

Audit Committee Report



PRESS METAL BERHAD
COMPANY NO. 153208-W
ANNUAL REPORT 2002

Composition

The present Audit Committee comprises 4 members. The Company has complied with the Listing Requirements of the KLSE that came into effect on 1 June 2001, which require a majority of Audit Committee members to be Independent Directors. In addition, one of the members of the Audit Committee is also a member of the Malaysian Institute of Accountants ("MIA") and the Chairman of the Audit Committee is an Independent Director.

Membership

The composition of the Company's Audit Committee, appointed by the Board from amongst its members comprises four (4) members as follows:-

Mohamad Faiz Bin Abdul Hamid (Chairman)

Independent Non-Executive Director

Loo Lean Hock

Independent Non-Executive Director; Member of the Malaysian Institute of Accountants

Tan Heng Kui

Independent Non-Executive Director

Dato' Koon Poh Keong

Group Chief Executive Officer

Attendance at Meetings

During the financial year, the Committee held four (4) meetings. The details of attendance of the Committee members are as follows:-

Name of Audit Committee member	No. of meetings attended
Mohamad Faiz bin Abdul Hamid	4/4
Dato' Koon Poh Keong	4/4
Loo Lean Hock	4/4
Tan Heng Kui	2/4

Terms of Reference

Composition of the Audit Committee

The Audit Committee shall be appointed by the Directors from among their number (pursuant to a resolution of the Board of Directors), which fulfils the following requirements:-

- The Audit Committee must be composed of no fewer than 3 members;
- A majority of the audit committee must be independent directors; and
- At least one member of the audit committee:-
 - must be a member of the Malaysian Institute of Accountants; or
 - if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director. In the event of any vacancy in the Audit Committee resulting in the non-compliance of items (a) to (c) above, the vacancy must be filled within 3 months of that event. The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.



Objectives

The objective of the Audit Committee is to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies.

In addition, the Audit Committee shall:-

- a) Oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- b) Maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- c) Determine the adequacy of the Group's administrative, operating and accounting controls.

Duties and Responsibilities

The following are the main duties and responsibilities of the Audit Committee:-

- a) Recommend to the Board on the appointment and annual re-appointment of the external auditors and their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit.
- b) Discuss with the external auditor before the audit commences, the nature and scope of the audit, the audit plan and ensure co-ordination where more than one audit firm is involved.
- c) Review the quarterly results and annual financial statements of the Company and the Group prior to approval by the Board whilst ensuring that they are prepared in a timely and accurate manner complying with all accounting and regulatory requirements and are promptly published.
- d) Discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss in the absence of the Management where necessary.
- e) Review the external auditor's management letter and Management's response.
- f) Review the assistance and co-operation given by Press Metal Berhad and its Group's officers to the external auditors.
- g) Evaluate the standards of internal controls and financial reporting of the Press Metal Group of Companies.
- h) Review any related party transactions and conflict of interest situation that may arise within Press Metal Berhad or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
- i) Consider other issues as defined by the Board.

RIGHTS OF THE AUDIT COMMITTEE

The Audit Committee shall, wherever necessary and reasonable for the Company to perform of its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

- a) Have authority to investigate any matter within its terms of reference;
- b) Have the resources which are required to perform its duties;
- c) Have full and unrestricted access to any information pertaining to the Company;
- d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e) Be able to obtain independent professional or other advice; and
- f) Be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.



MEETINGS

The Audit Committee shall meet at least 4 times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. However, at least once a year the Audit Committee shall meet with the external auditors without executive Board members present.

In addition, the Chairman may call a meeting of the Audit Committee at the request of any committee member, the Company's Chief Executive, or the internal or external auditors.

The Company Secretary or other appropriate senior officer shall act as secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to committee members and to the other members of the Board of Directors.

A quorum shall consist of a majority of independent directors.

By invitation of the Audit Committee, the Company must ensure that other directors and employees attend any particular audit committee meeting specific to the relevant meeting.

Internal Audit Function

The Internal Audit Department is independent of the activities or operations of other operating units. The principal role of the department is to undertake independent, regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the internal audit department to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements. The Company outsourced its internal audit functions to Monterio & Heng ("M&H"), an independent approved auditing firm. The objectives are to assist the Audit Committee to discharge its duties and responsibilities more effectively. The main role of the M&H was to review the effectiveness of the system of controls in the Company and its subsidiaries.

Activities Report

The main activities undertaken by the Internal Auditor were as follows:-

1. Regularly examining the controls over all significant Group's operations and systems to ascertain whether the system establish provides reasonable assurance that the Group's objectives and goals will be met efficiently and economically.
2. Prepare the annual audit plan for deliberation by Audit Committee.
3. Act on suggestions made by Audit Committee and/or senior management on concerns over operations or control.
4. Issue audit reports which identify weakness and problems and contain recommendations for improvements.
5. Issue audit repots to the appropriate level of management capable of achieving satisfactory results.



It is my pleasure, on behalf of the Board of Directors, to present to you the Annual Report and Financial Statements of Press Metal Berhad ('PMB') and its subsidiaries ('The Group') for the financial year ended 31 December 2002.



**Dato' Megat Abdul Rahman
Bin Megat Ahmad, DSDK,**
Chairman



FINANCIAL RESULTS

The Group achieved another year of satisfactory performance in the year 2002. The Group recorded a turnover of RM355.7 million for the financial year ended 31 December 2002 representing a rise of approximately RM52.5 million or an increase of 17% over the previous year of RM303.2 million.

The consolidated profit before tax of RM21.2 million showed an increase of RM8.5 million or 66% whereas the consolidated profit after tax and minority interest rose by RM4 million or 65% to RM10.0 for the financial year ended 31 December 2002. Correspondingly, the Group earnings per share increased from 9.7 sen to 16.1 sen.

DIVIDENDS

The Board is pleased to propose final tax exempt dividend of 3.0%, in respect of the financial year ended 31 December 2002, subject to shareholders approval at the forthcoming Annual General Meeting. This represents a total tax exempt dividend of 4.5% for the year, which includes an interim tax exempt dividend of 1.5% that was paid on 20 July 2002.

CORPORATE DEVELOPMENT

On behalf of PMB, I am pleased to announce that the Securities Commission has vide its letter dated 22 January 2003 approved the proposed listing of its subsidiary companies, namely PMB Facade Technology Sdn. Bhd. and its subsidiary companies and Everlast Aluminium (M) Sdn. Bhd. and its subsidiary companies, through PMB Technology Berhad, on the Second Board of the Kuala Lumpur Stock Exchange. The whole listing exercise is expected to be completed before end of the financial year 2003.

PROSPECTS

The on going war in the Middle East and the SARS epidemic, have dampened the global as well as local economy. The Board is cautious about the business environments going forward. However, with a strong and dedicated management team in the Group and the application of appropriate business strategies, the performance of the Group in the coming year is expected to be satisfactory and shareholders' value protected.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank all our employees for their hard work, dedication, loyalty and commitment. In these changing, challenging and difficult times, I ask for their continued support and commitment in the years ahead. I would also like to thank our shareholders, customers, suppliers, business associates, bankers and government authorities for their support.

DATO' MEGAT ABDUL RAHMAN BIN MEGAT AHMAD

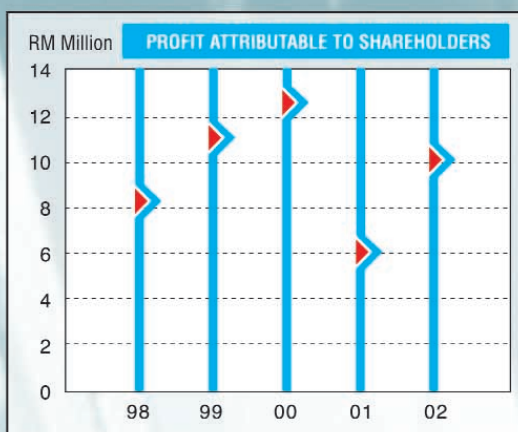
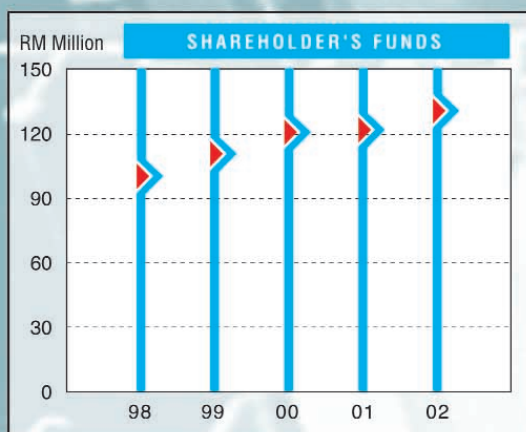
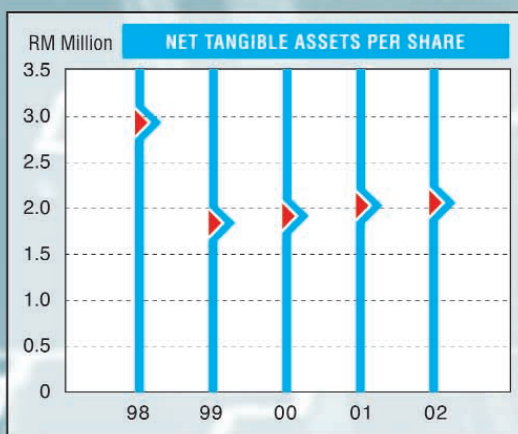
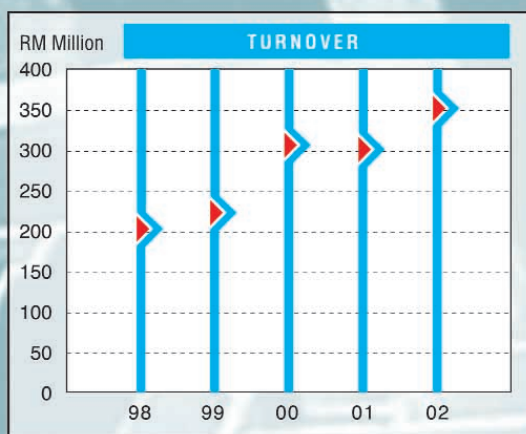
Chairman

Date: 26 May 2003



Five Years Group Financial Highlights

	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Turnover	221,905	239,817	309,158	303,252	355,708
Profit Before Taxation	10,932	13,256	20,685	12,772	21,174
Profit After Taxation	9,102	13,843	16,318	8,874	15,565
Profit Attribution to Shareholders	8,288	11,744	12,466	6,042	10,011
Shareholders' Funds	102,039	111,923	123,459	123,571	131,722
Paid-up Share Capital	34,453	62,016	62,016	62,016	62,016
Net Earnings Per Share (Sen)	24	19	20	10	16
Net Tangible Assets Per Share (RM)	2.91	1.78	1.93	1.94	2.06
Gross Dividend Rate (%)	3.5	3.0	1.5	1.5	4.5



Corporate Governance Statement



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The Board of Directors has always upheld the highest standards of corporate governance to safeguard the interest of all stakeholders, which include shareholders, investors and employees. The Board views corporate governance as synonymous with four key concepts; namely transparency, accountability, integrity as well as corporate performance.

BOARD OF DIRECTORS

Board Responsibility

The Board acknowledges the pivotal role played by the Board of Directors in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects and significant financial matters. The schedule ensures that the governance of the Group is in its hands.

Meeting

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year, the Board met on four (4) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions and the business plan and direction of the Group.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made. All proceedings from the Board meetings are minuted.

Details of Directors' attendance at Board Meetings held in the financial year ended 31 December 2002 are as follows:

	Meetings Attended
Dato' Megat Abdul Rahman bin Megat Ahmad	4/4
Koon Poh Ming	3/4
Dato' Koon Poh Keong	4/4
Koon Poh Weng	4/4
Koon Poh Kong	2/4
Koon Poh Tat	4/4
Kuan Shin @ Kuan Nyong Hin	4/4
Mohamad Faiz bin Abdul Hamid	3/4
Loo Lean Hock	4/4
Tan Heng Kui	2/4
Kuan Pek Seng (Alternate Director to Kuan Shin @ Kuan Nyong Hin)	N/A

Board Committees

The Board of Directors delegates certain responsibilities to the Board Committees, as follows:

Board Committee	Key Functions
Audit Committee	Explained on pages 14 to 16 of this annual report
Executive Committee	Oversees all pertinent operational issues on a monthly basis.
Remuneration Committee	Explained on page 23 of this annual report
Nomination Committee	Explained on page 22 of this annual report.

All committees have written terms of reference and operating procedures, and the Board receives reports of their proceedings and deliberations. The Chairman of the various committees will report to the Board on the outcome of the Committee meetings and such reports are incorporated in the minutes of the full Board meeting. These committees are formed in order to enhance business and operational efficiency as well as efficacy. Prior to the establishment of the committees, the Board as a whole assumed part of their functions.

Board Balance

As at the date of this statement, the Board consists of a Chairman (Independent Non-Executive Chairman), an Executive Vice Chairman, a Group Chief Executive Officer, three (3) Executive Directors, three (3) Independent Non-Executive Directors, a Non-Executive Director and an Alternate Director, who is also a Non-Executive Director. A brief profile of each Director is presented on pages 9 and 12 of this Annual Report.

There is also balance in the Board with the presence of Independent Non-Executive Directors possessing the caliber necessary to carry sufficient weight in Board decisions. Although all the Directors have an equal responsibility for the Company's operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and taking account of the long term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Company conduct business.

The non-executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. Together with the executive Directors who have indepth knowledge of the business, the Board constituted of individuals who are committed to business integrity and professionalism in all its activities.

There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Board is led by Dato' Megat Abdul Rahman bin Megat Ahmad as the Independent Non-Executive Chairman and the executive management of the Company is led by Dato' Koon Poh Keong, the Group Chief Executive Officer.

The roles of Chairman and the Group Chief Executive Officer are clearly defined in their individual position descriptions. The Chairman is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The Group Chief Executive Officer is responsible for the day-to-day management of the business as well as the implementation of Board's policies and decisions. The Code recommends the appointment of a senior independent non-executive Director to whom concerns may be conveyed. As explained in the compliance statement below, the Board has not appointed any independent non-executive Director to fulfill that role, given the strong independent element on the Board, with a recognised independent non-executive Chairman, Dato' Megat Abdul Raman bin Megat Ahmad, whose role is separated from the Group Chief Executive Officer.

The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders in the Company.



Supply of Information

The Board recognises that the decision making process is highly contingent on the strength of information furnished. As such, Directors have unrestricted access to any information pertaining to the Company.

The Chairman plays a key role in ensuring that all Directors have full and timely access to information with Board papers circulated at least five (5) working days in advance of Board meetings. This ensures that Directors have sufficient time to appreciate issues deliberated at the Board meeting and expedites the decision making process. A comprehensive balance of financial and non-financial information is encapsulated in the papers covering strategic, operational, regulatory, marketing and human resources issues.

Every Director has also unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board while the terms of appointment permit her removal and appointment only by the Board as a whole.

The Audit Committee and Executive Committee play a pivotal role in channeling pertinent operational and assurance related issues to the Board. The Committees partly functions as a filter to ensure that only pertinent matters are tabled at the Board level. There is also a formal procedure sanctioned by the Board of Directors, whether as a full board or in their individual capacity, for Directors to obtain independent professional advice at the Company's expense.

Detailed periodic briefings on the industry outlook and company performance are also conducted for the Directors to ensure that the Board is well informed on the latest market and industry trends.

Appointment to the Board

Nomination Committee

The Nomination Committee comprised the following members during the financial year:

Dato' Megat Abdul Rahman bin Megat Ahmad	-	Chairman, Non-Executive Director
Mohamad Faiz Bin Abdul Hamid	-	Independent Non-Executive Director
Loo Lean Hock	-	Independent Non-Executive Director

The Committee consists entirely of non-executive Directors. The Nomination Committee is empowered by the Board and its terms of reference to bring to the Board recommendations as to the appointment of new Directors. The Nomination Committee also systematically assesses the effectiveness of the Board, its Committees and the contribution of each individual Director on an annual basis.

The Committee also keeps under review the Board structure, size and composition.

Appointment process

The Board through the Nomination Committee's annual appraisal believes that the current composition of the Board brings the required mix of skills and core competencies required for the Board to discharge its duties effectively.

The Board appoints its members through a formal and transparent selection process, which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) organized by the Research Institute of Investment Analysts' Malaysia (RIIAM). The Directors will also continue to undergo other relevant training programme to further enhance their skills and knowledge where relevant.

Re-Election

The Articles of Association provide that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting and in ascertaining the number of Directors to retire, the Company shall ensure that all Directors shall retire at least once in every three (3) years but shall be eligible for re-election. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-election. A retiring Director is eligible for re-election. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for re-election are furnished in a separate statement accompanying the Notice of the Annual General Meeting ("AGM").

Remuneration Committee

The Remuneration Committee comprises two Independent Non-Executive Directors and one Executive Director with Dato' Megat Abdul Rahman bin Megat Ahmad as Chairman. The Committee is responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors to the Board. None of the Executive Director participated in any way in determining their individual remuneration.

Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

The members of the Remuneration Committee are as follows:-

Independent Non-Executive Director

- Dato' Megat Abdul Rahman bin Megat Ahmad (Chairman)
- Mohamad Faiz bin Abdul Hamid

Executive Director

- Koon Poh Ming

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company who served during the financial year are as follows:

Category	Fees (RM'000)	Salaries @ Other Emoluments (RM'000)	Benefits in kind (RM' 000)
Executive Directors	-	1,074	6
Non-Executive Directors	78	-	-

Corporate Governance Statement



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The numbers of Directors of the Company who served during the financial year and whom's income from the Group falling within the following bands are as follows:

	Executive	Non-Executive	Total
RM50,000 and below	-	5	5
RM50,001 - RM100,000	-	-	-
RM100,001 - RM150,000	-	-	-
RM150,001 - RM200,000	-	-	-
RM200,001 - RM250,000	5	-	5

SHAREHOLDERS

The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving shareholders as clear and complete picture of the Company's performance and position as possible.

The key element of the Company's dialogue with its shareholders is the opportunity to gather views of, and answer questions from, both private and institutional shareholders on all issues relevant to the Company at the AGM. It has been the Company's practice to send the Notice of the AGM and related papers to shareholders at least twenty-one (21) days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholder with a written answer after the AGM. The Chairman of the Board also addresses the shareholders on the review of the Group's operations for the financial year and outlines the prospects of the Group for the subsequent financial year. Copies of the address are given out to shareholders and the press before the AGM. Additionally, a press conference is held immediately after the AGM where the Chairman advises the press of the resolutions passed, and answers questions on the Group. The Group Chief Executive Officer and the Executive Director are also present at the press conference.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to shareholders as well as the Chairman's statement and review of operations in the annual report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' Responsibility Statement In Respect Of The Preparation Of The Audited Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their profit or loss and cashflows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.



Corporate Governance Statement

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

State of internal controls

The Statement on Internal Control furnished on page 26 of the annual report provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 14 to 16 of the Annual Report.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on page 16 of the Annual Report.

The Company has complied throughout the financial year with all the best practices of corporate governance set out in Part 2 of the Code, except for Best Practice AAVII (Nomination of a Senior Independent Non-Executive Director). Given the current composition of the Board, which reflects a strong independent element, and the separation of the roles of Chairman and Group Chief Executive Officer, the Board does not consider it necessary at this juncture to nominate s Senior Independent Non-Executive Director.



Introduction

The revamped Kuala Lumpur Stock Exchange Listing Requirements, Paragraph 15.27 (b) requires the Board of Directors of public listed companies to include in its annual report a 'statement about the state of internal control of the listed issuer as a group'. The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the group's assets. Set out below is the Board's Internal Control Statement, which has been prepared in accordance with the Guidance.

Board Responsibility

The Board of Directors recognizes the importance of sound internal control and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls which includes the establishment of an appropriate control environment and framework as well as reviewing the adequacy and effectiveness of those systems. It should be noted, however, that due to the inherent limitations in any system, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Internal Audit Function and Risk Management Framework

The Audit Committee has engaged the services of external consultants to assess the adequacy and effectiveness of the internal control systems and is in the process of engaging the same external consultants to assist in the development and assessment of a risk management framework. The Audit Committee has full access to the whole audit process, from the annual audit plan up to the audit findings and reporting. The details on the Internal Audit function are further explained on page 16 of this Annual Report. The Management is responsible for ensuring that corrective actions are taken within the required time frame on reported weaknesses.

Other key elements of internal control

Apart from risk management and internal audit, the other key elements of the Group's internal control systems are described below:

- Clearly defined line of responsibilities and delegation of authority are in place for all business operating units;
- Where appropriate, certain companies have ISO 14001, MS ISO 9002 and OHSAS 18001 accreditation for their operational processes;
- Review of all proposal for material capital and investment acquisitions by the Management prior to the review and approval by the Board of Directors;
- Regular and comprehensive information provided to Management, covering financial performance as well as key performance indicators, such as cash flow performance, product sales analysis and operating cost analysis. These performance reports are benchmarked against budget;
- Quarterly monitoring of results and financial position by the Board;
- Regular visits to business operating units by members of the Board and the Management team;
- Quarterly review of Group related party transactions by the Audit Committee.

Weaknesses

A number of minor internal control weaknesses were identified during the period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require mention in the Group's annual report. The Group acknowledges that the documentation of its processes and internal controls put in place to mitigate the risks encountered by the Group may be improved.



Message From The Group Chief Executive Officer



In line with the Group's strategic objectives to generate long-term growth and create value to our shareholders, the Group embarked on export business to remain competitive.

Dato' Koon Poh Keong
Group Chief Executive Officer

Message From The Group Chief Executive Officer



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The Malaysian economy achieved an improvement in the year 2002 with Gross Domestic Production expanding by 4.2% as compared to a 0.4% growth in the previous year. Spurred on by the economy, Press Metal Group ('PMB' or 'the Group') recorded an improvement in the consolidated turnover and consolidated profit to RM355.7 million and RM10.0 million respectively. The stronger performance for the year was driven by higher demand from both overseas and local markets.

Subsequent to the end of the financial year, the Security Commission approved the proposed listing of PMB's subsidiary company, PMB Technology Berhad ('PMBT'), on the Second Board of the Kuala Lumpur Stock Exchange ('KLSE'). The proposed listing exercise will further enhance the Group's business position and reputation. With the listing on the KLSE, PMBT will be able to operate more independently; and enable the Group to concentrate in developing its present core activities of aluminium and related products. In addition, the proposed listing exercise would provide an injection of funds into the Group, which will improve the financial standing of the Group and enable it to looking out for investment opportunity or synergistic tie up with local or foreign entity to further strengthen PMB's operation.

In line with the Group's strategic objectives to generate long-term growth and create value to our shareholders, the Group embarked on export business to remain competitive. Through its formulated business plans and strategies, PMB has successfully established a network of international business in the Asean, Asia Pacific, Africa and European markets. The Group had set up its trading arm in Australia and the contract division had established a strong base in Hong Kong and Bangladesh. With the view of future expansion in Europe, the Group has acquired a warehouse cum factory in the United Kingdom through it's subsidiary, Press Metal UK Limited, during the year.

The Board of PMB is committed to adopt the recommendations of the Malaysian Code on Corporate Governance to further improve and enhance the existing standard of corporate governance.

On behalf of the Board of Directors, I would like to record my appreciation to the management and staff of the Group for a job well done. I would also like to take this opportunity to express our gratitude to our shareholders, customers, suppliers, business associates and bankers for their continued support to the Group.

Dato' Koon Poh Keong
Group Chief Executive Officer
Date: 26 May 2003