



DATO' KOON POH KEONG

Group Chief Executive Officer
Malaysian, 47 years of age

Dato' Koon Poh Keong is one of the founding members of the Company and has been the Group Chief Executive Officer since the Company's listing on Bursa Malaysia in 1993. He attended all four Board meetings held during the financial year.

Dato' Koon Poh Keong graduated with a Bachelor of Science degree in Electrical Engineering from The University of Oklahoma, United States of America, in 1986. He has more than 20 years of experience in the aluminium industry. Currently, he is also the Executive Chairman of PMB Technology Berhad.

He is the brother to Koon Poh Ming, Koon Poh Kong, Koon Poh Weng, Koon Poh Tat and Kuan Shin @ Kuan Nyong Hin. He maintains a clean record with regard to convictions for offences.

KOON POH TAT

Executive Director
Malaysian, 48 years of age

Mr. Koon Poh Tat has been appointed the Executive Director of the Company since 7 June 1999 and has attended all four Board meetings held during the financial year.

Mr. Koon Poh Tat is a co-founder of Press Metal Berhad and has been actively involved in the company operations including forming up new business outlets both domestic and overseas to enlarge the company networking and market share. His hard work and dedication has led the Company to be the pioneer in the aluminium industry. Currently, he is also an Executive Director of PMB Technology Berhad.

He is the brother to Koon Poh Ming, Dato' Koon Poh Keong, Koon Poh Kong, Koon Poh Weng and Kuan Shin @ Kuan Nyong Hin. He maintains a clean record with regard to convictions for offences.

KOON POH WENG

Executive Director
Malaysian, 53 years of age

Mr. Koon Poh Weng has been appointed the Executive Director of the Company since 13 May 1986 and has attended all four Board meetings held during the financial year.

Being a key founder of the Company, Mr. Koon Poh Weng continually strives on the changing and creative ideas to meet today's complex and advanced technical skills to all aspects of aluminium and glazing industry.

Mr. Koon Poh Weng has also widely involved himself in the management of major projects both locally and overseas. He has been responsible for the design, engineering and development of cost-effective, innovative and versatile system solutions and in producing satisfactory results on a large variety of projects ranging from commercial buildings, government complexes to prominent hotels. He is also an Executive Director of PMB Technology Berhad and also Managing Director of Angkasa Jasa Sdn Bhd, a company within the Group involved in contracting and fabrication of aluminium and glazing works, as well as stainless steel products.

He is the brother to Koon Poh Ming, Dato' Koon Poh Keong, Koon Poh Kong, Koon Poh Tat and Kuan Shin @ Kuan Nyong Hin. He maintains a clean record with regard to convictions for offences.



KOON POH KONG

Executive Director
Malaysian, 55 years of age

Mr. Koon Poh Kong was appointed the Executive Director of the Company on 13 May 1986. He attended three out of four Board Meetings held during the financial year.

As a key founder of the company, his experiences include the management of major projects throughout the country. He has been responsible for all aspects of the management and for producing satisfactory results on large variety of projects ranging from schools, government complexes to prominent hotels. Currently, he is the Executive Director of Angkasa Jasa Sdn Bhd, a company within the Group involved in contracting and fabrication of aluminium and stainless steel products.

He is the brother to Koon Poh Ming, Dato' Koon Poh Keong, Koon Poh Weng, Koon Poh Tat and Kuan Shin @ Kuan Nyong Hin. He maintains a clean record with regard to convictions for offences.

TUAN HAJI MOHAMAD FAIZ BIN ABDUL HAMID

Independent Non-Executive Director
Malaysian, 68 years of age

Tuan Haji Mohamad Faiz was appointed as a director of the Company on 7 May 1993. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. He attended three out of four Board Meetings held during the financial year.

Tuan Haji Mohamad Faiz is a Fellow of the Royal Institution of Chartered Surveyors England and the Institution of Surveyors Malaysia since 1981. He was a consultant quantity surveyor since 1968 and was the Past President of the Institution of Surveyors, Malaysia. Currently, he is also an Independent Director of PMB Technology Berhad and an Alternate Director in Malayan United Industries Berhad.

He has no conflict of interest with the Group and has no family relationship with any director and/or substantial shareholder of the Group. He maintains a clean record with regard to convictions for offences.

KUAN SHIN @ KUAN NYONG HIN

Non-Independent Non-Executive Director
Malaysian, 67 years of age

Mr. Kuan Shin @ Kuan Nyong Hin has been a director of the Company since 28 June 1986. He attended three out of four Board Meetings held during the financial year.

He has started his career in the non-ferrous metal product industry in the early 1960's and was the Non-Executive Chairman of Chin Foh Berhad.

He is the brother to Koon Poh Ming, Dato' Koon Poh Keong, Koon Poh Kong, Koon Poh Weng and Koon Poh Tat. He maintains a clean record with regard to convictions for offences.



LOO LEAN HOCK

Independent Non-Executive Director
Malaysian, 48 years of age

Mr. Loo Lean Hock was appointed a director of the Company on 14 September 2001. He is a member of the Audit Committee and the Nomination Committee and has attended all four Board meetings held during the financial year.

Mr. Loo is a Chartered Accountant of the Malaysian Institute of Accountants, a practising member of Malaysian Institute of Certified Public Accountants, an associate member of Malaysian Institute of Taxation and Malaysian Institute of Management. He obtained his Master of Business Administration from University of Bath, United Kingdom in 1992. He started his professional career in Coopers & Lybrand from 1980 to 1990. He joined Press Metal Berhad in 1990 as the Financial Controller. Thereafter, he joined The Crown Princess Kuala Lumpur (a hotel division of Asia Pacific Land Berhad) as the Financial Controller. He set up his own auditing firm, L.H. Loo & Co. in July 1993 as the sole practitioner. He is also an Independent Non-Executive Director of PMB Technology Berhad and a Director of LH Loo Taxation Services Sdn. Bhd., service providers in accounting, taxation and consulting services.

He has no conflict of interest with the Group and has no family relationship with any director and/ or substantial shareholder of the Group. He maintains a clean record with regard to convictions for offences.

TAN HENG KUI

Independent Non-Executive Director
Malaysian, 51 years of age

Mr. Tan Heng Kui has been a director of the Company since 26 December 2001. He is also a member of the Audit Committee. He attended two out of four Board meetings held in the financial year.

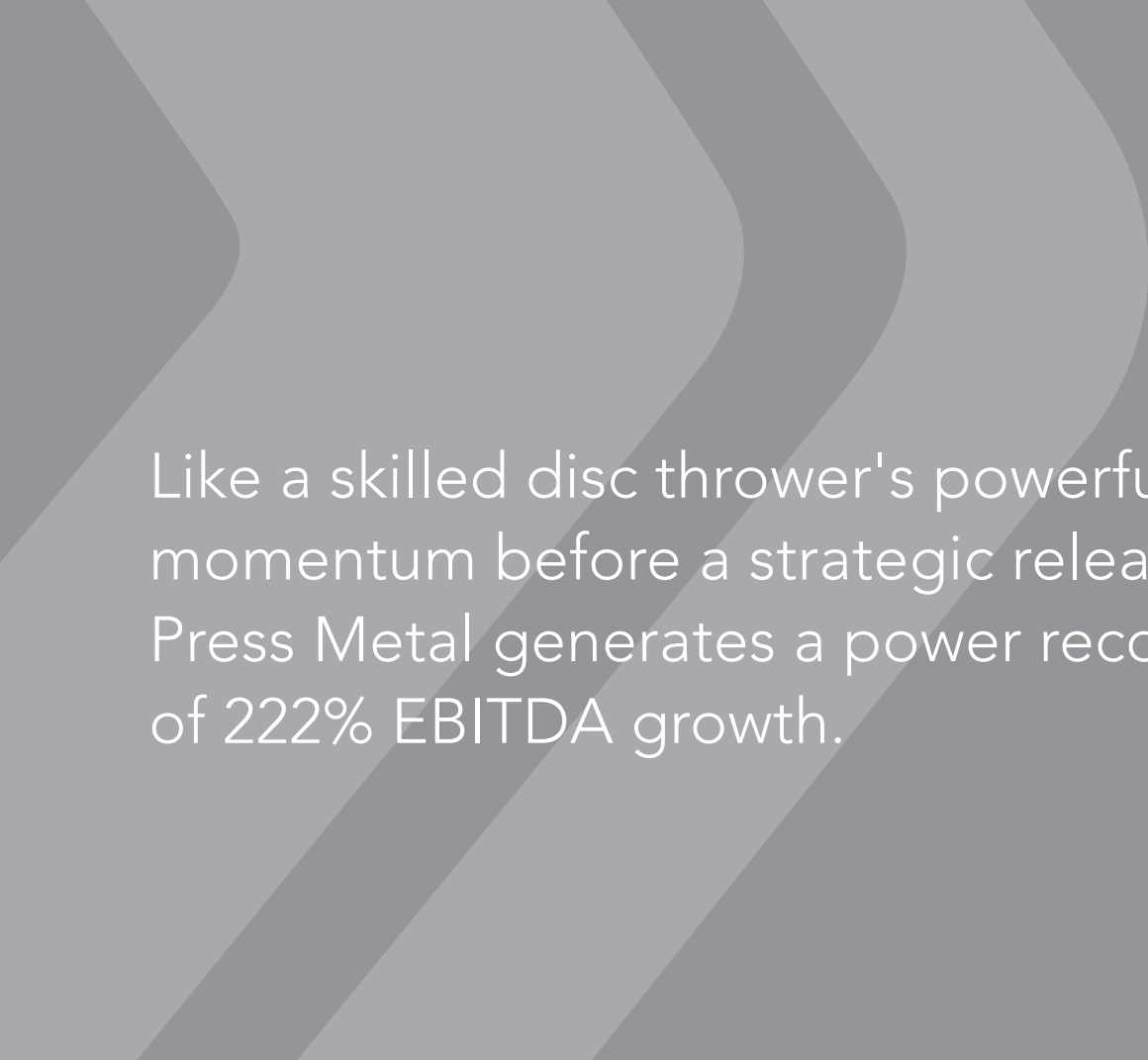
Mr. Tan obtained his Bachelor of Science Honours in Civil Engineering from The University of Wales, United Kingdom. He was a Vice President for The Institution of Engineers, Malaysia from 2000 to 2004, and was a member of the Professional Practice Committee, Board of Engineers Malaysia. He set up his own consulting firm, Perunding Pertama Consulting Engineers in 1988. He is also the Executive Director of Kumpulan IKRAM (Sabah) Sdn. Bhd. since 1997.

He has no conflict of interest with the Group and has no family relationship with any director and/or substantial shareholder of the Group. He maintains a clean record with regard to convictions for offences.

IMMENSE MOMENTUM

222% EBITDA growth





Like a skilled disc thrower's powerful momentum before a strategic release, Press Metal generates a power record of 222% EBITDA growth.

Corporate Social Responsibilities Statement

As a responsible corporate citizen, the sense of duty to give back to the society has always been a conscientious commitment we have kept close to our hearts. Such is the principle of Press Metal, as we firmly believe that it was these core values that helped us grow from a single press producer to become a leading integrated aluminium specialist in Asia. As such, we take into account all our stakeholders – customers, shareholders, financiers, suppliers, employees, local communities as well as the environment – as we build up our corporate value and ensure sustainable growth in tandem with society.

WITH OUR EMPLOYEES & WORKPLACE

At Press Metal, our employees are our vital assets. We believe in nurturing the personal growth of our employees, as they are the wheels that drive Press Metal. In keeping with good employment practices, we strive to create a stable and healthy working environment that promotes mutual respect, productivity and diversity. By regularly conducting high-performance trainings for our employees, we ensure that they maximize their potential and deliver exceptional value to our customers.

To boost morale and teamwork, we also reward our employees with activities and awards accordingly. Some of the activities held in the year 2007 are as the following:

- > Monthly and Yearly Best Housekeeping Award
- > Monthly Best Performance Award
- > Table tennis, chess and other sports tournaments
- > Movie sessions
- > Employees outing
- > Team building camps
- > Motivational trainings

Press Metal also emphasizes in maintaining a safe and healthy working environment for our employees. Having successfully secured the OHSAS 18001 award for our occupational safety and health management system in 2001, our smelting plant in Hubei, China has also successfully passed the similar authentication under GB/T28001. We also conduct frequent occupational and safety awareness programmes to educate better awareness, and continuously improve on equipment safety measures.

WITH OUR COMMUNITIES & SOCIETY

As a global company built on local relationships, we believe that responsible corporate citizen is essential to the vitality of our communities. We encourage volunteer activities and actively create opportunities for interaction with the local communities, emphasizing on continuity to establish our roots firmly with them.

To date, Press Metal has supported and will continue to contribute to a broad array of charities, with a primary focus directed in aiding the underprivileged. Besides regular donations, we also encourage our employees to pay annual visits together with their own families to old folks home or orphanages, to promote better kinship and social awareness.

By strongly supporting our employees' involvement in the community, we aim to inculcate such essential values upon them. Hence, we will continue to actively pursue more activities that will match the sentiments of our local communities – because they are our strong foundation that will help propel mutual growth and success.

WITH OUR MARKET PLACE

Throughout the years, Press Metal has built a reputation as a manufacturer of quality products. Not only are we the first aluminium extruder in Malaysia to be awarded the internationally recognized MS ISO 9001:2000 in 1993, but both our extrusion and smelting plants in Foshan and Hubei, China have also been accredited with ISO 9001:2000 respectively. Quality remains the main emphasis in all our production and management systems, and stringent control system is carried out right from the initial raw material stage until the final stage before the products are delivered – such is our commitment to providing only the best to our customers.

WITH OUR GLOBAL ENVIRONMENT

At Press Metal, we seek to maintain harmony with nature. We constantly monitor the environmental impact of every facet in our operations and apply cost-efficient means of reducing the use of natural resources.

In 1998, Press Metal was awarded with the ISO 14001 certification for our environmental management system, now similarly awarded to our smelting plant in Hubei, China. We were the first company in Malaysia to acquire the Swedish technology to use aluminium sludge (S204), a scheduled waste from anodizing and wastewater treatment plants, for the manufacturing of Polyaluminium Chloride (PAC), a water treatment chemical. We also operate a Common Waste Water Treatment Plant that provides treatment for a wide range of electroplating waste at a lower cost.

Today, our campaign continues. While the path to eco-preservation may be long and arduous, we will remain steadfast to our commitment to Mother Nature – simply because we believe in investing in a greener future.

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.

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.

Meeting

The Board 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 2007, 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 2007 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	3/4
Koon Poh Tat	4/4
Kuan Shin @ Kuan Nyong Hin	3/4
Tuan Haji Mohamad Faiz bin Abdul Hamid	3/4
Loo Lean Hock	4/4
Tan Heng Kui	2/4

Corporate Governance Statement

Board Committees

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

Board Committee	Key Functions
Audit Committee	Explained on pages 35 to 39 of this Annual Report
Executive Committee	Oversees all pertinent operational issues.
Remuneration Committee	Explained on page 31 of this Annual Report
Nomination Committee	Explained on pages 30 to 31 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 an 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-Independent Non-Executive Director. A brief profile of each Director is presented on pages 20 to 23 of this Annual Report.

There is also balance in the Board with the presence of Independent Non-Executive Directors possessing the calibre necessary to assist 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 Group conducts businesses.

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 in-depth 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 Group to ensure a balance of authority and power. The Board is led by Dato' Megat Abdul Rahman bin Megat Ahmad an Independent Non-Executive Chairman and the executive management of the Group 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.

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

Corporate Governance Statement

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 2007:

Dato' Megat Abdul Rahman bin Megat Ahmad	- Chairman, 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 2007.

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 Company complies with the requirements set out in the Listing Requirements that the Board of Directors must on a continuous basis evaluate and determine the training needs of its directors to ensure they are equipped with the requisite knowledge and competencies to make effective contribution to the board. All the Directors have completed the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia Securities Berhad.

Among the training programmes, seminars and briefings attended by the Directors during the financial year were Amendments to Companies Act, 1965, CKGSB China CEO Programme (New York), Enterprises' CEO in China and others updates.

The Directors will continue to attend relevant training courses to further enhance their skills and knowledge to enable them to discharge their responsibility 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

The Remuneration Committee held one (1) meeting during financial year ended 31 December 2007.

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 2007 are as follows:

Category	Fees (RM'000)	Salaries (RM'000)
Executive Directors	-	2,221
Non-Executive Directors	170	-

The number of Directors of the Company who served during the financial year ended 31 December 2007 and whose income from the Group are as follows:

	Executive	Non-Executive
RM50,000 and below	-	4
RM50,001 – RM100,000	-	1
RM300,001 – RM350,000	1	-
RM350,001 – RM400,000	1	-
RM400,001 – RM450,000	2	-
RM600,001 – RM650,000	1	-

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.

Corporate Governance Statement

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 results and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved Financial Reporting Standard (FRS) 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 pages 40 to 41 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 35 to 36 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 pages 35 to 39 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.

Other Information

MATERIAL CONTRACTS

There were no material contracts of the Company and subsidiaries involving directors and substantial shareholders during the financial year ended 31 December 2007.

UTILISATION OF PROCEEDS

Private Placement Exercise

The proceeds received by the Company from the Private Placement of approximately RM 17.14 million were utilized for repayment of bank borrowings and working capital of the Company.

SANCTIONS AND/OR PENALTIES IMPOSED

There were no sanctions and/or penalties imposed on the Group and its subsidiaries, directors and management by the relevant regulatory bodies during the financial year.

SHARE BUY-BACKS

During the financial year, the Company did not enter into any share buy-back transaction during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year, the Company has 50 warrants B (2005-2010) converted into ordinary shares of RM 0.50 each.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The ESOS of the Company was approved by the shareholders on 26 June 2007 and on the same date, the Company granted options to the eligible employees of the Group to subscribe for a total of RM17,891,754 new ordinary shares of RM0.50 each. To date, a total of 69,000 ESOS have been exercised.

The Audit Committee has verified that the ESOS granted were made in accordance with the by-laws of the ESOS.

A breakdown of the options offered to non-executive directors pursuant to a share scheme for employees in respect of the financial year in tabular form as follows:-

Name of Director	Amount of options offered	Amount of options exercised
1. Dato' Megat Abdul Rahman bin Megat Ahmad	150,000	-
2. Tuan Haji Mohamad Faiz bin Abdul Hamid	50,000	-
3. Mr. Loo Lean Hock	50,000	-
4. Mr. Tan Heng Kui	50,000	-
5. Kuan Shin @ Kuan Nyong Hin	50,000	-

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT PROGRAMME

During the financial year, the Group did not sponsor any ADR or GDR programme.

NON-AUDIT FEES

During the financial year, the Company engaged with the External Auditors for non-audit activities in the following areas:

- > Review of Director' Statement on Internal Control (RM 10,000)
- > Review of the consolidated financial statements of Press Metal Group for financial period ended 31 July 2007 (RM 80,000)

Other Information

VARIATION IN RESULTS

There was no variation in results of 10% or more from the profits announced in the last quarter of the financial year ended 31 December 2007.

PROFIT GUARANTEE

During the financial year, there were no profit guarantees issued during the financial year.

REVALUATION POLICY

The Group did not adopt any revaluation policy on the landed properties in respect of the financial year.

RECURRENT RELATED PARTY TRANSACTIONS ("RRPTS") OF REVENUE NATURE

The RRPTs of the Group have been entered into in the normal course of business. Further detail of the aggregate value of transactions conducted is disclosed in Note 28 to the financial statements on pages 107 to 108 of the Annual Report.

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

-Resigned on 8th October 2007

ATTENDANCE AT MEETINGS

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

<i>Name of Audit Committee member</i>	<i>No. of meetings attended</i>
Tuan Haji Mohamad Faiz bin Abdul Hamid	4/4
Dato' Koon Poh Keong	3/4
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) All members of the audit committee must be non-executive directors;
- c) A majority of the audit committee must be independent directors;
- d) All members of the audit committee should be financial literate and at least one member of the audit committee:-
 - i) must be a member of the Malaysian Institute of Accountants; or

Audit Committee Report

- 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 or approved by Bursa Malaysia Securities Berhad and/or other relevant authorities from time to time.
- e) No alternate Director of the Board shall be appointed as a member of the Committee.

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 (d) above, the vacancy must be filled within 3 months of that event. The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

Objectives

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

In addition, the Audit Committee shall:-

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

DUTIES AND RESPONSIBILITIES

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

- a) Recommend to the Board on the appointment and annual re-appointment of the external auditors and their audit fee, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit;
- b) Discuss with the external 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;

Audit Committee Report

- e) Review the external auditors' management letter and Management's response;
- f) Review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- g) Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work, together with the Internal Auditors' audit plan, audit reports and follow-up on the recommendation contained in such report;
- h) To review any letter of resignation from the external auditors (if applicable) and any questions of resignation or dismissal;
- i) Consider other issues as defined by the Board or as may be prescribed by Bursa Malaysia Securities Berhad or any other relevant authority from time to time; and
- j) To ensure the internal audit function is independent of the activities it audits and the head of internal audit reports directly to the audit committee. The head of internal audit will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Company.

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 and Group;
- d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- 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 other Directors and employees of the company.

The Chairman of the audit committee should engage on a continuous basis with senior management, such as the Chairman, the Chief Executive Officer, the Finance Director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

Audit Committee Report

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 twice a year the Audit Committee shall meet with the external auditors without executive Board members present.

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

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

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

A quorum shall consist of a majority of independent directors.

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

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

There were 4 Audit Committee meetings held during the financial year ended 31st December 2007.

The activities of the Audit Committee during the financial year were summarised as below:-

- (i) Reviewed the quarterly results/announcements of the Group and made recommendation to the Board of Directors for approval prior to the release of the results to Bursa Malaysia Securities Berhad.
- (ii) Reviewed and discussed with the External Auditors:
 - (a) Scope of work and annual audit plan
 - (b) The audited financial statements of the Group and the Company prior to submission to the Board for consideration and approval;
 - (c) Problems and reservation arising from the interim and final audits.
- (iii) Reviewed findings in the internal audit reports, including corrective actions taken or proposed to be taken by Management;
- (iv) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group; and
- (v) Considered and recommended 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.

Audit Committee Report

STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME ("ESOS") BY THE COMMITTEE

The Audit Committee has reviewed and verified that the allocation of options granted during the financial year under the Company's ESOS were in accordance with the by-laws of the ESOS.

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

Statement on 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 is 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 39 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 four of its subsidiaries including two subsidiaries operating in the People's Republic of China, 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.

Statement on Internal Control

WEAKNESSES

A few minor internal control weaknesses were identified during the period, all of which have been, or are being, addressed. None of these weaknesses have resulted in any material error and losses, contingencies or uncertainties that would require mention in the Group's annual report.

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Directors' Report

for the Year Ended 31 December 2007

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 2007.

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 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	GROUP	COMPANY
	RM'000	RM'000
Profit attributable to:		
Shareholders of the Company	434,347	22,383
Minority interest	7,387	-
	441,734	22,383

RESERVES AND PROVISIONS

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

DIVIDENDS

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

- (i) a final ordinary dividend of 1.5 sen per ordinary share less tax at 27% totaling approximately RM3,991,308 (1.095 sen net per ordinary share) in respect of the year ended 31 December 2006 on 31 July 2007.
- (ii) an interim ordinary dividend of 1.5 sen per ordinary share less tax at 27% totaling approximately RM3,991,308 (1.095 sen net per ordinary share) in respect of the year ended 31 December 2007 on 12 October 2007.

The final ordinary dividend recommended by the Directors in respect of the year ended 31 December 2007 is 2 sen per ordinary share less tax at 26% totaling approximately RM5,394,883 (1.48 sen net per ordinary share).

DIRECTORS OF THE COMPANY

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

Dato' Megat Abdul Rahman bin Megat Ahmad
 Dato' Koon Poh Keong
 Koon Poh Ming
 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' Report for the Year Ended 31 December 2007

DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares, warrants and options of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

NUMBER OF ORDINARY SHARES OF RM0.50 EACH

	AT 1.1.2007	BOUGHT	SOLD	AT 31.12.2007
Shareholdings in the Company in which Directors have direct interests				
Dato' Megat Abdul Rahman bin Megat Ahmad				
- own	17,347,410	-	128,000	17,219,410
- spouse	398,000	-	23,000	375,000
Dato' Koon Poh Keong				
- own	35,643,379	11,030,000	-	46,673,379
- spouse	-	9,767,400	-	9,767,400
Koon Poh Ming	24,189,739	3,282,000	500,000	26,917,739
Kuan Shin @ Kuan Nyong Hin				
- own	4,027,805	-	3,430,000	597,805
- spouse	-	1,235,000	-	1,235,000
- children	-	1,900,000	-	1,900,000
Tuan Haji Mohamad Faiz bin Abdul Hamid	118,665	-	-	118,665
Koon Poh Weng				
- own	8,900,040	1,200,000	-	10,100,400
- spouse	477,000	-	-	477,000
- child	5,000	-	-	5,000
Koon Poh Kong				
- own	7,925,995	1,200,000	-	9,125,995
- spouse	23,000	8,000	27,000	4,000
Koon Poh Tat				
- own	7,230,000	1,300,000	-	8,530,000
- spouse	332,935	-	-	332,935
Tan Heng Kui	70,000	-	10,000	60,000

NUMBER OF ORDINARY SHARES OF RM0.50 EACH

	AT 1.1.2007	BOUGHT	SOLD	AT 31.12.2007
Shareholdings in the Company in which Directors have deemed interests				
Kuan Shin @ Kuan Nyong Hin*	6,726,610	-	936,000	5,790,610

* Deemed interested by virtue of the Director's interest in Doitbest Holdings Sdn. Bhd.

Directors' Report for the Year Ended 31 December 2007

DIRECTORS' INTERESTS *cont'd***NUMBER OF ORDINARY SHARES OF RM0.50 EACH**

	AT 1.1.2007	BOUGHT	SOLD	AT 31.12.2007
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

By virtue of their investments in the shares of the Company, all the Directors of the Company except for Loo Lean Hock, are deemed interested in the shares of the subsidiaries, associate and of its related corporations during the financial year to the extent that Press Metal Berhad has an interest.

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

NUMBER OF WARRANT 'B' OF RM0.50 EACH

	AT 1.1.2007	BOUGHT	SOLD	AT 31.12.2007
Warrants in the Company				
Direct interests				
Dato' Megat Abdul Rahman bin Megat Ahmad	3,469,482	-	838,000	2,630,682
Dato' Koon Poh Keong				
- own	9,274,227	238,000	9,274,227	238,000
- spouse	-	9,736,527	-	9,736,527
Koon Poh Ming	7,750,574	500,700	-	8,251,274
Tuan Haji Mohamad Faiz bin Abdul Hamid	23,733	-	-	23,733
Koon Poh Weng				
- own	1,780,008	-	-	1,780,008
- spouse	96,400	-	-	96,400
- child	1,000	-	-	1,000
Koon Poh Kong				
- own	1,585,199	-	-	1,585,199
- spouse	-	17,800	-	17,800
Koon Poh Tat				
- own	1,446,000	-	-	1,446,000
- spouse	66,587	-	-	66,587
Kuan Shin @ Kuan Nyong Hin	805,561	-	805,000	561
Tan Heng Kui	14,000	-	5,000	9,000

Directors' Report for the Year Ended 31 December 2007

DIRECTORS' INTERESTS *cont'd***NUMBER OF WARRANT 'B' OF RM0.50 EACH**

	AT 1.1.2007	BOUGHT	SOLD	AT 31.12.2007
Warrants in the Company Deemed interests				
Kuan Shin @ Kuan Nyong Hin##	2,075,722	-	2,075,700	22

Deemed interested in the warrants by virtue of the Director's interest in Doitbest Holdings Sdn. Bhd.

On 26 June 2007, the Group established a new Employees' Share Option Scheme ("New ESOS") subsequent to the expiry of the previous Employees' Share Option Scheme ("Former ESOS") on 5 June 2007. Details of New ESOS and Former ESOS are set out in Note 31 to the financial statements.

New Employees' Share Option Scheme ("New ESOS")

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

NUMBER OF OPTIONS OVER SHARES OF RM0.50 EACH

	AT 1.1.2007	GRANTED	EXERCISED	AT 31.12.2007
Koon Poh Ming	-	1,750,000	-	1,750,000
Dato' Koon Poh Keong	-	1,750,000	-	1,750,000
Koon Poh Weng	-	1,300,000	-	1,300,000
Koon Poh Kong	-	1,300,000	-	1,300,000
Koon Poh Tat	-	1,300,000	-	1,300,000

Directors' Report for the Year Ended 31 December 2007

DIRECTORS' INTERESTS *cont'd***Former Employees' Share Option Scheme ("Former ESOS")**

The options granted to the Directors pursuant to the Former ESOS are set out below:

NUMBER OF OPTIONS OVER SHARES OF RM0.50 EACH

	AT 1.1.2007	GRANTED	EXERCISED	AT 31.12.2007
Koon Poh Ming	2,400,000	-	2,400,000	-
Dato' Koon Poh Keong	2,400,000	-	2,400,000	-
Koon Poh Weng	1,200,000	-	1,200,000	-
Koon Poh Kong	1,200,000	-	1,200,000	-
Koon Poh Tat	800,000	-	800,000	-

Loo Lean Hock did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 28 to the financial statements.

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 New ESOS and Former ESOS.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

- (i) 12,085,000 ordinary shares of RM0.50 each arising from the exercise of the share options pursuant to the Former ESOS at the price of RM0.50 per ordinary share.
- (ii) 28,000 ordinary shares of RM0.50 each arising from the exercise of the share options pursuant to the New ESOS at the price of RM1.50 per ordinary share.
- (iii) 25,000,000 ordinary shares of RM0.50 each arising from a Private Placement at the price of RM0.525 per ordinary share.
- (iv) 6,990,800 ordinary shares of RM0.50 each arising from a Private Placement at the price of RM0.575 per ordinary share.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

Directors' Report for the Year Ended 31 December 2007

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 New ESOS.

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.

At an extraordinary general meeting held on 26 June 2007, the Company's shareholders approved the establishment of a New ESOS of not more than 10% of the issued share capital of the Company to eligible Directors and Employees of the Group.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of persons to whom options have been granted during the financial year and details of their holdings as required by Section 169(11) of the Companies Act, 1965. This information has been separately filed with the Commission of Malaysia.

Details of New ESOS and Former ESOS are set out in Note 31 to the financial statements.

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.

Directors' Report for the Year Ended 31 December 2007

OTHER STATUTORY INFORMATION *cont'd*

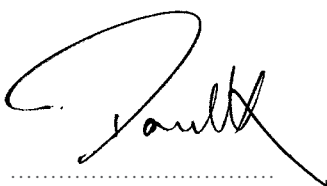
No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and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

In the opinion of the Directors, except for the recognition of negative goodwill arising from the acquisition of a subsidiary as disclosed in Note 18 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

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

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



Dato' Koon Poh Keong



Koon Poh Tat

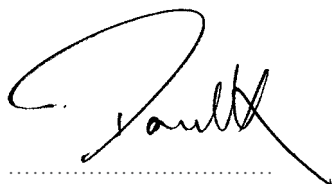
Kuala Lumpur,
Date: 15 April 2008

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 53 to 114 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards 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 2007 and of the results of their operations and cash flows for the year ended on that date.

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



Dato' Koon Poh Keong



Koon Poh Tat

Kuala Lumpur,
Date: 15 April 2008

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 53 to 114 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.

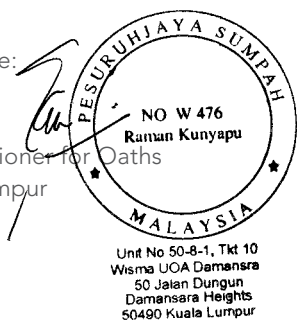
Subscribed and solemnly declared by the above named in Kuala Lumpur on 15 April 2008.



Loo Tai Choong

Before me:

Commissioner for Oaths
Kuala Lumpur



Report of the Auditors

to the Members of Press Metal Berhad

We have audited the financial statements set out on pages 53 to 114. 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 content 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 presentation. 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 Financial Reporting Standards 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 2007 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 7 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: 15 April 2008

Balance Sheets

at 31 December 2007

		GROUP		COMPANY	
	NOTE	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000
Assets					
Property, plant and equipment	3	729,274	212,469	127,690	131,444
Intangible asset	4	13,484	12,332	-	-
Prepaid lease payments	5	73,564	16,160	7,717	-
Investment properties	6	4,974	4,829	-	-
Investment in subsidiaries	7	-	-	220,043	29,689
Investment in associate	8	22,329	20,575	11,812	11,812
Other investments	9	2,140	-	-	-
Deferred tax assets	10	1,704	1,655	-	-
Total non-current assets		847,469	268,020	367,262	172,945
Receivables, deposits and prepayments	11	393,717	247,199	404,175	267,264
Inventories	12	249,528	162,287	39,847	47,122
Current tax assets		115	10,578	-	-
Cash and cash equivalents	13	110,461	55,642	8,406	18,805
Total current assets		753,821	475,706	452,428	333,191
Total assets		1,601,290	743,726	819,690	506,136
Equity					
Share capital		182,265	160,214	182,265	160,214
Reserves		(7,131)	368	4,101	6
Retained earnings		482,486	56,121	68,145	53,744
Total equity attributable to shareholders of the Company		657,620	216,703	254,511	213,964
Minority interest		85,218	23,847	-	-
Total equity	14	742,838	240,550	254,511	213,964
Liabilities					
Payables and accruals	16	-	-	71,420	-
Loans and borrowings	15	121,667	55,914	60,242	685
Deferred tax liabilities	10	77,314	20,172	15,944	20,112
Total non-current liabilities		198,981	76,086	147,606	20,797
Payables and accruals	16	203,087	102,613	175,744	82,460
Loans and borrowings	15	450,409	322,507	236,686	188,316
Current tax liabilities		5,975	1,970	5,143	599
Total current liabilities		659,471	427,090	417,573	271,375
Total liabilities		858,452	503,176	565,179	292,172
Total equity and liabilities		1,601,290	743,726	819,690	506,136

The notes on pages 60 to 114 are an integral part of these financial statements.

Income Statements

for the Year Ended 31 December 2007

		GROUP		COMPANY	
	NOTE	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	17	1,328,349	663,455	684,886	489,452
Cost of goods sold		(1,083,557)	(574,305)	(626,146)	(449,665)
Gross profit		244,792	89,150	58,740	39,787
Other income		15,250	14,568	12,231	11,932
Distribution expenses		(48,296)	(16,513)	(3,577)	(2,512)
Administrative expenses		(56,375)	(34,195)	(8,567)	(7,634)
Other expenses		(23,649)	(8,882)	(22,163)	(6,820)
Results from operating activities		131,722	44,128	36,664	34,753
Interest income		470	168	-	-
Finance costs		(28,178)	(18,070)	(12,524)	(10,375)
Negative goodwill		336,996	-	-	-
Operating profit	18	441,010	26,226	24,140	24,378
Share of profit after tax and minority interest of equity accounted associate		3,106	1,565	-	-
Profit before tax		444,116	27,791	24,140	24,378
Tax expense	20	(2,382)	(6,176)	(1,757)	(4,057)
Profit for the year		441,734	21,615	22,383	20,321
Attributable to:					
Shareholders of the Company		434,347	19,768	22,383	20,321
Minority interest		7,387	1,847	-	-
Profit for the year		441,734	21,615	22,383	20,321
Basic earnings per ordinary share (sen)	21	121.04	6.18		
Diluted earnings per ordinary share (sen)	21	-	-		

The notes on pages 60 to 114 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the Year Ended 31 December 2007

← ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY →
 ← NON-DISTRIBUTABLE → DISTRIBUTABLE

GROUP	NOTE	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TRANSLATION RESERVE RM'000	SHARE OPTION RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000	MINORITY INTEREST RM'000	TOTAL EQUITY RM'000
At 1 January 2006		159,954	6	718	-	38,656	199,334	5,941	205,275
Foreign exchange translation differences		-	-	(356)	-	-	(356)	(169)	(525)
Profit for the year		-	-	-	-	19,768	19,768	1,847	21,615
Share options exercised	14	260	-	-	-	-	260	-	260
Acquisition of subsidiary	29	-	-	-	-	-	-	16,254	16,254
Dividends to shareholders	22	-	-	-	-	(2,303)	(2,303)	(26)	(2,329)
At 31 December 2006/ 1 January 2007		160,214	6	362	-	56,121	216,703	23,847	240,550
Foreign exchange translation differences		-	-	(11,594)	-	-	(11,594)	-	(11,594)
Profit for the year		-	-	-	-	434,347	434,347	7,387	441,734
Share issuance									
- private placements		15,995	1,149	-	-	-	17,144	-	17,144
- share options exercised (Former ESOS)	14	6,042	-	-	-	-	6,042	-	6,042
- new share options exercised (New ESOS)	14	14	28	-	-	-	42	-	42
Acquisition of subsidiary	29	-	-	-	-	-	-	57,051	57,051
Disposal of subsidiaries	30	-	-	-	-	-	-	(3,067)	(3,067)
Share-based payments	31	-	-	-	2,918	-	2,918	-	2,918
Dividends to shareholders	22	-	-	-	-	(7,982)	(7,982)	-	(7,982)
At 31 December 2007		182,265	1,183	(11,232)	2,918	482,486	657,620	85,218	742,838

The notes on pages 60 to 114 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2007

COMPANY	NOTE	NON-DISTRIBUTABLE		DISTRIBUTABLE	
		SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
At 1 January 2006		159,954	6	35,726	195,686
Profit for the year		-	-	20,321	20,321
Share issuance					
- share options exercised	14	260	-	-	260
Dividends to shareholders	22	-	-	(2,303)	(2,303)
At 31 December 2006/1 January 2007		160,214	6	53,744	213,964
Profit for the year		-	-	22,383	22,383
Share issuance					
- private placements		15,995	1,149	-	17,144
- share options exercised (Former ESOS)	14	6,042	-	-	6,042
- new share options exercised (New ESOS)	14	14	28	-	42
Share based payments	31	-	2,918	-	2,918
Dividends to shareholders	22	-	-	(7,982)	(7,982)
At 31 December 2007		182,265	4,101	68,145	254,511

The notes on pages 60 to 114 are an integral part of these financial statements.

Cash Flow Statements

for the Year Ended 31 December 2007

		GROUP		COMPANY	
	NOTE	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000
Cash flows from operating activities					
Profit before tax		444,116	27,791	24,140	24,378
Adjustments for:					
Depreciation of property, plant and equipment	3	70,582	18,126	13,063	12,671
Amortisation of prepaid lease payments	5	344	187	33	-
Depreciation of investment properties	6	95	83	-	-
Dividend income	18	-	-	(235)	(232)
Finance costs	18	28,178	18,070	12,524	10,375
Interest income	18	(470)	(168)	-	-
Loss on disposal of investment properties	18	-	18	-	-
Negative goodwill arising from acquisition of subsidiary	29	(336,996)	(2,386)	-	-
Loss on disposal of subsidiaries	30	915	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	18	(1,991)	(38)	4	(7)
Investment property written off	18	17	-	-	-
Property, plant and equipment written off	18	-	4	-	-
Share-based payments	31	2,918	-	2,918	-
Share of profit after tax and minority interest of equity accounted associate		(3,106)	(1,565)	-	-
Unrealised loss/ (gain) on foreign exchange	18	8,687	(6,963)	8,613	(6,983)
Operating profit before changes in working capital		213,289	53,159	61,060	40,202
Changes in working capital:					
Land held for development		-	3,005	-	-
Inventories		(34,308)	(59,747)	7,275	2,875
Receivables, deposits and prepayments		(79,145)	(60,080)	(76,619)	(67,627)
Payables and accruals		14,712	(2,148)	117,402	21,348
Cash generated from/(used in) operations		114,548	(65,811)	109,118	(3,202)
Taxes refunded/(paid)		7,366	(12,891)	(1,381)	(1,325)
Net cash generated from/ (used in) operating activities		121,914	(78,702)	107,737	(4,527)

The notes on pages 60 to 114 are an integral part of these financial statements.

Cash Flow Statements for the Year Ended 31 December 2007

		GROUP		COMPANY	
	NOTE	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(137,374)	(66,157)	(8,643)	(18,557)
Acquisition of prepaid lease payments		(7,750)	(7,163)	(7,750)	-
Acquisition of investment property		-	(1,205)	-	-
Proceeds from disposal of property, plant and equipment		5,751	1,184	46	171
Proceeds from disposal of investment property		-	65	-	-
Increase in minority interest in subsidiary		-	1,726	-	-
Interest received		470	168	-	-
Increase in investment in subsidiaries		-	-	(7,912)	(6,917)
Dividend received		235	232	235	232
Acquisition of subsidiary, net of cash acquired	29	(101,513)	837	(133,367)	(2,550)
Disposal of subsidiaries	30	3,914	-	-	-
Net cash used in investing activities		(236,267)	(70,313)	(157,391)	(27,621)
Cash flows from financing activities					
Repayment of hire purchase liabilities		(2,301)	(3,711)	(1,060)	(1,926)
Dividends paid to minority interest		-	(26)	-	-
Dividends paid to shareholders of the Company		(7,982)	(2,303)	(7,982)	(2,303)
Proceeds from issuance of shares under the Employees' Share Option Scheme		17,144	260	17,144	260
Proceeds from issuance of shares via private placements		6,084	-	6,084	-
Increase in amount due from subsidiaries		-	-	(68,905)	-
Decrease in amount due to subsidiaries		-	-	(1,773)	-
Increase in bankers' acceptances/bills payable		40,736	103,734	37,365	46,859
Increase in revolving credit		23,291	14,739	15,000	15,000
Repayment of term loans		(63,764)	(7,767)	(433)	(2,361)
Drawdown of term loans		198,521	92,337	59,607	-
Decrease/(increase) in deposit pledged		1,408	(1,638)	-	-
Interest paid		(28,178)	(18,070)	(12,524)	(10,375)
Net cash generated from financing activities		184,959	177,555	42,523	45,154
Net increase/(decrease) in cash and cash equivalents		70,606	28,540	(7,131)	13,006
Effect of exchange rate fluctuations		(10,633)	(643)	-	-
Cash and cash equivalents at 1 January	(i)	46,774	18,877	15,537	2,531
Cash and cash equivalents at 31 December	(i)	106,747	46,774	8,406	15,537

The notes on pages 60 to 114 are an integral part of these financial statements.

Cash Flow Statements for the Year Ended 31 December 2007

(i) *Cash and cash equivalents*

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

	NOTE	GROUP		COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash and bank balances	13	105,841	49,221	7,719	18,118
Deposits with licensed banks	13	4,620	6,421	687	687
Bank overdrafts	15	(3,474)	(7,220)	-	(3,268)
		106,987	48,422	8,406	15,537
Less: Deposits pledged		(240)	(1,648)	-	-
		106,747	46,774	8,406	15,537

(ii) *Acquisition of plant, property and equipment*

During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM139,318,000 (2006: RM67,649,000) and RM9,359,000 (2006: RM19,034,000) respectively, of which RM1,944,000 (2006: RM1,492,000) and RM716,000 (2006: RM477,000) respectively, were acquired by means of hire purchases.

The notes on pages 60 to 114 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 Bursa Malaysia Securities 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 of the Company as at and for the year ended 31 December 2007 comprise the Company and its subsidiaries and the Group's interest in associate (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 December 2007 do not include other entities.

The Company is principally engaged in manufacturing and marketing of aluminium products whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

The financial statements were approved by the Board of Directors on 15 April 2008.

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 Financial Reporting Standards (FRSs) issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year except for the adoption of the new and revised FRSs issued by MASB that are effective for the financial period beginning on 1 January 2007 as follows:

- > FRS 117 *Leases*
- > FRS 124 *Related Party Disclosures*

Other than the expanded disclosure requirements as shown in the Note 5, Note 19 and Note 28, the adoption of FRS 117 and FRS 124 does not have any significant financial impact on the financial statements of the Group and the Company.

1. BASIS OF PREPARATION *cont'd*

(a) Statement of compliance *cont'd*

The MASB has also issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 January 2007 and that have not been applied in preparing these financial statements:

FRSs / Interpretations	Effective date
FRS 107, <i>Cash Flow Statements</i>	1 July 2007
FRS 111, <i>Construction Contracts</i>	1 July 2007
FRS 112, <i>Income Taxes</i>	1 July 2007
FRS 118, <i>Revenue</i>	1 July 2007
FRS 120, <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 July 2007
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation</i>	1 July 2007
FRS 134, <i>Interim Financial Reporting</i>	1 July 2007
FRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	To be announced
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2</i>	1 July 2007

The Group and the Company plan to apply the above mentioned FRSs for the annual period beginning 1 January 2008 except for FRS 111, FRS 120 and the Interpretations 1,2,5,6 and 7 which are not applicable to the Group and the Company and FRS 139 which the effective date has yet to be announced.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other FRSs and Interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

(b) Basis of measurement

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

(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.

Notes to the Financial Statements

1. BASIS OF PREPARATION *cont'd***(d) Use of estimates and judgements**

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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- > Note 4 – measurement of the recoverable amounts of cash-generating units
- > Note 6 – fair value of investment properties
- > Note 29 – business combinations
- > Note 31 – fair value of share options

2. SIGNIFICANT ACCOUNTING POLICIES

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

Certain comparative figures have been restated as a result of the adoption of FRS 117, Leases (see Note 32).

(a) Basis of consolidation**(i) Subsidiaries**

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its 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. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, 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 any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

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 profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(ii) **Associates** *cont'd*

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 any 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) **Minority interest**

Minority interest at the balance sheet date, being the portion of the net identifiable assets (excluding goodwill) of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iv) **Transactions eliminated on consolidation**

Intra-group balances and transactions, 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 the 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 on retranslation are recognised in the income statements.

(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, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Foreign currency *cont'd*

(ii) **Operations denominated in functional currencies other than Ringgit Malaysia** *cont'd*

Foreign currency differences are recognised in translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(iii) **Net investments in foreign operations**

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are released to the consolidated income statement upon disposal of the investment in foreign operations.

(c) Property, plant and equipment

(i) **Recognition and measurement**

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and 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. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements.

(ii) **Reclassification to investment property**

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete.

(iii) **Reclassification to prepaid lease payments**

The Group has previously classified leasehold land as finance lease and had recognised the amounts of prepaid lease payments as property within its property, plant and equipment. Following the adoption of FRS 117, Leases, leasehold land with title that is not expected to pass to the lessee by the end of the lease term is treated as an operating lease and has been accounted as prepaid lease payments.

This reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and comparative amounts have been restated as disclosed in Note 32.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Property, plant and equipment *cont'd*

(iv) 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 cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(v) Depreciation

Depreciation is recognised in the income statements 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 unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. 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:

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

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

(d) Leased assets

Operating lease

Under operating leases, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments, except for leasehold land classified as investment property.

Payments made under operating leases are recognised in the income statements 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.

(e) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represented the excess of the cost of 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*

(e) Intangible assets *cont'd*

(i) Goodwill *cont'd*

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the consolidated income statement.

(ii) Amortisation

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

(f) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold 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 any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

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

(g) 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 the estimated costs necessary to make the sale.

The fair value of inventories 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 inventories.

(h) 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.

(i) Investments in debt and equity securities

Investments in debt and equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investments in non-current equity securities other than investments in subsidiaries, are stated at cost less allowance for diminution in value.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(i) Investments in debt and equity securities *cont'd*

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities and non-current debt securities other than investment in subsidiaries, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio investment basis by category of investments.

(j) 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 statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment of assets

The carrying amounts of assets except for inventories, deferred tax assets and other financial assets 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, the recoverable amount is estimated at each reporting date.

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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. 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.

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 statements in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(l) 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.

(m) Loans and borrowings

(i) **Loans and borrowings**

Loans and borrowings are stated at cost.

(ii) **Hire purchase liabilities**

Property, plant and equipment under hire purchase plans are capitalised at their purchase cost and depreciated over their estimated useful lives, and the corresponding obligation relating to the remaining capital payments are treated as a liability. Finance charges for the hire purchase plans are charged to the income statements over the period of the hire purchase agreement using the straight line method.

(n) 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 contribution to statutory pension fund is 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 grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of employee share options is measured using a Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(o) 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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(o) Provisions *cont'd*

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.

(p) 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.

(q) Revenue recognition

(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) Services

Revenue from services rendered is recognised in the income statements in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

(iii) Dividend income

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

(iv) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(r) Interest income and borrowing costs

Interest income is recognised as it accrues.

Finance charges for the hire purchase plans are charged to the income statements over the period of the hire purchase agreement using the straight line method.

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

(s) Tax expense

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

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(s) **Tax expense** *cont'd*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively 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.

(t) **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 share options granted to employees.

(u) **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	BUILDINGS 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 2006		5,910	27,896	13,840	138,072	12,382	8,138	2,302	52,691	8,898	270,129
Effect of adopting FRS 117		-	-	(9,321)	-	-	-	-	-	-	(9,321)
At 1 January 2006, restated		5,910	27,896	4,519	138,072	12,382	8,138	2,302	52,691	8,898	260,808
Acquisition of subsidiaries	29	-	751	1,429	471	408	1,570	245	6	-	4,880
Additions		-	20,643	473	24,247	1,304	2,361	1,354	7,840	9,427	67,649
Disposals		-	(365)	-	(252)	(234)	(579)	-	-	(335)	(1,765)
Write off		-	-	-	(5)	(2)	-	-	-	-	(7)
Transfer to investment property	6	-	(4,211)	-	-	-	-	-	-	-	(4,211)
Effect of movements in exchange rates		-	260	-	839	(55)	54	21	-	(71)	1,048
At 31 December 2006/ 1 January 2007, restated		5,910	44,974	6,421	163,372	13,803	11,544	3,922	60,537	17,919	328,402
Acquisition of subsidiaries	29	-	121,900	-	211,258	1,104	2,108	-	-	121,954	458,324
Disposal of subsidiary	30	-	(747)	(1,878)	(137)	(431)	(1,128)	(243)	-	-	(4,564)
Additions		-	2,842	-	34,795	2,068	4,553	306	26,718	68,036	139,318
Reclassification		-	51,812	(4,543)	98,254	-	-	(92)	-	(145,431)	-
Disposals		-	(1,586)	-	(2,973)	(46)	(793)	(52)	-	-	(5,450)
Transfer to investment property	6	-	-	-	-	-	-	-	-	(257)	(257)
Effect of movements in exchange rates		-	(791)	-	(1,369)	464	(151)	(180)	-	(224)	(2,251)
At 31 December 2007		5,910	218,404	-	503,200	16,962	16,133	3,661	87,255	61,997	913,522

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

GROUP	NOTE	FREEHOLD LAND RM'000	BUILDINGS 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 2006		-	2,780	1,139	47,210	7,191	4,026	1,145	34,566	-	98,057
Effect of adopting FRS 117		-	-	(137)	-	-	-	-	-	-	(137)
At 1 January 2006, restated		-	2,780	1,002	47,210	7,191	4,026	1,145	34,566	-	97,920
Depreciation for the year		-	671	-	9,372	1,098	1,305	175	5,505	-	18,126
Disposals		-	(20)	-	(54)	(78)	(467)	-	-	-	(619)
Write off		-	-	-	(1)	(2)	-	-	-	-	(3)
Transfer to investment property	6	-	(421)	-	-	-	-	-	-	-	(421)
Effect of movements in exchange rates		-	208	-	835	(83)	(37)	7	-	-	930
At 31 December 2006/		-	3,218	1,002	57,362	8,126	4,827	1,327	40,071	-	115,933
1 January 2007, restated		-	8,004	-	49,551	1,397	1,511	191	9,928	-	70,582
Depreciation for the year		-	1,002	(1,002)	84	-	-	(84)	-	-	-
Reclassification		-	(107)	-	(1,215)	(48)	(299)	(21)	-	-	(1,690)
Disposals		-	-	-	-	-	-	-	-	-	-
Effect of movements in exchange rates		-	(28)	-	(523)	31	(42)	(15)	-	-	(577)
At 31 December 2007		-	12,089	-	105,259	9,506	5,997	1,398	49,999	-	184,248
Carrying amounts											
At 1 January 2006, restated		5,910	25,116	3,517	90,862	5,191	4,112	1,157	18,125	8,898	162,888
At 31 December 2006/											
1 January 2007, restated		5,910	41,756	5,419	106,010	5,677	6,717	2,595	20,466	17,919	212,469
At 31 December 2007		5,910	206,315	-	397,941	7,456	10,136	2,263	37,256	61,997	729,274

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

COMPANY	FREEHOLD LAND RM'000	BUILDINGS 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 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/ 1 January 2007	5,910	31,305	123,124	9,806	3,819	828	53,859	228,651
Additions	-	167	2,880	106	646	21	5,539	9,359
Disposals	-	-	(71)	-	(117)	-	-	(188)
At 31 December 2007	5,910	31,472	125,933	9,912	4,348	849	59,398	237,822
Accumulated depreciation								
At 1 January 2006	-	2,739	43,258	5,273	1,933	378	31,063	84,644
Depreciation for the year	-	505	6,245	684	242	27	4,968	12,671
Disposals	-	-	(10)	-	(98)	-	-	(108)
At 31 December 2006/ 1 January 2007	-	3,244	49,493	5,957	2,077	405	36,031	97,207
Depreciation for the year	-	628	6,424	666	269	27	5,049	13,063
Disposals	-	-	(21)	-	(117)	-	-	(138)
At 31 December 2007	-	3,872	55,896	6,623	2,229	432	41,080	110,132
Carrying amounts								
At 1 January 2006	5,910	20,302	76,477	4,242	1,574	435	16,305	125,245
At 31 December 2006/ 1 January 2007	5,910	28,061	73,631	3,849	1,742	423	17,828	131,444
At 31 December 2007	5,910	27,600	70,037	3,289	2,119	417	18,318	127,690

3.1 Securities

Certain property, plant and equipment of the Group and of the Company costing RM4,139,000 (2006 – RM5,774,000) and RM2,850,000 (2006 - RM2,850,000) respectively have been pledged as security for loan facilities as set out in Note 15 to the financial statements.

3.2 Property, plant and equipment under construction

Included in the construction in-progress of the Group in 2006 was a piece of property under construction which was received in prior year in exchange for an amount due from a customer. This property has been transferred to investment property during the year. The carrying amount of the property as at 31 December 2007 is RM 255,000 (2006: RM257,000).

3. PROPERTY, PLANT AND EQUIPMENT *cont'd***3.3 Assets under hire purchase plans**

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Carrying amounts:				
Plant and machinery	9,463	9,142	7,034	7,072
Motor vehicles	2,942	4,335	1,004	1,307
	12,405	13,477	8,038	8,379

4. INTANGIBLE ASSETS

GROUP	GOODWILL RM'000
Cost	
At 1 January 2006	5,588
Acquisition through business combination	9,785
Elimination upon adoption of FRS 3	(3,041)
At 31 December 2006/1 January 2007	12,332
Effect of movements in exchange rate	1,152
At 31 December 2007	13,484
Accumulated amortisation	
At 1 January 2006	3,041
Elimination upon adoption of FRS 3	(3,041)
At 31 December 2006/1 January 2007/ 31 December 2007	-
Carrying amounts	
At 1 January 2006	2,547
At 31 December 2006/1 January 2007	12,332
At 31 December 2007	13,484

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 recoverable amounts of the business units were based on value in use and were determined by the management.

The goodwill is allocated to subsidiaries in the manufacturing and trading segment.

4. INTANGIBLE ASSETS *cont'd*

Impairment testing for cash-generating units containing goodwill *cont'd*

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.

5. PREPAID LEASE PAYMENTS

GROUP	NOTE	UNEXPIRED PERIOD MORE THAN 50 YEARS RM'000
Cost		
At 1 January 2006		-
Effect of adopting FRS 117	3	9,321
At 1 January 2006, restated		9,321
Additions		7,163
At 31 December 2006/1 January 2007, restated		16,484
Acquisition of subsidiaries*	29	49,984
Additions		7,750
Effect of movements in exchange rate		12
At 31 December 2007		74,230
Amortisation		
At 1 January 2006		-
Effect of adopting FRS 117	3	137
At 1 January 2006, restated		137
Amortisation for the year		187
At 31 December 2006/1 January 2007, restated		324
Amortisation for the year		344
Effect of movements in exchange rate		(2)
At 31 December 2007		666
Carrying amounts		
At 1 January 2006, restated		9,184
At 31 December 2006/ 1 January 2007, restated		16,160
At 31 December 2007		73,564

* The leasehold land title of a foreign subsidiary is in the process of being transferred to the subsidiary.

5. PREPAID LEASE PAYMENTS *cont'd*

COMPANY	UNEXPIRED PERIOD MORE THAN 50 YEARS RM'000
Cost	
At 1 January 2006/ 31 December 2006	-
Additions	7,750
At 31 December 2007	7,750
Amortisation	
At 1 January 2006/31 December 2006	-
Amortisation for the year	33
At 31 December 2007	33
Carrying amounts	
At 1 January 2006	-
At 31 December 2006/1 January 2007	-
At 31 December 2007	7,717

Notes to the Financial Statements

6. INVESTMENT PROPERTIES

		GROUP	
	NOTE	2007 RM'000	2006 RM'000
Cost			
At 1 January		5,323	-
Additions		-	1,205
Write off		(17)	-
Disposal		-	(93)
Transfer from property, plant and equipment	3	257	4,211
At 31 December		5,563	5,323
Accumulated depreciation			
At 1 January		494	-
Depreciation for the year		95	83
Disposal		-	(10)
Transfer from property, plant and equipment	3	-	421
At 31 December		589	494
Carrying amounts			
At 31 December		4,974	4,829

The Directors estimate the fair value of the investment properties to approximate their carrying amounts at year end.

		GROUP	
		2007 RM'000	2006 RM'000
Included in the above are:			
Freehold land		812	858
Buildings		4,162	3,971
		4,974	4,829

The following are recognised in the income statement in respect of investment properties:

	2007 RM'000	2006 RM'000
Rental income	279	211
Direct operating expenses	(174)	(126)

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2007	2006
	RM'000	RM'000
Unquoted shares, at cost	222,483	32,129
Less: Impairment losses	(2,440)	(2,440)
	220,043	29,689

Details of the subsidiaries are as follows:

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST	
			2007	2006
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%

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES *cont'd*Details of the subsidiaries are as follows: *cont'd*

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST	
			2007	2006
Press Metal UK Limited*	United Kingdom	Marketing of aluminium 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	100%	55%
Press Metal Aluminium (Australia) Pty. Ltd.*	Australia	Marketing, retailing and trading of aluminium related materials	70%	70%
Press Metal Hong Kong Limited*	Hong Kong	Investment holding	80%	80%
and its subsidiary Press Metal International Limited**	China	Manufacturing and trading of aluminium products	80%	80%
Hubei Press Metal Huasheng Aluminium-Electric Co., Ltd.**	China	Manufacturing and trading of aluminium products	90%	-
Press Metal Sarawak Sdn. Bhd.	Malaysia	Dormant company	80%	-
K3 Metal Service Centre Sdn. Bhd.*	Malaysia	Trading in general hardware and related products	51%	51%
and its subsidiaries K3 Metal Trading (JB) Sdn. Bhd. (formerly known as Sam's Metal Trading (JB) Sdn. Bhd.)*	Malaysia	Trading in general hardware and related products	100%	-

Notes to the Financial Statements

7. INVESTMENTS IN SUBSIDIARIES *cont'd*Details of the subsidiaries are as follows: *cont'd*

NAME OF SUBSIDIARY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST	
			2007	2006
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 subsidiaries				
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%

* Audited by other firms of accountants

** Audited by a member firm of KPMG

Acquisition of subsidiaries in 2007**(i) Hubei Press Metal Huasheng Aluminium-Electric Co., Ltd. ("HPM")**

The Company subscribed for 90% equity interest in HPM based on a sale and purchase agreement signed on 28 November 2006 for a purchase consideration of RM163,584,000 (RMB360 million), satisfied by cash. Arising from this acquisition, the Group recognised a RM336,996,000 negative goodwill, being the excess of the net fair value of the assets acquired and liabilities assumed over the cost of acquisition, in the Group income statement for the year ended 31 December 2007. The acquisition was accounted for using the acquisition method of accounting.

(ii) Press Metal Sarawak Sdn. Bhd. ("PMSSB")

On 11 July 2007, the Company acquired 80% equity interest in PMSSB via the subscription of 8 ordinary shares of RM1 each at par. The subsidiary was dormant at year end. The intended principal activity of the subsidiary is to manufacture and trade in aluminium products.

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

Acquisition of subsidiaries in 2007 *cont'd*

(iii) K3 Metal Trading (JB) Sdn. Bhd. ("K3JB")

A subsidiary, K3 Metal Service Centre Sdn. Bhd., acquired 200,000 ordinary shares of RM1 each in K3JB (formerly known as Sam's Metal Trading (JB) Sdn. Bhd.), representing the entire equity interest of the issued and paid up capital of K3JB for a consideration of RM275,938. The acquisition was accounted for using the acquisition method of accounting.

The effect on net profit and net assets contributed by the company acquired from the date of acquisition up to the year ended 31 December 2007 was not material in relation to the consolidated net profit and net assets of the Group for 2007.

Acquisition of subsidiary in 2006

(i) K3 Metal Services Centre Sdn. Bhd.

On 30 March 2006, the Company acquired 51% 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.

Disposal of subsidiaries in 2007

(i) ML Metal Trading Sdn. Bhd. ("MLMT")

On 19 July 2007, a subsidiary, K3 Metal Service Centre Sdn. Bhd. disposed of 510,000 ordinary shares of RM1.00 each in MLMT, representing 51% of the issued paid up capital of MLMT for a cash consideration of RM1,260,995.

(ii) Sam's Metal Trading (Kuantan) Sdn. Bhd. ("SMTK")

On 19 July 2007, K3 Metal Service Centre Sdn. Bhd. disposed of 1,800,000 ordinary shares of RM1.00 each in SMTK, representing 53% of the issued and paid up capital of SMTK for a cash consideration of RM3,233,111.

The financial effects of the acquisition and disposal of subsidiaries are disclosed in Note 29 and Note 30 respectively.

8. INVESTMENT IN ASSOCIATE

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At cost:				
Quoted shares in Malaysia	11,812	11,812	11,812	11,812
Share of post-acquisition reserves	10,517	8,763	-	-
	22,329	20,575	11,812	11,812
Market value:				
Quoted shares in Malaysia	17,607	10,523	17,607	10,523

Notes to the Financial Statements

8. INVESTMENT IN ASSOCIATE *cont'd*

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

GROUP & COMPANY

	EFFECTIVE OWNERSHIP INTEREST	REVENUES	PROFIT	TOTAL ASSETS	TOTAL LIABILITIES
	%	(100%)	(100%)	(100%)	(100%)
2007					
PMB Technology Berhad	27.72	350,699	11,572	268,355	188,498
2006					
PMB Technology Berhad	26.84	300,928	5,832	241,070	167,585

9. OTHER INVESTMENTS

	GROUP	
	2007 RM'000	2006 RM'000
Non-current		
At cost:		
Unquoted shares – foreign	2,140	-

10. DEFERRED TAX ASSETS AND LIABILITIES**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
GROUP	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Property, plant and equipment	140	26	(79,553)	(18,287)	(79,413)	(18,261)
Provisions	382	293	-	-	382	293
Tax loss carry-forwards	1,162	1,289	-	-	1,162	1,289
Other items	2,259	47	-	(1,885)	2,259	(1,838)
Tax assets/(liabilities)	3,943	1,655	(79,553)	(20,172)	(75,610)	(18,517)
Set off	(2,239)	-	2,239	-	-	-
Net tax assets/(liabilities)	1,704	1,655	(77,314)	(20,172)	(75,610)	(18,517)

10. DEFERRED TAX ASSETS AND LIABILITIES *cont'd***Recognised deferred tax assets and liabilities** *cont'd*

Deferred tax assets and liabilities are attributable to the following:

	ASSETS		LIABILITIES		NET	
COMPANY	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Property, plant and equipment	-	-	(18,183)	(18,227)	(18,183)	(18,227)
Other items	-	-	2,239	(1,885)	2,239	(1,885)
Net tax liabilities	-	-	(15,944)	(20,112)	(15,944)	(20,112)

Unrecognised deferred tax assets

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

	GROUP	
	2007 RM'000	2006 RM'000
Taxable temporary differences	(3,984)	(4,244)
Unabsorbed capital allowances	7,716	7,433
Tax loss carry-forwards	4,485	4,150
	8,217	7,339

The 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.

Notes to the Financial Statements

10. DEFERRED TAX ASSETS AND LIABILITIES *cont'd***Movement in temporary differences during the year**

GROUP	AT 1.1.2006 RM'000	RECOGNISED IN INCOME STATEMENT (NOTE 20) RM'000	ACQUISITION OF SUBSIDIARY (NOTE 29) RM'000	AT 31.12.2006 RM'000	RECOGNISED IN INCOME STATEMENT (NOTE 20) RM'000	ACQUISITION OF SUBSIDIARY (NOTE 29) RM'000	AT 31.12.2007 RM'000
Property, plant and equipment	(17,064)	(1,069)	(128)	(18,261)	3,396	(64,548)	(79,413)
Provisions	125	168	-	293	89	-	382
Tax loss carry forwards	574	715	-	1,289	(127)	-	1,162
Other items	1,436	(3,274)	-	(1,838)	1,362	2,735	2,259
	(14,929)	(3,460)	(128)	(18,517)	4,720	(61,813)	(75,610)

COMPANY

Property, plant and equipment	(18,006)	(221)	-	(18,227)	44	-	(18,183)
Other items	1,343	(3,228)	-	(1,885)	4,124	-	2,239
	(16,663)	(3,449)	-	(20,112)	4,168	-	(15,944)

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		GROUP		COMPANY	
	NOTE	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade					
Trade receivables		280,848	191,925	73,658	67,329
Less: Allowance for doubtful debts		(9,093)	(2,921)	(5,385)	(1,711)
		271,755	189,004	68,273	65,618
Amounts due from subsidiaries	11.1	-	-	159,566	115,160
Amount due from associate	11.1	28,215	18,204	28,062	17,905
		299,970	207,208	255,901	198,683
Non-trade					
Other receivables	11.2	27,102	23,056	1,125	2,095
Deposits	11.2	56,647	15,755	14,568	3,246
Prepayments		9,998	1,180	450	14
Amounts due from subsidiaries	11.1	-	-	132,131	63,226
		93,747	39,991	148,274	68,581
	11.3	393,717	247,199	404,175	267,264

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS *cont'd***11.1 Intra-group balances**

The trade balances due from subsidiaries are subject to the normal trade terms.

The non-trade amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

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

11.2 Other receivables, deposits and prepayments

Included in other receivables of the Group are:-

- (i) an amount due from a corporate shareholder amounting to RM2,000,000 (2006 - 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 RM10,500,000 (2006 – RM8,570,000).

11.3 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows:

FUNCTIONAL CURRENCY	FOREIGN CURRENCY	GROUP		COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
RM	AUD	-	-	35,672	38,493
RM	GBP	-	-	114,230	67,055
RM	SGD	8,300	9,118	6,711	7,636
RM	USD	24,108	13,557	35,232	13,022
RMB	USD	117,002	101,220	-	-
RMB	EUR	268	-	-	-
RMB	SGD	746	950	-	-

Notes to the Financial Statements

12. INVENTORIES

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At cost:				
Raw materials	110,288	34,540	28,017	24,074
Work-in-progress	15,248	9,384	5,790	4,085
Finished goods	122,973	97,410	6,040	5,973
Packaging materials	624	291	-	-
Consumable parts	395	90	-	-
Inventory-in-transit	-	20,572	-	12,990
	249,528	162,287	39,847	47,122

13. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deposits placed with licensed banks	4,620	6,421	687	687
Cash and bank balances	105,841	49,221	7,719	18,118
	110,461	55,642	8,406	18,805

Included in the Group's deposits placed with licensed banks is RM240,000 (2006 – RM1,648,220) pledged for bank facilities granted to a subsidiary.

Cash and cash equivalents that are not in the functional currencies of the Group entities are as follows:

		GROUP		COMPANY	
Functional currency	Foreign currency	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
RM	AUD	17	16	17	16
RM	USD	1,278	628	1,278	628
RM	SGD	844	1,641	450	1,129
RM	GBP	290	20	290	20
RM	RMB	4	-	4	-
RM	EUR	5	-	5	-
RMB	USD	16,505	11,375	-	-

14. SHARE CAPITAL AND RESERVES

14.1 Share capital

GROUP AND COMPANY				
	Amount 2007 RM'000	Number of shares 2007 '000	Amount 2006 RM'000	Number of shares 2006 '000
Ordinary shares of RM0.50 each:				
Authorised	500,000	1,000,000	500,000	1,000,000
Issued and fully paid				
On issue at 1 January	160,214	320,428	159,954	319,908
Issue of shares under the Employees' Share Option Scheme	6,056	12,112	260	520
Issue of shares under private placements	15,995	31,990	-	-
On issue at 31 December	182,265	364,530	160,214	320,428

14.2 Translation reserve

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

14.3 Share premium

	GROUP/COMPANY	
	2007 RM'000	2006 RM'000
At 1 January	6	6
Arising from share issued		
- pursuant to private placements	1,149	-
- pursuant to the exercise of share options	28	-
Share based payments	2,918	-
At 31 December	4,101	6

14.4 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

14.5 Retained earnings

The Group retained earnings for the year is inclusive of negative goodwill amounting to RM336,996,000 which arose from the acquisition of a subsidiary as disclosed in Note 29 to the financial statements.

14. SHARE CAPITAL AND RESERVES *cont'd***14.6 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 2007 if paid out as dividends.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

15. LOANS AND 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 24.

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-current				
Term loans (unsecured)	108,178	35,208	59,607	-
Term loans (secured)	9,922	17,299	-	370
Hire purchase liabilities	3,567	3,407	635	315
	121,667	55,914	60,242	685
Current				
Term loans (unsecured)	125,315	56,522	-	-
Term loans (secured)	5,868	6,523	410	473
Bankers' acceptances/ Bills payable (unsecured)	267,770	220,700	205,873	168,508
Bankers' acceptances/ Bills payable (secured)	4,257	10,591	-	-
Revolving credit (unsecured)	38,523	15,000	30,000	15,000
Revolving credit (secured)	3,295	3,527	-	-
Hire purchase liabilities	1,907	2,424	403	1,067
Bank overdrafts (unsecured)	3,070	6,359	-	3,268
Bank overdrafts (secured)	404	861	-	-
	450,409	322,507	236,686	188,316
	572,076	378,421	296,928	189,001

15.1 Bills payable, bankers' acceptances, bank overdrafts and revolving credit**Secured**

- (i) Bankers' acceptances/bills payable amounting to RM4,257,000 (2006 – RM10,591,000) bearing interest at 4.2% per annum (2006 – ranging from 4.20% to 5.93% per annum) are secured by a charge on property of certain Directors, a subsidiary's land and building, pledge of deposits placed with licensed bank of a subsidiary and certain Directors of a subsidiary, guarantee by certain Directors of the subsidiary and third party's shares.
- (ii) Revolving credit amounting to RM3,295,000 (2006 – RM3,527,000) is secured by an irrevocable standby letter of credit issued by a bank and bears interest at 6% (2006 – 6.00%) per annum.
- (iii) The bank overdrafts of the Group are secured by corporate guarantees from the Company and registered first debenture over the fixed and floating assets of a subsidiary, and bear interest at 1.5% (2006 – 1.5%) per annum above the bank's base lending rate and payable within 1 year.

15. LOANS AND BORROWINGS *cont'd***15.2 Term loans**

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Loan 1 (secured)	410	843	410	843
Loan 2 (unsecured)	59,607	-	59,607	-
Loans of subsidiaries				
- secured	15,380	22,979	-	-
- unsecured	173,886	91,730	-	-
	249,283	115,552	60,017	843

Loan 1 is an Islamic debt facility secured by the property, plant and equipment of the Company and bears a yield payable of 3.9% (2006 – 3.6%) per annum. The loan is repayable by 60 monthly instalments commencing December 2004.

Loan 2 (2006 – Nil) is an unsecured term loan which bears interest at 6.2% (2006 – Nil) per annum. The loan is repayable by 36 installments of USD500,000 each, the first to commence on the 25th month following the first drawdown in December 2007.

Term loans of subsidiaries consist of the following:

Secured

- (i) Loan amounting to RM407,000 (2006 – Nil) secured by a corporate guarantee from the Company and over a building with a carrying amount of RM1,041,000. The loan is subject to an interest rate of 4.18% per annum for the first 12 installments, 6.75% per annum for the subsequent 12 installments and 1% above the base lending rate for the remaining period.
- (ii) Loan amounting to RM873,000 (2006 – RM939,000) secured by a charge over a subsidiary's freehold property. The loan bears interest at 2% (2006 – 2%) per annum over the bank's base lending rate.
- (iii) Loan amounting to RM14,100,000 (2006 – RM21,407,000) secured by debentures over the inventories and receivables of a subsidiary and a corporate guarantee from the Company. The loan bears interest at 7% (2006 – 6.53%) per annum.

Unsecured

- (iv) Loan amounting to RM15,714,000 (2006 – NIL) backed by a corporate guarantee from the Company. The loan bears interest at 8.36% per annum (2006 – NIL).
- (v) Loan amounting to RM2,523,000 (2006 – RM2,246,000) backed by a corporate guarantee from the Company. The loan bears interest rates at 8.29% (2006 – 7.55%) per annum.
- (vi) Loan amounting to RM32,857,000 (2006 – RM35,208,000) backed by a corporate guarantee from the Company. The loan bears interest at 6% (2006 – 6%) per annum.
- (vii) Loan amounting to RM122,792,000 (2006 – RM54,275,000) backed by a corporate guarantee from the Company. The loan bears interest at 5.75% to 7.29% per annum (2006 – 5.02%).

Notes to the Financial Statements

15. LOANS AND BORROWINGS *cont'd***15.2 Term loans** *cont'd***2006 - Secured**

- (ix) As at 31 December 2006, a loan of RM607,000 was secured by leasehold land, buildings, third party's shares and fixed deposits of a subsidiary. The loan bore interest ranging from 7.35% to 10.90% per annum.
- (x) As at 31 December 2006, a loan of RM26,000 was secured by a corporate guarantee from the Company and charges over a subsidiary's leasehold land. The loan bore interest at 1.75% (2006 - 1.75%) per annum above the bank's base lending rate.

15.3 Hire purchase liabilities

The hire purchase liabilities are subject to flat interest rates ranging from 2.34% to 8.46% (2006 - 2.54% to 8.64%) per annum.

Hire purchase liabilities are payable as follows:

GROUP	PAYMENTS 2007 RM'000	INTEREST 2007 RM'000	PRINCIPAL 2007 RM'000	PAYMENTS 2006 RM'000	INTEREST 2006 RM'000	PRINCIPAL 2006 RM'000
Less than one year	2,452	(545)	1,907	2,744	(320)	2,424
Between one and five years	4,374	(807)	3,567	3,955	(548)	3,407
	6,826	(1,352)	5,474	6,699	(868)	5,831

COMPANY	PAYMENTS 2007 RM'000	INTEREST 2007 RM'000	PRINCIPAL 2007 RM'000	PAYMENTS 2006 RM'000	INTEREST 2006 RM'000	PRINCIPAL 2006 RM'000
Less than one year	452	(49)	403	1,121	(54)	1,067
Between one and five years	727	(92)	635	461	(146)	315
	1,179	(141)	1,038	1,582	(200)	1,382

15. LOANS AND BORROWINGS *cont'd***15.4 Terms and debts repayment schedule**

GROUP	YEAR OF MATURITY	CARRYING AMOUNT RM'000	UNDER 1 YEAR RM'000	1 - 2 YEARS RM'000	2 - 5 YEARS RM'000	OVER 5 YEARS RM'000
2007						
Term loans (unsecured)	2008 – 2014	233,493	125,315	6,571	81,892	19,715
Term loans (secured)	2008 – 2022	15,790	5,868	5,460	4,151	311
Bankers' acceptances/ Bills payable (unsecured)	2008	267,770	267,770	-	-	-
Bankers' acceptances/ Bills payable (secured)	2008	4,257	4,257	-	-	-
Revolving credit (unsecured)	2008	38,523	38,523	-	-	-
Revolving credit (secured)	2008	3,295	3,295	-	-	-
Hire purchase liabilities	2008 – 2013	5,474	1,907	1,847	1,646	74
Bank overdrafts (unsecured)	2008	3,070	3,070	-	-	-
Bank overdrafts (secured)	2008	404	404	-	-	-
		572,076	450,409	13,878	87,689	20,100
2006						
Term loans (unsecured)	2007 – 2012	91,730	56,522	7,042	21,126	7,040
Term loans (secured)	2012	23,822	6,523	6,404	10,895	-
Bankers' acceptances/ Bills payable (unsecured)	2007	220,700	220,700	-	-	-
Bankers' acceptances/ Bills payable (secured)	2007	10,591	10,591	-	-	-
Revolving credit (unsecured)	2007	15,000	15,000	-	-	-
Revolving credit (secured)	2007	3,527	3,527	-	-	-
Hire purchase liabilities	2007 – 2012	5,831	2,424	1,338	2,007	62
Bank overdrafts (unsecured)	2007	6,359	6,359	-	-	-
Bank overdrafts (secured)	2007	861	861	-	-	-
		378,421	322,507	14,784	34,028	7,102

Notes to the Financial Statements

15. LOANS AND BORROWINGS *cont'd***15.4 Terms and debts repayment schedule** *cont'd*

COMPANY	YEAR OF MATURITY	CARRYING AMOUNT RM'000	UNDER 1 YEAR RM'000	1 - 2 YEARS RM'000	2 - 5 YEARS RM'000	OVER 5 YEARS RM'000
2007						
Term loans (unsecured)	2012	59,607	-	-	59,607	-
Term loans (secured)	2008	410	410	-	-	-
Bankers' acceptances/ Bills payable (unsecured)	2008	205,873	205,873	-	-	-
Revolving credit (unsecured)	2008	30,000	30,000	-	-	-
Hire purchase liabilities	2008-2012	1,038	403	403	232	-
		296,928	236,686	403	59,839	-

COMPANY	YEAR OF MATURITY	CARRYING AMOUNT RM'000	UNDER 1 YEAR RM'000	1 - 2 YEARS RM'000	2 - 5 YEARS RM'000	OVER 5 YEARS RM'000
2006						
Term loans (secured)	2008	843	433	410	-	-
Hire purchase liabilities	2007 - 2011	1,382	1,067	193	122	-
Bankers' acceptances/ Bills payable (unsecured)	2007	168,508	168,508	-	-	-
Revolving credit (unsecured)	2007	15,000	15,000	-	-	-
Bank overdrafts (unsecured)	2007	3,268	3,268	-	-	-
		189,001	188,276	603	122	-

16. PAYABLES AND ACCRUALS

NOTE	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade				
Trade payables	58,498	56,788	13,075	27,153
Amounts due to subsidiaries	16.1	-	87,670	20,872
Amount due to associate	16.1	20,738	5,730	10,968
	76,784	77,526	106,475	58,993

Notes to the Financial Statements

16. PAYABLES AND ACCRUALS *cont'd*

		GROUP		COMPANY	
	NOTE	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current					
Non-trade					
Amounts due to subsidiaries	16.1	-	-	11,903	13,676
Other payables	16.2	100,485	18,761	54,598	7,491
Accrued expenses		25,818	6,326	2,768	2,300
		126,303	25,087	69,269	23,467
	16.3	203,087	102,613	175,744	82,460
Non-current					
Non-trade					
Amounts due to subsidiary	16.1	-	-	71,420	-

16.1 Intra-group balances

The trade balances due to subsidiaries and associate are subject to the normal trade terms.

The non-trade balances due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

16.2 Other payables

Included in other payables of the Group are:-

- (i) an amount due to Directors of RM164,223 (2006 – RM524,323). These amounts are unsecured, interest free and have no fixed terms of repayment.
- (ii) the remaining 30% of the purchase consideration for the acquisition of a subsidiary, Hubei Press Metal Huasheng Aluminium-Electric Co., Ltd. amounting to RM49,095,000 (2006 – NIL).
- (iii) an amount payable to contractors of RM31,738,000 (2006 – NIL) in relation to the construction of a plant in China.

16.3 Analysis of foreign currency exposure for significant payables

Significant payables that are not in the functional currencies of the Group entities are as follows:

		GROUP		COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Functional currency	Foreign currency				
RM	RMB	-	-	120,515	467
RM	USD	5,657	18,034	93,314	40,011

Notes to the Financial Statements

17. REVENUE

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue				
Sales	1,324,973	659,147	684,886	489,452
Services	3,376	3,334	-	-
Land held for development	-	974	-	-
	1,328,349	663,455	684,886	489,452

18. OPERATING PROFIT

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Operating profit is arrived at after charging:				
Allowance for doubtful debts	6,233	1,540	3,674	1,002
Allowance for inventory obsolescence	399	74	-	-
Auditors' remuneration:				
- Auditors of the holding company	150	93	55	35
- Other auditors	208	163	-	-
Bad debts written off	316	369	448	-
Depreciation of property, plant and equipment	70,582	18,126	13,063	12,671
Depreciation of investment properties	95	83	-	-
Amortisation of prepaid lease payments	344	187	33	-
Unrealised foreign exchange loss	8,687	-	8,613	-
Finance costs:				
- Bank overdrafts	593	2,807	333	313
- Term loans	15,802	3,700	780	126
- Other borrowings	11,783	11,563	11,411	9,933
Loss on disposal of property, plant and equipment	4	-	4	-
Loss on disposal of investment properties	-	18	-	-
Loss on disposal of subsidiaries	915	-	-	-
Personnel expenses (including key management personnel)				
- Contributions to Employee Provident Fund	2,383	3,372	961	958
- Wages, salaries and others	31,914	29,815	14,180	14,200
Property, plant and equipment written off	-	4	-	-
Investment property written off	17	-	-	-
Rental of equipment and machinery	465	1,633	306	312
Rental of premises	3,874	2,408	105	321
Share-based payments	2,918	-	2,918	-

Notes to the Financial Statements

18. OPERATING PROFIT *cont'd*

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
and after crediting:				
Bad debts recovered	9	35	-	-
Reversal of allowance for doubtful debts	61	-	-	-
Dividend income	-	-	235	232
Interest income	470	168	-	-
Realised foreign exchange gain	11,707	3,867	11,632	4,595
Unrealised foreign exchange gain	-	6,963	-	6,983
Gain on disposal of property, plant and equipment	1,995	38	-	7
Income from rental of premises	279	211	-	-
Negative goodwill arising from acquisition of subsidiary	336,996	-	-	-

19. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Directors				
- Fees	241	207	170	148
- Remuneration	3,449	2,376	1,322	988
Total short-term employee benefits	3,690	2,583	1,492	1,136
Share-based payments	1,207	-	1,207	-
	4,897	2,583	2,699	1,136

Notes to the Financial Statements

20. TAX EXPENSE*Recognised in the income statement*

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current tax expense				
Malaysian - current year	6,877	3,245	5,794	1,151
- prior year	(13)	(529)	131	(543)
Overseas - current year	230	-	-	-
- prior year	8	-	-	-
	7,102	2,716	5,925	608
Deferred tax expense				
Origination and reversal of temporary differences	(3,954)	3,967	(3,659)	4,059
(Over)/under provided in prior year	(19)	-	245	-
Effect of changes in tax rate*	(747)	(507)	(754)	(610)
	(4,720)	3,460	(4,168)	3,449
Total tax expense	2,382	6,176	1,757	4,057
Reconciliation of tax expense				
Profit before tax	444,116	27,791	24,140	24,378
Tax at Malaysian tax rate of 27% (2006 – 28%)	119,911	7,781	6,518	6,826
Effect of lower tax rate for certain subsidiaries in Malaysia*	(16)	-	-	-
Effect of changes in tax rate**	(747)	(507)	(754)	(610)
Effect of tax rates in foreign jurisdictions	296	170	-	-
Difference in effective tax rate of equity accounted associate	(776)	-	-	-
Non-deductible expenses	2,525	2,219	2,089	1,900
Non-taxable income***	(111,697)	(176)	-	-
Utilisation of reinvestment allowances	(7,024)	(2,105)	(6,613)	(2,534)
Recognition of deferred tax assets previously not recognised	(11)	(117)	-	-
Current year losses for which no deferred tax asset was recognised	90	-	-	-
Other items	(145)	(560)	141	(982)
	2,406	6,705	1,381	4,600
(Over)/under provided in prior year	(24)	(529)	376	(543)
Tax expense	2,382	6,176	1,757	4,057

Notes to the Financial Statements

20. TAX EXPENSE *cont'd*

- * With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.
- ** The corporate tax rate are at 27% for year of assessment 2007 and 26% for year of assessment 2008. Consequently, deferred tax assets and liabilities are measured using this tax rate.
- *** Non-taxable income comprises:-
- (i) negative goodwill of approximately RM337 million arising from the acquisition of Hubei Press Metal Huasheng Aluminium and Electricity Co., Ltd..
 - (ii) the income derived from the subsidiaries operating in the People's Republic of China is tax exempt for a period of 2 years from the date of commencement. 50% tax deduction is granted for the subsequent 3 years.

21. EARNINGS PER ORDINARY SHARE**Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share for the year ended 31 December 2007 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	GROUP	
	2007 RM'000	2006 RM'000
Profit for the year attributable to ordinary shareholders	434,347	19,768

Weighted average number of ordinary shares:

	GROUP	
	2007 '000	2006 '000
Issued ordinary shares at 1 January	320,428	319,908
Effect of options exercised under ESOS during the year	8,330	19
Effect of shares issued under private placements	30,077	-
Weighted average number of ordinary shares at 31 December	358,835	319,927

	GROUP	
	2007 Sen	2006 Sen
Basic earnings per ordinary share		
- before recognition of negative goodwill	27.13	6.18
- after recognition of negative goodwill	121.04	N/A

N/A – Not applicable

Notes to the Financial Statements

21. EARNINGS PER ORDINARY SHARE *cont'd***Diluted earnings per ordinary share**

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

22. DIVIDENDS

Dividends recognised in the current year by the Company are:

	SEN (NET OF TAX)	TOTAL AMOUNT RM'000	DATE OF PAYMENT
2007			
Interim 2007 ordinary	1.095	3,991	12 October 2007
Final 2006 ordinary	1.095	3,991	31 July 2007
2006			
Final 2005 ordinary	0.72	2,303	14 July 2006

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 2007 ordinary	1.48	5,394

23. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

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, investment property and prepaid lease payments (leasehold land).

Business segments

The Group comprises the following main business segments:

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

23. SEGMENTAL INFORMATION *cont'd*

Geographical segments

The manufacturing and 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 and segment assets are based on the geographical location of the assets.

	MANUFACTURING AND TRADING		CONTRACTING AND FABRICATION		PROPERTY DEVELOPMENT		RECYCLING AND WASTE TREATMENT		ELIMINATIONS		CONSOLIDATED	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Business segments												
Total revenue	1,287,076	639,234	38,205	19,441	-	3,334	3,068	1,446	-	-	1,328,349	663,455
Inter-segment revenue	1,016,125	327,702	7,998	19	-	-	308	477	(1,024,431)	(328,198)	-	-
Total segment revenue	2,303,201	966,936	46,203	19,460	-	3,334	3,376	1,923	(1,024,431)	(328,198)	1,328,349	663,455
Segment result	131,175	44,785	955	459	(580)	(54)	87	463	85	(1,525)	131,722	44,128
Share of profit after tax of equity accounted associate											3,106	1,565
Interest income											470	168
Finance costs											(28,178)	(18,070)
Tax expense											(2,382)	(6,176)
Negative goodwill											336,996	-
Profit for the year											441,734	21,615
Segment assets											1,578,961	698,586
Investment in associate								11,005	(837,475)	(224,906)	22,329	20,575
Unallocated assets											-	24,565
											1,601,290	743,726
Segment liabilities											858,452	481,034
Unallocated liabilities								8,475	(671,132)	(215,298)	-	22,142
											858,452	503,176

Notes to the Financial Statements

23. SEGMENTAL INFORMATION cont'd

	MANUFACTURING AND TRADING		CONTRACTING AND FABRICATION		PROPERTY DEVELOPMENT		RECYCLING AND WASTE TREATMENT		ELIMINATIONS		CONSOLIDATED	
	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000 Restated
Capital expenditure												
- Property, plant and equipment	137,273	66,531	1,525	1,054	390	-	130	64	-	-	139,318	67,649
- Investment property	-	-	-	710	-	-	-	495	-	-	-	1,205
- Prepaid lease payments	7,750	7,163	-	-	-	-	-	-	-	-	7,750	7,163
	145,023	73,694	1,525	1,764	390	-	130	559	-	-	147,068	76,017
Depreciation and amortisation												
- Property, plant and equipment	68,951	16,881	646	403	76	124	909	905	-	-	70,582	18,313
- Investment property	-	-	88	83	-	-	7	-	-	-	95	83
- Prepaid lease payments	322	165	18	18	4	4	-	-	-	-	344	187
	69,273	17,046	752	504	80	128	916	905	-	-	71,021	18,583

Notes to the Financial Statements

23. SEGMENTAL INFORMATION *cont'd*

	MALAYSIA			ASIA REGION		EUROPE REGION		ASIA PACIFIC REGION		ADJUSTMENTS		CONSOLIDATED	
	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000 Restated
Geographical segments													
Revenue from external customers	518,393	420,455	539,990	77,397	192,020	100,007	65,596	77,946	65,596	-	-	1,328,349	663,455
Segment assets	941,959	634,531	1,299,649	179,359	129,683	99,449	34,718	45,145	34,718	(837,475)	(224,906)	1,577,961	723,151
Investment in associate												22,329	20,575
												1,601,290	743,726
Capital expenditure													
- Property, plant and equipment	13,916	23,120	123,551	30,203	673	13,850	476	1,178	476	-	-	139,318	67,649
- Investment property	-	1,205	-	-	-	-	-	-	-	-	-	-	1,205
- Prepaid lease payments	7,750	-	-	7,163	-	-	-	-	-	-	-	7,750	7,163
	21,666	24,325	123,551	37,366	673	13,850	476	1,178	476	-	-	147,068	76,017

24. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

Credit risk

The Group exposure to credit risk arises through their trade receivables. Management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through review of trade 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 trade receivables presented in the balance sheets.

Interest rate risk

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

Foreign currency risk

The Group's exposure to foreign currency risk on sales and purchases that are denominated in a currency other than the Group entities' functional currency. The currencies giving rise to this risk are primarily Singapore dollars, Australian dollars, Great Britain Sterling pound, US dollars, Renminbi and Euro dollar. The Group actively monitors its exposure to foreign currency risk and purchases forward currency contracts to mitigate the risk when the need arises.

The Group is also exposed to foreign currency risk in respect of Group entities' 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.

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS *cont'd***Effective interest rates and repricing analysis**

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which mature, or if earlier, reprice.

GROUP	NOTE	AVERAGE EFFECTIVE INTEREST RATE %	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
2007									
Financial assets									
Deposits placed with licensed banks	13	2.90 – 3.80	4,620	4,620	-	-	-	-	-
Financial liabilities									
Term loans	15	4.18 – 6.00	(249,283)	(131,183)	(12,031)	(35,789)	(25,127)	(25,127)	(20,026)
Bankers' acceptances/ Bills payable	15	4.02 – 5.64	(272,027)	(272,027)	-	-	-	-	-
Revolving credit	15	5.18	(41,818)	(41,818)	-	-	-	-	-
Bank overdrafts	15	7.75 – 8.25	(3,474)	(3,474)	-	-	-	-	-
			(566,602)	(448,502)	(12,031)	(35,789)	(25,127)	(25,127)	(20,026)
2006									
Financial assets									
Deposits placed with licensed banks	13	3.32	6,421	6,421	-	-	-	-	-
Financial liabilities									
Term loans	15	6.24 – 10.90	(115,552)	(63,045)	(13,446)	(13,076)	(11,802)	(7,143)	(7,040)
Bankers' acceptance/ Bills payable	15	4.02 – 5.64	(231,291)	(231,291)	-	-	-	-	-
Revolving credit	15	5.14	(18,527)	(18,527)	-	-	-	-	-
Bank overdrafts	15	7.71	(7,220)	(7,220)	-	-	-	-	-
			(372,590)	(320,083)	(13,446)	(13,076)	(11,802)	(7,143)	(7,040)

24. FINANCIAL INSTRUMENTS *cont'd*

COMPANY 2007	NOTE	AVERAGE EFFECTIVE INTEREST RATE %	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
Financial assets									
Deposits placed with licensed bank	13	3.10	687	687	-	-	-	-	-
Financial liabilities									
Term loans	15	6.20	(60,017)	(410)	-	(19,869)	(19,869)	(19,869)	-
Bankers' acceptance/ Bills payable	15	4.15-4.85	(205,873)	(205,873)	-	-	-	-	-
Revolving credit	15	3.43	(30,000)	(30,000)	-	-	-	-	-
			(295,890)	(236,283)	-	(19,869)	(19,869)	(19,869)	-
2006									
Financial assets									
Deposits placed with licensed bank	13	3.67	687	687	-	-	-	-	-
Floating rate instruments									
Term loans	15	3.65	(843)	(473)	(370)	-	-	-	-
Bank overdrafts	15	7.28	(3,268)	(3,268)	-	-	-	-	-
Bills payable	15	4.39	(168,508)	(168,508)	-	-	-	-	-
Revolving credit	15	4.94	(15,000)	(15,000)	-	-	-	-	-
			(187,619)	(187,249)	(370)	-	-	-	-

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.

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS *cont'd***Fair values** *cont'd*

The aggregate fair values of other financial assets, together with the carrying amounts shown in the balance sheets, are as follows:

GROUP	2007		2006	
	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
Financial assets				
Investment in associate	22,329	17,607	20,575	10,523
COMPANY				
Financial asset				
Investment in associate	11,812	17,607	11,812	10,523

The fair value of the investment in associate is based on the quoted closing market price at the balance sheet date without any deduction for transaction costs.

The fair values of other financial liabilities together with the carrying amounts shown in the balance sheets, are as follows:

GROUP	2007		2006	
	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
Financial liabilities				
Term loans	249,283	249,283	115,965	115,965
COMPANY				
Financial liabilities				
Term loans	60,017	60,017	843	875

The fair values of the term loans approximate their carrying amounts as most of these loans were drawdown during the year.

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS *cont'd***Unrecognised financial instruments**

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

The contracted amount and fair value of financial instruments not recognised in the balance sheet are as follows:

	GROUP AND COMPANY			
	2007 CONTRACTED AMOUNT RM'000	2007 FAIR VALUE RM'000	2006 CONTRACTED AMOUNT RM'000	2006 FAIR VALUE RM'000
Forward exchange contract				
Forward exchange contracts (in AUD)	1,454	4	-	-

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate.

25. CAPITAL COMMITMENT

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Property, plant and equipment				
Contracted but not provided for	152,813	1,131	-	466

The capital commitment relates to the construction of second phase of the Group's plant in China.

26. CONTINGENT LIABILITIES - UNSECURED

	COMPANY	
	2007 RM'000	2006 RM'000
Guarantees given to financial institutions for facilities granted to subsidiaries	266,455	190,332
Guarantee given to supplier for purchases by subsidiary	2,549	1,025
	269,004	191,357

27. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Less than one year	2,638	621	-	-
Between one and five years	6,485	557	-	-
More than five years	-	-	-	-
	9,123	1,178	-	-

28. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company 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 or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those person having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group.

The Group has a related party relationship with its subsidiaries (see Note 7), associate (see Note 8), and companies in which shareholders have interest as stated below.

Other related party relationship

- i) CF Aluminium Sdn. Bhd. ("CFA"), a company in which Kwan Shin@ Kuan Nyong Hin has interest.
- ii) Chin Foh Trading Sdn. Bhd. ("CFT"), a company in which Kwan Shin@ Kuan Nyong Hin has interest.

Notes to the Financial Statements

28. RELATED PARTIES *cont'd*

The significant related party transactions of the Group, other than key management personnel compensation, are as follows:

2007	TRANSACTIONS AMOUNT FOR THE YEAR ENDED 31 DECEMBER RM'000	GROSS BALANCE OUTSTANDING AT 31 DECEMBER RM'000	NET BALANCE OUTSTANDING AT 31 DECEMBER RM'000	ALLOWANCE FOR DOUBTFUL RECEIVABLES AT 31 DECEMBER RM'000
GROUP				
Trade				
Sales				
CFA	-	604	-	(604)
CFT	-	10,423	7,706	(2,717)
Associates	98,546	28,215	28,215	-
Purchases				
CFA	-	-	-	-
CFT	-	(7,706)	-	-
Associates	(5,435)	(18,286)	(18,286)	-
Non-trade				
Director				
- rental of factory	(360)	-	-	-
2006				
Trade				
Sales				
CFA	-	545	-	(545)
CFT	-	9,215	9,206	(9)
Associates	87,745	18,204	18,204	-
Purchases				
CFA	-	-	-	-
CFT	-	(9,206)	-	-
Associates	(4,369)	(20,738)	(20,738)	-

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

29. ACQUISITIONS OF SUBSIDIARIES

Business combination

(a) *Hubei Press Metal Huasheng Aluminium-Electric Co., Ltd. ("HPM")*

The Company subscribed for 90% equity interest in HPM based on a sale and purchase agreement signed on 28 November 2006 for a purchase consideration of RM163,584,000 (RMB360 million), satisfied by cash. Arising from this acquisition, the Group recognised a RM336,996,000 negative goodwill, being the excess of the net fair value of the assets acquired and liabilities assumed over the cost of acquisition, in the Group's income statement for the year ended 31 December 2007. The acquisition was accounted for using the acquisition method of accounting.

From 1 January 2007 to 31 December 2007, the subsidiary contributed a profit of RM84,838,000 (excluding the recognition of negative goodwill) to the Group's results.

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

	PRE- ACQUISITION CARRYING AMOUNTS RM'000	FAIR VALUE ADJUSTMENTS RM'000	RECOGNISED VALUES ON ACQUISITION RM'000
Property, plant and equipment	468,050	(9,726)	458,324
Prepaid lease payments	-	49,984	49,984
Intangible assets	16,633	(16,633)	-
Other investments	2,140	-	2,140
Inventories	52,933	-	52,933
Receivables, deposits and prepayments	95,671	-	95,671
Cash and cash equivalents	31,854	-	31,854
Payables and accruals	(82,931)	30,991	(51,940)
Deferred tax liabilities	-	(61,813)	(61,813)
Net identifiable assets and liabilities	584,350	(7,197)	577,153
Minority interest			(57,715)
Negative goodwill on acquisition			(336,996)
Consideration paid, satisfied in cash (inclusive of incidental cost)			182,442
Cash acquired			(31,854)
Net cash outflow (including outstanding amounts of RM49,095,000, see Note 16)			150,588

Pre-acquisition carrying amounts were determined based on applicable FRSs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values.

The Group obtained control of the subsidiary on 4 January 2007, and has the ability to exercise its power to govern the financial and operating policies of the subsidiary. The remaining outstanding amounts relate to the transfer of land use rights from the authority.

29. ACQUISITIONS OF SUBSIDIARIES *cont'd***Business combination** *cont'd***(b) K3 Metal Service Centre Sdn. Bhd.**

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 2007, 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:

	PRE- ACQUISITION CARRYING ADJUSTMENTS RM'000	RECOGNISED VALUES ON ACQUISITION RM'000
Property, plant and equipment	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	<u>9,679</u>	9,679
Minority interest		(4,743)
Goodwill on acquisition		<u>(2,386)</u>
Consideration paid, satisfied in cash		2,550
Cash acquired		(4,158)
Bank overdraft		<u>771</u>
Net cash inflow		<u>(837)</u>

30. DISPOSAL OF SUBSIDIARIES

ML Metal Trading Sdn. Bhd. ("MLMT")

On 19 July 2007, a subsidiary, K3 Metal Service Centre Sdn. Bhd. disposed of 510,000 ordinary shares of RM1.00 each in MLMT, representing 51% of the issued paid up capital of MLMT for a cash consideration of RM1,260,995.

Disposal of ML Metal Trading Sdn. Bhd. and Sam's Metal Trading (Kuantan) Sdn. Bhd. had the following effect on the Group's operating results, assets and liabilities as at the date of disposal.

Income statement

The disposal did not have a significant impact to the results of the Group.

	AT DATE OF DISPOSAL RM'000
Balance sheet	
Non-current assets - Property, plant and equipment	4,564
Current assets	20,189
Current liabilities	(15,253)
Non-current liabilities	(1,026)
Net assets	8,474
Minority interest	(3,067)
Goodwill previously written off to income statement	(1,830)
Proceeds from disposal	(4,492)
Loss on disposal	(915)
Cash flow	RM'000
Proceeds from disposal	4,492
Less: Cash and cash equivalent of subsidiaries disposed	(578)
Group net cash inflow on disposal	3,914

31. EMPLOYEE BENEFITS

Share-based payments

(a) Former Employees' Share Option Scheme ("Former ESOS")

On 6 June 2002, the Group established a share option program for employees of the Group to purchase shares in the Company. In accordance with the program, options are exercisable at the market price of the shares at the date of grant.

The salient features of the Former ESOS 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.

31. EMPLOYEE BENEFITS *cont'd***Share-based payments** *cont'd***(a) Former Employees' Share Option Scheme ("Former ESOS")** *cont'd*

- (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 Bursa Malaysia Securities Berhad for the five trading days preceding the respective dates of the offer in writing to the grantee or at par value of the ordinary shares of the Company, whichever is higher.
- (iv) the options granted may be exercised on any working day between 6 June 2002 and 5 June 2007 upon giving notice in writing to the Company.
- (v) the options granted may be exercised according to the following scale:

Number of options granted (before share split)	Percentage of options exercisable				
	Year 1	Year 2	Year 3	Year 4	Year 5
6,201,556	20%	20%	20%	20%	20%

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

The Former ESOS expired during the financial year ended 31 December 2007.

(b) New Employees' Share Option Scheme ("New ESOS")

At an extraordinary general meeting held on 26 June 2007, the Company's shareholders approved the establishment of a New ESOS of not more than 10% of the issued share capital of the Company to eligible Directors and Employees of the Group, subsequent to the expiry of the Former ESOS on 5 June 2007.

The salient features of the New ESOS are as follows:

- (i) any eligible person of the Group shall be eligible to participate in the New ESOS, if as the date of offer, the employee:-
 - (a) has attained the eight of eighteen (18) years; and
 - (b) is a Malaysian and employed by any company within the Group (other than a company which is dormant).
- (ii) the option price shall be based on the weighted average market price of the Company's ordinary shares for the five (5) market days preceding the date of offer, with a discount of not more than ten per cent (10%), if deemed appropriate (subject to such adjustments in accordance with rules, terms and conditions of the New ESOS), or the par value of the Company's ordinary shares, which ever is higher.
- (iii) the New ESOS shall be in force for a period of five (5) years from the date of offer and may be extended to a duration of ten (10) years or such longer duration as permitted by the relevant authorities.

31. EMPLOYEE BENEFITS *cont'd***Share-based payments** *cont'd***(b) New Employees' Share Option Scheme ("New ESOS")** *cont'd*

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

Number of options granted	Percentage of options exercisable				
	Year 1	Year 2	Year 3	Year 4	Year 5
17,891,754	20%	20%	20%	20%	20%

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

2007

DATE OPTION GRANTED	DATE OF EXPIRY	EXERCISE PRICE RM	AT 1.1.2007 '000	GRANTED '000	LAPSED/ FORFEITED '000	EXERCISED '000	AT 31.12.2007 '000	EXERCISABLE AS AT 31.12.2007 '000
6.6.2002*	5.6.2007	0.525	16,465	-	(4,380)	(12,085)	-	-
26.6.2007	12.1.2012	1.50	-	17,892	-	(28)	17,864	1,761
			16,465	17,892	(4,380)	(12,113)	17,864	1,761

Weighted

average exercise

price (RM)

0.525 1.033 1.107 1.50 1.50 1.50

2006

DATE OPTION GRANTED	DATE OF EXPIRY	EXERCISE PRICE RM	AT 1.1.2007 '000	GRANTED '000	LAPSED/ FORFEITED '000	EXERCISED '000	AT 31.12.2007 '000	EXERCISABLE AS AT 31.12.2007 '000
6.6.2002*	5.6.2007	0.525	16,984	-	-	(519)	16,465	16,465

Weighted

average exercise

price (RM)

0.525 N/A N/A 0.525 0.525 0.525

* The recognition and measurement principles in FRS 2 have not been applied to these grants as they were granted prior to the effective date of FRS 2.

N/A – Not applicable

Notes to the Financial Statements

31. EMPLOYEE BENEFITS *cont'd***Share-based payments** *cont'd***(b) New Employees' Share Option Scheme ("New ESOS")** *cont'd*

The fair value of services received in return of share options granted is based on the fair value of share options granted, measured using the Black Scholes model, with the following inputs:

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS		2007
Weighted average fair value at grant date		RM0.815
Share price at grant date		RM1.69
Exercise price		RM1.50
Expected volatility		50%
Weighted average option life		5 years
Expected dividend yield		0.89%
EMPLOYEE EXPENSES GROUP		2007 RM'000
Share options granted in 2007		2,918
Total expense recognised as share-based payments (Note 18)		2,918
COMPANY		
Total expense recognised as share-based payments (Note 18)		2,918

32. COMPARATIVE FIGURES

The following comparative figures have been restated as a result of the adoption of FRS 117, *Leases*:

	GROUP		COMPANY	
	AS RESTATED RM'000	AS PREVIOUSLY STATED RM'000	AS RESTATED RM'000	AS PREVIOUSLY STATED RM'000
BALANCE SHEET				
Property, plant and equipment	212,469	228,629	-	-
Prepaid lease payments	16,160	-	-	-
CASH FLOW STATEMENTS				
Depreciation of property, plant and equipment	18,126	18,313	-	-
Amortisation of prepaid lease payments	187	-	-	-
Acquisition of property, plant and equipment	66,157	73,320	-	-
Acquisition of prepaid lease payments	7,163	-	-	-

List of Properties

held by the Group as at 31 December 2007

PROPRIETOR	LOCATION	DESCRIPTION/ AGE (YEAR)	EXISTING USE	TENURE	AREA	NET BOOK
					(SQUARE FEET)	VALUE 31/12/2007 RM'000
Press Metal Berhad	Lot 6464, Mukim Kapar Daerah Klang Selangor Darul Ehsan	Freehold land and building 14 years	Factory cum office	Freehold	217,000	7,971
Press Metal Berhad	Lot 6486, Mukim Kapar Daerah Klang Selangor Darul Ehsan	Freehold land and building 14 years	Factory cum office	Freehold	417,348	7,683
Press Metal Berhad	Lot 211 & 212 Block 293 Mukah Land	Leasehold land	Vacant	Leasehold for 99 years	44,913,337	7,717
Angkasa Jasa Sdn. Bhd.	Pt 7649, Cheras Jaya Mukim Cheras Daerah Ulu Langat Selangor Darul Ehsan	Leasehold land and building 19 years	Factory cum office	Leasehold for 99 years expiring 14 May 2088	44,584	3,834
Angkasa Jasa Sdn. Bhd.	Pantai Plaza, APH 20 Menara Atlas Kuala Lumpur	Commercial office suite 8 years	Tenanted	Freehold	5,339	2,314
Press Metal Berhad	HS (D) 85897, PTD 48325 Mukim Plentong Daerah Johor Bahru Johor Darul Takzim	Double storey shop house 5 years	Office cum warehouse	Freehold	6,893	868
Angkasa Jasa Sdn. Bhd.	Pantai Plaza, Tower 5 Suite No. 1002 Kuala Lumpur	Commercial office suite 9 years	Vacant	Freehold	1,392	776
Angkasa Jasa Sdn. Bhd.	Lot 73803, Mukim Klang, Selangor Darul Ehsan	Factory land and building	Tenanted	Freehold	6,628	692
Press Metal Berhad	PTD 48324, Mukim Plentong Daerah Johor Bahru Johor Darul Takzim	Double storey factory 13 years	Office cum warehouse	Freehold	8,288	434
BI-PMB Waste Management Sdn. Bhd.	Lot 73797, Mukim Klang, Daerah Klang, Selangor Darul Ehsan	1 1/2 Storey shop house 1 year	Tenanted	Freehold	6,631	340
Press Metal International Limited	Area C, Sanshui Industrial Park, Sanshui District, Foshan City, Guangdong Province, China	Leasehold land and building 2 years	Factory cum office buildings	Leasehold for 50 years	5,092,976	44,422

Analysis of Shareholdings

as at 16 April 2008

Authorised Share Capital	:	RM500,000,000
Issued and Paid-Up Share Capital	:	RM182,286,062.50
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	23	0.50	935	0.00
100 to 1,000	448	9.77	402,472	0.11
1,001 to 10,000	2,686	58.56	14,025,700	3.85
10,001 to 100,000	1,199	26.14	35,666,785	9.78
100,001 to less than 5% of issued shares	231	5.03	314,476,233	86.26
5% and above of issued shares	0	0.00	0	0
TOTAL	4,587	100.00	364,572,125	100.00

Directors' Shareholdings

as at 16 April 2008

←----- DIRECT -----→ ←----- INDIRECT -----→

NAME	NO. OF SHARES HELD	% OF ISSUED CAPITAL	NO. OF SHARES HELD	% OF ISSUED CAPITAL
Dato' Megat Abdul Rahman bin Megat Ahmad	17,219,410	4.72	360,000	0.10
Koon Poh Ming	26,971,739	7.40	-	-
Dato' Koon Poh Keong	47,427,479	13.01	+9,767,400	2.68
Kuan Shin @ Kuan Nyong Hin	597,805	0.16	@8,925,610	2.45
Tuan Haji Mohamad Faiz bin Abdul Hamid	118,665	0.03	-	-
Koon Poh Weng	10,100,040	2.77	^482,000	0.13
Koon Poh Kong	9,125,995	2.50	*17,000	0.00
Koon Poh Tat	8,310,000	2.28	#332,935	0.09
Loo Lean Hock	-	-	-	-
Tan Heng Kui	60,000	0.02	-	-

+ Deemed interested in the shares held by his spouse, Datin Khoo Ee Pheng

^ 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. and shares held by his spouse, Tan Kim Hiok and children Kuan Pek Woon, Kuan Pek Hooi and Kuan Pek Cheng

Substantial Shareholders

as per Register of Substantial Shareholders as at 16 April 2008

←----- DIRECT -----→ ←----- INDIRECT -----→

NAME	NO. OF SHARES HELD	% OF ISSUED CAPITAL	NO. OF SHARES HELD	% OF ISSUED CAPITAL
Kwan Yun Hong @ Kuan Onn Hing	13,500,000	3.70	#5,719,095	1.57
Dato' Koon Poh Keong	47,427,479	13.01	+9,767,400	2.68
Koon Poh Ming	26,971,739	7.40	-	-
Dato' Tan Ting Wong	18,591,600	5.10	*2,000,000	0.55

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.

+ Deemed interested in shares held by his spouse, Datin Khoo Ee Pheng

Thirty Largest Shareholders

as at 16 April 2008

	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED CAPITAL
1	M.I.T Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Koon Poh Ming</i>	15,927,649	4.37
2	Amsec Nominees (Tempatan) Sdn. Bhd. <i>Ambank (M) Berhad for Dato' Koon Poh Keong</i>	15,000,000	4.11
3	M.I.T Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Dato' Koon Poh Keong</i>	11,048,453	3.03
4	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledge Securities Account for Loh Kwi Yong</i>	10,790,150	2.96
5	Dato' Megat Abdul Rahman Bin Megat Ahmad	10,494,850	2.88
6	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>Sam's Metal Trading (Kuantan) Sdn. Bhd. for Kwan Yun Hong @ Kuan Onn Hing</i>	10,000,000	2.74
7	M.I.T Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Datin Khoo Ee Pheng</i>	9,767,400	2.68
8	Koon Poh Ming	9,444,590	2.59
9	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Dato' Koon Poh Keong</i>	9,000,000	2.47
10	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Koon Poh Weng</i>	8,900,040	2.44
11	ECML Nominees (Asing) Sdn. Bhd. <i>United Forest Limited</i>	8,500,000	2.33
12	Ong Sow Mei	7,977,855	2.19
13	Tan Mew Lan	7,489,560	2.05
14	Dato' Megat Abdul Rahman Bin Megat Ahmad	6,704,560	1.84
15	Tan Lam Kiew	5,719,095	1.57
16	Chan Poh Leng	5,664,900	1.55
17	Dato' Tan Ting Wong	5,500,000	1.51
18	Doitbest Holdings Sdn. Bhd.	5,355,610	1.47
19	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Koon Poh Kong</i>	5,170,398	1.42
20	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Koon Poh Tat</i>	4,892,000	1.34
21	M.I.T Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang</i>	4,741,700	1.30
22	Dato' Tan Ting Wong	4,539,100	1.25
23	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Dato' Koon Poh Keong</i>	4,500,000	1.24

Thirty Largest Shareholders as at 16 April 2008

	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED CAPITAL
24	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang</i>	4,346,950	1.19
25	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Koon Pui Lan</i>	4,056,800	1.11
26	Kwan Yun Hong @ Kuan Onn Hing	3,500,000	0.96
27	ECML Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Dato' Tan Ting Wong</i>	3,200,000	0.88
28	IOI Properties Berhad	3,169,300	0.87
29	Chan Yat Wai	3,150,400	0.86
30	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Koon Pui Lan</i>	2,873,000	0.79
	Total	211,424,360	57.99

Analysis of Warrantholdings

as at 16 April 2008

Total Warrants Issued : 63,980,005

SIZE OF HOLDINGS	NO. OF WARRANTHOLDERS	% OF WARRANTHOLDERS	NO. OF WARRANTS HELD	% OF ISSUED WARRANTS
Less than 100	26	2.19	1,183	0.00
100 to 1,000	154	12.96	137,660	0.22
1,001 to 10,000	707	59.51	3,099,900	4.84
10,001 to 100,000	247	20.79	7,759,420	12.13
100,001 to less than 5% of issued warrants	49	4.13	23,058,391	36.04
5% and above of issued warrants	5	0.42	29,923,451	46.77
TOTAL	1,188	100.00	63,980,005	100.00

Directors' Warrantholdings

as at 16 April 2008

←-----DIRECT-----→ ←-----INDIRECT-----→

NAME	NO. OF WARRANTS HELD	% OF ISSUED WARRANTS	NO. OF WARRANTS HELD	% OF ISSUED WARRANTS
Dato' Megat Abdul Rahman bin Megat Ahmad	2,630,682	4.11	-	-
Koon Poh Ming	8,251,274	12.90	-	-
Dato' Koon Poh Keong	409,600	0.64	@9,736,527	15.22
Kuan Shin @ Kuan Nyong Hin	561	0.00	*22	0.00
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	9,000	0.01	-	-

@ Deemed interested in the warrants held by his spouse Datin Khoo Ee Pheng

* 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 16 April 2008

	NAME OF WARRANTHOLDERS	NO. OF WARRANTS	% OF ISSUED WARRANTS
1	M.I.T Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Datin Khoo Ee Pheng</i>	9,736,527	15.22
2	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Koon Poh Ming</i>	7,750,574	12.11
3	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang</i>	4,679,150	7.31
4	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Loh Kwi Yong</i>	3,934,400	6.15
5	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Koon Pui Lan</i>	3,822,800	5.97
6	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>Sam's Metal Trading (Kuantan) Sdn. Bhd. for Kwan Yun Hong @ Kuan Onn Hing</i>	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 <i>Pledged Securities Account for Koon Poh Kong</i>	1,585,199	2.48
11	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Koon Poh Tat</i>	1,446,000	2.26
12	Dato' Megat Abdul Rahman Bin Megat Ahmad	1,340,912	2.10
13	Dato' Megat Abdul Rahman Bin Megat Ahmad	1,289,770	2.01
14	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tie Ming Chung</i>	750,000	1.17
15	Kwan Yun Hong @ Kuan Onn Hing	700,000	1.09
16	Koon Yun Hong @ Koon Pow Shyang	528,800	0.83
17	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Loh Kwi Yong</i>	512,400	0.80
18	M.I.T Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Koon Poh Ming</i>	500,700	0.78
19	OSK Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ang Wing Fah</i>	445,600	0.70
20	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Dato' Koon Poh Keong</i>	409,600	0.64

Thirty Largest Warrantholders as at 16 April 2008

NAME OF SHAREHOLDERS		NO. OF WARRANTS	% OF ISSUED WARRANTS
21	M.I.T Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang</i>	395,500	0.62
22	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Koon Pui Lan</i>	340,700	0.53
23	Chan Poh Leng	331,000	0.52
24	Anthony Kuan Chee Kee	284,800	0.45
25	Chan Kian Koon	283,300	0.44
26	Ng Tea Hoo @ Hwang Chow Herk	269,000	0.42
27	Tan Mew Lan	267,912	0.42
28	Chin Chee Keong	260,000	0.41
29	OSK Nominees (Tempatan) Sdn. Berhad <i>Pledged Securities Account for Chua Ping Teow</i>	230,000	0.36
30	AIBB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Kian Nam @ Lee Kim Nam</i>	203,000	0.32
Total		49,664,842	77.63

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting of Press Metal Berhad will be held at Balai Tunku Abdul Rahman, Commonwealth House, No. 4 Jalan Birah, Damansara Heights, 50490 Kuala Lumpur on Tuesday, 10 June 2008 at 10.30 a.m.

AGENDA

As Ordinary Business

- | | | |
|----|---|---|
| 1. | To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon. | Resolution 1 |
| 2. | To declare a final dividend of 4% less 26% tax for the financial year ended 31 December 2007. | Resolution 2 |
| 3. | To approve the payment of Directors' Fees in respect of the financial year ended 31 December 2007. | Resolution 3 |
| 4. | To re-elect the following Directors retiring pursuant to Article 92 of the Articles of Association of the Company:-

(i) Kuan Shin @ Kuan Nyong Hin
(ii) Loo Lean Hock
(iii) Tan Heng Kui | Resolution 4
Resolution 5
Resolution 6 |
| 5. | To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 7 |

As Special Business

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

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

"That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued Share Capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issue." | Resolution 8 |
| 7. | Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Press Metal Berhad and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"THAT, the mandate granted by the shareholders of the Company at the Annual General Meeting held on 26 June 2007 pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authorising the Company and its subsidiaries ("PMB Group") to enter into the recurrent transactions of a revenue or trading nature as set out in Section 2.3 (i) of the Circular to Shareholders dated 16 May 2008 ("Circular") with the related parties mentioned therein which are necessary for the PMB Group's day-to-day operations, be and is hereby renewed. | |

Notice of Annual General Meeting

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

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

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

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

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

whichever is earlier.

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

Resolution 9

Notice of Annual General Meeting

Notice of Dividend Payment

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Twenty-Second Annual General Meeting, a final dividend of 4% less 26% tax, for the financial year ended 31 December 2007 will be paid to shareholders on 1 July 2008. The entitlement date for the said dividend shall be 13 June 2008.

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

- (a) Shares transferred to the Depositor's securities account before 4.00 p.m. on 13 June 2008 in respect of transfers.
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
WONG WAN THEEN (MAICSA 7039045)
Secretaries

Selangor Darul Ehsan
16 May 2008

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 Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*

Explanatory Notes on Special Business

Resolution 8

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

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

Resolution 9

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

For further information on Resolution 9, please refer to the Circular to Shareholders dated 16 May 2008 accompanying the Annual Report of the Company for the financial year ended 31 December 2007.

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-Second 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, 10 June 2008 at 10.30 a.m. and at each and every adjournment
thereof.

* Please delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.

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 2007 and Reports of the Directors and Auditors thereon	Resolution 1		
2. Declaration of a final dividend of 4% less 26% tax	Resolution 2		
3. Approval of Directors' Fees	Resolution 3		
4. Re-election of Kuan Shin @ Kuan Nyong Hin as Director	Resolution 4		
5. Re-election of Loo Lean Hock as Director	Resolution 5		
6. Re-election of Tan Heng Kui as Director	Resolution 6		
7. Re-appointment of Messrs KPMG as Auditors of the Company	Resolution 7		
8. Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares	Resolution 8		
9. Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Resolution 9		

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

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:

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149 (1) (b) of the Companies Act, 1965 shall not apply.
- Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

Fold This Flap For Sealing

Then Fold Here

Affix
Stamp

The Company Secretary
PRESS METAL BERHAD
(Company No. 153208-W)
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1st Fold Here

Press Metal Group Directory

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Website www.pressmetal.com

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Selangor Darul Ehsan, Malaysia
Tel +603 9075 2136 Fax +603 9075 2139
Website www.angkasajasa.com
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PMB DEVELOPMENT SDN BHD

(Company No. 198730-T)

PMB SPECTRUM SDN BHD

(Company No. 400200-U)

BI-PMB WASTE MANAGEMENT SDN BHD

(Company No. 204292-D)

PMB-ENVIREX ENVIRONMENT ENGINEERING SDN BHD

(Company No. 204138-X)

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