PRESS METAL BERHAD 153208 W ■ Annual Report 2008

ALUMINIUM
METAL OF THE FUTURE

PRESS METAL BERHAD
ANNUAL REPORT 2008

At Press Metal, we continuously strive to advance, excel and to overcome new heights, burning with winning ambition and willingness to push the limits to explore and to discover the endless possibilities of the future.

CONTENTS

PRESS METAL BERHAD AT A GLANCE

Press Metal Berhad is a Malaysian-based aluminium company with extensive global presence. From our modest beginnings as a private owned local aluminium extrusion company in 1986, Press Metal has come a long way to becoming a globally integrated aluminium player today – with a 150,000 tonne smelting capacity and 170,000 tonne extrusion capacity.

MALAYSIA

Press Metal is the largest, leading aluminium extruder in Malaysia with a 40,000 tonne capacity, complete with in-house tool and dies shop – offering customers a quick turnaround services. Additionally, our plant is also equipped with modern surface finishing facilities that provide an extensive range of surface finishes – anodize, powder coated or bright dip.

CHINA

Our subsidiary in Foshan China, Press Metal International Ltd., is one of the biggest exporters of aluminium product in China for 2007. Subsequently, we have further increased our production capacity to 100,000 tonne for the first quarter of 2008, and we will strive to continue to be the largest exporter.

In addition, the Group via its subsidiary in Hubei has also built an extrusion plant to further expand our capacity and to simultaneously ride on the China economy boom. The initial extrusion capacity for this new plant will be 30,000 tonne and had commenced operation with 2 production lines in April 2008.

The extrusion operations will also complement our smelter in Hubei which has a production capacity of 90,000 tonne. The smelter is energy self-sufficient as our Hubei subsidiary owned and operates a 180 megawatt coal-fired power plant.

GLOBAL NETWORK

With 10 years of history under our belt, Press Metal's overseas operations have firmly carved a niche in the global market and continue to expand. From our initial operational base established in United Kingdom and Australia, our distribution centres have now extended to include Canada, North America and Middle East. Thanks to such solid local presence, we have been able to build strong relationship with our customers and cater for their needs and requirements with various solutions instantly.

NEW SMELTER

Backed by our experience and expertise of the past 20 years, Press Metal is building a new smelter in Mukah, Sarawak – the first ever aluminium-smelting plant in Malaysia with technology provided from Aluminium Corporation of China Limited (CHALCO), the top aluminium company in China and the fourth largest aluminium player in the world. Press Metal has successfully secured 600 megawatt of electricity supply for an initial phase of 100,000 tonne of smelting capacity. The total capacity is targeted to reach 300,000 tonne per annum upon completion of subsequent developments.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Press Metal Berhad (Press Metal), I am pleased to present to you the Annual Report and Audited Financial Statements of Press Metal and its Group for the financial year ended 31 December 2008.

DATO' MEGAT ABDUL RAHMAN BIN MEGAT AHMAD
CHAIRMAN

FINANCIAL PERFORMANCE

The Year 2008 has been a very volatile year. The domino effect of the sub-prime financial crisis in the United States has rapidly spilled over globally, affecting each individual economy with various impacts, depending on its own domestic spending capabilities. The operations of Press Metal Group are not to be exempted.

The aluminium industry as a whole have recorded lower volume demand as the industries where this metal are broadly used, in particular construction and transportation, have seen demand contraction for the later half of the year. As a result, the LME quoted aluminium price has dropped significantly in the past few months.

We are glad that the Group still managed to achieve a revenue of RM1.16 billion during this period, although it is lower compared to RM1.33 billion in the year 2007. Nonetheless, the lower revenue coupled with the high cost of raw materials for the greater part of the year, as well as the substantial fluctuation of certain major currencies have resulted in a lower pre-tax profit of RM35 million in 2008, as compared to that of the previous year of RM107 million (not including the one-off negative goodwill of RM337 million).

CORPORATE DEVELOPMENT & PROSPECT

The Group's vertical integration strategy continues in 2008 with the construction of our aluminium smelting plant in Sarawak (Mukah Smelting Plant Development) progressing at a satisfactory pace.

We have executed a power purchase agreement (PPA) with Syarikat SESCO Berhad (SEB) in July 2008, procuring 600 megawatt of electricity supply for our Smelting Plant Development and subsequently in January 2009, executed a technical agreement pursuant to the PPA which provides for, inter-alia, the operational and technical aspect of supply and delivery of electricity on a 25-year term commencing this current financial year.

Every one of us is now looking forward anxiously to the commercial launch of the plant, the first in Malaysia.

The Group's global business involvement is still driven by its China operations. More marketing efforts will be channelled into penetrating the domestic markets in China as the Chinese government is expected to continue to introduce measures to encourage domestic investment and spending. Meanwhile, the Group will strengthen its footing globally, with selective marketing strategies targeting the local market's specific requirement.

DIVIDENDS

An interim dividend of 1.5% less tax amounting to RM2,023,159 was declared and paid during the year. The Board is pleased to propose a final dividend of 2% less tax, amounting to RM2,734,291 in respect of the year ended 31 December 2008, subject to shareholders' approval at the forthcoming Annual General Meeting.

APPRECIATION & ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to extend our appreciation to all our shareholders, customers, business associates, suppliers, the government agencies as well as regulatory authorities, for their invaluable support to our Group. I would also like to thank the financiers, for their continued support, especially during these trying times.

To our dedicated management team and members of staff, thank you for your hard work and commitment. Let us all take on greater challenges and accept new responsibilities when opportunities arise.

DATO' MEGAT ABDUL RAHMAN BIN MEGAT AHMAD
Chairman

May 2009

GROUP CEO'S REVIEW OF OPERATIONS

THE YEAR IN PERSPECTIVE

UNPRECEDENTED is the word used by many to describe the year 2008.

DATO' KOON POH KEONG
GROUP CHIEF EXECUTIVE OFFICER

The year started with what term as a sub-prime financial crisis has rapidly spread to a real economy disaster. With falling housing prices in United States, mortgage defaults began to rise and so is foreclosure and thus the write downs of mortgage-backed securities.

Meanwhile, on the other side of the world, meaning China playing host to the 29th Olympic seems to be unaffected by this western world crisis. To the commodities producing countries, from South America to Middle East and Australia, and all the trading counter parts, China represents the great consuming machine snapping up all the resources, fuelling the historical rise in all commodities prices, with oil touching US$150 per barrel.

However, in today's global market with intertwine and interdependence of global trades, the deterioration in the west expanded with great speed and by the fourth quarter, all are staring at recession in respect of each individual economy.

This is really unprecedented as very few of us ever experience such a drastic meltdown over such a short period of time. The swiftness struck such a fear that it almost brought global commercial trades to a halt as bankers were not able to finance any commercial paper.

By the end of the year, the world has lost great financial institutions such as Bear Sterns and Lehman Brothers and the merger of several more major ones. Many governments have to step in to inject substantial fund to help stabilise the situation as to enable liquidity to flow thus facilitating the continuation of world trades.

PRESS METAL GROUP IN 2008

As the financial crisis spread, the real economy was due to be impacted negatively and Press Metal Group's operations are not to be exempted.

Over the years, our business operations have expanded to many countries from Asia to Middle East, Europe and North America. As such, as these economies suffered a setback, our business was also affected. Further, given that aluminium is broadly used in many sectors of the economy namely construction, transportation, packaging, electricity and consumer durables which have seen demand contraction for the later half of the year, the aluminium industry as a whole have recorded lower volume demand. As a result, worldwide aluminium stock has increased over the last few months and the LME quoted aluminium price has dropped from the peak of USD3,380 per ton in July 2008 to a low of USD1,279 in February 2009.

In such environment, Press Metal Group still managed to generate RM1.16 billion of turnover, which is quite an achievement although it is RM0.17 billion lower than previous year or a decline of 12.6%. Substantial contribution is from our aluminium smelting and extrusion businesses, generated RM1.0 billion of revenue or 86.1% of the Group's total revenue.

Other businesses such as façade and the trading of related materials have contributed about RM161 million in revenue.

From the Group's operations, Press Metal managed to generate an EBITDA of RM138 million. The strong cash flow has enabled the Group to continue on its expansion plan, adding downstream capacity and the development of the new smelting plant in Sarawak.

Notwithstanding the above, due to the decline in revenue as well as the high cost of raw materials for the greater part of the year, the Group recorded lower pre-tax profit of RM35 million as compared to the previous year of RM107 million (not including the one-off negative goodwill of RM337 million). The result was also negatively affected by the substantial fluctuation of several major currencies that the Group has substantial business dealings.

FORWARD TO 2009

For the first quarter 2009, many countries faced economy contraction and witnessed demand continued to decline as the whole environment was in such a fearful state with many economists comparing the situation to the great depression era of the 30s. Across the board, all businesses were affected with wide spread news of reducing operating capacity and working lesser hours to laying off of workers.

However, since the middle of March, there were indications that things may not be as bad as some have feared. Several economists pointed to the kick-in effects of the substantial stimulus packages that have been put into work in many of the developed economies.

China for one has shown early signs of picking up with the RMB4 trillion of stimulus package introduced in November last year. The speed of implementation for its domestic investment in area such as infrastructure and the reduction in bank interest rate have boosted the China economy, mitigating the effect from the drop in export related industries.

GROUP CEO'S REVIEW OF OPERATIONS
cont'd

With the Chinese government determined to see its economy to grow at a healthy pace, it will continue to introduce measures to encourage domestic investment and spending. As a result, China's neighbouring countries are also expected to benefit from their trades with China which have increased over the last couple of years.

With the two major plants in China, Press Metal Group is expected to benefit from the rise in China local demand with the management channelling more marketing effort into the domestic various regional markets. In the past, our focus has always been leveraging on the lower production cost of our China plants and promoting our export to overseas countries. Now, we will adopt a balanced approach both to penetrate deeper into the China domestic market as well as improving our service to overseas customers with more value added products.

Meanwhile, our operations in Australia and Middle East have observed some signs of recovery in demand as contraction have moderated. We expect activities to pick up pace in the second half of the year for these regions as well.

For Europe and North America markets, demands pick-up may be a quarter or two later given the complexity of the European economies (as EU has expanded to include some of the eastern European countries which faced greater challenges) and the substantial woe faced by the housing and automotive industries of the United States.

As for our own domestic market, we are looking forward to the commercial launch of our smelting plant in Sarawak. The construction of the potline has completed with supporting plants being in the final stage. Installation of equipment has progressed substantially and commissioning and testing activities are being carried out in stages as well.

For the initial volume, we expect to consume all internally. The extra capacity will be marketed to the regional customers in the later part of the year.

Press Metal will continue to be vigilant and resilient towards the volatile global economy development while exploring opportunities to leverage on our capabilities and resources to further strengthen our integrated position in the regional aluminium industry.

APPRECIATION

We would like to express our sincere appreciation to our customers, business associates, suppliers, government agencies and regulatory authorities, as well as our bankers, for their excellent support. On behalf of my Management team, I would like to thank our Board of Directors for their wisdom and guidance. To our dedicated employees, I would like to thank them for their persistency and extra efforts rendered during this challenging period.

DATO' KOON POH KEONG
Group Chief Executive Officer

May 2009

EVENT HIGHLIGHTS 2008

Press Metal's subsidiary in Hubei, China, PMH Aluminium Extrusion Co. Ltd., expanded into downstream activities with the set up of a modern extrusion facilities. Its first extrusion machine was tested in March 2008 and its first batch of extrusion products was shipped to Australia in April 2008.

Press Metal participated in The Ninth International Aluminium Extrusion Seminar & Exposition held from 13 to 16 May 2008 in Orlando, USA. Its QA & Technical Support Manger, Tuan Haji Hanif Hamzah was among the few key speakers invited to present a technical paper at the seminar.

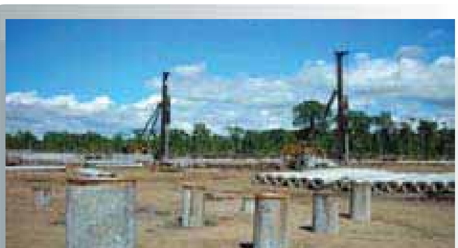
It was a premier technical event devoted to the aluminium extrusion industry, held once every four years. The presentation is another evidence that Press Metal is not only a global supplier but also a technology contributor to the aluminium industry.

Press Metal always emphasise on providing quality products and expanding its capability to meet the ever sophisticated customers requirement. Via its subsidiary, Press Metal International Ltd, the Group has invested in the state-of-the-art 4000 US-Ton UBE extrusion press from Japan in 2008.

The press is equipped with Granco-Clarke log shear and double puller handling equipment. Further, the Hot Log Saw, which is the first in China, is equipped with a circular saw for cutting aluminium billets from pre-heated logs, delivering pre-cut cold billet quality. The press is able to produce complex configuration from billet size up to 12" in diameter.

Press Metal secured a syndicated Islamic term loan facility of RM355million for the development of the Malaysia's first aluminium smelter in Sarawak from a consortium of Islamic bankers.

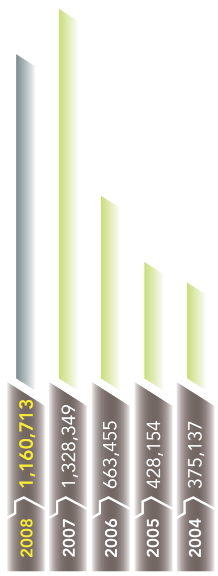
The syndicated loan was led by RHB Islamic Bank Bhd., with the participation of Kuwait Finance House (Malaysia) Bhd., Al Rajhi Banking & Investment Corporation (Malaysia) Berhad, Bank Kerjasama Rakyat Malaysia Berhad and Asian Finance Bank Berhad.



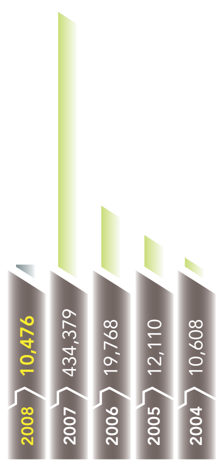
Press Metal's aluminium smelting plant development in Sarawak achieved a significant milestone with the commencement of piling works for the plant's construction in the middle of 2008.

GROUP FINANCIAL HIGHLIGHTS

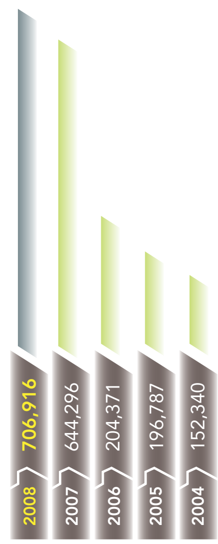
	2008 RM'000	Restated 2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000
TURNOVER	**1,160,713**	1,328,349	663,455	428,154	375,137
PROFIT BEFORE TAXATION	**34,745**	444,116	27,791	12,453	12,128
PROFIT AFTER TAXATION	**8,537**	441,766	21,615	12,872	10,836
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	**10,476**	434,379	19,768	12,110	10,608
SHAREHOLDERS' FUNDS	**719,668**	657,780	216,703	199,334	154,613
NET TANGIBLE ASSETS (RM)	**706,916**	644,296	204,371	196,787	152,340
NET EARNINGS PER SHARE (SEN)	**2**	121	6	5	17
GROSS DIVIDEND (%)	**3.5**	7.0	3.0	2.0	5.0



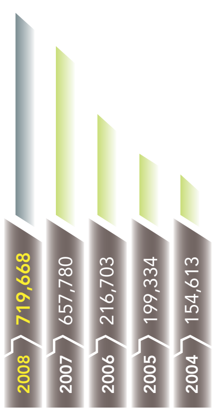
Turnover (RM'000)



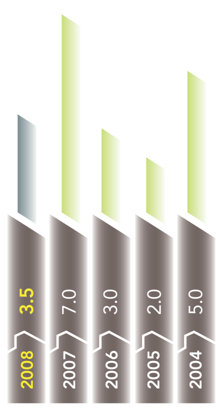
Profit Attributable to Shareholders (RM'000)



Net Tangible Assets (RM'000)



Shareholders' Funds (RM'000)



Dividends Per Share (%)

GROUP STRUCTURE

PRESS METAL BERHAD

- 100% PRESS METAL UK LIMITED
- 70% PRESS METAL ALUMINIUM (AUSTRALIA) PTY. LTD.
- 80% PRESS METAL (HK) LIMITED
  - 100% PRESS METAL INTERNATIONAL LIMITED
- 100% PMB MARKETING SDN. BHD.
  - 100% PMB MARKETING (H.K.) LIMITED
- 100% ANGKASA JASA SDN. BHD.
- 100% BI-PMB WASTE MANAGEMENT SDN. BHD.
- 100% PMB RECYCLING MANAGEMENT SDN. BHD.
- 100% PMB-ENVIREX ENVIRONMENTAL ENGINEERING SDN. BHD.
- 51% K3 METAL SERVICE CENTRE SDN. BHD.
  - 100% K3 METAL TRADING (JB) SDN. BHD.
- 100% WESAMA SDN. BHD.
  - 100% ACE EXTRUSION SDN. BHD.
- 100% PMB DEVELOPMENT SDN. BHD.
  - 60% PMB SPECTRUM SDN. BHD.
- 80% PRESS METAL SARAWAK SDN. BHD.
- 90% HUBEI PRESS METAL HUASHENG ALUMINIUM & ELECTRIC CO. LTD.
  - 100% PMH ALUMINIUM EXTRUSION CO. LTD.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Megat Abdul Rahman Bin Megat Ahmad
Independent Non-Executive Chairman

Koon Poh Ming
Executive Vice Chairman

Dato' Koon Poh Keong
Group Chief Executive Officer

Koon Poh Tat
Executive Director

Koon Poh Weng
Executive Director

Koon Poh Kong
Executive Director

Kuan Shin @ Kuan Nyong Hin
Non-Independent Non-Executive Director

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

Loo Lean Hock
Independent Non-Executive Director

Tan Heng Kui
Independent Non-Executive Director

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Wong Wan Theen (MAICSA 7039045)

SHARES AND WARRANTS REGISTRAR

Tenaga Koperat Sdn.Bhd.
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : 603-2264 3883
Fax : 603-2282 1886

REGISTERED OFFICE

Lot 6.05, Level 6
KPMG Tower, 8 First Avenue
Bandar Utama, 47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7720 1188
Fax : 03-7720 1111

CORPORATE OFFICE

Lot 6464, Batu 5 3/4
Jalan Kapar, Sementa
42100 Klang
Selangor Darul Ehsan
Tel : 03 - 3291 3188
Fax : 03 - 3291 3637
Website : www.pressmetal.com

PRINCIPAL BANKERS

CIMB Bank Berhad
Kuwait Finance House (Malaysia) Berhad
Malayan Banking Berhad
RHB Bank Berhad
RHB Islamic Bank Berhad
Standard Chartered Bank Malaysia Berhad

AUDITORS

KPMG
(Chartered Accountants)
KPMG Tower
8 First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

STOCK EXCHANGE LISTING

The Main Board of Bursa Malaysia Securities Berhad

PROFILE OF DIRECTORS

Dato' Megat Abdul Rahman Bin Megat Ahmad, DSDK
Independent Non-Executive Chairman
Malaysian, 69 years of age

Dato' Megat Abdul Rahman was appointed to the Board on 25 May 1995 and elected Chairman on the same day. He is also the Chairman of the Remuneration and Nomination Committees and attended all four Board Meetings held during the financial year.

Dato' Megat Abdul Rahman graduated with a Bachelor of Commerce degree from University of Melbourne, Australia. He is a fellow of the Institute of Chartered Accountants in Australia, a member and past president of the Malaysian Institute of Certified Public Accountants, as well as a member of the Malaysian Institute of Accountants. He had served as Executive Director in Kumpulan Guthrie Berhad from 1983-1994, and was a Partner/Managing partner of KPMG, Desa, Megat & Co from 1973 to 1983. Currently, he is also a director of Boustead Holdings Berhad, UAC Berhad, Zelan Berhad, Mardec Berhad, BH Insurance (M) Berhad and IJM Corporation Berhad and also serves as member on the Boards of University Kebangsaan Malaysia and Hospital Universiti Kebangsaan Malaysia.

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

Koon Poh Ming
Executive Vice Chairman
Malaysian, 52 years of age

Mr. Koon Poh Ming has been a director of the Company since its incorporation on 13 May 1986. He is also a member of the Remuneration Committee and attended all four Board Meetings held during the financial year.

After graduating with a degree in Civil Engineering from the University of Wales in United Kingdom, he started his career with an international consulting engineering firm based in Kuala Lumpur. He is currently a professional engineer registered with the Board of Engineers and The Institute of Engineers, Malaysia.

While in Press Metal, Mr. Koon Poh Ming has been actively involved in the management and business development of the Company. Currently, he is also holds the position of Chief Executive Officer of PMB Technology Berhad.

He is the brother to Dato' Koon Poh Keong, 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.

PROFILE OF DIRECTORS
cont'd

Dato' Koon Poh Keong
Group Chief Executive Officer
Malaysian, 48 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 Securities Berhad in 1993. He attended three out of 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, 49 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 setting 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, 54 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 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.

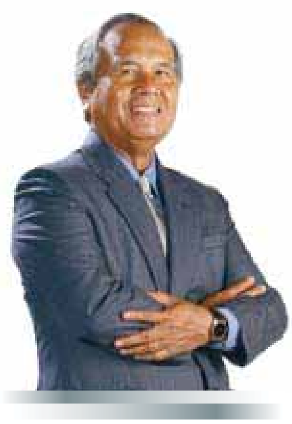
PROFILE OF DIRECTORS
cont'd

Koon Poh Kong
Executive Director
Malaysian, 56 years of age

Mr. Koon Poh Kong was appointed the Executive Director of the Company on 13 May 1986. He attended two 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 an 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, 69 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 Nomination Committee. He attended all 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, 68 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.

PROFILE OF DIRECTORS
cont'd

Loo Lean Hock
Independent Non-Executive Director
Malaysian, 49 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 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 audit 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., a service provider 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, 52 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 three 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.

CORPORATE SOCIAL RESPONSIBILITIES STATEMENT

At Press Metal, 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 integral values that helped us grow from a single press producer to become a leading integrated aluminium specialist in Asia. As such, we are always mindful of our responsibilities towards our employees, the stakeholders, the community, as well as the environment as we build up our corporate value and ensure sustainable growth in tandem with society.

WITH OUR EMPLOYEES & WORKPLACE

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. Amongst the activities held are :

- Table tennis, chess and other sports tournaments
- Team building camps
- Motivational trainings
- Best Performance Award
- Best Housekeeping Award
- Movie sessions
- Employees outings
- Various festive celebrations

Press Metal also emphasizes in maintaining a safe and healthy working environment for our employees. Having successfully secured the OHSAS 18001:1999 award for our occupational safety and health management system in 2001, our smelting plant in Hubei, China has also successfully passed the authentication under OHSAS 18001:1999 and 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.

Press Metal has been supporting 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 we are 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.

CORPORATE SOCIAL RESPONSIBILITIES STATEMENT cont'd

WITH OUR GLOBAL ENVIRONMENT

It is our aim to 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.

Board 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 2008, 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 2008 are as follow:

	Number of Meetings	
Name of Directors	**Held**	**Attended**
Dato' Megat Abdul Rahman Bin Megat Ahmad *Independent Non-Executive Chairman*	4	4
Koon Poh Ming *Executive Vice Chairman*	4	4
Dato' Koon Poh Keong *Group Chief Executive Officer*	4	3
Koon Poh Weng *Executive Director*	4	4

CORPORATE GOVERNANCE STATEMENT
cont'd

Name of Directors	Number of Meetings Held	Attended
Koon Poh Kong *Executive Director*	4	2
Koon Poh Tat *Executive Director*	4	4
Kuan Shin @ Kuan Nyong Hin *Non-Independent Non-Executive Director*	4	3
Tuan Haji Mohamad Faiz Bin Abdul Hamid *Independent Non-Executive Director*	4	4
Loo Lean Hock *Independent Non-Executive Director*	4	4
Tan Heng Kui *Independent Non-Executive Director*	4	3

Board Committees

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

Board Committee	Key Functions
Audit Committee	Explained on pages 26 to 30 of this Annual Report
Executive Committee	Oversees all pertinent operational issues.
Remuneration Committee	Explained on pages 22 and 23 of this Annual Report
Nomination Committee	Explained on pages 21 to 22 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 13 to 16 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 indepth knowledge of the business, the Board constituted of individuals who are committed to business coupled with integrity and professionalism in all its activities.

CORPORATE GOVERNANCE STATEMENT
cont'd

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 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.

APPOINTMENTS TO THE BOARD

Nomination Committee

The Nomination Committee comprised the following members during the financial year ended 31 December 2008:

Name of Director	Membership	Directorship
Dato' Megat Abdul Rahman Bin Megat Ahmad	Chairman	*Independent Non-Executive Director*
Tuan Haji Mohamad Faiz Bin Abdul Hamid	Member	*Independent Non-Executive Director*
Loo Lean Hock	Member	*Independent Non-Executive Director*

The Nomination Committee consists entirely of Independent 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 reviews the required mix of skills, experience and other qualities of the director, including core competencies. The Nomination Committee also systematically assesses the effectiveness of the Board, the Nomination Committee and the contribution and performance of each individual Director on an annual basis.

CORPORATE GOVERNANCE STATEMENT
cont'd

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 2008.

Appointment Process

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

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

Directors' Training

The Directors have participated in training programmes, seminars, conferences and briefings to ensure that they are kept abreast with the latest market development, relevant new laws and regulations, financial reporting and other issues relevant requirements to the Company. 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 are as follow:-

- 5^{th} International Aluminium Conference
- The inside story of the Annual Report
- Revised Malaysian Code on Corporate Governance
- Amendments to the Listing Requirements and other 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 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 Level and Make-up of Remuneration

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.

CORPORATE GOVERNANCE STATEMENT
cont'd

(i) The members of the Remuneration Committee are as follow:-

Independent Non-Executive Directors

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

Non-Independent Executive Director

Koon Poh Ming

The Remuneration Committee held one (1) meeting during the financial year ended 31 December 2008.

(ii) Remuneration Package

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 2008 are as follow:

Category	Fees (RM'000)	Salaries (RM'000)
Executive Directors	-	1,974
Non-Executive Directors	175	-

The Directors are paid annual fees and attendance allowance of RM 500 each of every meeting that they attend.

The number of Directors of the Company who served during the financial year ended 31 December 2008 and whose income from the Group are as follow:

	Executive	Non-Executive
RM50,000 and below	-	4
RM50,001 – RM100,000	-	1
RM350,001 – RM400,000	1	-
RM400,001 – RM450,000	2	-
RM450,001 – RM500,000	2	-
Total	5	5

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

RELATIONSHIP WITH SHAREHOLDERS

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

CORPORATE GOVERNANCE STATEMENT
cont'd

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 31 to 32 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 26 to 28 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 26 to 30 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 its subsidiaries involving directors and substantial shareholders during the financial year ended 31 December 2008.

Utilisation of Proceeds
There were no utilisation of proceeds as the Company did not undertake any corporate exercises during the financial year.

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

Share Buy-backs
The Company did not undertake any share buy-back exercise during the financial year.

Options, Warrants or Convertible Securities
The Company has not issued any options, warrants or convertible securities during the financial year.

Employees' Share Option Scheme ("ESOS")
There was no option offered to and exercised by non-executive director pursuant to the Company's ESOS in the financial year ended 31 December 2008.

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 amounting to RM 190,000.

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 2008.

Profit Guarantee
There were no profit guarantees issued during the financial year.

Revaluation Policy
The Group did not adopt any revaluation policy on the landed properties during 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 106 to 108 of the Annual Report.

AUDIT COMMITTEE REPORT

MEMBER OF THE AUDIT COMMITTEE

The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors.

The members of the Audit Committee are as follow:-

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

ATTENDANCE OF MEETINGS

The details of attendance of each member at the Audit Committee meetings held during 2008 are as follow:-

	Number of Audit Committee Meetings	
Name of Audit Committee Members	**Held**	**Attended**
Tuan Haji Mohamad Faiz Bin Abdul Hamid	4	4
Loo Lean Hock	4	4
Tan Heng Kui	4	3

TERMS AND REFERENCE

i. Composition of the Audit Committee

The Audit Committee shall be appointed by the Board of 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 financially literate and at least one member of the audit committee:-

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

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

      - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967;
      - 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;

AUDIT COMMITTEE REPORT
cont'd

iii) fulfills 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 member 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.

ii. 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.

iii. Functions

The functions of the Audit Committee are as follow:-

(a) To review the following and report the same to the Board of Directors:-

i) with the external auditors, the audit plan;
ii) with the external auditors, his evaluation of the system of internal controls;
iii) with the external auditor, his audit report;
iv) the assistance given by the Company's employees to the external auditors; and
v) any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(b) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal and the letter of resignation from the external auditors if applicable;

(c) To discuss with the external auditors before the audit commences, the nature and scope of the audit and to ensure co-ordination where more than one audit firm are involved;

(d) To review the quarterly and year-end financial statements of the company, focusing particularly on:-

- Any changes in accounting policies and practices;
- Significant adjustments arising from the audit;
- The going concern assumption;
- Compliance with the accounting standards and other legal requirements;

AUDIT COMMITTEE REPORT
cont'd

(e) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);

(f) To review the external auditors' management letter and the management's response;

(g) To do the following, in relation to the internal audit function:-

- 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;
- Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- Review any appraisal or assessment of the performance of members of the internal audit function;
- Approve any appointment or termination of senior staff members of the internal audit function; and
- Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(h) To consider the major findings of internal investigations and the management's response;

(i) 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.

(j) To consider other areas as defined by the Board or as may be prescribed by Bursa Malaysia Securities Berhad or any other relevant authority from time to time.

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 convene meeting with the external auditors, internal auditors or both excluding the attendance of other directors and employees of the Company;

f) Be able to obtain independent professional or other advice;

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
cont'd

MEETINGS

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

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 four (4) Audit Committee meetings held during the financial year ended 31st December 2008.

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 recommendations to the Board of Directors for approval prior to the release of the results to Bursa Malaysia Securities Berhad.

(ii) Reviewed 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; and
   (c) Problems and reservation arising from the interim and final audits.

(iii) Reviewed findings in the internal audit reports which were tabled during the year, the audit recommendations made as well as the management response's to these recommendations and the implementation of agreed action plan.

(iv) Reviewed and approved the Internal Audit's Annual Audit Plan for year 2009.

(v) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group, including any transactions, procedure or course of conduct that raises questions of management integrity.

(vi) 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.

(vii) Met with the external auditors twice during the financial year without the presence of any executive Board members and employees of the Group.

AUDIT COMMITTEE REPORT
cont'd

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 Company has outsourced its internal audit function to an independent external audit firm to discharge its duties and responsibilities more effectively. A summary of the activities of the internal audit function is as follow:

- Performed operational audits on business units of the Group to ascertain the adequacy of the internal control systems and to make recommendations for improvement where weaknesses exist.
- Prepared the annual audit plan for deliberation by the Audit Committee;
- Issued audit reports which identified recommendations for improvements on quarterly basis.
- Performed follow-up reviews to ensure that prompt actions on the audit recommendations were taken by Management.

The Internal Auditors were present at all Audit Committee meetings to present their Internal Audit reports to the Audit Committee.

The total cost incurred for the outsourced internal audit function of the Group for the financial year ended 31st December 2008 was RM 60,000.

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

The Audit Committee has verified that the options granted were made in accordance with the By-Laws of the ESOS.

TRAINING

During the year, the Audit Committee members have attended conferences, seminars and training programmes on the following:

- Financial Reporting During Financial Turbulence
- The inside story of the Annual Report
- Practical Application of Malaysian Private Entities Reporting Standard (PERS)
- National Tax Conference 2008

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

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

BOARD RESPONSIBILITY

The Board is committed to maintaining both a sound system of internal control and the proper management of risks throughout the operations of the Group in order to safeguard shareholders' investment and assets of the Group. The Board acknowledges that it is ultimately responsible for the Group's system of internal control 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 and the risk management framework was completed in 2005. 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 30 of this Annual Report. The Management is responsible for ensuring that corrective actions are taken within the required time frame on reported weaknesses.

During the financial year, the internal audit function performed operational audits on the following Group entities:-

1) Press Metal Berhad
2) ACE Extrusion Sdn. Bhd. ("AESB")
3) Hubei Press Metal Huasheng Aluminium-Electric Co., Ltd. ("HPM")

The audit was focused on the manufacturing operations and fixed assets management of AESB and the revenue and purchase cycles and inventory management of HPM.

STATEMENT ON INTERNAL CONTROL
cont'd

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 the two subsidiaries operating in the People's Republic of China have the following accreditation for their operational processes:-

Press Metal Berhad	• ISO 14001 on Environmental Management System • MS ISO 9001:2000 on Quality Management System • OHSAS 18001:1999 on Occupational Health & Safety Management System
ACE Extrusion Sdn. Bhd.	• MS ISO 9001:2000 on Quality Management System
PMB Recycling Sdn. Bhd.	• ISO 14001 on Environmental Management System • OHSAS 18001:1999 on Occupational Health & Safety Management System
Press Metal International Limited	• MS ISO 9001:2000 on Quality Management System
Hubei Press Metal Huasheng Aluminium-Electric Co., Ltd.	• ISO 14001 on Environmental Management System • MS ISO 9001:2000 on Quality Management System • OHSAS 18001:1999 on Occupational Health & Safety Management System

- Review of all proposals for material capital and investment acquisitions by the Management prior to the review and approval by the Board of Directors;
- Regular information provided to Management, covering financial performance as well as key performance indicators, such as cash flow performance, product sales analysis and operating cost analysis. These performance reports are benchmarked against budget;
- Quarterly monitoring of results and financial position by the Board;
- Regular visits to business operating units by key members of the Board and the Management team;
- Quarterly review of Group related party transactions by the Audit Committee.

WEAKNESSES

A 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.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
for the year ended 31 December 2008

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 2008.

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 RM'000	Company RM'000
Profit attributable to:		
Equity holders of the Company	10,476	88,675
Minority interest	(1,939)	-
	8,537	88,675

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review 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 2 sen per ordinary share less tax at 26% totalling RM5,394,883 (1.48 sen net per ordinary share) in respect of the year ended 31 December 2007 on 1 July 2008.

ii) an interim ordinary dividend of 0.75 sen per ordinary share less tax at 26% totalling RM2,023,159 (0.555 sen net per ordinary share) in respect of the year ended 31 December 2008 on 7 October 2008.

The final ordinary dividend recommended by the Directors in respect of the year ended 31 December 2008 is 1 sen per ordinary share less tax at 25% totalling approximately RM2,734,291 (0.75 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 Kong
Koon Poh Ming
Koon Poh Tat
Koon Poh Weng
Kuan Shin @ Kuan Nyong Hin
Tuan Haji Mohamad Faiz Bin Abdul Hamid
Loo Lean Hock
Tan Heng Kui

DIRECTORS' REPORT
for the year ended 31 December 2008
cont'd

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 1.1.2008	Bought	Sold	At 31.12.2008
Shareholdings in the Company in which Directors have interests				
Dato' Megat Abdul Rahman Bin Megat Ahmad				
- own	17,219,410	-	-	17,219,410
- spouse	375,000	-	-	375,000
Dato' Koon Poh Keong				
- own	46,673,379	8,837,200	-	55,510,579
- spouse	9,767,400	-	-	9,767,400
Koon Poh Kong				
- own	9,125,995	-	-	9,125,995
- spouse	4,000	13,000	-	17,000
Koon Poh Ming	26,917,739	-	-	26,917,739
Koon Poh Tat				
- own	8,530,000	-	220,000	8,310,000
- spouse	332,935	-	-	332,935
Koon Poh Weng				
- own	10,100,400	-	-	10,100,400
- spouse	477,000	-	-	477,000
- child	5,000	-	-	5,000
Kuan Shin @ Kuan Nyong Hin				
- own	597,805	-	-	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
Tan Heng Kui	60,000	-	-	60,000
Shareholdings in the Company in which Directors have deemed interest				
Kuan Shin @ Kuan Nyong Hin*	5,790,610	-	-	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 2008
cont'd

DIRECTORS' INTERESTS *cont'd*

	Number of ordinary shares of RM0.50 each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
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 interests in the ordinary shares of the Company, all the Directors of the Company except for Loo Lean Hock, are deemed interested in the shares of the subsidiaries, the Company's related corporations and of the associate during the financial year to the extent that Press Metal Berhad has an interest.

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

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

	Number of warrant 'B' of RM0.50 each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
Warrants in the Company in which Directors have interests				
Dato' Megat Abdul Rahman Bin Megat Ahmad	2,630,682	-	-	2,630,682
Dato' Koon Poh Keong				
- own	238,000	6,325,600	-	6,563,600
- spouse	9,736,527	-	-	9,736,527
Koon Poh Kong				
- own	1,585,199	-	-	1,585,199
- spouse	17,800	-	-	17,800
Koon Poh Ming	8,251,274	-	4,154,000	4,097,274
Koon Poh Tat				
- own	1,446,000	-	-	1,446,000
- spouse	66,587	-	-	66,587
Koon Poh Weng				
- own	1,780,008	-	-	1,780,008
- spouse	95,400	-	-	95,400
- child	1,000	-	-	1,000
Kuan Shin @ Kuan Nyong Hin	561	-	-	561
Tuan Haji Mohamad Faiz Bin Abdul Hamid	23,733	-	-	23,733
Tan Heng Kui	9,000	-	-	9,000

DIRECTORS' REPORT
for the year ended 31 December 2008
cont'd

DIRECTORS' INTERESTS *cont'd*

	Number of warrant 'B' of RM0.50 each			
	At 1.1.2008	Bought	Sold	At 31.12.2008
Warrants in the Company				
Deemed interest				
Kuan Shin @ Kuan Nyong Hin##	22	-	-	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 the 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 1.1.2008	Granted	Exercised	At 31.12.2008
Dato' Koon Poh Keong	1,750,000	-	-	1,750,000
Koon Poh Ming	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' 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 41,000 new ordinary shares of RM0.50 each for cash arising from the exercise of the employees' share options pursuant to the New ESOS at the exercise price of RM1.50 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 2008
cont'd

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. The registered holders are entitled 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.

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for the effect of the revision of the estimated useful lives of certain items of property, plant and equipment as disclosed in Note 3, foreign exchange losses and the reversal of an accrual for pension costs 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 2008 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.

DIRECTORS' REPORT
for the year ended 31 December 2008
cont'd

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 Ming

Petaling Jaya, Selangor
23 April 2009

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 43 to 114 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of their financial performance and cash flows for the year then ended.

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

Dato' Koon Poh Keong

Koon Poh Ming

Petaling Jaya, Selangor

23 April 2009

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 43 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 23 April 2009.

Loo Tai Choong

Before me:

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

to the Members of Press Metal Berhad (Company No. 153208 W)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Press Metal Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 114.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the financial statements.

c) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

INDEPENDENT AUDITORS' REPORT

to the Members of Press Metal Berhad (Company No. 153208 W)
(Incorporated in Malaysia) cont'd

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Foong Mun Kong
Approval Number: 2613/12/10(J)
Chartered Accountant

Petaling Jaya, Selangor

23 April 2009

BALANCE SHEETS
at 31 December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000 Restated	Company 2008 RM'000	Company 2007 RM'000
Assets					
Property, plant and equipment	3	1,113,231	729,274	130,825	127,690
Intangible asset	4	12,752	13,484	-	-
Prepaid lease payments	5	90,410	73,564	-	7,717
Investment property	6	5,606	4,974	-	-
Investments in subsidiaries	7	-	-	220,043	220,043
Investment in associate	8	24,859	22,329	11,812	11,812
Other investments	9	2,358	2,140	-	-
Deferred tax assets	10	2,294	1,864	-	-
Receivables, deposits and prepayments	11	-	-	30,008	-
Total non-current assets		1,251,510	847,629	392,688	367,262
Receivables, deposits and prepayments	11	529,565	393,717	555,246	404,175
Inventories	12	254,340	249,528	46,326	39,847
Current tax assets		33	115	-	-
Cash and cash equivalents	13	97,598	110,461	29,268	8,406
Total current assets		881,536	753,821	630,840	452,428
Total assets		2,133,046	1,601,450	1,023,528	819,690
Equity					
Share capital		182,286	182,265	182,286	182,265
Reserves		51,678	(7,131)	5,662	4,101
Retained earnings		485,704	482,646	149,402	68,145
Total equity attributable to equity holders of the Company		719,668	657,780	337,350	254,511
Minority interest		90,317	85,218	-	-
Total equity	14	809,985	742,998	337,350	254,511
Liabilities					
Payables and accruals	16	-	-	49,943	71,420
Loans and borrowings	15	371,582	115,090	131,234	60,242
Deferred tax liabilities	10	104,698	77,314	17,475	15,944
Total non-current liabilities		476,280	192,404	198,652	147,606
Payables and accruals	16	226,175	203,087	98,639	175,744
Loans and borrowings	15	613,360	456,986	383,202	236,686
Current tax liabilities		7,246	5,975	5,685	5,143
Total current liabilities		846,781	666,048	487,526	417,573
Total liabilities		1,323,061	858,452	686,178	565,179
Total equity and liabilities		2,133,046	1,601,450	1,023,528	819,690

The notes on pages 51 to 114 are an integral part of these financial statements.

INCOME STATEMENTS
for the year ended 31 December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000 Restated	Company 2008 RM'000	Company 2007 RM'000
Revenue	17	1,160,713	1,328,349	825,913	684,886
Cost of goods sold		(947,230)	(1,083,557)	(732,070)	(626,146)
Gross profit		213,483	244,792	93,843	58,740
Other income		3,105	15,250	74,291	12,231
Distribution expenses		(36,031)	(48,296)	(4,335)	(3,577)
Administrative expenses		(69,538)	(56,375)	(11,381)	(8,567)
Other expenses		(37,437)	(23,649)	(32,819)	(22,163)
Results from operating activities		73,582	131,722	119,599	36,664
Interest income		1,008	470	47	-
Finance costs		(41,971)	(28,178)	(23,270)	(12,524)
Negative goodwill		-	336,996	-	-
Operating profit	18	32,619	441,010	96,376	24,140
Share of profit after tax and minority interest of equity accounted associate		2,126	3,106	-	-
Profit before tax		34,745	444,116	96,376	24,140
Tax expense	20	(26,208)	(2,350)	(7,701)	(1,757)
Profit for the year		8,537	441,766	88,675	22,383
Attributable to:					
Equity holders of the Company		10,476	434,379	88,675	22,383
Minority interest		(1,939)	7,387	-	-
Profit for the year		8,537	441,766	88,675	22,383
Basic earnings per ordinary share (sen)	21	2.87	121.05		
Diluted earnings per ordinary share (sen)	21	-	-		

The notes on pages 51 to 114 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2008

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
		← Attributable to equity holders of the Company →							
		← Non-distributable			→	Distributable			
At 1 January 2007									
- As previously stated		160,214	6	362	-	56,121	216,703	23,847	240,550
Effect of adopting FRS 112		-	-	-	-	128	128	-	128
At 1 January 2007, restated		160,214	6	362	-	56,249	216,831	23,847	240,678
Profit for the year									
- As previously stated		-	-	-	-	434,347	434,347	7,387	441,734
Effect of adopting FRS 112		-	-	-	-	32	32	-	32
Profit for the year, restated		-	-	-	-	434,379	434,379	7,387	441,766
Foreign exchange translation differences		-	-	(11,594)	-	-	(11,594)	-	(11,594)
Shares issued									
- private placements	14	15,995	1,149	-	-	-	17,144	-	17,144
- share options exercised	14	6,056	28	-	-	-	6,084	-	6,084
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									
- interim	22	-	-	-	-	(3,991)	(3,991)	-	(3,991)
- final	22	-	-	-	-	(3,991)	(3,991)	-	(3,991)
At 31 December 2007/1 January 2008, restated		182,265	1,183	(11,232)	2,918	482,646	657,780	85,218	742,998

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2008
cont'd

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
		← Attributable to equity holders of the Company →							
		← Non-distributable →				Distributable			
At 31 December 2007/1 January 2008, restated		182,265	1,183	(11,232)	2,918	482,646	657,780	85,218	742,998
Foreign exchange translation differences		-	-	57,248	-	-	57,248	-	57,248
Profit for the year		-	-	-	-	10,476	10,476	(1,939)	8,537
Share options exercised	14	21	41	-	-	-	62	-	62
Share-based payments	31	-	-	-	1,520	-	1,520	-	1,520
Dividends to shareholders									
- interim	22	-	-	-	-	(2,023)	(2,023)	-	(2,023)
- final	22	-	-	-	-	(5,395)	(5,395)	-	(5,395)
Dividends to minority interest of a subsidiary		-	-	-	-	-	-	(8,181)	(8,181)
Additional shares acquired by minority interest	7	-	-	-	-	-	-	15,219	15,219
At 31 December 2008		182,286	1,224	46,016	4,438	485,704	719,668	90,317	809,985

The notes on pages 51 to 114 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2008
cont'd

		← Non-distributable		→	← Distributable →	
		Share capital	Share premium	Share option reserve	Retained earnings	Total equity
Company	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2007		160,214	6	-	53,744	213,964
Profit for the year		-	-	-	22,383	22,383
Share issuance						
- private placements	14	15,995	1,149	-	-	17,144
- share options exercised	14	6,056	28	-	-	6,084
Share-based payments	-	-	-	2,918	-	2,918
Dividends to shareholders						
- interim	22	-	-	-	(3,991)	(3,991)
- final	22	-	-	-	(3,991)	(3,991)
At 31 December 2007/1 January 2008		182,265	1,183	2,918	68,145	254,511
Profit for the year	-	-	-	-	88,675	88,675
Share options exercised	14	21	41	-	-	62
Share-based payments	31	-	-	1,520	-	1,520
Dividends to shareholders						
- interim	22	-	-	-	(2,023)	(2,023)
- final	22	-	-	-	(5,395)	(5,395)
At 31 December 2008		182,286	1,224	4,438	149,402	337,350

The notes on pages 51 to 114 are an integral part of these financial statements.

CASH FLOW STATEMENTS
for the year ended 31 December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash flows from operating activities					
Profit before tax		34,745	444,116	96,376	24,140
Adjustments for:					
Amortisation of prepaid lease payments	5	438	344	-	33
Depreciation of property, plant and equipment	3	60,992	70,582	14,034	13,063
Depreciation of investment property	6	103	95	-	-
Dividend income		-	-	(73,593)	(235)
Finance costs		41,971	28,178	23,270	12,524
Interest income		(1,008)	(470)	(47)	-
Investment property written off		-	17	-	-
Loss on disposal of subsidiary	30	-	915	-	-
(Gain)/Loss on disposal of property, plant and equipment		(542)	(1,991)	14	4
Negative goodwill arising from acquisition of subsidiary	29	-	(336,996)	-	-
Share-based payments	31	1,520	2,918	1,520	2,918
Share of profit after tax and minority interest of equity accounted associate		(2,126)	(3,106)	-	-
Unrealised foreign exchange loss		7,860	8,687	7,860	8,613
Operating profit before changes in working capital		143,953	213,289	69,434	61,060
Changes in working capital:					
Inventories		(4,812)	(34,308)	(6,479)	7,275
Payables and accruals		23,088	14,692	(155,807)	117,402
Receivables, deposits and prepayments		(143,708)	(79,145)	(6,376)	(76,619)
Cash generated from/(used in) operations		18,521	114,528	(99,228)	109,118
Taxes (paid)/refunded		(6,313)	7,366	(5,628)	(1,381)
Net cash from/(used in) operating activities		12,208	121,894	(104,856)	107,737

CASH FLOW STATEMENTS
for the year ended 31 December 2008
cont'd

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash flows from investing activities					
Acquisition of investment property	6	(735)	-	-	-
Acquisition of other investments	9	(129)	-	-	-
Acquisition of property, plant and equipment	(ii)	(383,735)	(137,374)	(18,361)	(8,643)
Acquisition of subsidiary, net of cash acquired	29	-	(101,493)	-	(133,367)
Disposal of subsidiary, net of cash disposed	30	-	3,914	-	-
Dividend received from associate		318	235	318	235
Dividend received from subsidiaries		-	-	73,275	-
Increase in investment in subsidiaries		-	-	-	(7,912)
Increase in minority interest in subsidiary		15,219	-	-	-
Interest received		1,008	470	47	-
Prepaid lease payments	5	(9,533)	(7,750)	-	(7,750)
Proceeds from disposal of					
- other investments		171	-	-	-
- property, plant and equipment		3,054	5,751	1,528	46
Net cash (used in)/generated from investing activities		(374,362)	(236,247)	56,807	(157,391)
Cash flows from financing activities					
(Increase)/Decrease in deposits pledged		(2,894)	1,408	-	-
Dividends paid to minority interest of a subsidiary		(8,181)	-	-	-
Dividends paid to shareholders of the Company		(7,418)	(7,982)	(7,418)	(7,982)
Drawdown of term loans		356,828	198,521	79,093	59,607
Increase in amount due from subsidiaries		-	-	(174,846)	(68,905)
Increase /(Decrease) in amount due to subsidiaries		-	-	57,225	(1,773)
Increase in bankers' acceptances/ bills payable		86,295	40,736	120,649	37,365
Increase in revolving credit		13,743	23,291	15,000	15,000
Interest paid		(41,971)	(28,178)	(23,270)	(12,524)
Proceeds from issuance of shares under the Employees' Share Option Scheme		62	6,084	62	6,084
Proceeds from issuance of shares via private placements		-	17,144	-	17,144
Repayment of term loans		(45,283)	(63,764)	(410)	(433)
Repayment of hire purchase liabilities		(2,281)	(2,301)	(449)	(1,060)
Net cash generated from financing activities		348,900	184,959	65,636	42,523

CASH FLOW STATEMENTS
for the year ended 31 December 2008
cont'd

		Group		Company	
		2008	2007	2008	2007
	Note	RM'000	RM'000	RM'000	RM'000
Net (decrease)/increase in cash and cash equivalents		(13,254)	70,606	17,587	(7,131)
Effect of exchange rate fluctuations		(4,841)	(10,633)	-	-
Cash and cash equivalents at 1 January	(i)	106,747	46,774	8,406	15,537
Cash and cash equivalents at 31 December	(i)	88,652	106,747	25,993	8,406

(i) *Cash and Cash Equivalents*

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

		Group		Company	
		2008	2007	2008	2007
	Note	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	13	89,931	105,841	28,534	7,719
Deposits with licensed banks	13	7,667	4,620	734	687
Bank overdrafts	15	(5,812)	(3,474)	(3,275)	-
		91,786	106,987	25,993	8,406
Less: Deposits pledged		(3,134)	(240)	-	-
		88,652	106,747	25,993	8,406

(ii) *Acquisition of Property, Plant and Equipment*

During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM384,961,000 (2007 - RM139,318,000) and RM18,711,000 (2007 - RM9,359,000) respectively, of which RM1,226,000 (2007 - RM1,944,000) and RM350,000 (2007 - RM716,000) respectively, were acquired by means of hire purchase arrangements.

The notes on pages 51 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 the principal place of business and registered office of the Company are as follows:

Principal place of business

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

Registered office

Lot 6.05, Level 6
KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 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 2008 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 23 April 2009.

1. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs/Interpretations	Effective date
FRS 4, *Insurance Contracts*	1 January 2010
FRS 7, *Financial Instruments: Disclosures*	1 January 2010
FRS 8, *Operating Segments*	1 July 2009
FRS 139, *Financial Instruments: Recognition and Measurement*	1 January 2010
IC Interpretation 9, *Reassessment of Embedded Derivatives*	1 January 2010
IC Interpretation 10, *Interim Financial Reporting and Impairment*	1 January 2010

The Group and the Company plan to apply the abovementioned FRSs/Interpretations from the annual period beginning 1 January 2010 except for FRS 4 which is not applicable to the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

1. BASIS OF PREPARATION *cont'd*

(a) Statement of Compliance *cont'd*

The impact of applying FRS 7 and 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 exemptions given in the respective FRSs. Other than the implications as discussed below, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

FRS 8, Operating Segments

FRS 8 will become effective for financial statements for the year ending 31 December 2010. FRS 8, which replaces FRS 114, *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see Note 23). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements.

(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.

(d) Use of Estimates and Jugdements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts 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 property
- Note 31 – fair value of share options
- Note 24 – fair value of financial liabilities

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 112 *Income Taxes* (see Note 32 and Note 33).

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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 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.

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.

(iii) Minority Interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets 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 holders 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 holders 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of Consolidation *cont'd*

(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 are translated at exchange rates at the dates of transactions except for those that are measured at fair value, which 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, 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 operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

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

(iii) Net Investment 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Property, Plant and Equipment *cont'd*

(i) Recognition and Measurement *cont'd*

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 and for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. 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) 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.

(iv) 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Property, Plant and Equipment *cont'd*

(iv) Depreciation *cont'd*

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

Buildings	50 years
Renovation	10 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.

(v) Change in Estimates

Estimates in respect of the useful lives of certain items of plant and equipment were revised in 2008 (see Note 3).

(d) Leased Assets

Operating Lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Intangible Assets *cont'd*

(i) Goodwill *cont'd*

For business acquisitions beginning from 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.

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 income statement.

(ii) Amortisation

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

(f) Investments in Equity Securities

Investments in equity securities are recognised initially at purchase price 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.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investments in subsidiaries and associate, 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 statements.

All investments in equity securities are accounted for using trade date accounting. Trade date accounting refers to:

a) the recognition of an asset on the day it is transacted by the entity, and

b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is transacted.

(g) Investment Property

Investment Property 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 life of 50 years for buildings. Freehold land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(g) Investment Property *cont'd*

Investment Property Carried at Cost *cont'd*

For the purpose of disclosure, the Directors estimate the fair values of the Group's investment property without involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation 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.

For disclosure purpose, the Directors adopted the comparison method in arriving at the market value. The comparison method entails critical analyses of recent evidences of values of comparable properties in the neighbourhood and making adjustment for differences such as differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

(h) 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.

(i) 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.

(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 statement, 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 other than investments in subsidiaries and associate 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 usually 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(k) Impairment of Assets *cont'd*

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.

(l) Equity Instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

(i) Issue Expenses

Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

(ii) Repurchase of Share Capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) Loans and Borrowings

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(n) Employee Benefits *cont'd*

(i) Short Term Employee Benefits *cont'd*

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 funds 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.

(p) 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.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(r) 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) Rental Income

Rental income from investment property is recognised in the income statements 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.

(iv) Dividend Income

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

(s) Interest Income and Borrowing Costs

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

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(t) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(t) Tax Expense *cont'd*

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.

In the previous year, unutilised reinvestment allowance was recognised as a reduction of tax expense as and when it was utilised. Following the adoption of the revised FRS 112, a tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in the income statement as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised. This change in accounting policy is applied retrospectively and the effects are set out in Note 32.

(u) 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.

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land RM'000	Buildings and renovation 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	Asset under construction RM'000	Total RM'000
Cost											
At 1 January 2007		5,910	44,974	6,421	163,372	13,803	11,544	3,922	60,537	17,919	328,402
Acquisition of subsidiary	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 2007/1 January 2008		5,910	218,404	-	503,200	16,962	16,133	3,661	87,255	61,997	913,522
Additions		-	3,771	-	76,072	3,540	3,775	663	23,681	273,459	384,961
Disposals		-	-	-	(1,265)	(44)	(1,169)	(19)	(1,042)	-	(3,539)
Write off		-	-	-	-	(245)	-	-	-	-	(245)
Transfer from asset under construction		-	18,454	-	46,635	-	-	-	-	(65,089)	-
Effect of movements in exchange rates		-	17,696	-	41,766	1,091	401	(121)	2,358	7,507	70,698
At 31 December 2008		5,910	258,325	-	666,408	21,304	19,140	4,184	112,252	277,874	1,365,397

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

Group	Freehold land RM'000	Buildings and renovation 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	Asset under construction RM'000	Total RM'000
Accumulated depreciation										
At 1 January 2007	-	3,218	1,002	57,362	8,126	4,827	1,327	40,071	-	115,933
Depreciation for the year	-	8,004	-	49,551	1,397	1,511	191	9,928	-	70,582
Reclassification	-	1,002	(1,002)	84	-	-	(84)	-	-	-
Disposals	-	(107)	-	(1,215)	(48)	(299)	(21)	-	-	(1,690)
Effect of movements in exchange rates	-	(28)	-	(523)	31	(42)	(15)	-	-	(577)
At 31 December 2007/1 January 2008	-	12,089	-	105,259	9,506	5,997	1,398	49,999	-	184,248
Depreciation for the year	-	9,209	-	31,379	1,751	2,113	186	16,354	-	60,992
Disposals	-	-	-	(316)	-	(711)	-	-	-	(1,027)
Write off	-	-	-	-	(245)	-	-	-	-	(245)
Effect of movements in exchange rates	-	1,119	-	6,148	(34)	(19)	(50)	1,034	-	8,198
At 31 December 2008	-	22,417	-	142,470	10,978	7,380	1,534	67,387	-	252,166
Carrying amounts										
At 1 January 2007	5,910	41,756	5,419	106,010	5,677	6,717	2,595	20,466	17,919	212,469
At 31 December 2007/1 January 2008	5,910	206,315	-	397,941	7,456	10,136	2,263	37,256	61,997	729,274
At 31 December 2008	5,910	235,908	-	523,938	10,326	11,760	2,650	44,865	277,874	1,113,231

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

Company	Freehold land RM'000	Buildings RM'000	Renovation 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 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
Additions	-	-	2,123	3,025	121	438	-	13,004	18,711
Disposals	-	-	-	(574)	-	(172)	-	(1,042)	(1,788)
At 31 December 2008	5,910	31,472	2,123	128,384	10,033	4,614	849	71,360	254,745
Accumulated depreciation									
At 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 2007/1 January 2008	-	3,872	-	55,896	6,623	2,229	432	41,080	110,132
Depreciation for the year	-	607	212	6,672	627	327	26	5,563	14,034
Disposals	-	-	-	(73)	-	(173)	-	-	(246)
At 31 December 2008	-	4,479	212	62,495	7,250	2,383	458	46,643	123,920
Carrying amounts									
At 1 January 2007	5,910	28,061	-	73,631	3,849	1,742	423	17,828	131,444
At 31 December 2007/1 January 2008	5,910	27,600	-	70,037	3,289	2,119	417	18,318	127,690
At 31 December 2008	5,910	26,993	1,911	65,889	2,783	2,231	391	24,717	130,825

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

3.1 Security

Certain property, plant and equipment of the Group and of the Company with carrying amounts of RM12,688,000 (2007 - RM4,139,000) and NIL (2007 - RM2,850,000), respectively have been pledged as security for loan facilities as set out in Note 15 to the financial statements.

3.2 Borrowing Costs

Included in property, plant and equipment under construction of the Group is interest capitalised at a rate of 5.6% per annum (2007 - NIL) of RM10,737,000 (2007 - NIL) until the asset is ready for its intended use.

3.3 Assets under Hire Purchase Plans

	Group		Company	
	2008	2007	2008	2007
Carrying amounts:	RM'000	RM'000	RM'000	RM'000
Plant and machinery	3,783	9,463	619	7,034
Motor vehicles	2,555	2,942	1,660	1,004
	6,338	12,405	2,279	8,038

3.4 Change in Estimates

During the year ended 31 December 2008, the Group conducted an operational efficiency review of its plants in China, which resulted in changes in the expected useful lives of certain items of property, plant and equipment.

The useful lives of the smelting plant and power plant which management previously estimated the useful lives to be 10 years, have now been revised to 15 years and 20 years, respectively.

The Directors are of the view that the revised estimated useful lives reflect more accurately the wear and tear of the assets, having considered the physical condition and the maintenance program of the assets. The Directors have also considered the useful lives of similar assets in the industry and believe that the revised useful lives are more aligned to the industry.

The effect of these changes on depreciation expense, recognised in cost of sales, in current and future periods is as follows:

	2008	2009	2010	2011	2012	2013 and later
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(Decrease)/Increase in depreciation expense	(24,992)	(25,794)	(25,794)	(25,794)	(25,794)	128,166

NOTES TO THE FINANCIAL STATEMENTS
cont'd

4. INTANGIBLE ASSET

Group	Goodwill RM'000
Cost	
At 1 January 2007	12,332
Effect of movements in exchange rate	1,152
At 31 December 2007/1 January 2008	13,484
Effect of movements in exchange rate	(732)
At 31 December 2008	12,752

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 segments.

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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

5. PREPAID LEASE PAYMENTS

Group	Note	*Leasehold land unexpired period more than 50 years RM'000
Cost		
At 1 January 2007		16,484
Acquisition of subsidiary	29	49,984
Additions		7,750
Effect of movements in exchange rate		12
At 31 December 2007/1 January 2008		74,230
Additions		9,533
Effect of movements in exchange rate		7,806
At 31 December 2008		91,569
Amortisation		
At 1 January 2007		324
Amortisation for the year		344
Effect of movements in exchange rate		(2)
At 31 December 2007/1 January 2008		666
Amortisation for the year		438
Effect of movements in exchange rate		55
At 31 December 2008		1,159
Carrying amounts		
At 1 January 2007		16,160
At 31 December 2007/1 January 2008		73,564
At 31 December 2008		90,410

* *The titles to the leasehold land at carrying amounts of RM56,254,000 (2007 - RM49,874,000) are still in the process of being registered in the subsidiaries' name. The subsidiaries have submitted the relevant documents to the authorities for the transfer of legal titles to the subsidiaries, and are awaiting the process and formalities of the transfers to be completed.*

NOTES TO THE FINANCIAL STATEMENTS
cont'd

5. PREPAID LEASE PAYMENTS *cont'd*

Company	Leasehold land unexpired period more than 50 years RM'000
Cost	
At 1 January 2007	-
Additions	7,750
At 31 December 2007/1 January 2008	7,750
Transfer to a subsidiary	(7,750)
At 31 December 2008	-
Amortisation	
At 1 January 2007	-
Amortisation for the year	33
At 31 December 2007/1 January 2008	33
Transfer to a subsidiary	(33)
At 31 December 2008	-
Carrying amounts	
At 1 January 2007	-
At 31 December 2007/1 January 2008	7,717
At 31 December 2008	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

6. INVESTMENT PROPERTY

	Note	Group 2008 RM'000	Group 2007 RM'000
Cost			
At 1 January		5,563	5,323
Additions		735	-
Write off		-	(17)
Transfer from property, plant and equipment	3	-	257
At 31 December		6,298	5,563
Accumulated depreciation			
At 1 January		589	494
Depreciation for the year		103	95
At 31 December		692	589
Carrying amounts			
At 31 December		5,606	4,974
Fair value*			
At 31 December		6,279	4,974

* *The Directors estimated the fair value of the investment property by using the comparison method, which entails the analyses of recent evidences of comparable properties in the neighbourhood.*

	Group 2008 RM'000	Group 2007 RM'000
Included in the above are:		
Freehold land	812	812
Buildings	4,794	4,162
	5,606	4,974

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

	2008 RM'000	2007 RM'000
Rental income	315	279
Direct operating expenses	(152)	(174)

NOTES TO THE FINANCIAL STATEMENTS
cont'd

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008	2007
	RM'000	RM'000
Unquoted shares, at cost	222,483	222,483
Less: Impairment losses	(2,440)	(2,440)
	220,043	220,043

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2008	2007
Angkasa Jasa Sdn. Bhd.	Malaysia	Contracting and fabrication of aluminium and stainless steel products	100%	100%
PMB Development Sdn. Bhd.	Malaysia	Property development and building and contracting of construction work	100%	100%
and its subsidiary,				
PMB Spectrum Sdn. Bhd.	Malaysia	Development of industrial parks with common waste water treatment plant facilities and other development projects	60%	60%
PMB Recycling Management Sdn. Bhd.	Malaysia	Recycling of waste, operation maintenance, construction of waste recycling projects and trading of waste treatment and recycling equipment	100%	100%
Wesama Sdn. Bhd.	Malaysia	Provision of general drafting services and construction project management	100%	100%
and its subsidiary,				
ACE Extrusion Sdn. Bhd.	Malaysia	Manufacturing and trading of aluminium products	100%	100%
PMB Marketing Sdn. Bhd.*	Malaysia	Investment holding	100%	100%
and its subsidiary,				
PMB Marketing (H.K.) Limited*	Hong Kong	Trading of garments and accessories	100%	100%
Press Metal UK Limited*	United Kingdom	Marketing of aluminium products	100%	100%
BI-PMB Waste Management Sdn. Bhd.	Malaysia	Provision of a common waste water treatment plant to treat toxic waste	100%	100%
PMB-Envirex Environmental Engineering Sdn. Bhd.	Malaysia	Dormant company	100%	55%

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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 2008	Effective ownership interest 2007
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%	90%
and its subsidiary,				
PMH Aluminium Extrusion Co,. Ltd.*	China	Manufacturing and trading of aluminium products	100%	-
Press Metal Sarawak Sdn. Bhd.	Malaysia	Manufacturing and trading of aluminium products	80%	80%
K3 Metal Service Centre Sdn. Bhd.*	Malaysia	Trading in general hardware and related products	51%	51%
and its subsidiary				
K3 Metal Trading (JB) Sdn. Bhd.*	Malaysia	Trading in general hardware and related products	100%	100%

* *Audited by other firms of accountants*
** *Audited by a member firm of KPMG*

Acquisition of Subsidiaries/Change in Shareholdings in 2008

(i) PMH Aluminium Extrusion Co,. Ltd. ("PMHAE")

On 5 May 2008, the Group incorporated a new subsidiary, PMHAE, domiciled in the Republic of China, with an issued and fully paid-up capital of RM22,515,000 (RMB50,000,000). PMHAE is 90% owned by Hubei Press Metal Huasheng Aluminium-Electric Co,. Ltd.. The principal activity of PMHAE is the manufacturing and trading of aluminium products.

The net profit and net assets contributed by PMHAE from 5 May 2008 up to the year ended 31 December 2008 are insignificant in relation to the consolidated net profit and net assets of the Group for 2008.

(ii) Press Metal International Ltd. ("PMI")

During the financial year, PMI increased its paid-up capital by the issuance of 57,819,000 new ordinary shares of RMB1 each. Press Metal Hong Kong Limited subscribed for its share of 46,225,200 new ordinary shares for a total cash consideration of RM30,555,655 (HKD66,909,523).

The effective ownership interest of the Group in PMI remains unchanged.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

Acquisition of Subsidiaries/Change in Shareholdings in 2008 *cont'd*

(iii) PMB Envirex Environmental Engineering Sdn. Bhd. ("PMBEE")

In February 2008, the Company acquired the remaining 45% equity interest in PMBEE for RM45,000 in cash. Consequently, PMBEE became a wholly owned subsidiary of the Company.

Acquisition of Subsidiaries in 2007

(i) Hubei Press Metal Huasheng Aluminium-Electric Co,. Ltd. ("PMH")

The Company subscribed for 90% equity interest in PMH 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.

(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.

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 and 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

8. INVESTMENT IN ASSOCIATE

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
At cost:				
Quoted shares in Malaysia	11,812	11,812	11,812	11,812
Share of post-acquisition reserves	13,047	10,517	-	-
	24,859	22,329	11,812	11,812
Market value:				
Quoted shares in Malaysia	8,805	17,607	8,805	17,607

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

Group and Company

	Effective ownership interest %	Revenues (100%)	Profit (100%)	Total assets (100%)	Total liabilities (100%)
2008					
PMB Technology Berhad	27.72	321,617	9,355	243,974	143,342
2007					
PMB Technology Berhad	27.72	350,699	11,572	268,355	188,498

9. OTHER INVESTMENTS

	Group	
	2008	2007
Non-current	RM'000	RM'000
Unquoted foreign shares, at cost		
1 January	2,140	-
Acquisition of a subsidiary	-	2,140
Additions	129	-
Disposal	(171)	-
Effect of movement in exchange rate	260	-
At 31 December	2,358	2,140

NOTES TO THE FINANCIAL STATEMENTS
cont'd

10. DEFERRED TAX ASSETS AND LIABILITIES

Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		Restated				Restated
Property, plant and equipment	-	140	(107,110)	(79,553)	(107,110)	(79,413)
Provisions	416	382	-	-	416	382
Tax loss carry-forwards	1,534	1,162	-	-	1,534	1,162
Unutilised reinvestment allowances	823	160	-	-	823	160
Other items	1,965	2,259	(32)	-	1,933	2,259
Tax assets/(liabilities)	4,738	4,103	(107,142)	(79,553)	(102,404)	(75,450)
Set off	(2,444)	(2,239)	2,444	2,239	-	-
Net tax assets/(liabilities)	2,294	1,864	(104,698)	(77,314)	(102,404)	(75,450)

Deferred tax assets and liabilities are attributable to the following:

Company	Assets		Liabilities		Net	
	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	-	-	(19,440)	(18,183)	(19,440)	(18,183)
Other items	-	-	1,965	2,239	1,965	2,239
Net tax liabilities	-	-	(17,475)	(15,944)	(17,475)	(15,944)

Unrecognised Deferred Tax Assets

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

	Group	
	2008	2007
	RM'000	RM'000
		Restated
Taxable temporary differences	(4,382)	(1,634)
Tax loss carry-forwards	3,411	3,894
Unabsorbed capital allowances	7,419	7,261
Unutilised reinvestment allowances	10,614	12,462
	17,062	21,983

NOTES TO THE FINANCIAL STATEMENTS
cont'd

10. DEFERRED TAX ASSETS AND LIABILITIES *cont'd*

Unrecognised Deferred Tax Assets *cont'd*

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.

Movement in Temporary Differences during the Year

Group	At 1.1.2007 RM'000 Restated	Recognised in income statement (Note 20) RM'000 Restated	Acquisition of subsidiary (Note 29) RM'000	At 31.12.2007 RM'000 Restated	Recognised in income statement (Note 20) RM'000	Effect of movements in exchange rate RM'000	At 31.12.2008 RM'000
Property, plant and equipment	(18,261)	3,396	(64,548)	(79,413)	(19,285)	(8,412)	(107,110)
Provisions	293	89	-	382	34	-	416
Tax loss carry forwards	1,289	(127)	-	1,162	372	-	1,534
Unutilised reinvestment allowances	128	32	-	160	663	-	823
Other items	(1,838)	1,362	2,735	2,259	(326)	-	1,933
	(18,389)	4,752	(61,813)	(75,450)	(18,542)	(8,412)	(102,404)
Company							
Property, plant and equipment	(18,227)	44	-	(18,183)	(1,257)	-	(19,440)
Other items	(1,885)	4,124	-	2,239	(274)	-	1,965
	(20,112)	4,168	-	(15,944)	(1,531)	-	17,475

NOTES TO THE FINANCIAL STATEMENTS
cont'd

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
		2008	2007	2008	2007
	Note	RM'000	RM'000	RM'000	RM'000
Current					
Trade					
Trade receivables		281,551	280,848	77,406	73,658
Less: Allowance for doubtful debts		(8,094)	(9,093)	(5,218)	(5,385)
		273,457	271,755	72,188	68,273
Amounts due from subsidiaries	11.1	-	-	153,031	159,566
Amount due from associate	11.1	28,117	28,215	27,596	28,062
		301,574	299,970	252,815	255,901
Non-trade					
Amounts due from subsidiaries	11.1	-	-	284,686	132,131
Other receivables		15,771	27,361	507	1,125
Deposits	11.2	157,075	16,480	15,757	13,481
Prepayments		55,145	49,906	1,481	1,537
		227,991	93,747	302,431	148,274
		529,565	393,717	555,246	404,175
Non-current					
Non-trade					
Amount due from subsidiary	11.1	-	-	30,008	-
	11.3	529,565	393,717	585,254	404,175

11.1 Intra-Group Balances

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

The current non-trade amounts due from subsidiaries are unsecured, interest free and repayable on demand.

The amount due from associate is unsecured, interest free and repayable on demand.

The non-current non-trade amount due from subsidiary is unsecured, bears interest of 6.5% (2007 - NIL) per annum and repayable in 2012.

11.2 Deposits

Included in deposits of the Group are:-

(i) deposits paid to contractors in relation to the construction of a plant in China amounting to RM4,894,000 (2007 - RM10,500,000).

(ii) deposits paid to contractors in relation to the construction of a smelting plant in Mukah, Sarawak amounting to RM133,165,000 (2007 - NIL).

NOTES TO THE FINANCIAL STATEMENTS
cont'd

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS *cont'd*

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:

		Group		Company	
		2008	2007	2008	2007
		RM'000	RM'000	RM'000	RM'000
Functional currency	**Foreign currency**				
RM	AUD	-	-	30,067	35,672
RM	GBP	-	-	103,585	114,904
RM	HKD	-	-	123,442	77,849
RM	RMB	-	-	41,799	26,765
RM	SGD	5,892	8,300	5,198	6,711
RM	USD	12,722	35,990	23,638	64,076
RMB	USD	76,610	110,413	-	-
RMB	EUR	667	-	-	-
RMB	SGD	59	1,318	-	-

12. INVENTORIES

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
At cost:				
Raw materials	111,497	110,288	37,295	28,017
Work-in-progress	21,012	15,248	1,742	5,790
Finished goods	95,713	122,961	4,025	5,889
Consumable parts	720	1,031	322	151
Inventory-in-transit	25,398	-	2,942	-
	254,340	249,528	46,326	39,847

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	7,667	4,620	734	687
Cash and bank balances	89,931	105,841	28,534	7,719
	97,598	110,461	29,268	8,406

NOTES TO THE FINANCIAL STATEMENTS
cont'd

13. CASH AND CASH EQUIVALENTS *cont'd*

Included in the Group's deposits placed with licensed banks is RM3,134,000 (2007 - RM240,000) 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	
		2008	2007	2008	2007
		RM'000	RM'000	RM'000	RM'000
Functional currency	**Foreign currency**				
RM	AUD	385	17	385	17
RM	EUR	12	5	12	5
RM	GBP	194	290	194	290
RM	RMB	5	4	5	4
RM	SGD	1,932	844	1,804	500
RM	USD	3,306	1,278	3,306	1,278
RMB	HKD	-	2	-	-
RMB	SGD	8,803	9,110	-	-

14. SHARE CAPITAL AND RESERVES

14.1 Share Capital

	Group and Company			
	Amount	Number of shares	Amount	Number of shares
	2008	2008	2007	2007
	RM'000	'000	RM'000	'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	182,265	364,530	160,214	320,428
Issue of shares under the Employees' Share Option Scheme	21	41	6,056	12,112
Issue of shares under private placements	-	-	15,995	31,990
On issue at 31 December	182,286	364,571	182,265	364,530

14.2 Translation Reserve

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

14. SHARE CAPITAL AND RESERVES *cont'd*

14.3 Share Premium

	Group/Company	
	2008	2007
	RM'000	RM'000
At 1 January	1,183	6
Arising from share issued		
- pursuant to private placements	-	1,149
- pursuant to the exercise of share options	41	28
At 31 December	1,224	1,183

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 Section 108 Tax Credit

Subject to agreement by the Inland Revenue Board, the Company has Section 108 tax credit to frank all of its distributable reserves at 31 December 2008 if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

15. LOANS AND BORROWINGS *cont'd*

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Non-current				
Term loans (unsecured)	165,580	101,607	130,681	59,607
Term loans (secured)	203,467	9,916	-	-
Hire purchase liabilities	2,535	3,567	553	635
	371,582	115,090	131,234	60,242
Current				
Term loans (unsecured)	99,020	86,278	8,019	-
Term loans (secured)	92,761	51,482	-	410
Bankers' acceptances/Bills payable (unsecured)	353,597	267,770	326,522	205,873
Bankers' acceptances/Bills payable (secured)	4,725	4,257	-	-
Revolving credit (unsecured)	52,088	38,523	45,000	30,000
Revolving credit (secured)	3,473	3,295	-	-
Bank overdrafts (unsecured)	5,627	3,070	3,275	-
Bank overdrafts (secured)	185	404	-	-
Hire purchase liabilities	1,884	1,907	386	403
	613,360	456,986	383,202	236,686
	984,942	572,076	514,436	296,928

15.1 Bills Payable, Bankers' Acceptances, Bank Overdrafts and Revolving Credit

Secured

(i) Bankers' acceptances/bills payable amounting to RM4,725,000 (2007 - RM4,257,000) bearing interest at 3.8% per annum (2007 - 4.2% per annum), are secured by pledge of deposits placed with a licensed bank and the personal guarantee of certain directors of the subsidiary.

(ii) Revolving credit amounting to RM3,473,000 (2007 - RM3,295,000) is secured by an irrevocable Standby Letter of Credit issued by a bank and bear interest at 1.5% (2007 - 1.5%) per annum above the lender's base lending rate and payable within 1 year.

(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% (2007 - 1.5%) per annum above the lender's base lending rate and payable within 1 year.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

15. LOANS AND BORROWINGS *cont'd*

15.2 Term Loans

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Loan 1 (secured)	-	410	-	410
Loan 2 (unsecured)	62,415	59,607	62,415	59,607
Loan 3 (unsecured)	52,013	-	52,013	-
Loan 4 (unsecured)	24,272	-	24,272	-
Loans of subsidiaries				
- Loan 5 (secured)	389	407	-	-
- Loan 6 (secured)	7,224	14,973	-	-
- Loan 7 (secured)	64,720	62,904	-	-
- Loan 8 (secured)	23,895	17,500	-	-
- Loan 9 (secured)	200,000	-	-	-
- Loan 10 (unsecured)	-	2,523	-	-
- Loan 11 (unsecured)	27,741	32,857	-	-
- Loan 12 (unsecured)	17,616	15,714	-	-
- Loan 13 (unsecured)	-	42,388	-	-
- Loan 14 (unsecured)	35,080	-	-	-
- Loan 15 (unsecured)	31,580	-	-	-
- Loan 16 (unsecured)	7,975	-	-	-
- Loan 17 (unsecured)	5,908	-	-	-
	560,828	249,283	138,700	60,017

NOTES TO THE FINANCIAL STATEMENTS
cont'd

15. LOANS AND BORROWINGS *cont'd*

15.2 Term Loans *cont'd*

Term loan	Description	Security	Interest rate
1	Denominated in Ringgit Malaysia, was repayable by 60 monthly instalments commencing December 2004. The loan was fully repaid in 2008.	Secured by the property, plant and equipment of the Company.	0.5% per annum above the lender's Cost of Funds.
2	Denominated in US Dollar (USD18 million), is repayable by 36 instalments of USD500,000 each; the first to commence on the 25th month following the first drawdown in August 2007.	Negative pledge.	1.5% per annum above the lender's Cost of Funds.
3	Denominated in US Dollar (USD15 million), is repayable by 48 equal monthly instalments of USD312,500 each, starting on 13 th month from the date of first drawdown of the facility in October 2008.	Negative pledge.	1.5% per annum above the lender's Cost of Funds.
4	Denominated in US Dollar (USD7 million), is repayable by 11 quarterly instalments of USD584,000 each and a final instalment of USD576,000; the first to commence on the 27 th month from the first drawdown in February 2008.	Negative pledge and backed by a corporate guarantee of Press Metal International Ltd. for USD 7 million.	1.5% per annum above the lender's Cost of Funds.
Term loans of subsidiaries consist of the following:			
5	Denominated in Ringgit Malaysia, is repayable by 180 monthly instalments commencing May 2008.	Secured over a building of a subsidiary with a carrying amount of RM1,016,000 (2007 - RM1,041,000) and backed by a corporate guarantee from the Company.	4.18% per annum for the first 12 instalments, 6.75% per annum for the subsequent 12 instalments and at 1% above the base lending rate for the remaining period.
6	Denominated in GBP, is repayable in quarterly instalments by September 2010 of £205,882 each.	Secured by debenture over the inventories and receivables of a subsidiary and backed by a corporate guarantee from the Company.	1.75% per annum above the lender's base lending rate.
7	Denominated in RMB (RMB127.3 million), is repayable 14 days before the expiry date of the respective Standby Letter's of Credit ("SBLC") issued by a bank in Malaysia.	Secured by SBLC issued by a bank for USD20 million.	90% per annum of the People's Bank of China's lending rate.
8	Denominated in RMB (RMB32 million and RMB15 million), repayable with monthly interest and principal from 28 February 2008 to 13 February 2009 and from 28 April 2008 to 28 April 2009, respectively.	Secured by SBLC issued by a bank for USD5 million.	5% per annum above the People's Bank of China's lending rate.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

15. LOANS AND BORROWINGS *cont'd*

15.2 Term Loans *cont'd*

Term loans of subsidiaries consist of the following:

Term loan	Description	Security	Interest rate
9	Denominated in Ringgit Malaysia, is repayable by 24 quarterly instalments, the first to commence on the 13th month following the first drawdown in October 2008.	Secured over a leasehold land of a subsidiary with a carrying amount of RM7,639,000 (2007 - NIL), pledge of deposits placed with a licensed bank backed by a corporate guarantee from the Company.	1.75% per annum above the lenders' Islamic Cost of Fund.
10	Denominated in AUD and was payable within 1 year. The loan was fully repaid in 2008.	Backed by a corporate guarantee from the Company.	1% per annum above the lender's Cost of Fund.
11	Denominated in USD (USD10 million), is repayable by 20 equal monthly instalments of USD500,000 each; the first commenced on the 25th month following the first drawdown in January 2006.	Backed by a corporate guarantee from the Company.	1% per annum above the lender's Cost of Fund.
12	Denominated in RMB (RMB34.65 million), is repayable by 20 equal monthly instalments of RMB1,732,500 each; the first to commence on the 25th month from the first drawdown in March 2007.	Backed by a corporate guarantee from the Company.	1.5% per annum above applicable People's Bank of China lending rate.
13	Denominated in RMB (RMB150 million), is repayable on monthly basis within 6 months from the date of drawdown.	Clean basis.	6.39% - 6.48% per annum.
14	Denominated in RMB (RMB69 million), is reviewed annually and repayable on demand at the sole discretion of the bank.	Backed by a corporate guarantee from the Company.	0.75% per annum above the applicable People's Bank of China's lending rate.
15	Denominated in USD (USD9 million), is repayable within 180 days from the drawdown date.	Backed by a corporate guarantee from the Company.	1.25% per annum above the lender's Cost of Funds.
16	Denominated in USD (USD2.2 million), is repayable on demand at the sole discretion of the bank.	Export credit.	Fixed rate of 7.175% per annum.
17	Denominated in RMB (RMB11.62 million), is repayable on demand at the sole discretion of the bank.	Export credit.	Fixed rate of 6.21% per annum.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

15. LOANS AND BORROWINGS *cont'd*

15.3 Hire Purchase Liabilities

The hire purchase liabilities are subject to flat interest rates ranging from 2.28% to 9.03% (2007 - 2.34% to 8.46%) per annum.

Hire purchase liabilities are payable as follows:

	Payments 2008 RM'000	Interest 2008 RM'000	Principal 2008 RM'000	Payments 2007 RM'000	Interest 2007 RM'000	Principal 2007 RM'000
Group						
Less than one year	2,174	290	1,884	2,452	545	1,907
Between one and five years	2,924	389	2,535	4,374	807	3,567
	5,098	679	4,419	6,826	1,352	5,474
Company						
Less than one year	438	52	386	452	49	403
Between one and five years	645	92	553	727	92	635
	1,083	144	939	1,179	141	1,038

15.4 Terms and Debts Repayment Schedule

	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
Group						
2008						
Term loans (unsecured)	2009 - 2014	264,600	99,020	50,052	115,528	-
Term loans (secured)	2009 - 2022	296,228	92,761	23,115	120,091	60,261
Bankers' acceptances/Bills payable (unsecured)	2009	353,597	353,597	-	-	-
Bankers' acceptances/Bills payable (secured)	2009	4,725	4,725	-	-	-
Revolving credit (unsecured)	2009	52,088	52,088	-	-	-
Revolving credit (secured)	2009	3,473	3,473	-	-	-
Bank overdrafts (unsecured)	2009	5,627	5,627	-	-	-
Bank overdrafts (secured)	2009	185	185	-	-	-
Hire purchase liabilities	2009 - 2013	4,419	1,884	1,356	1,179	-
		984,942	613,360	74,523	236,798	60,261

NOTES TO THE FINANCIAL STATEMENTS
cont'd

15. LOANS AND BORROWINGS *cont'd*

15.4 Terms and Debts Repayment Schedule *cont'd*

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	153,089	51,482	16,337	82,127	3,143
Term loans (secured)	2008 - 2022	96,194	86,278	5,463	4,143	310
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	-	-	-
Bank overdrafts (unsecured)	2008	3,070	3,070	-	-	-
Bank overdrafts (secured)	2008	404	404	-	-	-
Hire purchase liabilities	2008 - 2013	5,474	1,907	1,847	1,720	-
		572,076	456,986	23,647	87,990	3,453
Company						
2008						
Term loans (unsecured)	2012 - 2014	138,700	8,019	39,594	91,087	-
Bankers' acceptances/Bills payable (unsecured)	2009	326,522	326,522	-	-	-
Revolving credit (unsecured)	2009	45,000	45,000	-	-	-
Bank overdrafts	2009	3,275	3,275	-	-	-
Hire purchase liabilities	2009 - 2013	939	386	212	341	-
		514,436	383,202	39,806	91,428	-
2007						
Term loans (unsecured)	2012	59,607	-	6,623	52,984	-
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	7,026	53,216	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

15. LOANS AND BORROWINGS *cont'd*

15.5 Significant Covenants

In connection with the significant term loan facilities of a subsidiary, Press Metal Sarawak Sdn. Bhd., the subsidiary and the Group have agreed on the following significant covenants with the lenders:

i) Project Debt-to-Equity ratio of the subsidiary to be maintained below the ratio of 70:30 at all times; equity is defined to include all subordinated debts and shareholders advances;

ii) Minimum Finance Service Cover Ratio ("FSCR") to maintain below the ratio of 1.25 times, where FSCR equal to the subsidiary's net operating cash flows for the year plus opening cash balance divided by total facility payment due for the current year;

iii) no material change in the business plan of the subsidiary and Press Metal Berhad Group; and

iv) the Company shall maintain its shareholdings in the subsidiary more than or equivalent to 80% throughout the tenure of the facility.

15.6 Analysis of Foreign Currency Exposure for Significant Loans and Borrowings

Significant loans and borrowings outstanding at year end are not in the functional currencies of the Group entities are as follows:

		Group		Company	
		2008	2007	2008	2007
		RM'000	RM'000	RM'000	RM'000
Functional currency	**Foreign currency**				
RM	USD	142,179	89,726	142,179	89,726
RM	GBP	8,510	-	8,510	-
RMB	USD	39,545	36,595	-	-
HKD	USD	27,741	32,857	-	-

16. PAYABLES AND ACCRUALS

		Group		Company	
		2008	2007	2008	2007
	Note	RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables		101,280	58,498	34,224	13,075
Amounts due to subsidiaries	16.1	-	-	36,743	87,670
Amount due to associate	16.1	10,045	18,286	1,948	5,730
		111,325	76,784	72,915	106,475

NOTES TO THE FINANCIAL STATEMENTS
cont'd

16. PAYABLES AND ACCRUALS *cont'd*

		Group		Company	
		2008	2007	2008	2007
	Note	RM'000	RM'000	RM'000	RM'000
Current					
Non-trade					
Amounts due to subsidiaries	16.1	-	-	19,185	11,903
Amount due to associate	16.1	4,901	-	-	-
Other payables	16.2	94,812	100,485	3,119	54,598
Accrued expenses		15,137	25,818	3,420	2,768
		114,850	126,303	25,724	69,269
	16.3	226,175	203,087	98,639	175,744
Non-current					
Non-trade					
Amount due to a subsidiary	16.1	-	-	49,943	71,420

16.1 Intra-Group Balances

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

The non-trade balances due to subsidiaries and associate are unsecured, interest free and repayable on demand, except for an amount due to a subsidiary which is not expected to be repaid within the next twelve months.

16.2 Other Payables

Included in other payables of the Group are:-

(i) amounts due to Directors of RM164,223 (2007 - RM164,223). These amounts are unsecured, interest free and repayable on demand.

(ii) the remaining 30% of the purchase consideration for the acquisition of a subsidiary, Hubei Press Metal Huasheng Aluminium-Electric Co,. Ltd. amounting to RM54,907,000 (2007 - RM49,095,000).

(iii) an amount payable to contractors of RM19,274,000 (2007 - RM31,738,000) in relation to the construction of a plant in China.

(iv) an amount payable to contractors of RM1,523,815 (2007 - NIL) in relation to the construction of an aluminium smelting plant in Mukah, Sarawak.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

16. PAYABLES AND ACCRUALS *cont'd*

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	
		2008	2007	2008	2007
		RM'000	RM'000	RM'000	RM'000
Functional currency	**Foreign currency**				
RM	RMB	-	-	49,943	120,495
RM	SGD	11	-	11	-
RM	USD	4,162	5,657	72,498	110,277
RMB	USD	1,312	824	-	-
RMB	SGD	178	14	-	-

17. REVENUE

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Revenue				
Sale of goods	1,076,759	1,278,770	825,913	684,886
Contracting and fabrication	82,245	46,203	-	-
Rendering of services	1,709	3,376	-	-
	1,160,713	1,328,349	825,913	684,886

NOTES TO THE FINANCIAL STATEMENTS
cont'd

18. OPERATING PROFIT

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Operating profit is arrived at after charging:				
Allowance for doubtful debts	999	6,233	-	3,674
Amortisation of prepaid lease payments	438	344	-	33
Auditors' remuneration:				
- Auditors of the holding company	162	120	60	55
- Affiliates of KPMG	437	363	-	-
- Other auditors	191	208	-	-
Bad debts written off	2,984	316	673	448
Depreciation of property, plant and equipment	60,992	70,582	14,034	13,063
Depreciation of investment property	103	95	-	-
Finance costs:				
- Bank overdrafts	488	593	367	333
- Term loans	21,288	15,802	5,205	780
- Other borrowings	20,195	11,783	17,698	11,411
Inventories written off	76	399	-	-
Investment property written off	-	17	-	-
Loss on disposal of property, plant and equipment	-	-	14	4
Loss on disposal of subsidiary	-	915	-	-
Personnel expenses (including key management personnel)				
- Contributions to Employee Provident Fund	2,926	2,383	1,143	1,005
- Wages, salaries and others	63,655	61,593	17,410	15,102
Foreign exchange loss	32,331	8,687	25,160	8,613
Rental of equipment and machinery	1,273	465	300	306
Rental of premises	2,355	3,874	340	295
Share-based payments	1,520	2,918	1,520	2,918
and after crediting:				
Bad debts recovered	2,201	9	-	-
Dividend income				
- associate	-	-	318	235
- subsidiary	-	-	73,275	-
Gain on disposal of property, plant and equipment	542	1,991	-	-
Income from rental of premises	315	279	-	-
Interest income	1,008	470	47	-
Negative goodwill arising from acquisition of subsidiary	-	336,996	-	-
Foreign exchange gain	6,341	11,707	-	11,632
Reversal of allowance for doubtful debts	51	61	167	-
Reversal of accrual for pension cost	11,503	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

19. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Directors				
- Fees	309	241	175	170
- Remuneration	7,400	3,449	1,974	1,322
Total short-term employee benefits	7,709	3,690	2,149	1,492
Share-based payments	629	1,207	629	1,207
	8,338	4,897	2,778	2,699

Key management personnel comprise Directors of the Group entities, who have authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

20. TAX EXPENSE

Recognised in the Income Statement

		Group		Company	
		2008	2007	2008	2007
		RM'000	RM'000	RM'000	RM'000
			Restated		
Tax expense		26,208	2,350	7,701	1,757
Share of tax equity accounted associate		530	865	-	-
Total tax expense		26,738	3,215	7,701	1,757
Current tax expense					
Malaysian	- current year	6,813	6,877	6,083	5,794
	- prior year	65	(13)	87	131
Overseas	- current year	799	230	-	-
	- prior year	(11)	8	-	-
		7,666	7,102	6,170	5,925

NOTES TO THE FINANCIAL STATEMENTS
cont'd

20. TAX EXPENSE *cont'd*

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
		Restated		
Deferred tax expense				
Origination and reversal of temporary differences	17,456	(3,986)	628	(3,659)
Under/(Over) provision in prior year	1,708	(19)	1,602	245
Effect of changes in tax rate*	(622)	(747)	(699)	(754)
	18,542	(4,752)	1,531	(4,168)
Share of tax of equity accounted associate	530	865	-	-
Total tax expense	26,738	3,215	7,701	1,757
Reconciliation of tax expense				
Profit for the year	8,537	441,766	88,675	22,383
Total tax expense	26,738	3,215	7,701	1,757
Profit excluding tax	35,275	444,981	96,376	24,140
Tax at Malaysian tax rate of 26% (2007 - 27%)	9,172	120,145	25,058	6,518
Effect of lower tax rate for certain subsidiaries in Malaysia*	(74)	(16)	-	-
Effect of changes in tax rate**	(622)	(747)	(699)	(754)
Effect of tax rates in foreign jurisdictions	17	296	-	-
Difference in effective tax rate of equity accounted associate	(282)	(210)	-	-
Non-deductible expenses	4,765	2,493	3,218	2,089
Non-taxable income***	(902)	(111,697)	(19,134)	-
Tax incentives	(2,744)	(7,024)	(2,431)	(6,613)
Recognition of deferred tax assets previously not recognised	(1,578)	(11)	-	-
Deferred tax assets not recognised	299	90	-	-
Effect of change in estimation of useful lives of certain items of property, plant and equipment	16,832	-	-	-
Other items	147	(80)	-	141
	25,030	3,239	6,012	1,381
Under/(Over) provision in prior year	1,708	(24)	1,689	376
Tax expense	26,738	3,215	7,701	1,757

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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 26% for year of assessment 2008 and 25% for the subsequent year of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.*

*** *Non-taxable income comprises of:-*

(i) dividend income received from a subsidiary in the People's Republic of China.

(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. The subsidiaries started the tax holiday in 2007.

(iii) negative goodwill of approximately RM337 million arising from the acquisition of Hubei Press Metal Huasheng Aluminium and Electric Co,. Ltd. in 2007 (2008 - NIL).

21. EARNINGS PER ORDINARY SHARE

Basic Earnings per Ordinary Share

The calculation of basic earnings per ordinary share for the year ended 31 December 2008 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2008	**2007**
	RM'000	**RM'000**
		Restated
Profit for the year attributable to ordinary shareholders	10,476	434,379

Weighted average number of ordinary shares:

	Group	
	2008	**2007**
	'000	**'000**
Issued ordinary shares at 1 January	364,530	320,428
Effect of options exercised under ESOS during the year	20	8,330
Effect of shares issued under private placements	-	30,077
Weighted average number of ordinary shares at 31 December	364,550	358,835

NOTES TO THE FINANCIAL STATEMENTS
cont'd

21. EARNINGS PER ORDINARY SHARE *cont'd*

	Group	
	2008	2007
	Sen	Sen
		Restated
Basic earnings per ordinary share		
- before recognition of negative goodwill	2.87	27.14
- after recognition of negative goodwill	N/A	121.05

N/A - Not applicable

Diluted Earnings per Ordinary Share

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

22. DIVIDENDS

Dividends recognised by the Company are:

	Sen (net of tax)	Total amount RM'000	Date of payment
2008			
Interim 2008 ordinary	0.555	2,023	7 October 2008
Final 2007 ordinary	1.480	5,395	1 July 2008
2007			
Interim 2007 ordinary	1.095	3,991	12 October 2007
Final 2006 ordinary	1.095	3,991	31 July 2007

NOTES TO THE FINANCIAL STATEMENTS
cont'd

22. DIVIDENDS *cont'd*

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

	Group	
	Sen per share	Total amount
	(net of tax)	RM'000
Final 2008 ordinary	0.75	2,734

23. SEGMENT REPORTING

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

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

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 United Kingdom 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.

23. SEGMENT REPORTING *cont'd*

	Manufacturing and trading		Contracting and fabrication		Property development		Recycling and waste treatment		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business segments				Restated								Restated
Total revenue	1,076,759	1,287,076	82,245	38,205	-	-	1,709	3,068	-	-	1,160,713	1,328,349
Inter-segment revenue	1,391,636	1,016,125	22,588	7,998	-	-	231	308	(1,414,455)	(1,024,431)	-	-
Total segment revenue	2,468,395	2,303,201	104,833	46,203	-	-	1,940	3,376	(1,414,455)	(1,024,431)	1,160,713	1,328,349
Segment result	136,632	131,175	3,596	955	(894)	(580)	147	87	(65,899)	85	73,582	131,722
Share of profit after tax of equity accounted associate											2,126	3,106
Interest income											1,008	470
Finance costs											(41,971)	(28,178)
Tax expense											(26,208)	(2,350)
Negative goodwill											-	336,996
Profit for the year											8,537	441,766
Segment assets	3,052,361	2,325,525	76,471	61,586	11,683	12,974	8,887	9,912	(1,051,209)	(837,475)	2,098,193	1,572,522
Investment in associate											24,859	22,329
Unallocated assets											9,994	6,599
											2,133,046	1,601,450
Segment liabilities	963,779	823,359	48,557	36,601	7,952	8,116	5,292	6,143	(799,405)	(671,132)	226,175	203,087
Unallocated liabilities											1,096,886	655,365
											1,323,061	858,452

NOTES TO THE FINANCIAL STATEMENTS
cont'd

23. SEGMENT REPORTING *cont'd*

	Manufacturing and trading		Contracting and fabrication		Property development		Recycling and waste treatment		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
				Restated								Restated
Capital expenditure												
- Property, plant and equipment	384,458	137,273	503	1,525	-	390	-	130	-	-	384,961	139,318
- Investment property	-	-	735	-	-	-	-	-	-	-	735	-
- Prepaid lease payments	9,533	7,750	-	-	-	-	-	-	-	-	9,533	7,750
	393,991	145,023	1,238	1,525	-	390	-	130	-	-	395,229	147,068
Depreciation and amortisation												
- Property, plant and equipment	59,463	68,951	716	646	98	76	715	909	-	-	60,992	70,582
- Investment property	-	-	96	88	-	-	7	7	-	-	103	95
- Prepaid lease payments	416	322	18	18	4	4	-	-	-	-	438	344
	59,879	69,273	830	752	102	80	722	916	-	-	61,533	71,021

NOTES TO THE FINANCIAL STATEMENTS
cont'd

23. SEGMENT REPORTING *cont'd*

	Malaysia		Asia region		Europe region		Asia Pacific region		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Geographical segments												
Revenue from external customers	615,356	518,393	252,780	539,990	215,100	192,020	77,477	77,946	-	-	1,160,713	1,328,349
Segment assets	1,552,015	935,520	1,454,005	1,299,649	102,511	129,683	40,871	45,145	(1,051,209)	(837,475)	2,098,193	1,572,522
Unallocated assets											9,994	6,599
Investment in associate											24,859	22,329
											2,133,046	1,601,450
Capital expenditure												
- Property, plant and equipment	257,984	13,916	126,076	123,551	311	673	590	1,178	-	-	384,961	139,318
-Investment property	735	-	-	-	-	-	-	-	-	-	735	-
- Prepaid lease payments	-	7,750	9,533	-	-	-	-	-	-		9,533	7,750
	258,719	21,666	135,609	123,551	311	673	590	1,178	-	-	395,229	147,068

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

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

Credit Risk

The Group's exposure to credit risk arises through its 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.

At balance sheet date there were no significant concentrations of credit risk other than two (2007 – two) trade debtors which represents 49% (2007 – 47%) of the Company's total trade receivables. The maximum exposure to credit risk is represented by the carrying amount of the trade receivables presented in the balance sheet.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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 2008	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
Fixed rate instruments									
Financial assets									
Deposits placed with licensed banks	13	2.90	7,667	7,667	-	-	-	-	-
Financial liabilities									
Hire purchase liabilities	15	6.82	4,419	1,884	1,356	624	367	188	-
Term loans	15	6.76	13,883	13,883	-	-	-	-	-
			18,302	15,767	1,356	624	367	188	-
Floating rate instruments									
Financial liabilities									
Term loans	15	5.42	546,945	546,945	-	-	-	-	-
Bankers' acceptances/ Bills payable		15	4.79	358,322	358,322	-	-	-	-
Revolving credit	15	5.16	55,561	55,561	-	-	-	-	-
Bank overdrafts	15	7.30	5,812	5,812	-	-	-	-	-
			966,640	966,640	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

Effective Interest Rates and Repricing Analysis *cont'd*

Group 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
Fixed rate instruments									
Financial assets									
Deposits placed with licensed banks	13	3.35	4,620	4,620	-	-	-	-	-
Financial liabilities									
Hire purchase liabilities	15	6.73	5,474	1,907	1,847	725	703	292	-
Floating rate instruments									
Financial liabilities									
Term loans	15	5.09	249,283	249,283	-	-	-	-	-
Bankers' acceptances/ Bills payable	15	4.83	272,027	272,027	-	-	-	-	-
Revolving credit	15	5.18	41,818	41,818	-	-	-	-	-
Bank overdrafts	15	8.00	3,474	3,474	-	-	-	-	-
			566,602	566,602	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

Effective Interest Rates and Repricing Analysis *cont'd*

Company 2008	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
Fixed rate instruments									
Financial assets									
Deposits placed with licensed banks	13	3.05	734	734	-	-	-	-	
Financial liabilities									
Hire purchase liabilities	15	6.07	939	386	212	192	104	45	-
Floating rate instruments									
Financial liabilities									
Term loans	15	4.87	138,700	137,700	-	-	-	-	-
Bankers' acceptances/ Bills payable	15	4.12	326,522	326,522	-	-	-	-	-
Revolving credit	15	5.18	45,000	45,000	-	-	-	-	-
Bank overdrafts	15	7.30	3,275	3,275	-	-	-	-	-
			513,497	513,497	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

Effective Interest Rates and Repricing Analysis *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
Fixed rate instruments									
Financial assets									
Deposits placed with licensed banks	13	3.10	687	687	-	-	-	-	-
Financial liabilities									
Hire purchase liabilities	15	5.76	1,038	403	284	148	144	59	-
Floating rate instruments									
Financial liabilities									
Term loans	15	6.20	60,017	60,017	-	-	-	-	-
Bankers' acceptances/ Bills payable	15	4.50	205,873	205,873	-	-	-	-	-
Revolving credit	15	3.43	30,000	30,000	-	-	-	-	-
			295,890	295,890	-	-	-	-	-

Foreign Currency Risk

The Group's exposure to foreign currency risk on sales and purchases and borrowings that are denominated in currencies other than the functional currencies of Group entities. The currencies giving rise to this risk are primarily Pounds Sterling (GBP), U.S. Dollars (USD), Australian Dollars (AUD), Singapore Dollars (SGD) and Renminbi (RMB). 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

Fair Values *cont'd*

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.

The carrying amounts of floating rate term loans approximate their fair values as they are subject to variable interest rates which approximate the current market interest rates for similar facilities at balance sheet date.

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

	2008		2007	
Group	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Financial assets				
Investment in associate (quoted)	24,859	8,805	22,329	17,607
Company				
Financial asset				
Investment in associate (quoted)	11,812	8,805	11,812	17,607

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

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

	2008		2007	
Group	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Financial liabilities				
Term loans	560,828	560,828	249,283	249,283
Hire purchase liabilities	4,419	4,241	5,474	5,031
Company				
Financial liabilities				
Term loans	138,700	138,700	60,017	60,017
Hire purchase liabilities	939	888	1,038	978

NOTES TO THE FINANCIAL STATEMENTS
cont'd

24. FINANCIAL INSTRUMENTS *cont'd*

Estimation of Fair Values

The following summarises the methods used in the fair values of financial instruments:

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.

For hire purchase liabilities, fair value is determined using estimated future cash flows discounted using market related rate for a similar instrument at the balance sheet date.

25. CAPITAL COMMITMENT

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
Contracted but not provided for	251,909	152,813	-	-

The capital commitment relates to the construction of the aluminium smelting plant of a subsidiary in Mukah, Sarawak amounting to RM231,000,000 (2007 - NIL), and the expansion of a subsidiary's plant in China amounting to RM21,909,000 (2007 - RM152,813,000).

26. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2008	2007
	RM'000	RM'000
Guarantees given to financial institutions for facilities granted to subsidiaries	264,640	266,455
Guarantee given to supplier for purchases by subsidiary	2,549	2,549
	267,189	269,004

27. OPERATING LEASES

Leases as Lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Less than one year	2,534	2,638	-	-
Between one and five years	7,072	6,485	-	-
More than five years	-	-	-	-
	9,606	9,123	-	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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 Kuan Shin@ Kuan Nyong Hin has interest.

(ii) Chin Foh Trading Sdn. Bhd. ("CFT"), a company in which Kuan Shin@ Kuan Nyong Hin has interest.

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

2008 **Group**	**Transactions amount for the year ended 31 December**	**Gross balance outstanding at 31 December**	**Net balance outstanding at 31 December**	**Allowance for doubtful receivables at 31 December**
Trade	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Sales				
CFA	-	604	-	(604)
CFT	-	10,423	7,706	(2,717)
Associates	110,957	28,117	28,117	-
Purchases				
CFA	-	-	-	-
CFT	-	(7,706)	(7,706)	-
Associates	13,356	(10,045)	(10,045)	-
Non-trade				
Director				
- rental expense for factory	(360)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

28. RELATED PARTIES *cont'd*

2007 Group	Transactions amount for the year ended 31 December	Gross balance outstanding at 31 December	Net balance outstanding at 31 December	Allowance for doubtful receivables at 31 December
Trade	RM'000	RM'000	RM'000	RM'000
Sales				
CFA	-	604	-	(604)
CFT	-	10,423	7,706	(2,717)
Associates	98,546	28,215	28,215	-
Purchases				
CFA	-	-	-	-
CFT	-	(7,706)	(7,706)	-
Associates	(5,435)	(18,286)	(18,286)	-
Non-trade				
Director				
- rental expense for factory	(360)	-	-	-

	Transactions amount for the year ended 31 December	
	2008	2007
	RM'000	RM'000
Company		
Subsidiaries		
Dividend income	73,275	-
Sales	407,692	318,996
Purchases	(348,814)	(354,899)
Associates		
Dividend income	318	235
Sales	110,366	98,546
Purchases	(9,886)	(5,435)

There are no allowances for doubtful receivables made and no bad or doubtful receivables recognised for the year ended 31 December 2007 and 2008 in respect of the above related parties balances.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

28. RELATED PARTIES *cont'd*

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are not more favourable to the related parties that those arranged with independent third parties.

The outstanding balances arising from the above transactions have been disclosed in Note 11 and 26 to the financial statements.

29. ACQUISITION OF A SUBSIDIARY

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 negative goodwill of RM336,996,000, being the excess of the net fair value of the assets acquired and liabilities assumed over the cost of acquisition, in the consolidated 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	Fair value adjustments	Recognised values on acquisition
	RM'000	RM'000	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 costs)			182,442
Cash acquired			(31,854)
Net cash outflow (including outstanding amount of RM49,095,000, see Note 16)			150,588

NOTES TO THE FINANCIAL STATEMENTS
cont'd

29. ACQUISITION OF A SUBSIDIARY *cont'd*

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.

30. DISPOSAL OF SUBSIDIARY

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 MLMT 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 subsidiary disposed	(578)
Group net cash inflow on disposal	3,914

NOTES TO THE FINANCIAL STATEMENTS
cont'd

31. EMPLOYEE BENEFITS

Share-Based Payments

(a) 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 2008.

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 age 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, whichever 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.

(iv) the options granted may be exercised according to the following scale based on the discretion of the ESOS committee:

	Percentage of options exercisable				
Number of options granted	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 New ESOS.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

31. EMPLOYEE BENEFITS *cont'd*

Share-Based Payments *cont'd*

(a) New Employees' Share Option Scheme ("New ESOS") *cont'd*

The number and weighted average exercise prices of share options are as follows:

2008

Group and Company

Date option granted	Date of expiry	Exercise price RM	At 1.1.2008 '000	Granted '000	Lapsed/ Forfeited '000	Exercised '000	At 31.12.2008 '000	Exercisable as at 31.12.2008 '000
26.6.2008	12.1.2012	1.50	17,864	-	-	(41)	17,823	5,298
Weighted average exercise price (RM)			1.50	-	-	1.50	1.50	1.50

2007

Group and Company

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*	5.6.2008	0.525	16,465	-	(4,380)	(12,085)	-	-
26.6.2008	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

* *The recognition and measurement principles in FRS 2 have not been applied to these grants (former Employees' Share Option Scheme) as the options were granted prior to the effective date of FRS 2.*

NOTES TO THE FINANCIAL STATEMENTS
cont'd

31. EMPLOYEE BENEFITS *cont'd*

Share-Based Payments *cont'd*

(a) 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:

	Group and Company	
Fair value of share options and assumptions	**2008**	**2007**
Fair value at grant date	RM0.4247	RM0.815
Share price at grant date	RM1.24	RM1.69
Exercise price	RM1.50	RM1.50
Expected volatility (weighted average volatility)	51.54%	50.00%
Weighted average option life	4 years	5 years
Expected dividend yield	2.18%	0.89%
Risk-free interest rate (based on Malaysian government bonds)	4.30%	3.58%

Employee Expenses

	Group and Company	
	2008	**2007**
	RM'000	**RM'000**
Expense recognised as share-based payments	1,520	2,918

(b) 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.

(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 2008 upon giving notice in writing to the Company.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

31. EMPLOYEE BENEFITS *cont'd*

Share-Based Payments *cont'd*

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

(v) the options granted may be exercised according to the following scale based on the discretion of the ESOS committee:

	Percentage of options exercisable				
Number of options granted (before share split)	**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.

32. CHANGE IN ACCOUNTING POLICY

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 December 2008.

The change in accounting policy arising from the adoption of the revised FRS 112, *Income Taxes* is summarised below:

In the previous year, unutilised reinvestment allowance or investment tax allowance was recognised as a reduction of tax expense as and when it was utilised. Following the adoption of the revised FRS 112, a tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in the income statement as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised reinvestment allowances can be utilised.

The change in accounting policy is applied retrospectively and the effects are as follows:

	2008	2007
Group	**RM'000**	**RM'000**
Balance sheet		
Deferred tax assets at 31 December	2,294	1,704
Under recognition of deferred tax assets	-	160
Deferred tax assets at 31 December	2,294	1,864
Income statement for the year ended 31 December		
Profit for the year	8,697	441,734
(Over)/Under recognition of deferred tax assets	(160)	32
Profit for the year	8,537	441,766

NOTES TO THE FINANCIAL STATEMENTS
cont'd

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as a result of the adoption of FRS 112, *Income Taxes*.

Group	As restated RM'000	As previously stated RM'000
Balance sheet as at 31 December 2007		
Deferred tax assets	1,864	1,704
Income statement for the year ended 31 December 2007		
Tax expense	2,350	2,382
Profit for the year	441,766	441,734
Statement of changes in equity		
Retained earnings as at 1 January 2008	482,646	482,486

LIST OF PROPERTIES
held by the Group as at 31 December 2008

Proprietor	Location	Description/ Age (Year)	Existing Use	Tenure	Area (Square feet)	Net Book Value 31/12/2008 RM'000
Press Metal Berhad	Lot 6464, Mukim Kapar, Daerah Klang, Selangor Darul Ehsan	Freehold land and building 15 years	Factory cum office	Freehold	217,000	7,807
Press Metal Berhad	Lot 6486, Mukim Kapar, Daerah Klang, Selangor Darul Ehsan	Freehold land and building 15 years	Factory cum office	Freehold	417,348	7,523
Press Metal Sarawak Sdn. Bhd.	Lot 211 & 212, Block 293, Mukah Land District, Mukah, Sarawak	Leasehold Land	Factory under construction	Leasehold for 99 years	44,913,337	7,639
Press Metal Berhad	PTD 48324, Mukim Plentong, Daerah Johor Bahru, Johor Darul Takzim	Double Storey Factory 14 years	Office cum Warehouse	Freehold	8,288	422
Press Metal Berhad	HS (D) 85897, PTD 48325 Mukim Plentong, Daerah Johor Bahru, Johor Darul Takzim	Double Storey shop house 6 years	Office cum Warehouse	Freehold	6,893	848
BI-PMB Waste Management Sdn. Bhd.	Lot 73797, Mukim Klang, Daerah Klang, Selangor Darul Ehsan	1 1/2 Storey shoup house 2 years	Tenanted	Freehold	6,631	333
Angkasa Jasa Sdn. Bhd.	Pt 7649, Cheras Jaya, Mukim Cheras, Daerah Ulu Langat, Selangor Darul Ehsan	Leasehold land and building 20 years	Factory cum office	Leasehold for 99 years expiring 14 May 2088	44,584	3,763
Angkasa Jasa Sdn. Bhd.	Pantai Plaza, APH 20 Menara Atlas, Kuala Lumpur	Commercial Office suite 9 years	Tenanted	Freehold	5,339	2,792
Angkasa Jasa Sdn. Bhd.	Pantai Plaza, Tower 5 Suite no. 1002 Kuala Lumpur	Commercial Office suite 10 years	Vacant	Freehold	1,392	953
Angkasa Jasa Sdn. Bhd.	Lot 73803, Mukim Klang, Selangor Darul Ehsan	Factory Land and building 3 years	Tenanted	Freehold	6,628	685
Press Metal International Limited	Area C, Sanshui Industrial Park, Sanshui District, Foshan City, Guangdong Province, China	Leasehold land and building 3 years	Factory cum office buildings	Leasehold for 50 years	5,092,976	44,132

ANALYSIS OF SHAREHOLDINGS
as at 20 April 2009

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 Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
Less than 100	23	0.51	885	0.00
100 to 1,000	435	9.69	387,272	0.11
1,001 to 10,000	2,610	58.15	13,724,550	3.76
10,001 to 100,000	1,196	26.64	34,393,285	9.43
100,001 to less than 5% of issued shares	225	5.01	316,066,133	86.70
5% and above of issued shares	0	0.00	0	0.00
Total	**4,489**	**100.00**	**364,572,125**	**100.00**

DIRECTORS' SHAREHOLDINGS
as at 20 April 2009

	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	55,710,579	15.28	+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	0.01
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 Chan Poh Choo and daughter, 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 direct interest in Doitbest Holdings Sdn. Bhd. and shares held by his children Kuan Pek Hooi, Kuan Pek Cheng and Kuan Pek Woon and spouse, Tan Kim Hiok*

SUBSTANTIAL SHAREHOLDERS

as per Register of Substantial Shareholders as at 20 April 2009

	Direct		Indirect	
Name	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Kwan Yun Hong @ Kuan Onn Hing	12,552,000	3.44	#5,719,095	1.57
Dato' Koon Poh Keong	55,710,579	15.28	+9,767,400	2.68
Koon Poh Ming	26,971,739	7.40	-	-
Dato' Tan Ting Wong	18,391,600	5.04	*2,000,000	0.55
Datin Khoo Ee Pheng	9,767,400	2.68	^55,710,579	15.28
Tan Lam Kiew	5,719,095	1.57	@12,552,000	3.44

Deemed interested in the shares held by his spouse, Tan Lam Kiew
+ *Deemed interested in shares by his spouse, Datin Khoo Ee Pheng*
* *Deemed interested in shares by virtue of his interest in EOM System Sdn. Bhd.*
^ *Deemed interested in shares held by her spouse, Dato' Koon Poh Keong*
@ *Deemed interested in shares held by her spouse, Kwan Yun Hong @ Kwan Onn Hing*

THIRTY LARGEST SHAREHOLDERS
as at 20 April 2009

	Name of Shareholders	No. of Shares	% of Issued Capital
1	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Dato' Koon Poh Keong*	17,983,100	4.93
2	M.I.T Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Koon Poh Ming*	15,927,649	4.37
3	Kwan Yun Hong @ Kuan Onn Hing	12,552,000	3.44
4	Mayban Securities Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Loh Kwi Yong*	12,300,150	3.37
5	M.I.T Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Dato' Koon Poh Keong*	11,848,453	3.25
6	Dato' Megat Abdul Rahman Bin Megat Ahmad	10,494,850	2.88
7	M.I.T Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Datin Khoo Ee Pheng*	9,767,400	2.68
8	Koon Poh Ming	9,444,590	2.59
9	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Dato' Koon Poh Keong*	9,000,000	2.47
10	RHB Capital Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Koon Poh Weng*	8,900,040	2.44
11	ECML Nominees (Asing) Sdn. Bhd. United Forest Limited	8,573,000	2.35
12	Ong Sow Mei	7,977,855	2.19
13	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Dato' Koon Poh Keong*	7,500,000	2.06
14	Tan Mew Lan	7,489,560	2.05
15	Dato' Megat Abdul Rahman Bin Megat Ahmad	6,704,560	1.84
16	Mayban Securities Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang*	5,996,950	1.65
17	Tan Lam Kiew	5,719,095	1.57
18	Chan Poh Leng	5,699,900	1.56
19	M.I.T Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang*	5,541,700	1.52
20	Dato' Tan Ting Wong	5,500,000	1.51
21	Doitbest Holdings Sdn. Bhd.	5,355,610	1.47
22	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Koon Poh Kong*	5,170,398	1.42
23	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Koon Poh Tat*	4,892,000	1.34
24	Dato' Tan Ting Wong	4,539,100	1.25
25	ECML Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Dato' Koon Poh Keong*	3,734,926	1.02
26	HLG Nominee (Tempatan) Sdn. Bhd. *Pledged Securities Account for Dato' Koon Poh Keong*	3,590,000	0.98
27	ECML Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Dato' Tan Ting Wong*	3,200,000	0.88

THIRTY LARGEST SHAREHOLDERS
as at 20 April 2009
cont'd

	Name of Shareholders	No. of Shares	% of Issued Capital
28	IOI Properties Berhad	3,169,300	0.87
29	Chan Yat Wai	3,168,400	0.87
30	Mayban Securities Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Koon Pui Lan*	2,873,000	0.79
	Total	**224,613,586**	**61.61**

ANALYSIS OF WARRANTHOLDINGS
as at 20 April 2009

Total Warrants Issued : 63,980,005

Size of Holdings	No. of Warrantholders/ Depositors	% of Warrantholders/ Depositors	No. of Warrants held	% of Issued Warrants
Less than 100	26	2.32	1,183	0.00
100 to 1,000	152	13.55	135,860	0.21
1,001 to 10,000	664	59.18	2,924,400	4.57
10,001 to 100,000	226	20.14	6,843,120	10.70
100,001 to less than 5% of issued warrants	49	4.37	25,974,791	40.60
5% and above of issued warrants	5	0.44	28,100,651	43.92
Total	**1,122**	**100.00**	**63,980,005**	**100.00**

DIRECTORS' WARRANTHOLDINGS
as at 20 April 2009

	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	4,097,274	6.40	-	-
Dato' Koon Poh Keong	6,563,600	10.26	@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	+17,800	0.03
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, Lee Sook Ching*
\# *Deemed interested in the warrants held by his spouse, Chan Hean Heoh*

THIRTY LARGEST WARRANTHOLDERS
as at 20 April 2009

	Name of Warrantholders	No. of Warrants	% of Issued Warrants
1	M.I.T Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Datin' Khoo Ee Pheng*	9,736,527	15.22
2	M.I.T Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Dato' Koon Poh Keong*	6,154,000	9.62
3	Mayban Securities Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang*	4,679,150	7.31
4	Mayban Securities Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Loh Kwi Yong*	3,934,400	6.15
5	Koon Poh Ming	3,596,574	5.62
6	M.I.T Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang*	2,795,500	4.37
7	Kwan Yun Hong @ Kuan Onn Hing	2,700,000	4.22
8	Tan Lam Kiew	1,936,819	3.03
9	Koon Poh Weng	1,780,008	2.78
10	Ong Sow Mei	1,650,371	2.58
11	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Koon Poh Kong*	1,585,199	2.48
12	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Koon Poh Tat*	1,446,000	2.26
13	Dato' Megat Abdul Rahman Bin Megat Ahmad	1,340,912	2.10
14	Dato' Megat Abdul Rahman Bin Megat Ahmad	1,289,770	2.02
15	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB Bank for Loh Kwi Yong*	1,250,300	1.95
16	RHB Capital Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tie Ming Chung*	707,000	1.11
17	M.I.T Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Koon Poh Ming*	500,700	0.78
18	Mayban Securities Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Koon Pui Lan*	431,900	0.67
19	OSK Nominees (Tempatan) Sdn. Berhad *Pledged Securities Account for Ang Wing Fah*	430,600	0.67
20	Mayban Securities Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Dato' Koon Poh Keong*	409,600	0.64
21	Mayban Securities Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Koon Pui Lan*	340,700	0.53
22	Chan Poh Leng	335,700	0.52
23	Chan Kian Koon	283,300	0.44
24	Ng Tea Hoo @ Hwang Chow Herk	269,000	0.42
25	Tan Mew Lan	267,912	0.42
26	Anthony Kuan Chee Kee	246,800	0.39
27	Chin Chee Keong	230,000	0.36
28	Law Chuan Sze	213,400	0.33

THIRTY LARGEST WARRANTHOLDERS
as at 20 April 2009
cont'd

	Name of Warrantholders	No. of Warrants	% of Issued Warrants
29	OSK Nominees (Tempatan) Sdn. Berhad *Pledged Securities Account for Chua Ping Teow*	191,000	0.30
30	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Oo Siew Chin*	170,000	0.27
	Total	**50,903,142**	**79.56**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third 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 Thursday, 18 June 2009 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 2008 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To declare a final dividend of 2% less 25% tax for the financial year ended 31 December 2008. **Resolution 2**

3. To approve the payment of Directors' Fees in respect of the financial year ended 31 December 2008. **Resolution 3**

4. To re-elect the following Directors retiring pursuant to Article 92 of the Articles of Association of the Company:

   (i) Dato' Megat Abdul Rahman bin Megat Ahmad **Resolution 4**

   (ii) Koon Poh Weng **Resolution 5**

   (iii) Koon Poh Tat **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 10 June 2008 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 27 May 2009 ("Circular") with the related parties mentioned therein which are necessary for the PMB Group's day-to-day operations, be and is hereby renewed.

   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.

NOTICE OF ANNUAL GENERAL MEETING
cont'd

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 Party 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 DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Twenty-Third Annual General Meeting, a final dividend of 2% less 25% tax, for the financial year ended 31 December 2008 will be paid to shareholders on 22 July 2009. The entitlement date for the said dividend shall be 23 June 2009.

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 23 June 2009 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
27 May 2009

NOTICE OF ANNUAL GENERAL MEETING
cont'd

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 appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

4. *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.*

5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, 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 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 27 May 2009 accompanying the Annual Report of the Company for the financial year ended 31 December 2008.

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FORM OF PROXY

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-Third 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 Thursday, 18 June 2009 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 2008 and Reports of the Directors and Auditors thereon	Resolution 1		
2.	Declaration of a final dividend of 2% less 25% tax	Resolution 2		
3.	Approval of Directors' Fees	Resolution 3		
4.	Re-election of Dato' Megat Abdul Rahman Bin Megat Ahmad as Director	Resolution 4		
5.	Re-election of Koon Poh Weng as Director	Resolution 5		
6.	Re-election of Koon Poh Tat 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 :

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Fold This Flap For Sealing

Then Fold Here

Affix Stamp

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

1st Fold Here

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(Company No. 400200-U)
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