granted by the Company during the financial year.

## Bad And Doubtful Debts

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would require the writing off of bad debts or render the amount of the allowance made for doubtful debts inadequate to any substantial extent.

## Current Assets

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps to ascertain whether any current assets which would be unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

## Valuation Methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

# Directors' Report (Cont'd)

## Contingent And Other Liabilities

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group or the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group or the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations as and when they fall due.

## Change Of Circumstances

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or in the financial statements of the Group and the Company that would render any amount stated in the respective financial statements misleading.

## Items Of An Unusual Nature

The results of the operations of the Group and the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

## Directors Of The Company

The directors who served since the date of the last report are:-

Lee Kah Kheng  
Dennis Chuah  
Nordin Bin Mohamad Desa  
Baqir Hussain Bin Hatim Ali  
Khor Yee Kwang  
Iqbal Yousuf Habib Al Yousuf  
Dato' Ahmad Shukri Bin Tajuddin  
Mansor Bin Padzin (retired on 25.2.2010)  
Anthony Power (retired on 25.2.2010)  
Khoo Lay Tatt (resigned on 22.10.2010)

Particulars of the interests in shares in the Company of the directors in office at the end of the financial year, as shown in the Register of Directors' Shareholdings, are as follows:-

Name of Director	Number of Ordinary Shares of RM0.10 each				At 31.8.2010
	At 1.9.2009	Bonus Issue	Bought	Sold	
Lee Kah Kheng					
- Direct interest	40,011,174	82,646,528	38,934,920	(64,150,800)	97,441,822
- Deemed interest*	1,312,090	2,624,180	0	0	3,936,270
Dennis Chuah					
- Direct interest	41,090,374	81,860,748	93,130,500	(114,681,800)	101,399,822
Khor Yee Kwang					
- Direct interest	1,380,224	2,760,448	0	(4,104,600)	36,072
Iqbal Yousuf Habib Al Yousuf					
- Deemed interest**	34,038,600	68,077,200	0	0	102,115,800

# Directors' Report (Cont'd)

## Directors Of The Company (cont'd)

Name of Director	Number of Ordinary Shares of RM0.10 each				At 31.8.2010
	At 1.9.2009	Bonus Issue	Bought	Sold	
Dato' Ahmad Shukri Bin Tajuddin					
- Direct interest	100,000	200,000	0	0	300,000
Khoo Lay Tatt					
- Direct interest	400,000	800,000	0	(650,000)	550,000

\* Deemed interest by virtue of shares held by spouse

\*\* Deemed interest by virtue of Section 6A(4) of the Companies Act 1965

Save as disclosed above, none of the other directors in office at the end of the financial year held any interests in shares in the Company or its related corporations during the financial year.

## Directors' Benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration received or receivable from the Company and a subsidiary) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of those related party transactions as disclosed in Note 20 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## Auditors

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

**Signed In Accordance With A Resolution Of The Directors  
Dated 23 December 2010**

**Lee Kah Kheng**

**Dennis Chuah**

## Statement By Directors

We, Lee Kah Kheng and Dennis Chuah, being two of the directors of ETI Tech Corporation Berhad, do hereby state that in the opinion of the directors, the financial statements set out on pages 29 to 55 have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and the Company as at 31 August 2010 and of their financial performance and cash flows for the financial year then ended.

**Signed In Accordance With A Resolution Of The Directors Dated 23 December 2010**

**Lee Kah Kheng**

**Dennis Chuah**

## Statutory Declaration

I, Lee Kah Kheng, being the director primarily responsible for the financial management of ETI Tech Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 29 to 55 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
Lee Kah Kheng at Georgetown in the State  
of Penang on this 23 December 2010

**Lee Kah Kheng**

Before me

**Goh Suan Bee**  
Commissioner for Oaths

# Independent Auditors' Report To The Members Of

**ETI TECH CORPORATION BERHAD** (Incorporated in Malaysia) Company No: 667845-M

## Report on the Financial Statements

We have audited the financial statements of ETI Tech Corporation Berhad ("the Company") and its subsidiaries ("the Group") set out on pages 29 to 55, which comprise the balance sheets as at 31 August 2010, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia ("the Act"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Act so as to give a true and fair view of the financial position of the Group and the Company as at 31 August 2010 and of their financial performance and cash flows for the financial year then ended.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Act, we also report the following:-

- (i) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (ii) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (iii) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **Crowe Horwath**

Firm No : AF 1018  
Chartered Accountants

Penang  
23 December 2010

### **Eddy Chan Wai Hun**

Approval No : 2182/10/11 (J)  
Chartered Accountant

# Consolidated Balance Sheet

As At 31 August 2010

	Note	2010 RM	2009 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	12,889,994	13,480,689
Prepaid lease payments	5	1,182,272	1,215,836
Development expenditure	6	30,115,543	23,279,058
		<u>44,187,809</u>	<u>37,975,583</u>
<b>CURRENT ASSETS</b>			
Inventories	8	10,266,294	7,452,331
Trade and other receivables	9	50,679,908	42,883,634
Prepayments		5,130,657	5,095,457
Cash and cash equivalents	10	7,298,057	11,239,433
		<u>73,374,916</u>	<u>66,670,855</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	3,716,829	3,643,311
Loans and borrowings - secured	12	8,719,809	6,042,975
Advance payments from customers		748,367	250,321
Current tax liabilities		0	26,000
		<u>13,185,005</u>	<u>9,962,607</u>
<b>NET CURRENT ASSETS</b>		<b>60,189,911</b>	<b>56,708,248</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings - secured	12	3,212,326	3,404,295
Deferred tax liabilities	13	484,000	251,000
		<u>3,696,326</u>	<u>3,655,295</u>
<b>NET ASSETS</b>		<b><u>100,681,394</u></b>	<b><u>91,028,536</u></b>
<b>FINANCED BY:-</b>			
Share capital	14	68,077,200	22,692,400
Retained profits		32,604,194	68,336,136
<b>SHAREHOLDERS' EQUITY</b>		<b><u>100,681,394</u></b>	<b><u>91,028,536</u></b>

The annexed notes form an integral part of these financial statements.

# Consolidated Income Statement

For The Financial Year Ended 31 August 2010

	Note	2010 RM	2009 RM
Revenue	15	74,025,916	83,079,772
Cost of sales		(56,220,560)	(57,813,616)
Gross profit		<u>17,805,356</u>	<u>25,266,156</u>
Other income		607,710	166,461
Administrative and general expenses		(7,393,500)	(4,260,063)
Selling and distribution expenses		(570,132)	(524,768)
Finance costs		(589,576)	(526,655)
Profit before tax	16	<u>9,859,858</u>	<u>20,121,131</u>
Tax expense	18	(207,000)	(105,000)
Net profit for the year		<u><u>9,652,858</u></u>	<u><u>20,016,131</u></u>
Earnings per share (sen)	19		
- Basic		<u>1.42</u>	<u>2.94</u>
- Diluted		<u>1.42</u>	<u>2.94</u>

The annexed notes form an integral part of these financial statements.

# Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 August 2010

	Share capital	Retained profits	Total
	RM	RM	RM
Balance at 1 September 2008	22,692,400	48,320,005	71,012,405
Net profit for the year	0	20,016,131	20,016,131
Balance at 31 August 2009	<u>22,692,400</u>	<u>68,336,136</u>	<u>91,028,536</u>
Bonus issue	45,384,800	(45,384,800)	0
Net profit for the year	0	9,652,858	9,652,858
Balance at 31 August 2010	<u>68,077,200</u>	<u>32,604,194</u>	<u>100,681,394</u>

The annexed notes form an integral part of these financial statements.



# Consolidated Cash Flow Statement

For The Financial Year Ended 31 August 2010

	Note	2010 RM	2009 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		9,859,858	20,121,131
Adjustments for:-			
Allowance for doubtful debts		719,303	676,201
Allowance for doubtful debts written back		(451,642)	(8,690)
Amortisation and depreciation		3,044,006	2,752,836
Development expenditure written off		0	453,722
Gain on disposal of property, plant and equipment		(77,000)	0
Interest expense		589,576	526,655
Interest income		(20,673)	(104,745)
Property, plant and equipment written off		7,208	0
Unrealised loss on foreign exchange		482,445	0
Operating profit before working capital changes		<u>14,153,081</u>	<u>24,417,110</u>
Increase in inventories		(2,813,963)	(1,083,903)
Increase in receivables and prepayments		(8,474,369)	(8,253,695)
Increase/(Decrease) in payables and advance payments		613,248	(253,304)
Net cash from operating activities		<u>3,477,997</u>	<u>14,826,208</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to development expenditure		(6,609,890)	(6,722,946)
Interest received		588	1,368
Proceeds from disposal of property, plant and equipment		77,000	28,267
Purchase of property, plant and equipment		(2,653,550)	(3,841,517)
Net cash used in investing activities		<u>(9,185,852)</u>	<u>(10,534,828)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short-term loans and borrowings (net)		2,230,071	1,844,329
Interest paid		(589,576)	(526,655)
Repayment of hire purchase obligations		(13,296)	(40,008)
Repayment of term loans		(204,278)	(149,053)
Net cash from financing activities		<u>1,422,921</u>	<u>1,128,613</u>
Effect of exchange rate changes on cash and cash equivalents		(148,895)	0
Net (decrease)/increase in cash and cash equivalents		(4,433,829)	5,419,993
Cash and cash equivalents brought forward		10,436,056	5,016,063
Cash and cash equivalents carried forward	10	<u>6,002,227</u>	<u>10,436,056</u>

The annexed notes form an integral part of these financial statements.

# Balance Sheet

As At 31 August 2010

	Note	2010 RM	2009 RM
<b>NON-CURRENT ASSETS</b>			
Investments in subsidiaries	7	9,168,998	9,168,998
<b>CURRENT ASSETS</b>			
Amount owing by a subsidiary	7	58,628,514	59,475,556
		58,628,514	59,475,556
<b>CURRENT LIABILITIES</b>			
Other payables	11	79,938	85,068
		79,938	85,068
<b>NET CURRENT ASSETS</b>		<b>58,548,576</b>	<b>59,390,488</b>
<b>NET ASSETS</b>		<b>67,717,574</b>	<b>68,559,486</b>
<b>FINANCED BY:-</b>			
Share capital	14	68,077,200	22,692,400
(Accumulated losses)/Retained profits		(359,626)	45,867,086
<b>SHAREHOLDERS' EQUITY</b>		<b>67,717,574</b>	<b>68,559,486</b>

The annexed notes form an integral part of these financial statements.

# Income Statement

For The Financial Year Ended 31 August 2010

	Note	2010 RM	2009 RM
Revenue	15	0	46,000,000
Administrative and general expenses		<u>(841,912)</u>	<u>(655,491)</u>
(Loss)/Profit before tax	16	(841,912)	45,344,509
Tax expense	18	0	0
Net (loss)/profit for the year		<u>(841,912)</u>	<u>45,344,509</u>

The annexed notes form an integral part of these financial statements.

# Statement Of Changes In Equity

For The Financial Year Ended 31 August 2010

	Share capital	Retained profits/ (Accumulated losses)	Total
	RM	RM	RM
Balance at 1 September 2008	22,692,400	522,577	23,214,977
Net profit for the year	0	45,344,509	45,344,509
Balance at 31 August 2009	<u>22,692,400</u>	<u>45,867,086</u>	<u>68,559,486</u>
Bonus issue	45,384,800	(45,384,800)	0
Net loss for the year	0	(841,912)	(841,912)
Balance at 31 August 2010	<u>68,077,200</u>	<u>(359,626)</u>	<u>67,717,574</u>

The annexed notes form an integral part of these financial statements.

# Cash Flow Statement

For The Financial Year Ended 31 August 2010

	2010	2009
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(841,912)	45,344,509
Adjustment for:-		
Dividend income	0	(46,000,000)
Operating loss before working capital changes	<u>(841,912)</u>	<u>(655,491)</u>
(Decrease)/Increase in payables	<u>(5,130)</u>	<u>2,000</u>
Net cash used in operating activities	(847,042)	(653,491)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	0	46,000,000
Net repayment from/(advance to) subsidiary	<u>847,042</u>	<u>(45,346,509)</u>
Net cash from investing activities	847,042	653,491
Net increase in cash and cash equivalents	0	0
Cash and cash equivalents brought forward	0	0
Cash and cash equivalents carried forward	<u>0</u>	<u>0</u>

The annexed notes form an integral part of these financial statements.

# Notes To The Financial Statements

For The Financial Year Ended 31 August 2010

## 1. General Information

The Company is a public company limited by shares, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The registered office of the Company is located at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang and its principal place of business is located at Lot 12, Industrial Zone Phase II, Kulim Hi-Tech Park, 09000 Kulim, Kedah.

The consolidated financial statements set out on pages 29 to 32 together with the notes thereto cover the Company and its subsidiaries ("the Group"). The separate financial statements of the Company set out on pages 33 to 36 together with the notes thereto cover the Company solely.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 23 December 2010.

## 2. Significant Accounting Policies

### 2.1 Basis of Preparation of Financial Statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia.

The financial statements are presented in Ringgit Malaysia (RM).

The Group and the Company have not applied the following FRSs and IC Interpretations which have been issued as at the balance sheet date but are not yet effective:-

Standard/Interpretation	Effective for financial periods beginning on or after
Amendments to FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127 <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendment to FRS 1 <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 January 2011
Amendments to FRS 1 <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 2 <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
Amendments to FRS 2 <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 7 <i>Improving Disclosures about Financial Instruments</i>	1 January 2011
Amendments to FRS 132 <i>Financial Instruments: Presentation</i>	1 January 2010/ 1 March 2010
Amendments to FRS 138 <i>Intangible Assets</i>	1 July 2010
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i> , FRS 7 <i>Financial Instruments: Disclosures</i> and IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2010
Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 July 2010
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2009)</i> "	1 January 2010
FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> (revised in 2010)	1 July 2010
FRS 3 <i>Business Combinations</i> (revised in 2010)	1 July 2010

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 2. Significant Accounting Policies (cont'd)

### 2.1 Basis of Preparation of Financial Statements (cont'd)

Standard/Interpretation	Effective for financial periods beginning on or after
FRS 4 <i>Insurance Contracts</i>	1 January 2010
FRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 101 <i>Presentation of Financial Statements</i> (revised in 2009)	1 January 2010
FRS 123 <i>Borrowing Costs</i>	1 January 2010
FRS 127 <i>Consolidated and Separate Financial Statements</i> (revised in 2010)	1 July 2010
FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>	1 January 2011
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11 <i>FRS 2 - Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14 <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2010
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	1 January 2012
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2011

The management foresees that the initial application of the above FRSs and IC Interpretations will not have any significant impacts on the financial statements except as follows:-

#### Amendments to FRS 117 Leases

Included in *Improvements to FRSs (2009)* are amendments to FRS 117 which clarify that the classification of leasehold land as a finance lease or an operating lease shall be based on the extent to which risks and rewards incidental to ownership lie. In accordance with the transitional provisions of the amendments, the Group will reassess the classification of leasehold land on the effective date and make the necessary reclassification, if any, retrospectively.

#### FRS 3 Business Combinations (revised in 2010)

FRS 3 (revised in 2010), which supersedes FRS 3 *Business Combinations* (issued in 2005), introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all acquisition-related costs, other than the costs to issue debt or equity securities, shall be expensed as incurred. In accordance with the transitional provisions of FRS 3 (revised in 2010), the Group and the Company will apply this FRS prospectively to business combinations for which the acquisition date is on or after the effective date.

#### FRS 7 Financial Instruments: Disclosures and FRS 139 Financial Instruments: Recognition and Measurement

By virtue of the exemptions given by FRS 7 and FRS 139, the impacts on the financial statements upon initial application of these FRSs (and the amendments thereto) are not disclosed.

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 2. Significant Accounting Policies (cont'd)

### 2.1 Basis of Preparation of Financial Statements (cont'd)

#### **FRS 101 Presentation of Financial Statements (revised in 2009)**

FRS 101 (revised in 2009), which supersedes FRS 101 *Presentation of Financial Statements* (revised in 2005), affects the presentation of owner changes in equity and comprehensive income. It requires an entity to present all owner changes in equity in a statement of changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or two statements (a separate income statement and a statement of comprehensive income). FRS 101 (revised in 2009) also changes the titles of the financial statements to reflect their function more closely, for example, the titles "balance sheet" and "cash flow statement" are renamed as "statement of financial position" and "statement of cash flows" respectively.

#### **FRS 123 Borrowing Costs**

FRS 123, which supersedes FRS 123<sup>2004</sup> *Borrowing Costs*, removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional provisions of FRS 123, the Group will apply this FRS prospectively to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the effective date.

#### **FRS 127 Consolidated and Separate Financial Statements (revised in 2010)**

FRS 127 (revised in 2010), which supersedes FRS 127 *Consolidated and Separate Financial Statements* (revised in 2005), requires the total comprehensive income of a subsidiary to be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The revised standard also requires the changes in a parent's ownership interest in a subsidiary that do not result in a loss of control to be accounted for as equity transactions. In accordance with the transitional provisions of FRS 127 (revised in 2010), the aforementioned amendments will be applied prospectively.

### 2.2 Basis of Consolidation

A subsidiary is an entity that is controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the financial year using the purchase method. The results of the subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation.

The excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date represents goodwill. Goodwill is recognised as an asset at cost less accumulated impairment losses, if any. When the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the acquisition date exceeds the cost of acquisition, the excess (hereinafter referred to as "negative goodwill"), after reassessment, is recognised in the income statement.

### 2.3 Financial Instruments

#### **Recognised Financial Instruments**

The accounting policies for recognised financial instruments are disclosed in the individual policies associated with each item.

#### **Unrecognised Financial Instruments**

The Group and the Company do not have any unrecognised financial instruments other than the financial guarantees as disclosed in Note 23 to the financial statements.

#### **Fair Values**

The carrying amounts of financial assets and liabilities with short maturity periods are assumed to approximate their fair values.

The fair values of long-term loans and borrowings are estimated based on the current rates offered to the Group for loans and borrowings with the same remaining maturities.

The fair values of financial guarantees granted by the Company are not expected to be material as the probability of the subsidiary defaulting on the credit lines is remote.



# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 2. Significant Accounting Policies (cont'd)

### 2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Building	2%
Plant, machinery and equipment	20%
Furniture and office equipment	20%
Computers	33%
Motor vehicles	20%

The residual value, useful life and depreciation method of an asset are reviewed at least at each balance sheet date and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

### 2.5 Research and Development Expenditure

Research expenditure is recognised in the income statement as an expense when incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed off when incurred.

Capitalised development expenditure, considered to have finite useful lives, is stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated on a straight-line basis over the estimated commercial lives of the underlying products of 5 years. The amortisation period and method are reviewed at least at each balance sheet date and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

### 2.6 Investments in Subsidiaries

As required by the Companies Act 1965, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any.

### 2.7 Impairment of Assets

The carrying amounts of assets, other than inventories and financial assets within the scope of FRS 139 *Financial Instruments: Recognition and Measurement*, are reviewed at each balance sheet date to determine whether there is any indication that an item of asset may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to sell and its value in use, is estimated. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised as an expense in the income statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in the income statement.

### 2.8 Inventories

Inventories are valued at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

### 2.9 Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 2. Significant Accounting Policies (cont'd)

### 2.10 Payables

Payables are recognised at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### 2.11 Leases

#### Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee.

A finance lease, including hire purchase, is initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments are subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets is consistent with that for equivalent owned assets.

#### Operating Lease

An operating lease is a lease other than a finance lease.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The upfront payments for a lease of land under an operating lease are classified as prepaid lease payments and amortised on a straight-line basis over the lease term.

### 2.12 Loans and Borrowings

All loans and borrowings are initially recognised at cost which is the fair value of the proceeds received. The loans and borrowings are subsequently stated at amortised cost using the effective interest method. The effective interest rate is the historical rate for a fixed rate instrument and the current market rate for a floating rate instrument.

All borrowing costs are recognised as an expense in the period in which they are incurred.

### 2.13 Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the balance sheet date, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in the income statement. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. directly in equity or in the income statement.

### 2.14 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the balance sheet date are recognised as a liability whereas dividends proposed or declared after the balance sheet date are disclosed by way of note to the financial statements.

### 2.15 Income Recognition

Income from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised using the effective interest method.

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 2. Significant Accounting Policies (cont'd)

### 2.16 Income Taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided for under the balance sheet liability method in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base except for those temporary differences associated with goodwill, negative goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

### 2.17 Employee Benefits

#### Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised as an expense or included in development expenditure, where appropriate, in the period in which the associated services are rendered by the employee.

#### Defined Contribution Plan

As required by law, employers in Malaysia make contributions to the state pension scheme, Employees Provident Fund ("EPF"). Such contributions are recognised as an expense or included in development expenditure, where appropriate, in the period in which the associated services are rendered by the employee.

### 2.18 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, term deposits (excluding those pledged as security), bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## 3. Critical Judgements And Estimation Uncertainty

### Critical Judgements

In the process of applying the accounting policies of the Group and the Company, the management makes the following judgements that can significantly affect the amounts recognised in the financial statements:-

#### (i) Allowance for Inventories

Reviews are made periodically by the management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews require the use of judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

#### (ii) Allowance for Doubtful Debts

The Group and the Company make allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowance is applied to receivables where events or changes in circumstances indicate that the balances may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts. Where expectations are different from previous estimates, the difference will impact on the carrying amounts of receivables.

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 3. Critical Judgements And Estimation Uncertainty (cont'd)

### Key Sources of Estimation Uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

#### (i) Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The management estimates the useful lives to be within 3 to 50 years. Changes in the expected level of usage and technological development will impact on the economic useful lives and residual values of the assets and therefore, future depreciation charges may be revised.

#### (ii) Capitalisation and Amortisation of Development Expenditure

The Group follows the guidance of FRS 138 *Intangible Assets* in determining the amount and nature of development expenditure to be capitalised as intangible asset and its subsequent amortisation. The assessment of the capitalisation criteria as disclosed in Note 2.5 to the financial statements requires ongoing estimates on the future outcome of the development project. Any changes in expectations from previous estimates will impact on the initial and subsequent capitalisation of the intangible asset as well as its future amortisation charges.

#### (iii) Impairment of Assets

When the recoverable amount of an asset is determined based on its value in use, estimates on future cash flows and appropriate discount rate are required to determine the present value of those cash flows.

#### (iv) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimates. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts initially recognised, the difference will impact on the tax provisions in the period in which the outcome is determined.

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 4. Property, Plant And Equipment

The Group

	Building RM	Plant, machinery and equipment RM	Furniture and office equipment RM	Computers RM	Motor vehicles RM	Total RM
<u>At Cost</u>						
Balance at 1 September 2008	4,533,325	11,336,242	410,804	426,498	243,822	16,950,691
Additions	0	3,827,100	8,650	5,767	0	3,841,517
Disposals/Write-offs	0	(106,000)	0	0	0	(106,000)
Balance at 31 August 2009	4,533,325	15,057,342	419,454	432,265	243,822	20,686,208
Additions	0	2,646,750	0	6,800	0	2,653,550
Disposals/Write-offs	0	0	(8,650)	0	(217,426)	(226,076)
Balance at 31 August 2010	4,533,325	17,704,092	410,804	439,065	26,396	23,113,682
<u>Accumulated Depreciation</u>						
Balance at 1 September 2008	216,961	3,528,263	178,807	279,718	155,746	4,359,495
Depreciation						
- charged to income statement	90,666	1,901,882	83,848	102,325	54,508	2,233,229
- capitalised as development expenditure (Note 6)	0	690,528	0	0	0	690,528
	90,666	2,592,410	83,848	102,325	54,508	2,923,757
Disposals/Write-offs	0	(77,733)	0	0	0	(77,733)
Balance at 31 August 2009	307,627	6,042,940	262,655	382,043	210,254	7,205,519
Depreciation						
- charged to income statement	90,667	2,315,610	80,592	37,950	21,689	2,546,508
- capitalised as development expenditure (Note 6)	0	690,529	0	0	0	690,529
	90,667	3,006,139	80,592	37,950	21,689	3,237,037
Disposals/Write-offs	0	0	(1,442)	0	(217,426)	(218,868)
Balance at 31 August 2010	398,294	9,049,079	341,805	419,993	14,517	10,223,688
<u>Carrying Amount</u>						
Balance at 1 September 2008	4,316,364	7,807,979	231,997	146,780	88,076	12,591,196
Balance at 31 August 2009	4,225,698	9,014,402	156,799	50,222	33,568	13,480,689
Balance at 31 August 2010	4,135,031	8,655,013	68,999	19,072	11,879	12,889,994

The building has been pledged as security for credit facilities granted to the Group.

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 5. Prepaid Lease Payments

The Group

Long-term  
leasehold land  
RM

### At Cost

Balance at 1 September 2008	1,304,985
Movement during the year	0
Balance at 31 August 2009	1,304,985
Movement during the year	0
Balance at 31 August 2010	1,304,985

### Accumulated Amortisation

Balance at 1 September 2008	67,369
Amortisation	21,780
Balance at 31 August 2009	89,149
Amortisation	33,564
Balance at 31 August 2010	122,713

### Carrying Amount

Balance at 1 September 2008	1,237,616
Balance at 31 August 2009	1,215,836
Balance at 31 August 2010	1,182,272

The leasehold land has been pledged as security for credit facilities granted to the Group.

## 6. Development Expenditure

The Group

RM

### At Cost

Balance at 1 September 2008	17,573,730
Additions - internal development	7,413,474
Write-offs	(457,644)
Balance at 31 August 2009	24,529,560
Additions - internal development	7,300,419
Balance at 31 August 2010	31,829,979

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 6. Development Expenditure (cont'd)

	RM
<u>Accumulated Amortisation</u>	
Balance at 1 September 2008	756,597
Amortisation	497,827
Write-offs	(3,922)
Balance at 31 August 2009	<u>1,250,502</u>
Amortisation	463,934
Balance at 31 August 2010	<u><u>1,714,436</u></u>

<u>Carrying Amount</u>	
Balance at 1 September 2008	<u>16,817,133</u>
Balance at 31 August 2009	<u>23,279,058</u>
Balance at 31 August 2010	<u><u>30,115,543</u></u>

Included in additions to development expenditure during the year are the following items:-

	2010 RM	2009 RM
Depreciation of property, plant and equipment (Note 4)	690,529	690,528
Short-term employee benefits (Note 17)	1,015,910	1,078,383
Defined contribution plan (Note 17)	89,719	94,947
	<u>1,796,158</u>	<u>1,863,858</u>

## 7. Investments In Subsidiaries

The Company		
	2010 RM	2009 RM
Unquoted shares, at cost	<u>9,168,998</u>	<u>9,168,998</u>

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 7. Investments In Subsidiaries (cont'd)

The details of the subsidiaries, all of which were incorporated in Malaysia, are as follows:-

Name of Subsidiary	Effective Interest Held		Principal Activity
	2010	2009	
ETI Tech (M) Sdn. Bhd.	100%	100%	Research and development, design and marketing of Battery Management System for rechargeable energy storage solutions
ETI Tech International Sdn. Bhd.	100%	100%	Inactive
<u>Subsidiary of ETI Tech (M) Sdn. Bhd.</u>			
Power Mac Sdn. Bhd.	100%	100%	Inactive

The amount owing by a subsidiary is unsecured, non-interest bearing and repayable on demand.

## 8. Inventories

The Group

	2010 RM	2009 RM
Raw materials	9,155,196	1,708,402
Work-in-progress	415,405	366,590
Finished goods	695,693	5,377,339
	10,266,294	7,452,331

## 9. Trade And Other Receivables

The Group

	2010 RM	2009 RM
Trade receivables	46,728,153	43,386,126
Allowance for doubtful debts	(719,303)	(676,201)
	46,008,850	42,709,925
Other receivables	4,671,058	173,709
	50,679,908	42,883,634

Included in trade receivables (net of allowance for doubtful debts) is an amount of RM118,818 (2009 : NIL) owing by a company in which a director has a substantial financial interest.

The currency exposure profile of trade and other receivables is as follows:-

	2010 RM	2009 RM
Ringgit Malaysia	14,327,462	18,449,280
US Dollar	36,352,446	24,434,354
	50,679,908	42,883,634

The credit terms of trade receivables range from 30 to 120 days.



# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 10. Cash And Cash Equivalents

The Group

	2010 RM	2009 RM
Term deposits with a licensed bank	823,462	803,377
Cash and bank balances	6,474,595	10,436,056
	<u>7,298,057</u>	<u>11,239,433</u>

The effective interest rate of term deposits is 3.5% (2009 : 2.5%) per annum.

The currency exposure profile of cash and cash equivalents is as follows:-

	2010 RM	2009 RM
Ringgit Malaysia	3,181,858	11,114,963
US Dollar	4,077,152	79,434
Others	39,047	45,036
	<u>7,298,057</u>	<u>11,239,433</u>

For the purpose of cash flow statement, cash and cash equivalents exclude term deposits pledged as security for credit facilities granted to the Group and are presented net of bank overdraft as follows:-

	2010 RM	2009 RM
Cash and cash equivalents	7,298,057	11,239,433
Term deposits pledged as security	(823,462)	(803,377)
Bank overdraft	(472,368)	0
	<u>6,002,227</u>	<u>10,436,056</u>

## 11. Trade And Other Payables

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade payables	2,722,856	2,806,382	0	0
Other payables	993,973	836,929	79,938	85,068
	<u>3,716,829</u>	<u>3,643,311</u>	<u>79,938</u>	<u>85,068</u>

The currency exposure profile of trade and other payables is as follows:-

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	1,529,388	1,471,523	79,938	85,068
US Dollar	2,187,441	2,171,788	0	0
	<u>3,716,829</u>	<u>3,643,311</u>	<u>79,938</u>	<u>85,068</u>

The credit terms of trade payables range from 30 to 60 days.

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 12. Loans And Borrowings - Secured

The Group

	2010 RM	2009 RM
Hire purchase payables	0	13,296
Bank overdraft	472,368	0
Banker acceptances	6,644,000	5,772,000
Trust receipts	1,402,400	44,329
Term loans	3,413,367	3,617,645
	11,932,135	9,447,270
Disclosed as:-		
- Current liabilities	8,719,809	6,042,975
- Non-current liabilities	3,212,326	3,404,295
	11,932,135	9,447,270

Hire purchase payables were secured against a motor vehicle acquired thereunder. Other loans and borrowings are secured against the leasehold land, building and term deposits of the Group.

The effective interest rates of loans and borrowings range from 2.76% to 7.80% (2009 : 3.67% to 6.80%) per annum.

### Hire Purchase Payables

The repayment analysis of hire purchase payables is as follows:-

	2010 RM	2009 RM
Minimum hire purchase payments:-		
- not later than one year	0	15,016
Future finance charges	0	(1,720)
Present value of hire purchase liabilities	0	13,296

### Term Loans

Term loans are repayable over 15 years commencing from March 2007. The repayment analysis is as follows:-

	2010 RM	2009 RM
Not later than one year	201,041	213,350
Later than one year and not later than five years	928,687	970,763
Later than five years	2,283,639	2,433,532
	3,413,367	3,617,645

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 13. Deferred Tax Liabilities

The Group

	2010 RM	2009 RM
Balance at 1 September	251,000	172,000
Deferred tax expense relating to origination and reversal of temporary differences	170,000	46,000
Deferred tax liabilities underprovided in prior year	63,000	33,000
Balance at 31 August	<u>484,000</u>	<u>251,000</u>

The deferred tax liabilities are in respect of the following items:-

	2010 RM	2009 RM
Taxable temporary differences of:-		
- property, plant and equipment	284,000	184,000
- development expenditure	200,000	67,000
	<u>484,000</u>	<u>251,000</u>

## 14. Share Capital

	2010		2009	
	No. of shares	RM	No. of shares	RM
Ordinary shares of RM0.10 each				
Authorised :-				
At 1 September	500,000,000	50,000,000	500,000,000	50,000,000
Increased during the year	<u>500,000,000</u>	<u>50,000,000</u>	<u>0</u>	<u>0</u>
At 31 August	<u>1,000,000,000</u>	<u>100,000,000</u>	<u>500,000,000</u>	<u>50,000,000</u>
Issued and fully paid-up :-				
At 1 September	226,924,000	22,692,400	226,924,000	22,692,400
Bonus issue	<u>453,848,000</u>	<u>45,384,800</u>	<u>0</u>	<u>0</u>
At 31 August	<u>680,772,000</u>	<u>68,077,200</u>	<u>226,924,000</u>	<u>22,692,400</u>

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM22,692,400 to RM68,077,200 by way of a bonus issue of 453,848,000 new ordinary shares of RM0.10 each on the basis of 2 new ordinary shares for every 1 existing ordinary share in issue by capitalising the retained profits of the Company.

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 15. Revenue

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Income from sale of goods	74,025,916	83,079,772	0	0
Gross dividend income from subsidiary	0	0	0	46,000,000
	74,025,916	83,079,772	0	46,000,000

## 16. Profit/(Loss) Before Tax

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit/(Loss) before tax is arrived at after charging:-				
Allowance for doubtful debts	719,303	676,201	0	0
Amortisation of development expenditure	463,934	497,827	0	0
Amortisation of prepaid lease payments	33,564	21,780	0	0
Auditors' remuneration	85,000	85,000	22,000	22,000
Depreciation of property, plant and equipment	2,546,508	2,233,229	0	0
Development expenditure written off	0	453,722	0	0
Directors' remuneration				
- fees	169,000	188,000	169,000	188,000
- other emoluments	814,820	814,820	20,000	20,000
Interest expense	589,576	526,655	0	0
Loss on foreign exchange				
- realised	2,344,840	0	0	0
- unrealised	482,445	0	0	0
Property, plant and equipment written off	7,208	0	0	0
Rental of premises	55,220	26,700	0	1,750
and crediting:-				
Allowance for doubtful debts written back	451,642	8,690	0	0
Bad debts recovered	9,000	0	0	0
Gain on disposal of property, plant and equipment	77,000	0	0	0
Gain on foreign exchange				
- realised	0	52,051	0	0
Interest income	20,673	104,745	0	0
Rental of premises	24,000	0	0	0

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 17. Employee Benefits Expense

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Short-term employee benefits	3,828,165	4,161,635	189,000	208,000
Defined contribution plan	339,572	371,248	0	0
	<u>4,167,737</u>	<u>4,532,883</u>	<u>189,000</u>	<u>208,000</u>
Employee benefits expense capitalised as development expenditure (Note 6)	(1,105,629)	(1,173,330)	0	0
Employee benefits expense recognised as expenses	<u>3,062,108</u>	<u>3,359,553</u>	<u>189,000</u>	<u>208,000</u>
Represented by:-				
- short-term employee benefits	2,812,255	3,083,252	189,000	208,000
- defined contribution plan	249,853	276,301	0	0
	<u>3,062,108</u>	<u>3,359,553</u>	<u>189,000</u>	<u>208,000</u>

## 18. Tax Expense

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Tax based on results for the year:-				
Malaysian income tax	0	26,000	0	0
Deferred tax	170,000	46,000	0	0
	<u>170,000</u>	<u>72,000</u>	<u>0</u>	<u>0</u>
Tax (over)/under provided in prior year:-				
Malaysian income tax	(26,000)	0	0	0
Deferred tax	63,000	33,000	0	0
	<u>207,000</u>	<u>105,000</u>	<u>0</u>	<u>0</u>

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate is as follows:-

	The Group		The Company	
	2010 %	2009 %	2010 %	2009 %
Applicable tax rate	25.00	25.00	(25.00)	25.00
Non-deductible expenses	5.16	1.93	25.00	0.36
Non-taxable income	(1.30)	0.00	0.00	(25.36)
Pioneer income exempted	(29.93)	(25.85)	0.00	0.00
Effect of differential tax rates	2.79	(0.72)	0.00	0.00
Average effective tax rate	<u>1.72</u>	<u>0.36</u>	<u>0.00</u>	<u>0.00</u>

A subsidiary, ETI Tech (M) Sdn. Bhd., has been granted Multimedia Super Corridor ("MSC") status by Multimedia Development Corporation Sdn. Bhd. By virtue of its MSC status, the subsidiary has also been granted pioneer status by the Ministry of International Trade and Industry Malaysia. Under this incentive, 100% of the subsidiary's statutory income from the pioneer products is exempted from income tax for a period of 10 years commencing from 15 July 2003.

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 19. Earnings Per Share

The Group

The basic earnings per share is calculated by dividing the Group's net profit for the year by the weighted average number of ordinary shares in issue during the year as follows:-

	2010	2009
Net profit for the year (RM)	<u>9,652,858</u>	<u>20,016,131</u>
Number of shares in issue as at 1 September	226,924,000	226,924,000
Effect of bonus issue	<u>453,848,000</u>	<u>453,848,000</u>
Weighted average number of shares in issue	<u>680,772,000</u>	<u>680,772,000</u>
Basic earnings per share (sen)	<u>1.42</u>	<u>2.94</u>

The calculation of earnings per share for the previous financial year has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue during the current financial year.

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

## 20. Related Party Disclosures

Significant transactions with related parties during the financial year are as follows:-

	The Group		The Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Key management personnel compensation				
- short-term employee benefits	<u>898,860</u>	<u>917,860</u>	<u>189,000</u>	<u>208,000</u>
- defined contribution plan	<u>84,960</u>	<u>84,960</u>	<u>0</u>	<u>0</u>
	983,820	1,002,820	189,000	208,000
Dividend received from subsidiary	0	0	0	46,000,000
Sale of goods to a company in which a director has a substantial financial interest	<u>119,382</u>	<u>0</u>	<u>0</u>	<u>0</u>

## 21. Segment Reporting

The Group

### Operating Segments

Information about operating segment has not been reported separately as the Group's profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the research and development, design and marketing of Battery Management System for rechargeable energy storage solutions.

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 21. Segment Reporting (cont'd)

### Geographical Information

In presenting information about geographical areas, segment revenue is based on the geographical location of customers whereas segment assets are based on the geographical location of assets.

	External Revenue		Non-current Assets	
	2010 RM	2009 RM	2010 RM	2009 RM
Malaysia	16,594,057	19,838,770	44,187,809	37,975,583
China (including Hong Kong)	36,195,734	41,332,181	0	0
Taiwan	18,653,476	21,472,817	0	0
Other foreign countries	2,582,649	436,004	0	0
	<u>74,025,916</u>	<u>83,079,772</u>	<u>44,187,809</u>	<u>37,975,583</u>

### Major Customers

The major customers that contribute 10% or more of the Group's total revenue are as follows:-

	External Revenue	
	2010 RM	2009 RM
Customer I*	21,338,486	21,098,410
Customer II*	18,653,476	21,472,817
Customer III*	14,744,672	20,061,700
Customer IV*	<u>14,711,800</u>	<u>12,649,934</u>

\* The identity of the major customer has not been disclosed as permitted by FRS 8 Operating Segments.

## 22. Capital Commitment

The Group

	2010 RM	2009 RM
Contracted but not provided for	<u>7,989,000</u>	<u>7,989,000</u>

## 23. Contingent Liabilities - Unsecured

The Company

The Company has issued corporate guarantees to financial institutions for credit facilities granted to a subsidiary up to a total limit of approximately RM23,822,000 (2009 : RM11,932,000).

# Notes To The Financial Statements (Cont'd)

For The Financial Year Ended 31 August 2010

## 24. Financial Instruments

### Recognised Financial Instruments

The information about the extent and nature of significant recognised financial instruments is disclosed in the individual notes associated with each item.

### Unrecognised Financial Instruments

The Group and the Company do not have any unrecognised financial instruments other than the financial guarantees as disclosed in Note 23 to the financial statements.

### Fair Values

The carrying amounts of financial assets and liabilities of the Group and the Company as at 31 August 2010 and 2009 approximate their fair values.

The fair values of financial guarantees granted by the Company are not expected to be material as the probability of the subsidiary defaulting on the credit lines is remote.

## 25. Financial Risk Management

The activities of the Group expose it to certain financial risks, including currency risk, interest rate risk, credit risk and liquidity risk. The overall financial risk management objective of the Group is to maximise shareholders' value by minimising the potential adverse impacts of these risks on its financial position, performance and cash flows.

The Board of Directors explicitly assumes the responsibilities of financial risk management which is carried out mainly through risk reviews and internal control systems.

### Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. Such exposure is partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and bank balances in foreign currency accounts to meet future obligations in foreign currencies.

### Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from borrowings.

The Group manages its exposure to interest rate risk by seeking to obtain the most favourable interest rates available without increasing its other financial risk exposures.

### Credit Risk

The Group's exposure to credit risk arises mainly from receivables. The maximum credit risk exposure is best represented by the total carrying amount of these financial assets in the balance sheet. Approximately 98% of the total trade receivables of the Group as at the balance sheet date were due from four major customers.

The Group manages its exposure to credit risk by assessing counter parties' financial standings on an ongoing basis, setting and monitoring counter parties' limits and credit terms.

### Liquidity Risk

The Group practises prudent liquidity risk management by maintaining sufficient cash and the availability of funding through certain committed credit facilities.



## List Of Property

Save as disclosed below, whereby ETICB is the lease owner, the ETICB Group does not own any landed property as at the date of this Annual Report:-

No	Name of Registered Owner / Postal Address / Title Identification	Approx Age of Building / Tenure / Date of Expiry of Lease	Description / Existing Use	Land Area / Build Up Area (m <sup>2</sup> )	Net Book Value as at 31 August 2010 RM	Year of Valuation / Acquisition
1.	<p>Perbadanan Kemajuan Negeri Kedah</p> <p>Lease of part of H.S.(D) 1708 P.T. No. 1950, Mukim Padang China, Daerah Kulim, Kedah Darul Aman situated at Lot No. 12, Industrial Zone Phase II, Kulim High Tech Park, Kedah Darul Aman, Malaysia</p> <p><u>Bearing Postal Address:</u> Lot No. 12, Industrial Zone Phase II Kulim Hi-Tech Park 09000 Kulim Kedah Darul Aman Malaysia</p>	Leasehold of thirty (30) years expiring on 25.12. 2034	Double storey factory with office building to house our design and R&D center	39,950* / 3,809	5,317,303.00	December 2004

\* The ETICB Group has yet to execute the lease for the remaining portion of the land measuring 29,833 m<sup>2</sup>.

# Statistics Of Shareholdings

## SHARE CAPITAL AS AT 30 DECEMBER 2010

Authorized Capital	: RM100,000,000.00
Issued and Paid-up Capital	: RM68,077,200.00
Class of Shares	: Ordinary Shares of RM0.10 each
Voting Rights	: One voting right for one ordinary share

## DISTRIBUTION OF SHAREHOLDERS AS AT 30 DECEMBER 2010

Size of Holdings	No. of Holders	%	No. of Shares	%
Less Than 100	3	0.05	12	0.00
100 – 1,000	800	14.56	280,868	0.04
1,001 to 10,000	1,712	31.15	12,370,116	1.82
10,001 – 100,000	2,509	45.65	94,291,404	13.85
100,001 – 34,038,599	469	8.53	321,150,756	47.17
34,038,600 and above	3	0.05	252,678,844	37.12
<b>Total</b>	<b>5,496</b>	<b>100.00</b>	<b>680,772,000</b>	<b>100.00</b>

## Thirty (30) LARGEST SECURITIES HOLDERS AS AT 30 DECEMBER 2010

No.	Name	Shareholdings	%
1	Al Yousuf L.L.C.	102,115,800	15.00
2	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Dennis Chuah	76,003,822	11.16
3	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Lee Kah Kheng	74,559,222	10.95
4	HSBC Nominees (Asing) Sdn Bhd Exempt An For DNB Nor Bank Asa (Clients Account)	21,395,600	3.14
5	Compugates Holdings Berhad	18,467,800	2.71
6	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dennis Chuah	17,100,900	2.51
7	Nor Ashikin Binti Khamis	14,000,000	2.06
8	Tuanku Ja'afar Ibni Tuanku Abdul Rahman	13,500,000	1.98
9	Siti Munajat Binti Md Ghazali	7,850,000	1.15
10	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Ng Huat Tian	5,800,000	0.85
11	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Henry Wan	5,448,800	0.80
12	Cartaban Nominees (Asing) Sdn Bhd Exempt An For Caceis Bank Luxembourg (CLTACCT-NON LUX)	5,143,000	0.76
13	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow	5,089,800	0.75
14	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Kah Kheng (MX2636)	5,000,000	0.73
15	Koperasi Permodalan Felda Malaysia Berhad	5,000,000	0.73
16	Mansor Bin Padzin	4,850,448	0.71
17	Chan Hing	4,844,300	0.71
18	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow (8026769)	4,688,300	0.69

## Statistics Of Shareholdings (Cont'd)

### Thirty (30) LARGEST SECURITIES HOLDERS AS AT 30 DECEMBER 2010 (Cont'd)

No.	Name	Shareholdings	%
19	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Raja Zainal Abidin Bin Raja Hussin (REM 672)	4,353,000	0.64
20	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Chiah Cheang	3,350,000	0.49
21	OSK Nominees (Tempatan) Sdn Berhad OSK Capital Sdn Bhd for Ng Huat Tian	3,320,000	0.49
22	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Kheng Peow	3,265,200	0.48
23	Chin Chin Seong	3,000,000	0.44
24	Sumdin @ Shamshudin Bin Nor	3,000,000	0.44
25	Kenanga Nominees (Asing) Sdn Bhd Pledged Securities Account for Hsu,Chin-Shui	2,915,100	0.43
26	Lim Twee Yong	2,850,000	0.42
27	Lim Twee Yong	2,700,000	0.40
28	Goh Sock Sin	2,306,000	0.34
29	Yeoh Li Hua	2,136,270	0.31
30	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng See Cheng (8040841)	2,000,000	0.29
	<b>Total</b>	<b>426,053,362</b>	<b>62.58</b>

### SUBSTANTIAL SHAREHOLDERS AS AT 30 DECEMBER 2010

Name	Direct Shareholding	%	Indirect Shareholding	%
Al Yousuf L.L.C	102,115,800	15.00	-	-
Dennis Chuah	93,754,722	13.77	-	-
Lee Kah Kheng	79,559,222	11.69	3,936,270 <sup>1</sup>	0.58
Yeoh Li Hua	3,936,270	0.58	79,559,222 <sup>1</sup>	11.69
Iqbal Yousuf Habib Al Yousuf	-	-	102,115,800 <sup>2</sup>	15.00

Notes:

1. Deemed interest under Section 122A of the Companies Act, 1965 by virtue of his/her spouse's shareholding in ETICB.
2. Deemed interested by virtue of his substantial shareholding in Al Yousuf L.L.C.

### DIRECTORS' SHAREHOLDING AS AT 30 DECEMBER 2010

Name	Direct Shareholding	%	Indirect Shareholding	%
Dato' Ahmad Shukri Bin Tajuddin	300,000	0.04	-	-
Lee Kah Kheng	79,559,222	11.69	3,936,270 <sup>1</sup>	0.58
Dennis Chuah	93,754,722	13.77	-	-
Khor Yee Kwang	36,072	0.01	-	-
Iqbal Yousuf Habib Al Yousuf	-	-	102,115,800 <sup>2</sup>	15.00
Nordin Bin Mohamad Desa	-	-	-	-
Baqir Hussain Bin Hatim Ali	-	-	-	-

1. Deemed interest under Section 122A of the Companies Act, 1965 by virtue of his spouse's shareholding in ETICB.
2. Deemed interested by virtue of his substantial shareholding in Al Yousuf L.L.C.

# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at Kelawai Room (Lobby Level), Evergreen Laurel Hotel of 53 Persiaran Gurney, 10250 Penang on Friday, 25 February 2011 at 10 a.m. for the following purposes:-

## A G E N D A

1. To receive the Audited Financial Statements for the year ended 31 August 2010 together with the Directors' and Auditors' Reports thereon. (Please refer to Note A)
2. To approve the payment of Directors' Fees up to RM136,000 for the year ending 31 August 2011. (Resolution 1)
3. To re-elect the following directors retiring under the provision of Article 85 of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:-
  - a. Lee Kah Kheng (Resolution 2)
  - b. Khor Yee Kwang (Resolution 3)
4. To appoint Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration:- (Resolution 4)

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed hereto and marked "Annexure A" has been received by the Company for the nomination of Messrs. UHY (Formerly known as UHY Diong) for appointment as Auditors of the Company in place of the retiring Auditors, Messrs. Crowe Horwath and of the intention to move the following motion to be passed as an Ordinary Resolution:-

"THAT Messrs. UHY (Formerly known as UHY Diong) be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs. Crowe Horwath to hold office until the conclusion of the next Annual General Meeting AND THAT authority be and is hereby given for the Directors to determine their remuneration."

### AS SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

#### **Authority to Issue Shares**

"That pursuant to Section 132D of the Companies Act, 1965, the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be and is hereby authorized to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deems fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being, and that the Board of Directors be and is also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Securities."

(Resolution 5)

6. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board  
HOW WEE LING (MAICSA 7033850)  
OOI EAN HOON (MAICSA 7057078)  
Secretaries

Penang  
Date: 31 January 2011

# Notice Of Annual General Meeting (Cont'd)

## NOTES:

- A. *This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association do not require a formal approval of the shareholders and hence, is not put forward for voting.*

### *Proxy*

*A Member of the Company entitled to attend and vote is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

*The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorized.*

*The instrument appointing a proxy must be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.*

## Explanatory Note On Special Business:

1. Resolution pursuant to the Authority to issue Shares

The proposed Resolution No. 5 [Item 5]), if passed, will grant a renewed general mandate (Mandate 2011) and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

The Mandate 2011 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Fifth Annual General Meeting. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

Lee Kah Kheng  
Block 3B-12-01, N-Park,  
Jalan Sungai Dua,  
11700 Penang

Date: 12 JAN 2011

The Board of Directors  
**ETI TECH CORPORATION BERHAD**  
57-G Persiaran Bayan Indah  
Bayan Bay, Sungai Nibong  
11900 Penang

Dear Sirs,

**NOMINATION OF AUDITORS**

I, Lee Kah Kheng being a Shareholder of the Company hereby wish to nominate Messrs. UHY (Formerly known as UHY Diong) of 51-21-F Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang as Auditors for ETI Tech Corporation Berhad.

Yours faithfully

  
LEE KAH KHENG

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# Proxy Form

No of ordinary shares held

I/We ..... (\*NRIC No./Company No ..... ) of .....  
 being a \*Member/Members of ETI TECH CORPORATION BERHAD hereby appoint (Proxy 1) .....  
 (\*NRIC No./Passport No. .... ) of .....  
 and\*/ or failing him\* (Proxy 2) ..... (\*NRIC No./Passport No. ....) of .....  
 and\*/or failing him\*, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Kelawai Room (Lobby Level), Evergreen Laurel Hotel of 53 Persiaran Gurney, 10250 Penang on Friday, 25 February 2011 at 10.00 a.m. or at every adjournment thereof to vote as indicated below:-

The proportions of my/our holdings to be represented by our proxy(ies) are as follows:-

Proxy 1	-	_____ %	In case of a vote by show of hands, Proxy 1*/Proxy 2* shall vote on our behalf.
Proxy 2	-	_____ %	
		100%	

\* Strike out whichever is inapplicable

(Please indicate with an "X" in the space provided below on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

RESOLUTIONS		FOR	AGAINST
1.	To approve the payment of Directors' Fees up to RM136,000 for the year ending 31 August 2011.		
	To re-elect the following directors retiring under the respective provision of the Articles of Association of the Company:-		
2.	Lee Kah Kheng		
3.	Khor Yee Kwang		
4.	To appoint Messrs. UHY (Formerly known as Messrs. UHY Diong) as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration.		
	To pass the following resolution as Special Business :- <b>Ordinary Resolution</b>		
5.	Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965.		

Signature of Shareholder(s) .....

Signed this ..... day of....., 2011.

Notes:

*A Member of the Company entitled to attend and vote is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

*The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*

*The instrument appointing a proxy must be deposited at the Registered Office, 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang, Malaysia at least 48 hours before the time for holding the Meeting or any adjournments thereof.*



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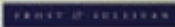
*The Company Secretaries*  
**ETI TECH CORPORATION BERHAD**  
**(667845-M)**

57-G Persiaran Bayan Indah  
Bayan Bay, Sungai Nibong  
11900 Penang, Malaysia.

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ENERGY THRU INNOVATION



**ETI TECH CORPORATION BERHAD** (667845-M)  
Lot No. 12, Industrial Zone Phase II, Kulim Hi-Tech Park,  
09000 Kulim, Kedah Darul Aman, Malaysia.

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