

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

Included in the other income for the preceding year quarter and the preceding year to-date, there was a gain on disposal of a property of RM 4.2 million.

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 September 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.

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A7. Dividend paid

The interim single tier dividend of 2% totaling RM774,798.00 for the financial year ending 31 December 2013 was paid to shareholders on 17 October 2013.

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 2013</u>				
Revenue from external customers	44,922	31,762		76,684
Inter-segment revenue	4,605	1,630	(6,235)	-
Total revenue	49,527	33,392	(6,235)	76,684
Segment result	3,177	1,018		4,195
Finance cost				(1,222)
Tax expense				(693)
Profit for the period				2,280
<u>9 months ended 30 September 2013</u>				
Revenue from external customers	130,951	75,130		206,081
Inter-segment revenue	4,851	2,545	(7,396)	-
Total revenue	135,802	77,675	(7,396)	206,081
Segment result	7,931	3,307		11,238
Finance cost				(3,952)
Tax expense				(1,867)
Profit for the period				5,419
Segment assets	239,844	164,714	(94,529)	310,029
Segment liabilities	120,366	120,883	(56,015)	185,234

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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

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 2013, the Group has no capital commitments not provided for in the financial statements.

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>100,023</u>
Sale of fabricated aluminium products and building materials	<u>15,797</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) Q3/13 vs Q3/12

The Group's revenue was higher at RM76.7 million, representing an increase of 8% from RM70.8 million recorded in Q3/12. In line with higher revenue, excluding the gain on disposal of a property of RM4.2 million recorded in Q3/12, the Group's profit before tax ("PBT") increased from RM2.7 million to RM3.0 million.

Manufacturing and Trading segment

The revenue for Manufacturing and Trading segment increased by 10% from RM40.7 million to RM44.9 million. Accordingly, the segment profit increased from RM 3.0 million to RM 3.2 million.

Construction and Fabrication segment

Revenue from Construction and Fabrication segment increased from RM30.1 million to RM31.8 million, approximately by 6%. On the back of higher revenue, segment profit increased by 8%, from RM 0.9 million to RM1.0 million.

(b) 9M/2013 vs 9M/2012

The Group recorded a revenue of RM206.1 million for the nine months ended 30 September 2013("9M/2013"), representing a decrease of 6% compared to RM219.4 million recorded for the nine months ended 30 September 2012("9M/2012").

In line with lower revenue, the Group's PBT (excluding the gain on disposal of a property of RM4.2 million in 9M/2012) decreased by 10% from RM8.1 million to RM7.3 million.

Manufacturing and Trading segment

Revenue for Manufacturing and Trading segment increased by 5% from RM124.1 million to RM131.0 million.

However, the segment profit decreased by 3% from RM8.1 million to RM7.9 million which was mainly due to foreign exchange loss and the allowance for impairment loss on receivables recorded in 9M/2013.

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B1. Operating Segments Review (Cont'd)

(b) 9M/2013 vs 9M/2012 (Cont'd)

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM75.1 million for 9M/2013, representing a decrease of 21% compared to RM95.3 million recorded in 9M/2012. The decrease was due to slower progress for certain on-going projects. As a result, the segment profit declined by 16% to RM3.3 million.

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

The Group's revenue increased from RM67.9 million to RM76.7 million, approximately by 13%. On the back of higher revenue, the Group's PBT increased by 29%, from RM2.3 million to RM3.0 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 30/9/13 <u>RM'000</u>	Year To-date <u>RM'000</u>
Current income tax	<u>693</u>	<u>1,867</u>

The Group's effective tax rate for the financial year-to-date under review was 25.6%, slightly higher than the prima facie tax rate.

B6. Retained Earnings

	As at 30/09/2013 <u>RM'000</u>	As at 31/12/2012 <u>RM'000</u>
Total retained earnings of the Company and its subsidiaries:		
Realised	118,113	114,207
Unrealised	<u>(4,765)</u>	<u>(4,728)</u>
	113,348	109,479
Consolidation Adjustments	<u>(29,789)</u>	<u>(29,789)</u>
Total Group retained earnings as per consolidated accounts	<u>83,559</u>	<u>79,690</u>

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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 September 2013

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
(a) (i) Short term			
Overdraft	-	7,482	7,482
Revolving credit	-	6,040	6,040
Trade facilities	-	70,995	70,995
Term loan	2,848	-	2,848
	<u>2,848</u>	<u>84,517</u>	<u>87,365</u>
(ii) Long term			
Term loan	15,756	-	15,756
	<u>15,756</u>	<u>-</u>	<u>15,756</u>
Total	<u>18,604</u>	<u>84,517</u>	<u>103,121</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	5,040
Trade facilities	26,138	10,978
	<u>38,138</u>	<u>16,018</u>

B9. Material Litigation

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

B10. Proposed Dividend

The Directors declared a second interim single tier dividend of 2% per share for the financial year ending 31 December 2013 and will be paid to shareholders on 7 January 2014. The entitlement date for the said dividend shall be 10 December 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 10 December 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)	2,280	5,419
<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>2.94</u>	<u>6.99</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	(1)	(9)
b) Other income including investment income	(4)	(55)
c) Interest expense	1,222	3,952
d) Depreciation and amortization	1,749	5,071
e) Provision for and write off of receivables	968	1,171
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	1,753	1,823
j) (Gain) or loss on derivatives	-	-
k) Exceptional items	-	-

On behalf of the Board

Koon Poh Ming
Chief Executive Officer

18 November 2013