

**EXPLANATORY NOTES TO THE QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2015**

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 2014.

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 2014, except for the adoption of the following Amendments and Annual Improvements to Standards effective for the annual periods beginning on or after 1 January 2015.

- Amendments to MFRS 119, *Defined Benefit Plans: Employee Contribution*
- Annual Improvements to MFRs 2010 – 2012 Cycle
- Annual Improvements to MFRs 2011 – 2013 Cycle

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

Standards issued but not yet effective

i) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements, MFRS 12, Disclosure on Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiatives*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*

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A2. Significant Accounting Policies (Cont'd)

Standards issued but not yet effective (Cont'd)

i) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (Cont'd)

- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Annual Improvements to MFRs 2012-2014 Cycle

ii) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

iii) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments* (2014)

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.

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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 2015, 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 2014 was paid to shareholders on 9 April 2015.

The first interim single tier dividend of 2% totaling RM774,798.00 for the financial year ending 31 December 2015 was paid to shareholders on 11 June 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 30 June 2015</u>				
Revenue from external customers	47,174	64,923		112,097
Inter-segment revenue	2,739	-	(2,739)	-
Total revenue	49,913	64,923	(2,739)	112,097
Segment result	1,237	2,587		3,824
Finance cost				(1,667)
Tax expense				(538)
Profit for the period				1,619

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A8. Segmental information (cont'd)

6 months ended 30 June 2015

Revenue from external customers	98,132	120,999		219,131
Inter-segment revenue	4,042	-	(4,042)	-
Total revenue	102,174	120,999	(4,042)	219,131
Segment result	2,687	5,050		7,737
Finance cost				(3,248)
Tax expense				(1,130)
Profit for the period				3,359
Segment assets	261,569	217,917	(98,919)	380,567
Segment liabilities	140,660	162,664	(59,673)	243,651

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 June 2015, the Group has no capital commitments not provided for in the financial statements.

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A14. Related Party Transactions

<u>The Group</u>	<u>Current year to-date</u> RM'000
With the affiliated companies - Press Metal Berhad Group	
Purchase of aluminium products	<u>82,449</u>
Sale of fabricated aluminium products and building materials	<u>12,280</u>

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

B1. Operating Segments Review

(a) Q2/15 vs Q2/14

The Group's revenue was higher at RM112.1 million, representing an increase of 56% from RM71.7 million recorded in Q2/14. The increase was mainly due to higher revenue contribution from Construction and Fabrication segment.

However, the Group's profit before tax ("PBT") decreased from RM2.6 million to RM2.2 million.

Manufacturing and Trading segment

The revenue for Manufacturing and Trading segment increased by 5% from RM44.8 million to RM47.2 million. However, the segment profit decreased from RM2.8 million to RM1.2 million. It was mainly due to the foreign exchange loss arose from the import of materials and the lower selling price resulted from the lower aluminium price.

Construction and Fabrication segment

Revenue from Construction and Fabrication segment was higher at RM64.9 million, representing an increase of 141% from RM26.9 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, the segment profit increased by 96%, from a segment profit of RM1.3 million recorded in Q2/14 to RM2.6 million.

(b) 6M/2015 vs 6M/2014

The Group recorded a revenue of RM219.1 million for the six months ended 30 June 2015 ("6M/2015"), representing an increase of 51% from RM144.7 million recorded for the six months ended 30 June 2014 ("6M/2014"). The increase was mainly due to higher revenue contribution from Construction and Fabrication segment. However, the Group's PBT remained flat at RM4.5 million.

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**B1. Operating Segments Review (cont'd)
(b) 6M/2015 vs 6M/2014 (cont'd)**

Manufacturing and Trading segment

Revenue for Manufacturing and Trading segment increased by 16% from RM84.4 million to RM98.1 million. However, with the foreign exchange loss and the lower selling price, the segment profit decreased from RM4.8 million to RM2.7 million.

Construction and Fabrication segment

Construction and Fabrication segment recorded a revenue of RM121.0 million for 6M/2015, representing an increase of 101% compared to RM60.3 million recorded for 6M/2014. The increase was due to acceleration of the progress for certain on-going projects. Accordingly, segment profit increased by 74% from RM2.9 million to RM5.1 million.

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

Compared with the preceding quarter, the Group's revenue increased from RM107.0 million to RM112.1 million, approximately by 5%. However, with the lower contribution from Manufacturing and Trading segment, the Group's PBT decreased by 8%, from RM2.3 million to RM2.2 million.

B3. Current year prospects

With the current uncertainty associated with the weakening economy in the region, the volatility in the commodity prices and U.S. Dollars, we are expecting this year to be very challenging.

Nevertheless, the Group will continue to improve its effort to innovate its products design in order to achieve higher export sales and a satisfactory result for the year.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Taxation

	Quarter Ended 30/06/15 RM'000	Current Year To-date RM'000
Current income tax	<u>538</u>	<u>1,130</u>

The Group's effective tax rate for the financial year-to-date under review was 24.9%, equivalent to the prima facie tax rate.

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B6. Retained Earnings

	As at 30/06/2015 RM'000	As at 31/12/2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
Realised	126,972	125,627
Unrealised	(6,571)	(7,033)
	<u>120,401</u>	<u>118,594</u>
Consolidation Adjustments	(29,395)	(29,397)
Total Group retained earnings as per consolidated accounts	<u>91,006</u>	<u>89,197</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 30 June 2015

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
(a) (i) Short term			
Overdraft	-	4,530	4,530
Revolving credit	-	8,320	8,320
Trade facilities	-	82,845	82,845
Term loan	3,367	-	3,367
	<u>3,367</u>	<u>95,695</u>	<u>99,062</u>
(ii) Long term			
Term loan	11,049	-	11,049
	<u>11,049</u>	<u>-</u>	<u>11,049</u>
Total	<u>14,416</u>	<u>95,695</u>	<u>110,111</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	1,946	950
Revolving credit	15,000	7,320
Trade facilities	43,560	21,257
	<u>60,506</u>	<u>29,527</u>

B9. Material Litigation

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

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B10. Proposed Dividend

The Directors declared a Second interim single tier dividend of 2% per share for the financial year ending 31 December 2015 and will be paid to shareholders on 17 September 2015. The entitlement date for the said dividend shall be 3 September 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 3 September 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.

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)	1,619	3,359
<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>2.09</u>	<u>4.34</u>

B12. Auditors' report

The annual auditors' report of the audited financial statements for the year ended 31 December 2014 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	Current Financial To-date RM'000
a)	Interest income	(6)	(7)
b)	Other income including investment income	(2)	(46)
c)	Interest expense	1,667	3,248
d)	Depreciation and amortization	2,122	3,964
e)	Provision for and write off of receivables	-	-
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	478	961
j)	(Gain) or loss on derivatives	-	-
k)	Exceptional items	-	-

On behalf of the Board

Koon Poh Ming
Chief Executive Officer

12 August 2015