

Financial Statement

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Directors' report for the year ended 31 December 2005

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 2005.

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	<u>12,110</u>	<u>9,610</u>

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 a final dividend of 3% less tax totalling RM1,381,321 in respect of the year ended 31 December 2004 on 30 June 2005.

The final dividend recommended by the Directors in respect of the year ended 31 December 2005 is 2% less tax totalling RM2,303,340.

Directors of the Company

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

Director

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

Alternate

Kuan Pek Seng



Directors' report for the year ended 31 December 2005 (continued)

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 ----->						
RM1.00 each		<-----RM0.50 each----->				
		Two-calls				
At 1.1.2005	Share Split	Bonus Issue	Rights Issue	Bought/ (Sold)	At 31.12.2005	
Dato' Megat Abdul Rahman bin Megat Ahmad	3,469,482	3,469,482	3,469,482	6,938,964	-	17,347,410
Koon Poh Ming	2,499,530	2,499,530	2,499,530	15,501,149	-	22,999,739
Dato' Koon Poh Keong	3,331,642	3,331,642	3,331,642	20,648,453	-	30,643,379
Kuan Shin @ Kuan Nyong Hin	805,561	805,561	805,561	1,611,122	-	4,027,805
Tuan Haji Mohamad Faiz bin Abdul Hamid	23,733	23,733	23,733	47,466	-	118,665
Koon Poh Weng	1,780,008	1,780,008	1,780,008	3,560,016	-	8,900,040
Koon Poh Kong	1,585,199	1,585,199	1,585,199	3,170,398	-	7,925,995
Koon Poh Tat	1,446,000	1,446,000	1,446,000	2,892,000	-	7,230,000
Kuan Pek Seng	185,000	185,000	185,000	370,000	-	925,000
Tan Heng Kui	14,000	14,000	14,000	28,000	-	70,000

Shareholdings in the Company in which Directors have direct interests

<----- Number of ordinary shares of ----->						
RM1.00 each		<-----RM0.50 each----->				
		Two-calls				
At 1.1.2005	Share Split	Bonus Issue	Rights Issue	Bought/ (Sold)	At 31.12.2005	
Kuan Shin @ Kuan Nyong Hin*	2,355,722	2,355,722	2,355,722	4,711,444	-	11,778,610
Koon Poh Weng#	96,400	96,400	96,400	192,800	-	482,000
Koon Poh Kong#	3,000	3,000	3,000	6,000	(6,000)	9,000
Koon Poh Tat#	66,587	66,587	66,587	133,174	-	332,935
Kuan Pek Seng*	2,355,722	2,355,722	2,355,722	4,711,444	-	11,778,610

Shareholdings in the Company in which Directors have indirect interests



Directors' report for the year ended 31 December 2005 (continued)

	Number of ordinary shares of RM0.50 each			
	At 1.1.2005	Bought	Sold	At 31.12.2005
Shareholdings in an associate, PMB Technology Berhad, in which Directors have direct interests				
Dato' Koon Poh Keong	1,000,000	89,700	-	1,089,700
Koon Poh Ming	30,000	-	-	30,000
Tuan Haji 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 'A' of RM1.00 each		Number of warrants 'B' of RM0.50 each		At 31.12.2005
	At 1.1.2005	Expired on 21.12.2005	Acquired	Converted	
Dato' Megat Abdul Rahman bin Megat Ahmad	2,464,600	(2,464,600)	3,469,482	-	3,469,482
Koon Poh Ming	451,715	(451,715)	7,750,574	-	7,750,574
Dato' Koon Poh Keong	382,921	(382,921)	9,274,227	-	9,274,227
Tuan Haji Mohamad Faiz bin Abdul Hamid	7,806	(7,806)	23,733	-	23,733
Koon Poh Weng	-	-	1,780,008	-	1,780,008
Koon Poh Kong	259,200	(259,200)	1,585,199	-	1,585,199
Koon Poh Tat	-	-	1,446,000	-	1,446,000
Kuan Shin @ Kuan Nyong Hin	-	-	805,561	-	805,561
Kuan Pek Seng	-	-	185,000	-	185,000
Tan Heng Kui	-	-	14,000	-	14,000

	Number of warrants 'A' of RM1.00 each		Number of warrants 'B' of RM0.50 each		At 31.12.2005
	At 1.1.2005	Expired on 21.12.2005	Acquired	Converted	

Warrants in the Company Indirect interests

Koon Poh Weng**	597	(597)	96,400	-	96,400
Koon Poh Kong**	101,400	(101,400)	3,000	(3,000)	-
Koon Poh Tat**	5,319	(5,319)	66,587	-	66,587
Kuan Shin @ Kuan Nyong Hin##	919	(919)	2,355,722	-	2,355,722

** 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 2005 (continued)

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

	Number of options over ordinary shares of				
	RM1.00 each	<-----RM0.50 each----->			At
	At 1.1.2005	Share Split	Granted	Exercised	
Koon Poh Ming	600,000	600,000	-	-	1,200,000
Dato' Koon Poh Keong	600,000	600,000	-	-	1,200,000
Koon Poh Weng	300,000	300,000	-	-	600,000
Koon Poh Kong	300,000	300,000	-	-	600,000
Koon Poh Tat	200,000	200,000	-	-	400,000

The other Director holding office at 31 December 2005 did not have 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

From 1 January 2005 to 28 June 2005, the Company issued 80,500 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.

On 28 June 2005, the Company conducted a share split of its ordinary shares of RM1.00 each into ordinary shares of RM0.50 each. Subsequently, the Company made the following issuance of shares:

- i) Issuance of 42,000 ordinary shares of RM0.50 each arising from the exercise of the Employees' Share Options at the option price of RM0.525 per ordinary share;
- ii) Issuance of 24,000 ordinary shares of RM0.50 each arising from the conversion of warrants;
- iii) Issuance of 63,980,055 ordinary shares of RM0.50 each arising from the bonus issue; and
- iv) Issuance of 127,960,110 ordinary shares of RM0.50 each arising from the two-calls rights issue.



Directors' report for the year ended 31 December 2005 (continued)

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.

Warrants 'A' were in registered form and constituted by a deed poll and entitled 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 was subject to the aforesaid deed poll and could be exercised at any time during the ten-year subscription period which expired on 21 December 2005.

Warrants 'B' arising from the two-calls rights issue are in registered form and constituted by a deed poll and entitle the registered holder to subscribe for one (1) new ordinary share of RM0.50 in the Company at a price of RM0.50 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 five-year subscription period expiring on 9 October 2010.

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:

Number of options granted	Percentage of options exercisable				
	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 2005 (continued)

The outstanding options offered to take up unissued ordinary shares of RM0.50 each and the option price are as follows:

Date of Offer	Option price		<-----Number of options over ordinary shares of----->						
	Before Share Split	After Share Split	RM1.00 each		<-----RM0.50 each----->				
			At 1.1.2005	Exercised	Share Split	Granted	Lapsed due to resignation	Exercised	At 31.12.2005
6.6.2002	RM1.05	RM0.525	4,346,456	(80,500)	4,265,956	-	-	(42,000)	8,489,912

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. No option holder was granted options more than 50,000 during the year, other than the Directors who 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 2005 (continued)

Other statutory information (contd.)

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, except for the net loss on disposal of property, plant and equipment amounting to RM2,649,000 and property, plant and equipment written off amounting to RM670,000 incurred by a subsidiary as disclosed in Note 17 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2005 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 Tat



.....
Dato' Koon Poh Keong

Kuala Lumpur,

Date: 23 March 2006



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 48 to 85 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 2005 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 Tat



Dato' Koon Poh Keong



Kuala Lumpur,

Date: 23 March 2006

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 48 to 85 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 23 March 2006.

Before me:



Loo Tai Choong

Report of the auditors to the members of Press Metal Berhad (Incorporated in Malaysia)

We have audited the financial statements set out on pages 48 to 85. 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 2005 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

Kuala Lumpur

Date: 23 March 2006



Foong Mun Kong
Partner
Approval Number: 2613/12/06(J)



Balance sheets at 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Property, plant and equipment	2	172,072	150,784	125,245	116,231
Investments in subsidiaries	3	-	-	20,222	20,038
Investment in associate	4	19,242	18,489	11,812	11,812
Goodwill	5	2,547	2,273	-	-
Current assets					
Land held for development	6	3,005	3,723	-	-
Inventories	7	88,588	76,554	49,997	42,932
Trade and other receivables	8	161,596	130,019	192,654	156,713
Tax recoverable		369	392	-	-
Cash and cash equivalents	9	21,472	12,488	3,464	2,343
		<u>275,030</u>	<u>223,176</u>	<u>246,115</u>	<u>201,988</u>
Current liabilities					
Trade and other payables	10	86,033	39,949	61,112	20,655
Borrowings	11	144,652	161,339	126,854	149,582
Taxation		1,991	942	1,316	396
		<u>232,676</u>	<u>202,230</u>	<u>189,282</u>	<u>170,633</u>
Net current assets		42,354	20,946	56,833	31,355
		<u>236,215</u>	<u>192,492</u>	<u>214,112</u>	<u>179,436</u>



Balance sheets at 31 December 2005 (continued)

		Group		Company	
	Note	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Financed by:					
Capital and reserves					
Share capital	12	159,954	63,871	159,954	63,871
Reserves		37,621	90,742	35,732	91,569
		<u>197,575</u>	<u>154,613</u>	<u>195,686</u>	<u>155,440</u>
Negative goodwill	14	1,759	6,633	-	-
Minority shareholders' interests	15	5,941	5,187	-	-
Long term and deferred liabilities					
Borrowings	11	16,011	8,529	1,763	6,380
Deferred tax liabilities	16	14,929	17,530	16,663	17,616
		30,940	26,059	18,426	23,996
		<u>236,215</u>	<u>192,492</u>	<u>214,112</u>	<u>179,436</u>

The financial statements were approved and authorised for issue by the Board of Directors on 23 March 2006.

The notes set out on pages 56 to 85 form an integral part of, and should be read in conjunction with, these financial statements.



Income statements for the year ended 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	17	428,154	375,137	341,033	308,226
Operating profit	17	20,369	16,900	18,071	14,883
Interest expense		(9,150)	(7,009)	(7,695)	(6,113)
Interest income		249	132	-	1,229
Share of profit of associate		1,164	2,105	-	-
Profit before taxation		12,632	12,128	10,376	9,999
Tax expense - Company and subsidiaries		419	(965)	(766)	(666)
- associate		(179)	(327)	-	-
	19	240	(1,292)	(766)	(666)
Profit after taxation		12,872	10,836	9,610	9,333
Less: Minority interests		(762)	(228)	-	-
Net profit for the year		12,110	10,608	9,610	9,333
Basic earnings per ordinary share (sen)	20	4.86	4.72		
Diluted earnings per ordinary share (sen)	20	4.86	4.68		
Dividends per ordinary share (net) (sen)	21	1.4	3.6	1.4	3.6

The notes set out on pages 56 to 85 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 2005

Group	Note	Non-distributable			Distributable	
		Share capital RM'000	Share premium RM'000	Exchange difference account RM'000	Retained profits RM'000	Total RM'000
At 1 January 2004		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
Issue of shares:						
Exercise of share options		101	5	-	-	106
Conversion of warrants		12	-	-	-	12
Bonus issue		31,990	-	-	(31,990)	-
Two-calls rights issue		63,980	(91)	-	(31,990)	31,899
Net profit for the year		-	-	-	12,110	12,110
Dividends – 2004 final	21	-	-	-	(1,381)	(1,381)
Exchange differences		-	-	216	-	216
At 31 December 2005		159,954	6	718	36,897	197,575

Note 12

The notes set out on pages 56 to 85 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 2005

Company	Note	Non-distributable	Distributable	Total
		Share capital RM'000	Share premium RM'000	Retained profits RM'000
At 1 January 2004		63,314	65	85,251
Issue of shares:				
Exercise of share options		557	27	-
Net profit for the year		-	-	9,333
Dividends				
- 2003 final	21	-	-	(2,188)
- 2004 interim	21	-	-	(919)
At 31 December 2004		63,871	92	91,477
Issue of shares:				
Exercise of share options		101	5	-
Conversion of warrants		12	-	-
Bonus issue		31,990	-	(31,990)
Two-calls rights issue		63,980	(91)	(31,990)
Net profit for the year		-	-	9,610
Dividends - 2004 final	21	-	-	(1,381)
At 31 December 2005		159,954	6	35,726
		Note 12	Note 13	

The notes set out on pages 56 to 85 form an integral part of, and should be read in conjunction with, these financial statements.



Cash flow statements for the year ended 31 December 2005

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	12,632	12,128	10,376	9,999
Adjustments for:				
Adjustment of negative goodwill	(3,983)	-	-	-
Amortisation of goodwill	216	626	-	-
Depreciation	16,543	16,514	11,802	10,804
Dividend income	-	-	(232)	(1,085)
Interest expense	9,150	7,009	7,695	6,113
Interest income	(249)	(132)	-	(1,229)
Net loss on disposal of property, plant and equipment	2,649	151	1	10
Property, plant and equipment written off	670	-	-	-
Recognition of negative goodwill	(891)	(1,338)	-	-
Share of profit of associate	(1,164)	(2,105)	-	-
Unrealised loss on foreign exchange	5,048	(1,491)	4,798	(1,233)
Term loan waived	-	(607)	-	-
Preliminary and pre-operating expenses written off	1,272	-	-	-
Operating profit before working capital changes	41,893	30,755	34,440	23,379
Changes in working capital:				
Land held for development	718	12,616	-	-
Inventories	(12,034)	(36,557)	(7,065)	(22,901)
Trade and other receivables	(36,625)	16,980	(40,739)	(8,640)
Trade and other payables	46,084	(12,957)	40,457	6,221
Cash generated from/(used in) operations	40,036	10,837	27,093	(1,941)
Taxation paid	(1,110)	(3,050)	(799)	(656)
Preliminary and pre-operating expenses paid	(1,590)	-	-	-
Net cash generated from/(used in) operating activities	37,336	7,787	26,294	(2,597)



Cash flow statements for the year ended 31 December 2005

(continued)

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment (Note (ii))	(39,868)	(19,640)	(20,817)	(18,199)
Proceeds from disposal of property, plant and equipment	2,488	1,237	-	161
Interest income	249	132	-	1,229
Dividend received	232	1,085	232	1,085
Acquisition of a subsidiary, net of cash acquired (Note 3)	(180)	-	(184)	-
Proceeds from disposal of quoted shares	-	387	-	-
Net cash used in investing activities	(37,079)	(16,799)	(20,769)	(15,724)
Cash flows from financing activities				
Repayment of hire purchase liabilities	(2,951)	(2,135)	(2,198)	(1,994)
Dividends paid	(1,381)	(3,107)	(1,381)	(3,107)
Proceeds from revolving credit	-	15,000	-	15,000
Proceeds from term loan	13,046	3,796	-	-
Proceeds from shares issued under the Employees' Share Option Scheme	106	584	106	584
Proceeds from shares issued under the conversion of warrants	12	-	12	-
Proceeds from shares issued under the two-calls right issue	31,899	-	31,899	-
Repayment of term loans	(4,888)	(9,349)	(3,530)	(3,991)
Bills payable drawn down	368,880	423,028	357,156	413,800
Repayments of bills payable	(372,829)	(406,941)	(364,706)	(397,394)
Repayment of revolving credit	(15,008)	-	(15,000)	-
Interest paid	(9,150)	(7,009)	(7,695)	(6,989)
Dividend paid to minority shareholders	-	(288)	-	-
Net cash generated from/(used in) financing activities	7,736	13,579	(5,337)	16,785
<i>Exchange differences on translation of the financial statements of foreign operations</i>	<i>216</i>	<i>-</i>	<i>-</i>	<i>-</i>



Cash flow statements for the year ended 31 December 2005

(continued)

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	8,209	4,567	188	(1,536)
Cash and cash equivalents at beginning of year	8,440	3,873	2,343	3,879
Cash and cash equivalents at end of year	<u>16,649</u>	<u>8,440</u>	<u>2,531</u>	<u>2,343</u>

i) Cash and cash equivalents

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

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks (excluding deposits pledged)	5,709	3,598	581	581
Cash and bank balances	15,753	8,880	2,883	1,762
Bank overdrafts	(4,813)	(4,038)	(933)	-
	<u>16,649</u>	<u>8,440</u>	<u>2,531</u>	<u>2,343</u>

ii) Purchase of property, plant and equipment

Included in additions of property, plant and equipment of the Group during the year of RM43,638,000 (2004 - RM24,991,000) are property, plant and equipment acquired by means of hire purchase of RM3,770,000 (2004 - RM5,351,000).

Included in additions of property, plant and equipment of the Company during the year of RM20,817,000 (2004 - RM23,318,000) are property, plant and equipment acquired by means of hire purchase of Nil (2004 - RM5,119,000).

The notes set out on pages 56 to 85 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.

(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.



Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

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.

(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.



Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(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.

(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) 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.



Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

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.

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.

(o) 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:

	2005 RM	2004 RM
1USD	3.78	3.80
1GBP	6.52	7.32
1AUD	2.77	2.96
1HKD	0.49	0.49
1SGD	2.27	2.32



Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(p) 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.

(q) 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

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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(r) 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.

2. Property, plant and equipment

	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
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost										
At 1 January 2005	5,910	26,507	6,644	136,773	11,156	6,550	2,066	45,482	557	241,645
Additions	-	1,389	7,196	16,220	1,258	1,787	238	7,209	8,341	43,638
Disposals	-	-	-	(12,988)	(32)	(199)	(2)	-	-	(13,221)
Write off	-	-	-	(1,933)	-	-	-	-	-	(1,933)
At 31 December 2005	5,910	27,896	13,840	138,072	12,382	8,138	2,302	52,691	8,898	270,129
Accumulated depreciation										
At 1 January 2005	-	2,281	992	48,863	6,252	3,522	1,017	27,934	-	90,861
Charge for the year	-	499	147	7,513	968	655	129	6,632	-	16,543
Disposals	-	-	-	(7,903)	(29)	(151)	(1)	-	-	(8,084)
Write off	-	-	-	(1,263)	-	-	-	-	-	(1,263)
At 31 December 2005	-	2,780	1,139	47,210	7,191	4,026	1,145	34,566	-	98,057



Notes to the financial statements (continued)

2. Property, plant and equipment (continued)

<i>Group</i>	Freehold land RM'000	Freehold building RM'000	Long term leasehold land and 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	Construction in-progress RM'000	Total RM'000
Net book value										
At 31 December 2005	5,910	25,116	12,701	90,862	5,191	4,112	1,157	18,125	8,898	172,072
At 31 December 2004	5,910	24,226	5,652	87,910	4,904	3,028	1,049	17,548	557	150,784
Depreciation charge for the year ended 31 December 2004	-	427	248	8,021	999	667	197	5,955	-	16,514

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

<i>Company</i>	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 2005	5,910	21,651	107,225	8,724	3,455	801	41,308	189,074
Additions	-	1,390	12,510	793	52	12	6,060	20,817
Disposals	-	-	-	(2)	-	-	-	(2)
At 31 December 2005	5,910	23,041	119,735	9,515	3,507	813	47,368	209,889
Accumulated depreciation								
At 1 January 2005	-	2,293	37,605	4,572	1,646	350	26,377	72,843
Charge for the year	-	446	5,653	702	287	28	4,686	11,802
Disposals	-	-	-	(1)	-	-	-	(1)
At 31 December 2005	-	2,739	43,258	5,273	1,933	378	31,063	84,644
Net book value								
At 31 December 2005	5,910	20,302	76,477	4,242	1,574	435	16,305	125,245
At 31 December 2004	5,910	19,358	69,620	4,152	1,809	451	14,931	116,231
Depreciation charge for the year ended 31 December 2004	-	372	4,977	698	312	41	4,404	10,804

Plant and machinery with a net book value of RM1,588,000 were acquired from a subsidiary for a purchase consideration of RM1,602,980.



Notes to the financial statements (continued)

2. Property, plant and equipment (continued)

Securities

Certain property, plant and equipment of the Group and of the Company costing RM4,972,000 (2004 - RM13,917,000) and RM2,850,000 (2004 - RM2,850,000) respectively have been pledged as security for loan facilities as set out in Note 11 to the financial statements.

Certain pledged plant and machinery of a subsidiary is in the process of being discharged since the borrowings have been fully settled.

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	
	2005	2004
	RM'000	RM'000
Group		
Finance lease: Motor vehicle	-	30
Hire purchase: Plant and machinery	4,291	8,424
Motor vehicles	5,390	1,640
Office equipment	106	-
	<u>9,787</u>	<u>10,064</u>
Company		
Hire purchase: Plant and machinery	4,176	8,407
Motor vehicles	1,161	1,286
	<u>5,337</u>	<u>9,693</u>

3. Investments in subsidiaries

	Company	
	2005	2004
	RM'000	RM'000
Unquoted shares, at cost	22,662	22,478
Less: Impairment losses	(2,440)	(2,440)
	<u>20,222</u>	<u>20,038</u>



Notes to the financial statements (continued)

3. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Effective percentage of ownership	
			2005	2004
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%
PMB-Envirex Environmental Engineering Sdn. Bhd.	Malaysia	Provision of environmental engineering services	55%	55%
Press Metal Aluminium (Australia) Pty. Ltd*	Australia	Marketing, retailing and trading of aluminium related materials	70%	70%
Press Metal Hong Kong Limited*	Hong Kong	Investment holding	80%	-
and its subsidiary Press Metal International Limited*	China	Manufacturing and trading of aluminium products	80%	-

* Audited by other firms of chartered accountants.



Notes to the financial statements (continued)

3. Investments in subsidiaries (continued)

Acquisition of subsidiaries

On 21 April 2005, the Company acquired 80% equity interest of Press Metal Hong Kong Limited for a purchase consideration of RM48 satisfied by cash. The acquisition was accounted for using the acquisition method of accounting.

On 22 August 2005, the Company acquired an additional 20% equity interest of BI-PMB Waste Management Sdn. Bhd. for a purchase consideration of RM180,000 satisfied by cash. The acquisition was accounted for using the acquisition method of accounting.

The fair value of assets assumed in the acquisitions and the cash flow effect is as follow:

	Group RM'000
Goodwill on acquisition	490
Minority interest	(310)
	<u>180</u>
Consideration paid, satisfied in cash	(26,535)
Cash acquired	26,355
	<u>(180)</u>

Effect of acquisitions

The acquisitions have the following effect on the Group's operating results for the year ended 31 December 2005, and assets and liabilities as at 31 December 2005:

	Group RM'000
Income statement:	
Operating income	304
Operating costs	(1,550)
	<u>(1,246)</u>
Decrease in the Group's net profit at the end of financial year	
Balance sheet:	
Non-current assets	
Property, plant and equipment	15,828
Current assets	9,747
Current liabilities	(810)
	<u>24,765</u>
Net assets acquired	
	<u>24,765</u>
Increase in the Group's net assets	
	<u>24,765</u>



Notes to the financial statements (continued)

4. Investment in associate

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Quoted shares	11,812	11,812	11,812	11,812
Share of post-acquisition reserves	7,430	6,677	-	-
	<u>19,242</u>	<u>18,489</u>	<u>11,812</u>	<u>11,812</u>

	Group	
	2005	2004
	RM'000	RM'000
Represented by:		
Group's share of net assets other than goodwill	<u>19,242</u>	<u>18,489</u>
Market value of quoted associate	<u>10,308</u>	<u>14,067</u>

The details of the associate are as follows:

Name	Country of incorporation	Principal activities	Effective percentage of ownership	
			2005	2004
PMB Technology Berhad	Malaysia	Investment holding	26.84	26.84

5. Goodwill

	Group	
	2005	2004
	RM'000	RM'000
Cost		
Opening balance	5,098	5,098
Acquisition of subsidiaries	490	-
	<u>5,588</u>	<u>5,098</u>
Amortisation		
Opening balance	2,825	2,199
Amortisation charge for the year	216	626
	<u>3,041</u>	<u>2,825</u>
Net book value as at 31 December	<u>2,547</u>	<u>2,273</u>



Notes to the financial statements (continued)

6. Land held for development

Group	Long term leasehold land RM'000	Development expenditure RM'000	Total RM'000
2005			
<i>Current</i>			
At 1 January	1,305	2,418	3,723
Additions	-	1,200	1,200
Disposals	(626)	(1,291)	(1,917)
At 31 December	679	2,326	3,005
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	-	-	-
<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	1,305	2,418	3,723

7. Inventories

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At cost:				
Raw materials	28,331	30,177	22,815	25,365
Work-in-progress	4,995	4,111	4,050	3,400
Finished goods	13,492	8,343	10,478	5,035
Trading goods	28,942	25,248	-	-
Stock-in-transit	12,654	8,675	12,654	9,132
Consumable parts	174	-	-	-
	88,588	76,554	49,997	42,932



Notes to the financial statements (continued)

8. Trade and other receivables

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Trade receivables	134,538	116,355	59,522	49,592
Other receivables, deposits and prepayments	16,605	5,457	3,900	2,764
Subsidiaries	-	-	118,999	96,161
Associates	10,453	8,207	10,233	8,196
	<u>161,596</u>	<u>130,019</u>	<u>192,654</u>	<u>156,713</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 RM9,760,000 (2004 - RM10,996,000).

Included in other receivables, deposits and prepayments of the Group are deposits paid to contractors in relation to the construction of a plant in China amounting to RM8,570,000 (2004 - Nil) and an amount due from a corporate shareholder amounting to RM2,000,000 (2004 - RM2,000,000), which 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.

During the year, doubtful debts written off against allowance for doubtful debts of the Group and of the Company amounted to RM339,000 (2004 - Nil) and RM283,000 (2004 - Nil) respectively.

9. Cash and cash equivalents

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	5,719	3,608	581	581
Cash and bank balances	15,753	8,880	2,883	1,762
	<u>21,472</u>	<u>12,488</u>	<u>3,464</u>	<u>2,343</u>

Included in the Group's deposits placed with licensed banks is RM10,000 (2004 - RM10,000) pledged for banking facilities granted to a subsidiary.



Notes to the financial statements (continued)

10. Trade and other payables

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Trade payables	52,233	11,837	44,640	5,397
Other payables and accrued expenses	15,411	16,640	5,878	7,811
Subsidiaries	-	-	3,107	3,107
Associates	18,389	11,472	7,487	4,340
	<u>86,033</u>	<u>39,949</u>	<u>61,112</u>	<u>20,655</u>

Included in other payables and accrued expenses of the Group are amounts due to Directors of RM1,000 (2004 - RM1,000) and a shareholder of a subsidiary of RM235,000 (2004 - Nil). These amounts are unsecured, interest free and have no fixed terms of repayment.

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

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

11. Borrowings

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Current				
Bills payable (unsecured)	127,557	131,506	121,649	129,199
Bank overdrafts (unsecured)	4,574	1,280	933	-
Bank overdrafts (secured)	239	2,758	-	-
Revolving credit (unsecured)	-	15,000	-	15,000
Revolving credit (secured)	3,788	3,796	-	-
Term loans (unsecured)	1,961	2,800	1,961	2,800
Term loans (secured)	3,719	1,701	473	413
Hire purchase liabilities	2,814	2,498	1,838	2,170
	<u>144,652</u>	<u>161,339</u>	<u>126,854</u>	<u>149,582</u>
Non-current				
Term loans (unsecured)	-	2,316	-	2,316
Term loans (secured)	11,980	2,685	770	1,205
Hire purchase liabilities	4,031	3,528	993	2,859
	<u>16,011</u>	<u>8,529</u>	<u>1,763</u>	<u>6,380</u>



Notes to the financial statements (continued)

11. Borrowings (continued)

Bills payable, bank overdrafts and revolving credit

The bills payable, bank overdrafts and revolving credit bear interest at rates ranging from 2.59% to 11.92% (2004 - 3.32% to 7.5%) per annum.

Certain bank overdraft of the Group is secured by a corporate guarantee from the Company and registered first debenture over the fixed and floating assets of a subsidiary.

The revolving credit of the Group is secured by an irrevocable standby letter of credit issued by a bank.

<i>Term loans</i>	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Loan 1 (secured)	1,243	1,618	1,243	1,618
Loan 2 (unsecured)	1,961	5,116	1,961	5,116
Loans of subsidiaries	14,456	2,768	-	-
	<u>17,660</u>	<u>9,502</u>	<u>3,204</u>	<u>6,734</u>

Loan 1 is an Islamic debt facility secured by a property, plant and equipment of the Company and bears a yield payable of 3.6% (2004 - 3.6%) per annum. The loan is repayable by 60 monthly instalments commencing December 2004.

Loan 2 is unsecured and bears interest at 1.5% (2004 - 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 RM56,000 (2004 - RM84,000) secured by a corporate guarantee from the Company and charges over the subsidiary's leasehold land. The loan bears interest at 1.75% (2004 - 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 RM349,000 (2004 - RM1,502,000) 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% (2004 - 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 RM1,005,000 (2004 - RM1,182,000) secured by a charge over the subsidiary's freehold property. The loan bears interest at 2% (2004 - 2%) per annum over the bank's base lending rate and is repayable by 120 instalments commencing November 2004.
- (iv) Loan amounting to RM13,046,000 (2004 - Nil) secured by debentures over the inventories and receivables of the subsidiary and a corporate guarantee from the Company. The loan bears interest at 6.53% (2004 - Nil) and is repayable over 5 years in quarterly instalments commencing 12 months following the draw down in September 2005.



Notes to the financial statements (continued)

11. Borrowings (continued)

Hire purchase liabilities

The hire purchase liabilities are subject to flat interest rates ranging from 3.29% to 6.00% (2004 - 3.29% to 6.00%) per annum.

Hire purchase liabilities are payable as follows:

	Payments 2005 RM'000	Interest 2005 RM'000	Principal 2005 RM'000	Payments 2004 RM'000	Interest 2004 RM'000	Principal 2004 RM'000
Group						
Less than one year	3,219	(405)	2,814	2,871	(373)	2,498
Between one and five years	4,642	(611)	4,031	3,959	(431)	3,528
	<u>7,861</u>	<u>(1,016)</u>	<u>6,845</u>	<u>6,830</u>	<u>(804)</u>	<u>6,026</u>
Company						
Less than one year	1,994	(156)	1,838	2,470	(300)	2,170
Between one and five years	1,218	(225)	993	3,212	(353)	2,859
	<u>3,212</u>	<u>(381)</u>	<u>2,831</u>	<u>5,682</u>	<u>(653)</u>	<u>5,029</u>

12. Share capital

	Group and Company	
	2005 RM'000	2004 RM'000
Ordinary shares of RM0.50 (2004 – RM1.00) each:		
Authorised	<u>500,000</u>	<u>500,000</u>
Issued and fully paid		
At 1 January	63,871	63,314
Shares issued under the Employees' Share Option Scheme	101	557
Shares issued under the conversion of warrants	12	-
Shares issued under the bonus issue	31,990	-
Shares issued under the two-calls rights issue	63,980	-
At 31 December	<u>159,954</u>	<u>63,871</u>



Notes to the financial statements (continued)

12. Share capital (continued)

From 1 January 2005 to 28 June 2005, the Company issued 80,500 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.

On 28 June 2005, the Company conducted a share split of its ordinary shares of RM1.00 each into ordinary shares of RM0.50 each. Subsequently, the Company made the following issuance of shares:

- i) Issuance of 42,000 ordinary shares of RM0.50 each arising from the exercise of the Employees' Share Options at the option price of RM0.525 per ordinary share;
- ii) Issuance of 24,000 ordinary shares of RM0.50 each arising from the conversion of warrants;
- iii) Issuance of 63,980,055 ordinary shares of RM0.50 each arising from the bonus issue; and
- iv) Issuance of 127,960,110 ordinary shares of RM0.50 each arising from the two-calls rights issue.

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 exercise of the Employees' Share Options amounted to RM5,075.

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

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 all (2004 - RM57,869,000) of its retained profits at 31 December 2005, if paid out as dividends.

14. Negative goodwill

	Group	
	2005	2004
	RM'000	RM'000
Cost		
At 1 January	8,027	8,027
Adjusted to income statement	(3,983)	-
At 31 December	<u>4,044</u>	<u>8,027</u>
Recognition		
At 1 January	1,394	56
Recognition for the year	891	1,338
At 31 December	<u>2,285</u>	<u>1,394</u>
Net book value as at 31 December	<u>1,759</u>	<u>6,633</u>



Notes to the financial statements (continued)

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.

16. Deferred tax liabilities

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

	At 1.1.2005 RM'000	Charged to income statement (Note 19) RM'000	At 31.12.2005 RM'000
Group			
Property, plant and equipment	18,215	(1,151)	17,064
Others	(685)	(1,450)	(2,135)
	<u>17,530</u>	<u>(2,601)</u>	<u>14,929</u>
Company			
Property, plant and equipment	17,272	734	18,006
Others	344	(1,687)	(1,343)
	<u>17,616</u>	<u>(953)</u>	<u>16,663</u>

No deferred tax has been recognised for the following items:

	Group	
	2005	2004
	RM'000	RM'000
Unutilised tax losses	3,588	4,142
Deductible temporary differences	3,665	4,406
	<u>7,253</u>	<u>8,548</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 (continued)

17. Operating profit

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Revenue - sale of goods	424,442	356,271	341,033	308,226
- sale of land held for development	2,161	17,059	-	-
- services	1,551	1,807	-	-
	<u>428,154</u>	<u>375,137</u>	<u>341,033</u>	<u>308,226</u>
Cost of sales	(362,056)	(315,619)	(304,617)	(286,992)
Cost of land held for development sold	(1,917)	(15,605)	-	-
Cost of services	(1,172)	(672)	-	-
	<u>(365,145)</u>	<u>(331,896)</u>	<u>(304,617)</u>	<u>(286,992)</u>
Gross profit	63,009	43,241	36,416	21,234
Distribution costs	(8,371)	(7,439)	(2,179)	(1,784)
Administration expenses	(18,911)	(17,917)	(7,020)	(6,850)
Other operating expenses	(16,175)	(7,158)	(9,681)	(3,019)
Other operating income	817	6,173	535	5,302
Operating profit	<u>20,369</u>	<u>16,900</u>	<u>18,071</u>	<u>14,883</u>

Operating profit is arrived at after charging:

Allowance for doubtful debts	343	858	270	-
Allowance for inventory obsolescence	74	-	-	-
Amortisation of goodwill	216	626	-	-
Bad debts written off	175	84	3	-
Audit fees				
- Holding company auditors	92	82	35	29
- Other auditors				
- Malaysia	2	2	-	-
- Overseas				
- Current year	94	78	-	-
- Underprovision in prior year	15	-	-	-
Depreciation	16,543	16,514	11,802	10,804
Directors' remuneration				
- fees	429	129	139	129
- other emoluments	1,637	1,424	672	799
Foreign exchange loss (realised)	128	-	201	-
Foreign exchange loss (unrealised)	5,048	-	4,798	-
Net loss on disposal of property, plant and equipment	2,649	151	1	10



Notes to the financial statements (continued)

17. Operating profit (continued)

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging (continued):				
Other receivables written off	-	1,286	-	-
Rental of equipment and machinery	1,440	1,460	243	240
Rental of premises	2,118	1,304	324	327
Property, plant and equipment written off	670	-	-	-
Preliminary and pre-operating expenses written off	1,272	-	-	-
and after crediting:				
Adjustment of negative goodwill	3,983	-	-	-
Dividend income	-	-	232	1,085
Foreign exchange gain (realised)	-	2,626	-	2,501
Foreign exchange gain (unrealised)	-	1,491	-	1,233
Income from rental of premises	134	212	-	41
Recognition of negative goodwill	891	1,338	-	-
Term loan waived	-	607	-	-

18. Employees information

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Salaries, wages, bonus and SOCSO	26,256	24,197	13,797	13,102
Defined contribution retirement plan	1,573	1,959	951	808
	27,829	26,156	14,748	13,910

The number of employees (including Directors) of the Group and of the Company at the end of the year was 833 (2004 - 789) and 538 (2004 - 547) respectively.



Notes to the financial statements (continued)

19. Tax expense

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - current	1,280	1,187	1,244	1,187
- prior year	80	(2)	475	-
Overseas - current	822	312	-	-
	<u>2,182</u>	<u>1,497</u>	<u>1,719</u>	<u>1,187</u>
Deferred tax expense (Note 16)				
Origination and reversal of temporary differences- current	(1,873)	(157)	(480)	(146)
- prior year	(728)	(375)	(473)	(375)
	<u>(419)</u>	<u>965</u>	<u>766</u>	<u>666</u>
Tax expense on share of profit of associate	179	327	-	-
	<u>(240)</u>	<u>1,292</u>	<u>766</u>	<u>666</u>

Reconciliation of tax expense

Profit before taxation	<u>12,632</u>	<u>12,128</u>	<u>10,376</u>	<u>9,999</u>
Income tax using Malaysian tax rate	3,537	3,368	2,905	2,800
Effect of different tax rates in foreign countries	22	7	-	-
Non-deductible expenses	2,880	680	611	483
Non taxable income	(3,336)	(67)	-	-
Utilisation of reinvestment allowances	(2,752)	(1,967)	(2,752)	(1,967)
Tax exempt dividend	-	(304)	-	(304)
Recognition of deferred tax assets previously not recognised	(378)	(134)	-	-
Losses not available for set off	25	-	-	-
Other items	231	(241)	-	29
Tax expense on share of profit of associate	179	327	-	-
	<u>408</u>	<u>1,669</u>	<u>764</u>	<u>1,041</u>
Under/(Over)provision in prior year	(648)	(377)	2	(375)
	<u>(240)</u>	<u>1,292</u>	<u>766</u>	<u>666</u>

Subject to agreement by the Inland Revenue Board, the Company has unutilised reinvestment allowances of RM12,384,000 (2004 - RM38,336,000) as at the balance sheet date.



Notes to the financial statements (continued)

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 RM12,110,000 (2004 - RM10,608,000) and the weighted average number of ordinary shares outstanding during the year of 249,260,000 (2004 - of 224,824,000*).

Weighted average number of ordinary shares

	2005 '000	2004 '000 (Restated)	2004 '000
Issued ordinary shares at the beginning of the year	63,871	63,314	63,314
Effect of options granted under ESOS during the year	85	261	261
Effect of conversion of warrants	4	-	-
Effect of share split	63,959	63,575	-
Effect of bonus issue	63,959	63,575	-
Effect of two-calls rights issue	57,382	34,099	-
	<u>249,260</u>	<u>224,824</u>	<u>63,575</u>

Diluted earnings per share

The calculation of diluted earnings per share is based on the net profit attributable to ordinary shareholders of RM12,110,000 (2004 - RM10,608,000) and the weighted average number of ordinary shares outstanding during the year of 249,108,000 (2004 - 226,577,000*) calculated as follows:

Weighted average number of ordinary shares (diluted)

	2005 '000	2004 '000 (Restated)	2004 '000
Weighted average number of ordinary shares	249,260	224,824	63,575
Effect of options granted under ESOS	(152)	1,753	1,753
	<u>249,108</u>	<u>226,577</u>	<u>65,328</u>

As a result of the share split, bonus issue and two-calls rights issue being adjusted retrospectively, the basic earnings per share and diluted earnings per share of the Group in prior year have been restated from 16.69 (sen) to 4.72 (sen) and from 16.24 (sen) to 4.68 (sen) respectively.

* Restated to incorporate the retrospective effect of the share split, bonus issue and two-calls rights issue.



Notes to the financial statements (continued)

21. Dividends

	Group and Company	
	2005	2004
	RM'000	RM'000
Ordinary		
Final paid:		
2004 - 3% per share less tax		
(2003 - 2% per share less tax)	1,381	916
2003 - 2% per share less tax	-	1,272
Interim paid:		
2004 - 2% per share less tax	-	919
	<u>1,381</u>	<u>3,107</u>

The proposed final dividend of 2% less tax totalling RM2,303,340 has not been accounted for in the financial statements of the Group and of the Company as at 31 December 2005.

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 Kwan 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) Company 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 (continued)

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 transactions with its related companies and other related parties.

The significant related party transactions are as follows:

	Group		Company	
	2005	2004	2005	2004
	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	-	-	391	64
B) Sale of goods				
a) Sales to subsidiaries	-	-	126,680	123,131
b) Sales to				
- CFT	3,965	8,450	3,957	8,205
- CFA	4,381	7,726	4,381	7,726
C) Purchases of goods				
a) Purchases from subsidiaries	-	-	10,905	10,359
b) Purchases from				
- CFT	3,552	-	3,552	-
- CFA	1,447	-	1,447	-
D) Others				
a) Sale of property, plant and equipment to a subsidiary	-	-	-	107
b) Purchase of property, plant and equipment from a subsidiary	-	-	1,603	-

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.



Notes to the financial statements (continued)

23. Segmental information (continued)

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 and China for the Asia 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.

	Manufacturing and trading		Construction and fabrication		Property development		Recycling and waste treatment		Adjustments		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	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	398,488	327,928	22,680	29,217	2,160	17,059	3,887	2,380	939	(1,447)	428,154	375,137
Inter-segment revenue	137,121	135,436	119	99	-	-	391	80	(137,631)	(135,615)	-	-
Total revenue	535,609	463,364	22,799	29,316	2,160	17,059	4,278	2,460	(136,692)	(137,062)	428,154	375,137
Segment result	18,239	17,834	406	920	(390)	38	432	550	1,681	(2,442)	20,368	16,900
Share of profit of associate											1,164	2,105
Net financing costs											(8,901)	(6,877)
Tax expense											240	(1,292)
Minority interests											(762)	(228)
Net profit for the year											12,110	10,608



Notes to the financial statements (continued)

23. Segmental information (continued)

	Manufacturing and trading		Construction and fabrication		Property development		Recycling and waste treatment		Adjustments		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	509,993	415,284	36,681	35,037	18,487	16,963	11,822	11,966	(130,250)	(105,682)	446,733	373,568
Investment in associate	9,259	8,362	9,983	10,127	-	-	-	-	-	-	19,242	18,489
Unallocated assets											2,916	2,665
											<u>468,891</u>	<u>394,722</u>
Segment liabilities	314,471	255,837	34,074	32,725	13,275	11,495	9,676	10,149	(124,800)	(100,389)	246,696	209,817
Unallocated liabilities											18,679	25,105
											<u>265,375</u>	<u>234,922</u>
Capital expenditure	42,141	24,259	893	205	466	107	138	420	-	-	43,638	24,991
Depreciation and amortisation	15,145	15,027	403	512	97	104	898	871	-	-	16,759	16,514
	Malaysia		Asia region		Europe region		Asia Pacific region		Adjustments		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	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	284,694	330,174	32,397	23,110	51,442	47,082	58,682	111,833	939	(137,062)	<u>428,154</u>	<u>375,137</u>
Segment assets by location of assets	468,863	410,099	43,794	12,812	37,417	27,455	26,909	28,884	(130,250)	(105,682)	446,733	373,568
Investment in associate	19,242	18,489	-	-	-	-	-	-	-	-	19,242	18,489
Unallocated assets											2,916	2,665
											<u>468,891</u>	<u>394,722</u>
Capital expenditure by location of assets	26,941	24,700	15,841	-	107	88	749	203	-	-	<u>43,638</u>	<u>24,991</u>



Notes to the financial statements (continued)

24. Contingent liabilities - unsecured

Group

In previous year, certain customers of PMB Development Sdn. Bhd. ("PMBD"), a subsidiary of the Company, had filed legal suits to recover approximately RM609,790 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 defense and accordingly, no provision for this liability had been made in the financial statements.

	2005 RM'000	2004 RM'000
Company		
Guarantees given to financial institutions for facilities granted to subsidiaries	12,863	10,295

25. Capital commitment

	Group 2005 RM'000	2004 RM'000
Approved and contracted for	35,522	-

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 their 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 and the Company's borrowings is managed through the use of fixed and floating rate debts. The Group and the Company do not use derivative financial instruments to hedge their debt obligations.



Notes to the financial statements (continued)

26. Financial instruments (continued)

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 is 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 the 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.

Effective interest rates and repricing analysis

In respect of significant financial assets and 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.

	<-----2005----->					<-----2004----->				
	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
Group										
Financial assets										
Deposits placed with licensed bank	2.61	5,719	5,719	-	-	2.62	3,608	3,608	-	-
Financial liabilities										
Bank overdrafts	7.34	4,813	4,813	-	-	7.06	4,038	4,038	-	-
Bills payable	3.06	127,557	127,557	-	-	3.42	131,506	131,506	-	-
Revolving credit	4.73	3,788	3,788	-	-	4.00	18,796	18,796	-	-
Term loans	6.48	17,660	5,680	11,900	80	7.30	9,502	4,501	4,573	428
		<u>153,818</u>	<u>141,838</u>	<u>11,900</u>	<u>80</u>		<u>163,842</u>	<u>158,841</u>	<u>4,573</u>	<u>428</u>
Company										
Financial assets										
Deposits placed with licensed bank	3.67	581	581	-	-	3.70	581	581	-	-
Financial liabilities										
Bank overdrafts	6.75	933	933	-	-	-	-	-	-	-
Bills payable	2.92	121,649	121,649	-	-	3.42	129,199	129,199	-	-
Revolving credit	-	-	-	-	-	4.00	15,000	15,000	-	-
Term loans	6.16	3,204	2,434	770	-	7.50	6,734	3,213	3,521	-
		<u>125,786</u>	<u>125,016</u>	<u>770</u>	<u>-</u>		<u>150,933</u>	<u>147,412</u>	<u>3,521</u>	<u>-</u>



Notes to the financial statements (continued)

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 2005 are shown below:

	2005		2004	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Financial assets				
Investment in associate	19,242	10,308	18,489	14,067

Company

Financial asset

Investment in associate	11,812	10,308	11,812	14,067
-------------------------	--------	--------	--------	--------

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:

	2005		2004	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Financial liabilities				
Term loans	17,660	16,826	9,502	9,579

Company

Financial liabilities

Term loans	3,204	3,262	6,734	6,811
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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.



Notes to the financial statements (continued)

26. Financial instruments (continued)

Unrecognised financial instruments

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

	Group and Company	
	2005	2004
	RM'000	RM'000
Forward foreign exchange contract for purchases		
- contractual value	5,572	3,227
- unrealised gain	16	12
- unrealised loss	-	(1)
	<u>5,588</u>	<u>3,238</u>



Analysis of Shareholdings as at 24 April 2006

Authorised Share Capital	:	RM500,000,000
Issued and Paid-Up Share Capital	:	RM159,954,137.50
Class of Shares	:	Ordinary Shares of RM0.50 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	15	0.29	596	0.00
100 to 1,000	128	2.45	94,931	0.03
1,001 to 10,000	2,830	54.14	17,126,530	5.35
10,001 to 100,000	2,016	38.57	59,283,700	18.53
100,001 to less than 5% of issued shares	237	4.53	224,854,065	70.29
5% and above of issued shares	1	0.02	18,548,453	5.80
TOTAL	5,227	100.00	319,908,275	100.00

Directors' Shareholdings as at 24 April 2006

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Dato' Megat Abdul Rahman bin Megat Ahmad	17,347,410	5.42	-	-
Koon Poh Ming	22,999,739	7.19	-	-
Dato' Koon Poh Keong	35,643,379	11.14	-	-
Kuan Shin @ Kuan Nyong Hin	4,027,805	1.26	@6,781,610	2.12
Tuan Haji Mohamad Faiz bin Abdul Hamid	118,665	0.04	-	-
Koon Poh Weng	8,900,040	2.78	^482,000	0.15
Koon Poh Kong	7,925,995	2.48	*13,000	0.00
Koon Poh Tat	7,230,000	2.26	#332,935	0.10
Loo Lean Hock	-	-	-	-
Tan Heng Kui	70,000	0.02	-	-
Kuan Pek Seng (Alternate Director to Kuan Shin @ Kuan Nyong Hin)	-	-	&10,809,415	3.38

- ^ 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 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 24 April 2006

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Dato' Megat Abdul Rahman bin Megat Ahmad	17,347,410	5.42	-	-
Kwan Yun Hong @ Kuan Onn Hing	19,146,095	5.98	#74,000	0.02
Dato' Koon Poh Keong	35,643,379	11.14	-	-
Koon Poh Ming	22,999,739	7.19	-	-

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



Thirty Largest Shareholders as at 24 April 2006

	Name of Shareholders	No. of Shares	% of Issued Capital
1.	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Koon Poh Keong	18,548,453	5.80
2.	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Poh Ming	15,501,149	4.84
3.	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Megat Abdul Rahman Bin Megat Ahmad	10,089,850	3.15
4.	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Sam's Metal Trading (Kuantan) Sdn. Bhd. for Kwan Yun Hong @ Kuan Onn Hing	10,000,000	3.13
5.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Kwi Yong	9,138,750	2.86
6.	Koon Poh Weng	8,900,040	2.78
7.	Ong Sow Mei	8,251,855	2.58
8.	ECM Libra Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Koon Poh Keong	7,684,926	2.40
9.	Koon Poh Ming	7,354,590	2.30
10.	Tan Mew Lan	7,349,560	2.30
11.	Dato' Megat Abdul Rahman Bin Megat Ahmad	6,704,560	2.10
12.	Doitbest Holdings Sdn. Bhd.	6,291,610	1.97
13.	Kwan Yun Hong @ Kuan Onn Hing	5,591,095	1.75
14.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Koon Poh Kong	5,170,398	1.62
15.	Dato' Koon Poh Keong	5,000,000	1.56
16.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Koon Poh Tat	4,892,000	1.53
17.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Koon Poh Keong	4,410,000	1.38
18.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang	3,911,750	1.22
19.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang	3,748,500	1.17
20.	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Sam's Metal Trading (Kota Bahru) Sdn Bhd for Kwan Yun Hong @ Kuan Onn Hing	3,500,000	1.09
21.	Kuan Shin @ Kuan Nyong Hin	3,430,000	1.07
22.	Tan Ting Wong	3,000,000	0.94
23.	Chan Poh Leng	2,840,000	0.89
24.	Anthony Kuan Chee Kee	2,600,000	0.81
25.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang	2,450,000	0.77
26.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Kwi Yong	2,450,000	0.77
27.	Koon Poh Tat	2,338,000	0.73
28.	Tan Ting Wong	2,153,600	0.67
29.	EOM Systems Sdn. Bhd.	2,000,000	0.62
30.	Yong Man	1,883,880	0.59
TOTAL		177,184,566	55.39



Analysis of Warrantholdings as at 24 April 2006

Total Warrants Issued : 63,980,055

Size of Holdings	No. of Warrantholders	% of Warrantholders	No. of Warrants held	% of Issued Warrants
Less than 100	17	0.75	841	0.00
100 to 1,000	384	16.93	330,259	0.51
1,001 to 10,000	1,453	64.07	6,139,160	9.60
10,001 to 100,000	353	15.56	10,619,820	16.60
100,001 to less than 5% of issued warrants	59	2.60	29,865,174	46.68
5% and above of issued warrants	2	0.09	17,024,801	26.61
TOTAL	2,268	100.00	63,980,055	100.00

Directors' Warrantholdings as at 24 April 2006

Name	<-----Direct----->		<-----Indirect----->	
	No. of Warrants Held	% of Issued Warrants	No. of Warrants Held	% of Issued Warrants
Dato' Megat Abdul Rahman bin Megat Ahmad	3,469,482	5.42	-	-
Koon Poh Ming	7,750,574	12.11	-	-
Dato' Koon Poh Keong	9,274,227	14.50	-	-
Kuan Shin @ Kuan Nyong Hin	805,561	1.26	*2,105,722	3.29
Tuan Haji 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	-	-
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)	30,000	0.05	**2,881,283	4.50

* Deemed interested in the warrants held by his son, Kuan Pek Seng and by virtue of his interests in Doitbest Holdings Sdn. Bhd.

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

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

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



Thirty Largest Warrantholders as at 24 April 2006

	Name of Warrantholders	No. of Warrants	% of Issued Warrants
1.	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Koon Poh Keong	9,274,227	14.50
2.	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Poh Ming	7,750,574	12.11
3.	Dato' Megat Abdul Rahman Bin Megat Ahmad	2,117,970	3.31
4.	Doitbest Holdings Sdn Bhd	2,075,722	3.24
5.	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Sam's Metal Trading (Kuantan) Sdn Bhd for Kwan Yun Hong @ Kuan Onn Hing	2,000,000	3.13
6.	Kwan Yun Hong @ Kuan Onn Hing	1,911,019	2.99
7.	Koon Poh Weng	1,780,008	2.78
8.	Ong Sow Mei	1,650,371	2.58
9.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Koon Poh Kong	1,585,199	2.48
10.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Koon Poh Tat	1,446,000	2.26
11.	Dato' Megat Abdul Rahman Bin Megat Ahmad	1,340,912	2.10
12.	Tan Mew Lan	1,134,912	1.77
13.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang	844,950	1.32
14.	Pak Cheow Koon Jason	771,250	1.21
15.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tie Ming Chung	768,000	1.20
16.	Chan Poh Leng	744,000	1.16
17.	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. Sam's Metal Trading (Kota Bahru) Sdn Bhd for Kwan Yun Hong @ Kuan Onn Hing	700,000	1.09
18.	Kuan Shin @ Kuan Nyong Hin	686,000	1.07
19.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Kwi Yong	670,200	1.05
20.	Anthony Kuan Chee Kee	400,000	0.63
21.	Liu, Ching-An	392,300	0.61
22.	Mak Ngia Ngia @ Mak Yoke Lum	349,600	0.55
23.	Yew Puay Huat	340,000	0.53
24.	ECM Libra Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohamed Adzman Bin Mohamed Sura	290,000	0.45
25.	Kang Kian Kiat	270,000	0.42
26.	Ang Wing Fah	250,600	0.39
27.	Ham Pow Kam	250,000	0.39
28.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Francis Jong Shan Teck	220,000	0.34
29.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Loh Kwi Yong	214,100	0.34
30.	Chua Ping Teow	200,000	0.31
TOTAL		42,427,914	66.31



List Of Properties Held By The Group As At 31 December 2005

Proprietor	Location	Description / Age (Year)	Existing Use	Tenure	Area (square feet)	Net Book 31/12/05 RM '000
Press Metal Berhad	Lot 6464, Mukim Kapar Daerah Klang Selangor Darul Ehsan	Freehold land and building 12 years	Factory cum office	Freehold	217,000	8,299
Press Metal Berhad	Lot 6486, Mukim Kapar Daerah Klang Selangor Darul Ehsan	Freehold land and building 12 years	Factory cum office	Freehold	417,348	8,003
Press Metal Berhad	PTD 48324 Mukim Plentong Daerah Johor Bahru Johor Darul Takzim	Double Storey Factory 11 years	Office cum Warehouse	Freehold	8,288	458
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 7 years	Vacant	Freehold	1,540	157
Press Metal Berhad	HS (D) 52126, PTD 26986 Mukim Plentong Daerah Johor Bahru Johor Darul Takzim	Double Storey Shop house 7 years	Vacant	Freehold	1,400	312
Press Metal Berhad	HS (D) 85897, PTD 48325 Mukim Plentong Daerah Johor Bahru Johor Darul Takzim	Double Storey Factory 3 year	Office cum warehouse	Freehold	6,893	906
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 7 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 17 years	Factory cum office	Leasehold for 99 years expiring 14 May 2088	44,584	3,507
Angkasa Jasa Sdn Bhd	Lot 3-307 Kemayan City Shopping Mall Daerah Johor Bahru Johor Darul Takzim	Commercial Office suite 7 years	Vacant	Freehold	312	236
Angkasa Jasa Sdn Bhd	Lot 3-308 Kemayan City Shopping Mall Daerah Johor Bahru Johor Darul Takzim	Commercial Office suite 7 years	Vacant	Freehold	312	236
Angkasa Jasa Sdn Bhd	Pantai Plaza, Tower 5 Suite no 1002 Kuala Lumpur	Commercial Office suite 7 years	Vacant	Freehold	1,392	813
Angkasa Jasa Sdn Bhd	Pantai Plaza, APH 20 Menara Atlas Kuala Lumpur	Commercial Office suite 6 years	Tenanted	Freehold	5,339	2,421



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**PRESS METAL BERHAD**

(Company No. 153208-W)

(Incorporated in Malaysia)

CDS account no. of authorised nominee

I/We _____
(name of shareholder as per NRIC, in capital letters)

IC No./ID No./Company No. (new) _____ (old) _____

of _____ (full address)

being a member(s) of the Company, hereby appoint _____
(name of proxy as per NRIC, in capital letters)

IC No. (new) _____ (old) _____

of _____ (full address)

or failing him/her, _____
(name of proxy as per NRIC, in capital letters)

IC No. (new) _____ (old) _____

of _____ (full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twentieth 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 Monday, 12 June 2006 at 9.30 a.m. and at each and every adjournment thereof.

My/Our proxy is to vote as indicated below :

Resolutions		For	Against
1	Adoption of Audited Financial Statements for the financial year ended 31 December 2005 and Reports of the Directors and Auditors thereon	Resolution 1	
2	Declaration of a final dividend of 2% less 28% tax	Resolution 2	
3	Approval of Directors' Fees	Resolution 3	
4	Re-election of Dato' Megat Abdul Rahman bin Megat Ahmad as Director	Resolution 4	
5	Re-election of Koon Poh Tat as Director	Resolution 5	
6	Re-election of Koon Poh Weng as Director	Resolution 6	
7	Re-appointment of Messrs KPMG as Auditors of the Company	Resolution 7	
8	Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares	Resolution 8	
9	Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Resolution 9	

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:	
	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

Signature / Common Seal

Number of shares held: _____

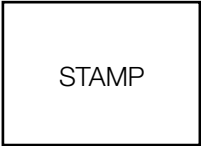
Date: _____

NOTES:

- 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.
- 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.
- 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.
- 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.



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

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