

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

TAI KWONG YOKOHAMA BERHAD (292788-U)  
UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010

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**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**

The final dividend of 5 sen gross per share less 25% taxation for the financial year ended 31 December 2009 (financial year ended 31 December 2008 : nil) was paid on 15<sup>th</sup> June 2010.

**9. Segmental Reporting**

The analysis of the Group operations for the period ended 30 June 2010 is as follows:-

<b>Business segment 2010</b>	<b>Batteries RM'000</b>	<b>Reclamation RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
Revenue from external customers	76,976	3,803	0	0	80,779
Inter-segment revenue	2,852	23,703	385	-26,940	0
<b>Total revenue</b>	<b>79,828</b>	<b>27,506</b>	<b>385</b>	<b>-26,940</b>	<b>80,779</b>
<b>Segment result</b>	<b>2,616</b>	<b>4,894</b>	<b>-572</b>	<b>-64</b>	<b>6,874</b>
Unallocated income					0
Unallocated expenses					0
Profit from operation					<u>6,874</u>

### 10. Property, Plant and Equipment

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

	<b>Cost of Assets Acquired RM'000</b>	<b>Cost of Assets Disposed RM'000</b>
Building (improvements and additions)	1,334	415
Plant and Machinery	1,345	18
Tools & Equipment and Furnitures	1,389	5
Computer	66	1
Motor Vehicle	54	479
	<b>4,188</b>	<b>918</b>

### 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.

### 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. Derivatives

- (a) There were no outstanding derivatives (including financial instruments designated as hedging instruments) as at the end of the quarter ended 30 June 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	6,084,722	7,059,907	975,185

#### 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	856
Corporate guarantees given to	
Banks for credit facilities granted to subsidiaries	58,880
Compensation given to Borneo Technical (M) S/B	
for employees benefit in the event of discontinuity	600
of service	

#### 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	2,750
Approved but not contracted for	8,279

#### 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.

Transaction parties	Transaction value Period ended 30.06.2010 RM' 000
Borneo Technical Co. (M) Sdn Bhd	43,991
Borneo Technical (Thailand) Limited	960
Borid Energy (M) Sdn Bhd	908
Hup Soon Industrial Equipment Sdn Bhd	115

**ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA BHD LISTING REQUIREMENTS**

**1. Review of Performance**

The current quarter results showed a Group revenue of RM44.8 million and a profit before taxation of RM3.8 million as compared to a revenue of RM42.7 million and profit before taxation of RM4.6 million in the corresponding quarter of the previous financial year.

The increase in revenue was mainly due to the increase in export sales despite the decrease in sales volume of 14%. The decrease in profit before taxation of RM0.8 million was mainly due to down trend in LME prices.

**Variation of Results against Preceding Quarter**

The group revenue of RM44.8 million for the current quarter was higher than that of the immediate preceding quarter of RM36 million due to increase in sales volume of 22%.

The Group recorded a profit before taxation of RM3.8 million for the current quarter compared to a profit of RM1.6 million in the immediate preceding quarter mainly attributed to the higher sales and production volume in the current quarter and lower expenses and finance costs.

**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 31<sup>st</sup> 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
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Deferred taxation	-533	-209	-533	-458
Current taxation	1,382	1,746	1,099	2,632
	<u>849</u>	<u>1,537</u>	<u>566</u>	<u>2,174</u>

The effective tax rate for the quarter is lower than the statutory tax rate principally due to the recognition of reinvestment allowance claimed during the period. The effective tax rate for the 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. Status of Corporate Proposal announced but not completed**

On 1 June 2010, the Company proposed to undertake the followings:

- 1) Proposed share split involving the subdivision of One (1) existing ordinary share of RM1.00 each held in the Company into Two (2) new ordinary shares of RM0.50 each.
- 2) Proposed amendment to the memorandum and articles of association of the Company.

The Company had on 16 June 2010 received the approval from Bursa Malaysia Securities Berhad on the Proposed Share Split via its letter dated 16 June 2010.

The above proposals are pending approval of the shareholders in the coming Extraordinary General Meeting to be held on 16 August 2010.

**8. Borrowing and Debt Securities**

	<b>As at 30.06.2010</b>	<b>As at 30.06.2009</b>
	RM'000	RM'000
<b>Current</b>		
Secured	48,878	44,436
<b>Non- Current</b>		
Secured	10,002	10,623

Included in the current borrowing of RM48.9 million (2009 : RM44.4 million ) is RM38.4 million (2009 : RM35.5 million) secured by corporate guarantee by the Company.

**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**

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.