A1. Corporate information

Yokohama Industries Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 25 April 2012.

A2. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company's registered office at Suite 13.03, 13th floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur.

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1: First Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated 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 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note 3 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

A3. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

(a) Business combination

MFRS 1 provides the option to apply MFRS 3: Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combination prior to the date of transition.

A3. Significant accounting policies and application of MFRS 1 (contd.)

(a) Business combination (contd.)

Acquisition before date of transition
The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

(i) The classification of former business combinations under FRS is maintained;
(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
(iii) The carrying amount of goodwill recognized under FRS is not adjusted.

(b) Foreign currency translation reserve

Under FRS, the Group recognized translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM127,777 (31 March 2011: RM127,777; 31 December 2011: RM127,777) were adjusted to retained earnings.

(c) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

(i) Reconciliation of equity

	FRS as at 1 January 2011 RM'000	Adjustments Note A3(b) RM'000	MFRS as at 1 January 2011 RM'000	FRS as at 31 March 2011 RM'000	Adjustments Note A3(b) RM'000	MFRS as at 31 March 2011 RM'000	FRS as at 31 December 2011 RM'000	Adjustments Note A3(b) RM'000	MFRS as at 31 December 2011 RM'000
Assets									
Non-current assets	83,969		83,969	85,598		85,598	89,245		89,245
Current assets	83,181		83,181	83,114		83,114	81,707		81,707
Total assets	167,149		167,149	168,712		168,712	170,952		170,952
Equity and liabilities									
Equity									
Share capital	43,560		43,560	43,560		43,560	43,560		43,560
Share premium	2,168		2,168	2,168		2,168	2,168		2,168
Treasury shares	-		-	-		-	(7)		(7)
Translation reserve	(128)	128	-	(128)	128	-	(128)	128	-
Merger reserve	5,518		5,518	1,518		1,518	1,518		1,518
Retained earnings	41,320	(128)	41,193	43,143	(128)	43,015	44,004	(128)	43,876
	92,438		92,438	90,261		90,261	91,115		91,115
Non-current liabiltiies	13,333		13,333	14,727		14,727	13,333		13,333
Current liabilities	61,378		61,378	63,724		63,724	66,504		66,504
Total liabilities	74,711		74,711	78,451		78,451	79,837		79,837
Total equity and liabiltiies	167,149		167,149	168,712		168,712	170,952		170,952

A3. Significant accounting policies and application of MFRS 1 (contd.)

(ii) Reconciliations of total comprehensive income for the period ended 31 March 2011 and for the year ended 31 December 2011

There is no impact on the total comprehensive income for the period ended 31 March 2011 and for the year ended 31 December 2011, and thus no reconciliation is required.

A4. Change in estimates

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

A5. Changes in composition of the Group

There were no changes in the composition of the Group in the current quarter, except as disclosed in B5(c).

A6. Segment information

	Batteries		Reclamation		Others		Total		Eliminations and adjustments		Per condensed consolidated financial statements	
	31 March		31 March		31 March		31 March		31 March		31 March	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
External	33,852	34,305	784	2,638	695	67	35,331	37,011	-		35,331	37,011
Inter-segment	2,658	4,607	13,491	18,750	1,041	620	17,190	23,977	(17,190)	(23,977)	-	-
Total revenue	36,510	38,912	14,275	21,388	1,736	688	52,521	60,988	(17,190)	(23,977)	35,331	37,011
Segment (loss)/profit	(798)	230	(343)	4,019	(483)	(455)	(1,624)	3,794	411	(1,099)	(1,213)	2,696

	31 March	
	2012	2011
	RM'000	RM'000
Segment (loss)/profit	(1,624)	3,794
Share of loss of associates	(1)	-
Loss/(profit) from inter-segment sales	412	(1,099)
(Loss)/profit before tax	(1,213)	2,696

The Group is organized into business units based on their products and services, and has three reportable operating segments as follows:

(a) Batteries- manufacturing and marketing of batteries;

(b) Reclamation- material recovery in production of secondary lead and plastic reclamation from scrap batteries and other related rejects; and

(c) Others- investment holding, battery charging services, trading of industrial batteries and battery related equipment, transportation services and dormant companies.

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

A7. Seasonality of operations

The operations of the Group are not seasonal in nature.

A8. (Loss)/profit before tax

Included in the (loss)/profit before tax are the following items:

	Current quarter 3 months ended 31 March		Cummulative quarter 3 months ended 31 March	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest income	-	7	-	7
Finance cost	835	689	835	689
Depreciation of property, plant and equipment and investment properties	1,603	1,489	1,603	1,489
Reversal of/(allowance for) impairment loss on financial assets:				
- trade receivables	-	-	-	-
- other receivables	-	-	-	-
Bad debts written off	10	-	10	-
Inventories write off	21	-	21	-
Inventories write down	101	-	101	-
Gain/(loss) on disposal of:				
- property, plant and equipment	(41)	5	(41)	5
- investment properties	-	-	-	-
- investment in subsidiaries	-	-	-	-
Impairment of property, plant and equipment	-	-	-	-
Foreign exchange gain/(loss)				
- realised	(34)	(73)	(34)	(73)
- unrealised	19	9	19	9
- arising from translation of foreign operation	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Property, plant and equipment written off	29	50	29	50

A9. Income tax expense

	Current quarter 3 months ended 31 March		Cummulative quarter 3 months ended 31 March	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Income tax	(43)	1,078	(43)	1,078
Deferred tax	(258)	(205)	(258)	(205)
Income tax (benefit)/expense	(301)	873	(301)	873

The Group's income tax benefit in current interim period is mainly due to recognition of deferred tax assets on unabsorbed capital allowances and unused tax losses of certain subsidiaries, to the extent that it is probable that taxable profit will be available to be utilized against these deferred tax assets.

A9. Income tax expense (contd.)

The Group's effective tax rate for the corresponding interim period ended 31 March 2011 was higher than the statutory tax rate principally due to losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries.

A10. Earnings per share

Basic earnings per share are calculated by dividing (loss)/profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares held by the Company.

The Company has no potential ordinary shares in issue as at 31 March 2012. As such, the fully diluted earnings per share of the Company are equivalent to the basic earnings per share.

	Current quarter 3 months ended		Cummulative quarter 3 months ended	
	31 March		31 March	
	2012	2011	2012	2011
(Loss)/profit attributable to owners of the parent (RM'000)	(911)	1,823	(911)	1,823
Weighted average number of ordinary share in issuance ('000)	87,112	87,120	87,112	87,120
Basic (loss)/earnings per share (sen)	(1.04)	2.09	(1.04)	2.09

A11. Property, plant and equipment

Acquisitions

During the three months ended 31 March 2012, the Group acquired assets at a cost of RM1,051,000 (31 March 2011: RM2,974,000). Included in the total assets acquired is an amount of capital expenditure in progress of RM466,000 (31 March 2011: RM314,000).

Disposals

Assets with a carrying amount of RM61,000 (31 March 2011: RM28,000) were disposed of by the Group during the three months ended 31 March 2012, resulting in a loss on disposal of RM41,000 (31 March 2011: Gain on disposal RM5,000), recognized and included in other expense in the statement of comprehensive income.

A12. Share capital, share premium and treasury shares

During the 17th Annual General Meeting ("AGM") 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. The said approval shall, in accordance with the Listing Requirements, expire at the forthcoming AGM to be held on 17 May 2012 unless renewed by an ordinary resolution passed by the shareholders.

In prior year 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 of the Companies Act, 1965.

During the three months ended 31 March 2012, there were no movement in share capital, share premium and treasury shares.

A13. Loans and borrowings

	31 March 2012 RM'000	31 December 2011 RM'000
Current		
Secured	51,311	52,336
Non-current		
Secured	8,366	7,552
Total	59,677	59,888

The Group's loans and borrowings are secured by a corporate guarantee by the Company, except for RM2,195,189 (31 December 2011: RM1,466,200) of the Group's loans and borrowings which are secured by a corporate guarantee by the ultimate holding company. In addition, the term loans and bank overdrafts are secured over the property, plant and equipment and investment properties, including a debenture against its future movable and immovable assets.

A14. Dividends

The Board of Directors is recommending for shareholders' approval at the forthcoming Annual General Meeting to be held on 17 May 2012, a final dividend of 1.25 sen per share less 25% tax for the financial year ended 31 December 2011 totaling RM0.820 million.

No interim dividend has been declared for the financial period ended 31 March 2012 (31 March 2011: Nil).

A15. Commitments

	31 March 2012 RM'000	31 December 2011 RM'000
Property, plant and equipment:		
- approved and contracted for	1,589	311
- approved but not contracted for	6,468	6,627
Investment in joint venture		
- initial subscription of shares	700	-
- shareholder's loan	1,400	-
	10,157	6,938

A16. Contingencies

The Group has provided the following guarantees at the reporting date:

(a) Indemnities given to local authorities of RM847,913 (31 December 2011: RM816,124) in respect of bank guarantees.

(b) Indemnities given to Borneo Technical Co. (M) Sdn. Bhd. of RM600,000 (31 December 2011: RM600,000) for employee benefit in the event of discontinuity of service.

The Company has provided corporate guarantees to banks amounting to RM57,481,633 (31 December 2011: RM58,422,359).

A17. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the three-month period ended 31 March 2012 and 31 March 2011:

	Current quarter 3 months ended 31 March		Cummulative quarter 3 months ended 31 March	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Borneo Technical Co. (M) Sdn. Bhd.	22,888	22,298	22,888	22,298
Borneo Technical (Thailand) Limited	1,180	1,121	1,180	1,121
Hup Soon Industrial Equipment Sdn.Bhd. ("HSIE") *	-	65	-	65
Hup Soon Global (M) Sdn. Bhd.	24	24	24	24

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

B1. Performance review

	Batteries		Reclamation		Others		Total		Eliminations and adjustments		Per condensed consolidated financial statements	
	31 March		31 March		31 March		31 March		31 March		31 March	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
External	33,852	34,305	784	2,638	695	67	35,331	37,011	-		35,331	37,011
Inter-segment	2,658	4,607	13,491	18,750	1,041	620	17,190	23,977	(17,190)	(23,977)	-	-
Total revenue	36,510	38,912	14,275	21,388	1,736	688	52,521	60,988	(17,190)	(23,977)	35,331	37,011
Segment (loss)/profit	(798)	230	(343)	4,019	(483)	(455)	(1,624)	3,794	411	(1,099)	(1,213)	2,696

Batteries

Despite the increase in sales volume by 10%, revenue decreased by RM2.4 million due to lower selling price, which was pegged to LME's lead price. LME lead price was on a downward trend in the quarter under review.

The batteries segment recorded a loss of RM0.8 million.

Reclamation

Revenue of reclamation segment decreased from RM21.4 million in the corresponding quarter of 2011 to RM14.3 million in current quarter, primarily due to lower tonnage sold and lower selling price arising from lower LME lead price.

In spite of the lowering of cost with the introduction of tilting rotary furnaces, reclamation segment recorded a loss before tax of RM0.3 million in current quarter as compared to a profit before tax of RM4.0 million in the corresponding quarter of 2011.

Others

This segment registered a substantial growth in revenue, from RM0.7 million in the corresponding quarter in 2011 to RM1.7 million in current quarter. Revenue was derived from sales industrial batteries and battery related equipment and charging services.

Despite the increase in revenue, this segment recorded a loss of RM0.5 million in current quarter, mainly due to start-up costs.

B2. Comment on material change in current quarter against preceding quarter

	Batteries		Reclamation		Others		Total		Eliminations and adjustments		Per condensed consolidated financial statements	
	31 Mac 2012	31 Dec 2011	31 Mac 2012	31 Dec 2011	31 Mac 2012	31 Dec 2011	31 Mac 2012	31 Dec 2011	31 Mac 2012	31 Dec 2011	31 Mac 2012	31 Dec 2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
External	33,852	37,280	784	793	695	1,223	35,331	39,296	-		35,331	39,296
Inter-segment	2,658	2,046	13,491	19,018	1,041	1,300	17,190	22,363	(17,190)	(22,363)	-	-
Total revenue	36,510	39,326	14,275	19,811	1,736	2,522	52,521	61,659	(17,190)	(22,363)	35,331	39,296
Segment (loss)/profit	(798)	1,556	(343)	(2,411)	(483)	(662)	(1,624)	(1,517)	411	1,322	(1,213)	(194)

Batteries

Revenue of batteries segment decreased from RM39.3 million in the preceding quarter to RM36.5 million in current quarter, due to lower selling price. This factor together with increased staff, advertising and promotional expenses resulted in a loss of RM0.8 million in this segment.

Reclamation

Reclamation segment recorded a decrease of RM5.5 million in revenue, primarily due to lower tonnage sold.

Despite the decrease in revenue, the loss before tax of reclamation segment decreased from RM2.4 million in the preceding quarter to RM0.5 million in current quarter, mainly due to lower scrap prices and lowering of cost with the introduction of tilting rotary furnaces.

Others

Revenue of this segment decreased from RM2.5 million in preceding quarter to RM1.7 million in the current quarter, as a result of lower trading sales and lower charging services.

This segment recorded a lower loss before tax of RM0.5 million in current quarter as compared to RM0.7 million in preceding quarter due mainly due to inventories written down of RM0.2 million in the preceding quarter.

B3. Commentary on prospects

The continued uncertainties of the fluctuating LME's lead prices, and changes in foreign exchange rates and fluctuation in cost and availability of raw material for the reclamation segment are the key factors that could affect the Group's profitability for the coming quarters. Nonetheless, with the continuous effort in cost optimization, improved efficiency and expansion into new markets, the Group's performance is expected to improve for the remaining period of the financial year.

B4. Profit forecast or profit guarantee

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

B5. Corporate proposals

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 17th Annual General Meeting held on 2 June 2011. The said approval shall, in accordance with the Listing Requirements, expire at the forthcoming AGM to be held on 17 May 2012 unless renewed by an ordinary resolution passed by the shareholders.

In prior year 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 of the Companies Act, 1965.

There was no share buy-back during the three months ended 31 March 2012 and up to the date of this report.

(b) On 13 May 2011, the Company announced that Yokohama Ventures Sdn. Bhd. ("Yokohama Ventures"), a wholly owned 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.

(c) On 30 March 2012, the Company announced that Yokohama Ventures Sdn. Bhd. ("Yokohama Ventures"), a wholly owned subsidiary of the Company, had on even date entered into a Joint Venture Agreement ("JVA") with Bolder Technologies Pte Ltd, to manufacture and trade thin metal film lead acid batteries and related battery products, through equity participation in a joint venture company ("JV company").

Upon signing of the JVA, a JV company should be incorporated and Yokohama Ventures shall subscribe for the issued and paid up share capital of 699,999 shares of RM1 each for cash. YVSB shall also provide a sum of USD466,667 to the JV company as shareholder's loan, as and when required to finance the operation of the JV company

As of the date of this report, the JV company is in the progress of incorporation.

B6. Changes in material litigation

There was no material litigation against the Group.

B7. Dividend

Please refer to A14 for details.

B8. Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

B9. Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 31 March 2012 or the previous financial year ended 31 December 2011.

B10. Risks and policies of derivatives

The Group did not enter into any derivatives during the period ended 31 March 2012 or the previous financial year ended 31 December 2011.

B11. Disclosures of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measures at fair value through profit or loss as at 31 March 2012 and 31 December 2011.

B12. Breakdown of realised and unrealised profits or losses

The breakdown of the retained profits of the Group as at 31 March 2012 and 31 December 2011 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	31 March 2012 RM'000	31 December 2011 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	36,085	37,163
- Unrealised	6,900	6,797
	42,985	43,960
Total share of accumulated losses from associates		
- Realised	(1)	(4)
- Unrealised	-	-
	42,984	43,956
Less: Consolidation adjustments	(19)	(80)
Retained earnings as per financial statements	42,965	43,876

B13. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.