



Press Metal Berhad (153208-W)

Financial Statement

Financial Statement

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Directors' report for the year ended 31 December 2004

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2004.

Principal activities

The Company is principally engaged in manufacturing and marketing of aluminium products, whilst the principal activities of the subsidiaries are as stated in Note 3 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Net profit for the year	10,608	9,333

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid:

- i) a final dividend of 2% tax exempt and 2% less tax totalling RM2,187,546 in respect of the year ended 31 December 2003 on 22 July 2004; and
- ii) an interim dividend of 2% less tax totalling RM919,246 in respect of the year ended 31 December 2004 on 20 October 2004.

The final dividend recommended by the Directors in respect of the year ended 31 December 2004 is 3% less tax totalling RM1,379,603.



Directors' report for the year ended 31 December 2004

Directors of the Company

Directors who served since the date of the last report are:

Director	Alternate
Dato' Megat Abdul Rahman bin Megat Ahmad	
Koon Poh Ming	
Dato' Koon Poh Keong	
Kuan Shin @ Kuan Nyong Hin	Kuan Pek Seng
Mohamad Faiz bin Abdul Hamid	
Koon Poh Weng	
Koon Poh Kong	
Koon Poh Tat	
Loo Lean Hock	
Tan Heng Kui	

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2004	Bought	Sold	At 31.12.2004
Shareholdings in the Company in which Directors have direct interests				
Dato' Megat Abdul Rahman bin Megat Ahmad	3,469,482	-	-	3,469,482
Koon Poh Ming	3,451,530	-	(952,000)	2,499,530
Dato' Koon Poh Keong	2,731,642	600,000	-	3,331,642
Kuan Shin @ Kuan Nyong Hin	2,005,561	400,000	(1,600,000)	805,561
Mohamad Faiz bin Abdul Hamid	23,733	-	-	23,733
Koon Poh Weng	1,200,008	580,000	-	1,780,008
Koon Poh Kong	1,545,199	40,000	-	1,585,199
Koon Poh Tat	1,556,000	-	(110,000)	1,446,000
Kuan Pek Seng	2,000,000	-	(1,815,000)	185,000
Tan Heng Kui	14,000	-	-	14,000

Shareholdings in the Company in which Directors have indirect interests

Dato' Megat Abdul Rahman bin Megat Ahmad	93,600#	-	(93,600)	-
Kuan Shin @ Kuan Nyong Hin	540,722*	1,815,000	-	2,355,722
Koon Poh Weng	96,400#	-	-	96,400
Koon Poh Kong	3,000#	-	-	3,000
Koon Poh Tat	66,587#	-	-	66,587
Kuan Pek Seng	540,722*	1,815,000	-	2,355,722

Directors' report for the year ended 31 December 2004

	Number of ordinary shares of RM1 each			
	At 1.1.2004	Bought	Sold	At 31.12.2004
Shareholdings in an associate, PMB Technology Berhad, in which Directors have direct interests				
Dato' Megat Abdul Rahman bin Megat Ahmad	3,477,000	-	-	3,477,000
Koon Poh Ming	30,000	-	-	30,000
Mohamad Faiz bin Abdul Hamid	100,000	-	-	100,000

Deemed interest in shares held by spouse

* Deemed interest in shares held by virtue of section 6A(4)(c) of the Companies Act, 1965

The Directors' interests in warrants are as follows:

	Number of warrants of RM1 each			
	At 1.1.2004	Bought	Sold	At 31.12.2004
Warrants in the Company				
Direct interests				
Dato' Megat Abdul Rahman bin Megat Ahmad	2,464,600	-	-	2,464,600
Koon Poh Ming	451,715	-	-	451,715
Dato' Koon Poh Keong	382,921	-	-	382,921
Mohamad Faiz bin Abdul Hamid	7,806	-	-	7,806
Koon Poh Weng	563,268	-	(563,268)	-
Koon Poh Kong	259,200	-	-	259,200
Indirect interests				
Dato' Megat Abdul Rahman bin Megat Ahmad	35,800**	-	(35,800)	-
Kuan Shin @ Kuan Nyong Hin	919##	-	-	919
Koon Poh Weng	597**	-	-	597
Koon Poh Kong	102,400**	-	1,000	101,400
Kuan Pek Seng	919##	-	-	919

** Deemed interest in warrants held by spouse

Deemed interest in warrants held by virtue of Section 6A(4)(c) of the Companies Act, 1965.



Directors' report for the year ended 31 December 2004

The options granted to the Directors pursuant to the Employees' Share Option Scheme are set out below:

	Number of options over ordinary shares of RM1 each			
	At 1.1.2004	Granted	Exercised	At 31.12.2004
Koon Poh Ming	600,000	-	-	600,000
Dato' Koon Poh Keong	600,000	-	-	600,000
Koon Poh Weng	300,000	-	-	300,000
Koon Poh Kong	500,000	-	(200,000)	300,000
Koon Poh Tat	300,000	-	(100,000)	200,000

None of the other Directors holding office at 31 December 2004 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of options pursuant to the Employees' Share Option Scheme.

Issue of shares and debentures

During the financial year, the Company issued 557,100 ordinary shares of RM1.00 each arising from the exercise of the Employees' Share Options at the option price of RM1.05 per ordinary share.

Directors' report for the year ended 31 December 2004

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of warrants and options pursuant to the Employees' Share Option Scheme.

The warrants are in registered form and constituted by a deed poll and entitle the registered holder to subscribe for one (1) new ordinary share of RM1.00 in the Company at a price of RM1.97 per ordinary share for every warrant held. The conversion ratio is subject to the aforesaid Deed Poll and can be exercised at any time during the ten-year subscription period expiring on 21 December 2005. At the end of the year, 20,363,999 warrants remained unexercised.

Pursuant to the Employees' Share Option Scheme (the "Scheme"), which became effective on 6 June 2002, options to subscribe for up to 6,201,556 ordinary shares of the Company are available to eligible employees of the Group.

The salient features of the scheme are as follows:

- (i) eligible employees are those who have been confirmed in writing as an employee of the Group for at least one (1) year of continuous service before the date of the offer and an eligible Director is a full-time Executive Director of the Group.
- (ii) the option is personal to the grantee and is non-assignable.
- (iii) the option price shall be determined by the average of the mean market quotation of the Company's ordinary shares as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five trading days preceding the respective dates of the offer in writing to the grantee or at par value of the ordinary shares of the Company, whichever is higher.
- (iv) the options granted may be exercised on any working day between 6 June 2002 and 5 June 2007 upon giving notice in writing to the Company.
- (v) the options granted may be exercised according to the following scale:

____ Percentage of options exercisable ____					
Number of options granted	Year 1	Year 2	Year 3	Year 4	Year 5
6,201,556	20%	20%	20%	20%	20%

Options exercisable in a particular year but not exercised can be carried forward to the subsequent years subject to the time limit of the scheme.



Directors' report for the year ended 31 December 2004

The outstanding options offered to take up unissued ordinary shares of RM1.00 each and the option price are as follows:

Number of options over ordinary shares of RM1.00 each						
Date of Offer	Option Price	At 1.1.2004	Granted	Lapsed due to resignation	Exercised	At 31.12.2004
6.6.2002	RM1.05	4,903,556	-	-	(557,100)	4,346,456

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of the option holders who have been granted options of less than 50,000. In relation to this, there was no option holder who has been granted options more than 50,000 during the year, other than the Directors which have been disclosed above.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

Directors' report for the year ended 31 December 2004

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2004 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.


Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:



.....
Koon Poh Ming



.....
Dato' Koon Poh Keong

Kuala Lumpur,

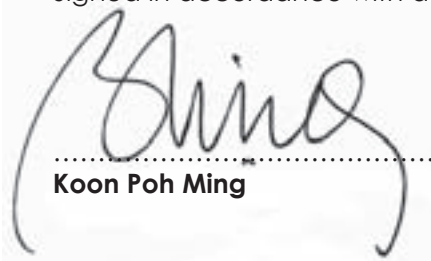
Date: 1 April 2005




Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 51 to 94 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2004 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



.....
Koon Poh Ming



.....
Dato' Koon Poh Keong

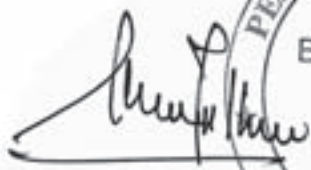
Kuala Lumpur,


Date: 1 April 2005

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

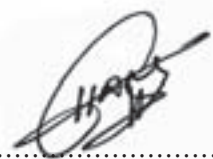
I, **Loo Tai Choong**, the officer primarily responsible for the financial management of Press Metal Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 94 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 1 April 2005.

Before me: 



Tingkat 10 Wisma UOA Damansara
50, Jalan Dungun,
Bukit Damansara,
50490 Kuala Lumpur



.....
Loo Tai Choong

Report of the auditors to the members of Press Metal Berhad

We have audited the financial statements set out on pages 51 to 94. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 December 2004 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 3 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

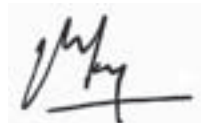
We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.



KPMG

Firm Number: AF 0758
Chartered Accountants



Foong Mun Kong

Partner
Approval Number: 2613/12/06(J)

Kuala Lumpur,

Date: 1 April 2005



Balance sheets at 31 December 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Property, plant and equipment	2	150,784	143,695	116,231	103,888
Investments in subsidiaries	3	-	-	20,038	20,038
Investment in associate	4	18,489	16,711	11,812	11,812
Investments in quoted shares		-	387	-	-
Land held for development	5	-	12,038	-	-
Goodwill	6	2,273	2,899	-	-
Current assets					
Land held for development	5	3,723	4,301	-	-
Inventories	7	76,554	39,997	42,932	20,031
Trade and other receivables	8	130,019	146,593	156,713	146,840
Tax recoverable		392	181	-	135
Cash and cash equivalents	9	12,488	9,969	2,343	5,073
		<u>223,176</u>	<u>201,041</u>	<u>201,988</u>	<u>172,079</u>
Current liabilities					
Trade and other payables	10	39,949	52,906	20,655	14,434
Borrowings	11	161,339	132,660	149,582	119,207
Taxation		942	2,284	396	-
		<u>202,230</u>	<u>187,850</u>	<u>170,633</u>	<u>133,641</u>
Net current assets		20,946	13,191	31,355	38,438
		<u>192,492</u>	<u>188,921</u>	<u>179,436</u>	<u>174,176</u>

Balance sheets at 31 December 2004 (continued)

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Financed by:					
Capital and reserves					
Share capital	12	63,871	63,314	63,871	63,314
Reserves		90,742	83,214	91,569	85,316
		<hr/>	<hr/>	<hr/>	<hr/>
		154,613	146,528	155,440	148,630
Negative goodwill	14	6,633	7,971	-	-
Minority shareholders' interests	15	5,187	5,247	-	-
Long term and deferred liabilities					
Borrowings	12	8,529	11,113	6,380	7,409
Deferred tax liabilities	16	17,530	18,062	17,616	18,137
		26,059	29,175	23,996	25,546
		<hr/>	<hr/>	<hr/>	<hr/>
		192,492	188,921	179,436	174,176

The financial statements were approved and authorised for issue by the Board of Directors on 1 April 2005.

The notes set out on pages 59 to 94 form an integral part of, and should be read in conjunction with, these financial statements.



Income statements for the year ended 31 December 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	17	375,137	446,229	308,226	228,904
Operating profit	17	16,900	29,977	14,883	38,004
Interest expense		(7,009)	(6,989)	(6,113)	(4,843)
Interest income		132	14	1,229	14
Share of profit of associate		2,105	5,027	-	-
Profit before taxation		12,128	28,029	9,999	33,175
Tax expense - Company and subsidiaries		(965)	(6,525)	(666)	(1,876)
- associate		(327)	(128)	-	-
	19	(1,292)	(6,653)	(666)	(1,876)
Profit after taxation		10,836	21,376	9,333	31,299
Less: Minority interests		(228)	(6,073)	-	-
Net profit for the year		10,608	15,303	9,333	31,299
Basic earnings per ordinary share (sen)	20	16.69	24.6		
Diluted earnings per ordinary share (sen)	20	16.24	24.0		
Dividends per ordinary share (net) (sen)	21	3.6	3.4	3.6	3.4

The notes set out on pages 59 to 94 form an integral part of, and should be read in conjunction with, these financial statements.

Statements of changes in equity for the year ended 31 December 2004

Group	Note	Non-distributable		Exchange difference account RM'000	Distributable	
		Share capital RM'000	Share premium RM'000		Retained profits RM'000	Total RM'000
At 1 January 2003		62,016	-	502	69,204	131,722
Issue of shares:						
Exercise of share options		1,298	65	-	-	1,363
Net profit for the year		-	-	-	15,303	15,303
Dividends						
- 2002 final	21	-	-	-	(1,860)	(1,860)
At 31 December 2003		63,314	65	502	82,647	146,528
Issue of shares:						
Exercise of share options		557	27	-	-	584
Net profit for the year		-	-	-	10,608	10,608
Dividends						
- 2003 final	21	-	-	-	(2,188)	(2,188)
- 2004 interim	21	-	-	-	(919)	(919)
At 31 December 2004		63,871	92	502	90,148	154,613

Note 12

The notes set out on pages 59 to 94 form an integral part of, and should be read in conjunction with, these financial statements.



Statements of changes in equity for the year ended 31 December 2004

Company	Note	Share capital RM'000	Share premium RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2003		62,016	-	55,812	117,828
Issue of shares:					
Exercise of share options		1,298	65	-	1,363
Net profit for the year		-	-	31,299	31,299
Dividends					
- 2002 final	21	-	-	(1,860)	(1,860)
At 31 December 2003		63,314	65	85,251	148,630
Issue of shares:					
Exercise of share options		557	27	-	584
Net profit for the year		-	-	9,333	9,333
Dividends					
- 2003 final	21	-	-	(2,188)	(2,188)
- 2004 interim		-	-	(919)	(919)
At 31 December 2004		63,871	92	91,477	155,440
	Note 12			Note 13	

The notes set out on pages 59 to 94 form an integral part of, and should be read in conjunction with, these financial statements.

Cash flow statements for the year ended 31 December 2004

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	12,128	28,029	9,999	33,175
Adjustments for:				
Allowance for diminution in value of investments in subsidiaries	-	-	-	2,440
Amortisation of goodwill	626	686	-	-
Amortisation of negative goodwill	(1,338)	(56)	-	-
Depreciation	16,514	12,646	10,804	9,867
Dividend income	(1,085)	-	(1,085)	(2,145)
Interest expense	7,009	6,989	6,113	4,843
Interest income	(132)	(14)	(1,229)	(14)
Net loss/(gain) on disposal of property, plant and equipment	151	(72)	10	(64)
Loss /(Gain) on disposal of subsidiaries	-	8,035	-	(16,947)
Gain on disposal of shares in associate	-	(6,423)	-	(6,423)
Property, plant and equipment written off	-	319	-	-
Share of profit in associate	(2,105)	(5,027)	-	-
Unrealised gain on foreign exchange	(1,491)	(2,874)	(1,233)	(2,798)
Term loan waived	(607)	-	-	-
Operating profit before working capital changes	29,670	42,238	23,379	21,934
Changes in working capital				
Land held for development	12,616	7,919	-	-
Inventories	(36,557)	(10,815)	(22,901)	(250)
Trade and other receivables	18,065	(82,695)	(8,640)	(27,852)
Trade and other payables	(12,957)	55,176	6,221	5,331
Cash generated from/(used in) operations	10,837	11,823	(1,941)	(837)
Taxation paid	(3,050)	(1,501)	(656)	(553)
Net cash generated from/(used in) operating activities	7,787	10,322	(2,597)	(1,390)



Cash flow statements for the year ended 31 December 2004 (continued)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Purchase of property, plant and Equipment (Note (ii))	(19,640)	(17,320)	(18,199)	(14,214)
Proceeds from disposal of property, plant and equipment	1,237	148	161	125
Interest income	132	14	1,229	14
Dividend received	1,085	-	1,085	2,145
Purchase of additional shares in associate via rights issue	-	(681)	-	(681)
Acquisition of a subsidiary, net of cash acquired (Note 3)	-	(8,000)	-	-
Disposal of subsidiaries, net of cash disposed (Note 3)	-	(5,837)	-	-
Proceeds from disposal of quoted shares	387	-	-	-
Proceeds from disposal of shares in an associate	-	13,489	-	13,489
Net cash (used in)/generated from investing activities	(16,799)	(18,187)	(15,724)	878
Cash flows from financing activities				
Repayment of hire purchase liabilities	(2,135)	(1,548)	(1,994)	(978)
Dividends paid	(3,107)	(1,860)	(3,107)	(1,860)
Proceeds from revolving credit	15,000	-	15,000	-
Proceeds from term loan	3,796	-	-	1,661
Proceeds from shares issued under the Employees' Share Option Scheme	584	1,363	584	1,363
Repayment of term loans	(9,349)	(5,969)	(3,991)	(4,742)
Bills payable drawn down	423,028	461,676	413,800	451,172
Repayments of bills payable	(406,941)	(426,972)	(397,394)	(433,415)
Repayment of revolving credit	-	(3,659)	-	-
Interest paid	(7,009)	(6,989)	(6,113)	(4,843)
Dividend paid to minority shareholders	(288)	(1,751)	-	-
Net cash generated from financing activities	13,579	14,291	16,785	8,358

Cash flow statements for the year ended 31 December 2004 (continued)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	4,567	6,426	(1,536)	7,846
Cash and cash equivalents at beginning of year	3,873	(2,553)	3,879	(3,967)
Cash and cash equivalents at end of year	<u>8,440</u>	<u>3,873</u>	<u>2,343</u>	<u>3,879</u>

i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks (excluding deposits pledged)	3,598	581	581	581
Cash and bank balances	8,880	9,378	1,762	4,492
Bank overdrafts	(4,038)	(6,086)	-	(1,194)
	<u>8,440</u>	<u>3,873</u>	<u>2,343</u>	<u>3,879</u>

ii) Purchase of plant, property and equipment

Included in additions of property, plant and equipment of the Group during the year of RM24,991,000 (2003 - RM18,813,000) are property, plant and equipment acquired by means of hire purchase of RM5,351,000 (2003 - RM1,493,000).

Included in additions of property, plant and equipment of the Company during the year of RM23,318,000 (2003 - RM14,817,000) are property, plant and equipment acquired by means of hire purchase of RM5,119,000 (2003 - RM784,000).

The notes set out on pages 59 to 94 form an integral part of, and should be read in conjunction with, these financial statements.



Notes to the financial statements

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. In the context of these financial statements, an associate also includes the subsidiaries of the associate.

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the book value of net assets acquired.

Notes to the financial statements

1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment

Freehold land and construction-in-progress are stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

Depreciation

Freehold land and construction-in-progress are not amortised.

Long term leasehold land is amortised in equal instalments over the unexpired lease period of 50 years. The straight line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Buildings	2%	
Plant and machinery	4%	- 20%
Office equipment	10%	
Motor vehicles	10%	- 20%
Furniture and fittings	10%	
Moulds and dies	15%	

(e) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation and accumulated impairment losses (refer Note 1(m)).

Goodwill is amortised from the date of the initial recognition over its estimated useful life of 15 years.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in associate.

Negative goodwill represents the excess of the fair values of the net identifiable assets acquired over the cost of acquisition.

Negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

To the extent that negative goodwill relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised.



Notes to the financial statements

1. Summary of significant accounting policies (continued)

(f) Accounting for hire purchase

Property, plant and equipment under hire purchase arrangements are capitalised at their purchase cost and depreciated over their estimated useful lives, and the corresponding obligations relating to the remaining capital payments are treated as hire purchase liabilities.

(g) Investments

Long term investments in subsidiaries and associate are stated at cost in the Company, less impairment loss where applicable.

(h) Land held for development

Land held for development consists of land which is stated at cost and other development expenditure in developing the land for its intended sale.

Land held for development is classified as current assets when there is an intention to develop for resale within the short term, and the land is then stated at the lower of cost and market value.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value with first-in-first-out being the main basis for cost.

For finished goods and work-in-progress, cost consists of cost of materials, direct labour and an appropriate proportion of fixed and variable production overheads.

The cost of raw materials and trading goods comprise the original cost of purchase and all direct expenses incurred in bringing the inventories to their present location and condition.

(j) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(k) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Liabilities

Borrowings and trade and other payables are stated at cost.

1. Summary of significant accounting policies (continued)

(m) Impairment

The carrying amount of assets, other than inventories, assets arising from construction contracts and financial assets (other than investments in subsidiaries and associate), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement.

(n) Capitalisation of borrowing costs

Borrowing costs incurred on specific and identifiable borrowings taken for the land held for development are capitalised.

Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

(o) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.



Notes to the financial statements

1. Summary of significant accounting policies (continued)

(o) Income tax (continued)

Deferred tax is provided using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(p) Foreign currency translation

i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

ii) Financial statements of foreign operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rates used in translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

	2004 RM	2003 RM
1 USD	3.80	3.80
1 GBP	7.32	6.74
1 AUD	2.96	2.84
1 HKD	0.49	0.49
1 SGD	2.32	2.23

1. Summary of significant accounting policies (continued)

(q) Revenue

i) *Goods sold and services rendered*

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to the proportion of costs incurred to date that reflect services performed bear to the total estimated costs of the transaction. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

ii) *Construction contracts*

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion that contract costs incurred for contract work performed to date that reflect work performed bear to the total estimated contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

An expected loss on a contract is recognised immediately in the income statement.

iii) *Land held for development*

Revenue from the sale of land held for development is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

iv) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

v) *Interest income*

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.



Notes to the financial statements

1. Summary of significant accounting policies (continued)

(r) Expenses

(i) *Operating lease payments*

Payment made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made.

(ii) *Finance costs*

All interest and other costs incurred in connection with borrowings, other than that capitalised in accordance with note 1(n), are expensed as incurred. The interest components of finance lease and hire purchase payments are recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liabilities at the end of each accounting period.

(s) Employee benefits

(i) *Short term employee benefits*

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

(ii) *Defined contribution plan*

Obligations for contributions to defined contribution plan are recognised as an expense in the income statement as incurred.

(iii) *Equity and equity-related compensation benefits*

The share option programme allows Group employees to acquire shares of the Company. When the options are exercised, equity is increased by the amount of the proceeds received.

Notes to the financial statements

2. Property, plant and equipment

Group	Freehold land	Freehold building	Long term leasehold land and building	Plant and machinery	Office equipment	Motor vehicles	Furniture and fittings	Moulds and dies	Construction in-progress	Total
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2004	5,910	22,067	6,644	129,796	9,161	6,175	1,842	36,648	484	218,727
Additions	-	4,440	-	12,361	1,792	1,149	156	5,020	73	24,991
Disposals	-	-	-	(1,255)	(12)	(805)	(1)	-	-	(2,073)
Reclassifications	-	-	-	(4,129)	215	31	69	3,814	-	-
At 31 December 2004	5,910	26,507	6,644	136,773	11,156	6,550	2,066	45,482	557	241,645
Accumulated depreciation										
At 1 January 2004	-	1,854	744	40,940	5,254	3,441	820	21,979	-	75,032
Charge for the year	-	427	248	8,021	999	667	197	5,955	-	16,514
Disposals	-	-	-	(98)	(1)	(586)	-	-	-	(685)
At 31 December 2004	-	2,281	992	48,863	6,252	3,522	1,017	27,934	-	90,861
Net book value										
At 31 December 2004	5,910	24,226	5,652	87,910	4,904	3,028	1,049	17,548	557	150,784
At 31 December 2003	5,910	20,213	5,900	88,856	3,907	2,734	1,022	14,669	484	143,695
Depreciation charge for the year ended 31 December 2003	-	369	190	5,773	832	839	228	4,415	-	12,646

The cost and carrying value of the long term leasehold land is not segregated from building, as the required records are not available.



Notes to the financial statements

2. Property, plant and equipment (continued)

Company	Freehold land RM'000	Freehold building RM'000	Plant and machinery RM'000	Office equipment RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Moulds and dies RM'000	Total RM'000
Cost								
At 1 January 2004	5,910	17,211	95,344	7,091	3,480	671	36,646	166,353
Additions	-	4,440	11,828	1,633	625	130	4,662	23,318
Disposals	-	-	(26)	-	(571)	-	-	(597)
Reclassification	-	-	79	-	(79)	-	-	-
At 31 December 2004	5,910	21,651	107,225	8,724	3,455	801	41,308	189,074
Accumulated depreciation								
At 1 January 2004	-	1,921	32,651	3,874	1,737	309	21,973	62,465
Charge for the year	-	372	4,977	698	312	41	4,404	10,804
Disposals	-	-	(23)	-	(403)	-	-	(426)
At 31 December 2004	-	2,293	37,605	4,572	1,646	350	26,377	72,843
Net book value								
At 31 December 2004	5,910	19,358	69,620	4,152	1,809	451	14,931	116,231
At 31 December 2003	5,910	15,290	62,693	3,217	1,743	362	14,673	103,888
Depreciation charge for the year ended 31 December 2003	-	247	4,327	557	281	40	4,415	9,867

Notes to the financial statements

2. Property, plant and equipment (continued)

Securities

Certain property, plant and equipment of the Group and of the Company costing RM13,917,000 (2003 - RM30,201,000) and RM2,850,000 (2003 - RM2,850,000) respectively have been pledged as security for loan facilities as set out in Note 12 to the financial statements.

Assets under hire purchase and finance lease

Property, plant and equipment acquired under finance lease and hire purchase arrangements which are included in the above are as follows:

	Net book value	
	2004	2003
	RM'000	RM'000
Group		
Finance lease: Motor vehicle/Office equipment	30	34
Hire purchase: Plant and machinery	8,424	2,746
Motor vehicles	1,640	1,071
	<u>10,064</u>	<u>3,817</u>
Company		
Hire purchase: Plant and machinery	8,407	2,713
Motor vehicles	1,286	894
	<u>9,693</u>	<u>3,607</u>

3. Investments in subsidiaries

	Company	
	2004	2003
	RM'000	RM'000
Unquoted shares, at cost	22,478	22,478
Less: Impairment losses	(2,440)	(2,440)
	<u>20,038</u>	<u>20,038</u>



Notes to the financial statements

3. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Effective percentage of ownership	
			2004	2003
Angkasa Jasa Sdn. Bhd.	Malaysia	Contracting and fabrication of aluminium and stainless steel products	100%	100%
PMB Development Sdn. Bhd.	Malaysia	Property development and building and contracting of construction work	100%	100%
and its subsidiary PMB Spectrum Sdn. Bhd.	Malaysia	Development of industrial parks with common waste water treatment plant facilities and other development projects	60%	60%
PMB Recycling Management Sdn. Bhd.	Malaysia	Recycling of waste, operation maintenance, construction of waste recycling projects and trading of waste treatment and recycling equipment	100%	100%
Wesama Sdn. Bhd.	Malaysia	Provision of general drafting services and construction project management	100%	100%
and its subsidiary ACE Extrusion Sdn. Bhd.	Malaysia	Manufacturing and trading of aluminium products	100%	100%
PMB Marketing Sdn. Bhd.*	Malaysia	Investment holding	100%	100%
and its subsidiary PMB Marketing (H.K.) Limited*	Hong Kong	Trading of garments and accessories	100%	100%
Press Metal UK Limited*	United Kingdom	Marketing of aluminum products	100%	100%
BI-PMB Waste Management Sdn. Bhd.	Malaysia	Provision of a common waste water treatment plant to treat toxic waste	100%	80%
Press Metal Aluminium (Australia) Pty. Ltd*	Australia	Marketing, retailing and trading of aluminium related materials	70%	70%

* Audited by other firms of chartered accountants.

3. Investments in subsidiaries (continued)

Disposals of subsidiaries

Disposals

On 30 September 2003, the Group disposed:-

- i) PMB Façade Technology Sdn. Bhd. and its subsidiaries for RM6,933,144 in exchange for 12,605,717 ordinary shares in PMB Technology Berhad ("PMBT"), and
- ii) Everlast Aluminium (M) Sdn. Bhd. and its subsidiaries for RM11,263,528 in exchange for 20,479,141 ordinary shares in PMBT.

PMB Façade Technology Sdn. Bhd. and its subsidiaries contributed profit after tax of RM1,434,000 for the nine months ended 30 September 2003.

Everlast Aluminium (M) Sdn. Bhd. and its subsidiaries contributed profit after tax of RM2,691,000 for the nine months ended 30 September 2003.

Acquisition

On 16 December 2003, the Group acquired all the shares in ACE Extrusion Sdn. Bhd. for a consideration of RM8,000,000 satisfied by cash. The acquisition was accounted for using the acquisition method of accounting.



Notes to the financial statements

3. Investments in subsidiaries (continued)

Effect of acquisition and disposals

The acquisition and disposals in the previous year had the following effect on the Group's assets and liabilities as at 31 December 2003.

	Acquisition 2003 RM'000	Disposals 2003 RM'000
Non-current assets		
Property, plant and equipment	16,027	17,115
Intangible assets	-	(68)
	<hr/> 16,027	<hr/> 17,047
Current assets	-	112,447
Current liabilities	-	(76,000)
Long term liabilities	-	(1,403)
Minority interest	-	(25,858)
	<hr/> 16,027	<hr/> 26,233
Net assets	(8,027)	-
Negative goodwill on acquisition	-	(8,035)
Loss on disposal	-	
	<hr/> 8,000	<hr/> 18,198
Consideration paid, satisfied in cash	(8,000)	-
Consideration on disposal	-	18,198
Consideration satisfied by issuance of shares in PMBT	-	(18,198)
	<hr/> (8,000)	<hr/> -
Cash acquired/(disposed) of	-	(5,837)
	<hr/> (8,000)	<hr/> (5,837)
Net cash outflow	<hr/> (8,000)	<hr/> (5,837)

The acquisition of the subsidiary in the previous year had the following effect on the Group's operating results as at 31 December 2003.

	Acquisition 2003 RM'000
Operating income/Revenue	1,344
Operating costs	(1,240)
	<hr/> 104
Increase in the Group's net profit at the end of financial year	

Notes to the financial statements

4. Investment in associate

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Quoted shares	11,812	11,812	11,812	11,812
Share of post-acquisition reserves	6,677	4,899	-	-
	<u>18,489</u>	<u>16,711</u>	<u>11,812</u>	<u>11,812</u>

	Group	
	2004 RM'000	2003 RM'000
Represented by:		
Group's share of net assets other than goodwill	<u>18,489</u>	<u>16,711</u>
Market value of quoted associate	<u>14,067</u>	<u>32,858</u>

The details of the associate are as follows:

Name	Country of incorporation	Principal activities	Effective percentage of ownership	
			2004	2003
PMB Technology Berhad	Malaysia	Investment holding	26.84	26.84

5. Land held for development

	Long term leasehold land RM'000	Development expenditure RM'000	Total RM'000
2004			
<i>Non-current</i>			
At 1 January	7,011	5,027	12,038
Transferred to current	(7,011)	(5,027)	(12,038)
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>
<i>Current</i>			
At 1 January	3,501	800	4,301
Transferred from non-current	7,011	5,027	12,038
Disposals	(9,207)	(3,409)	(12,616)
At 31 December	<u>1,305</u>	<u>2,418</u>	<u>3,723</u>



Notes to the financial statements

5. Land held for development (continued)

2003	Long term leasehold land RM'000	Development expenditure RM'000	Total RM'000
<i>Non-current</i>			
At 1 January	11,386	7,256	18,642
Transferred to current	(4,375)	(2,229)	(6,604)
At 31 December	<u>7,011</u>	<u>5,027</u>	<u>12,038</u>
<i>Current</i>			
At 1 January	4,376	1,240	5,616
Transferred from non-current	4,375	2,229	6,604
Disposals	(5,250)	(2,669)	(7,919)
At 31 December	<u>3,501</u>	<u>800</u>	<u>4,301</u>

6. Goodwill

	Group	
Cost	2004 RM'000	2003 RM'000
Opening balance	5,098	4,969
Disposal of subsidiaries	-	129
	<u>5,098</u>	<u>5,098</u>
Amortisation		
Opening balance	2,199	1,452
Amortisation charge for the year	626	686
Disposal of subsidiaries	-	61
Closing balance	<u>2,825</u>	<u>2,199</u>
Net book value as at 31 December	<u>2,273</u>	<u>2,899</u>

Notes to the financial statements

7. Inventories

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At cost:				
Raw materials	30,177	19,311	25,365	11,209
Work-in-progress	4,111	2,545	3,400	2,199
Finished goods	8,343	2,573	5,035	2,930
Trading goods	25,248	8,699	-	-
Stock-in-transit	8,675	6,869	9,132	3,693
	<u>76,554</u>	<u>39,997</u>	<u>42,932</u>	<u>20,031</u>

8. Trade and other receivables

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade receivables	116,355	119,648	49,592	66,729
Other receivables, deposits and prepayments	5,457	5,850	2,764	4,100
Subsidiaries	-	-	96,161	57,527
Associates	8,207	21,095	8,196	18,484
	<u>130,019</u>	<u>146,593</u>	<u>156,713</u>	<u>146,840</u>

Included in trade receivables of the Group and of the Company is an amount due from companies in which certain Directors are also shareholders, of RM10,996,000 (2003 - RM15,532,847).

Included in other receivables, deposits and prepayments of the Group is an amount due from a corporate shareholder amounting to RM2,000,000 (2003 - Nil). The amount is unsecured, interest free and has no fixed terms of repayment.

The amount due from subsidiaries is unsecured, interest free and has no fixed terms of repayment.

The amount due from associates is trade in nature, unsecured and interest free.

In the previous year, doubtful debts written off against allowance for doubtful debts of the Group amounted to RM247,000.



Notes to the financial statements

9. Cash and cash equivalents

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	3,608	591	581	581
Cash and bank balances	8,880	9,378	1,762	4,492
	<u>12,488</u>	<u>9,969</u>	<u>2,343</u>	<u>5,073</u>

Included in the Group's deposits placed with licensed banks is RM10,000 (2003 - RM10,000) pledged for banking facilities granted to a subsidiary.

10. Trade and other payables

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Trade payables	11,837	17,049	5,397	7,122
Other payables and accrued expenses	16,640	18,835	7,811	4,525
Subsidiaries	-	-	3,107	-
Associates	11,472	830	4,340	830
Related companies	-	16,192	-	1,957
	<u>39,949</u>	<u>52,906</u>	<u>20,655</u>	<u>14,434</u>

Included in other payables and accrued expenses of the Group are amounts due to Directors of RM1,000 (2003 - RM1,000) and a corporate shareholder of a subsidiary of Nil (2003 - RM10,577,369). These amounts are unsecured, interest free and have no fixed terms of repayment.

The amounts due to subsidiaries and related companies are unsecured, interest free and have no fixed terms of repayment.

The amount due to associates is trade in nature, unsecured and interest free.

Notes to the financial statements

11. Borrowings

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Current				
Bills payable (unsecured)	131,506	115,419	129,199	112,793
Bank overdrafts (unsecured)	1,280	2,123	-	-
Bank overdrafts(secured)	2,758	3,963	-	1,194
Revolving credit (unsecured)	18,796	-	15,000	-
Term loans (unsecured)	2,800	2,800	2,800	2,800
Term loans (secured)	1,701	6,863	413	1,360
Hire purchase and finance lease liabilities	2,498	1,492	2,170	1,060
	<u>161,339</u>	<u>132,660</u>	<u>149,582</u>	<u>119,207</u>
Non-current				
Term loans (unsecured)	2,316	5,244	2,316	5,244
Term loans (secured)	2,685	4,551	1,205	1,321
Hire purchase and finance lease liabilities	3,528	1,318	2,859	844
	<u>8,529</u>	<u>11,113</u>	<u>6,380</u>	<u>7,409</u>

Bills payable and bank overdrafts

The bills payable, bank overdrafts and revolving credit bear interest at rates ranging from 3.32% to 7.5% (2003 - 3.11% to 7%) per annum.

Term loans

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Loan 1 (secured)	-	1,020	-	1,020
Loan 2 (secured)	1,618	1,661	1,618	1,661
Loan 3 (unsecured)	5,116	8,044	5,116	8,044
Loans of subsidiaries	2,768	8,733	-	-
	<u>9,502</u>	<u>19,458</u>	<u>6,734</u>	<u>10,725</u>



Notes to the financial statements

11. Borrowings (continued)

Loan 1 was secured by a debenture and negative pledge on all the current and future assets of the Company and bore interest at 10% per annum. The loan was repayable by 60 monthly instalments commencing July 1999. The loan was fully paid during the year.

Loan 2 is an Islamic debt facility secured by a property, plant and equipment and bears a yield payable of 3.6% (2003 - 3.6%) per annum. The loan is repayable by 60 monthly instalments commencing December 2004.

Loan 3 of the Company is unsecured and bears interest at 1.5% (2003 - 1.5%) per annum over the bank's base lending rate. The loan is repayable by 60 monthly instalments commencing September 2001.

Term loans of subsidiaries consist of the following:

- (i) Loan amounting to RM84,000 (2003 - RM111,000) secured by a corporate guarantee from the Company and charges over the subsidiary's leasehold land. The loan bears interest at 1.75% (2003 - 1.75%) per annum above the bank's base lending rate and is repayable by 120 equal monthly instalments commencing July 2000.
- (ii) Loans amounting to RM1,502,000 (2003 - RM2,583,000) secured by a corporate guarantee from the Company and registered first debenture over the fixed and floating assets of the subsidiary. The loans bear interest at 1.5% (2003 - 1.5%) per annum above the banks' base lending rates and are repayable over 60 and 72 equal instalments respectively commencing 30 January 2002.
- (iii) Loan amounting to RM1,182,000 (2003 - RM1,232,000) secured by a charge over the subsidiary's freehold property. The loan bears interest at 2% (2003 - 2%) per annum over the bank's base rate and is repayable by 120 instalments commencing November 2003.
- (iv) Loans amounting to RM3,705,000 in 2003 were secured by a corporate guarantee from the Company of up to 80% of the loan amount and a charge over a subsidiary's machinery and equipment and another subsidiary's freehold land. The loans bore interest ranging from 7% to 9% per annum and were repayable by 19 equal quarterly instalments commencing March 2001 and November 2000 respectively. The loans were fully paid during the year.
- (v) Bridging loan of RM1,102,000 in 2003 was secured by a corporate guarantee from the Company and a charge over a subsidiary's land held for development and assignment of all sales proceeds of certain of the subsidiary's land held for development. The loan bore interest at 6.5% per annum and was fully paid during the year.

Notes to the financial statements

11. Borrowings (continued)

Hire purchase liabilities

The hire purchase liabilities are subject to fixed interest rates ranging from 3.29% to 6.00% (2003 – 3.29% to 6.00%) per annum.

Hire purchase and finance lease liabilities are payable as follows:

Group	Payments 2004 RM'000	Interest 2004 RM'000	Principal 2004 RM'000	Payments 2003 RM'000	Interest 2003 RM'000	Principal 2003 RM'000
Less than one year	2,871	(373)	2,498	1,671	(179)	1,492
Between one and five years	3,959	(431)	3,528	1,553	(235)	1,318
	<u>6,830</u>	<u>(804)</u>	<u>6,026</u>	<u>3,224</u>	<u>(414)</u>	<u>2,810</u>
Company						
Less than one year	2,470	(300)	2,170	1,171	(111)	1,060
Between one and five years	3,212	(353)	2,859	998	(154)	844
	<u>5,682</u>	<u>(653)</u>	<u>5,029</u>	<u>2,169</u>	<u>(265)</u>	<u>1,904</u>

12. Share capital

	Group and Company 2004 RM'000	2003 RM'000
Ordinary shares of RM1 each:		
Authorised	<u>500,000</u>	<u>500,000</u>
Issued and fully paid		
At 1 January	63,314	62,016
Shares issued under the Employees' Share Option Scheme	557	1,298
At 31 December	<u>63,871</u>	<u>63,314</u>

During the financial year, the issued and paid-up capital of the Company was increased from 63,313,555 ordinary shares of RM1 each to 63,870,555 ordinary shares of RM1 each following the issue of 557,000 ordinary shares of RM1 each pursuant to the Employees' Share Option Scheme. The new shares were issued and credited as fully paid and rank pari passu in all respects with the existing shares of the Company. The share premium arising from the issue amounted to RM27,850.

The Employees' Share Option Scheme will expire on 5 June 2007.



Notes to the financial statements

13. Retained profits

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax exempt income to frank approximately RM57,869,000 (2003 - RM48,318,000) of its retained profits at 31 December 2004, if paid out as dividends.

14. Negative goodwill

	Group	
	2004	2003
	RM'000	RM'000
Cost		
Opening balance	8,027	-
Acquisition of a subsidiary	-	8,027
	<u>8,027</u>	<u>8,027</u>
Amortisation		
Opening balance	56	-
Amortisation charge for the year	1,338	56
	<u>1,394</u>	<u>56</u>
Net book value as at 31 December	<u>6,633</u>	<u>7,971</u>

15. Minority shareholders' interests

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries, net of their share of subsidiaries' goodwill on consolidation and amortisation of goodwill charged to the minority shareholders.

Notes to the financial statements

16. Deferred tax liabilities

Movement in deferred tax liabilities during the year are as follows:

Group	At 1.1.2004 RM'000	Charged to income statement (Note 19) RM'000	At 31.12.2004 RM'000
Property, plant and equipment	18,699	(484)	18,215
Others	(637)	(48)	(685)
	<u>18,062</u>	<u>(532)</u>	<u>17,530</u>
Company			
Property, plant and equipment	17,756	(484)	17,272
Others	381	(37)	344
	<u>18,137</u>	<u>(521)</u>	<u>17,616</u>

No deferred tax has been recognised for the following items:

	Group	
	2004 RM'000	2003 RM'000
Unutilised tax losses	4,142	4,414
Deductible temporary differences	4,406	4,613
	<u>8,548</u>	<u>9,027</u>

The unutilised tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.



Notes to the financial statements

17. Operating profit

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue - contract revenue	-	107,062	-	-
- sale of goods	356,271	323,632	308,226	228,904
- sale of land held for development	17,059	14,717	-	-
- services	1,807	818	-	-
	<u>375,137</u>	<u>446,229</u>	<u>308,226</u>	<u>228,904</u>
Contract costs recognised as an expense	-	91,723	-	-
Cost of sales	315,619	284,416	286,992	209,120
Cost of land held for development sold	15,605	7,929	-	-
Cost of services	672	596	-	-
	<u>331,896</u>	<u>384,664</u>	<u>286,992</u>	<u>209,120</u>
Gross profit	43,241	61,565	21,234	19,784
Distribution costs	(7,439)	(7,102)	(1,784)	(1,535)
Administration expenses	(17,917)	(16,270)	(6,850)	(5,629)
Other operating expenses	(7,158)	(20,895)	(3,019)	(5,963)
Other operating income	6,173	12,679	5,302	31,347
Operating profit	<u>16,900</u>	<u>29,977</u>	<u>14,883</u>	<u>38,004</u>

Operating profit is arrived at after charging:

Allowance for diminution in value of investments in subsidiaries	-	-	-	2,440
Allowance for doubtful debts	858	2,035	-	140
Amortisation of goodwill	626	686	-	-
Bad debts written off	84	93	-	-
Audit fees				
- Holding company auditors	82	69	29	29
- Under/(over)provision in prior year	-	8	-	8
- Other auditors				
- Malaysia	2	19	-	-
- Overseas	78	84	-	-
Depreciation	16,514	12,646	10,804	9,867
Directors' remuneration				
- fees	129	131	129	116
- other emoluments	1,424	1,933	799	669
Preliminary and pre-operating expenses written off	-	10	-	-

Notes to the financial statements

17. Operating profit (continued)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after				
Charging (continued):				
Net loss on disposal of property, plant and equipment	151	-	10	-
Loss on disposal of subsidiaries	-	8,035	-	-
Other receivables written off	1,286	-	-	-
Rental of equipment and machinery	1,460	679	240	186
Rental of premises	1,304	1,761	327	311
Property, plant and equipment written off	-	319	-	-
and after crediting:				
Allowance for doubtful debts written back	-	-	191	-
Amortisation of negative goodwill	1,338	56	-	-
Bad debts recovered	-	220	-	220
Dividend income	1,085	-	1,085	2,145
Foreign exchange gain (realised)	2,626	1,941	2,501	1,913
Foreign exchange gain (unrealised)	1,491	2,874	1,233	2,798
Gain on disposal of associates	-	6,423	-	6,423
Gain on disposal of subsidiaries	-	-	-	16,947
Net gain on disposal of property, plant and equipment	-	72	-	64
Income from rental of equipment and machinery	-	164	-	-
Income from rental of premises	212	218	41	-
Impairment of club membership	-	54	-	-
Term loan waived	607	-	-	-

18. Employees information

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Salaries, wages, bonus and SOCSO	24,197	12,072	13,102	6,905
Defined contribution retirement plan	1,959	986	808	736
	26,156	13,058	13,910	7,641

The number of employees (including Directors) of the Group and of the Company at the end of the year was 789 (2003 - 510) and 547 (2003 - 427) respectively.



Notes to the financial statements

19. Tax expense

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current	1,187	5,033	1,187	653
- prior year	(2)	(416)	-	(364)
Overseas - current	312	236	-	-
	<u>1,497</u>	<u>4,853</u>	<u>1,187</u>	<u>289</u>
Deferred tax expense (Note 16)				
Origination and reversal of temporary differences - current	(157)	1,344	(146)	1,314
- prior year	(375)	328	(375)	273
	<u>965</u>	<u>6,525</u>	<u>666</u>	<u>1,876</u>
Tax expense on share of profit of associate	327	128	-	-
	<u>1,292</u>	<u>6,653</u>	<u>666</u>	<u>1,876</u>

Reconciliation of effective tax rate/expense

Group	2004		2003	
	%	RM'000	%	RM'000
Profit before taxation		<u>12,128</u>		<u>28,029</u>
Income tax using Malaysian tax rate	28	3,396	28	7,848
Effect of different tax rates in foreign countries	-	7	(2)	(576)
Tax concession	-	(28)	-	(42)
Non-deductible expenses	5	680	6	1,848
Non taxable income	(1)	(67)	(3)	(971)
Utilisation of reinvestment allowances	(16)	(1,967)	(5)	(1,522)
Tax exempt dividend	(2)	(304)	-	-
Recognition of deferred tax assets previously not recognised	(1)	(134)	-	-
Other items	(2)	(241)	-	28
Tax expense on share of profit of associate	3	327	-	128
	<u>14</u>	<u>1,669</u>	<u>24</u>	<u>6,741</u>
Overprovision in prior year	(3)	(377)	-	(88)
	<u>11</u>	<u>1,292</u>	<u>24</u>	<u>6,653</u>

Notes to the financial statements

19. Tax expense (continued)

Company	2004		2003	
	%	RM'000	%	RM'000
Profit before taxation		9,999		33,175
Income tax using Malaysian tax rate	28	2,800	28	9,289
Non taxable income	-	-	(20)	(6,559)
Non-deductible expense	5	483	3	1,360
Utilisation of reinvestment allowances	(20)	(1,967)	(5)	(1,522)
Tax exempt dividend	(3)	(304)	(1)	(601)
Other items	-	29	-	-
	10	1,041	5	1,967
Overprovision in prior year	(4)	(375)	1	(91)
	6	666	6	1,876

Subject to agreement by the Inland Revenue Board, the Company has unutilised reinvestment allowances of RM38,336,000 (2003 - RM18,210,000) as at the balance sheet date.

20. Earnings per ordinary share - Group

Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of RM10,608,000 (2003 - RM15,303,000) and the weighted average number of ordinary shares outstanding during the year of 63,575,000 (2003 - of 62,278,000).

Weighted average number of ordinary shares

	2004 '000	2003 '000
Issued ordinary shares at the beginning of the year	63,314	62,016
Effect of options granted under ESOS during the year	261	262
	63,575	62,278



Notes to the financial statements

20. Earnings per ordinary share – Group (continued)

Diluted earnings per share

The calculation of diluted earnings per share is based on the net profit attributable to ordinary shareholders of RM10,608,000 (2003 - RM15,303,000) and the weighted average number of ordinary shares outstanding during the year of 65,328,000 (2003 - 63,794,000) calculated as follows:

Weighted average number of ordinary shares (diluted)

	2004 '000	2003 '000
Weighted average number of ordinary shares at the beginning of the year	63,575	62,278
Effect of options granted under ESOS	1,753	1,516
	<u>65,328</u>	<u>63,794</u>

21. Dividends

	Group and Company	
	2004 RM'000	2003 RM'000
Ordinary		
Final paid:		
2003 - 2% per share tax exempt		
(2002 - 3% per share tax exempt)	1,272	1,860
2003 - 2% per share less tax	916	-
Interim paid:		
2004 - 2% per share less tax	919	-
	<u>3,107</u>	<u>1,860</u>

The proposed final dividend of 3% less tax totalling RM1,379,603 has not been accounted for in the financial statements of the Group and of the Company as at 31 December 2004.

The net dividend per ordinary share as disclosed in the Income Statement takes into account the total interim and final proposed dividends for the respective financial year.

22. Related parties

22.1 Controlling related party relationships are as follows:

- i) Subsidiaries of the Company as disclosed in Note 3.
- ii) Companies in which Kwan Chin Hing, a shareholder of the Company, has interest:
 - Chin Foh Trading Sdn. Bhd. ("CFT")
 - CF Aluminium Sdn. Bhd. ("CFA")
- iii) Company in which Kuan Pek Woon, son to Kuan Shin @ Kuan Nyong Hin and brother to Kuan Pek Seng, shareholders, has interest:
 - CF Aluminium Sdn. Bhd. ("CFA")
- iv) Company in which Kuan Pek Wong, son to Kwan Chin Hing, has interest:
 - CF Aluminium Sdn. Bhd. ("CFA")
- v) Company in which Kwan Yun Hong @ Kuan Onn Hing, a shareholder, has interest:
 - CF Aluminium Sdn. Bhd. ("CFA")
- vi) Companies in which Kuan Shin @ Kuan Nyong Hin, Kwan Yun Hong @ Kuan Onn Hing and Kuan Pek Seng, have interests:
 - Chin Foh Trading Sdn. Bhd. ("CFT")
- vii) Company in which Kuan Shin @ Kuan Nyong Hin and Kwan Yun Hong @ Kuan Onn Hing have interests:
 - CF Advance Marketing Sdn. Bhd. ("CFAM")
- viii) Company in which Kuan Shin @ Kuan Nyong Hin, Kwan Yun Hong @ Kuan Onn Hing and Kuan Pek Seng have interests:
 - Chin Foh Stainless Steel Services Centre Sdn. Bhd. ("CFSB")



Notes to the financial statements

22. Related parties (continued)

22.2 Significant transactions with related parties

In the normal course of business, the Group and the Company undertake certain agreed terms and prices, transactions with its related companies and other related parties.

The significant related party transactions are as follows:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
A) Rendering of services				
a) Transactions with subsidiaries:				
Rental receivable by the Company	-	-	41	-
Waste treatment charges payable to subsidiary	-	-	64	176
B) Sale of goods				
a) Sales to subsidiaries	-	-	123,131	52,030
b) Sales to				
- CFT	8,450	11,122	8,205	11,122
- CFA	7,726	6,918	7,726	6,918
C) Purchases of goods				
a) Purchases from subsidiaries	-	-	10,359	245
b) Purchases from CFT	-	215	-	215
D) Dividend received from subsidiaries	-	-	-	2,145
E) Others				
a) Sale of property, plant and equipment to a subsidiary	-	-	107	-
b) Sale of property, plant and equipment to CFAM	-	70	-	70

23. Segmental information

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

Manufacturing and trading	Manufacture and marketing of aluminium and other related products.
Contracting and fabrication	Contracting, designing and fabrication of aluminium and stainless steel products.
Property development	Development of industrial parks, building and contracting of construction work.
Recycling and waste treatment	Recycling of waste and provision of common waste water treatment.

Geographical segments

The manufacturing, trading, contracting and fabrication segments are also operated worldwide apart from Malaysia. The major markets worldwide are operated in Singapore and Hong Kong for the ASEAN region, Australia for the Asia Pacific region, and England for the European region.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.



Notes to the financial statements

23. Segmental information (continued)

	Manufacturing and trading		Construction and fabrication		Property development		Recycling and waste treatment		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business segments												
Revenue from external customers	327,928	297,283	29,217	131,630	17,059	14,717	2,380	2,599	(1,447)	-	375,137	446,229
Inter-segment revenue	135,436	52,048	99	320	-	-	80	176	(135,615)	(52,544)	-	-
Total revenue	<u>463,364</u>	<u>349,331</u>	<u>29,316</u>	<u>131,950</u>	<u>17,059</u>	<u>14,717</u>	<u>2,460</u>	<u>2,775</u>	<u>(137,062)</u>	<u>(52,544)</u>	<u>375,137</u>	<u>446,229</u>
Segment result	<u>17,834</u>	<u>43,193</u>	<u>920</u>	<u>5,239</u>	<u>38</u>	<u>6,247</u>	<u>550</u>	<u>98</u>	<u>(2,442)</u>	<u>(24,800)</u>	<u>16,900</u>	<u>29,977</u>
Share of profit of associate		3,176		1,851		-		-		-	2,105	5,027
Net financing costs											(6,877)	(6,975)
Tax expense											(1,292)	(6,653)
Minority interests											(228)	(6,073)
Net profit for the year											<u>10,608</u>	<u>15,303</u>
Segment assets	416,642	334,832	35,090	29,949	17,301	36,214	11,966	12,931	(105,682)	(54,964)	375,317	358,962
Investment in associate	8,362	5,545	10,127	11,166	-	-	-	-	-	-	18,489	16,711
Unallocated assets											916	1,098
											<u>394,722</u>	<u>376,771</u>
Segment liabilities	274,141	200,180	32,893	28,299	11,495	29,479	10,149	11,747	(100,389)	(52,680)	<u>228,289</u>	<u>217,025</u>
Capital expenditure	24,259	17,508	205	1,072	107	-	420	233	-	-	24,991	18,813
Depreciation and amortisation	15,027	11,026	512	669	104	96	871	855	-	-	16,514	12,646
Non-cash expenses other than depreciation and amortisation	-	-	-	54	-	-	-	-	-	-	-	54

Notes to the financial statements

23. Segmental information (continued)

	Malaysia		ASEAN region		Europe region		Asia Pacific region		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Geographical segments												
Revenue from external customers by location of customers	330,174	425,917	23,110	7,226	47,082	6,880	111,833	58,750	(137,062)	(52,544)	375,137	446,229
Segment assets by location of assets	411,848	377,005	12,812	6,740	27,455	9,029	28,884	21,152	(105,682)	(54,964)	375,317	358,962
Investment in associate	18,489	16,711	-	-	-	-	-	-	-	-	18,489	16,711
Unallocated assets											916	1,098
											394,722	376,771
Capital expenditure by location of assets	24,700	17,679	-	-	88	304	203	830	-	-	24,991	18,813

24. Contingent liabilities - unsecured

Group

	2004 RM'000	2003 RM'000
(i) Provision for liquidated ascertained damages	-	325
(ii) Certain customers of PMB Development Sdn. Bhd. ("PMBD"), a subsidiary of the Company, have filed legal suits to recover approximately RM609,790 (2003 - RM754,035) from PMBD for breach of a term in the sale and purchase agreements.		

Based on legal opinion obtained, the Directors believe that PMBD has a good defence and accordingly, no provision for this liability has been made in the financial statements.

Company

	2004 RM'000	2003 RM'000
Guarantees given to financial institutions for facilities granted to subsidiaries	10,295	35,607



Notes to the financial statements

25. Capital commitment

	Group	
	2004	2003
	RM'000	RM'000
Approved but not contracted for	-	4,446

26. Financial instruments

Financial risk management objectives and policies

The main risks arising from the Group's and the Company's financial instruments are credit, interest rate, foreign currency and liquidity risks. The Group's and the Company's policies for managing each of these risks are summarised below:

Credit risk

The Group and the Company's exposure to credit risk arises through its receivables. Management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through review of receivables ageing. Credit evaluations are performed on all new customers.

As at balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of the receivables presented in the balance sheet.

Interest rate risk

Interest rate exposure arises from the Group's borrowings is managed through the use of fixed and floating rate debts. The Group does not use derivative financial instruments to hedge its debt obligations.

Foreign currency risk

The Group and the Company incur foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Singapore dollars, Australian dollars, Great Britain Sterling pound and US dollars. The Group and the Company actively monitor their exposure to foreign currency risk and purchase forward currency contracts to mitigate the risk when the need arises.

The Group and the Company are also exposed to foreign currency risk in respect of their investments in foreign subsidiaries. The Group does not hedge this exposure by having foreign currency borrowings but keeps this policy under review and will take necessary action to minimise the exposure of the risk.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Notes to the financial statements

26. Financial instruments (continued)

Effective interest rates and repricing analysis

In respect of significant financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the period in which they reprice or mature, whichever is earlier.

Group	<----- 2004 ----->					<----- 2003 ----->				
	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1-5 years RM'000	After 5 years RM'000	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1-5 years RM'000	After 5 years RM'000
Financial liabilities										
Bank overdrafts	7.06	4,038	4,038	-	-	6.77	6,086	6,086	-	-
Bills payable	3.42	131,506	131,506	-	-	3.30	115,419	115,419	-	-
Revolving credit	4.00	18,796	18,796	-	-	-	-	-	-	-
Term loans	7.30	9,502	4,501	4,573	428	7.61	19,458	9,663	9,795	-
		<u>163,842</u>	<u>158,841</u>	<u>4,573</u>	<u>428</u>		<u>140,963</u>	<u>131,168</u>	<u>9,795</u>	<u>-</u>
Company Financial liabilities										
Bank overdrafts	-	-	-	-	-	7.00	1,194	1,194	-	-
Bills payable	3.42	129,199	129,199	-	-	3.30	112,793	112,793	-	-
Revolving credit	4.00	15,000	15,000	-	-	-	-	-	-	-
Term loans	7.50	6,734	3,213	3,521	-	7.83	10,725	118,147	6,565	-
		<u>150,933</u>	<u>147,412</u>	<u>3,521</u>	<u>-</u>		<u>124,712</u>	<u>118,147</u>	<u>6,565</u>	<u>-</u>



Notes to the financial statements

26. Financial instruments (continued)

Fair values

Recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amounts approximate fair values due to the relatively short term nature of these financial instruments.

The aggregate fair values of the other financial assets carried on the balance sheet as at 31 December 2004 are shown below:

Group	2004		2003	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Investment in associate	18,489	14,067	16,711	32,858
Quoted shares - long term	-	-	387	422
	<u>18,489</u>	<u>14,067</u>	<u>17,098</u>	<u>33,280</u>

Company

Financial asset				
Investment in associate	<u>11,812</u>	<u>14,067</u>	<u>11,812</u>	<u>32,858</u>

The fair value of quoted securities is their quoted bid price at the balance sheet date.

The aggregate fair values of other financial liabilities carried on the balance sheet date as at 31 December are shown below:

Group	2004		2003	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities				
Term loans	<u>9,502</u>	<u>9,579</u>	<u>19,458</u>	<u>19,428</u>

Company

Financial liabilities

Term loans	<u>6,734</u>	<u>6,811</u>	<u>10,725</u>	<u>10,695</u>
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The fair value of the financial liabilities have been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

26. Financial instruments (continued)

Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

	Group and Company 2004 RM'000
Forward foreign exchange contract	
- contractual value	3,227
- unrealised gain	12
- unrealised loss	(1)
	<hr/>
	3,238



Analysis of Shareholdings as at 25 April 2005

Authorised Share Capital	: RM500,000,000
Issued and Paid-Up Share Capital	: RM63,950,055
Class of Shares	: Ordinary Shares of RM1.00 each
Voting Rights	: One vote per share

Size of Shareholdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares held	% of Issued Capital
Less than 100	10	0.23	315	0.00
100 to 1,000	894	20.65	840,304	1.31
1,001 to 10,000	2,968	68.56	11,307,110	17.68
10,001 to 100,000	398	9.20	11,115,862	17.39
100,001 to less than 5% of issued shares	59	1.36	40,686,464	63.62
5% and above of issued shares	0	0.00	0	0.00
TOTAL	4,329	100.00	63,950,055	100.00

Directors' Shareholdings as at 25 April 2005

Name	-----Direct-----		-----Indirect-----	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Dato' Megat Abdul Rahman bin Megat Ahmad	3,469,482	5.43	-	-
Koon Poh Ming	2,499,530	3.91	-	-
Dato' Koon Poh Keong	3,331,642	5.21	-	-
Kuan Shin @ Kuan Nyong Hin	805,561	1.26	@2,540,722	3.97
Mohamad Faiz bin Abdul Hamid	23,733	0.04	-	-
Koon Poh Weng	1,780,008	2.78	^96,400	0.15
Koon Poh Kong	1,585,199	2.48	*3,000	0.00
Koon Poh Tat	1,446,000	2.26	#66,587	0.10
Loo Lean Hock	-	-	-	-
Tan Heng Kui	14,000	0.02	-	-
Kuan Pek Seng (Alternate Director to Kuan Shin @ Kuan Nyong Hin)	185,000	0.29	&3,161,283	4.94

^ Deemed interested in the shares held by his spouse and daughter, Chan Poh Choo and Koon Sim Ee

* Deemed interested in the shares held by his spouse, Lee Sook Ching

Deemed interested in the shares held by his spouse, Chan Hean Heoh

@ Deemed interested in the shares held by his son, Kuan Pek Seng and by virtue of his interest in Doitbest Holdings Sdn Bhd

& Deemed interested in the shares held by his father, Kuan Shin @ Kuan Nyong Hin and by virtue of his interest in Doitbest Holdings Sdn Bhd

Substantial Shareholders as per Register of Substantial Shareholders as at 25 April 2005

Name	-----Direct-----		-----Indirect-----	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Dato' Megat Abdul Rahman bin Megat Ahmad	3,469,482	5.43	-	-
Kwan Yun Hong @ Kuan Onn Hing	4,857,019	7.60	#14,800	0.029
Dato' Koon Poh Keong	3,331,642	5.21	-	-
Kuan Shin @ Kuan Nyong Hin	805,561	1.26	@2,540,722	3.97
Kuan Pek Seng (Alternate Director to Kuan Shin @ Kuan Nyong Hin)	185,000	0.29	&3,161,283	4.94

Deemed interested in the shares held by his spouse, Tan Lam Kiew

@ Deemed interested in the shares held by his son, Kuan Pek Seng and by virtue of his interest in Doitbest Holdings Sdn Bhd

& Deemed interested in the shares held by his father, Kuan Shin @ Kuan Nyong Hin and by virtue of his interest in Doitbest Holdings Sdn Bhd



Thirty Largest Shareholders as at 25 April 2005

	Name of Shareholders	No. of Shares	% of Issued Capital
1	Kwan Yun Hong @ Kuan Onn Hing	2,857,019	4.47
2	Koon Poh Ming	2,499,530	3.91
3	Doitbest Holdings Sdn Bhd	2,355,722	3.68
4	Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Megat Abdul Rahman bin Megat Ahmad	2,017,970	3.16
5	UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kwan Yun Hong @ Kuan Onn Hing	2,000,000	3.13
6	Koon Poh Weng	1,780,008	2.78
7	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Kwi Yong	1,714,300	2.68
8	Ong Sow Mei	1,662,371	2.60
9	Tan Mew Lan	1,563,912	2.45
10	Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Koon Poh Keong	1,470,000	2.30
11	Dato' Megat Abdul Rahman Bin Megat Ahmad	1,451,512	2.27
12	Koon Poh Tat	1,446,000	2.26
13	Affin-ACF Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Koon Poh Keong	1,300,000	2.03
14	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang	1,226,500	1.92
15	Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang	1,200,000	1.88
16	Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Kwi Yong	1,200,000	1.88
17	Koon Poh Kong	1,065,199	1.67
18	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Joo Teik	861,500	1.35
19	Kuan Shin @ Kuan Nyong Hin	805,561	1.26
20	Yong Man	627,960	0.98
21	Anthony Kuan Chee Kee	600,000	0.94
22	Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Poh Kong	520,000	0.81
23	ECM Libra Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Koon Poh Keong	500,000	0.78
24	AllianceGroup Nominees (Tempatan) Sdn. Bhd. PHEIM Asset Management Sdn. Bhd. for Employees Provident Fund	494,000	0.77
25	Chan Poh Leng	494,000	0.77
26	Wong Siew Lan	453,000	0.71
27	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Cheng Joo Teik	444,000	0.69
28	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Pui Lan	409,100	0.64
29	Lim Quee Hiong	400,000	0.63
30	Kang Kian Kiat	320,000	0.50
TOTAL		35,739,164	55.90

Analysis of Warrantholdings as at 25 April 2005

Total Warrants Issued : 20,350,139

Size of Holdings	No. of Warrantholders	% of Warrantholders	No. of Warrants held	% of Issued Warrants
Less than 100	34	2.25	2,992	0.01
100 to 1,000	221	14.65	185,401	0.91
1,001 to 10,000	1,040	68.92	4,003,717	19.67
10,001 to 100,000	195	12.92	5,373,196	26.40
100,001 to less than 5% of issued warrants	16	1.06	5,314,133	26.11
5% and above of issued warrants	3	0.20	5,470,700	26.90
TOTAL	1,509	100.00	20,350,139	100.00

Directors' Warrantholdings as at 25 April 2005

Name	-----Direct-----		-----Indirect-----	
	No. of Warrants Held	% of Issued Warrants	No. of Warrants Held	% of Issued Warrants
Dato' Megat Abdul Rahman bin Megat Ahmad	2,382,600	11.71	-	-
Koon Poh Ming	451,715	2.22	-	-
Dato' Koon Poh Keong	380,521	1.87	-	-
Kuan Shin @ Kuan Nyong Hin	-	-	*919	-
Mohamad Faiz bin Abdul Hamid	7,806	0.04	-	-
Koon Poh Weng	0	0.00	^597	-
Koon Poh Kong	259,200	1.27	#101,400	0.50
Koon Poh Tat	-	-	-	-
Loo Lean Hock	-	-	-	-
Tan Heng Kui	-	-	-	-
Kuan Pek Seng	-	-	*919	-
(Alternate Director to Kuan Shin @ Kuan Nyong Hin)				

* Deemed interested by virtue of their interests in Doitbest Holdings Sdn Bhd

^ Deemed interested in the warrants held by his spouse, Chan Poh Choo

Deemed interested in the warrants held by his spouse, Lee Sook Ching



Thirty Largest Warrantholders as at 25 April 2005

	Name of Warrantholders	No. of Warrants	% of Issued Warrants
1	Dato' Megat Abdul Rahman Bin Megat Ahmad	2,382,600	11.71
2	Kwan Yun Hong @ Kuan Onn Hing	1,861,400	9.15
3	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang	1,226,700	6.03
4	Tan Mew Lan	718,037	3.53
5	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Pui Lan	677,600	3.33
6	Yong Man	603,400	2.97
7	Chan Poh Leng	557,368	2.74
8	Anthony Kuan Chee Kee	500,000	2.46
9	Koon Poh Ming	451,715	2.22
10	Dato' Koon Poh Keong	380,521	1.87
11	Koon Poh Kong	259,200	1.27
12	Tie Ming Chung	208,000	1.02
13	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Kwi Yong	204,700	1.01
14	Chan Kin Hua	159,500	0.78
15	Goh Phaik Lynn	150,000	0.74
16	Ong Sow Mei	121,000	0.59
17	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Karmjit Singh	111,992	0.55
18	Tang Kee Hiong	109,700	0.54
19	Lee Sook Ching	101,400	0.50
20	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Chan Mo Lin	100,000	0.49
21	Chong Kooi Yoon @ Choong Kooi Yoon	94,800	0.47
22	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Loh Wee Hian	90,000	0.44
23	Chua Kin Hua	90,000	0.44
24	Tan Kim Tian	87,000	0.43
25	Kong Yeng Phooi	86,300	0.42
26	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Siew Mun Chuang	86,100	0.42
27	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tie Ming Chung	86,000	0.42
28	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Foong Choong Heng	80,000	0.39
29	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Lim Sok Lan	75,000	0.37
30	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Cheah Kim Choo	75,000	0.37
TOTAL		11,735,033	57.67

List of Properties

Held by the Group as at 31 December 2004

Proprietor	Location	Description / Age (Year)	Existing Use	Tenure	Area (square feet)	Net Book 31/12/04 RM '000
Press Metal Berhad	Lot 6464, Mukim Kapar Daerah Klang Selangor Darul Ehsan	Freehold land and building 11 years	Factory cum office	Freehold	217,000	8,488
Press Metal Berhad	Lot 6486, Mukim Kapar Daerah Klang Selangor Darul Ehsan	Freehold land and building 11 years	Factory cum office	Freehold	417,348	8,170
Press Metal Berhad	PTD 48324 Mukim Plentong Daerah Johor Bahru Johor Darul Takzim	Double Storey Factory 10 years	Office cum Warehouse	Freehold	8,288	471
Press Metal Berhad	HS (D) 69248, PTD 9474, Mukim Senai-Kulai Johore 332, Jalan Emas Taman Desa Kulai, Kulai Johor Darul Takzim	Double Storey Shop house 6 years	Vacant	Freehold	1,540	161
Press Metal Berhad	HS (D) 52126, PTD 26986 Mukim Plentong Daerah Johor Bahru Johor Darul Takzim	Double Storey Shop house 6 years	Vacant	Freehold	1,400	318
Press Metal Berhad	HS (D) 85897, PTD 48325 Mukim Plentong Daerah Johor Bahru Johor Darul Takzim	Double Storey Factory 2 year	Office cum warehouse	Freehold	6,893	924
PMB Development Sdn Bhd	HS (D) 25528 Pt. No 8627 Mukim Rawang Daerah Gombak, Lot 15, Phase 4A Templer Baiduri Selangor Darul Ehsan	Bungalow Lot 6 years	Vacant	Freehold	9,000	342
Angkasa Jasa Sdn Bhd	Pt 7649, Cheras Jaya Mukim Cheras Daerah Ulu Langat Selangor Darul Ehsan	Leasehold land and building 16 years	Factory cum office	Leasehold for 99 years expiring 14 May 2088	44,584	3,689
Angkasa Jasa Sdn Bhd	Lot 3-307 Kemayan City Shopping Mall Daerah Johor Bahru Johor Darul Takzim	Commercial Office suite 6 years	Vacant	Freehold	312	241
Angkasa Jasa Sdn Bhd	Lot 3-308 Kemayan City Shopping Mall Daerah Johor Bahru Johor Darul Takzim	Commercial Office suite 6 years	Vacant	Freehold	312	241
Angkasa Jasa Sdn Bhd	Pantai Plaza, Tower 5 Suite no 1002 Kuala Lumpur	Commercial Office suite 6 years	Vacant	Freehold	1,392	849
Angkasa Jasa Sdn Bhd	Pantai Plaza, APH 20 Menara Atlas Kuala Lumpur	Commercial Office suite 5 years	Tenanted	Freehold	5,339	2,476



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PRESS METAL BERHAD

(Company No. 153208-W)

(Incorporated in Malaysia)

proxy form

Number of shares held

I/We
of
being a member of PRESS METAL BERHAD, hereby appoint * THE CHAIRMAN OF THE MEETING or failing him,
.....
of
or failing him,
of
as my/our proxy to vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at Room Tun H. S. Lee, Commonwealth House, No. 4 Jalan Birah, Damansara Heights, 50490 Kuala Lumpur on Friday, 3 June 2005 at 9.30 a.m. and at any adjournment thereof.

* If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting or failing him" and insert the name(s) of the person(s) desired.
My/Our proxy is to vote as indicated below :

No.	Resolutions	For	Against
Resolution 1	Adoption of Audited Financial Statements for the financial year ended 31 December 2004 and Reports of the Directors and Auditors thereon		
Resolution 2	Declaration of a final dividend of 3% less 28% tax		
Resolution 3	Approval of Directors' Fees		
Resolution 4	Re-election of Kuan Shin @ Kuan Nyong Hin as Director		
Resolution 5	Re-election of Loo Lean Hock as Director		
Resolution 6	Re-election of Tan Heng Kui as Director		
Resolution 7	Re-appointment of Messrs KPMG as Auditors of the Company		
Resolution 8	Authority for Directors to issue shares pursuant to Bonus Issue		
Resolution 9	Authority for Directors to issue shares pursuant to Two-Call Rights Issue with Warrants		
Resolution 10	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares		
Resolution 11	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.]

Signature:

Shareholder

or Common Seal

Dated this day of 2005

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149 (1) (b) of the Companies Act, 1965 shall not apply.
2. Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 7, Setia 1, 15 Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time set for holding the meeting or any adjournment thereof.



Please fold here to seal

STAMP

The Company Secretary
Press Metal Berhad
(Company No. 153208-W)
Level 7, Setia 1,
15 Lorong Dungun,
Damansara Heights,
50490 Kuala Lumpur.

Please fold here to seal