

NOTES TO QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

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 2009. 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 2009.

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 2009. On 1 January 2010, the Group also adopted the following revised FRS, amendment to FRS and Interpretations:

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 8: Operating Segments
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- Amendment to FRS 132: Financial Instruments: Classification of Rights Issues
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7:

Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives

- Amendments to FRSs ‘Improvements to FRSs (2009)’
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding

Requirements and their Interaction

- TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

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

3. Auditor's Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2009 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 March 2010 is as follows:-

Business segment 2010	Batteries RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from external customers	36,000	0	0	36,000
Inter-segment revenue	0	0	0	0
Total revenue	36,000	0	0	36,000
Segment result	2,616	(677)	424	2,363
Unallocated income				0
Unallocated expenses				0
Profit from operation				2,363

10. Property, Plant and Equipment

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

	Cost of Assets Acquired <u>RM'000</u>	Cost of Assets Disposed <u>RM'000</u>
Building (improvements and additions)	1,151	0
Plant and Machinery	61	0
Tools & Equipment and Furnitures	564	0
Computer	38	0
Motor Vehicle	0	132
	<u>1,814</u>	<u>132</u>

11. Events subsequent to 31 March 2010

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. On 12 March 2010, the offer price for each Offer Share has been revised from RM1.09 to RM1.35, and the Revised Offer is to remain open up to 7 April 2010. On 24 March 2010, HSGI has received valid acceptances in respect of the Revised Offer resulting in HSGI holding more than 50% of the voting shares of the Company. Accordingly, the Revised Offer has become unconditional as the level of acceptances on 24 March 2010.

12. Changes in the Composition of the Group

There were 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. On 22 January 2010, the Company had announced the disposals of the following subsidiaries and associate to third parties, details as follow :

Name of entities	Equity interest held at 31 December 2009	Cash consideration
Subsidiaries:		
Gaya Pesona Sdn Bhd	100%	RM2
Maramayang Sdn Bhd	76%	RM2
Associate:		
Ikatan Nagasari Sdn Bhd	40%	RM2

13. Derivatives

- (a) There were no outstanding derivatives (including financial instruments designated as hedging instruments) as at the end of the quarter ended 31 March 2010; and
- (b) The Group has not entered into a type of derivatives not disclosed in the previous financial year or any of the previous quarters under the current financial year.

14. Gains/Losses arising from Fair Value Changes of Financial Liabilities

The type of financial liabilities from which the gains/losses arose is as follows:

Type of financial liabilities subject to fair value changes	Explanation on changes in fair value	Basis of fair value changes	Carrying amount RM	Fair Value RM	Fair value gain/(loss) RM
Hire purchase	Fixed interest rate	Current market interest rate	6,000,605	7,035,000	1,034,395

15. 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	861
Corporate guarantees given to	
Banks for credit facilities granted to subsidiaries	59,638
Compensation given to Borneo Technical (M) S/B for employees benefit in the event of discontinuity of service	600

16. 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	468
Approved but not contracted for	11,547

17. 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 purchase of batteries. 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.

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Transaction parties	Transaction value Period ended 31.03.2010 RM' 000
Borneo Technical Co. (M) Sdn Bhd	21,758
Borneo Technical (Thailand) Limited	117
Borid Energy (M) Sdn Bhd	161
Hup Soon Industrial Equipment Sdn bhd	59

ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA BHD LISTING REQUIREMENTS

1. Review of Performance

The current quarter results showed a Group revenue of RM36 million and a profit before taxation of RM1.6 million as compared to a revenue of RM42 million and profit before taxation of RM2.6 million in the corresponding quarter of the previous financial year.

The decrease in revenue was mainly due to the decrease in sales volume of 28% and partly due to the lower selling price as a result of our outsourcing of local distribution to Borneo Technical (M) S/B during the year 2009 and lower export sales. The decrease in profit before taxation of RM1.0 million was mainly due to the lower sales and production volume in the current quarter.

Variation of Results against Preceding Quarter

The group revenue of RM36 million for the current quarter was lower than that of the immediate preceding quarter of RM44.7 million due to decrease in sales volume of 26% arising from the lower demand due to shorter trading period.

The Group recorded a profit before taxation of RM1.6 million for the current quarter compared to a profit of RM4.3 million in the immediate preceding quarter mainly attributed to the lower sales and production volume in the current 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		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	RM'000	RM'000	RM'000	RM'000
Deferred taxation		(249)		(249)
Tax benefit from prior year	(472)		(472)	
Current taxation	189	885	189	885
	(283)	636	(283)	636

The effective tax rate for the quarter and period to date is lower than the statutory tax rate principally due to reduced assessment of tax for Y/A 1999 amounted to 472k and income not subject to tax for 493k derived from the gain on disposal of the subsidiaries.

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 up to the date of this report.

8. Borrowing and Debt Securities

	As at 31.03.2010	As at 31.03.2009
	RM'000	RM'000
Current		
Secured	48,848	38,414
Non- Current		
Secured	10,790	11,830

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

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.