

NOTES TO QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2009

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2008.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008. On 1 January 2008, the Group also adopted the following revised FRS, amendment to FRS and Interpretations:

FRS 107: Cash Flow Statements

FRS 111: Construction Contracts

FRS 112: Income Taxes

FRS 118: Revenue

FRS 120: Accounting for Government Grants and Disclosure of Government Assistance

FRS 134: Interim Financial Reporting

FRS 137: Provisions, Contingent Liabilities and Contingent Assets

Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities

IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments

IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IC Interpretation 6: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

IC Interpretation 7: Applying the Restatement Approach under FRS 129 *Financial Reporting in Hyperinflationary Economies*

IC Interpretation 8: Scope of FRS 2

The revised FRS, amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Group.

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred to financial year 2010.

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

3. Auditor's Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2008 was not qualified.

4. Seasonality or Cyclicity of Operations

The operations of the Group are not seasonal or cyclical in nature.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting the Group during the current quarter.

6. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter.

7. Debt and Equity Securities

There have been no issuance and/or repayment of debts and equity securities, share buy-back, share cancellations, share held as treasury shares and resale of treasury shares in the current quarter.

8. Dividend paid

There were no dividends paid during the current quarter.

9. Segmental Reporting

The analysis of the Group operations for the period ended 30 June 2009 is as follows:-

Business segment 2009	Batteries RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from external customers	85,068	8	0	85,076
Inter-segment revenue	0	15	(15)	0
Total revenue	85,068	23	(15)	85,076
Segment result	9,826	(943)	(29)	8,854
Unallocated income				0
Unallocated expenses				0
Profit from operation				8,854

10. Property, Plant and Equipment

As at the end of this quarter, the Group has acquired/disposed the following assets:

	Cost of Assets Acquired RM'000	Cost of Assets Disposed RM'000
Building (improvements and additions)	632	0
Plant and Machinery	329	93
Tools & Equipment and Furnitures	383	24
Computer	294	0
	<u>1,638</u>	<u>117</u>

11. Events subsequent to the Balance Sheet Date

There were no material events subsequent to the end of the current quarter that had not been reported in the financial statements other than the distribution of automotive and motorcycle batteries to related party, Borneo Technical Co (M) Sdn Bhd, which took effect in July 2009.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current period including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

13. Changes in Contingent Liabilities

The contingent liabilities as at the date of this report:

	RM'000
- Unsecured indemnities given to Third parties in respect of bank guarantees	702
- Corporate guarantees given to Banks for credit facilities granted to subsidiaries	48,716

14. Capital Commitments

There are no material capital commitments as at the date of this report except the following:

Property, Plant and Equipment

	RM'000
Approved and contracted for	613
Approved but not contracted for	5,138

15. Significant Related Party Transactions

The recurrent related party transactions (“RRPT”) involved the sales and distribution of batteries, providing battery charging services, rental of equipment and properties and provision of labour and man power. The RRPT have been entered into in the ordinary course of business and have been established under the terms that were mutually agreed between parties.

Transaction parties	Transaction value Period ended 30.06.2009 RM' 000
Borneo Technical Co. (M) Sdn Bhd	13,595
Borneo Technical (Thailand) Limited	2,163
Borid Energy (M) Sdn Bhd	328
CY Liong Enterprise Sdn Bhd	523
Hup Soon Industrial Equipment Sdn bhd	109
Chow Tsin Yian	2
Chow Jin Yian	4
Chow Sim Yian	4

ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA BHD LISTING REQUIREMENTS

1. Review of Performance

The current quarter results showed a Group revenue of RM42.7 million and a profit before taxation of RM4.6 million as compared to a revenue of RM49.8 million and profit before taxation of RM2.5 million in the corresponding quarter of the previous financial year.

The decrease in revenue was mainly due to the reduction in selling prices despite an increase in sales volume of 21%. The increase in profit before taxation of RM2.1 million was mainly due to the higher margin recorded during the current quarter arising from lower LME prices and better efficiency, lower finance costs and corporate expenses compared to those of the corresponding quarter of the previous financial year.

Variation of Results against Preceding Quarter

The group revenue of RM42.7 million for the current quarter was marginally higher than that of the immediate preceding quarter of RM42.4 million.

The Group recorded a profit before taxation of RM4.6 million for the current quarter compared to a profit of RM2.6 million in the immediate preceding quarter and this was mainly due to higher margin recorded from increased production capacity during the quarter under review and lower finance cost incurred from lower interest rates and better utilization of funds..

2. Current Year Prospects

The Group has taken proactive action towards cost optimization and consolidates its position to mitigate the adverse effects. Barring unforeseen circumstances, the Group is maintaining a positive outlook on the performance for the coming financial year ending 31st December 2009.

3. Profit forecast

Not applicable.

4. Tax Expense

	Individual Quarter		Cummulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
	RM'000	RM'000	RM'000	RM'000
Deferred taxation	(209)	162	(458)	162
Current taxation	1,746	678	2,632	1,307
	<u>1,537</u>	<u>840</u>	<u>2,174</u>	<u>1,469</u>

The effective tax rate for the quarter and period to date is higher than the statutory tax rate principally due to reversal of deferred tax assets of certain subsidiaries. The reversal is made on the assessment that these subsidiaries have no future taxable profits available against which the unused tax losses and tax credits of these subsidiaries can be utilized.

5. Unquoted Investment and Properties

There were no material profit/ (loss) on sale of investment and/or properties for the period under review.

6. Quoted Investments

- a) There was no purchase or disposal of quoted securities in the current quarter and financial year to date.
- b) There was no investment in quoted securities.

7. Corporate Proposal

There was no corporate proposal announced during the current year.

8. Borrowing and Debt Securities

	As at 30.06.2009	As at 30.06.2008
	RM'000	RM'000
Current		
Secured	44,436	65,325
Non- Current		
Secured	10,623	15,023

All the Group's bank borrowings are secured and denominated in Malaysian Ringgit.

9. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments at the date of this report.

10. Changes in Material Litigation

There were no changes in material litigation since the last Balance Sheet date up to the date of issuance of this quarterly report except for the legal suit by Banly Holdings Sdn Bhd on 5th August 2008 against the Company's wholly owned subsidiary, Tai Kwong Yokohama Battery Industries Sdn Bhd.

Banly Holdings Sdn Bhd had withdrawn the winding up petition on 3rd December 2008. The Judgement sum inclusive of interest has been forwarded to the solicitors of Banly Holdings Sdn Bhd to be held by them as stakeholders pending the outcome of Tai Kwong Yokohama Battery Industries Sdn Bhd's appeal to the Court of Appeal which has been fixed for hearing on 10 August 2009.

The Judgment sum inclusive of the interest has been fully provided for in the financial statements of the subsidiary.

11. Dividend

There was no interim dividend recommended during the quarter under review.

12. Earning Per Share

Basic earning per share

Basic earning per share is calculated based on the net profit for the period and the weighted average number of ordinary shares 43,560,000.