

NOTES TO QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 31 December 2009 is as follows:-

Business segment 2009	Batteries RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from external customers	182,520	8	0	182,528
Inter-segment revenue	0	20	(20)	0
Total revenue	182,520	28	(20)	182,528
Segment result	23,517	(2,113)	8	21,412
Unallocated income				0
Unallocated expenses				0
Profit from operation				<u>21,412</u>

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)	4,186	329
Plant and Machinery	2,570	266
Tools & Equipment and Furnitures	1,068	152
Computer	408	11
Motor Vehicle	981	2,081
	<u>9,213</u>	<u>2,839</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 except for the receipt of notice of conditional mandatory take-over offer by HSG INVESTMENTS PTE LTD ("The Offeror") to acquire all the remaining ordinary shares of RM1.00 each in TKY not already owned by The Offeror and the person acting in concert with The Offeror on 1st February 2010.

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	768
Corporate guarantees given to Banks for credit facilities granted to subsidiaries	73,579
Compensation given to Borneo Technical (M) S/B for employees benefit in the event of discontinuity of service	600

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	1,296
Approved but not contracted for	4,892

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 31.12.2009 RM' 000
Borneo Technical Co. (M) Sdn Bhd	73,827
Borneo Technical (Thailand) Limited	3,855
Borid Energy (M) Sdn Bhd	663
CY Liong Enterprise Sdn Bhd	691
Hup Soon Industrial Equipment Sdn Bhd	226
Chow Tsin Yian	3
Chow Jin Yian	5
Chow Sim Yian	5

{ Discontinued from 1st October 2009 }

{ These transactions have been discontinued with effect from 1st September 2009 }

ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA BHD LISTING REQUIREMENTS

1. Review of Performance

The current quarter results showed a Group revenue of RM44.7 million and a profit before taxation of RM4.3 million as compared to a revenue of RM42 million and loss before taxation of RM1.9 million in the corresponding quarter of the previous financial year.

The increase in revenue was mainly due to the increase in sales volume of 8.1%. The increase in profit before taxation of RM6.2 million was mainly due to higher margin recorded arising from higher production volume and higher selling price in the current quarter.

Variation of Results against Preceding Quarter

The group revenue of RM44.7 million for the current quarter was lower than that of the immediate preceding quarter of RM52.8 million due to decrease in sales volume of 23%.

The Group recorded a profit before taxation of RM4.3 million for the current quarter compared to a profit of RM6.9 million in the immediate preceding quarter mainly attributed to the receipt of the judgement sum and interest of RM1.9 million in respect of the legal suit between our wholly owned subsidiary, Tai Kwong Yokohama Battery Industries Sdn Bhd and Banly Holdings Sdn Bhd in the immediate preceding quarter.

2. Current Year Prospects

The group will continue to focus on cost optimization and to secure new businesses to improve its financial position. Barring unforeseen circumstances, the Group is maintaining a positive outlook on the performance for the coming financial year ending 31st December 2010.

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
	31.12.2009 RM'000	31.12.2008 RM'000	31.12.2009 RM'000	31.12.2008 RM'000
Deferred taxation	1,487	(334)	1,745	(1,721)
Current taxation	(179)	316	2,173	3,457
	<u>1,308</u>	<u>(18)</u>	<u>3,918</u>	<u>1,736</u>

The effective tax rate for the quarter and period to date is lower than the statutory tax rate principally due to utilization of reinvestment allowance and recognition of unutilized reinvestment allowance as deferred tax assets and certain income was not subject to tax.

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 31.12.2009	As at 31.12.2008
	RM'000	RM'000
Current		
Secured	62,354	56,858
Non- Current		
Secured	11,224	12,658

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 between our wholly owned subsidiary, Tai Kwong Yokohama Battery Industries Sdn Bhd ("The Company") and Banly Holdings Sdn Bhd ("Banly Holdings")

Status of the legal suit :-

At the Federal Court hearing on 30 November 2009, the Federal Court dismissed Banly Holdings' application for leave to appeal on all issues.

The Company is now taking steps to recover all monies due and owing by Banly Holdings and the Company's legal counsel have filed a petition at the Kuala Lumpur High Court to wind up Banly Holdings. The winding up petition was heard on 28 January 2010 and Banly Holdings was wound up on the said date.

11. Dividend proposed

The Board of Directors is recommending for shareholders' approval at the forthcoming Annual General Meeting, a first and final dividend of 5 sen per share, less tax, for the financial year ended 31 December 2009.

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.