

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

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 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 2013.

A2. Significant Accounting Policies

The accounting policies adopted in these condensed consolidated interim financial statements are consistent with those adopted for the financial year ended 31 December 2013, except for the adoption of the following Amendments to Standards and IC Interpretations effective for the annual periods beginning on or after 1 January 2014.

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>Separate Financial Statements: Investment Entities</i>
Amendments to MFRS 132	<i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 136	<i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to MFRS 139	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IC Interpretation 21	<i>Levies</i>

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

Standards issued but not yet effective

i) MFRS, Interpretation and amendments effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 119	<i>Defined Benefit Plans: Employee Contribution</i>
Annual Improvements to MFRSs 2010 – 2012 Cycle	
Annual Improvements to MFRSs 2011 – 2013 Cycle	

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A2. Significant Accounting Policies (Cont'd)

Standards issued but not yet effective (Cont'd)

ii) MFRS, Interpretation and amendments effective for a date yet to be confirmed

MFRS 9	<i>Financial Instruments (2009)</i>
MFRS 9	<i>Financial Instruments (2010)</i>
MFRS 9	<i>Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures</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 31 December 2014, 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 2013 was paid to shareholders on 9 April 2014.

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

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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 2014 was paid to shareholders on 7 January 2015.

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 2014</u>				
Revenue from external customers	46,024	45,610		91,634
Inter-segment revenue	937	-	(937)	-
Total revenue	46,961	45,610	(937)	91,634
Segment result	1,012	2,733		3,745
Finance cost				(1,769)
Share of loss in associated company				(9)
Tax expense				(535)
Profit for the period				1,432
<u>12 months ended 31 December 2014</u>				
Revenue from external customers	174,729	153,841		328,570
Inter-segment revenue	5,042	106	(5,148)	-
Total revenue	179,771	153,947	(5,148)	328,570
Segment result	8,732	7,078		15,810
Finance cost				(6,664)
Share of loss in associated company				(9)
Tax expense				(2,535)
Profit for the year				6,602
Segment assets	258,235	218,115	(95,450)	380,900
Segment liabilities	135,394	168,709	(55,939)	248,164

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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 2014, 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>140,628</u>
Sale of fabricated aluminium products and building materials	<u>13,760</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) Q4/14 vs Q4/13

The Group's revenue grew 21% to RM91.6 million, compared to RM75.8 million recorded in Q4/13. However, the Group's profit before tax ("PBT") was lower at RM2.0 million as compared to RM3.2 million recorded in Q4/13.

Manufacturing and Trading segment

The revenue for Manufacturing and Trading segment rose by RM3.0 million to RM46.0 million. However, the segment profit declined by approximately RM2.3 million from RM3.3 million to RM1.0 million which was mainly due to the recognition of the foreign exchange loss of RM 1.9 million in Q4/14.

Construction and Fabrication segment

Revenue from Construction and Fabrication segment was higher at RM45.6 million, representing an increase of 39% from RM32.7 million. It was mainly due to acceleration of the progress of certain on-going projects during the current quarter under review.

In line with the higher revenue and the foreign exchange gain of RM0.4 million, the segment profit increased to RM2.7 million from RM1.5 million recorded in Q4/13.

(b) 12M/2014 vs 12M/2013

The Group achieved higher revenue of RM328.6 million for the year ended 31 December 2014("12M/2014"), representing an increase of 17% from RM281.9 million recorded for the year ended 31 December 2013("12M/2013").

However, the Group's PBT decreased from RM10.5 million to RM9.1 million.

Manufacturing and Trading segment

Revenue for Manufacturing and Trading segment increased marginally from RM174.0 million to RM174.7 million. However, the segment profit decreased by RM2.5 million compared to 12M/2013. It was attributable to the increase in raw material prices especially aluminium that was not fully passed on to the customers in the second half of year 2014.

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM153.8 million for 12M/2014, representing an increase of 43% compared to RM107.9 million recorded for 12M/2013. The increase was due to acceleration of the progress for certain on-going projects. In line with higher revenue, the segment profit increased by 47% from RM4.8 million to RM7.1 million.

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

Compared with the preceding quarter, the Group's revenue decreased marginally by 1% to RM91.6 million. It was mainly due to lower revenue contributed by the Construction and Fabrication segment.

With the recognition of the foreign exchange loss in the current quarter, the Group's PBT decreased by RM0.7 million from RM2.7 million to RM2.0 million.

B3. Current year prospects

In light of the sharp decline in the global crude oil prices and the uncertainty surrounding the impending implementation of the Goods and Service Tax in April 2015, the outlook of the Malaysian economy is expected to be challenging.

However, the Group is confident of the opportunity for increasing its export sales in view of the weakened Ringgit.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Taxation

	Quarter Ended 31/12/14 <u>RM'000</u>	Current Year To-date <u>RM'000</u>
Current income tax	<u>535</u>	<u>2,535</u>

The Group's effective tax rate for the financial year-to-date under review was 28%, slightly higher than the prima facie tax rate.

B6. Retained Earnings

	As at 31/12/2014 <u>RM'000</u>	As at 31/12/2013 <u>RM'000</u>
Total retained earnings of the Company and its subsidiaries:		
Realised	126,017	119,954
Unrealised	<u>(7,032)</u>	<u>(5,245)</u>
	118,985	114,709
Consolidation Adjustments	<u>(29,788)</u>	<u>(29,789)</u>
Total Group retained earnings as per consolidated accounts	<u>89,197</u>	<u>84,920</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 31 December 2014

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
(a) (i) Short term			
Overdraft	-	4,036	4,036
Revolving credit	-	6,412	6,412
Trade facilities	-	104,677	104,677
Term loan	3,257	-	3,257
	<u>3,257</u>	<u>115,125</u>	<u>118,382</u>
(ii) Long term			
Term loan	12,760	-	12,760
	<u>12,760</u>	<u>-</u>	<u>12,760</u>
Total	<u>16,017</u>	<u>115,125</u>	<u>131,142</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	1,358	613
Revolving credit	12,000	5,412
Trade facilities	56,600	25,526
	<u>69,958</u>	<u>31,551</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 2014 and will be paid to shareholders on 9 April 2015. The entitlement date for the said dividend shall be 19 March 2015.

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 2015 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)	1,432	6,602
<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>1.85</u>	<u>8.52</u>

B12. Auditors' report

The annual auditors' report of the audited financial statements for the year ended 31 December 2013 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	-	(11)
b) Other income including investment income	(73)	(171)
c) Interest expense	1,769	6,664
d) Depreciation and amortization	1,892	7,349
e) Provision for and write off of receivables	324	482
f) Provision for and write off of inventories	64	64
g) (Gain) and loss on disposal of quoted or unquoted Investments or properties	-	-
h) Impairment of assets	-	-
i) Foreign exchange (gain) or loss	1,547	1,310
j) (Gain) or loss on derivatives	-	-
k) Exceptional items	-	-

On behalf of the Board

Koon Poh Ming
Chief Executive Officer

12 February 2015