

NOTES TO QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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
- 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.

YOKOHAMA INDUSTRIES BERHAD (292788-U)
(FORMERLY KNOWN AS TAI KWONG YOKOHAMA BERHAD)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2010

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 30 September 2010 is as follows:-

Business segment 2010	Batteries RM'000	Reclamation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from external customers	114,697	5,713	6	0	120,416
Inter-segment revenue	5,728	36,173	642	(42,543)	0
Total revenue	120,425	41,886	648	(42,543)	120,416
Segment result	5,215	6,245	(1,029)	(543)	9,888
Unallocated income					0
Unallocated expenses					0
Profit from operation					9,888

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)	1,568	171
Plant and Machinery	2,454	1
Tools & Equipment and Furnitures	1,520	1
Computer	108	0
Motor Vehicle	59	530
	5,709	703

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 September 2010; and
- (b) The Group has not entered into any 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 are 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	5,102,210	5,500,786	398,576

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	973
Corporate guarantees given to	
Banks for credit facilities granted to subsidiaries	52,118
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	2,106
Approved but not contracted for	5,754

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 both parties.

Transaction parties	Transaction value Period ended 30.09.2010 RM' 000
Borneo Technical Co. (M) Sdn Bhd	69,354
Borneo Technical (Thailand) Limited	960
Borid Energy (M) Sdn Bhd	1,703
Hup Soon Industrial Equipment Sdn Bhd	172

ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA BHD LISTING REQUIREMENTS

1. Review of Performance

The Group recorded revenue of RM39.6 million for the current quarter representing a 25% reduction as compared to RM52.8 million from the corresponding quarter of the preceding financial year due to the inventory built-up by our major customer in the preceding year.

The reduction in profit before tax for the current quarter to RM2.3 million from RM6.9 million in the corresponding quarter of the preceding year, was in tandem with the reduction in revenue and was also due to the receipt of the judgment sum cum interest of RM1.889 million, being a legal case awarded in favour of a subsidiary in the preceding year corresponding quarter.

Variation of Results against Preceding Quarter

The Group revenue of RM39.6 million for the current quarter was lower than that of the immediate preceding quarter of RM44.8 million mainly attributed to the decrease in export sales and lower average selling price in the current quarter due to the volatility of LME in the preceding quarter despite the increase in sales volume of 14%.

The Group profit before taxation reduced to RM2.3 million for the current quarter from that of RM3.8 million in the immediate preceding quarter was in tandem with the reduction in revenue and also due to higher expenses 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 expect its order books to be full and will record better performance for in last quarter of the 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
	30.09.2010 RM'000	30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
Deferred taxation	659	716	835	1,174
Current taxation	133	(280)	524	1,436
	<u>792</u>	<u>436</u>	<u>1,359</u>	<u>2,610</u>

The effective tax rate for the quarter is higher than the statutory tax rate principally due to the realisation of deferred tax assets. 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. Corporate Proposal

There was no corporate proposal announced up to the date of this report.

8. Borrowing and Debt Securities

	As at 30.09.2010	As at 30.09.2009
	RM'000	RM'000
Current		
Secured	43,664	57,347
Non- Current		
Secured	8,454	10,020

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. Earnings Per Share

a) Basic earnings per share

Basic earnings per share is calculated based on the net profit for the period and the weighted average number of ordinary shares 87,120,000.

b) Fully diluted earnings per share

The company has no potential ordinary shares in issue as at the balance sheet date and therefore, diluted earnings per share has not been presented.