

EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 with IAS34: Interim Financial Reporting 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.

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

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A7. Dividend paid (Cont'd)

The Second interim single tier dividend of 2% totaling RM774,798.00 for the financial year ended 31 December 2013 was paid to shareholders on 7 January 2014.

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 2013</u>				
Revenue from external customers	42,934	32,731		75,665
Inter-segment revenue	2,741	106	(2,847)	-
Total revenue	45,675	32,837	(2,847)	75,665
Segment result	3,325	1,523		4,848
Finance cost				(1,641)
Share of loss in profit of associated company				(8)
Tax expense				(1,063)
Profit for the period				2,136
<u>12 months ended 31 December 2013</u>				
Revenue from external customers	173,885	107,861		281,746
Inter-segment revenue	7,592	2,651	(10,243)	-
Total revenue	181,477	110,512	(10,243)	281,746
Segment result	11,256	4,830		16,086
Finance cost				(5,593)
Share of loss in profit of associated company				(8)
Tax expense				(2,930)
Profit for the period				7,555
Segment assets	257,174	173,640	(100,368)	330,446
Segment liabilities	136,652	129,042	(61,827)	203,867

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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 31 December 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>136,306</u>
Sale of fabricated aluminium products and building materials	<u>19,376</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) Q4/13 vs Q4/12

The Group's revenue was higher at RM75.7 million, representing an increase of 16% from RM65.3 million recorded in Q4/12. The Group's profit before tax ("PBT") was higher at RM3.2 million.

Manufacturing and Trading segment

The revenue for Manufacturing and Trading segment increased by 3% from RM41.6 million to RM42.9 million. In line with higher revenue and better products mix, the segment profit increased from RM2.5 million to RM3.3 million.

Construction and Fabrication segment

Revenue from Construction and Fabrication segment increased 39%, from RM23.6 million to RM32.7 million which was mainly due to acceleration of the progress of certain on-going projects during the current quarter under review.

The segment profit increased by approximately RM2.7 million, from a segment loss of RM1.2 million recorded in Q4/12 to a segment profit of RM1.5 million. It was mainly due to the recognition of the unrealised foreign exchange loss of RM2.3 million in Q4/12 and higher revenue recorded in Q4/13.

(b) 12M/2013 vs 12M/2012

The Group's revenue decreased marginally to RM281.7 million for the year ended 31 December 2013 ("12M/2013").

Excluding the gain on the disposal of a property of RM4.2 million recorded in the year ended 31 December 2012 ("12M/2012"), the Group's PBT was higher at RM10.5 million, representing an increase of 27% from RM8.3 million.

Manufacturing and Trading segment

Revenue for Manufacturing and Trading segment increased by 5% from RM165.8 million to RM173.9 million. In tandem with higher revenue, the segment profit increased by 5% from RM10.7 million to RM11.3 million.

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B1. Operating Segments Review (Cont'd)

(b) 12M/2013 vs 12M/2012 (Cont'd)

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM107.9 million for 12M/2013, representing a decrease of 9% compared to RM118.9 million recorded in 12M/2012.

However, the segment profit increased by 76% from RM2.7 million to RM4.8 million which was mainly attributable to the recognition of the unrealised foreign exchange loss of RM2.3 million in 12M/2012.

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

The Group's revenue decreased marginally to RM75.7 million for the current quarter ended 31 December 2013. However, the Group's PBT increased by 8%, from RM3.0 million to RM3.2 million, mainly contributed by the improvement from Construction and Fabrication segment.

B3. Current year prospects

Under the increasing competitive environment, mainly as a result of the recent increase in cost of doing business, the current's year prospect is expected to remain challenging.

However, 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 31/12/13	Year To-date
	RM'000	RM'000
Current income tax	<u>1,063</u>	<u>2,930</u>

The Group's effective tax rate for the financial year-to-date under review was 27.9%, slightly higher than the prima facie tax rate.

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B6. Retained Earnings

	As at 31/12/2013 RM'000	As at 31/12/2012 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	120,674	114,207
Unrealised	(5,965)	(4,728)
	<u>114,709</u>	<u>109,479</u>
Consolidation Adjustments	(29,789)	(29,789)
Total Group retained earnings as per consolidated accounts	<u>84,920</u>	<u>79,690</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 31 December 2013

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
(a) (i) Short term			
Overdraft	-	5,257	5,257
Revolving credit	-	6,076	6,076
Trade facilities	-	79,237	79,237
Term loan	3,196	-	3,196
	<u>3,196</u>	<u>90,570</u>	<u>93,766</u>
(ii) Long term			
Term loan	15,868	-	15,868
Total	<u>19,064</u>	<u>90,570</u>	<u>109,634</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
Overdraft	1,454	615
Revolving credit	12,000	5,076
Trade facilities	25,146	10,637
	<u>38,600</u>	<u>16,328</u>

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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 2013 and will be paid to shareholders on 9 April 2014. The entitlement date for the said dividend shall be 19 March 2014.

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 2014 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)	2,136	7,555
<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>2.76</u>	<u>9.75</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.

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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	Financial To-date RM'000
a)	Interest income	(2)	(11)
b)	Other income including investment income	(158)	(213)
c)	Interest expense	1,641	5,593
d)	Depreciation and amortization	1,765	6,836
e)	Provision for and write off of receivables	(320)	851
f)	Provision for and write off of inventories	(172)	(172)
g)	(Gain) and loss on disposal of quoted or unquoted Investments or properties	-	-
h)	Impairment of assets	-	-
i)	Foreign exchange (gain) or loss	(877)	946
j)	(Gain) or loss on derivatives	-	-
k)	Exceptional items	-	-

On behalf of the Board

Koon Poh Ming
Chief Executive Officer

26 February 2014