

**A. Compliance with Financial Reporting Standard (FRS) 134, Interim Financial Reporting and Bursa Listing Requirements**

**A1. Basis of Preparation**

The interim financial report is unaudited and has 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 interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010 except for those listed under A2. The explanatory notes attached to the interim financial report 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.

In the past quarters' announcements, the acquisition of Yoko Borid Energy Holdings Pte. Ltd. (formerly known as Borid Energy Holdings Ptd. Ltd.) (“Yoko Borid”), which was completed on 28 January 2011, has been accounted for by applying the purchase method in accordance with FRS 3: Business Combination. However after re-evaluating the substance of the transaction, the Group concluded that is a business combination involving entities under common control. Accordingly, the Group has decided to account for similar transactions using the merger method of accounting, whereby the results of the subsidiaries are presented as if the companies had been combined throughout the current and previous financial years. On consolidation, the difference between the consideration paid and the nominal value of the share capital and share premium of the subsidiaries is reflected within equity as merger reserve or merger deficit. Merger deficit is set off against suitable reserves on the consolidated financial statements.

**A2. 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

## **A2. Summary of Significant Accounting Policies (Contd.)**

- 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

### Standards issued but not yet effective

#### Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group does not fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. The Group is currently assessing the implications and financial impact of the MFRS Framework.

## **A2. 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.

## **A3. Explanatory Comments about the Seasonality or Cyclicity of Operations**

The operations of the Group are not seasonal or cyclical in nature.

## **A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items of nature, size or incidence that affect the assets, liabilities, equity, net income or cash flows of the Group during the current quarter.

## **A5. Material Changes in Estimates**

There were no changes in estimates that have had a material effect in the current quarter.

#### A6. Debts and Equity Securities

During the 17<sup>th</sup> Annual General Meeting held on 2 June 2011, the shareholders of the Company have approved the Company to purchase its own shares, where the maximum number of shares purchased shall not exceed ten per centum (10%) of the issued and paid-up share capital of the Company at any point of time.

Up to 31 December 2011, the Company has bought back 10,000 ordinary shares of RM0.50 each at an average price of RM0.73 per share from the open market. The total consideration including transaction cost for the said shares bought back was RM7,361 and was financed by internally generated fund. The shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965.

Except for the abovementioned, there was no issuance or repayment of debt or equity securities, share cancellations and resale of treasury shares in the current financial period under review.

#### A7. Dividend Paid

The final dividend of 4.86 sen per share less 25% tax for the financial year ended 31 December 2010 (FY 2009: 5 sen per share less 25% tax) totaling RM3.176 million was paid on 23 June 2011.

The interim dividend of 2.05 sen per share less 25% tax for the financial year ending 31 December 2011 totaling RM1.339 million was paid on 8 September 2011.

#### A8. Segmental Reporting

The segment information for the 12-month year ended 31 December 2011 was as follows:-

<b>Business segment</b>	<b>Batteries</b> RM'000	<b>Reclamation</b> RM'000	<b>Others</b> RM'000	<b>Eliminations</b> RM'000	<b>Consolidated</b> RM'000
Revenue from external customers	151,052	13,209	1,731	-	165,992
Inter-segment revenue	13,351	75,295	3,702	(92,348)	-
<b>Total revenue</b>	<b>164,404</b>	<b>88,503</b>	<b>5,433</b>	<b>(92,348)</b>	<b>165,992</b>
<b>Profit before tax</b>	<b>5,679</b>	<b>4,889</b>	<b>(1,617)</b>	<b>93</b>	<b>9,044</b>

#### A9. Material Events Subsequent to the End of the Interim Period

There was no material event subsequent to the end of the current quarter.

#### A10. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

### A11. Changes in Contingent Liabilities

The contingent liabilities as at the date of this report were as follows:

	<u>RM'000</u>
Unsecured indemnities given to third parties in respect of bank guarantees	816
Corporate guarantees given to banks for credit facilities granted to subsidiaries	59,888
Compensation given to Borneo Technical (M) Sdn Bhd for employees benefit in the event of discontinuity of service	600

### A12. Capital Commitments

Capital commitments for the purchase of property, plant and equipment not provided for in the interim financial report as at 31 December 2011 were as follows:

	<u>RM'000</u>
Property, Plant and Equipment:	
- Approved and contracted for	311
- Approved but not contracted for	6,623

### A13. 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.

<b>Transaction parties</b>	<b>Transaction value 12-month period ended 31 December 2011 <u>RM' 000</u></b>
Borneo Technical Co. (M) Sdn. Bhd.	107,364
Borneo Technical (Thailand) Limited	2,737
United Motor Works (Siam) Public Co. Ltd.	1,041
Hup Soon Industrial Equipment Sdn. Bhd. (“HSIE”) #	80
Hup Soon Global (M) Sdn. Bhd.	96

# HSIE has been disposed by Hup Soon Global Corporation Ltd with effect from 14 April 2011. The transaction value recorded was up to 13 April 2011.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of Overall Performance**

Performance For The Current Quarter Against Preceding Year Corresponding Quarter

The Group's revenue of RM39.3 million for the current quarter, was 7% lower than revenue of RM42.4 million for the corresponding quarter of the preceding year. The reduction of RM3.1 million in external revenue was mainly due to:

- i) decrease of RM1.9 million in batteries segment, mainly attributable to lower volume of automotive batteries sold, due to cautious buying arising from the downtrend of LME's lead prices; and
- ii) decrease of RM1.9 million in reclamation segment, mainly owing to lower sales of lead, in view of the lower selling price arising from the downtrend of LME's lead price; but mitigated by
- iii) increase of RM0.7 million in other segment, mainly due to higher trading revenue in current quarter.

The Group recorded a loss before tax of RM0.2 million for the current quarter compared to the profit before tax of RM5.1 million in the corresponding quarter of the preceding year. The decrease of RM5.3 million in profit before tax was mainly attributable to:

- i) decrease of RM0.7 million in batteries segment, mainly due to lower volume of automotive batteries sold and produced, mitigated by lower expenses in current quarter; and
- ii) decrease of RM4.7 million in reclamation segment, mainly due to high scrap prices and inventories written down of RM0.6 million in current quarter.

Performance For The Current Quarter Against Immediate Preceding Quarter

The Group's revenue of RM39.3 million for the current quarter was RM0.9 million higher than that of the revenue of immediate preceding quarter of RM38.4 million, primarily due to:

- i) increase of RM2.6 million in batteries segment primarily due to higher volume of automotive batteries sold, offset by lower selling price in tandem with lower LME's lead price; and
- ii) increase of RM0.9 million in other segment for higher trading revenue; but offset by
- iii) decrease of RM2.7 million in reclamation segment for lower sales of lead, in view of the lower selling price arising from the downtrend of LME's lead price in current quarter.

Despite the increase of RM0.9 million in revenue, the Group registered a loss before tax of RM0.2 million as compared to profit before tax of RM1.4 million in preceding quarter. The decline of RM1.6 million in profit before tax was mainly attributable to:

- i) the reduction of RM2.3 million in reclamation segment, mainly due to high scrap prices and inventories written down of RM0.6 million; but mitigated by
- ii) increase of RM0.7 million in batteries segment, mainly due to increase in sales volume and lower expenses in current quarter.

Performance For The Current Financial Year-to-date Against the Preceding Year-to-date

The increase in Group's revenue from RM163.7 million in preceding year to RM165.9 million in the current financial year was minimal.

Despite the slight increase in revenue, the profit before tax of the Group decreased from RM12.7 million for the preceding year to RM9.0 million for the current year, mainly due to decrease of profit of RM3.8 million in reclamation segment arising from increase in scrap prices and inventory written down of RM0.7 million.

**B1. Review of Overall Performance (Contd.)**

Except for the abovementioned, there was no other one-off gain or loss affecting the Group's revenue or earnings in current quarter. The main factors that could affect the Group's revenue and earnings are: (i) the fluctuation in LME lead price for batteries and reclamation segment, (ii) the fluctuation in cost and availability of raw material for reclamation segment, and (iii) the RM/USD exchange rate movements. The Group adopts prudent risk management policies and strategies to minimize exposures to these significant risk variables.

**B2. Commentary on Prospects for the Next Financial Year**

The continued uncertainties of the global financial position, fluctuating LME's lead prices, and changes in foreign exchange rates are the key factors that could affect the Group's profitability for the next financial year. Nonetheless with the cost optimization and expansion into new markets, the Group's performance is expected to improve for the next financial year.

**B3. Variance of Actual Profit from Profit Forecast or Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee for the current period under review.

**B4. Additional Disclosures**

Included in statement of comprehensive income for the current quarter and financial year were the followings:

	Individual Quarter		Cummulative Quarter	
	Current Year Quarter RM'000	Preceding Year Corresponding Quarter (Restated) RM'000	Current Year RM'000	Preceding Year (Restated) RM'000
Interest income	0	-	14	14
Finance cost	774	750	2,907	3,078
Depreciation of property, plant and equipment and investment properties	1,608	1,536	6,125	5,669
Reversal of/(allowance for) impairment loss on financial assets:				
- trade receivables	100	88	29	66
- other receivables	2	-	2	-
Bad debts written off	37	-	37	7
Inventories write off	177	-	177	-
Inventories write down	1,050	24	1,050	24
Allowance for slow moving inventories	-	19	-	106
Gain/(loss) on disposal of:				
- property, plant and equipment	105	(138)	1,200	0
- investment properties	-	-	70	65
- investment in subsidiaries	-	-	-	1
Impairment of property, plant and equipment	-	-	-	-
Foreign exchange gain/(loss)	-	-	-	-
- realised	218	43	0	(140)
- unrealised	20	94	160	(138)
- arising from translation of foreign operation	20	(3)	11	(2)
Gain or loss on derivatives	-	-	-	-
Property, plant and equipment written off	150	75	220	212

**B5. Income Tax (Benefit)/Expense**

	Individual Quarter		Cummulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter (Restated)	Current year	Preceding Year (Restated)
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Income tax	(366)	777	1,584	1,282
Deferred tax	276	(247)	262	588
	(90)	530	1,846	1,870

Domestic income tax was calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

The effective tax rate for current year was lower than statutory tax rate primarily due to utilization of reinvestment allowance during the year.

**B6. Sales of Unquoted Investments and Properties**

There were no sales of unquoted investments for the current quarter and financial year-to-date. The sales of properties in the current quarter and in current year-to-date resulted in gain of RM0.04 million and RM0.1 million, and were recognized in other income.

**B7. Quoted Investments**

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

**B8. Corporate Proposal**

The corporate proposals announced by the Group but not completed as at the date of this announcement are listed below:

- a) 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 was approved by shareholders at the 17<sup>th</sup> Annual General Meeting held on 2 June 2011.

Up to 31 December 2011, the Company bought back 10,000 ordinary shares of RM0.50 each at an average price of RM0.73 per share from the open market. The total consideration including transaction cost for the said shares bought back was RM7,361 and was financed by internally generated fund. The shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965.



**B8. Corporate Proposal (Contd.)**

b) On 13 May 2011, the Company announced that Yokohama Ventures Sdn. Bhd. (formerly known as Tai Kwong Yokohama Ventures Sdn. Bhd.) (“Yokohama Ventures”), a wholly subsidiary of the Company, had on even date entered into a Call Option Agreement (“Agreement”) with Mehran Cycle Industries (Pvt.) Ltd. (“Mehran Cycle”), wherein Mehran Cycle has agreed to grant to Yokohama Ventures an option to purchase up to forty nine per centum (49%) of the ordinary issued and paid up share capital of Mehran Yokohama Batteries (Pvt.) Limited in Pakistan.

As of the date of this report, Yokohama Ventures has not exercised the option.

**B9. Borrowing and Debt Securities**

	As at 31 December 2011	As at 31 December 2010
	<u>RM'000</u>	<u>RM'000</u>
<b>Current</b>		
Secured	52,336	46,975
<b>Non-current</b>		
Secured	7,552	7,386

**B10. Derivative Financial Instruments**

There were no off derivative financial instruments at the date of this report.

**B11. Changes in Material Litigation**

There were no changes in material litigation since the year ended up to the date of issuance of this quarterly report.

**B12. Dividend**

On 8 September 2011, the Company paid an interim dividend of 2.05 sen per share less 25% tax for the financial year ending 31 December 2011 totaling RM1.339 million.

The Board of Directors is recommending for shareholders’ approval at the forthcoming Annual General Meeting, a final dividend of 1.25 sen per share less 25% tax for the financial year ended 31 December 2011 totaling RM0.820 million.

**B13. 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. The computation of weighted average number of ordinary shares in issue is net of treasury shares.

	Individual Quarter		Cummulative Quarter	
	Current Year Quarter 31 December 2011	Preceding Year Corresponding Quarter 31 December 2010	Current Year To Date 2011	Preceding Year 2010
Profit attributable to equity holders of the Company (RM'000)	(104)	4,571	7,198	10,851
Weighted average number of ordinary shares in issue ('000)	87,114	87,120	87,114	87,120
Basic earnings per share (sen)	(0.12)	5.25	8.26	12.46

b) Fully diluted earnings per share

The Company has no potential ordinary shares in issue as at 31 December 2011. As such, the fully diluted earnings per share of the Group is equivalent to the basic earnings per share.

**B14. Realised and Unrealised Retained Profits**

	As at 31 December 2011 RM'000	As at 31 December 2010 RM'000
Realised retained profits	36,829	33,678
Unrealised retained profits	7,173	7,641
Total retained profits	44,002	41,319