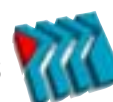




STRENGTHENING OUR

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Corporate Information

BOARD OF DIRECTORS

Dato' Megat Abdul Rahman bin Megat Ahmad
Chairman

Koon Poh Ming
Executive Vice Chairman

Dato' Koon Poh Keong
Group Chief Executive Officer

Koon Poh Weng

Koon Poh Kong

Koon Poh Tat

Kuan Shin @ Kuan Nyong Hin

Tuan Haji Mohamad Faiz bin Abdul Hamid

Loo Lean Hock

Tan Heng Kui

Kuan Pek Seng
Alternate Director to Kuan Shin @ Kuan Nyong Hin

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Saw Bee Lean (MAICSA 0793472)

SHARES AND WARRANTS REGISTRAR

Tenaga Koperat Sdn. Bhd.
20th Floor, Plaza Permata,
Jalan Kampar,
Off Jalan Tun Razak,
50400 Kuala Lumpur,
Malaysia.
Tel : 603-4041 6522
Fax : 603-4042 6352

REGISTERED OFFICE

Level 7, Setia 1,
15, Lorong Dungun,
Damansara Heights,
50490 Kuala Lumpur,
Malaysia.
Tel : 603-2095 7188
Fax : 603-2095 0988

CORPORATE OFFICE

Lot 6464 Batu 5 3/4,
Jalan Kapar, Sementa,
42100 Klang,
Selangor Darul Ehsan,
Malaysia.
Tel : 603-3291 3188
Fax : 603-3291 3637
Website URL: www.pressmetal.com

PRINCIPAL BANKERS

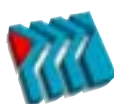
Bumiputra-Commerce Bank Berhad
Malayan Banking Berhad
United Overseas Bank (M) Berhad
Citibank Berhad
Alliance Bank (M) Berhad
Eon Bank Berhad
Standard Chartered Bank Malaysia Berhad

AUDITORS

KPMG
(Chartered Accountants)
Wisma KPMG,
Jalan Dungun, Damansara Heights,
50490 Kuala Lumpur, Malaysia.

STOCK EXCHANGE LISTING

The Main Board,
Bursa Malaysia Securities Berhad





Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of Press Metal Berhad will be held at Room Tun H. S. Lee, Commonwealth House, No. 4 Jalan Birah, Damansara Heights, 50490 Kuala Lumpur on Monday, 12 June 2006 at 9.30 a.m.

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2005 together with the Reports of the Directors and Auditors thereon.
2. To declare a final dividend of 2% less 28% tax for the financial year ended 31 December 2005.
3. To approve the payment of Directors' Fees in respect of the financial year ended 31 December 2005.
4. To re-elect the following Directors retiring pursuant to Article 92 of the Articles of Association of the Company:-
 - (i) Dato' Megat Abdul Rahman bin Megat Ahmad
 - (ii) Koon Poh Tat
 - (iii) Koon Poh Weng
5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.

Resolution 1

Resolution 2

Resolution 3

Resolution 4

Resolution 5

Resolution 6

Resolution 7

As Special Business

To consider and, if thought fit, to pass the following Resolutions:-

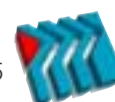
6. **Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares**

"That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued Share Capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue."

Resolution 8

7. **Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Press Metal Berhad and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

"THAT, the mandate granted by the shareholders of the Company at the Annual General Meeting held on 3 June 2005 pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authorising the Company and its subsidiaries ("PMB Group") to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.3 (i) of the Circular to Shareholders dated 19 May 2006 ("Circular") with the related parties mentioned therein which are necessary for the PMB Group's day-to-day operations, be and is hereby renewed.



Notice Of Annual General Meeting (continued)

That approval be and is hereby given for the PMB Group to enter into recurrent related party transactions of a revenue or trading nature set out in Section 2.3(ii) of the Circular, which are necessary for the PMB's Group day-to-day operations.

THAT the PMB Group is hereby authorised to enter into the Proposed Shareholders' Mandate provided that:-

- (a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (b) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year on the type of Recurrent Related Transactions made, the names of the related parties involved in each type of Recurrent Related Party Transactions and their relationships with the Company.

THAT the authority conferred shall continue to be in force until:-

- i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
- ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate."

Resolution 9

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Twentieth Annual General Meeting, a final dividend of 2% less 28% tax, for the financial year ended 31 December 2005 will be paid to shareholders on 14 July 2006. The entitlement date for the said dividend shall be 15 June 2006.

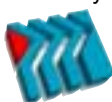
A Depositor shall qualify for entitlement to the Dividend only in respect of:-

- (a) Shares transferred to the Depositor's securities account before 4.00 p.m. on 15 June 2006 in respect of transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

SAW BEE LEAN (MAICSA 0793472)
TAI YIT CHAN (MAICSA 7009143)
Secretaries

Kuala Lumpur
Date: 19 May 2006





Notice Of Annual General Meeting (continued)

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.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution No. 8

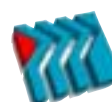
- Resolution pursuant to Section 132D of the Companies Act, 1965

The Resolution proposed under item 6 of the Agenda, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

Resolution No. 9

- Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Press Metal Berhad and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

For further information on Ordinary Resolution No. 9, please refer to the Circular to Shareholders dated 19 May 2006 accompanying the Annual Report of the Company for the financial year ended 31 December 2005.



Statement Accompanying Notice of Twentieth Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Bursa Malaysia Securities Berhad Listing Requirements:-

- (1) Directors standing for re-election at the Twentieth Annual General Meeting:-

Retiring pursuant to Article 92 of the Articles of Association of the Company:-

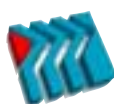
- i) Dato' Megat Abdul Rahman bin Megat Ahmad
- ii) Koon Poh Tat
- iii) Koon Poh Weng

The details of the Directors seeking for re-election are set out in their respective profiles on pages 9, 10 and 11 of the Annual Report.

- (2) Number of Board Meetings held in the financial year ended 31 December 2005 : Four (4)
- (3) Details of attendance of Directors at Board Meetings held in the financial year ended 31 December 2005 are as follows:-

Directors	Number of meetings attended
Dato' Megat Abdul Rahman bin Megat Ahmad	4/4
Koon Poh Ming	4/4
Dato' Koon Poh Keong	2/4
Koon Poh Weng	4/4
Koon Poh Kong	2/4
Kuan Shin @ Kuan Nyong Hin (Alternate : Mr Kuan Pek Seng)	2/4
Koon Poh Tat	4/4
Tuan Haji Mohamad Faiz bin Abdul Hamid	3/4
Loo Lean Hock	4/4
Tan Heng Kui	3/4

- (4) The Twentieth Annual General Meeting of the Company will be held at Room Tun H. S. Lee, Commonwealth House, No. 4 Jalan Birah, Damansara Heights, 50490 Kuala Lumpur on Monday, 12 June 2006 at 9.30 a.m.



Board of Directors



- 1) Dato' Megat Abdul Rahman bin Megat Ahmad
- 2) Mr. Koon Poh Ming
- 3) Dato' Koon Poh Keong
- 4) Mr. Koon Poh Tat
- 5) Mr. Koon Poh Weng
- 6) Mr. Koon Poh Kong
- 7) Tuan Haji Mohamad Faiz bin Abdul Hamid
- 8) Mr. Kuan Shin @ Kuan Nyong Hin
- 9) Mr. Loo Lean Hock
- 10) Mr. Tan Heng Kui
- 11) Mr. Kuan Pek Seng
(Alternate to Mr. Kuan Shin @ Kuan Nyong Hin)



Management Team

Mr. Koon Poh Ming (1)

Executive Vice Chairman

Dato' Koon Poh Keong (2)

Group Chief Executive Officer

Mr Koon Poh Tat (3)

Executive Director Press Metal Berhad

Mr Koon Poh Weng (4)

Executive Director Angkasa Jasa Sdn Bhd

Mr Koon Poh Kong (5)

Executive Director Angkasa Jasa Sdn Bhd

Mr John Henley-Smith (6)

Managing Director Press Metal Aluminium (Australia) Pty Ltd

Mr Chey Poi See (7)

General Manager, PMB Recycling Management Sdn Bhd



8) Mr Christopher Wong Cheong Wah

General Manager, Angkasa Jasa Sdn Bhd

9) Mr Loo Tai Choong

Senior Finance Manager, Press Metal Berhad

10) Mr Joey Khoo Kai Leong

Business Development Manager, Press Metal UK Limited

Profile of Directors

Dato' Megat Abdul Rahman Bin Megat Ahmad, DSDK

Age 66. Malaysian. Non-Independent, Non-Executive Chairman and Chairman of Remuneration and Nomination Committees. He was appointed to the Board on 25 May 1995 and elected Chairman on the same day. Attended all four Board Meetings held in the financial year. He sits on the Boards of several public listed companies, several private companies and also serves as member on the Boards of University Kebangsaan Malaysia and also Hospital Universiti Kebangsaan Malaysia. He graduated with a Bachelor of Commerce degree from University of Melbourne, Australia. He is a fellow, Institute of Chartered Accountants in Australia, a member and past president of the Malaysian Institute of Certified Public Accountants and member, Malaysian Institute of Accountants. He had served as Executive Director in Kumpulan Guthrie Berhad from 1983-1994, and was a Partner/Managing partner of KPMG, Desa Megat & Co from 1973 to 1983. He is also a director of Boustead Holdings Berhad, UAC Berhad, Integrated Rubber Corporation Berhad, Tronoh Consolidated Malaysia Berhad and IJM Corporation Berhad. He has no conflict of interest with the Group, and has no family relationship with any director and/or major shareholder of the Group. He maintains a clean record with regard to convictions for offences.

Mr. Koon Poh Ming

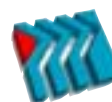
Age 49. Malaysian. Non-Independent, Executive Vice Chairman and Director since 13 May 1986. He is a member of the Remuneration Committee. Attended all four Board Meetings held in the financial year. He is also the Non-Independent Director and the Chief Executive Officer of PMB Technology Berhad. He is a professional engineer registered with the Board of Engineers, Malaysia and The Institute of Engineers, Malaysia. He has actively been involved in the aluminium trading and manufacturing for more than 20 years. After graduation, he started his career with an international consulting, engineering firm based in Kuala Lumpur whereby he was involved in the design, supervision and management of several large construction projects. He is the brother to Kuan Shin @ Kuan Nyong Hin, Dato' Koon Poh Keong, Koon Poh Kong, Koon Poh Weng, Koon Poh Tat and uncle to Kuan Pek Seng. He maintains a clean record with regard to convictions for offences.

Dato' Koon Poh Keong

Age 45. Malaysian. Non-Independent Group Chief Executive Officer and Member of Audit Committee. He is one of the founder members of Press Metal Berhad and had been appointed as Group Chief Executive Director since the Company was listed on Bursa Securities Second Board in 1993. Attended two out of four Board Meetings held in the financial year. Currently, he is also Non-Independent Director and Executive Chairman of PMB Technology Berhad. He graduated with Bachelor of Science in Electrical Engineering from The University of Oklahoma, United States of America, in 1986. He is the brother to Kuan Shin @ Kuan Nyong Hin, Koon Poh Ming, Koon Poh Kong, Koon Poh Weng, Koon Poh Tat and uncle to Kuan Pek Seng. He maintains a clean record with regard to convictions for offences.



From left: Dato' Megat Abdul Rahman Bin Megat Ahmad DSDK, Mr. Koon Poh Ming and Dato' Koon Poh Keong



Profile of Directors (continued)

Mr. Koon Poh Weng

Age 51. Malaysian. Non-Independent, Executive Director since 13 May 1986. Attended all four Board Meetings held in the financial year. Being a key founder of the Company, he has many years of specialised experience in the marketing of hardware and equipment. His experiences include the management of major projects throughout the country. He has been responsible for all aspects of the management and for producing satisfactory results on large variety of projects ranging from schools, government complexes to prominent hotels. He is also an Executive Director of PMB Technology Berhad and also Managing Director of Angkasa Jasa Sdn Bhd, a company involved in contracting and fabrication of aluminium and stainless steel products. He is the brother to Kuan Shin @ Kuan Nyong Hin, Koon Poh Ming, Dato' Koon Poh Keong, Koon Poh Kong, Koon Poh Tat and uncle to Kuan Pek Seng. He maintains a clean record with regard to convictions for offences.

Mr. Koon Poh Kong

Age 53. Malaysian. Non-Independent, Executive Director since 13 May 1986. Attended two out of four Board Meetings held in the financial year. Being a key founder of the company, his experiences include the management of major projects throughout the country. He has been responsible for all aspects of the management and for producing satisfactory results on large variety of projects ranging from schools, government complexes to prominent hotels. Currently, he is the Executive Director of Angkasa Jasa Sdn Bhd, a company involved in contracting and fabrication of aluminium and stainless steel products. He is the brother to Kuan Shin @ Kuan Nyong Hin, Koon Poh Ming, Dato' Koon Poh Keong, Koon Poh Weng, Koon Poh Tat and uncle to Kuan Pek Seng. He maintains a clean record with regard to convictions for offences.

Mr. Koon Poh Tat

Age 46. Malaysian. Non-Independent, Executive Director since 7 June 1999. He is a co-founder of Press Metal Berhad's Johor branch. Attended all four Board Meetings held in the financial year. His hard work and dedication lead Johor branch to be the pioneer in the aluminium industry. Currently, he is also an Executive Director of PMB Technology Berhad. He is the brother to Kuan Shin @ Kuan Nyong Hin, Koon Poh Ming, Dato' Koon Poh Keong, Koon Poh Kong, Koon Poh Weng and uncle to Kuan Pek Seng. He maintains a clean record with regard to convictions for offences.

Mr. Kuan Shin @ Kuan Nyong Hin

Age 65. Malaysian. Non-Independent, Non-Executive Director since 28 June 1986. Attended two out of four Board Meetings held in the financial year. He has started his career in the non-ferrous metal product industry in the early 1960's. He was the Chairman of Chin Foh Berhad. Currently, he is the Non-Executive Director of Chin Foh Berhad. He is the brother to Koon Poh Ming, Dato' Koon Poh Keong, Koon Poh Kong, Koon Poh Weng, Koon Poh Tat and father to Kuan Pek Seng. He maintains a clean record with regard to convictions for offences.



From left: Kuan Shin @ Kuan Nyong Hin, Koon Poh Kong, Koon Poh Weng, and Koon Poh Tat

Profile of Directors (continued)

Mr. Kuan Pek Seng

Age 38. Malaysian. Non-Independent, Non-Executive Alternate Director to Mr Kuan Shin @ Kuan Nyong Hin since 30 March 1998. He holds a Diploma in Business and Finance from Filton Technical College, England (1988). He was the Managing Director of Chin Foh Berhad from 2 April 1997 to 28 October 2005. He is the nephew to Koon Poh Ming, Dato' Koon Poh Keong, Koon Poh Kong, Koon Poh Weng, Koon Poh Tat and son to Kuan Shin @ Kuan Nyong Hin. He maintains a clean record with regard to convictions for offences.

Tuan Haji Mohamad Faiz Bin Abdul Hamid

Age 66. Malaysian. Independent Non-Executive Director, Chairman of Audit Committee and member of Remuneration and Nomination Committees. Appointed as Director on 7 May 1993. Attended three out of four Board Meetings held in the financial year. He is a Fellow of the Royal Institution of Chartered Surveyors England and the Institution of Surveyors Malaysia since 1981. He is also an Independent and Non-Executive Director of PMB Technology Berhad and Alternate Director in Malayan United Industries Berhad. He was a consultant quantity surveyor since 1968 and currently a director of Yong Dan Mohamad Faiz Sdn. Bhd., a Chartered Quantity Surveying and Cost Consultant Firm. He was the past President of the Institution of Surveyors, Malaysia. He has no conflict of interest with the Group and has no family relationship with any director and/or major shareholder of the Group. He maintains a clean record with regard to convictions for offences.

Mr. Loo Lean Hock

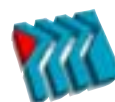
Age 46. Malaysian. Independent, Non-Executive Director since 14 September 2001. Attended all four Board Meetings held in the financial year. He is a member of the Audit Committee and Nomination Committee. He is a Chartered Accountant of the Malaysian Institute of Accountants, a practicing member of Malaysian Institute of Certified Public Accountants, an associate member of Malaysian Institute of Taxation and Malaysian Institute of Management. He obtained his Master of Business Administration from University of Bath, United Kingdom in 1992. He started his professional career in Coopers & Lybrand from 1980 to 1990. He joined Press Metal Berhad in 1990 as the Financial Controller. After that, he joined The Crown Princess Kuala Lumpur (a hotel division of Asia Pacific Land Berhad) as the Financial Controller. He set up his own auditing firm, L.H. Loo & Co. in July 1993 as the sole practitioner. He is also an Independent, Non-Executive Director of PMB Technology Berhad since 2003, a Director of LH Loo Taxation Services Sdn. Bhd. and Competitive Edge Consulting Sdn. Bhd., service providers in accounting, taxation and consulting services. He was an alternate director on the board of Chin Foh Berhad from 1997 to 2001. He has no conflict of interest with the Group and has no family relationship with any director and/or major shareholder of the Group. He maintains a clean record with regard to convictions for offences.

Mr. Tan Heng Kui

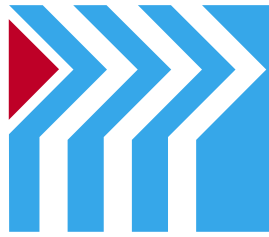
Age 49. Malaysian. Independent, Non-Executive Director and Member of the Audit Committee since 26 December 2001. Attended three out of four Board Meetings held in the financial year. He was a Vice President for The Institution of Engineers, Malaysia from 2000 to 2004, and was a member of the Professional Practice Committee, Board of Engineers Malaysia. He set up his own consulting firm, Perunding Pertama Consulting Engineers in 1988. He is also the Executive Director of Kumpulan IKRAM (Sabah) Sdn. Bhd. since 1997. He obtained his Bachelor of Science Honours in Civil Engineering from The University of Wales, United Kingdom. He has no conflict of interest with the Group and has no family relationship with any director and/or major shareholder of the Group. He maintains a clean record with regard to convictions for offences.



From left: Loo Lean Hock, Tan Heng Kui, Tuan Haji Mohamad Faiz Bin Abdul Hamid and Kuan Pek Seng,



Company Structure



Press Metal Berhad
(Co. No. 153208-W)



PRESS METAL UK LIMITED
(Co. No. 3653082)
100%



**PRESS METAL ALUMINIUM
(AUSTRALIA) PTY LTD**
(A. C. N. 085370010)
70%



ANGKASA JASA SDN BHD
(Co. No. 110854-M)
100%



**BI-PMB WASTE MANAGEMENT
SDN BHD**
(Co. No. 204292-D)
100%



**PMB RECYCLING MANAGEMENT
SDN BHD**
(Co. No. 383245-H)
100%

**PMB-ENVIREX ENVIRONMENTAL
ENGINEERING SDN BHD**
(Co. No. 204138-X)
55%



WESAMA SDN BHD
(Co. No. 196057-W)
100%

PRESS METAL (HK) LIMITED
(Co. No. 965197)
80%



ACE EXTRUSION SDN. BHD.
(Co. No. 483049-P)
100%



PMI press metal
澳美铝业
PRESS METAL INTERNATIONAL LIMITED
100%



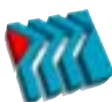
PMB DEVELOPMENT SDN BHD
(Co. No. 198730-T)
100%

PMB MARKETING SDN BHD
(Co. No. 185222-W)
100%



PMB SPECTRUM SDN BHD
(Co. No. 400200-U)
60%

PMB MARKETING (H.K.) LTD
(Co. No. 782963)
100%



Calendar Highlights

Signing Ceremony | January 2005



| Safety Awareness - Foreign Workers Induction Course | April 2005



Calendar Highlights (continued)

| ISO 14001 Training | April 2005



| First Aid Training | September 2005



Calendar Highlights (continued)

| House Keeping Award | December 2005



| The Psychology of Winning | December 2005



Calendar Highlights (continued)

| Best Performance | January 2006



| Company Annual Dinner | February 2006





Audit Committee Report

MEMBERSHIP

The members of the Audit Committee (the "Committee") are as follows:-

Tuan Haji Mohamad Faiz Bin Abdul Hamid (Chairman)

Independent Non-Executive Director

Loo Lean Hock

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

Tan Heng Kui

Independent Non-Executive Director

Dato' Koon Poh Keong

Group Chief Executive Officer

ATTENDANCE AT MEETINGS

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

Name of Audit Committee Member	No. of Meetings Attended
Tuan Haji Mohamad Faiz bin Abdul Hamid	3/4
Dato' Koon Poh Keong	2/4
Loo Lean Hock	4/4
Tan Heng Kui	3/4

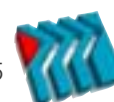
TERMS OF REFERENCE

Composition of the Audit Committee

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

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

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



Audit Committee Report (continued)

OBJECTIVES

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

In addition, the Audit Committee shall:-

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

DUTIES AND RESPONSIBILITIES

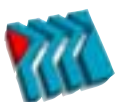
The following are the main duties and responsibilities of the Audit Committee:-

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

RIGHTS OF THE AUDIT COMMITTEE

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

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





Audit Committee Report (continued)

MEETINGS

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

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

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

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

A quorum shall consist of a majority of independent directors.

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

INTERNAL AUDIT FUNCTION

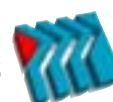
The primary role of the internal audit function is to undertake regular and systematic review of the systems of internal control so as to provide sufficient assurance that the Group has sound system of internal control and that established policies and procedures are adhered to.

The internal audit function which reports directly to the Audit Committee should carry out its responsibilities with impartiality, proficiency and due professional care.

ACTIVITIES REPORT

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

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



Chairman's Statement



DATO' MEGAT ABDUL RAHMAN BIN MEGAT AHMAD
Chairman

On behalf of the Board of Directors of Press Metal Berhad ("PMB"), it gives me great pleasure to present the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 31 December 2005.

FINANCIAL PERFORMANCE

Press Metal Group achieved another year of satisfactory performance in the year 2005. The Group recorded revenue of RM428.1 million for the financial year ended 31 December 2005, representing a rise of approximately RM53.0 million or an increase of 14% over the previous year of RM375.1 million.

The consolidated profit before taxation of RM12.6 million represents an increase of RM0.5 million or 4% from 2004. The consolidated profit after taxation and minority interest rose by RM1.5 million or 14% for the financial year ended 31 December 2005 as compared to the previous year. Correspondingly, the Group earnings per share increased from 4.7 sen to 4.9 sen.

DIVIDENDS

The Board is pleased to propose a final dividend of 2% less 28% tax, amounting to RM2,303,340, in respect of the financial year ended 31 December 2005, subject to shareholders' approval at the forthcoming Annual General Meeting.



Chairman's Statement (continued)

CORPORATE DEVELOPMENT

Share Split, Bonus Issue and Renounceable Two-Call Rights Issue

During the financial year under review, the Group completed the following significant corporate exercises:-

- Share split into two (2) new ordinary shares of RM0.50 each for every one (1) existing ordinary share of RM1.00 each;
- Bonus issue on the basis of one (1) new share for every two (2) existing shares held;
- Renounceable two-call rights issue and free detachable warrants on the basis of two (2) rights shares together with one (1) right warrant for every three (3) existing shares after the bonus issue.

Incorporation Of Press Metal (HK) Limited ("PMHK")

On 21 April 2005, PMB subscribed for eighty (80) ordinary shares of HK\$1.00 each, representing 80% of the issued and paid up share capital of PMHK, a company incorporated in Hong Kong, for a total cash consideration of HK\$80.00 (equivalent to approximately RM40.00). The principal activity of PMHK is investment holding.

Setting Up Of New Plant In China

During the financial year, PMB acquired a piece of land located at the Fu Shan City San Shui Centre Technology Park with an approximate land area of 473,153.33 square metres, for a purchase consideration of RMB31,937,850 (equivalent to approximately RM14,691,411). The acquisition enables the Group to set up a manufacturing plant in China and forms part of the Group's long term expansion plan.

Subscription Of 2,550,000 Ordinary Shares Of RM1.00 Each Representing 51% Of The Issued and Paid Up Share Capital Of K3 Metal Service Centre Sdn. Bhd. ("K3 Metal")

On 20 March 2006, PMB subscribed for two million five hundred fifty thousand (2,550,000) ordinary shares of RM1.00 each representing 51% of the enlarged issued and paid up share capital of K3 Metal, for a total cash consideration of Ringgit Malaysia Two Million Five Hundred Fifty Thousand (RM2,550,000). K3 Metal is principally engaged in general trading and related services.

PROSPECTS

Despite the impending moderation in the growth of regional economies, the Group will continue to focus on its core business competencies by enhancing its productivity and efficiency levels whilst attempting to grow its market share in an environment that is expected to be extremely challenging. Efforts undertaken thus far to enhance its earnings base will augur well for the Group to meet the numerous challenges ahead.

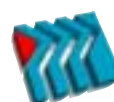
APPRECIATION

On behalf of the Board of Directors, I would like to thank all our valued customers, investors and shareholders for their continuing strong support which has enabled the Group to achieve another successful year. I would also like to thank the management team and staff for their ongoing dedication, resourcefulness and commitment to the ideals of the Group. I look forward to the continued support of all the stakeholders in the years ahead.

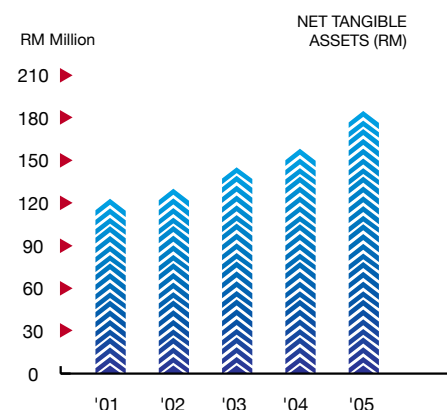
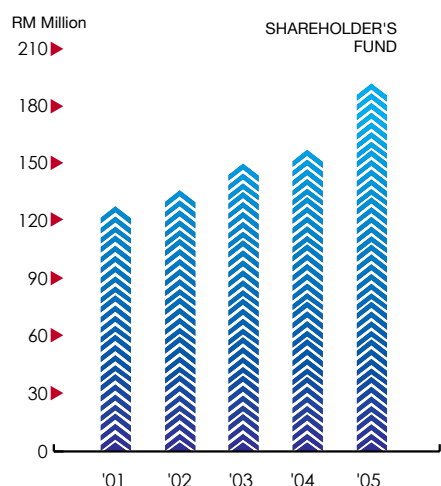
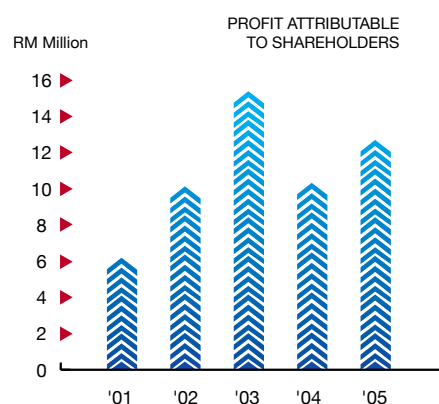
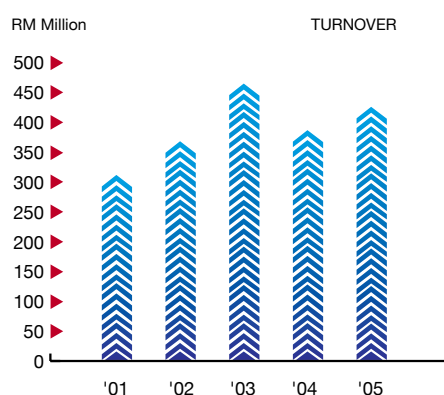
DATO' MEGAT ABDUL RAHMAN BIN MEGAT AHMAD

Chairman

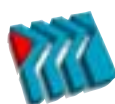
Date: 19 May 2006



5 Years Group Financial Highlight



	2001 RM '000	2002 RM '000	2003 RM '000	2004 RM '000	2005 RM '000
Turnover	303,252	355,708	466,229	375,137	428,154
Profit Before Taxation	12,772	21,174	28,029	12,128	12,632
Profit After Taxation	8,874	15,565	21,376	10,836	12,872
Profit Attribution to Shareholders	6,042	10,011	15,303	10,608	12,110
Shareholders' Funds	123,571	131,722	146,528	154,613	197,575
Net Tangible Assets (RM)	120,074	128,205	143,629	152,340	195,028
Paid-up Share Capital	62,016	62,016	63,314	63,871	159,954
Net Earnings Per Share (Sen)	10	16	25	17	5
Gross Dividend Rate (%)	1.5	4.5	4.0	5.0	2.0



Corporate Governance Statement

The Board of Directors ("the Board") of Press Metal Berhad ("the Company") is committed to exercise good corporate governance by supporting and applying the prescriptions of the principles and best practices set out in Parts 1 and 2 respectively of the Malaysian Code on Corporate Governance (the "Code"). In addition, the Board follows global developments of internationally recognised best governance practices, and though complying in many respects already, continually reviews the Company and its subsidiaries' ("the Group") corporate governance processes and makes adjustments as may be appropriate. The key intent is to adopt the substance behind good governance and not merely the form, with the aim of ensuring Board's effectiveness in enhancing shareholders' value. The Board is pleased to provide the following statement on how the Group has applied the principles and best practices set out in Parts 1 and 2 of the Code. Unless otherwise stated, the Board has throughout the financial year ended 31 December 2005 complied with the best practices indicated in the Code.

DIRECTORS

The Board

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

The Role And Functions

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

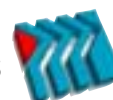
Meeting

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year ended 31 December 2005, the Board met on four (4) occasions, where it deliberated upon and considered a variety of matters including the financial results, major investments, strategic decisions, the business plan and direction of the Group.

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

Details of Directors' attendance at Board Meetings held during the financial year ended 31 December 2005 are as follows:-

Name Of Directors	No. Of Meetings Attended
Dato' Megat Abdul Rahman bin Megat Ahmad	4/4
Koon Poh Ming	4/4
Dato' Koon Poh Keong	2/4
Koon Poh Weng	4/4
Koon Poh Kong	2/4
Koon Poh Tat	4/4
Kuan Shin @ Kuan Nyong Hin	2/4
Tuan Haji Mohamad Faiz bin Abdul Hamid	3/4
Loo Lean Hock	4/4
Tan Heng Kui	3/4
Kuan Pek Seng (Alternate Director to Kuan Shin @ Kuan Nyong Hin)	N/A



Corporate Governance Statement (continued)

BOARD COMMITTEES

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

Board Committee	Key Functions
Audit Committee	Explained on pages 17 to 19 of this Annual Report.
Executive Committee	Oversees all pertinent operational issues.
Remuneration Committee	Explained on pages 26 to 27 of this Annual Report.
Nomination Committee	Explained on pages 25 to 26 of this Annual Report.

All committees have written terms of reference and operating procedures and the Board receives reports of their proceedings and deliberations. The Chairman of the various committees will report to the Board on the outcome of the Committee meetings and such reports are incorporated in the Minutes of the Board Meetings. These committees are formed in order to enhance business and operational efficiency as well as efficacy.

BOARD BALANCE

As at the date of this Statement, the Board consists of a Non-Independent Non-Executive Chairman, an Executive Vice Chairman, a Group Chief Executive Officer, three (3) Executive Directors, three (3) Independent Non-Executive Directors, a Non-Executive Director and an Alternate Director, who is also a Non-Executive Director. A brief profile of each Director is presented on pages 9, 10 and 11 of this Annual Report.

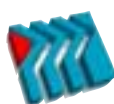
There is also balance in the Board with the presence of Independent Non-Executive Directors possessing the calibre necessary to carry sufficient weight in Board decisions. Although all the Directors have equal responsibility of the Company's operations, the role of these Independent Non-Executive Directors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

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

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

The roles of the Chairman and the Group Chief Executive Officer are clearly defined in their individual position descriptions. The Chairman is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board's decisions. The Group Chief Executive Officer is responsible for the day-to-day management of the business as well as the implementation of Board's policies and decisions. Tuan Haji Mohamad Faiz bin Abdul Hamid is the Senior Independent Non-Executive Director designated to clarify matters or enquiries that may be raised by shareholders or investors.

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



Corporate Governance Statement (continued)

SUPPLY OF INFORMATION

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

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

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

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

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

APPOINTMENT TO THE BOARD

Nomination Committee

The Nomination Committee comprised the following members during the financial year ended 31 December 2005:-

Dato' Megat Abdul Rahman bin Megat Ahmad

Tuan Haji Mohamad Faiz Bin Abdul Hamid

Loo Lean Hock

- Chairman, Non-Independent Non Executive Director

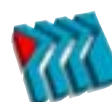
- Independent Non-Executive Director

- Independent Non-Executive Director

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

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

The Nomination Committee held one(1) meeting during the financial year ended 31 December 2005.



Corporate Governance Statement (continued)

APPOINTMENT PROCESS

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

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

DIRECTORS' TRAINING

The Directors will continue to attend relevant training courses to further enhance their skills and knowledge to enable them to discharge their responsibilities more effectively.

For the financial year ended 31 December 2005, the Directors have complied with the Continuous Education Programme requirement by accumulating the required points. In addition they have also attended training programmes relating to contemporary issues in financial and corporate reporting during the financial year ended 31 December 2005.

RE-ELECTION

The Articles of Association of the Company provide that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting ("AGM") and in ascertaining the number of Directors to retire, the Company shall ensure that all Directors shall retire at least once in every three (3) years. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-election. A retiring Director is eligible for re-election. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separately.

REMUNERATION COMMITTEE

The Remuneration Committee comprised two (2) Non-Executive Directors and one (1) Executive Director with Dato' Megat Abdul Rahman bin Megat Ahmad as the Chairman. The Committee is responsible for recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors to the Board. None of the Executive Directors participated in any way in determining their individual remuneration.

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

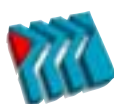
The members of the Remuneration Committee are as follows:-

Non-Executive Directors

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

Executive Director

Koon Poh Ming



Corporate Governance Statement (continued)

The Remuneration Committee held two (2) meetings during financial year ended 31 December 2005.

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company who served during the financial year ended 31 December 2005 are as follows:-

Category	Fees (RM'000)	Salaries (RM'000)	Benefits in kind (RM' 000)
Executive Directors	-	1,095	-
Non-Executive Directors	130	-	-

The number of Directors of the Company who served during the financial year ended 31 December 2005 and whose income from the Group are as follows:-

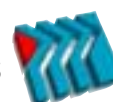
	Executive	Non-Executive
RM50,000 and below	-	5
RM200,001 - RM250,000	5	-

The Company does not disclose each Director's remuneration separately as required by the Code as the Board is of the view that the disclosure of the remuneration bands of the Company's Directors is sufficient.

RELATIONSHIP WITH SHAREHOLDERS

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

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



Corporate Governance Statement (continued)

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

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

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

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

Statement On Internal Control

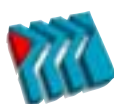
The Statement on Internal Control furnished on page 29 of the Annual Report provides an overview on the state of internal controls within the Group.

Relationship With The Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 17 to 18 of the Annual Report.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on page 19 of the Annual Report.

The Company has complied throughout the financial year with all the best practices of corporate governance set out in the Code, except for Principles BIII – Disclosures on remuneration of Directors.





Statement of Internal Control

Introduction

In accordance with Paragraph 15.27 (b) of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Board of Directors of public listed companies are required to include in their annual report a 'statement about the state of internal control of the listed issuer as a group'. The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the group's assets. Set out below is the Board's Internal Control Statement, which has been prepared in accordance with the "Statement on Internal Control: Guidance to Directors of Public Listed Companies" (the "Guidance").

Board Responsibility

The Board is committed to maintaining both a sound system of internal control and the proper management of risks throughout the operations of the Group in order to safeguard shareholders' investment and assets of the Group. The Board acknowledges that it is ultimately responsible for the Group's system of internal controls which includes the establishment of an appropriate control environment and framework, including financial, operational and compliance controls and risk management, as well as reviewing its adequacy and integrity on an ongoing basis. It should be noted, however, that due to the inherent limitations in any system, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Internal Audit Function and Risk Management Framework

The Audit Committee has engaged the services of external consultants to assess the adequacy and effectiveness of the internal control system. The same external consultants have also been appointed to assist in the development of a risk management framework. The risk management framework was completed during the financial year. The Audit Committee is kept informed of the audit process, from the annual audit plan up to the audit findings and reporting. The details on the Internal Audit function are further explained on page 19 of this Annual Report. The Management is responsible for ensuring that corrective actions are taken within the required time frame on reported weaknesses.

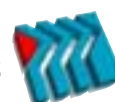
Other key elements of internal control

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

- A management structure with job descriptions and defined lines of responsibilities are in place for all business operating units;
- The Company and two of its subsidiaries have ISO 14001, MS ISO 9001:2000 and OHSAS 18001:1999 accreditation for their operational processes;
- Review of all proposals for material capital and investment acquisitions by the Management prior to the review and approval by the Board of Directors;
- Regular information provided to Management, covering financial performance as well as key performance indicators, such as cash flow performance, product sales analysis and operating cost analysis. These performance reports are benchmarked against budget;
- Quarterly monitoring of results and financial position by the Board;
- Regular visits to business operating units by key members of the Board and the Management team;
- Quarterly review of Group related party transactions by the Audit Committee.

Weaknesses

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



Press Metal Berhad



On 13 May 1986, Press Metal Berhad ("PMB as the Company") was incorporated under the name of Press Aluminium Industries Sdn Bhd. It was converted into a public company on 21 January 1993 and subsequently listed on the Second Board of the Bursa Malaysia Securities Berhad ("BURSA") on 4 August 1993. The Company's listing and quotation of its entire issued and paid-up share capital was transferred to the Main Board of the BURSA on 11 August 1999.

When PMB was listed in 1993, it had only two subsidiaries. It now has a stable of 14 subsidiaries and a listed group of associate companies with activities ranging from trading, contracting, fabricating and installation of aluminium and stainless steel products, curtain wall cladding system, project and property development and environmental engineering.

EXTRUSION DIVISION

PMB started operating on two presses with an annual output of 300mt. Subsequently, the annual capacity has increased to 36,000mt with the addition of new presses along the year since 1986. The current capacity is able to produce output from the 4" container to the maximum 8" container sizes ranging from 660t to 2200t press. Most of the presses are now fully automatic with pullers and log shears complete with the latest handling equipment. To couple the capacity, a new ageing oven has been installed to cope with the volume. PMB is now the leading aluminium extruder in South East Asia.

TOOL & DIES DIVISION

The die division is now capable of extruding large CCD sections ranging from solid shape of 260mm CCD to hollow shape of 220mm CCD. The capability of in house Die Shop equipped with CAD/CAM facilities to support the CNC Machines and wire EDM, are now able to produce precision extrusion dies exclusively for the customer. The current tooling capacity is 3,600 dies per annum.

SURFACE FINISHING DIVISION

PMB has a variety of surface finish line to compliment the extruded product. Currently, it has two fully automatic anodising horizontal line with an annual capacity of 24,000mt per annum, capable of producing natural anodising finish, medium, night bronze, and black colour. The anodising line which is run with a Caustic Regeneration System (CRS) and a waste water treatment plant is capable of handling the caustic soda recovery and the aluminium sludge which is then reprocess to become ploy aluminium chloride.

The powder coating line which is designed from Nordson USA, has a capacity to produce up to 4,000mt per annum. The plant is capable of producing various colours for both internal and external for architectural application.



Press Metal Berhad

The Bright Dip finish is the latest addition to the traditional anodising and powder coating finish. Press Metal has one line with a capacity of 1,500mt year, capable of doing silver and gold finish. Currently the brightening line is equipped with a polishing machine capable of handling large volume of bright dip finish, it is currently expanding the polishing machine equipment and also installing a sandblast machine to cater for more sophisticated finish in the aluminium market. It is envisaged to have the current capacity of 600mt per annum to be increased to 1,200 metric ton by first quarter 2006.

FABRICATION

The fabrication shop set up last year has now grown in size and has made the downstream activities twice the output. The current scope of fabrication involve punching, drilling, notching, shearing and cut to size lengths of various shape from 20mm CCD up to 260mm CCD profiles. More sophisticated equipment such as bending and roll forming machines, CNC equipment has been added to the fabrication shop. These has added advantage to the customer who wants to complete the whole job in complete package.

BILLET CASTING DIVISION

PMB has a capacity of 70,000mt per annum in the production of billets size ranging from 3.5 inch diameter up to 8 inch diameter. The Cast house is capable of producing various type of alloy such as 6063, 6061, 6082, 6463, 6005A and 6060.

The quality of billets produced using the latest Wagstaff Technology, is giving a very high quality in the extruded surface finish. The extruded surface finish is capable of handling a very sophisticated finish requirement by individual customer.

QUALITY

PMB is the first aluminium company in Malaysia been awarded all the International recognised quality certificates, ie. ISO 9001 : 2000, ISO 14001 and OHSAS 18001. ISO 9001 : 2000 is certified by Sirim, which is accredited to UKAS, ISO 14001 and OHSAS 18001 is certified by Tuv Germany. The quality management system and the emphasis on environment and safety has made PMB to achieve a high quality standard in the production of aluminium extruded profiles. With these emphasis, our export sales has grew up to more than 50% of our total annual turnover. PMB is currently export to United Kingdom, Europe, Middle East, South Africa, Australia and many part in East Asia.

PRESS METAL BERHAD

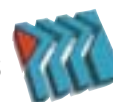
(Company no 153208-W)

Office, Factory and Corporate Office

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Website URL: www.pressmetal.com

Branch in Johor Darul Takzim

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Ace Extrusion Sdn Bhd

ACE Extrusion Sdn. Bhd. (ACE), formerly known as Alcom Extrusion Sdn. Bhd., is principally involved in the manufacturing and trading of aluminium extrusion products. In the year 2003, Press Metal Berhad had acquired the company from Aluminium Company Of Malaysia as part of the expansion plans.

As a high quality extrusion products manufacturer and one of the market leaders in the industry, the Company has established a strong distribution network and stable customer base, for both local and overseas market. Most of the customers recognise ACE's products to be superior in quality and performance, which has allowed ACE to command a premium in its price for its products and developing export opportunity.

ACE had successfully shifted its operation from its old plant in Petaling Jaya to its current new plant in Klang in 2005. The whole process took one and a half month and the machines were fully commissioned by April 15th 2005. In addition, a new press was installed and this had contributed greatly to the production capacities in ACE.

On the building and construction sector, ACE had regained its position as the reliable supplier of quality and well proven architectural systems. Such recognition and confidence in ACE systems were obvious in the successful completion of projects such as:-

- The View, Pulau Pinang
- Kota Damansara Condominium (80 units)
- La Grance Condominium (22 stories), Sri Hartamas
- Sarawak Hospital Upgrading
- Mid Valley Office Block
- Klebang Condominium (21 stories, 2 block), Melaka

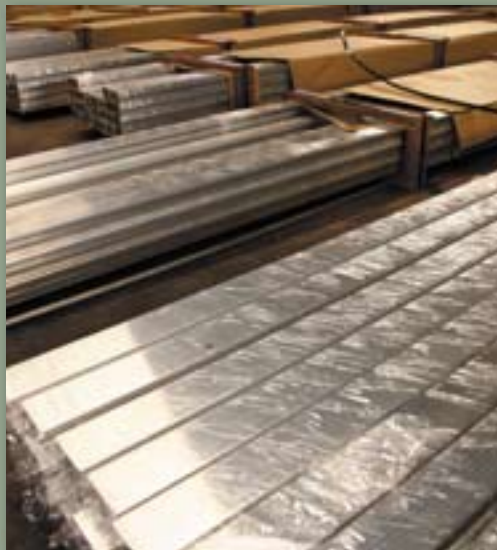
The balance of its business segments goes into various sectors such as electrical & electronics, consumer durables, machinery & equipment, agricultural, transportation and construction.

Despite being a challenging year, 2005 had also been an encouraging year for ACE in many areas. The renewed confidence by the building consultants in ACE architectural systems had propelled the company to introduce more new and upgraded architectural systems for the Malaysian and the international market. More effort and resource will be spent in designing and marketing premium architectural systems.

ACE will continue to face the challenges in 2006 and with the encouraging results in 2005, the management of ACE definitely drive the company to another successful year ahead.

ACE EXTRUSION SDN BHD (Company no 483049-P)

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Angkasa Jasa Sdn. Bhd.



The current construction environment requires cost effective design development to meet the realities of escalating economics.

In this context, dynamic leadership and enhance foresight with cutting edge design and detail solution couple with the reinvention of professionalism toward the stainless steel and aluminium fitout system have again yield technological advancement for our industry in our ability to confront and control such challenges

At Angkasa we realise production with rapidly advancing technology. For tools, machineries and information are instrumental and is essential towards a successful harvest in this competitive market.

With a dedicated team of system designer, we constantly designed, engineered and developed cost effective, innovative and versatile system solutions that fully interact and coordinate technologically with other trades during construction without compromising on stringent building by law.

Our distinctive project management team continues to strive with efficient usage of resources and harnessing know hows without compromising engineering quality as this in turn will result in shorter construction time, lower product development cost and better designed building fitouts.

Customer services and satisfaction shall continue to remain our priority and combined with an extensive and continued research and development programme we intend to remain poised as an influential player and a front runner in our industry.

We have continue to build on our long established presence to ensure we are unbending to provide our excellent standard and services for the following projects.

- SOLARIS MONT KIARA K6 PHASE 2 DEVELOPMENT PROJECT
- AMSTEEL HEADQUATERS DEVELOPMENT PROJECT
- CAPITAL SQUARE CONDOMINIUM MIX DEVELOPMENT PROJECT
- DIGI HEADQUATER PROJECT
- WISMA PERBADANAN KEMAJUAN PERTANIAN SELANGOR or PKPS PROJECT
- MERCEDES BENZ SHOWROOM PROJECT
- PUTRAJAYA 4G7 JABATAN PEGUAM MEGARA PROJECT
- MARC RESIDENCE BEVERLY TOWER PROJECT
- METROPOLITAN SQUARE MIX DEVELOPMENT PROJECT
- KLGCC RESIDENTIAL DEVELOPMENT PROJECT

Angkasa Jasa Sdn. Bhd. was incorporated on 29 November 1983, specializes in exterior and interior architectural stainless steel and aluminium fitout systems.

ANGKASA JASA SDN. BHD.

(Company No: 110854-M)

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E-mail: ajsb@angkasajasa.com



Press Metal Aluminium (Australia) Pty Ltd



PMAA, is a 70% owned subsidiary of Press Metal Berhad, Malaysia (PMB). They distribute aluminium extrusions and related products out of 4 warehouses in the major eastern seaboard cities of Brisbane, Melbourne, Sydney and Newcastle.

The Company continued their momentum in 2005 with sales revenue growing by 17% and profit up by 20%. Total volume of extrusions shipped into Australia by PMB showed modest growth due to the pressures of local and other overseas market demands.

The strength of the commitment to the Australian market and the continued opportunities for growth prompted the opening of the fourth branch in Newcastle, which is 2 hours drive North of Sydney, in December 2005. There are plans to open at least another branch in Queensland in 2006 and will be enhanced by the extra capacity available from the new plant in China. This increased capacity will allow an even greater acceleration of growth in the existing locations, and so PMAA is looking forward to another robust year.

Press Metal Aluminium (Australia) Pty Ltd (PMAA) was incorporated in Victoria, on 30 November, 1998 as a private limited company under the Corporations Law of Victoria, Australia. PMAA is principally engaged in the marketing, wholesaling and trading of aluminium related material.

PRESS METAL ALUMINIUM (AUSTRALIA) PTY LTD (ACN 085 370 010)

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130 Williams Road, Dandenong South 3175, Victoria, Australia

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Press Metal UK Limited

PRESS METAL UK LTD (PMUK), a wholly owned subsidiary of Press Metal Berhad (PMB) is engaged in warehousing and distribution of aluminium extrusion throughout the United Kingdom.

Specializing in standard and custom designed aluminium extrusion, PMUK with the support and capabilities at PMB, has been able to repel most challenges faced in the local market and to service all the customers in the UK with greater commitment and quality products.

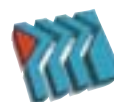
Recent years, having seen PMUK expanding and gaining a larger market share, PMUK has recently acquired an even larger warehouse to cater to this expansion to meet our entire customer's requirement and to service them efficiently. With greater support from both PMB and Press Metal International Limited from China, PMUK is poised to develop its market share further and take on new challenges.

Press Metal UK Ltd is incorporated in United Kingdom on 24th November 1998 as a private limited company and is principally engaged in the marketing and distribution of aluminium products.

PRESS METAL UK LIMITED

(Company No. 3653082)

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PMB Recycling Management Sdn. Bhd.



PMB Recycling Management Sdn. Bhd. the sole company in Malaysia to acquire the Swedish technology, Akzo Nobel Group of companies in 1999 to make use of the aluminium sludge (S204) from the anodizing plant and waste water treatment plant for the manufacturing of water treatment chemical, Polyaluminium Chloride (PAC). The aluminium sludge is a scheduled waste, it is controlled by the Environmental Quality (Scheduled Wastes) Regulations 2005. At present, the aluminium sludge can only be sent to the Integrated Scheduled Waste Management Centre in Bukit Nanas, Negeri Sembilan for disposal.

With the set up of the PAC manufacturing plant, the company collects the aluminium sludge from several local anodizing plant for the manufacturing of PAC and it also helps the Malaysian government to materialize the policy of creating a cleaner and healthier environment for the future generation.

PMB Recycling Management Sdn. Bhd. (PMBR) was incorporated on 10 April 1996. The principal activities are to carry on the business of recycling of waste, operation, maintenance, construction of waste recycling projects and trading of waste treatment products and recycling equipment.

PMB RECYCLING MANAGEMENT SDN. BHD.

(Company No: 383245-H)

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BI-PMB Waste Management Sdn Bhd



First of its kind to cater to treatment to a wide range of electroplating waste, the Common Waste Water Treatment Plant (CWWTP) has not only kept the environment clean but has helped the country to eradicate some of the unpleasant dumping of waste into the rivers.

Since 1998, the treatment plant has been successfully commissioned. The 32 lots in the Bukit Kemuning Electroplating Park ("BKEP") are fully occupied and the electroplaters are benefiting from the lower cost of waste treatment.

BI-PMB Waste Management Sdn. Bhd. was incorporated in September 1990 and assumed its present name in April 1995. The company was a collaboration between Bank Industri (M) Berhad and Press Metal Berhad to set up a Common Waste Water Treatment Plant (CWWTP) to treat toxic waste discharged by the electroplaters in the Bukit Kemuning Electroplating Park (BKEP).

BI-PMB WASTE MANAGEMENT SDN. BHD.

(Company No: 204292-D)

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