

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

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 issued by the Malaysia Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2012.

A2. Significant Accounting Policies

(a) Adoption of Standards, Amendments and IC Interpretations

The following MFRSs and IC Interpretations issued by MASB have been adopted by the Group during the current period:

MFRS 10	<i>Consolidated Financial Statements</i>
MFRS 11	<i>Joint Arrangements</i>
MFRS 12	<i>Disclosure of Interests in Other Entities</i>
MFRS 13	<i>Fair Value Measurement</i>
MFRS 119	<i>Employee Benefits (2011)</i>
MFRS 127	<i>Separate Financial Statements (2011)</i>
MFRS 128	<i>Investments in Associates and Joint Ventures (2011)</i>
Amendments to MFRS 1	<i>First-time Adoption of MFRS – Government Loans</i>
Amendments to MFRS 7	<i>Financial Instruments : Disclosures – Offsetting Financial Assets and Liabilities</i>
Amendments to MFRS 10	<i>Consolidated Financial Statements : Transition Guidance</i>
Amendments to MFRS 11	<i>Joint Arrangements : Transition Guidance</i>
Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities: Transition Guidance</i>
Amendments to MFRS 101	<i>Presentation of Items of Other Comprehensive Income</i>

Annual Improvements (2009 – 2011 Cycle) to IC Interpretations and MFRSs.

The adoption of the above standards, amendments and interpretations did not have any material financial impacts to the Group.

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A2. Significant Accounting Policies (Cont'd)

(b) Standards issued but not yet effective

Amendments to MFRS 9	<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>
Amendments to MFRS 10	<i>Consolidated Financial Statements: Investment Entities</i>
Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities: Investment Entities</i>
Amendments to MFRS 127	<i>Consolidated and Separate Financial Statements: Investment Entities</i>
Amendments to MFRS 132	<i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>

The Group plans to adopt the above when they become effective in the respective financial periods. The adoption of the above is not expected to have any material impacts to the financial statements of the Group upon their initial adoption.

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 30 June 2013, 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 third interim single tier dividend of 2% totaling RM774,798.00 for the financial year ended 31 December 2012 was paid to shareholders on 9 April 2013.

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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 June 2013</u>				
Revenue from external customers	43,602	24,258		67,860
Inter-segment revenue	68	345	(413)	-
Total revenue	43,670	24,603	(413)	67,860
Segment result	2,667	1,072		3,739
Finance cost				(1,442)
Tax expense				(664)
Profit for the period				1,633
<u>6 months ended 30 June 2013</u>				
Revenue from external customers	86,029	43,368		129,397
Inter-segment revenue	246	915	(1,161)	-
Total revenue	86,275	44,283	(1,161)	129,397
Segment result	4,754	2,289		7,043
Finance cost				(2,730)
Tax expense				(1,174)
Profit for the period				3,139
Segment assets	233,728	149,870	(88,228)	295,370
Segment liabilities	115,142	107,108	(49,743)	172,507

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.

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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 30 June 2013, the Group has the following known commitments:

	RM'000
Authorised property, plant and equipment expenditure not provided for in the financial statements	<u>1,400</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>65,078</u>
Sale of fabricated aluminium products and building materials	<u>10,211</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) Q2/13 vs Q2/12

The Group's revenue reduced from RM78.3 million recorded in Q2/12 to RM67.9 million, approximately by 13% was mainly due to lower contribution from Construction and Fabrication segment. Accordingly, the Group's profit before tax ("PBT") reduced from RM2.9 million to RM2.3 million.

Manufacturing and Trading segment

The revenue for Manufacturing and Trading segment decreased marginally by 1% from RM44.1 million to RM43.6 million. Lower revenue coupled with higher operating costs led to a decline in the segment operating profit by RM0.4 million, from RM3.1 million to RM2.7 million.

Construction and Fabrication segment

Revenue from Construction and Fabrication segment decreased by 29% from RM34.2 million to RM24.2 million was mainly due to slower progress for certain on-going projects during Q2/13. Accordingly, the segment operating profit declined from RM1.4 million to RM1.1 million.

(b) 6M/2013 vs 6M/2012

Compared to RM148.6 million recorded for the six months ended 30 June 2012 ("6M/2012"), the Group recorded a revenue of RM129.4 million for the six months ended 30 June 2013 ("6M/2013"), representing a decrease of 13%. The decrease was mainly due to lower contribution from Construction and Fabrication segment.

In tandem with the lower revenue, the Group's PBT decreased by 20% from RM5.4 million to RM4.3 million.

Manufacturing and Trading segment

Revenue for Manufacturing and Trading segment increased by 3% from RM83.4 million to RM86.0 million. However, the segment profit decreased by RM0.3 million from RM5.1 million to RM4.8 million which was mainly due to higher operating cost.

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM43.4 million for 6M/2013, representing a decrease of 33% compared to RM65.2 million recorded for 6M/2012. The decrease was due to slower progress for certain on-going projects. Accordingly, segment operating profit declined by 23% from RM3.0 million to RM2.3 million.

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

Comparing to the revenue of RM61.5 million recorded in the preceding quarter, the Group's revenue increased by 10% to RM67.9 million, which was mainly attributable to higher revenue contribution from the construction and fabrication business segment. In line with higher revenue, the Group's PBT was 14% higher at RM2.3 million.

B3. Current year prospects

The increasing raw material costs due to the strengthening in United States Dollars are the key challenges for the Group.

The business environment is expected to remain challenging and the Board remains cautious of the current economic conditions. Nevertheless, the Board will endeavour to achieve a satisfactory result for the Group with the implementation of appropriate strategies and stringent cost saving measures.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Taxation

	Quarter Ended 30/6/13 RM'000	Year To-date RM'000
Current income tax	664	1,174

The Group's effective tax rate for the financial year-to-date under review was 27.2%, slightly higher than the prima facie tax rate.

B6. Retained Earnings

	As at 30/06/2013 RM'000	As at 31/12/2012 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	116,600	114,207
Unrealised	(4,758)	(4,728)
	111,842	109,479
Consolidation Adjustments	(29,788)	(29,789)
Total Group retained earnings as per consolidated accounts	82,054	79,690

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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 June 2013

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
(a) (i) Short term			
Overdraft	-	3,295	3,295
Revolving credit	-	5,920	5,920
Trade facilities	-	65,634	65,634
Term loan	2,799	-	2,799
	<u>2,799</u>	<u>74,849</u>	<u>77,648</u>
(ii) Long term			
Term loan	16,495	-	16,495
	<u>16,495</u>	<u>-</u>	<u>16,495</u>
Total	<u>19,294</u>	<u>74,849</u>	<u>94,143</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	4,920
Trade facilities	25,046	10,269
	<u>37,046</u>	<u>15,189</u>

B9. Material Litigation

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

B10. Proposed Dividend

The Directors declared an interim single tier dividend of 2% per share for the financial year ending 31 December 2013 and will be paid to shareholders on 17 October 2013. The entitlement date for the said dividend shall be 25 September 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 25 September 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)	1,633	3,139
 <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>2.11</u>	<u>4.05</u>

B12. Auditors' report

The annual auditors' report of the audited financial statements for the year ended 31 December 2012 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	Financial To-date RM'000
a)	Interest income	(8)	(9)
b)	Other income including investment income	(25)	(51)
c)	Interest expense	1,442	2,730
d)	Depreciation and amortization	1,736	3,321
e)	Provision for and write off of receivables	203	203
f)	Provision for and write off of inventories	-	-
g)	(Gain) and loss on disposal of quoted or unquoted Investments or properties	-	-
h)	Impairment of assets	-	-
i)	Foreign exchange (gain) or loss	43	70
j)	(Gain) or loss on derivatives	-	-
k)	Exceptional items	-	-

On behalf of the Board

Koon Poh Ming
Chief Executive Officer
28 August 2013