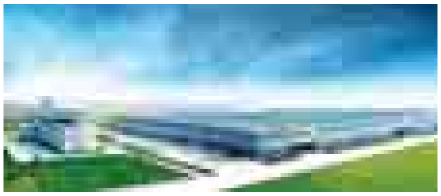
Calendar Highlights

| Official Opening of extrusion plant in China |



Opening ceremony of PMI's extrusion plant in Foshan City, Guandong Province, China with the honorable guest, YB. Datuk Seri Dr Lim Keng Yaik welcome by Dato' Koon Poh Keong, the Group CEO of Press Metal Berhad

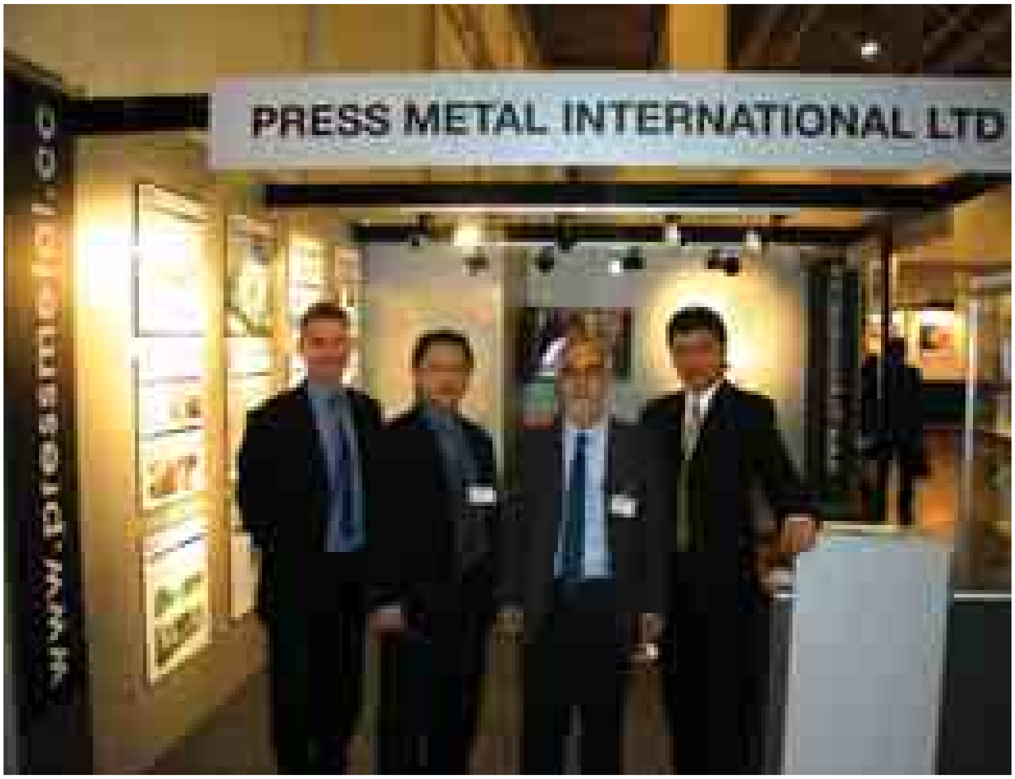
Calendar Highlights
(cont'd)

| Smelting Plant in China |

Smelting plant and power station in Qianjiang City, Hubei Province, China

Calendar Highlights
(cont'd)

| 2006 Aluminium China Exhibition |



Calendar Highlights
(cont'd)

| Training & Audit |

Fire drill

ISO and OHSAS audit

First aid briefing

Folklift training

Calendar Highlights
(cont'd)

| Staff Development Programme |

Calendar Highlights
(cont'd)

| Annual Dinner & Sports |

Audit Committee Report

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

Tuan Haji Mohamad Faiz Bin Abdul Hamid (Chairman)
Independent Non-Executive Director

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

Tan Heng Kui
Independent Non-Executive Director

Dato' Koon Poh Keong
Group Chief Executive Officer

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

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

TERMS OF REFERENCE

Composition of the Audit Committee

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

a) The Audit Committee must be composed of no fewer than 3 members;

b) A majority of the audit committee must be independent directors; and

c) At least one member of the audit committee:-

   i) must be a member of the Malaysian Institute of Accountants; or

   ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-

   - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
   - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967, or
   - fulfill such other requirements as prescribed by the Exchange.

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

Audit Committee Report
(cont'd)

OBJECTIVES

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

In addition, the Audit Committee shall:-

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

Duties and Responsibilities

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

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

RIGHTS OF THE AUDIT COMMITTEE

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

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

Audit Committee Report
(cont'd)

MEETINGS

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

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

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

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

A quorum shall consist of a majority of independent directors.

INTERNAL AUDIT FUNCTION

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

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

ACTIVITIES REPORT

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

1. Regularly examining the controls over all significant Group's operations and systems to ascertain whether the systems established provide reasonable assurance that the Group's objectives and goals will be met efficiently and economically.

2. Preparing the annual audit plan for deliberation by the Audit Committee.

3. Acting on suggestions made by the Audit Committee and/or senior management on concerns over operations or control.

4. Issuing audit reports which identify weakness and problems and contain recommendations for improvements.

5. Issuing audit reports to the appropriate level of management capable of achieving satisfactory results.

Chairman's Statement

Dato' Megat Abdul Rahman Bin Megat Ahmad
Chairman

On behalf of the Board of Directors of Press Metal Berhad ("PMB"), it gives me great pleasure to present the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 31 December 2006.

FINANCIAL PERFORMANCE

Press Metal Group achieved another year of satisfactory performance in the year 2006. The Group recorded revenue of RM663.5 million for the financial year ended 31 December 2006, representing a rise of approximately RM 235.4 million or an increase of 55% over the previous year of RM428.1 million.

Chairman's Statement
(cont'd)

The consolidated profit before taxation of RM27.8 million represents an increase of RM15.3 million or 123% from 2005. The consolidated profit after taxation and minority interest rose by RM7.6 million or 63% for the financial year ended 31 December 2006 as compared to the previous year. Correspondingly, the Group earnings per share increased from 4.9 sen to 6.2 sen.

DIVIDENDS

The Board is pleased to propose a final dividend of 3% less tax, amounting to RM 3,876,060, in respect of the year ended 31 December 2006, subject to shareholders' approval at the forthcoming Annual General Meeting.

CORPORATE DEVELOPMENT

Private Placement

PMB has carried out a private placement of up to 31,990,800 new ordinary shares of RM0.50 each representing approximately 10% of its issued and paid up shares prior to this private placement.

The exercise was completed on 2 February 2007 and the proceeds from the private placement had been used for working capital requirements of PMB and its subsidiary companies.

Proposed Acquisition of Assets and Assumption of Certain Liabilities of Hubei Huasheng Aluminium & Electric Co. Ltd ("HHAE")

On 28 November 2006, the PMB has entered into a sale and purchase agreement and the relevant supplemental agreements (collectively known as "SPA") with Hubei Huasheng Aluminium & Electric Co. Ltd (HHAE), Qianjiang City Qiansheng State-Owned Enterprise (QCQ) and Qianjiang City Huashin State-Owned Enterprise for the acquisition of ll the assets, including non-current and current assets and certain current liabilities, excluding long-term bank borrowings, interest payable and tax liabilities of HHAE, which are located in Hubei province in the People's Republic of China ("PRC"), for a total cash consideration of RMB360million (approximately RM168million based on an exchange rate of RMB1: RM0.466).

The acquisition of the entire Assets and assumption of Certain Liabilities from HHAE will be undertaken through a company incorporated in the PRC (the "Company") which is 90% held by the Company whilst the remaining 10% held by QCQ.

The acquisition was not completed at year end as certain conditions precedent remained outstanding.

PROSPECTS

PMB is expected to have a constant growth with the commencement of its new extrusion plant in Foshan City, Guangdong Province, China and acquisition of the smelting plant in Qianjiang City, Hubei Province, China. Continuous exploration and penetration into new markets will further enlarge its market share worldwide.

APPRECIATION

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

Dato' Megat Abdul Rahman Bin Megat Ahmad
Chairman

Date: 23 April 2007

Message from the Group CEO

GENERAL OUTLOOK

In general, the global economy registered a reasonably well performance in 2006 following the strong growth in the giant continents such as the US, China, Russia and India.

In particular, Malaysia's economy has undergone a steady growth in 2006 registering a GDP growth of 5.9% as compared to 5.2% in the preceding year. Improved economy outlook was mainly due to the improved domestic demand as well as export expansions. The manufacturing sector especially, has demonstrated a stronger growth in 2006.

Dato' Koon Poh Keong
Chief Executive Officer

Message from the Group CEO
(cont'd)

PERFORMANCE

PMB has made full use of the local and global positive economy environments to further enhance its value. PMB registered RM663.5 million turnover and RM19.8 million net profit at the Group level during the year compared to RM428.1 million and RM12.1 million in 2005. This marked a growth rate of 55% in turnover and 63% in net profit at the Group level. The encouraging results were mainly attributable to the robust extrusion industry during the year, coupled with the improving prices.

MANUFACTURING

The Group's new extrusion plant in Foshan City, Guangdong Province, China, registered under its 80% owned subsidiary, Press Metal International Limited ("PMI"), has contributed to an additional capacity of 40,000 metric tonnes of aluminium extrusion in 2006 which represents approximately 50% of the Group capacity. PMI is estimated to increase up to 100,000 metric tonnes capacity in 2007 to cater for the increasingly high demand in China local market and the rest of the world.

PMB is acquiring a smelting plant in Qianjiang City, Hubei Province via its 90% owned subsidiary, Hubei Press Metal Huasheng Aluminium-Electric Co. Ltd. ("Hubei Press Metal"). Hubei Press Metal is capable to produce up to 90,000 metric tonnes of aluminium ingots (basic raw material for the production of aluminium extrusion) per annum.

By having this complete manufacturing cycle covering from upstream to downstream processes, the Group will be able to secure the supply chain, reduce dependency on import of raw materials and hence, mitigate the foreign exchange risk.

The acquisition of the above smelting plant is expected to be completed in 2007.

MARKETING

Presently, PMB has marketing and distribution networks in United Kingdom and Australia. With the extended capacity, PMB will explore and penetrate into other continents especially the second largest aluminium extrusion consuming monster, the US, Northern America and Eastern Europe. This is in tandem with the PMB's mission to be the top 10 player worldwide.

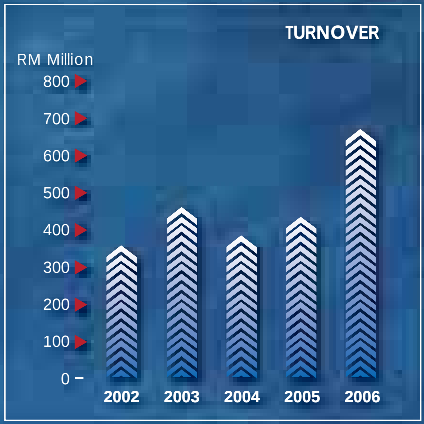
APPRECIATION

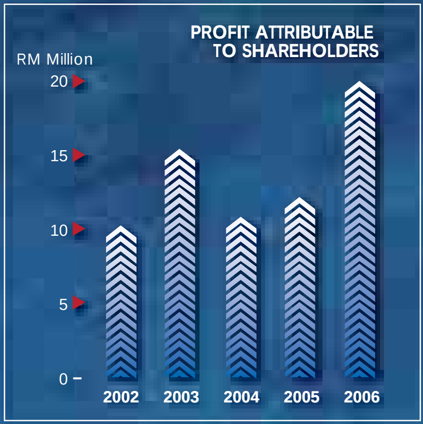
On behalf of the Board of Directors, I would like to record my appreciation to the management and staff of PMB and would like to take opportunity to express our gratitude to our shareholders, customers, suppliers, business associates and bankers for their continuous support.

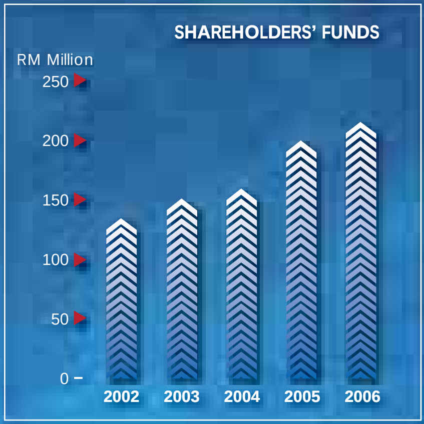
Dato' Koon Poh Keong
Chief Executive Officer

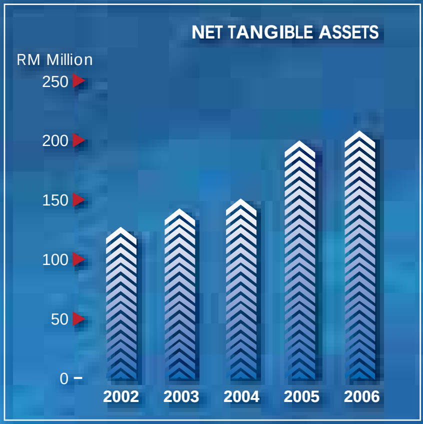
Date: 23 April 2007

Five Years Group Financial Highlight









	2002 RM '000	2003 RM '000	2004 RM '000	2005 RM '000	2006 RM '000
Turnover	355,708	466,229	375,137	428,154	663,455
Profit Before Taxation	21,174	28,029	12,128	12,453	27,791
Profit After Taxation	15,565	21,376	10,836	12,872	21,615
Profit Attributable to Shareholders	10,011	15,303	10,608	12,110	19,768
Shareholders' Funds	131,722	146,528	154,613	199,334	216,703
Net Tangible Assets (RM)	128,205	143,629	152,340	196,787	204,371
Paid-up Share Capital	62,016	63,314	63,871	159,954	160,214
Net Earnings Per Share (Sen)	16	25	17	5	6
Gross Dividend Rate (%)	4.5	4.0	5.0	2.0	3.0

Corporate Governance Statement

The Board of Directors ("the Board") of Press Metal Berhad ("the Company") is committed to exercise good corporate governance by supporting and applying the prescriptions of the principles and best practices set out in Parts 1 and 2 respectively of the Malaysian Code on Corporate Governance (the "Code"). In addition, the Board follows global developments of internationally recognised best governance practices, and though complying in many respects already, continually reviews the Company and its subsidiaries' ("the Group") corporate governance processes and makes adjustments as may be appropriate. The key intent is to adopt the substance behind good governance and not merely the form, with the aim of ensuring Board's effectiveness in enhancing shareholders' value. The Board is pleased to provide the following statement on how the Group has applied the principles and best practices set out in Parts 1 and 2 of the Code. Unless otherwise stated, the Board has throughout the financial year ended 31 December 2006 complied with the best practices indicated in the Code.

Directors

The Board

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

The Role And Functions

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

Meeting

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year ended 31 December 2006, the Board met on four (4) occasions, where it deliberated upon and considered a variety of matters including the financial results, major investments, strategic decisions, the business plan and direction of the Group.

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

Details of Directors' attendance at Board Meetings held during the financial year ended 31 December 2006 are as follows:

Name Of Directors	No. Of Meetings Attended
Dato' Megat Abdul Rahman bin Megat Ahmad	4/4
Koon Poh Ming	4/4
Dato' Koon Poh Keong	4/4
Koon Poh Weng	4/4
Koon Poh Kong	2/4
Koon Poh Tat	4/4
Kuan Shin @ Kuan Nyong Hin	3/4
Tuan Haji Mohamad Faiz bin Abdul Hamid	4/4
Loo Lean Hock	4/4
Tan Heng Kui	2/4
Kuan Pek Seng (Alternate Director to Kuan Shin @ Kuan Nyong Hin) (Resigned with effect from 26th March 2006)	NA

Board Committees

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

Board Committee	Key Functions
Audit Committee	Explained on pages 23 to 25 of this Annual Report
Executive Committee	Oversees all pertinent operational issues.
Remuneration Committee	Explained on pages 34 to 35 of this Annual Report
Nomination Committee	Explained on pages 33 to 34 of this Annual Report.

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

Board Balance

As at the date of this Statement, the Board consists of a Non-Independent Non-Executive Chairman, an Executive Vice Chairman, a Group Chief Executive Officer, three (3) Executive Directors, three (3) Independent Non-Executive Directors and a Non-Executive. A brief profile of each Director is presented on pages 13, 14 and 15 of this Annual Report.

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

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

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

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

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

Corporate Governance Statement
(cont'd)

Supply Of Information

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

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

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

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

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

Appointment To The Board

Nomination Committee

The Nomination Committee comprised the following members during the financial year ended 31 December 2006:

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

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

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

The Nomination Committee held one(1) meeting during the financial year ended 31 December 2006.

Appointment Process

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

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

Directors' Training

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

For the financial year ended 31 December 2006, the Directors have attended training programmes relating to contemporary issues in financial and corporate reporting in order to study abreast develop in the industry and to enable them to discharge their duties and responsibilities more effectively.

Re-Election

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

Remuneration Committee

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

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

The members of the Remuneration Committee are as follows:-

Non-Executive Directors

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

Executive Director
Koon Poh Ming

Corporate Governance Statement
(cont'd)

The Remuneration Committee held one (1) meeting during financial year ended 31 December 2006.

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company who served during the financial year ended 31 December 2006 are as follows:

Category	Fees (RM'000)	Salaries (RM'000)	Benefits in kind RM' 000)
Executive Directors	-	1,522	-
Non-Executive Directors	148	-	-

The number of Directors of the Company who served during the financial year ended 31 December 2006 and whose income from the Group are as follows:

	Executive	Non-Executive
RM50,000 and below	-	5
RM200,001 – RM360,000	5	-

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

RELATIONSHIP WITH SHAREHOLDERS

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

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

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

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

Statement On Internal Control

The Statement on Internal Control furnished on page 37 of the Annual Report provides an overview on the state of internal controls within the Group.

Relationship With The Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 23 to 24 of the Annual Report.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on page 25 of the Annual Report.

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

Statement of Internal Control

Introduction

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

Board Responsibility

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

Internal Audit Function and Risk Management Framework

The Audit Committee has engaged the services of external consultants to assess the adequacy and effectiveness of the internal control system. The same external consultants have also been appointed to assist in the development of a risk management framework. The risk management framework was completed in 2005 and is being updated as and when required. The Audit Committee is kept informed of the audit process, from the annual audit plan up to the audit findings and reporting. The details on the Internal Audit function are further explained on page 25 of this Annual Report. The Management is responsible for ensuring that corrective actions are taken within the required time frame on reported weaknesses.

Other key elements of internal control

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

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

Weaknesses

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

Press Metal Berhad

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

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

EXTRUSION DIVISION

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

TOOL & DIES DIVISION

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

SURFACE FINISHING DIVISION

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

Press Metal Berhad
(cont'd)

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

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

FABRICATION

The fabrication shop set up in 2004 has now grown in size and has made the downstream activities twice the output. The current scope of fabrication involve punching, drilling, notching, shearing and cut to size lengths of various shape from 20mm CCD up to 260mm CCD profiles. More sophisticated equipment such as bending and roll forming machines, CNC equipment has been added to the fabrication shop. These has added advantage to the customer who wants to complete the whole job in complete package.

BILLET CASTING DIVISION

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

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

QUALITY

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

PRESS METAL BERHAD
(Company no 153208-W)

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Tel:603-3291 3188
Fax:603-3291 3637
Website URL: www.pressmetal.com

Branch in Johor Darul Takzim
23, Jalan Ros Merah ½,
Taman Johor Jaya,
81100 Johor Bahru,
Johor Darul Takzim, Malaysia
Tel:607-354 1355
Fax:607-354 0040

PRESS METAL INTERNATIONAL LIMITED

Press Metal International Limited ("PMI") is an 80% owned subsidiary of PMB and was incorporated on 27 May 2005. Its newly constructed extrusion plant located in FoShan City SanShui Centre Technology Park, China with an approximate land area of 473,153.33m2.

PMI is principally engaged in the manufacturing of aluminium extrusion and billet and its products are mainly supplied to the respective industry such as construction, semi-conductor and engineering, household as well as transportation.

Extrusion

PMI has reached a capacity of 70,000 metric tonnes of aluminium extrusion in the first year of commencement, 2006. Presently, its existing 10 production lines are running at full capacity to meet shipment requirements. PMI is planning to increase its extrusion capacity to 100,000 metric tonnes per annum in 2007.

Billet Casting

PMI's current capacity for production of billet is 40,000 metric tonnes per annum. PMI is equipped with the modern casting plant with complete facilities including two melting furnaces i.e. homogenising gas furnace and fast cooling system for billet. Furthermore, PMI also possesses the latest technology from Germany i.e. Spectro Anmalytical Instrument Gmbh in order to test and analyse the composition of the chemical mixture in producing the fine billet.

Power Coating

The capacity of power coating line is up to 18,000 metric tonnes per annum and is well equipped with the advance Quick Color Change System manufactured by one of the world class producer, GEMA of Switzerland.

Anodising

Anodising annual production capacity is recorded at 15,000 metric tonnes. The anodising plant is capable to produce surface finishing ranging from natural anodising, color anodising, electro anodising and as well as bright dip.

Quality Guarantee

PMI's philosophy is that of maintaining finest quality of all of its product range. All products will undergo strict quality control prior to delivery. PMI adopts advance data management system to monitor and control the production processes. Total Quality Management ("TQM") is also in place to further enhance the control system. In addition, all PMI's products are fully complied with the international standards such as EN, JIS, AA, AS/NZS etc.

PRESS METAL INTERNATIONAL LIMITED
(Company No: 002401)

Office, Factory and Corporate Office
Area C, SanShui Industrial Park,
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China
Tel : 0086-757-8736-3333
Fax: 0086-757-8738-8818
Email: sale@pressmetal.cc
Web.URL: www.pressmetal.cc

Ace Extrusion Sdn Bhd

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

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

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

On the building and construction sector, ACE had regained its position as the reliable supplier of quality and well proven architectural systems. ACE also has been certified by Moody International for ISO 9001: 2000, Quality Management System on 28th October 2006. Such recognition and confidence in ACE systems were obvious in the successful completion of projects such as:-

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

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

Despite being a challenging year, 2006 had also been an encouraging year for ACE in many areas. The renewed confidence by the building consultants in ACE architectural systems had propelled the company to introduce more new and upgraded architectural systems for the Malaysian and the international market. More effort and resource will be spent in designing and marketing premium architectural systems.

ACE will continue to face the challenges in 2007 and with the encouraging results in 2006, the management of ACE definitely drive the company to another successful year ahead.

ACE EXTRUSION SDN BHD
(Company no 483049-P)
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Malaysia
Tel : 603-3290 6308
Fax : 603-3290 2816

Angkasa Jasa Sdn. Bhd.

The dynamics of development are opportunity instrumental towards performance and operation advancement.

In this context, production efficiencies, cost control, cutting edge design and detail solution couple with the reinvention of professionalism toward the stainless steel and aluminium fitout system industry has yield an impressive list of project references.

At Angkasa we realise production with rapidly advancing equipments, tools, machineries and information technologies are instrumental towards success in this competitive market.

Backed by our dedicated team if system designers with an extensive experience in the alminium and stainless steel fitout system we have designed, engineered and developed cost effective innovative system solution technologies that fully interact and coordinate with other trades during construction without compromising on stringent building codes.

In addition, our specialist project management team has continues to strive with efficient usage of resources, active management couple with creativity and harnessing know how without compromising engineering quality as this in turn has resulted in shorter construction time, lower product development cost and better constructed building fitouts.

Lasting customer benefit and satisfaction shall continue to remain our priority and combined with an extensive and continued research and development programme we intend to remain an influential player in our industry.

Knowledge, inspiration, labour and endeavour made it possible for Angkasa to provide excellent standard and services for the following projects:-

- KUALA LUMPUR INTERNATIONAL AIRPORT AIRBUS A380 TERMINAL PROJECT, SEPANG
- SURIA STONOR CONDOMINIUM PROJECT. KLCC, KUALA LUMPUR
- GREAT EASTERN CONDOMINIUM PROJECT. AMPANG, KUALA LUMPUR
- MONASH UNIVERSITY PROJECT SUNWAY, PETALING JAYA
- PROTON SHOWROOM PROJECT, JOHOR BAHRU
- UNITED ENGINEERS MALAYSIA HEADQUATERS RPOJECT. SENTRAL, KUALA LUMPUR
- MUTIARA DAMANSARA OFFICE TOWER PROJECT, MUTIARA DAMANSARA
- KUALA LUMPUR PAVILION SHOPPING MALL PROJECT, KUALA LUMPUR
- BANK NEGARA PROJECT, KUALA LUMPUR
- KWONG HENG REFURBISHMENT PROJECT, KUALA LUMPUR
- BINTANG GOLDHILL CONDOMINIUM PROJECT, KUALA LUMPUR

Angkasa Jasa Sdn. Bhd. incorporated 25 years ago, specializes in exterior and interior architectural stainless steel and aluminium fitout systems.

ANGKASA JASA SDN. BHD.
(Company No: 110854-M)

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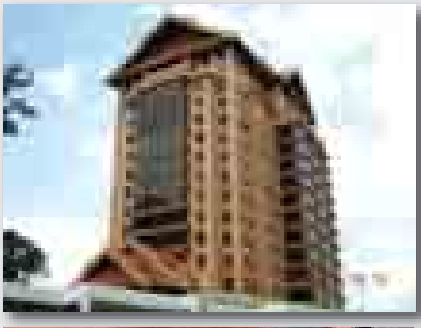
Malaysia
Tel: 603-90752136
Fax: 603-90752139
Website URL: www.angkasajasa.com
E-mail:ajsb@angkasajasa.com




Press Metal Aluminium (Australia) Pty Ltd

www.pmaa.net.au

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

The Company achieved another milestone result in 2006 with sales revenue and profit continuing to grow. Total volume of extrusions shipped into Australia by PMB and the new facility at PMI in China showed a healthy increase and will continue to grow into 2007 as the extra capacity is brought on stream to service our expanding network of customers.

The new branch in Newcastle posted profits in the latter part of 2006, which is very encouraging, considering they only started up in January of that year. In recognition of the strength of the Australian market, the Company is launching a vast new range of architectural building products in the second quarter of 2007 which will increase their market share more rapidly. In order to facilitate this expansion the Sydney branch is relocating to larger premises at the same time. With the support of our partners in Malaysia and China we are confident of breaking even more records in 2007.

John Henley-Smith
Managing Director

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

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

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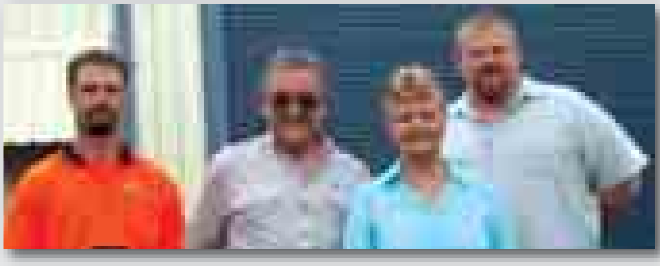
130 Williams Road, Dandenong South 3175, Victoria, Australia
Tel : 00-613 9793 7911 Fax : 00-613 9793 9077
E-mail : pmavic@pressmetal.com.au






Press Metal UK Limited

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

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

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

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

PRESS METAL UK LIMITED
(Company No. 3653082)

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Email: pmuk@pressmetal.com

PMB Recycling Management Sdn. Bhd.

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

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

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

PMB RECYCLING MANAGEMENT SDN. BHD.
(Company No: 383245-H)

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42100 Klang,
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Fax: 603-32906795
E-mail: bipmb@tm.net.my

BI-PMB Waste Management Sdn Bhd

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

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

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

BI-PMB WASTE MANAGEMENT SDN. BHD.
(Company No: 204292-D)

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Fax: 603-32906795
E-mail: bipmb@tm.net.my

K3 Metal Service Centre Sdn Bhd

PMB acquired 51% shareholdings in K3 Metal Service Centre Sdn Bhd (“K3”) in 2006. K3 was incorporated in 2004 and is principally engaged in the trading of aluminium products, stainless steel and composite panel. K3’s customer range from the individual end users, hardware dealers, fabricators, housing developers and construction contractors.

Its aluminium products mainly consist of aluminium sheet, aluminium coil, aluminium extrusion and aluminium ventilator whereas the main components of its stainless steel products cover stainless sheet, stainless pipes and profile etc.

As for composite panel, K3 is the sole distributor of composite panel branded as Alucomat, a leading building material from Taiwan. K3 has also managed to secure certain contracts to supply the Alucomat to some of the reputable companies such as Boustead Holdings Petroleum (BHP) which owns more than 200 petrol stations nationwide, International Medical University and Toyota automobile manufacturer’s show rooms in Malaysia etc.

K3 will in on expanding and enlarging its domestic market share to be one of the major players in the market which is tandem with its mission statement of “To Be The Leading One-Stop Non-Ferrous Metal Supplier in Malaysia”.

K3 METAL SERVICE CENTRE SDN BHD
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Fax: 603-61571816
Website: www.k3metal.com
Email: sales@k3metal.com

Financial Statements

Directors' Report

for the year ended 31 December 2006

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 2006.

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 5 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	19,768	20,321

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 2% less tax totalling RM2,303,340 in respect of the year ended 31 December 2005 on 14 July 2006.

The final dividend recommended by the Directors in respect of the year ended 31 December 2006 is 3% less tax totalling RM3,876,060.

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

Directors' interests

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 RM0.50			
	At 1.1.2006	Bought	Sold	At 31.12.2006
Shareholdings in the Company in which Directors have direct intrests				
Dato' Megat Abdul Rahman bin Megat Ahmad	17,347,410	-	-	17,347,410
Koon Poh Ming	22,999,739	1,190,000	-	24,189,739
Dato' Koon Poh Keong	30,643,379	5,000,000	-	35,643,379
Kuan Shin @ Kuan Nyong Hin	4,027,805	-	-	4,027,805
Tuan Haji Mohamad Faiz bin Abdul Hamid	118,665	-	-	118,665
Koon Poh Weng	8,900,040	-	-	8,900,040
Koon Poh Kong	7,925,995	-	-	7,925,995
Koon Poh Tat	7,230,000	-	-	7,230,000
Kuan Pek Seng	925,000	-	(925,000)	-
Tan Heng Kui	70,000	-	-	70,000

	Number of ordinary shares of RM0.50 each			
	At 1.1.2006	Bought	Sold	At 31.12.2006
Shareholdings in the Company in which Directors have direct interests				
Kuan Shin @ Kuan Nyong Hin*	11,778,610	-	(5,052,000)	6,726,610
Koon Poh Weng#	482,000	-	-	482,000
Koon Poh Kong#	9,000	14,000	-	23,000
Koon Poh Tat#	332,935	-	-	332,935
Kuan Pek Seng*	11,778,610	-	(5,052,000)	6,726,610

	Number of ordinary shares of RM0.50 each			
	At 1.1.2006	Bought	Sold	At 31.12.2006
Shareholdings in an associate, PMB Technology Berhad, in which Directors have direct interests				
Dato' Koon Poh Keong	1,089,700	-	-	1,089,700
Koon Poh Ming	30,000	-	-	30,000
Koon Poh Tat	-	3,000,000	-	3,000,000
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

Directors' Report

for the year ended 31 December 2006 (cont'd)

The Directors' interests in the Company's warrants are as follows:

	Number of warrants "B" of RM0.50 each			
	At 1.1.2006	Bought	Sold	At 31.12.2006
Warrants in the Company				
Direct interests				
Dato' Megat Abdul Rahman bin Megat Ahmad	3,469,482	-	-	3,469,482
Koon Poh Ming	7,750,574	-	-	7,750,574
Dato' Koon Poh Keong	9,274,227	-	-	9,274,227
Tuan Haji Mohamad Faiz bin Abdul Hamid	23,733	-	-	23,733
Koon Poh Weng	1,780,008	-	-	1,780,008
Koon Poh Kong	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	-	(155,000)	30,000
Tan Heng Kui	14,000	-	-	14,000

	Number of warrants 'B' of RM0.50 each			
	At 1.1.2006	Bought	Sold	At 31.12.2006
Warrants in the Company				
Indirect interests				
Koon Poh Weng**	96,400	-	-	96,400
Koon Poh Kong**	-	27,000	-	27,000
Koon Poh Tat**	66,587	-	-	66,587
Kuan Shin @ Kuan Nyong Hin##	2,355,722	-	(280,000)	2,075,722

** Deemed interest in warrants held by spouse

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

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

	Number of options over shares of RM0.50 each				
	At 1.1.2006	Adjustment*	Granted	Exercised	At 31.12.2006
Koon Poh Ming	1,200,000	1,200,000	-	-	2,400,000
Dato' Koon Poh Keong	1,200,000	1,200,000	-	-	2,400,000
Koon Poh Weng	600,000	600,000	-	-	1,200,000
Koon Poh Kong	600,000	600,000	-	-	1,200,000
Koon Poh Tat	400,000	400,000	-	-	800,000

The other Director holding office at 31 December 2006 did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

*The number of options outstanding was adjusted for the effects of the bonus issue and two-calls rights issue carried out in 2005.

Directors' benefits

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

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

Issue of shares and debentures

During the financial year, the Company issued 519,000 ordinary shares of RM0.50 each arising from the exercise of the Employees' Share Options at the price of RM0.50 per ordinary share.

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 'B' 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 29 September 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.

Options granted over unissued shares (cont'd)

(v) the options granted may be exercised according to the following scale:

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

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

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

	Option price		Number of options over ordinary shares of RM0.50 each		
Date of Offer	Before Share Split	After Share Split	1.1.2006	Exercised	At 31.12.2006
6.6.2002	RM1.05	RM0.525	8,489,912	(519,000)	7,970,912

Other statutory information

Before the balance sheets and income 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.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2006 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.

Subsequent event

On 28 November 2006, the Company has entered into a sale and purchase agreement and the relevant supplemental agreements (collectively known as "SPA") with Hubei Huasheng Aluminium & Electric Co. Ltd (HHAE), Qianjiang City Qiansheng State-Owned Enterprise (QCQ) and Qianjiang City Huashin State-Owned Enterprise for the acquisition of assets and assumption of certain liabilities of HHAE, which is located in Hubei province in the People's Republic of China ("PRC"), for a total cash consideration of RMB360 million (approximately RM163 million based on the exchange rate of RMB1: RM0.4523).

The acquisition was not complete at year end as certain conditions precedent remained outstanding. As part of the Company's due diligence process for the acquisition, the Company had revalued the property, plant and equipment to be acquired comprising the aluminium smelting plant and power generation plant ("Plant") pursuant to the valuation perfomed by Henry Butcher Malaysia Sdn. Bhd. between 23-26 January 2007, and the land to be acquired from the State Government of PRC on which the Plant are sited, pursuant to the valuation performed by DTZ Debenham Tie Leung Limited on 26 March 2007.

Upon completion of the acquisition, the Group anticipates to recognise the excess of the net fair value of the assets acquired and liabilities assumed over the cost of acquisition, of approximately RM390 million in the financial statements for the year ending 31 December 2007.

Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Koon Poh Tat

....
Dato' Koon Poh Keong

Kuala Lumpur,

Date: 23 April 2007

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 57 to 106 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2006 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 April 2007

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 57 to 106 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 April 2007.

PESURUHJAYA SUMPAH
W 438
P. THURIRAJOO
AMN, PJK
MALAYSIA

Before me:

Commissioner for Oaths
Kuala Lumpur

....

Loo Tai Choong

Report of the Auditors

to the members of Press Metal Berhad

We have audited the financial statements set out on pages 57 to 106. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors as well as evaluating the overall financial statements presentations. 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 for entities other than private entities issued by the Malaysian Accounting Standards Board 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 2006 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 5 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

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

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Foong Mun Kong
Partner
Approval Number: 2613/12/08(J)

Kuala Lumpur,

Date: 23 April 2007

Balance Sheets

at 31 December 2006

	Note	Group 2006 RM'000	Group 2005 RM'000 Restated	Company 2006 RM'000	Company 2005 RM'000
Assets					
Property, plant and equipment	3	228,629	172,072	131,444	125,245
Investment property	4	4,829	-	-	-
Investments in subsidiaries	5	-	-	29,689	20,222
Investment in associate	6	20,575	19,242	11,812	11,812
Goodwill	7	12,332	2,547	-	-
Deferred tax assets	14	1,655	1,734	-	-
Total non-current assets		268,020	195,595	172,945	157,279
Land held for development	8	-	3,005	-	-
Receivables, deposits and prepayments	9	247,199	161,596	267,264	192,654
Inventories	10	162,287	88,588	47,122	49,997
Tax recoverable		10,578	369		
Cash and cash equivalents	11	55,642	21,472	18,805	3,464
Total current assets		475,706	275,030	333,191	246,115
Total assets		743,726	470,625	506,136	403,394
Equity					
Share capital	12	160,214	159,954	160,214	159,954
Reserves		56,489	39,380	53,750	35,732
Total equity attributable to shareholders of the Company		216,703	199,334	213,964	195,686
Minority interest		23,847	5,941	-	-
Total equity		240,550	205,275	213,964	195,686
Liabilities					
Loans and borrowings	13	55,914	16,011	685	1,763
Deferred tax liabilities	14	20,172	16,663	20,112	16,663
Total non-current liabilities		76,086	32,674	20,797	18,426
Payables and accruals	15	102,613	86,033	82,460	61,112
Loans and borrowings	13	322,507	144,652	188,316	126,854
Taxation		1,970	1,991	599	1,316
Total current liabilities		427,090	232,676	271,375	189,282
Total liabilities		503,176	265,350	292,172	207,708
Total equity and liabilities		743,726	470,625	506,136	403,394

The notes on pages 63 to 106 are an integral part of these financial statements.

Income Statements

For The Year Ended 31 December 2006

		Group		Company	
		2006	2005	2006	2005
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	16	663,455	428,154	489,452	341,033
Cost of sale	16	(574,305)	(365,145)	(449,665)	(304,617)
Gross profit		89,150	63,009	39,787	36,416
Other income		14,568	817	11,932	535
Selling and marketing expenses		(16,513)	(8,371)	(2,512)	(2,179)
Administrative expenses		(34,195)	(18,911)	(7,634)	(7,020)
Other expenses		(8,882)	(16,175)	(6,820)	(9,681)
Results from operating activities		44,128	20,369	34,753	18,071
Finance costs		(18,070)	(9,150)	(10,375)	(7,695)
Interest income		168	249	-	-
Operating profit	17	26,226	11,468	24,378	10,376
Share of profit after tax and minority interest of equity accounted associate		1,565	985	-	-
Profit before tax		27,791	12,453	24,378	10,376
Tax expense	18	(6,176)	419	(4,057)	(766)
Profit for the year		21,615	12,872	20,321	9,610
Attributable to:					
Shareholders of the Company		19,768	12,110	-	-
Minority interest		1,847	762	-	-
Profit for the year		21,615	12,872	-	-
Basic earnings per ordinary share (sen)	19	6.18	4.86		
Diluted earnings per ordinary share (sen)	19	-	-		

The notes on pages 63 to 106 are an integral part of these financial statements.

Statements of Changes in Equity

For The Year Ended 31 December 2006

Group	Note	← Non-distributable Share capital RM'000	Share premium RM'000	Translation reserves RM'000	→ Distributable Retained profits RM'000	Total RM'000	Minority interest RM'000	Total RM'000
At 1 January 2005		63,871	92	502	90,148	154,613	5,187	159,800
Issue of shares								
Exercise of share options		101	5	-	-	106	-	106
Conversion of warrants		12	-	-	-	12	-	12
Bonus issue		31,990	-	-	(31,990)	-	-	-
Two-calls rights issue		63,980	(91)	-	(31,990)	31,899	-	31,899
Increase in investment in subsidiary		-	-	-	-	-	(8)	(8)
Net profit for the year		-	-	-	12,110	12,110	762	12,872
Dividends - 2005 final	20	-	-	-	(1,381)	(1,381)	-	(1,381)
Exchange differences		-	-	216	-	216	-	216
As previously stated		159,954	6	718	36,897	197,575	5,941	203,516
Effect of adopting FRS 3		-	-	-	1,759	1,759	-	1,759
At 1 January 2006, restated		159,954	6	718	38,656	199,334	5,941	205,275
Exercise of share options		260	-	-	-	260	-	260
Acquisition of subsidiary		-	-	-	-	-	16,254	16,254
Net profit for the year		-	-	-	19,768	19,768	1,847	21,615
Dividends - 2005 final	20	-	-	-	(2,303)	(2,303)	(26)	(2,329)
Exchange differences		-	-	(356)	-	(356)	(169)	(525)
At 31 December 2006		160,214	6	362	56,121	216,703	23,847	240,550

Company	Note	← Non-distributable Share capital RM'000	Share premium RM'000	→ *Distributable* Retained profits RM'000	Total RM'000
At 1 January 2005		63,871	92	91,477	155,440
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		-	-	9,610	9,610
Dividends - 2004 final	20	-	-	(1,381)	(1,381)
At 31 December 2005		159,954	6	35,726	195,686
Exercise of share options		260	-	-	260
Net profit for the year		-	-	20,321	20,321
Dividends - 2005 final	20	-	-	(2,303)	(2,303)
At 31 December 2006		160,214	6	53,744	213,964

The notes on pages 63 to 106 are an integral part of these financial statements.

Cash Flow Statements

For The Year Ended 31 December 2006

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Cash flows from operating activities					
Profit before tax		27,791	12,453	24,378	10,376
Adjustments for:					
Amortisation of goodwill		-	216	-	-
Adjustment of negative goodwill		-	(3,983)	-	-
Depreciation	3	18,396	16,543	12,671	11,802
Dividend income	17	-	-	(232)	(232)
Interest expense	17	18,070	9,150	10,375	7,695
Interest income	17	(168)	(249)	-	-
Loss on disposal of investment property	17	18	-	-	-
Negative goodwill arising from acquisition of subsidiary	26	(2,386)	-	-	-
Net (gain)/loss on disposal of property, plant and equipment	17	(38)	2,649	(7)	1
Property, plant and equipment written off	17	4	670	-	-
Recognition of negative goodwill		-	(891)	-	-
Share of profit of associate		(1,565)	(985)	-	-
Unrealised (gain)/loss on foreign exchange	17	(6,963)	5,048	(6,983)	4,798
Preliminary and pre-operating expenses written off		-	1,272	-	-
Operating profit before changes in working capital		53,159	41,893	40,202	34,440
Change in land held for development		3,005	718	-	-
Change in inventories		(59,747)	(12,034)	2,875	(7,065)
Change in receivables, deposits and prepayments		(60,080)	(36,625)	(67,627)	(40,739)
Change in payables and accruals		(2,148)	46,084	21,348	40,457
Cash (used in)/generated from operations		(65,811)	40,036	(3,202)	27,093
Taxation paid		(12,891)	(1,110)	(1,325)	(799)
Preliminary and pre-operating expenses paid		-	(1,590)	-	-
Net cash (used in)/ generated from operating activities		(78,702)	37,336	(4,527)	26,294

The notes on pages 63 to 106 are an integral part of these financial statements.

Cash Flow Statements

For The Year Ended 31 December 2006 (cont'd)

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(73,320)	(39,868)	(18,557)	(20,817)
Proceeds from disposal of property, plant and equipment		1,249	2,488	171	-
Purchase of investment property	4	(1,205)	-	-	-
Increase in minority interest in subsidiary	5	1,726	-	-	-
Interest income		168	249	-	-
Increase in investment in subsidiaries		-	-	(6,917)	-
Dividend received		232	232	232	232
Acquisition of a subsidiary, net of cash acquired	26	837	(180)	(2,550)	(184)
Net cash used in investing activities		(70,313)	(37,079)	(27,621)	(20,769)
Cash flows from financing activities					
Repayment of hire purchase liabilities		(3,711)	(2,951)	(1,926)	(2,198)
Dividend paid to minority interest		(26)	-	-	-
Dividends paid	20	(2,303)	(1,381)	(2,303)	(1,381)
Proceeds from revolving credits		18,527	-	15,000	-
Proceeds from term loans		92,337	15,274	-	-
Proceeds from shares issued under the Employees' Share Option Scheme	12	260	106	260	106
Proceeds from shares issued arising from the conversion of warrants	12	-	12	-	12
Proceeds from shares issued arising from the two-calls right issue	12	-	31,899	-	31,899
Repayment of term loans		(7,767)	(4,888)	(2,361)	(3,530)
Bills payable drawn down		605,161	368,880	505,524	357,156
Repayment of bills payable		(501,427)	(372,829)	(458,665)	(364,706)
Repayment of revolving credit		(3,788)	(15,008)	-	(15,000)
Increase in deposit pledged		(1,638)	-	-	-
Interest paid		(18,070)	(9,150)	(10,375)	(7,695)
Net cash generated from/(used in) financing activities		177,555	9,964	45,154	(5,337)
Exchange differences on translation of the financial statements of foreign operations		(643)	216	-	-

The notes on pages 63 to 106 are an integral part of these financial statements.

Cash Flow Statements

For The Year Ended 31 December 2006 (cont'd)

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Net increase in cash and cash equivalents	27,897	10,437	13,006	188
Cash and cash equivalents at 1 January	18,877	8,440	2,531	2,343
Cash and cash equivalents at 31 December	46,774	18,877	15,537	2,531

Cash and cash equivalents

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

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Deposits with licensed banks (excluding deposits pledged)	11	4,773	5,709	687	581
Cash and bank balances	11	49,221	15,753	18,118	2,883
Bank overdrafts	13	(7,220)	(2,585)	(3,268)	(933)
		46,774	18,877	15,537	2,531

Acquisition of plant, property and equipment

During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM74,812,000 (2005: RM43,638,000) and RM19,034,000 (2005: RM20,817,000) respectively, of which RM1,492,000 (2005: RM3,770,000) and RM477,000 (2005: RM Nil) respectively, were acquired by means of hire purchases.

The notes on pages 63 to 106 are an integral part of these financial statements.

Notes to the Financial Statements

Press Metal Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Malaysia Securities Exchange Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office

Level 7, Setia 1,
15, Lorong Dungun,
Damansara Heights,
50490 Kuala Lumpur,
Malaysia.

Principal place of business

Lot 6464 Batu 5 ¾
Jalan Kapar, Sementa,
42100 Klang,
Selangor Darul Ehsan,
Malaysia.

The consolidated financial statements as at and for the year ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 December 2006 do not include other entities.

The Company is principally engaged in manufacturing and marketing of aluminium products whilst the principal activities of the other Group entities are as stated in Note 5 to the financial statements.

1. Basis of Preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The MASB has issued the following Financial Reporting Standards (FRSs) and Interpretations that are effective for annual periods beginning after 1 January 2006, and that have not been applied in preparing these financial statements:

FRSs / Interpretations	Effective date
FRS 117, *Leases*	1 October 2006
FRS 124, *Related Party Disclosures*	1 October 2006
FRS 139, *Financial Instruments: Recognition and Measurement*	To be announced
Amendment to FRS $119_{2004,}$ *Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures*	1 January 2007
FRS 6, *Exploration for and Evaluation of Mineral Resources*	1 January 2007

1. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

FRSs / Interpretations	Effective date
Amendment to FRS 121, *The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation*	1 July 2007
IC Interpretation 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 July 2007
IC Interpretation 2, *Members' Shares in Co-operative Entities and Similar Instruments*	1 July 2007
IC Interpretation 5, *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 July 2007
IC Interpretation 6, *Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*	1 July 2007
IC Interpretation 7, *Applying the Restatement Approach under FRS* 129_{2004} *Financial Reporting in Hyperinflationary Economies*	1 July 2007
IC Interpretation 8, *Scope of FRS 2*	1 July 2007

The Group and the Company plan to apply FRS 117 and FRS 124 and the Amendment to FRS 119_{2004} initially for the annual period beginning 1 January 2007 and to apply the rest of the above-mentioned FRSs (except for FRS 6 as explained below and FRS 139 which its effective date has yet to be announced) and Interpretation for the annual period beginning 1 January 2008.

The impact of applying FRS 117, FRS 119 and FRS 124 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective standards.

FRS 6 is not applicable to the Group and the Company. Hence, no further disclosure is warranted.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and the Company except for the following:

(i) FRS 3, Business Combination as disclosed in note 2(d)
(ii) FRS 140, Investment Property as disclosed in note 2(e)

The effects of adopting the new / revised FRSs that became effective on 1 January 2006 are set out in Note 28.

The financial statements were approved by the Board of Directors on 23 April 2007.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

Notes to the Financial Statements
(cont'd)

1. Basis of Preparation (cont'd)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and jugdements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 7 - impairment test on goodwill
- Note 14 – recognition of unutilised tax losses and capital allowances

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

Certain comparative amounts have been reclassified to conform to the current year's presentation (see Note 29).

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Associates

Associates are entities, including unincorporated entities, 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.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising in retranslation are recognised in the income statement.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

2. Significant accounting policies (cont'd)

(c) Property, plant and equipment and depreciation

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its costs can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold land and buildings	50 years
Plant and machinery	5-25 years
Office equipment	10 years
Motor vehicles	5-10 years
Furniture and fittings	10 years
Moulds and dies	6 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(d) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and associates.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

2. Significant accounting policies (cont'd)

(d) Intangible assets (cont'd)

(i) Goodwill (cont'd)

Goodwill is measured at cost and is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment. When the excess is negative (negative goodwill), it is recognised immediately in the income statement. With the adoption of FRS 3, the carrying amount of negative goodwill at 1 January 2006 is derecognized with a corresponding adjustment to the opening balance of retained earnings.

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

(ii) Amortisation

Goodwill is tested for impairment annually and whenever there is an indication that they may be impaired.

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(e) Investments property

Investment property carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note (c).

In the previous years, all investment properties were included in property, plant and equipment. Following the adoption of FRS 140, Investment Property, these investment properties are now classified separately.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

First adoption of FRS 140, Investment Property

The adoption of FRS 140, Investment Property, resulted in a change in accounting policy for investment properties. Until 31 December 2005, the Group recognised investment properties using the cost method. In accordance with FRS 140, investment properties can be valued either using cost or fair value method. The Group has adopted the cost method in measuring investment properties with effect from 1 January 2006.

2. Significant accounting policies (cont'd)

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

(g) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(h) Cash and cash equivalents

Cash and cash equivalents consist 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 cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(i) Impairment of assets

The carrying amounts of assets except for inventories, deferred tax assets and deferred acquisition costs are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the 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.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

2. Significant accounting policies (cont'd)

(j) Share capital

Shares issue expenses

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

(k) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

(l) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the Employee's Provident Fund are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Share-based payment transactions

The share option programme allows Group employees to acquire shares of the Company. In the previous year, share options granted to employees is not recognised as an employee cost as the options were granted to the employees prior to the adoption of the FRS 2, Share-based Payment. Following the adoption of FRS 2, Share-based Payment, the grant date fair value of share options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employee become unconditionally entitled to the options.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes to the Financial Statements
(cont'd)

2. Significant accounting policies (cont'd)

(n) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(o) Revenue

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statement.

(iii) Dividend income

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

(p) Lease payments

Payments 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 as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(q) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

2. Significant accounting policies (cont'd)

(r) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax 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 recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment

Group	Note	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
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)
Written off		-	-	-	(1,933)	-	-	-	-	-	(1,933)
At 31 December 2005/ 1 January 2006		5,910	27,896	13,840	138,072	12,382	8,138	2,302	52,691	8,898	270,129
Acquisition of new subsidiary	26	-	751	1,429	471	408	1,570	245	6	-	4,880
Additions		-	20,643	7,636	24,247	1,304	2,361	1,354	7,840	9,427	74,812
Disposals		-	(365)	-	(252)	(234)	(579)	-	-	(335)	(1,765)
Transfer to investment properties	4	-	-	(4,211)	-	-	-	-	-	-	(4,211)
Written off		-	-	-	(5)	(2)	-	-	-	-	(7)
Effect of movements in exchange rates		-	260	-	15	(55)	54	21	-	(297)	(2)
At 31 December 2006		5,910	49,185	18,694	162,548	13,803	11,544	3,922	60,537	17,693	343,836

3. Property, plant and equipment (cont'd)

Group	Note	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
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	17	-	499	147	7,513	968	655	129	6,632	-	16,543
Disposals		-	-	-	(7,903)	(29)	(151)	(1)	-	-	(8,084)
Written off		-	-	-	(1,263)	-	-	-	-	-	(1,263)
At 31 December 2005/ 1 January 2006		-	2,780	1,139	47,210	7,191	4,026	1,145	34,566	-	98,057
Charge for the year	17	-	769	89	9,372	1,098	1,305	175	5,505	-	18,313
Offset of accumulated depreciation on property transferred to investment property		-	-	(421)	-	-	-	-	-	-	(421)
Disposals		-	(20)	-	(54)	(78)	(467)	-	-	-	(619)
Written off		-	-	-	(1)	(2)	-	-	-	-	(3)
Effect of movements in exchange rates		-	21	-	(28)	(83)	(37)	7	-	-	(120)
		-	3,550	807	56,499	8,126	4,827	1,327	40,071	-	115,207
Carrying amounts											
At 1 December 2005		5,910	24,226	5,652	87,910	4,904	3,028	1,049	17,548	557	150,784
At 31 December 2005/ 1 January 2006		5,910	25,116	12,701	90,862	5,191	4,112	1,157	18,125	8,898	172,072
At 31 December 2006		5,910	45,635	17,887	106,049	5,677	6,717	2,595	20,466	17,693	228,629

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

3. Property, plant and equipment (cont'd)

Company	Note	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 2005/1 January 2006		5,910	23,041	119,735	9,515	3,507	813	47,368	209,889
Additions		-	8,264	3,546	291	427	15	6,491	19,034
Disposals		-	-	(157)	-	(115)	-	-	(272)
At 31 December 2006		5,910	31,305	123,124	9,806	3,819	828	53,859	228,651
Accumulated depreciation									
At 1 January 2005		-	2,293	37,605	4,572	1,646	350	26,377	72,843
Charge for the year	17	-	446	5,653	702	287	28	4,686	11,802
Disposals		-	-	-	(1)	-	-	-	(1)
At 31 December 2005/1 January 2006		-	2,739	43,258	5,273	1,933	378	31,063	84,644
Charge for the year	17	-	505	6,245	684	242	27	4,968	12,671
Disposals		-	-	(10)	-	(98)	-	-	(108)
At 31 December 2006		-	3,244	49,493	5,957	2,077	405	36,031	97,207
Net book value									
At 1 December 2005		5,910	19,358	69,620	4,152	1,809	451	14,931	116,231
At 31 December 2005/1 January 2006		5,910	20,302	76,477	4,242	1,574	435	16,305	125,245
At 31 December 2006		5,910	28,061	73,631	3,849	1,742	423	17,828	131,444

3. Property, plant and equipment (cont'd)

Securities

Certain property, plant and equipment of the Group and of the Company costing RM4,917,000 (2005 - RM4,972,000) and RM2,850,000 (2005 - RM2,850,000) respectively have been pledged as security for loan facilities as set out in Note 13 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.

Property, plant and equipment under construction

As at 31 December 2006, the Group has a piece of property under construction which was received in prior year in exchange for an amount due from a customer. This property will be used as an investment property in the future; costs of the property as at 31 December 2006 is RM257,000.

Assets under hire purchase arrangements

		Net book value	
		2006	2005
		RM'000	RM'000
Group			
Hire purchase:	Plant and machinery	9,142	4,291
	Motor vehicles	4,335	5,390
	Office equipment	-	106
		13,477	9,787
Company			
Hire purchase:	Plant and machinery	7,072	4,176
	Motor vehicles	1,307	1,161
		8,379	5,337

4. Investment property

	Note	Group 2006 RM'000	Group 2005 RM'000
Cost			
At 1 January		-	-
Transfer from property, plant and equipment	3	4,211	-
Acquisitions		1,205	-
Disposal		(93)	-
At 31 December		5,323	-
Depreciation			
At 1 January			-
Transfer from property, plant and equipment	3	421	-
Charge for the year		83	-
Disposal		(10)	-
At 31 December		494	-
Carrying amounts			
At 31 December		4,829	-
Included in the above are:			
Freehold shoplot		495	-
Freehold land		710	-
Leasehold buildings		3,624	-
		4,829	-

5. Investments in subsidiaries

	Note	Company 2006 RM'000	Company 2005 RM'000
Unquoted shares, at cost		32,129	22,662
Less: Impairment losses		(2,440)	(2,440)
		29,689	20,222

5. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Effective percentage of ownership 2006	Effective percentage of ownership 2005
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	Dormant company	55%	55%
Press Metal Aluminium (Australia) Pty. Ltd*	Australia	Marketing, retailing and trading of aluminium related materials	70%	70%

5. Investments in subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Effective percentage of ownership 2006	Effective percentage of ownership 2005
Press Metal Hong Kong Limited*	Hong Kong	Investment holding	80%	80%
and its subsidiary				
Press Metal International Limited*	China	Manufacturing and trading of aluminium products	80%	80%
K3 Metal Service Centre Sdn. Bhd.* (Note 26)	Malaysia	Trading in general hardware and related products	51%	-
and its subsidiary				
ML Metal Trading Sdn. Bhd.,	Malaysia	Trading in general hardware and related products	51%	-
Sam's Metal Trading (Kuantan) Sdn. Bhd.*	Malaysia	Trading in general hardware and related products	53%	-
and its subsidiary				
Sam's Metal Trading (Kota Bharu) Sdn. Bhd.*,	Malaysia	Trading in general hardware and related products	85%	-
Sam's Gypsum Board (Kuantan) Sdn. Bhd.*	Malaysia	Trading in general hardware and related products	100%	-
PMA Accessories (M) Sdn. Bhd.*	Malaysia	Trading in general hardware and related products	60%	-
Sam's Metal Trading (Kuala Terengganu) Sdn. Bhd.*	Malaysia	Trading in general hardware and related products	71%	-
Sam's Metal Trading (JB) Sdn. Bhd.*	Malaysia	Trading in general hardware and related products	60%	-

* Audited by other firms of accountants.

Acquisition of subsidiaries

On 20 March 2006, the Company acquired 51% of equity interest in K3 Metal Service Centre Sdn. Bhd. for a purchase consideration of RM2,550,000 satisfied by cash. The acquisition was accounted for using the acquisition method of accounting.

6. Investment in associate

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Quoted shares	11,812	11,812	11,812	11,812
Share of post-acquisition reserves	8,763	7,430	-	-
	20,575	19,242	11,812	11,812

Summary financial information on the associate which is incorporated in Malaysia:

Group and Company	Effective ownership interest	Revenues (100%) RM'000	Profit / (Loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2006					
PMB Technology Berhad	26.84	300,928	5,832	241,070	167,585
2005					
PMB Technology Berhad	26.84	214,953	5,803*	173,364	102,790

* The share of profit of associate has been accounted for in the Group's income statement after adjusting for the difference in recognition of negative goodwill between the Company and the associate.

7. Goodwill

	Group RM'000
Cost	
1 January 2005	5,098
Acquisition of subsidiaries	490
At 31 December 2005/1 January 2006	5,588
Effect of adopting FRS 3	(3,041)
Adjustment of goodwill on acquisition made in 2005	9,785
	12,332
Amortisation	
1 January 2005	2,825
Amortisation charge for the year	216
Closing balance	3,041
Effect of adopting FRS 3	(3,041)
	-
Carrying amount	
At 1 January 2005	2,273
At 31 December 2005/1 January 2006	2,547
At 31 December 2006	12,332

7. Goodwill (cont'd)

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the business units acquired, at which the goodwill is monitored for internal management purposes. The goodwill impairment test was based on value in use and was determined by the management.

The value in use was determined by assessing the budgets of the business units and was based on the following key assumptions:

- The budgets were arrived at based on actual operating results.
- The principal activities of the business units will not change significantly.
- The business environment or industry in which the business units operate in will not change significantly.

The values assigned to the assumptions represent management's assessment of future trends in the business units' principal activities and are based on internal sources.

8. Land held for development

Group	Long term leasehold land RM'000	Development expenditure RM'000	Total RM'000
2006			
Current			
At 1 January	679	2,326	3,005
Disposals	(679)	(2,326)	(3,005)
At 31 December	-	-	-
2005			
Current			
At 1 January	1,305	2,418	3,723
Transferred from non-current	-	1,200	1,200
Disposals	(626)	(1,292)	(1,918)
At 31 December	679	2,326	3,005

9. Receivables, deposits and prepayments

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Trade					
Trade receivables		191,925	136,216	67,329	60,023
Less: Allowance for doubtful debts		(2,921)	(1,678)	(1,711)	(501)
		189,004	134,538	65,618	59,522
Amounts due from subsidiaries	a	-	-	178,386	118,999
Amounts due from associates	b	18,204	10,455	17,905	10,233
		207,208	144,993	261,909	188,754
Non-trade					
Other receivables	c	23,056	5,031	2,095	1,573
Deposits		15,755	10,814	3,246	2,318
Prepayments		1,180	758	14	9
		39,991	16,603	5,355	3,900
		247,199	161,596	267,264	192,654

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

Note b
The amounts due from associates are unsecured, interest free and have no fixed terms of repayment.

Note c
Included in other receivables of the Group are:-

(i) an amount due from a corporate shareholder amounting to RM2,000,000 (2005 - RM2,000,000) which is unsecured, interest free and has no fixed terms of repayment, and

(ii) deposits paid to contractors in relation to the construction of a plant in China amounting to RM8,570,000 (2005 – nil).

The foreign currency exposure profile of receivables, deposits and prepayments is as follows:

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Australian Dollar	13,384	11,713	38,493	20,557
Hong Kong Dollar	18,939	17,246	34,987	37,673
Pound Sterling	39,176	14,012	67,055	20,365
Renminbi	35,030	8,570	-	-
Ringgit Malaysia	118,015	97,859	106,071	103,644
Singapore Dollar	9,098	7,976	7,636	6,548
US Dollar	13,557	4,220	13,022	3,867
	247,199	161,596	267,264	192,654

10. Inventories

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
At cost:				
Raw materials	34,540	28,331	24,074	22,815
Work-in-progress	9,384	4,995	4,085	4,050
Finished goods	50,506	13,492	5,973	10,478
Trading goods	46,904	28,942	-	-
Stock-in-transit	20,572	12,654	12,990	12,654
Packaging materials	291	-	-	-
Consumable parts	90	174	-	-
	162,287	88,588	47,122	49,997

During the year, inventories recognised as cost of sales amounted to RM465,491,000 (2005: 282,617,000).

11. Cash and cash equivalents

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	6,421	5,719	687	581
Cash and bank balances	49,221	15,753	18,118	2,883
	55,642	21,472	18,805	3,464

Included in the Group's deposits placed with licensed banks is RM1,648,000 (2005 - RM10,000) pledged for banking facilities granted to a subsidiary.

The foreign currency exposure profile of cash and cash equivalents is as follows:

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Australian Dollar	3,278	1,925	16	16
Hong Kong Dollar	398	973	-	-
Pound Sterling	598	3,812	20	16
Renminbi	18,729	1,177	-	-
Ringgit Malaysia	27,544	12,202	17,013	3,189
Singapore Dollar	1,640	1,282	1,128	142
US Dollar	3,455	101	628	101
	55,642	21,472	18,805	3,464

12. Capital and reserves

Share capital	Group and Company 2006 RM'000	2005 RM'000
Ordinary shares of RM0.50 each (2005 - before share split RM1.00, after share split RM0.50)		
Authorised	500,000	500,000
Issued and fully paid		
At 1 January	159,954	63,871
Issue of shares under the employee share option scheme	260	101
Issue of shares due to conversion of warrants	-	12
Issue of bonus shares	-	31,990
Issue of shares under the two-calls rights issue	-	63,980
On issue at 31 December	160,214	159,954

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities.

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit to frank all of its distributable reserves at 31 December 2006 if paid out as dividends.

13. Borrowings

This note provides information about the contractual terms of the Group's and the Company's interest-bearing loans and borrowings. For more information about the Group's and the Company's exposure to interest rate and foreign currency risk, see Note 22.

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Non-current				
Term loans (unsecured)	35,208	-	-	-
Term loans (secured)	17,299	11,980	370	770
Hire purchase liabilities	3,407	4,031	315	993
	55,914	16,011	685	1,763
Current				
Bills payable (unsecured)	186,935	127,557	168,508	121,649
Bills payable (secured)	44,356	-	-	-
Bank overdrafts (unsecured)	6,359	2,346	3,268	933
Bank overdrafts (secured)	861	239	-	-
Revolving credit (unsecured)	15,000	-	15,000	-
Revolving credit (secured)	3,527	3,788	-	-
Term loans (unsecured)	56,522	1,961	-	1,961
Term loans (secured)	6,523	5,947	473	473
Hire purchase liabilities	2,424	2,814	1,067	1,838
	322,507	144,652	188,316	126,854
	378,421	160,663	189,001	128,617

Bills payable, bank overdrafts and revolving credit

Certain bank overdrafts of the Group are backed by corporate guarantees from the Company and secured against registered first debenture over the fixed and floating assets of a subsidiary, and bear interest at rates ranging from 1.00% to 10.90% (2005 - 2.59% to 11.92%) per annum.

Bills payables amounting to RM10,591,000 (2005 - RM nil) bearing interest ranging from 4.20% - 5.93% are secured by a charge on property of certain Directors, a subsidiary's land and building, pledge on certain subsidiaries' fixed deposits and fixed deposits of certain Directors of a subsidiary, guarantee by certain Directors of the subsidiaries and third party's shares.

Bills payables amounting to RM RM33,765,000 (2005 - RM nil) are backed by a corporate guarantee from the Company and bear interest at 6.93% (2005 - Nil) and are repayable over 3 months by 26 bills commencing January 2007.

The secured revolving credit of the Group is backed by an irrevocable standby letter of credit issued by a bank and bears interest at 6.00% (2005 - 6.00%) per annum.

The unsecured revolving credit of the Group and the Company bears interest at 4.94% (2005 - Nil) per annum.

13. Borrowings (cont'd)

Term loans	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Loan 1 (secured)	843	1,243	843	1,243
Loan 2 (unsecured)	-	1,961	-	1,961
Loans of subsidiaries (secured)	114,709	16,684	-	-
	115,552	19,888	843	3,204

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% (2005 - 3.6%) per annum. The loan is repayable by 60 monthly instalments commencing December 2004.

Loan 2 was unsecured and bore interest at 1.5% (2005 - 1.5%) per annum over the bank's base lending rate. The loan was fully repaid during the year.

Term loans of subsidiaries consist of the following:

(i) Loan amounting to RM26,000 (2005 - RM56,000) secured by a corporate guarantee from the Company and charges over the subsidiary's leasehold land. The loan bears interest at 1.75% (2005 - 1.75%) per annum above the bank's base lending rate and is repayable by 120 equal monthly instalments commencing July 2000.

(ii) Loan amounting to RM939,000 (2005 - RM1,005,000) secured by a charge over the subsidiary's freehold property. The loan bears interest at 2% (2005 - 2%) per annum over the bank's base lending rate and is repayable by 120 instalments commencing November 2004.

(iii) Loan amounting to RM21,407,000 (2005 - RM13,046,000) secured by debentures over the inventories and receivables of a subsidiary and a corporate guarantee from the Company. The loan bears interest at 6.53% (2005 - 6.53%) and is repayable over 5 years in quarterly instalments commencing 12 months following the draw down in September 2005.

(iv) Loan amounting to RM2,246,000 (2005 - RM 2,228,000) backed by a corporate guarantee from the Company. The interest rates are variable and the facility is subject to annual review due in February 2007.

(v) Loan amounting to RM227,000 (2005 - RM Nil) secured by leasehold land, buildings, third party's shares and fixed deposits of a newly acquired subsidiary. The loan bears interest between 7.35% (2005 - Nil) per annum and is repayable over 13 years by 156 instalments commencing June 2005.

(vi) Loan amounting to RM381,000 (2005 - RM Nil) secured by leasehold land, buildings, third party's shares and fixed deposits of a subsidiary. The loan bears interest between 10.90% (2005 - Nil) per annum and is repayable over 5 years by 60 instalments commencing September 2006.

(vii) Loan amounting to RM35,208,000 (2005 - Nil) backed by a corporate guarantee from the Company. The loan bears interest at 6% (2005 - Nil) and is repayable over 5 years by 60 instalments commencing February 2008.

(viii) Loan amounting to RM54,275,000 (2005 – RM nil) backed by a corporate guarantee from the Company. The loan bears interest at 5.02% (2005 – nil) and is repayable over 6 months by 8 instalments commencing February 2007.

(ix) Loans amounting to RM Nil (2005 - RM349,000) secured by a corporate guarantee from the Company and registered first debenture over the fixed and floating assets of the subsidiary. The loans bore interest at 1.5% per annum above the banks' base lending rates and were fully repaid during the year.

13. Borrowings (cont'd)

Hire purchase liabilities

The hire purchase liabilities are subject to flat interest rates ranging from 2.54% to 14.38% (2005 - 3.29% to 6.00%) per annum.

Hire purchase liabilities are payable as follows:

	Payments 2006 RM'000	Interest 2006 RM'000	Principal 2006 RM'000	Payments 2005 RM'000	Interest 2005 RM'000	Principal 2005 RM'000
Group						
Less than one year	2,744	(320)	2,424	3,219	(405)	2,814
Between one and five years	3,955	(548)	3,407	4,642	(611)	4,031
	6,699	(868)	5,831	7,861	(1,016)	6,845
Company						
Less than one year	1,121	(54)	1,067	1,994	(156)	1,838
Between one and five years	461	(146)	315	1,218	(225)	993
	1,582	(200)	1,382	3,212	(381)	2,831

14. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Group						
Property, plant and equipment	26	942	(18,287)	(18,006)	(18,261)	(17,064)
Provisions	293	125	-	-	293	125
Other items	47	93	(1,885)	1,343	(1,838)	1,436
Tax loss carry-forwards	1,289	574	-	-	1,289	574
Net of tax assets/(liabilities)	1,655	1,734	(20,172)	(16,663)	(18,517)	(14,929)
Company						
Property, plant and equipment	-	-	(18,227)	(18,006)	(18,227)	(18,006)
Other items	-	1,343	(1,885)	-	(1,885)	1,343
Net tax liabilities	-	1,343	(20,112)	(18,006)	(20,112)	(16,663)

14. Deferred tax assets and liabilities (cont'd)

In recognising the deferred tax assets attributable to unutilised tax loss carry-forwards and unutilised capital allowance carry-forwards (included in deductible temporary differences of property, plant and equipment) the Directors made an assumption that there will not be any substantial change (more than 50%) in the shareholders before these assets are utilised. If there is a substantial change in the shareholders, unutilised tax loss carry-forwards and unutilised capital allowance carry-forwards amounting to approximately RM4,774,000 and RM6,548,000 respectively will not be available to the Group, resulting in an increase in net deferred tax liabilities of RM825,000.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group 2006 RM'000	Group 2005 RM'000
Deductible temporary differences	(4,244)	(3,681)
Unabsorbed capital allowance	7,433	7,496
Tax loss carry-forwards	4,328	3,589
	7,517	7,404

The 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 there from. Unutilised tax loss carry-forwards and unutilised capital allowance cary-forwards amounting to RM4,328,000 and RM7,433,000 will not be available to the Group if there is substantial change in shareholders (more than 50%).

Movement in temporary differences during the year

	At 1.1.2005 RM'000	Recognised in income statement (note 18) RM'000	At 31.12.2005 RM'000	Recognised in income statement (note 18) RM'000	Acquisition of subsidiary (note 26) RM'000	At 31.12.2006 RM'000
Group						
Property, plant and equipment	(17,273)	209	(17,064)	(326)	(128)	(17,518)
Provisions	121	4	125	166	-	291
Other items	(416)	1,852	1,436	(3,262)	-	(1,826)
Tax loss carry forward	38	536	574	(38)	-	536
	(17,530)	2,601	(14,929)	(3,460)	(128)	(18,517)
Company						
Property, plant and equipment	(17,272)	(734)	(18,006)	(221)	-	(18,227)
Other items	(344)	1,687	1,343	(3,228)	-	(1,885)
	(17,616)	953	(16,663)	(3,449)	-	(20,112)

15. Payables and accruals

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Trade					
Trade payables		56,788	52,233	27,153	44,639
Amounts due to subsidiaries	a	-	-	34,548	3,107
Amounts due to associates	a	13,093	11,284	10,968	7,488
		69,881	63,517	72,669	55,234
Non-trade					
Amounts due to associates	b	7,645	7,105	-	-
Other payables	c	18,761	6,521	7,491	4,085
Accrued expenses		6,326	8,890	2,300	1,793
		32,732	22,516	9,791	5,878
		102,613	86,033	82,460	61,112

Note a

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

Note b

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

Note c

Included in other payables of the Group is an amount due to Directors of RM526,000 (2005 - RM1,000) and an amount due to a shareholder of a subsidiary of RM419,000 (2005 - RM235,000). These amounts are unsecured, interest free and have no fixed terms of repayment.

The foreign currency exposure profile of payables and accruals is as follows:

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Australian Dollar	2,096	2,491	-	-
Hong Kong Dollar	1,060	276	-	-
Pound Sterling	3,399	1,284	-	-
Renminbi	17,502	810	-	-
Ringgit Malaysia	60,523	45,974	43,555	25,914
Singapore Dollar	-	33	-	33
US Dollar	18,033	35,165	38,905	35,165
	102,613	86,033	82,460	61,112

16. Revenue and cost of sales

	Group		Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Revenue				
Sales	659,147	424,442	489,452	341,033
Services	3,334	1,551	-	-
Land held for development	974	2,161	-	-
	663,455	428,154	489,452	341,033
Cost of sales				
Sales	(569,439)	(362,056)	(449,665)	(304,617)
Services	(3,006)	(1,917)	-	-
Land held for development	(1,860)	(1,172)	-	-
	(574,305)	(365,145)	(449,665)	(304,617)

17. Operating profit

		Group		Company	
	Note	2006	2005	2006	2005
		RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging:					
Allowance for doubtful debts		1,540	343	1,002	270
Allowance for inventory obsolescence		74	74	-	-
Amortisation of goodwill		-	216	-	-
Auditors' remuneration:					
- Auditors of the Holding Company		93	92	35	35
- Underprovision in prior year		1		-	-
- Other auditors		163	109	-	-
- Underprovision in prior year		17	-	-	-
Bad debts written off		369	175	-	3
Depreciation on property, plant and equipment	3	18,313	16,543	12,671	11,802
Directors' remuneration					
- fees		1,035	429	148	139
- other emoluments		2,376	1,637	988	673
Foreign exchange loss (realised)		743	128	-	201
Foreign exchange loss (unrealised)		20	5,048	-	4,798
Interest expense on:					
- Bank overdraft		2,807	440	313	212
- Loans		3,700	1,556	126	372
- Other borrowings		11,563	7,154	9,933	7,111
Loss on disposal of investment property		18	-	-	-
Net loss on disposal of property, plant and equipment		-	2,649	-	1
Operating profit is arrived at after charging:					
Personnel expenses					
- Contributions to Employee Provident Fund		2,372	1,573	958	951
- Wages, salaries and others		29,815	26,256	14,200	13,797
Property, plant and equipment written off		4	-	-	-
Rental of equipment and machinery		1,633	1,440	312	243
Rental of premises		2,408	2,118	321	324
and after crediting:					
Adjustment of negative goodwill		-	3,983	-	-
Bad debts recovered		35	-	-	-
Dividend income from:					
- unquoted shares		-	-	232	232
Foreign exchange gain (realised)		4,610	-	4,595	-
Foreign exchange gain (unrealised)		6,983	-	6,983	-
Net gain on disposal of property, plant and equipment		38	-	7	-
Income from rental of premises		239	134	-	-
Recognition of negative goodwill		-	891	-	-

18. Tax expense

Recognised in the income statement

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Tax expense		6,176	(419)	4,057	766
Share of tax of equity accounted associates		583	179	-	-
		6,759	(240)	4,057	766
Major components of tax expense include:					
Current tax expense					
Malaysian - current year		3,245	1,280	1,151	1,244
- prior year		(529)	80	(543)	475
Overseas - current year		-	822	-	-
Total current tax recognised in the income statement		2,716	2,182	608	1,719
Deferred tax expense					
Origination and reversal of temporary differences		3,548	(2,601)	3,640	(953)
Change in unrecognised temporary differences		419	-	419	-
Effect of changes in tax rate		(507)	-	(610)	-
Total deferred tax recognised in the income statement		3,460	(2,601)	3,449	(953)
Share of tax of equity accounted associates		583	179	-	-
Total tax expense		6,759	(240)	4,057	766
Profit for the year		19,768	12,110	20,321	9,610
Total tax expense		6,176	(419)	4,057	766
Profit excluding tax		25,944	11,691	24,378	10,376
Tax calculated using Malaysian tax rate of 28% (2005:28%)		7,627	3,537	6,826	2,905
Effect of tax rates in foreign jurisdictions		170	22	-	-
Effect of change in tax rate*		(615)	-	(610)	-
Non-deductible expenses		2,219	2,880	1,900	611
Non taxable income		(176)	(3,336)		
Utilisation of reinvestment allowance		(2,105)	(2,752)	(2,534)	(2,752)
Recognition of deferred tax assets previously not recognised		(117)	(378)	-	-
Losses not available for set off		-	25	-	-
Other items		(478)	231	(982)	-
Under / (over) provided in prior years		(349)	(648)	(543)	2
		6,176	(419)	4,057	766

* *In the Malaysian Budget 2007, it was announced that the corporate income tax rate will be reduced to 27% in 2007 and to 26% in 2008. Consequently, deferred tax assets and liabilities are measured using these tax rates.*

19. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2006 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2006 RM'000	2005 RM'000
Profit attributable to ordinary shareholders	19,768	12,110
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	319,908	63,871
Effect of options granted under ESOS during the year	19	85
Effect of conversion of warrants	-	4
Effect of share split	-	63,959
Effect of bonus issue	-	63,959
Effect of two-calls right issue	-	57,382
Weighted average number of ordinary shares at 31 December	319,927	249,260
Basic earnings per share (*in sen)*	6.18	4.86

Diluted earnings per share

The diluted earnings per share is not shown as the effect of the share options is anti-dilutive.

20. Dividends

Dividends recognised in the current year by the Company are:

	Per Sen Share (net of tax)	Total amount per share	Date of payment
2006			
Final 2005 ordinary	1.4	2,303	14 July 2006
2005			
Final 2004 ordinary	2.1	1,381	30 June 2005

20. Dividends (cont'd)

After the balance sheet date, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial reports upon approval by the shareholders.

	Group	
	Sen per share (net of tax)	**Total amount RM'000**
Final 2006 ordinary	1.5	3,876

21. Segment reporting

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.

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 comprise mainly interest-earning asset and related revenue and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

Business segments

The Group comprises the following main business segments:

- Manufacturing and trading
- Contracting and fabrication
- Property development
- Recycling and waste treatment

Geographical segments

The manufacturing, trading, contracting and fabrication segments are managed on a worldwide basis, but operates in three principal geographical areas, Singapore, Hong Kong and China for the Asia region, Australia for the Asia Pacific region and England for the Europe region.

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

21. Segmental information (cont'd)

	Manufacturing and trading		Contracting and fabrication		Property development		Recycling and waste treatment		Adjustments		Consolidated	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000 Restated
Business segments												
Revenue from external customers	639,234	398,488	19,441	22,680	3,334	2,160	1,446	3,887	-	939	663,455	428,154
Inter-segment revenue	327,702	137,121	19	119	-	-	477	391	(328,198)	(137,631)	-	-
Total revenue	966,936	535,609	19,460	22,799	3,334	2,160	1,923	4,278	(328,198)	(136,692)	663,455	428,154
Segment result	44,785	18,239	459	406	(54)	(390)	463	432	(1,525)	1,682	44,128	20,369
Share of profit of associate											2,148	1,164
Net financing costs											(17,902)	(8,901)
Tax expense											(6,759)	240
Minority interests											(1,847)	(762)
Net profit for the year											19,768	12,110
Segment assets	863,630	509,993	34,530	36,681	14,327	18,487	11,005	11,822	(224,906)	(130,250)	698,586	446,733
Investment in associate	10,516	9,259	10,059	9,983	-	-	-	-	-	-	20,575	19,242
Unallocated assets											22,910	2,916
											742,071	468,891
Segment liabilities	647,057	314,471	31,838	34,074	8,962	13,275	8,475	9,676	(215,298)	(124,800)	481,034	246,696
Unallocated liabilities											20,487	16,920
											501,521	263,616

21. Segmental information (cont'd)

	Manufacturing and trading 2006 RM'000	Manufacturing and trading 2005 RM'000	Contracting and fabrication 2006 RM'000	Contracting and fabrication 2005 RM'000	Property development 2006 RM'000	Property development 2005 RM'000	Recycling and waste treatment 2006 RM'000	Recycling and waste treatment 2005 RM'000	Adjustments 2006 RM'000	Adjustments 2005 RM'000	Consolidated 2006 RM'000	Consolidated 2005 RM'000
Capital expenditure	73,137	42,141	1,054	893	-	466	621	138	-	-	74,812	43,638
Depreciation and amortisation	16,858	15,145	423	403	128	97	904	898	-	-	18,313	16,543

	Malaysia 2006 RM'000	Malaysia 2005 RM'000	Asia region 2006 RM'000	Asia region 2005 RM'000	Europe region 2006 RM'000	Europe region 2005 RM'000	Asia Pacific region 2006 RM'000	Asia Pacific region 2005 RM'000	Adjustments 2006 RM'000	Adjustments 2005 RM'000	Consolidated 2006 RM'000	Consolidated 2005 RM'000
Geographical segments												
Revenue from external customers by location of customers	420,455	284,694	77,397	32,397	100,007	51,442	65,596	58,682	-	939	663,455	428,154
Segment assets by location of assets	609,965	468,863	179,359	43,794	99,449	37,417	34,718	26,909	(224,905)	(130,250)	698,586	446,733
Investment in associate	20,575	19,242	-	-	-	-	-	-	-	-	20,575	19,242
Unallocated assets											22,910	2,916
											742,071	468,891
Capital expenditure by location of assets	23,120	26,941	37,366	15,841	13,850	107	476	749	-	-	74,812	43,638

22. 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.

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.

22. Financial instruments (cont'd)

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.

	2006								2005							
Group	**Effective interest rate per annum** %	**Total** RM'000	**Less than 1 year** RM'000	**1-2 years** RM'000	**2-3 years** RM'000	**3-4 years** RM'000	**4-5 years** RM'000	**More than 5 years** RM'000	**Effective interest rate per annum** %	**Total** RM'000	**Less than 1 year** RM'000	**1-2 years** RM'000	**2-3 years** RM'000	**3-4 years** RM'000	**4-5 years** RM'000	**More than 5 years** RM'000
Fixed rate instruments																
Deposits placed with licensed banks	3.32	6,421	6,421	-	-	-	-	-	2.61	5,719	5,719	-	-	-	-	-
Bank overdrafts	7.71	(3,427)	(3,427)	-	-	-	-	-	7.52	(1,097)	(1,097)	-	-	-	-	-
Revolving credit	5.14	(18,527)	(18,527)	-	-	-	-	-	4.73	(3,788)	(3,788)	-	-	-	-	
Bills payable	3.75	(219,729)	(219,729)	-	-	-	-	-	3.06							
Term loans	5.46	(91,756)	(56,548)	(7,042)	(7,042)	(7,042)	(7,042)	(7,040)	7.15	(2,633)	(2,603)	(30)	-	-	-	-
		(327,018)	(291,810)	(7,042)	(7,042)	(7,042)	(7,042)	(7,040)		(129,356)	(129,326)	(30)	-	-	-	-
Floating rate instruments																
Bank overdrafts	7.52	(3,793)	(3,793)	-	-	-	-	-	7.83	(1,488)	(1,488)	-	-	-	-	-
Bills payable	4.20-5.93	(11,562)	(11,562)	-	-	-	-	-		-	-	-	-	-	-	-
Term loan	6.24-10.90	(23,796)	(6,496)	(6,404)	(6,034)	(4,760)	(102)	-	6.04	(17,255)	(5,305)	(3,345)	(3,167)	(2,871)	(2,487)	(80)
		(39,151)	(21,851)	(6,404)	(6,034)	(4,760)	(102)	-		(18,743)	(6,793)	(3,345)	(3,167)	(2,871)	(2,487)	(80)

22. Financial instruments (cont'd)

Effective interest rates and repricing analysis (cont'd)

Group	2006 Effective interest rate per annum %	2006 Total RM'000	2006 Less than 1 year RM'000	2006 1-2 years RM'000	2006 2-3 years RM'000	2006 3-4 years RM'000	2006 4-5 years RM'000	2006 more than 5 years RM'000	2005 Effective interest rate per annum %	2005 Total RM'000	2005 Less than 1 year RM'000	2005 1-2 years RM'000	2005 2-3 years RM'000	2005 3-4 years RM'000	2005 4-5 years RM'000	2005 more than 5 years RM'000
Fixed rate instruments																
Deposits placed with licensed banks	3.67	687	687	-	-	-	-	-	3.67	581	581	-	-	-	-	-
Bank overdrafts	7.28	(3,268)	(3,268)	-	-	-	-	-	6.75	(933)	(933)	-	-	-	-	-
Bills payable	4.39	(168,508)	(168,508)	-	-	-	-	-	2.92	(121,649)	(121,649)	-	-	-	-	-
Revolving credit	4.94	(15,000)	(15,000)	-	-	-	-	-		-	-	-	-	-	-	-
		(186,089)	(186,089)	-	-	-	-	-		(122,001)	(122,001)	-	-	-	-	-
Floating rate instruments																
Term loan	3.65	(843)	(473)	(370)	-	-	-	-	6.16	(3,204)	(2,434)	(474)	(296)	-	-	-
		(843)	(473)	(370)	-	-	-	-		(3,204)	(2,434)	(474)	(296)	-	-	-

22. Financial instruments (cont'd)

Fair values

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, other payables and accruals, and short term borrowings, approximate fair values due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The aggregate fair values of the other financial assets carried on the balance sheet as at 31 December 2006 are shown below:

	2006		2005	
	Carrying amount RM'000	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Group				
Financial assets				
Investment in associate	20,575	10,523	19,242	10,308
Company				
Financial asset				
Investment in associate	11,812	10,523	11,812	10,308

The fair value of quoted securities is their quoted closing market 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:

	2006		2005	
	Carrying amount RM'000	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Group				
Financial liabilities				
Term loans	115,552	115,965	17,660	16,826
Company				
Financial liabilities				
Term loans	843	875	3,204	3,262

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.

22. Financial instruments (cont'd)

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	
	2006	2005
	RM'000	RM'000
Forward foreign exchange contract for purchases		
- contractual value	17,814	5,572
- unrealised (loss)/gain	(235)	16
	17,579	5,588

23. Capital commitment

	Group	
	2006	2005
	RM'000	RM'000
Property, plant and equipment		
- approved and contracted for	1,131	35,522

24. Contingent liabilities - unsecured

	Company	
	2006	2005
	RM'000	RM'000
Guarantees given to financial institutions for facilities granted to subsidiaries	190,332	12,863
Guarantee given to supplier for goods purchases by subsidiary	1,025	-
	191,357	12,863

25. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiaries (see Note 5), associates (see Note 6), and companies in which shareholders have interest as stated below.

Other related party transactions

i) Companies in which Kwan Chin Hing, a shareholder of the Company, has interest:

- Chin Foh Trading Sdn. Bhd. ("CFT")
- CF Aluminium Sdn. Bhd. ("CFA")

ii) Company in which Kuan Pek Woon, son to Kuan Shin @ Kuan Nyong Hin and brother to Kuan Pek Seng, shareholders, has interest:

- CFA

iii) Company in which Kwan Pek Wong, son to Kwan Chin Hing, has interest:

- CFA

iv) Company in which Kwan Yun Hong @ Kuan Onn Hing, a shareholder, has interest:

- CFA

v) Company in which Kuan Shin @ Kuan Nyong Hin, Kwan Yun Hong @ Kuan Onn Hing and Kuan Pek Seng, have interests:

- CFT

25. Related parties (cont'd)

	Note	Transaction value year ended 31 December 2006 RM'000	2005 RM'000
Group			
Sale of goods and services			
CFT		-	3,965
CFA		-	4,381
Associates	6	87,329	70,630
Purchases			
CFT		-	3,552
CFA		-	1,447
Associates	6	2,311	16,605
Company			
Sale of goods and services			
Subsidiaries	5	207,991	127,071
CFT		-	3,957
CFA		-	4,381
Purchases			
Subsidiaries	5	119,497	10,905
CFT		-	3,552
CFA		-	1,447
Others			
Purchase of property, plant and equipment from a subsidiary		-	1,603
Sale of property, plant and equipment to a subsidiary		148	-

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

26. Acquisitions of subsidiaries

Business combination

On 20 March 2006, the Group acquired 51% equity interest of K3 Metal Service Centre Sdn. Bhd. for RM2,550,000 satisfied in cash. The company is involved in the trading of general hardware and related products. During the 9 month period to 31 December 2006, the subsidiary contributed a profit of RM2,417,000 to the Group. If the acquisition had occurred on 1 January 2006, management estimates that the consolidated revenue would have been RM674,820,000 and the consolidated profit for the year would have been RM22,060,000.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Note	Pre-acquisition carrying adjustments RM'000	Recognised values on acquisition RM'000
Property, plant and equipment	3	4,880	4,880
Investments		40	40
Inventories		13,952	13,952
Receivables, deposits and prepayments		18,520	18,520
Cash and cash equivalents		4,158	4,158
Tax recoverable		55	55
Loans and borrowings		(13,070)	(13,070)
Deferred tax liabilities		(128)	(128)
Payables and accruals		(18,728)	(18,728)
Net identifiable assets and liabilities		9,679	9,679
Minority interest			(4,743)
Goodwill on acquisition			(2,386)
Consideration paid, satisfied in cash			2,550
Cash acquired			(4,158)
Bank overdraft			771
Net cash inflow			(837)

27. Subsequent event

On 28 November 2006, the Company has entered into a sale and purchase agreement and the relevant supplemental agreements (collectively known as "SPA") with Hubei Huasheng Aluminium & Electric Co. Ltd (HHAE), Qianjiang City Qiansheng State-Owned Enterprise (QCQ) and Qianjiang City Huashin State-Owned Enterprise for the acquisition of assets and assumption of certain liabilities of HHAE, which is located in Hubei province in the People's Republic of China ("PRC"), for a total cash consideration of RMB360 million (approximately RM163 million based on the exchange rate of RMB1: RM0.4523).

The acquisition was not completed at year end as certain conditions precedent remained outstanding. As part of the Company's due diligence process for the acquisition, the Company had revalued the property, plant and equipment to be acquired comprising the aluminium smelting plant and power generation plant ("Plant") pursuant to the valuation perfomed by Henry Butcher Malaysia Sdn. Bhd. between 23-26 January 2007, and the land to be acquired from the State Government of PRC on which the Plant are sited, pursuant to the valuation performed by DTZ Debenham Tie Leung Limited on 26 March 2007.

Upon completion of the acquisition, the Group anticipates to recognise the excess of the net fair value of the assets acquired and liabilities assumed over the cost of acquisition, of approximately RM390 million in the financial statements for the year ending 31 December 2007.

28. Changes in accounting policies

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 December 2006.

The changes in accounting policies arising from the adoption of FRS 3, Business Combination and FRS 140, Investment Property are summarised below:

FRS 3, Business Combinations and FRS 140, Investment Property

The adoption of FRS 3 and FRS 140 has resulted in a change in the accounting policy for goodwill and investment properties respectively. The change in accounting policy is made in accordance with their transitional provisions.

Goodwill is stated at cost less accumulated impairment losses and is no longer amortised. Instead, goodwill impairment is tested annually, or when circumstances change, indicating that goodwill might be impaired. Negative goodwill is recognised immediately in the income statement. This has resulted in the derecognition of negative goodwill and an increase of retained earnings for the Group as at 1 January 2006 by RM1,759,000.

Had there not been a change in accounting policy, the net profit attributable to shareholders for the financial year ended 31 December 2006 would decrease by RM891,000 being the goodwill amortisation charged to the income statement.

This change in accounting policy has no material impact on earnings per share.

The Group has adopted the cost method in measuring investment properties with effect from 1 January 2006. In accordance with the transitional provisions, FRS 140 has been applied prospectively.

29. Comparative figures

Certain comparative figures have been reclassified as a result of changes in accounting policies as stated in Note 28 and to conform with the presentation requirements of FRS 101:

	Group	
	As restated RM'000	As previously RM'000
Balance sheet		
Reserves	39,380	37,621
Negative goodwill	-	1,759
Statements of changes in equity		
Retained earnings at 31 December 2005	39,380	37,621

Following the adoption of FRS 3, Business Combinations, minority interests was reclassified into equity, likewise in arriving at profit for the year, minority interests was not deducted.

Analysis of Shareholdings

As At 14 May 2007

Authorised Share Capital	: RM500,000,000
Issued and Paid-Up Share Capital	: RM178,917,537.50
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	24	0.49	1,026	0.00
100 to 1,000	279	5.73	239,481	0.07
1,001 to 10,000	2,829	58.09	15,728,400	4.40
10,001 to 100,000	1,505	30.90	46,018,800	12.86
100,001 to less than 5% of issued shares	232	4.77	277,298,915	77.49
5% and above of issued shares	1	0.02	18,548,453	5.18
TOTAL	4,870	100.00	357,835,075	100.00

Directors' Shareholdings

as at 14 May 2007

	Direct		Indirect	
Name	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Dato' Megat Abdul Rahman bin Megat Ahmad	17,324,410	4.84	398,000	0.11
Koon Poh Ming	24,189,739	6.76	-	-
Dato' Koon Poh Keong	45,643,379	12.76	-	-
Kuan Shin @ Kuan Nyong Hin	4,002,805	1.12	@5,788,610	1.62
Tuan Haji Mohamad Faiz bin Abdul Hamid	118,665	0.03	-	-
Koon Poh Weng	8,900,040	2.49	^482,000	0.13
Koon Poh Kong	7,925,995	2.21	*12,000	0.00
Koon Poh Tat	8,030,000	2.24	#332,935	0.09
Loo Lean Hock	-	-	-	-
Tan Heng Kui	70,000	0.02	-	-

^ 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

Substantial Shareholders

as per Register of Substantial Shareholders as at 14 May 2007

Name	Direct		Indirect	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Kwan Yun Hong @ Kuan Onn Hing	13,500,000	3.77	#5,720,095	1.60
Dato' Koon Poh Keong	45,643,379	12.76	-	-
Koon Poh Ming	24,189,736	6.76	-	-
Dato' Tan Ting Wong	19,557,700	5.47	*2,000,000	0.56

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

* Deemed interested in shares by virtue of his interest in EOM System Sdn Bhd

Thirty Largest Shareholders

as at 14 May 2007

	Name of Shareholders	No. of Shares	% of Issued Capital
1	CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Koon Poh Keong	18,548,453	5.18
2	CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Poh Ming	15,501,149	4.33
3	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Dato' Koon Poh Keong	15,000,000	4.19
4	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Loh Kwi Yong	10,790,150	3.02
5	CIMB Group Nominees (Tempatan) Sdn Bhd Sam's Metal Trading (Kuantan) Sdn Bhd for Kwan Yun Hong @ Kuan Onn Hing	10,000,000	2.79
6	ECM Libra Avenue Nominees (Asing) Sdn Bhd United Forest Limited	10,000,000	2.79
7	Tan Ting Wong	9,539,100	2.67
8	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Poh Weng	8,900,040	2.49
9	Dato' Megat Abdul Rahman Bin Megat Ahmad	8,571,880	2.40
10	Koon Poh Ming	8,544,590	2.39
11	Ong Sow Mei	7,977,855	2.23
12	ECM Libra Avenue Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Koon Poh Keong	7,684,926	2.15
13	Tan Mew Lan	7,489,560	2.09
14	Dato' Megat Abdul Rahman Bin Megat Ahmad	6,704,560	1.87
15	Tan Lam Kiew	5,720,095	1.60
16	Chan Poh Leng	5,451,900	1.52
17	Doitbest Holdings Sdn Bhd	5,355,610	1.50
18	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Koon Poh Kong	5,170,398	1.44
19	Dato' Tan Ting Wong	5,003,600	1.40
20	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Koon Poh Tat	4,892,000	1.37
21	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Koon Poh Keong	4,410,000	1.23
22	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang	4,407,950	1.23
23	IOI Properties Berhad	3,772,300	1.05
24	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang	3,632,500	1.02
25	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Abu Hanifah Bin Noordin	3,573,000	1.00
26	CIMB Group Nominees (Tempatan) Sdn Bhd Sam's Metal Trading (Kota Bahru) Sdn Bhd for Kwan Yun Hong @ Kuan Onn Hing	3,500,000	0.98
27	Kuan Shin @ Kuan Nyong Hin	3,405,000	0.95
28	ECM Libra Avenue Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Tan Ting Wong	3,200,000	0.89
29	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Pui Lan	2,873,000	0.80
30	Chan Yat Wai	2,745,900	0.77
	Total	**212,365,516**	**59.34**

Analysis of Warrantholdings

as at 14 May 2007

Total Warrants Issued : 63,980,055

Size of Holdings	No. of Warrantholders	% of Warrantholders	No. of Warrants held	% of Issued Warrants
Less than 100	27	1.90	1,261	0.00
100 to 1,000	196	13.78	170,349	0.27
1,001 to 10,000	871	61.25	3,773,100	5.90
10,001 to 100,000	264	18.57	8,989,142	14.05
100,001 to less than 5% of issued warrants	61	4.29	30,521,402	47.70
5% and above of issued warrants	3	0.21	20,524,801	32.08
TOTAL	1,422	100.00	63,980,055	100.00

Directors' Warrantholdings

as at 14 May 2007

	Direct		Indirect	
Name	No. of Warrants Held	% of Issued Warrants	No. of Warrants Held	% of Issued Warrants
Dato' Megat Abdul Rahman bin Megat Ahmad	2,853,882	4.46	-	-
Koon Poh Ming	7,750,574	12.11	-	-
Dato' Koon Poh Keong	9,274,227	14.50	-	-
Kuan Shin @ Kuan Nyong Hin	392,361	0.61	*82,922	0.13
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	-	-

* Deemed interested in the warrants 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

Thirty Largest Warrantholders

as at 14 May 2007

	Name of Warrantholders	No. of Warrants	% of Issued Warrants
1	CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Koon Poh Keong	9,274,227	14.50
2	CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Poh Ming	7,750,574	12.11
3	Koon Pui Lan	3,500,000	5.47
4	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang	2,999,150	4.69
5	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Loh Kwi Yong	2,184,400	3.41
6	CIMB Group Nominees (Tempatan) Sdn Bhd Sam's Metal Trading (Kuantan) Sdn Bhd for Kwan Yun Hong @ Kuan Onn Hing	2,000,000	3.13
7	Tan Lam Kiew	1,936,819	3.03
8	Koon Poh Weng	1,780,008	2.78
9	Ong Sow Mei	1,650,371	2.58
10	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Koon Poh Kong	1,585,199	2.48
11	Dato' Megat Abdul Rahman Bin Megat Ahmad	1,502,970	2.35
12	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Koon Poh Tat	1,446,000	2.26
13	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Pui Lan	1,365,700	2.13
14	Dato' Megat Abdul Rahman Bin Megat Ahmad	1,340,912	2.10
15	CIMB Group Nominees (Tempatan) Sdn Bhd Sam's Metal Trading (Kota Bahru) Sdn Bhd for Kwan Yun Hong @ Kuan Onn Hing	700,000	1.09
16	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tie Ming Chung	630,500	0.99
17	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Loh Kwi Yong	564,800	0.88
18	Han Aik Siew	448,200	0.70
19	Anthony Kuan Chee Kee	400,000	0.62
20	Tan Mew Lan	367,912	0.58
21	Cheah Yit Woon	353,400	0.55
22	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Pui Lan	340,700	0.53
23	Chan Poh Leng	331,000	0.52
24	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Ang Wing Fah	330,600	0.52
25	Kuan Shin @ Kuan Nyong Hin	272,800	0.43
26	Ooi Chai An @ Ooi Chai Aun	270,000	0.42
27	Chan Kian Koon	254,300	0.40
28	PM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Siew Choo	250,000	0.39
29	Wong Shwu Fen	200,000	0.31
30	Tie Ming Chuon	200,000	0.31
	Total	**46,230,542**	**72.26**

List of Properties

Held By The Group As At 31 December 2006

Proprietor	Location	Description / Age (Year)	Existing Use	Tenure	Area (square feet)	Net Book 31/12/06 RM'000
Press Metal Berhad	Lot 6464, Mukim Kapar Daerah Klang Selangor Darul Ehsan	Freehold land and building 13 years	Factory cum office	Freehold	217,000	8,135
Press Metal Berhad	Lot 6486, Mukim Kapar Daerah Klang Selangor Darul Ehsan	Freehold land and building 13 years	Factory cum office	Freehold	417,348	7,843
Press Metal Berhad	PTD 48324, Mukim Plentong Daerah Johor Bahru Johor Darul Takzim	Double Storey Factory 12 years	Office cum Warehouse	Freehold	8,288	446
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 8 years	Vacant	Freehold	1,540	153
Press Metal Berhad	HS (D) 52126, PTD 26986 Mukim Plentong Daerah Johor Bahru Johor Darul Takzim	Double Storey Shop house 8 years	Vacant	Freehold	1,400	305
Press Metal Berhad	HS (D) 85897, PTD 48325 Mukim Plentong Daerah Johor Bahru Johor Darul Takzim	Double Storey Shop house 4 years	Office cum Warehouse	Freehold	6,893	887
PMB Development Shd Bhd	HS (D) 25528 Pt. No 8627 Mukim Rawang Daerah Gombak Lot 15, Phase 4A Templer Baiduri Selangor Darul Ehsan	Bungalow Lot 8 years	Vacant	Freehold	9,000	338
Angkasa Jasa Sdn Bhd	Pt 7649, Cheras Jaya Mukim Cheras Daerah Ulu Langat Selangor Darul Ehsan	Leasehold land and building 18 years	Factory cum office	Leasehold for 99 years expiring 14 May 2088	44,584	3,445
Angkasa Jasa Sdn Bhd	Lot 3-307, Kemayan City Shopping Mall Daerah Johor Bahru Johor Darul Takzim	Commercial Office suite 8 years	Vacant	Freehold	312	231
Angkasa Jasa Sdn Bhd	Lot 3-308, Kemayan City Shopping Mall Daerah Johor Bahru Johor Darul Takzim	Commercial Office suite 8 years	Vacant	Freehold	312	231
Angkasa Jasa Sdn Bhd	Pantai Plaza, Tower 5 Suite no 1002 Kuala Lumpur	Commercial Office suite 8 years	Vacant	Freehold	1,392	794
Angkasa Jasa Sdn Bhd	Pantai Plaza, APH 20 Menara Atlas Kuala Lumpur	Commercial Office suite 7 years	Tenanted	Freehold	5,339	2,367

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Proxy Form

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 Twenty-First Annual General Meeting of the Company to be held at Balai Tunku Abdul Rahman, Commonwealth House, No. 4 Jalan Birah, Damansara Heights, 50490 Kuala Lumpur on Tuesday, 26 June 2007 at 10.30 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 2006 and Reports of the Directors and Auditors thereon	Resolution 1		
2.	Declaration of a final dividend of 3% less 27% tax	Resolution 2		
3.	Approval of Directors' Fees	Resolution 3		
4.	Re-election of Koon Poh Ming as Director	Resolution 4		
5.	Re-election of Koon Poh Kong as Director	Resolution 5		
6.	Re-election of Dato' Koon Poh Keong as Director	Resolution 6		
7.	Re-election of Tuan Haji Mohamad Faiz bin Abdul Hamid as Director	Resolution 7		
8.	Re-appointment of Messrs KPMG as Auditors of the Company	Resolution 8		
9.	Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares	Resolution 9		
10.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Resolution 10		
11.	Proposed Amendments to the Articles of Association of the Company	Special Resolution 1		

(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.)

____
Signature/Common Seal

Number of shares held: ________________

Date: ______________________________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

NOTES :

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

Please fold here to seal

Please affix
postage
stamp here

The Company Secretary

Press Metal Berhad
(Company No. 153208-W)

Level 7, Setia 1, 15 Lorong Dungun
Damansara Heights
50490 Kuala Lumpur.

Please fold here to seal