The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

EXPLANATORY NOTES AS PER FRS 134

A1. Basis of preparation

The significant accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standards (FRSs) and IC Interpretations with effect from 1 March 2010, 1 July 2010 and 1 January 2011.

Standard/Interpretation	Effective for financial periods beginning on or after
Amendment to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for first-time Adopters*	1 January 2011
Amendments to FRS 1 *Additional Exemptions for First-time Adopters*	1 January 2011
Amendments to FRS 2 *Share-based Payment*	1 July 2010
Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions*	1 January 2011
Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 July 2010
Amendments to FRS 7 *Improving Disclosures about Financial Instruments*	1 January 2011
Amendments to FRS 132 *Financial Instruments: Presentation*	1 March 2010
Amendments to FRS 138 *Intangible Assets*	1 July 2010
Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 July 2010
Amendments to FRSs contained in the document entitled *"Improvements to FRSs (2010)"*	1 January 2011
FRS 1 *First-time Adoption of Financial Reporting Standards* (revised in 2010)	1 July 2010
FRS 3 *Business Combination* (revised in 2010)	1 July 2010
FRS 127 *Consolidated and Separate Financial Statements* (revised in 2010)	1 July 2010
IC Interpretation 4 *Determining whether an Arrangement contains a Lease*	1 January 2011
IC Interpretation 12 *Service Concession Arrangements*	1 July 2010
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 July 2010
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 July 2010
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2011

Comparatives

The above FRSs, amendments to FRSs and IC Interpretations do not have any material impact on the financial statements of the Group.

A1. Basis of preparation (Cont'd)

Future Accounting Standards

In November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") framework. The issuance was made in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012. The MFRS framework is a fully IFRS-compliant framework and equivalent to IFRSs. It comprises standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012 and also amended/revised/new standards recently issued by the IASB that will be effective after 1 January 2012.

The Company will first adopt the MFRS framework for the financial year ending 31 December 2012. Management foresees that the transition to the MFRS framework will not have any significant impacts on the financial statements.

A2. Qualification of Financial Statements

The auditors' report dated 12 April 2011 in respect of the audited financial statements for the year ended 31 December 2010 was not subject to any qualification.

A3. Seasonal or cyclical factors

The Group performance for the financial year under review was not materially affected by any major seasonal and cyclical factors.

A4. Extraordinary and exceptional items

There were no extraordinary and exceptional items affecting the Group's assets, liabilities, equity, net income or cash flows during the financial year under review.

A5. Changes in estimates

There were no material changes in the nature and amount of estimates during the financial year under review.

A6. Issuance and repayment of debts and equity securities etc

There were no issuances, cancellation, share buy-back, resale and repayment of debts and equity securities during the financial year under review, except for the following:

(i) Repurchased a total of 205,700 ordinary shares of its issued share capital from the open market during the financial year, at an average cost of RM 1.93 per share. The total repurchases consideration, including transaction costs during the financial year amounted to RM 398,040 and were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

As at 31 December 2011, the number of treasury shares held was 323,700 ordinary shares.

A7. Dividend paid

A final dividend of 8 sen per share less 25% tax, in respect of the financial year ended 31 December 2010 paid on 24 June 2011.

A8. Segment reporting

a. Operating segment

31 December 2011	Manufacture and sale of stainless steel fasteners RM'000	Manufacture and sale of aluminium and its related products RM'000	Unallocated non-operating segments RM'000	Adjustment and eliminations RM'000	Total RM'000
Segment assets	366,481	116,101	5,491	0	488,073
Investment in associates	0	0	59,572	0	59,572
Income tax assets	1,704	45	5	0	1,754
Total assets	368,185	116,146	65,068	0	549,399
Segment liabilities	11,770	6,130	72	0	17,972
External revenue	449,535	151,512	0	0	601,047
Segment profit/(loss)	35,443	12,397	(138)	0	47,702
31 December 2010					
Segment assets	347,355	101,429	3	0	448,787
Investment in associates	0	0	60,091	0	60,091
Income tax assets	1,617	119	5	0	1,741
Total assets	348,972	101,548	60,099	0	510,619
Segment liabilities	22,705	5,116	76	0	27,897
External revenue	302,728	41,551	0	0	344,279
Segment profit/(loss)	26,583	2,966	(151)	5,336	34,734

A8. Segment reporting (Cont'd)

a. Geographical information

In RM'000	External revenue		Non-current assets	
	31/12/2011	**31/12/2010**	**31/12/2011**	**31/12/2010**
Malaysia	131,072	46,598	83,408	87,930
Thailand	10,114	7,332	59,094	36,108
Belgium	22,338	25,929	0	0
Germany	93,468	45,506	0	0
United States of America	104,368	91,532	0	0
Other countries	239,687	127,381	0	0
	601,047	344,278	142,502	124,038

Compared with the previous year, both operating segments of the Group has better performance during this current year with the increased revenue of RM146.81million and RM109.96million in stainless steel fasteners segment and aluminium products segment respectively.

The higher revenue from fasteners segment was mainly contributed by the higher sale demand from markets in other countries. While, the higher revenue from aluminium segment noted in this current year was mainly due to the consolidation of 4-month results in last year, compared with 12-month in this current year.

The Group is also in the midst of expanding the fasteners segment, especially Thailand plant. This expansion project is estimated to be amounted approximately to RM50 million. As at this financial year end, the Group expended a total of RM22.5 million to purchase the land and construct new plant in Thailand.

A9. Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial year to-date other than the following:-

On 22 August 2011, Tong Heer Aluminium Industries Sdn Bhd, a 51% owned subsidiary of the Group, entered into a Share Sale and Purchase Agreement to dispose 350,000 ordinary shares of RM1.00 each, representing 70% of the total issued and paid-up share capital in Aluminium Service Centre Sdn Bhd, at a cash consideration of RM600,000.

The transaction was completed on 15 November 2011.

A10. Property, plant and equipment

The valuations of land and buildings have been brought forward, with no amendment from the previous annual report in the financial quarter under review.

In the opinion of the directors, the fair value of property, plant and equipment is not significantly different from the carrying value.

A11. Capital commitment

Authorised capital expenditure not provided for in the interim financial report is as follows:

	31/12/2011 RM'000
Property, plant and equipment	
Contracted but not provided for	27,363

A12. Material events subsequent to the end of the period reported

There was no item, transaction or event of a material or unusual in nature during the year from the end of the year under review to 27 February 2012.

A13. Contingent liabilities

	31/12/2011 RM'000	**31/12/2010 RM'000**
Financial guarantees given to financial institutions for credit facilities granted to subsidiaries	271,131	259,140

B. ADDITIONAL INFORMATION REQUIRED UNDER BURSA MALAYSIA LISTING REQUIREMENTS

1. Review of the performance of the Company and its principal subsidiaries

The Group reported a revenue of RM143.77 million and profit before tax of RM6.63 million for the current quarter as compared to revenue of RM125.64 million and profit before tax of RM9.78 million for the corresponding quarter in previous year.

The increase in revenue during the quarter was mainly contributed by the local subsidiaries with the higher sale demand from local and other new markets in overseas.

The lower profit before tax in this current quarter as compared to the corresponding quarter in the previous year is mainly contributed by the lower profit margin with higher costs, especially for Thailand plant during this current quarter.

2. Material changes in the quarterly results compared to the results of the preceding quarter

The Group reported revenue of RM143.77 million and profit before tax of RM6.63 million for the current reporting quarter as compared to revenue of RM148.37 million and profit before tax of RM7.80 million in the preceding quarter**.**

The decrease in profit before tax attained in the current quarter as compared to the preceding quarter is due to lower sales recorded for this current quarter and lower profit margin, especially for Thailand plant during this current quarter.

3. Prospects for the current financial year

Prospects for the global economy remain favorable in 2011 with continued improvements, especially in emerging and developing countries. In advanced economies, activity has moderated less than expected, but growth remains subdued, unemployment is still high, and renewed stresses in the Eurozone periphery are contributing to downside risks. Meanwhile, in many emerging economies, activity remains buoyant, inflation pressures are emerging, and there are now some signs of overheating, driven in part by strong capital inflows.

In view of this, the Board will streamline the corporate strategy and continue its marketing and cost containment efforts in order to remain competitive. The Board also diversifies the business into various markets to manage the risks. Barring any unforeseen circumstances, the Group is optimistic to attain a satisfactory level of performance for the current financial year.

4. Variance of actual profit from forecast profit

Not applicable.

5. Taxation

The taxation for continuing operations comprises:

	Individual Quarter 3 months ended 31 December		Cumulative Quarter ended 31 December	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current taxation	(1,428)	(1,755)	5,184	1,781
Deferred taxation	(512)	1,665	(533)	1,665
	(1,940)	(90)	4,651	3,446
Taxation under/(over) provided in prior years	(163)	974	(3,645)	975
	(2,103)	884	1,006	4,421

The effective tax rates is lower compared with the statutory rates for the current quarter and cumulative financial year to date mainly contributed by the foreign subsidiary of which still enjoying free-tax benefits on the manufacturing income.

6. Group borrowings and debt securities

The Group's loans and borrowings are as follows:

Bank loans and borrowings - unsecured	31/12/2011 RM'000	31/12/2010 RM'000
Onshore foreign currency loans	51,007	56,840
Foreign currency trust receipts	69,550	42,962
Term loans	199	0
Bankers acceptances	0	8,613
Bank overdrafts	25	15
Finance lease liabilities	0	84
Long term loans	3,025	0
	123,806	108,514

The Group loans and borrowings in RM equivalent analysed by currencies in which the loans and borrowings were denominated are as follows:

Bank loans and borrowings - unsecured	31/12/2011 RM'000	31/12/2010 RM'000
US Dollars	121,272	99,802
Thai Baht	2,509	0
Ringgit Malaysia	25	8,712
	123,806	108,514

7. Material pending litigation

The Group is not engaged in any material litigation as at 20 February 2012 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

8. Financial instruments

As at 31 December 2011, the outstanding forward exchange contracts are as follows:

	31/12/2011		31/12/2010	
	To sell ‘000	**To buy ‘000**	**To sell ‘000**	**To buy ‘000**
Contract I	EUR 190	USD 253	EUR 788	USD 1,103
Contract II	EUR 1,460	RM 6,274	EUR 1,860	RM 8,082
Contract III	USD 13,732	RM 43,139	USD 3,974	RM 12,507
Contract IV	USD150	THB4,613	N/A	N/A

Forward exchange contracts were entered into by subsidiaries in currencies other than the functional currency to manage the exposure to the foreign exchange rates fluctuation.

All exchange gains/losses arising on the hedge instruments are recognised in the income statement on settlement of the forward exchange contract.

9. Dividend

A final dividend of 8 sen per share, less 25% tax, in respect of the financial year ended 31 December 2010 paid on 24 June 2011.

10. Earnings per share

	Individual Quarter 3 months ended		Cumulative Quarter ended	
	31 December		31 December	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit for the period/year attributable to owners of the Company	8,414	6,915	36,952	25,387
Number of shares in issue at 1 January	127,312	127,406	127,312	127,406
Effect of shares purchased	(59)	(45)	(59)	(45)
Weighted average number of shares in issue ('000)	127,253	127,361	127,253	127,361
Basic earnings per share (sen)	6.61	5.43	29.04	19.93

The Company did not have any dilutive potential ordinary shares during the financial year.

Additional Information As Required By Appendix 9b of Bursa Malaysia Listing Requirement

11. Realised and unrealised earnings or losses disclosures

	31/12/2011 RM'000	31/12/2010 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	324,031	285,229
- Unrealised	(6,964)	(4,141)
	317,067	281,088
Total share of retained earnings from associates:		
- Realised	(5)	27
- Unrealised	359	(33)
	354	(6)
Less: Consolidation adjustments and eliminations	(116,641)	(109,615)
Total retained earnings as per consolidated financial statements	200,780	171,467

12. Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current Quarter RM'000	Current Year To Date RM'000
Interest income	701	2,090
Interest expense	583	1,561
Depreciation and amortization	3,705	16,304
Provision for and write off of receivables	41	680
Foreign exchange loss	175	2,181
(Gain)/loss on financial instruments at fair value through profit or loss	(304)	278

BY ORDER OF THE BOARD

Tsai Ming Ti
Managing Director

Dated this 27 February 2012