

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 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 31 December 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 first interim single tier dividend of 2% totaling RM774,798.00 for the financial year ended 31 December 2012 was paid to shareholders on 3 October 2012.

The second interim single tier dividend of 2% totaling RM774,798.00 for the financial year ended 31 December 2012 was paid to shareholders on 13 December 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 31 December 2012</u>				
Revenue from external customers	41,644	23,619		65,263
Inter-segment revenue	3,102	-	(3,102)	-
Total revenue	44,746	23,619	(3,102)	65,263
Segment result	2,549	*(1,171)		1,378
Finance cost				(1,331)
Share of profit of equity accounted investees, net of tax				118
Tax expense				122
Profit for the period				287

* Inclusive of the unrealised foreign exchange loss of RM 2.3 million

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	Manufacturing & trading RM'000	Construction & fabrication RM'000	Elimination RM'000	Total RM'000
<u>12 months ended 31 December 2012</u>				
Revenue from external customers	165,771	118,934		284,705
Inter-segment revenue	6,434	-	(6,434)	-
Total revenue	172,205	118,934	(6,434)	284,705
Segment result	10,689	2,748		13,437
Add : Gain on disposal of a property (A4)				4,185
				17,622
Finance cost				(5,158)
Share of losses of equity accounted investees, net of tax				(8)
Tax expense				(2,311)
Profit for the period				10,145
Segment assets	228,756	141,665	(84,812)	285,609
Segment liabilities	111,853	100,940	(46,401)	166,392

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.

A11. Changes in the composition of the Group

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

PMB Facade Technology (S) Pte Ltd has ceased to be a 70%-owned subsidiary company of PMB Facade Technology Sdn Bhd, which in turn a wholly-owned subsidiary of the Company upon the deregistration on 8 January 2013. The deregistration is in line with the Company's rationalization efforts to wind up inactive subsidiary companies.

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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 2012, the Group has the following known commitments:

	RM'000
Authorised property, plant and equipment expenditure not provided for in the financial statements	<u> -</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>125,500</u>
Sale of fabricated aluminium products and building materials	<u>15,409</u>

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

B1. Operating Segments Review

The Group's results below were reviewed after excluding the exceptional gain of RM4.2 million recorded in the financial year ended 31 December 2012 as highlighted in A4 and the gain on disposal of the entire shareholding in AG Terminal Sdn Bhd of RM9.3 million and the written off of a deposit of RM1.75 million recorded in Q4/11.

(a) Q4/12 vs. Q4/11

The Group's revenue decreased from RM76.4 million recorded in Q4/11 to RM65.3 million, approximately by 15% and the Group's profit before tax ("PBT") was lower at RM0.2 million.

Manufacturing and Trading segment

The segment revenue rose by approximately 3%, from RM40.5 million to RM41.6 million. On the back of higher revenue, the segment profit was 16% higher at RM2.5 million.

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Construction and Fabrication segment

Revenue from Construction and Fabrication segment decreased 34%, from RM36.0 million to RM23.6 million was mainly due to slower progress for certain on-going projects.

The segment result declined by approximately RM2.5 million, from RM1.3 million of segment profit to a segment loss of RM1.2 million after the recognition of the unrealised foreign exchange loss of RM 2.3 million in Q4/12.

(b) FY2012 vs. FY2011

The Group recorded a revenue of RM284.7 million for the year ended 31 December 2012 ("FY2012"), representing a decrease of 9% compared to RM311.8 million recorded for the year ended 31 December 2011 ("FY2011"). In tandem with lower revenue, the Group's PBT decreased 13% from RM9.5 million to RM8.3 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 declined by 12% from RM188.4 million to RM165.8 million. However, the segment profit increased from RM9.6 million to RM10.7 million, largely due to improved products mix and the recognition of the foreign exchange gain in FY2012.

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM118.9 million for FY2012, representing a decrease of 4% compared to RM123.4 million recorded for FY2011.

The segment profit for FY2012 declined by RM 1.9 million from RM4.6 million to RM2.8 million was mainly due to lower revenue and the recognition of the unrealised foreign exchange loss of RM 2.3 million.

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

Comparing to the revenue of RM70.8 million recorded in the preceding quarter, the Group's revenue decreased by 8% to RM65.3 million. The impact of the lower revenue and the recognition of the foreign exchange loss reduced the Group's PBT (excluding the exceptional gain of RM4.2 million recorded in the preceding quarter) for the current quarter by RM2.5 million to RM0.2 million.

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B3. Current year prospects

The overall business environment is expected to remain challenging. The adoption of the minimum wages policy coupled with the fluctuation in the foreign currencies and the commodity prices are the key challenges to our cost management.

Barring any unforeseen circumstances, 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 31/12/12 RM'000	Current Year To-date RM'000
Current income tax	<u>122</u>	<u>(2,311)</u>

The Group's effective tax rate for the financial year-to-date under review was 18.6%, 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.

B6. Retained Earnings

	As at 31/12/2012 RM'000	As at 31/12/2011 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	113,432	106,603
Unrealised	<u>(4,728)</u>	<u>(4,243)</u>
	108,704	102,360
Consolidation Adjustments	<u>(29,789)</u>	<u>(30,490)</u>
Total Group retained earnings as per consolidated accounts	<u>78,915</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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B8. Group borrowings and debt securities as at 31 December 2012

	<u>Secured</u> <u>(RM'000)</u>	<u>Unsecured</u> <u>(RM'000)</u>	<u>Total</u> <u>(RM'000)</u>
(a) (i) Short term			
Overdraft	-	1,709	1,709
Revolving credit	-	5,740	5,740
Trade facilities	-	69,128	69,128
Term loan	2,745	-	2,745
	<u>2,745</u>	<u>76,577</u>	<u>79,322</u>
(ii) Long term			
Term loan	17,944	-	17,944
	<u>17,944</u>	<u>-</u>	<u>17,944</u>
Total	<u>20,689</u>	<u>76,577</u>	<u>97,266</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>
Overdraft	1,973	780
Revolving credit	12,000	4,740
Trade facilities	15,639	6,177
	<u>29,612</u>	<u>11,697</u>

B9. Material Litigation

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

B10. Proposed Dividend

The Directors declared a third interim single tier dividend of 2% per share for the financial year ended 31 December 2012 and will be paid to shareholders on 9 April 2013. The entitlement date for the said dividend shall be on 19 March 2013.

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 19 March 2013 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.

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B11. Earnings Per Share

	Current quarter	Year to-date
Basic earnings per share		
Net profit attributable to the Owners of the Company (RM'000)	287	10,145
 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)	0.37	13.09

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.

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	(2)	(46)
b)	Other income including investment income	(64)	(162)
c)	Interest expense	1,331	5,158
d)	Depreciation and amortization	1,779	7,833
e)	Provision for and write off of receivables	151	151
f)	Provision for and write off of inventories	-	-
g)	(Gain) and loss on disposal of quoted or unquoted Investments or properties	(2)	(4,246)
h)	Impairment of assets	-	-
i)	Foreign exchange (gain) or loss	1,862	1,558
j)	(Gain) or loss on derivatives	-	-
k)	Exceptional items	-	-

On behalf of the Board

**Koon Poh Ming
Chief Executive Officer**

27 February 2013