

NOTES TO QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. 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 2010.

2. Summary of significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations:

- Amendments to FRS 132: Classification of Rights Issues
- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (Revised)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127: Consolidated and Separate Financial Statements
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners
- Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- FRS 1 First-time Adoption of Financial Reporting Standards [Improvements to FRSs (2010)]
- Amendments to FRS 2: Improvements to FRSs
- Amendments to FRS 3: Business Combinations [Improvements to FRSs (2010)]
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Amendments to FRS 7: Improvements to FRSs
- Amendments to FRS 101: Improvements to FRSs
- Amendments to FRS 121: Improvements to FRSs
- Amendments to FRS 128: Improvements to FRSs
- Amendments to FRS 131: Improvements to FRSs
- Amendments to FRS 132: Improvements to FRSs
- Amendments to FRS 134: Improvements to FRSs
- Amendments to FRS 139: Improvements to FRSs
- IC interpretation 4: Determining whether an Arrangement contains a Lease
- Amendments to IC 13: Improvements to FRSs
- IC Interpretation 18: Transfers of Assets from Customers

2. Summary of significant accounting policies (contd.)

The Group and the Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for annual periods beginning on or after 1 July 2011

- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Effective for annual periods beginning on or after 1 January 2012

- Amendments to FRS 124: Related Party Disclosure
- IC Interpretation 15: Agreements for the Construction of Real Estate

3. Auditor's Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2010 was not qualified.

4. Seasonality or Cyclical 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 issuances, repurchases and repayments of debts and equity securities 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 2011 is as follows:-

Business segment 2011	Batteries RM'000	Reclamation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from external customers	34,305	2,638	68	0	37,011
Inter-segment revenue	4,607	18,750	620	(23,977)	0
Total revenue	38,912	21,388	688	(23,977)	37,011
Segment result	841	4,084	(443)	(1,097)	3,385
Unallocated income					0
Unallocated expenses					0
Profit from operation					3,385

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)	1,671	0
Plant and Machinery	888	0
Tools & Equipment and Furnitures	328	33
Computer	86	0
Motor Vehicle	0	0
	<u>2,973</u>	<u>33</u>

11. Events subsequent to the Balance Sheet Date

There were no subsequent events to the balance sheet date.

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 except for the acquisition of 2,321,687 ordinary shares of SGD1.00 each of Borid Energy Holdings Pte. Ltd. ("Borid"), representing the entire equity interest of Borid at a total purchase consideration of RM4,000,000 on 4 November 2010. The acquisition was completed on 28 January 2011.

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 2011; 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'000	Fair Value RM'000	Fair value gain/(loss) RM'000
Hire purchase	Fixed interest rate	Current market interest rate	4,308	4,301	(7)

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	927
Corporate guarantees given to banks for credit facilities granted to subsidiaries	51,449
Compensation given to Borneo Technical (M) Sdn Bhd 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	1,497
Approved but not contracted for	11,781

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 31.03.2011 RM' 000
Borneo Technical Co. (M) Sdn Bhd	22,298
Borneo Technical (Thailand) Limited	1,121
Borid Energy (M) Sdn Bhd ("BEM") *	153
Hup Soon Industrial Equipment Sdn Bhd	65
Hup Soon Global (M) Sdn Bhd	24

*BEM became a wholly owned subsidiary of the Group effective 28 January 2011. The transaction value recorded was up to 27 January 2011.

ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA BHD LISTING REQUIREMENTS

1. Review of Performance

The Group recorded revenue of RM37.0 million for the current quarter representing a minimal increase as compared to RM36.0 million from the corresponding quarter of the preceding financial year.

The increase in profit before tax for the current quarter to RM2.69 million from RM1.56 million in the corresponding quarter of the preceding year was in tandem with the increase in revenue and due to increase in share of distribution profit from a related company.

Variation of Results against Preceding Quarter

The Group revenue of RM37.0 million for the current quarter was lower than that of the immediate preceding quarter of RM42.6 million mainly attributed to seasonal demand and the quarter under review being a shorter trading period. This trend was consistent with that of the preceding year.

The Group profit before taxation decreased to RM2.69 million for the current quarter from that of RM4.98 million in the immediate preceding quarter was in tandem with the decrease in revenue. However when compared with the corresponding quarter in previous year there was a 72% improvement in profit before tax.

2. Current Year Prospects

The Group will continue to focus on cost optimization and expansion into new markets. Barring unforeseen circumstances, the Group is maintaining a positive outlook on the performance for the financial year ending 31st December 2011.

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
	31.03.2011 RM'000	31.03.2010 RM'000	31.03.2011 RM'000	31.03.2010 RM'000
Deferred taxation	(205)	0	(205)	0
Tax benefit from prior year	0	(472)	0	(472)
Current taxation	1,078	189	1,078	189
	<u>873</u>	<u>(283)</u>	<u>873</u>	<u>(283)</u>

The effective tax rates are higher than the statutory tax rates principally due to losses of certain subsidiaries which cannot be set off against taxable profits made by other 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

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

7. Corporate Proposal

On 25 April 2011, the Company announced its intention on proposed authority for the Company to purchase up to ten percent (10%) of its own shares in the issued and paid up capital (“Proposed Share Buy-Back”). The Proposed Share Buy-Back is pending approval of the shareholders in the forthcoming Annual General Meeting (“AGM”). There was no other corporate proposal announced up to the date of this report.

8. Borrowing and Debt Securities

	As at 31.03.2011	As at 31.03.2010
	RM'000	RM'000
Current		
Secured	48,346	46,419
Non- Current		
Secured	7,780	7,119

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.

13. Realised and Unrealised retained profits

	As at 31.03.2011	As at 31.12.2010
	RM'000	RM'000
Realised retained profits	39,229	37,443
Unrealised retained profits	7,694	7,657
Total retained profits	<u>46,923</u>	<u>45,100</u>

14. Dividend Proposed

As announced previously, the Board of Directors will be recommending a final dividend of 4.86 sen per share, less tax, for the financial year ended 31 December 2010, subject to shareholders’ approval at the forthcoming AGM.