

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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:

		Effective for annual periods beginning on or after
MFRSs, Amendments to MFRSs and IC Interpretation		
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)**

		Effective for annual periods beginning on or after
MFRSs, Amendments to MFRSs and IC Interpretation		
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

Included in the other operating income for the current quarter and the financial year to-date, there was a gain of RM4.2 million arising from the disposal of a vacant industrial land measuring approximately 31,014.61 square meters in area for a cash consideration of RM11.0 million. The transaction was completed on 16 July 2012. For details, please refer to our announcement to Bursa Malaysia Securities Berhad dated 4 November 2011.

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

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 30 September 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.

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A7. Dividend paid

The final single tier dividend of 2% totaling RM774,798.00 for the financial year ended 31 December 2011 was paid to shareholders on 8 August 2012.

The interim single tier dividend of 2% totaling RM774,798.00 for the financial year ending 31 December 2012 was paid to shareholders on 3 October 2012.

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
<u>3 months ended 30 September 2012</u>				
Revenue from external customers	40,693	30,103		70,796
Inter-segment revenue	1,060	-	(1,060)	-
Total revenue	41,753	30,103	(1,060)	70,796
Segment result	3,020	940		3,960
Add : Gain on disposal of a property (A4)	4,185	-		4,185
	7,205	940		8,145
Finance cost				(1,416)
Share of profit of equity accounted investees, net of tax				196
Tax expense				(873)
Profit for the period				6,052

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	Manufacturing & trading RM'000	Construction & fabrication RM'000	Elimination RM'000	Total RM'000
<u>9 months ended 30 September 2012</u>				
Revenue from external customers	124,127	95,315		219,442
Inter-segment revenue	3,332	-	(3,332)	-
Total revenue	127,459	95,315	(3,332)	219,442
Segment result	8,140	3,919		12,059
Add : Gain on disposal of a property (A4)	4,185	-		4,185
	12,325	3,919		16,244
Finance cost				(3,827)
Share of losses of equity accounted investees, net of tax				(126)
Tax expense				(2,433)
Profit for the period				9,858
Segment assets	228,780	153,020	(83,210)	298,590
Segment liabilities	112,761	110,816	(44,727)	178,850

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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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 30 September 2012, the Group has the following known commitments:

	RM'000
Authorised property, plant and equipment expenditure not provided for in the financial statements	<u>307</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>97,702</u>
Sale of fabricated aluminium products and building materials	<u>10,837</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) Q3/12 vs. Q3/11

The Group's revenue decreased from RM88.8 million recorded in Q3/11 to RM70.8 million, approximately by 20%. Excluding the gain on disposal of a property of RM4.2 million highlighted in A4, the Group's profit before tax ("PBT") decreased from RM3.1 million to RM2.7 million, approximately by 11%.

Manufacturing and Trading segment

Lower selling price resulted from lower commodity price has led to the decrease in revenue for Manufacturing and Trading segment. The segment revenue was reduced by 25% from RM54.3 million to RM40.7 million. In line with the lower revenue, the segment profit decreased by 19% from RM3.7 million to RM3.0 million.

Construction and Fabrication segment

Revenue from Construction and Fabrication segment decreased from RM34.5 million to RM30.1 million, approximately by 13%. However, the segment profit increased by 69% from RM0.6 million to RM0.9 million partly due to lower raw material costs in Q3/12.

(b) FY2012 vs. FY2011

The Group recorded a revenue of RM219.4 million for the nine months ended 30 September 2012("9M/2012"), representing a decrease of 7% compared to RM235.5 million recorded for the nine months ended 30 September 2011("9M/2011").

However, the Group's PBT (excluding the gain on disposal of a property of RM4.2 million) increased by 11% from RM7.3 million to RM8.1 million.

Manufacturing and Trading segment

Lower selling price resulted from lower commodity price has led to the decrease in revenue. Revenue for Manufacturing and Trading segment decreased by 16% from RM148.0 million to RM124.1 million. However, the segment profit increased from RM7.4 million to RM8.1 million which was largely due to improved products mix.

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(b) FY2012 vs. FY2011 (continued)

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM95.3 million for 9M/2012, representing an increase of 10% compared to RM87.5 million recorded for 9M/2011. The increase was due to the acceleration of the progress of certain on-going projects.

On the back of higher revenue, segment profit rose by 20% from RM3.3 million to RM3.9 million.

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

Comparing to the revenue of RM78.3 million recorded in the preceding quarter, the Group's revenue decreased by 9% to RM70.8 million. As a result of lower revenue, the Group's PBT (excluding the gain on disposal of a property of RM4.2 million) was 7% lower at RM2.7 million.

B3. Current year prospects

In line with the Group's current operation activities, the operating results for the remaining of the year are expected to be satisfactory.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Taxation

	Quarter Ended 30/9/12 <u>RM'000</u>	Current Year To-date <u>RM'000</u>
Current income tax	<u>873</u>	<u>2,433</u>

The Group's effective tax rate for the financial year-to-date under review was 20%, lower than the prima facie tax rate due to the non-taxability of the exceptional gain after offsetting the effect on the non-deductibility of certain expenses and the loss-making subsidiaries.

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B6. Retained Earnings

	As at 30/09/2012	As at 31/12/2011
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	114,218	106,603
Unrealised	(4,251)	(4,243)
	<u>109,967</u>	<u>102,360</u>
Consolidation Adjustments	(29,789)	(30,490)
Total Group retained earnings as per consolidated accounts	<u>80,178</u>	<u>71,870</u>

B7. Status of Corporate Proposals Announced

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

B8. Group borrowings and debt securities as at 30 September 2012

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
(a) (i) Short term			
Overdraft	-	2,780	2,780
Revolving credit	-	5,740	5,740
Trade facilities	-	65,912	65,912
Term loan	2,698	-	2,698
	<u>2,698</u>	<u>74,432</u>	<u>77,130</u>
(ii) Long term			
Term loan	18,645	-	18,645
	<u>18,645</u>	<u>-</u>	<u>18,645</u>
Total	<u>21,343</u>	<u>74,432</u>	<u>95,775</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	4,740
Trade facilities	30,819	12,173
	<u>42,819</u>	<u>16,913</u>

B9. Material Litigation

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

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B10. Proposed Dividend

The Directors declared a second interim single tier dividend of 2% per share for the financial year ending 31 December 2012 and will be paid to shareholders on 13 December 2012. The entitlement date for the said dividend shall be 29 November 2012.

A Depositor shall qualify for entitlement to the Dividend only in respect of:-

- (a) Shares transferred to the Depositor's securities account before 4.00 p.m. on 29 November 2012 in respect of transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to Rules of Bursa Malaysia Securities Berhad.

B11. Earnings Per Share

	<u>Current quarter</u>	<u>Year to-date</u>
Basic earnings per share		
Net profit attributable to the Owners of the Company (RM'000)	6,052	9,859
<i>Weighted average number of ordinary shares of RM0.50 each in issue - net of treasury shares held ('000)</i>		
Issued at the beginning of the period	77,480	77,480
Basic earnings per share (sen)	<u>7.81</u>	<u>12.72</u>

B12. Auditors' report

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

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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	(43)	(44)
b)	Other income including investment income	(30)	(98)
c)	Interest expense	1,416	3,827
d)	Depreciation and amortization	1,987	6,054
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	(4,238)	(4,244)
h)	Impairment of assets	-	-
i)	Foreign exchange (gain) or loss	(554)	(304)
j)	(Gain) or loss on derivatives	-	-
k)	Exceptional items	-	-

On behalf of the Board

Koon Poh Ming
Chief Executive Officer

8 November 2012