

**YOKOHAMA INDUSTRIES BERHAD (292788-U)**  
**PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE QUARTER ENDED 30 JUNE 2014**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of Yokohama Industries Berhad and its subsidiaries (“the Group”) as at and for the year ended 31 December 2013.

**A2. Changes in Accounting Policies**

The accounting policies adopted by the Group for the interim financial statements are consistent with those adopted for the Group’s annual audited financial statements for the year ended 31 December 2013, except for the adoption of the following MFRS, Amendments to MFRS and IC Interpretations:

- Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
- Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

The initial adoption of the aforesaid accounting standards and interpretations are not expected to have any material impact to the Group’s financial statements.

**A3. Auditors’ Report**

The auditors’ report on the Group’s preceding annual financial statements was not qualified.

**A4. Seasonal or Cyclical Factors**

During the quarter, the business of the Group had not been affected by any significant seasonal or cyclical factors.

**A5. Unusual Items**

There were no unusual items that have a material effect on the assets, liabilities, equity, net income or cash flow for the period.

**A6. Material Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial year.

**YOKOHAMA INDUSTRIES BERHAD (292788-U)**  
**PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE QUARTER ENDED 30 JUNE 2014**

**A7. Debt and Equity Securities**

During the quarter, the Company repurchased 9,000 of its own shares from the open market. The shares repurchased are being held as treasury shares and carried at cost. As at 30 June 2014, the total cumulative number of shares repurchased was 1,824,300 at a total cost of RM2.3 million.

Save as mentioned above, there were no issuances, cancellations, resale and repayment of debt and equity securities during the quarter.

**A8. Dividends**

Final single tier dividend of 3.70 sen per ordinary share amounting to RM 3.2 million in respect of the financial year ended 31 December 2013 was paid on 31 May 2014.

No interim dividend was proposed for the financial period ended 30 June 2014.

**A9. Segmental Reporting**

For the financial period ended 30 June 2014:

	Batteries		Reclamation		Others		Total		Eliminations and adjustments		Per condensed consolidated financial statements	
	Cumulative quarter 6 months ended 30 June											
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Revenue</b>												
External	68,379	78,100	4,165	10,894	9,220	3,944	81,764	92,937	-	-	81,764	92,937
Inter-segment	4,401	5,074	44,334	43,903	76	1,599	48,811	50,576	(48,811)	(50,576)	-	-
Total revenue	72,780	83,174	48,499	54,797	9,296	5,543	130,575	143,513	(48,811)	(50,576)	81,764	92,937
<b>Segment profit/(loss)</b>	2,761	3,708	627	5,850	866	(793)	4,254	8,765	(377)	156	3,877	8,921

	Cumulative quarter 6 months ended 30 June	
	2014 RM'000	2013 RM'000
Segment profit	4,254	8,765
Share of loss of associates	(1)	(5)
Inter-segment eliminations	(376)	161
Profit before tax	3,877	8,921

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

- Batteries- manufacturing and marketing of batteries;
- Reclamation- material recovery in production of secondary lead and plastic reclamation from scrap batteries and other related rejects; and
- 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.

**YOKOHAMA INDUSTRIES BERHAD (292788-U)**  
**PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE QUARTER ENDED 30 JUNE 2014**

**A10. Valuation of Property, Plant and Equipment**

The valuation of property, plant and equipment were brought forward without amendment from the annual financial statements for the year ended 31 December 2013.

**A11. Material Subsequent Event**

There were no material events subsequent to the end of the interim period as of the date of this announcement.

**A12. Changes in Composition of the Group**

There were no changes in the composition of the Group during the quarter under review.

**A13. Changes in Contingent Liabilities or Contingent Assets**

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

- (a) Indemnities given to local authorities of RM1,170,007 (31 December 2013: RM1,070,547) in the form of bank guarantees.
- (b) Indemnities given to Borneo Technical Co. (M) Sdn. Bhd. of RM600,000 (31 December 2013: RM600,000) for employees benefit in the event of discontinuity of service.

The Company has provided corporate guarantees to banks amounting to RM45,404,681 (31 December 2013: RM39,330,206).

**A14. Commitments**

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Property, plant and equipment:		
- approved and contracted for	1,640	3,124
- approved but not contracted for	11,927	15,095
	<u>13,567</u>	<u>18,219</u>
Investment commitments	<u>558</u>	<u>880</u>

**YOKOHAMA INDUSTRIES BERHAD (292788-U)**  
**PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134**  
**FOR THE QUARTER ENDED 30 JUNE 2014**

**A15. Significant Related Party Transactions**

The following table provides information on the transactions which have been entered into with related parties during the following period:

	<b>Current quarter</b>		<b>Cummulative quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Borneo Technical Co. (M) Sdn. Bhd. ("BTM")	23,207	30,397	49,504	62,957
Borneo Technical (Thailand) Limited. ("BTT")	692	1,600	3,456	3,333
Hup Soon Global (M) Sdn. Bhd.	26	24	53	48

BTM and BTT ceased to be related parties from June 2014.

**YOKOHAMA INDUSTRIES BERHAD (292788-U)**

**PART B - EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS  
FOR THE QUARTER ENDED 30 JUNE 2014**

**B1. Performance Review**

**Current quarter against corresponding quarter in prior year**

	Batteries		Reclamation		Others		Total		Eliminations and adjustments		Per condensed consolidated financial statements	
	Quarter 3 months ended 30 June											
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Revenue</b>												
External	37,048	38,151	1,765	6,207	5,013	2,731	43,826	47,089	-	-	43,826	47,089
Inter-segment	2,848	2,317	23,687	16,970	45	133	26,580	19,420	(26,580)	(19,420)	-	-
Total revenue	39,896	40,468	25,452	23,177	5,058	2,864	70,406	66,509	(26,580)	(19,420)	43,826	47,089
<b>Segment profit/(loss)</b>	1,378	1,294	151	2,070	811	(448)	2,340	2,916	(419)	1,860	1,921	4,776

**Batteries**

There were no material fluctuations in revenue and profit before tax for the segment.

**Reclamation**

The increase in reclamation revenue was mainly attributable to a higher sales tonnage. Despite the increase in revenue, profit before tax for the segment was lower mainly due to higher scrap costs.

**Others**

The growth in revenue and profit before tax for the segment were in line with the increase in sales of industrial batteries and battery related equipment and charging services during the quarter.

**YOKOHAMA INDUSTRIES BERHAD (292788-U)**

**PART B - EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS  
FOR THE QUARTER ENDED 30 JUNE 2014**

**B2. Performance Review (contd.)**

**Current year to date against corresponding year to date**

	Batteries		Reclamation		Others		Total		Eliminations and adjustments		Per condensed consolidated financial statements	
					Cumulative quarter 6 months ended							
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Revenue</b>												
External	68,379	78,100	4,165	10,894	9,220	3,944	81,764	92,937	-	-	81,764	92,937
Inter-segment	4,401	5,074	44,334	43,903	76	1,599	48,811	50,576	(48,811)	(50,576)	-	-
Total revenue	72,779	83,174	48,499	54,797	9,296	5,543	130,575	143,513	(48,811)	(50,576)	81,764	92,937
<b>Segment profit/(loss)</b>	2,761	3,708	627	5,850	866	(793)	4,254	8,765	(377)	156	3,877	8,921

**Batteries**

On a year to date basis, the segment recorded a lower revenue and profit before tax.

This was mainly due to a lower sales volume resulting from a cautious market and lower selling prices which were pegged to lower LME prices over the period.

**Reclamation**

The decline in reclamation segment revenue and profit before tax was mainly attributable to a lower sales tonnage, lower selling prices and higher scrap costs.

**Others**

The increase in sales of industrial batteries and battery related equipment and charging services have turned the segment losses into a profit before tax for the period.

**YOKOHAMA INDUSTRIES BERHAD (292788-U)**

**PART B - EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS FOR THE QUARTER ENDED 30 JUNE 2014**

**B3. Comment on material change in current quarter against preceding quarter**

	Batteries		Reclamation		Others		Total		Eliminations and adjustments		Per condensed consolidated financial statements	
	30 June 2014	31 March 2014	30 June 2014	31 March 2014	30 June 2014	31 March 2014	30 June 2014	31 March 2014	30 June 2014	31 March 2014	30 June 2014	31 March 2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Quarter 3 months ended											
<b>Revenue</b>												
External	37,048	31,330	1,765	2,400	5,013	4,208	43,826	37,938	-	-	43,826	37,938
Inter-segment	2,848	1,553	23,687	20,647	45	31	26,580	22,231	(26,580)	(22,231)	-	-
Total revenue	39,896	32,883	25,452	23,047	5,058	4,239	70,406	60,169	(26,580)	(22,231)	43,826	37,938
<b>Segment profit/(loss)</b>	1,378	1,383	151	475	811	55	2,340	1,913	(419)	43	1,921	1,956

**Batteries**

The higher revenue recorded by batteries segment was in tandem with the increase in sales volume.

In spite of this, profit before tax was marginally lower mainly due to higher expenses.

**Reclamation.**

Despite the increase in reclamation revenue, profit before tax recorded by the segment was lower than preceding quarter mainly due to higher scrap costs.

The increase in revenue was mainly attributable to higher sales tonnage.

**Others**

The increase in revenue and profit before tax for the segment was in tandem with higher sales of industrial batteries and battery related equipment and charging services during the quarter.

**B4. Current Year Prospects**

Based on current trend especially LME level, the Group expects to remain profitable for the year.

**B5. Comparison With Profit Forecast**

This is not applicable to the Group.

**B6. Taxation**

	Current quarter 3 months ended		Cummulative quarter 6 months ended	
	30 June		30 June	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Income tax	660	1,060	1,339	2,350
Deferred tax	(126)	430	(245)	15
Income tax expense	534	1,490	1,094	2,365

**B7. Status of Corporate Proposals**

There were no corporate proposals announced but not completed as at reporting date.

**B8. Group Borrowings**

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<b>Current</b>		
Secured	38,090	32,356
<b>Non-current</b>		
Secured	7,315	6,974
<b>Total</b>	<b>45,405</b>	<b>39,330</b>

**B9. Changes In Material Litigation**

There was no material litigation against the Group.

**B10. Dividend**

Please refer to A8 for details.

**B11. Earnings Per Share**

Basic earnings per share are calculated by dividing 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 30 June 2014. As such, the fully diluted earnings per share of the Company are equivalent to the basic earnings per share.

	<b>Current quarter 3 months ended</b>		<b>Cummulative quarter 6 months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Profit attributable to owners of the parent (RM'000)	1,421	3,456	2,860	6,726
Weighted average number of ordinary share in issuance ('000)	85,301	87,110	85,338	87,110
Basic earnings per share (sen)	1.67	3.97	3.35	7.72



**YOKOHAMA INDUSTRIES BERHAD (292788-U)**

**PART B - EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS FOR THE QUARTER ENDED 30 JUNE 2014**

**B12. Profit Before Tax**

Profit before tax is arrived at after charging / (crediting):

	Current quarter 3 months ended		Cummulative quarter 6 months ended	
	30 June		30 June	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income	(1)	(1)	(4)	(1)
Finance cost	572	614	1,114	1,255
Depreciation of property, plant and equipment and investment properties	1,697	1,701	3,362	3,402
Allowance for/(reversal of) impairment loss on financial assets:				
- trade receivables	-	-	-	-
- other receivables	-	-	-	-
Bad debts written off	-	-	-	-
Inventories written off	-	-	-	9
Inventories written down	37	8	110	257
Loss/(Gain) on disposal of:				
- property, plant and equipment		(46)	2	(90)
- investment properties	-	-	-	-
- investment in subsidiaries	-	-	-	-
Impairment of property, plant and equipment	-	-	-	-
Foreign exchange (gain)/loss				
- realised		(132)	(51)	(207)
- unrealised	(13)	(193)	34	(198)
Gain or loss on derivatives	-	-	-	-
Property, plant and equipment written off	13	91	26	79

**B13. Breakdown of realised and unrealised profits or losses**

The breakdown of the retained profits of the Group as at 30 June 2014 and 31 December 2013 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.

	<b>30 June 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Total retained earnings of the Company and its subsidiaries:		
- Realised	55,075	55,517
- Unrealised	5,193	5,259
	60,268	60,776
Total share of accumulated losses from associates		
- Realised	(31)	(30)
- Unrealised	-	-
	60,237	60,746
Less: Consolidation adjustments	234	21
Retained earnings as per financial statements	60,471	60,767