

**NOTES TO THE QUARTERLY REPORT**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

**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 2010.

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 2010 except for the adoption of the following new FRSs, Amendments to certain FRSs and IC Interpretations for financial period beginning on 1 January 2011:

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopter
Amendments to FRS 2	Additional Exemption for First-time Adopters Share-based Payment Group Cash-settled Share Based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation – Classification of Rights Issues
Amendment to FRS 138	Intangible Assets
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 12	Service Concession Agreements (Not applicable to the Group)
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfer of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Improvements to FRSs (2010)	

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**A1. Basis of preparation (continued)**

**Changes in Accounting Policies (continued)**

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impacts to the financial statements upon their first adoption.

**FRS yet to be effective**

As at the date of this report, The Group has yet to apply the following FRSs which were issued but not yet effective:

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011**

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012**

- FRS 124, Related Party Disclosures (revised)
- IC Interpretation 15, Agreements for the Construction of Real Estate (Not applicable to the Group)

**A2. Malaysian Financial Reporting Standards (MFRS)**

The Malaysian Accounting Standard Board (MASB) had on 19 November 2011 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.

**A3. Seasonal or cyclical of operations**

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

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**A4. Unusual items due to their nature, size and incidence**

Included in the other operating income for the current quarter and the financial year to-date, there was a gain of RM9.3 million arising from the disposal of the entire shareholding in AG Terminal Sdn Bhd (“AGT”) for a total cash consideration of RM 24 million. Please refer to our announcement to Bursa Securities dated 21 October 2011 and 23 December 2011 for details. Following the disposal of AGT, the Group also wrote off a deposit of RM1.75 million paid to a technology provider which was included in the operating expenses.

Save for the above, there were no unusual items affecting the assets, liabilities, equity, net income and cash flows during the financial year.

**A5. Changes in estimates**

There were no materials 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 2011, 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 Paid**

The final single tier dividend of 1.5% totaling RM581,098.00 for the financial year ended 31 December 2010 was paid to shareholders on 12 August 2011.

The interim single tier dividend of 1.5% totaling RM581,098.00 for the financial year ended 31 December 2011 was paid to shareholders on 29 September 2011.

**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.

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**A8. Segmental information (continued)**

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
<b><u>3 months ended 31 December 2011</u></b>				
Revenue from external customers	38,291	36,036		74,327
Inter-segment revenue	17	-	(17)	-
<b>Total revenue</b>	<b>38,308</b>	<b>36,036</b>	<b>(17)</b>	<b>74,327</b>
<b>Segment profit</b>	<b>1,865</b>	<b>1,337</b>		<b>3,202</b>
<b>Add : Exceptional items (A4)</b>	<b>7,593</b>	<b>-</b>		<b>7,593</b>
	<b>9,458</b>	<b>1,337</b>		<b>10,795</b>
Finance cost				(1,145)
Share of loss in Associated Company				(8)
Tax expense				441
<b>Profit for the period</b>				<b>10,083</b>
<b><u>12 months ended 31 December 2011</u></b>				
Revenue from external customers	186,250	123,543		309,793
Inter-segment revenue	107	-	(107)	-
<b>Total revenue</b>	<b>186,357</b>	<b>123,543</b>	<b>(107)</b>	<b>309,793</b>
<b>Segment profit</b>	<b>9,275</b>	<b>4,614</b>		<b>13,889</b>
<b>Add : Exceptional items (A4)</b>	<b>7,593</b>	<b>-</b>		<b>7,593</b>
	<b>16,868</b>	<b>4,614</b>		<b>21,482</b>
Finance cost				(4,551)
Share of loss in Associated Company				(8)
Tax expense				(1,427)
<b>Profit for the period</b>				<b>15,496</b>
<b>Segment assets</b>	<b>207,913</b>	<b>159,348</b>	<b>(77,159)</b>	<b>290,102</b>
<b>Segment liabilities</b>	<b>97,457</b>	<b>118,200</b>	<b>(38,025)</b>	<b>177,632</b>

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**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.

**A11. Changes in the composition of the Group**

Environmental Management Sdn Bhd (“EEM”), a wholly-owned subsidiary of Everlast Aluminium (M) Sdn Bhd (“EAM”), which in turn is a wholly-owned subsidiary of the Company had on 21 October 2011 entered into a Sale and Purchase Agreement for the disposal of the 100% equity interest of AG Terminal Sdn Bhd for a total cash consideration of RM24,000,000.00. For details, please refer to our announcement to Bursa Securities dated 21 October 2011 and 23 December 2011.

Save for the above, 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 2011, the Group has the following known commitments:

	RM’000
Authorised property, plant and equipment expenditure not provided for in the financial statements	<u>11,590</u>

**A14. Related Party Transactions**

	<u>Current year to-date</u>
<u>The Group</u>	RM’000
With the affiliated companies - Press Metal Berhad Group	
Purchase of aluminium products	<u>139,188</u>
Sale of fabricated aluminium products and building materials	<u>48,347</u>

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

**B1. Operating Segments Review**

(a) Q4/11 vs. Q4/10

The Group's revenue increased from RM67.1 million recorded in Q4/10 to RM 74.3 million, approximately by 11%. Excluding the exceptional items highlighted in A4, total segment profits for Q4/11 was RM3.2 million, a decrease of 20% compared to Q4/10. The Group's profit before tax ("PBT") decreased from RM2.8 million to RM2.0 million, approximately by 28%.

Manufacturing and Trading segment

The revenue for Manufacturing and Trading segment rose by 6% from RM36.3 million to RM38.3 million. The increase was primarily driven by higher sales volume of aluminium products in Q4/11. However, segment profit decreased by 38% from RM3.0 million to RM1.9 million mainly due to the foreign exchange losses recorded in Q4/11.

Construction and Fabrication segment

Revenue from Construction and Fabrication segment rose by RM5.2 million from RM30.8 million to RM36.0 million. The segment profit increased from RM1.0 million to RM1.3 million on the back of higher revenue.

(b) FY2011 vs. FY2010

The Group recorded a revenue of RM309.8 million for the financial year ended 31 December 2011("FY2011"), representing an increase of 41% compared to RM219.4 million recorded for the financial year ended 31 December 2010("FY2010").

Excluding the exceptional items highlighted in A4, the Group's PBT increased from RM9.2 million to RM9.3 million, approximately by 1%.

Manufacturing and Trading segment

Revenue from Manufacturing and Trading segment rose by 39% from RM 133.9 million to RM 186.2 million. The improvement was mainly contributed by the increase in sales volume compound with increase in average selling price resulted from higher metal prices in FY2011.

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**B1. Operating Segments Review (continued)**

(a) FY2011 vs. FY2010 (continued)

Despite the increase in revenue, the segment profit for Manufacturing and Trading segment reduced by 6% from RM 9.9 million to RM 9.3 million recorded for FY2011. The decline was mainly caused by the fluctuation in the metal prices and the foreign exchange losses.

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM123.5 million for FY2011, representing an increase of 45% compared to RM 85.5 million recorded for FY2010. The increase was due to the acceleration of the progress of certain on-going projects during FY2011.

In tandem with higher revenue, segment profit rose to RM4.6 million, an increase of 38% compared to RM3.4 million recorded for FY 2010.

**B2. Material Change in Performance of Current Quarter compared with Preceding Quarter**

Comparing to the revenue of RM88.7 million recorded in the preceding quarter, the Group's revenue decreased by 16% to RM74.3 million. Excluding the exceptional items highlighted in A4, the Group's PBT was 33% lower at RM2.0 million mainly due to lower revenue and the foreign exchange losses.

**B3. Current year prospects**

Despite the recent decent economy data from U.S. and the fiscal integration of the Eurozone attempting to overcome the debt crisis, the global economic outlook is expected to remain challenging. However, locally, the Group is expected to benefit from the implementation of the projects under the Economic Transformation Programme.

With the implementation of appropriate marketing strategies and stringent cost control, the Board will endeavour to achieve a satisfactory result for the Group.

**B4. Profit forecast**

Not applicable as no profit forecast was published.

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**B5. Taxation**

	Quarter Ended 31/12/11	Current Year To-date
	RM'000	RM'000
Current	(1,056)	812
Deferred tax	615	615
	<u>(441)</u>	<u>1,427</u>

The Group's effective tax rate for the financial year under review is lower than the statutory rate due to the non-taxability of the recognition of gain on the disposal of AGT after offsetting the effect on the non-deductibility and double deduction of certain expenses.

**B6. Retained Earnings**

	As at 31/12/2011	As at 31/12/2010
	RM'000	RM'000
<b>Total retained earnings of the Company and its subsidiaries:</b>		
Realised	106,603	91,656
Unrealised	(4,243)	(3,948)
	<u>102,360</u>	<u>87,708</u>
Consolidation Adjustments	(30,491)	(30,172)
<b>Total Group retained earnings as per consolidated accounts</b>	<u>71,869</u>	<u>57,536</u>

**B7. Corporate Proposals**

There were no corporate proposals announced but not completed for the current quarter under review.



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**B8. Group borrowings and debt securities as at 31 December 2011**

	<u>Secured</u> <u>(RM'000)</u>	<u>Unsecured</u> <u>(RM'000)</u>	<u>Total</u> <u>(RM'000)</u>
<b>(a) (i) Short term</b>			
Overdraft	-	42	42
Revolving credit	-	5,908	5,908
Trade facilities	-	71,931	71,931
Term loan	<u>1,436</u>	<u>-</u>	<u>1,436</u>
	<u>1,436</u>	<u>77,881</u>	<u>79,317</u>
<b>(ii) Long term</b>			
Term loan	<u>11,436</u>	<u>-</u>	<u>11,436</u>
<b>Total</b>	<u><u>12,872</u></u>	<u><u>77,881</u></u>	<u><u>90,753</u></u>

**(b) Foreign currency bank borrowings**

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

	<u>HKD'000</u>	<u>RM'000</u> <u>Equivalent</u>
Revolving credit	12,000	4,908
Trade facilities	<u>26,872</u>	<u>10,991</u>
	<u>38,872</u>	<u>15,899</u>

**B9. Material Litigation**

There was no material litigation against the Group as at the reporting date.

**B10. Proposed Dividend**

The Board of Directors proposes a final single tier dividend of 2% per share for the Company in respect of the year ended 31 December 2011. The entitlement date will be fixed at a later date and subject to the shareholders’ approval.

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**B11. Earnings Per Share**

	<u>Current quarter</u>	<u>Year to-date</u>
<b>Basic earnings per share</b>		
Net profit attributable to the equity holders of the parent (RM'000)	10,083	15,496
 <b>Weighted average number of ordinary shares of RM0.50 each in issue - net of treasury shares held ('000)</b>		
Issued at the beginning of the period	77,480	77,480
Basic earnings per share (sen)	<u>13.01</u>	<u>20.00</u>

**B12. Auditors' report**

The annual auditors' report of the audited financial statements for the year ended 31 December 2010 was not subject to any qualification.

**B13. Note to the Condensed Consolidated Income Statement**

PBT is arrived at after changing and (crediting) the following items:

	Current Quarter RM'000	Current Financial To-date RM'000
a) Interest income	-	-
b) Other income including investment income	510	850
c) Interest expense	1,145	4,551
d) Depreciation and amortization	1,980	8,092
e) Provision for and write off of receivables	-	-
f) Provision for and write off of inventories	-	-
g) (Gain) and loss on disposal of quoted or unquoted Investments or properties	(88)	(80)
h) Impairment of assets	60	60
i) Foreign exchange (gain) or loss	906	771
j) (Gain) or loss on derivatives	-	-
k) Exceptional items (Please refer to A4)		
- Gain on disposal of AGT	(9,343)	(9,343)
- Deposit written off	1,750	1,750

**On behalf of the Board**

**Koon Poh Ming**  
**Chief Executive Officer**  
27 February 2012