

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

PART A :EXPLANATORY NOTES

A1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This condensed report also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under Financial Reporting Standards (“FRS”).

These condensed consolidated interim financial statements are the Group’s first MFRS compliant condensed report and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied.

The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The transition of the MFRS does not have any material financial impact to the Group.

A2. MFRS, Amendments to MFRSs and IC Interpretation issued but not yet effective

At the date of the authorisation of these interim financial statements, the following MFRS, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for annual periods beginning on or after
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013

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**A2. MFRS, Amendments to MFRSs and IC Interpretation issued but not yet effective
(continued)**

MFRSs, Amendments to MFRSs and IC Interpretation		Effective for annual periods beginning on or after
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

A3. Seasonal or cyclical of operations

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

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

There were no unusual items affecting the assets, liabilities, equity, net income and cash flows during the current quarter under review.

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 March 2012, 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

There was no dividend paid during the current financial year-to-date.

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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
<u>3 months ended 31 March 2012</u>				
Revenue from external customers	39,340	31,033		70,373
Inter-segment revenue	1,018	-	(1,018)	-
Total revenue	40,358	31,033	(1,018)	70,373
Segment result	2,037	1,603		3,640
Finance cost				(1,134)
Share of losses of equity accounted investees, net of tax				(82)
Tax expense				(689)
Profit for the period				1,735
Segment assets	203,558	158,825	(78,063)	284,320
Segment liabilities	93,086	117,324	(39,598)	170,812

A9. Valuation of property, plant and equipment

Property, plant and equipment of the Group were not revalued during the current quarter under review. All the property, plant and equipment were stated at costs less accumulated depreciation.

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.

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The change in the composition of the Group for the current quarter under review was as follows:

PMB System Builders Limited has ceased to be a 55%-owned subsidiary company of PMB Facade Technology Sdn Bhd, which in turn a wholly-owned subsidiary of the Company upon the deregistration with the Companies Registry of Hong Kong on 30 March 2012. The deregistration is in line with the Company's rationalization efforts to wind up inactive subsidiary companies.

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 March 2012, 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>27,424</u>
Sale of fabricated aluminium products and building materials	<u>4,126</u>

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2012****PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Operating Segments Review****Q1/12 vs Q1/11**

The Group's revenue increased from RM61.4 million recorded in Q1/11 to RM 70.4 million, approximately by 15%. Total segment profits for Q1/12 was RM3.6 million, representing an increase of 20% compared to Q1/11. In line with higher revenue, the Group's profit before tax ("PBT") increased by 22% from RM2.0 million to RM2.4 million.

Manufacturing and Trading segment

The revenue for Manufacturing and Trading segment slightly decreased by 2% from RM40.3 million to RM39.3 million. However, segment profit rose by 18% from RM1.7 million to RM2.0 million in light of the foreign exchange gain recognised in Q1/12.

Construction and Fabrication segment

Revenue from Construction and Fabrication segment rose by RM9.9 million or 47% from RM21.1 million to RM31.0 million was mainly due to the acceleration of the progress of certain on-going projects during Q1/12. On the back of higher revenue, the segment profit increased from RM1.3 million to RM1.6 million.

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

Comparing to the revenue of RM 74.3 million recorded in the preceding quarter, the Group's revenue decreased by 5% to RM70.4 million, which was mainly attributable to lower revenue contribution from the construction and fabrication business segment. However, the Group's PBT was 18% higher at RM2.4 million (excluding the gain on disposal arose from the disposal of AG Terminal Sdn Bhd of RM9.3 million and the written off of deposit paid of RM1.75 million in the preceding quarter) mainly due to the foreign exchange gain recognised in the current quarter and the foreign exchange losses recognised in the preceding quarter.

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B3. Current year prospects

Although there are signs of improvement from the recent U.S. economy data and the on-going progress including the austerity programs to overcome the Eurozone's debt crisis, both Europe and U.S. are still dealing with unprecedented debt burdens. The global economic outlook is expected to remain challenging.

Despite the uncertain global economic outlook, the overall prospects for the Asian economy are expected to remain cautiously optimistic.

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.

B5. Taxation

	Quarter Ended 31/3/12 RM'000	Current Year To-date RM'000
Current income tax	<u>689</u>	<u>689</u>

The Group's effective tax rate for the financial year-to-date under review was 28%, slightly higher than the prima facie tax rate due to the non-deductibility of certain expenses.

B6. Retained Earnings

	As at 31/03/2012 RM'000	As at 31/12/2011 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	107,645	106,603
Unrealised	(4,251)	(4,243)
	<u>103,394</u>	<u>102,360</u>
Consolidation Adjustments	(29,789)	(30,490)
Total Group retained earnings as per consolidated accounts	<u>73,605</u>	<u>71,870</u>

B7. Status of Corporate Proposals Announced

There were no corporate proposals announced but pending implementation during the financial quarter.

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	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
(a) (i) Short term			
Overdraft	-	1,685	1,685
Revolving credit	-	5,800	5,800
Trade facilities	-	71,497	71,497
Term loan	1,439	-	1,439
	<u>1,439</u>	<u>78,982</u>	<u>80,421</u>
(ii) Long term			
Term loan	11,084	-	11,084
	<u>11,084</u>	<u>-</u>	<u>11,084</u>
Total	<u>12,523</u>	<u>78,982</u>	<u>91,505</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:

	HKD'000	RM'000 Equivalent
Revolving credit	12,000	4,800
Trade facilities	24,666	9,866
	<u>36,666</u>	<u>14,666</u>

B9. Material Litigation

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

B10. Proposed Dividend

There was no dividend proposed during the current financial year-to-date.

B11. Earnings Per Share

	Current quarter	Year to-date
Basic earnings per share		
Net profit attributable to the Owners of the Company (RM'000)	1,736	1,736
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)	<u>2.24</u>	<u>2.24</u>

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The annual auditors' report of the audited financial statements for the year ended 31 December 2011 was not subject to any qualification.

B13. Notes to the Condensed Consolidated Income Statement

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

		Current Quarter RM'000	Current Financial To-date RM'000
a)	Interest income	(1)	(1)
b)	Other income including investment income	(28)	(28)
c)	Interest expense	1,134	1,134
d)	Depreciation and amortization	2,110	2,110
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	2	2
h)	Impairment of assets	-	-
i)	Foreign exchange (gain) or loss	(174)	(174)
j)	(Gain) or loss on derivatives	-	-
k)	Exceptional items	-	-

On behalf of the Board

Koon Poh Ming
Chief Executive Officer
29 May 2012