PMB TECHNOLOGY BERHAD

PMB TECHNOLOGY BERHAD (584257-X)
Lot 1797, Jalan Balakong, Bukit Belimbing,
43300 Sri Kembangan, Selangor Darul Ehsan, Malaysia.
Tel. : 603-89615205 Fax : 603-89611904

NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

PART A :EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of preparation

The Interim Financial Report is unaudited and has been prepared in compliance with the Financial Reporting Standard ("FRS") 134 : Interim Financial Reporting issued by Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and shall be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2009.

Changes in Accounting Policies

The significant accounting policies applied in this interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2009 except for the adoption of the following new FRSs, Amendments to certain FRSs and Interpretations for financial period beginning on 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs (revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 101	Presentation of Financial Statements
Amendment to FRS 123	Borrowing cots
Amendment to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments: Presentation
Amendment to FRS 139	Financial Instruments: Recognition and Measurement
Improvements to FRSs (2009)	Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

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NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

A1. Basis of preparation (continued)
Changes in Accounting Policies (continued)

Other than the principal effects as discussed below, the adoption of the above FRSs, Amendments and Interpretations do not have any significant financial impact on the Group's results.

(i) FRS 8 Operating Segments
Upon the adoption of FRS 8, the Group's segmental reporting had been presented based on that used for internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments.

(ii) FRS 101 (revised), Presentation of Financial Statements
In accordance with FRS101 (revised), a complete set of financial statements comprises a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and the notes to the financial statements.

In adopting FRS 101(revised), the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income. Comparative information has been represented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per share.

(iii) FRS 117, Leases
The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments to FRS 117.

The following comparative figures have been restated:-

	31 December 2009	
Cost (RM'000)	**As restated**	**As previously stated**
Property, plant and equipment	8,222	-
Prepaid lease payments	-	8,222

(iv) FRS 139, Financial Instruments : Recognition and Measurement
FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items (collectively called financial instruments).

NOTES TO THE QUARTERLY REPORT
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A1. Basis of preparation (continued)

Changes in Accounting Policies (continued)

(iv) FRS 139, Financial Instruments : Recognition and Measurement (continued)

A financial instrument is recognised in the financial statements only when the Group becomes a party to the contractual provisions of the instrument. A financial instrument is recognised initially, at its fair value. Subsequent measurement of the financial instruments at the end of the period reflects the designation of the financial instruments.

Financial Assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest ("EIR") method. Gains and losses arising from the derecognition of the loans and receivables, EIR amortisation and impairment losses are recognised in the statement of comprehensive income.

Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Under the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. The adoption of FRS 139 does not have any significant impact on the profit for the financial year-to-date.

A2. Auditors' report

The annual auditors' report of the audited financial statements for the year ended 31 December 2009 was not subject to any qualification.

A3. Seasonal or cyclical of operations

The business of the Group was not significantly affected by any seasonal or cyclical factors.

A4. Extraordinary and exceptional items

There were no exceptional items and unusual events affecting the assets, liabilities, equity, net income and cash flows for the current quarter.

A5. Changes in estimates

There were no material changes in estimated amount reported in prior period which have a material effect on the current financial year-to-date.

A6. Debt and equity securities

There were no issuance and repayment of debt and share buy-backs for the financial year-to-date.

As at 31 December 2010, a total of 2,520,200 shares were held as treasury shares at cost in accordance with the requirements of Section 67A (as amended) of the Companies Act, 1965. None of the treasury shares repurchased has been sold or cancelled.

A7. Dividend

The interim single tier dividend of 1.5% totaling RM581,098.00 for the financial year ended 31 December 2010 was paid to shareholders on 17 September 2010.

The final dividend of 1.5% less 25% tax totaling RM435,828.00 for the financial year ended 31 December 2009 was paid to shareholders on 9 August 2010.

A8. Segmental information

Segmental information is presented in respect of the Group's business segments.

The Group comprises the following main business segments:

Manufacturing & trading : Manufacture of aluminium access equipment and other related products, marketing and trading of aluminium products and other products.

Construction & fabrication : Contracting, designing and fabrication of aluminium curtain wall, cladding system and system formwork.

	Manufacturing & trading RM'000	Construction & fabrication RM'000	Elimination RM'000	Total RM'000
12 months ended 31 December 2010				
Revenue from external customers	133,945	85,477		219,422
Inter-segment revenue	5,929	2,733	(8,662)	-
Total revenue	**139,874**	**88,210**	**(8,662)**	**219,422**
Segment result	**9,864**	**3,354**		**13,218**
Finance cost				(3,983)
Share of loss in associated Company				(9)
Tax expense				(2,032)
Profit for the period				**7,194**
Segment assets	**181,482**	**130,259**	**(68,397)**	**243,344**
Segment liabilities	**83,797**	**91,735**	**(29,429)**	**146,103**

NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

A9. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment brought forward from the previous audited financial statements, as the Group does not adopt a revaluation policy for its property, plant and equipment.

A10. Material events subsequent to the balance sheet date

There were no material subsequent events since the end of the current quarter to the date of issue of this report that have not been reflected in the financial statements for the current financial year-to-date.

A11. Changes in the composition of the Group

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

A12. Contingent liabilities

There were no material changes in contingent liability as at the date of this quarterly report.

A13. Capital commitments

As at 31 December 2010, the Group has the following known commitments:

	RM'000
Authorised property, plant and equipment expenditure not provided for in the financial statements	4,513

A14. Related Party Transactions

The Group	Current year to-date RM'000
With the affiliated companies - Press Metal Berhad Group	
Purchase of aluminium products	98,288
Sale of fabricated aluminium products and building materials	14,513

NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

For the current quarter under review, the Group's revenue increased by approximately 23% to RM67.1 million from RM54.7 million recorded in the preceding year's corresponding quarter. The increase was mainly due to the higher revenue contribution from construction and fabrication business segment.

In tandem with the higher revenue, the Group's profit before tax ("PBT") increased by 7% from RM2.7 million to RM2.8 million as compared to the preceding year's corresponding quarter.

While the revenue for the year ended 31 December 2010 increased slightly by 3% to RM219.4 million, PBT of RM9.2 million was approximately 39% higher compared with RM6.8 million reported for the financial year ended 31 December 2009.

B2. Variation of results against preceding quarter

The Group's revenue increased by 20% from RM55.9 million recorded in the preceding quarter to RM67.1 million was mainly due to higher revenue contribution from the construction and fabrication business segment. As a result, the Group's PBT rose from RM2.7 million to RM2.8 million.

B3. Current year prospects

The global business environment is expected to remain challenging in view of the rising inflationary pressures, especially from high commodity and fuel prices. Domestically, the Group is expected to benefit from the implementation of the economic transformation programme.

Barring any unforeseen circumstances, the Group is expected to achieve satisfactory results for the financial year ending 31 December 2011.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Taxation

	Quarter Ended 31/12/10	Current Year To-date
	RM'000	RM'000
Current income tax	361	2,032

The Group's effective tax rate for the financial year-to-date under review is 22%, slightly lower than the prima facie tax rate.

NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

B6. Retained Earnings

	As at 31/12/10	As at 30/9/2010
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	92,103	89,190
Unrealised	(3,952)	(3,531)
	88,151	85,659
Total share of accumulated losses of associates:		
Realised	(298)	(290)
Unrealised	-	-
	87,853	85,369
Consolidation Adjustments	(30,318)	(30,318)
Total Group retained earnings as per consolidated accounts	57,535	55,051

B7. Profit / (loss) on disposal of unquoted investments and properties

There were no disposals of unquoted investments or properties for the financial year-to-date.

B8. Purchases or Disposals of Quoted Securities

There were no purchases or disposals of any quoted securities during the financial year-to-date.

B9. Status of Corporate Proposals Announced

Proposed Establishment of an Employee Share Option Scheme ("Proposed ESOS")

The Proposed ESOS of up to 15% of the Issued and Paid-up Share Capital of the Company was approved at the Extraordinary General Meeting held on 20 June 2005 but pending implementation.

Save for the above, there were no other corporate proposals announced but pending implementation during the financial quarter.

NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2010

B10. Group borrowings and debt securities as at 31 December 2010

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
(a) (i) Short term			
Overdraft	-	4,655	4,655
Revolving credit	-	4,960	4,960
Trade facilities	-	73,844	73,844
Term loan	717	-	717
	717	83,459	84,176
(ii) Long term			
Term loan	4,249	-	4,249
Total	4,966	83,459	88,425

(b) Foreign currency bank borrowings

Foreign currency bank borrowings that denominated in Hong Kong Dollar ("HKD") included in the above borrowings are as follows:

	HKD'000	RM'000 Equivalent
Revolving credit	10,000	3,960
Trade facilities	12,156	4,814
	22,156	8,774

B11. Financial Instruments with off Balance Sheet Risk

There were no financial instruments with off balance sheet risk as at the date of this quarterly report.

B12. Material Litigation

There were no changes in the Group's material litigations since the last audited financial statements for the financial year ended 31 December 2009.

B13. Dividend

The Board of Directors proposes a final single tier dividend of 1.5% per share for the Company in respect of the year ended 31 December 2010. The entitlement date will be fixed at a later date and subject to the shareholders' approval.

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B14. Earnings Per Share

	Current quarter	Year to-date
Basic earnings per share		
Net profit attributable to the equity holders of the parent (RM'000)	2,485	7,195
Weighted average number of ordinary shares of RM0.50 each in issue - net of treasury shares held ('000)		
Issued at the beginning of the period	77,480	77,480
Basic earnings per share (sen)	3.21	9.29

On behalf of the Board

Koon Poh Ming
Chief Executive Officer
28 February 2011