OPTIONS GRANTED OVER UNISSUED SHARES cont'd

Employees' Share Option Scheme cont'd

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

Date of offer	Exercise price RM	At 1.1.2010 '000	Granted '000	Lapsed/ Forfeited '000	Exercised '000	At 31.12.2010 '000	Exercisable as at 31.12.2010 '000
26.6.2007	1.50	17,823	-	(1,025)	(2,044)	14,754	11,396

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

SIGNIFICANT EVENTS

i) On 28 January 2010, the Company acquired the remaining 20% equity interests in Press Metal (HK) Limited ("PMHK"), which was previously an 80% owned subsidiary of the Company, from a third party. The acquisition involved a total of 4,000,000 shares of HK$1.00 each, for a total consideration of RMB20,000,000 (approximately RM9,767,000). Subsequent to the acquisition, PMHK became a wholly-owned subsidiary of the Company.

ii) On 28 September 2010, the previous minority interest shareholders of Press Metal Sarawak ("PMS"), an 80% owned subsidiary of the Company, disposed of their 20% equity interests to Sumitomo Corporation Sdn. Bhd. ("Sumitomo"). On 21 December 2010, the Company completed the capitalisation and subscription of RM302 million ordinary shares of RM1.00 each in PMS, via the capitalisation of amount owing by PMS to the Company of RM301,572,000 and cash subscription of RM428,000. Subsequently, the Company disposed of 60.4 million ordinary shares of RM1.00 each in PMS to Sumitomo for a total consideration of RM60.4 million. Pursuant to these transactions, the equity interests of the Company in PMS remained at 80%.

iii) On 19 October 2010, nominees of the Company incorporated a company in Malaysia, Press Metal Bintulu Sdn. Bhd. ("PM Bintulu"), which has an issued and paid-up share capital of RM2. Subsequently on 17 December 2010, the Company acquired the entire shares of PM Bintulu from its nominees and PM Bintulu became a wholly-owned subsidiary of the Company.

OTHER STATUTORY INFORMATION

Before the statements of financial position and statements of comprehensive income 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) any current assets which were unlikely to be realised on the ordinary course of business have been written down to an amount which they might be expected so to realise.

Directors' Report
for the year ended 31 December 2010
cont'd

OTHER STATUTORY INFORMATION cont'd

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's and the Company's 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 recognition of negative goodwill arising from the acquisition of the remaining 20% equity interests in PMHK as disclosed in Note 18 and Note 30 to the financial statements and the recognition of unrealised foreign exchange gain and waiver of debts by a creditor 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 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

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

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

DATO' KOON POH KEONG **KOON POH TAT**

Petaling Jaya, Selangor

12 April 2011

Statements of Financial Position

as at 31 December 2010

	Note	Group 31.12.2010 RM'000	Group 31.12.2009 RM'000 Restated	Group 1.1.2009 RM'000 Restated	Company 31.12.2010 RM'000	Company 31.12.2009 RM'000
Assets						
Property, plant and equipment	3	**1,476,086**	1,357,349	1,203,310	**114,902**	121,195
Goodwill	4	**13,187**	13,115	12,752	**-**	-
Investment properties	5	**5,797**	5,837	5,937	**-**	-
Investments in subsidiaries	6	**-**	-	-	**485,751**	217,484
Investment in an associate	7	**28,003**	26,289	24,859	**11,812**	11,812
Other investments	8	**6,477**	4,313	2,358	**750**	750
Deferred tax assets	9	**1,042**	3,919	2,294	**-**	-
Trade and other receivables	10	**-**	-	-	**-**	22,469
Total non-current assets		**1,530,592**	1,410,822	1,251,510	**613,215**	373,710
Trade and other receivables	10	**704,052**	721,999	529,565	**543,205**	680,294
Inventories	11	**327,165**	262,576	254,340	**21,225**	29,096
Current tax assets		**2,520**	25	33	**-**	-
Cash and cash equivalents	12	**201,211**	71,266	97,598	**67,694**	16,915
Total current assets		**1,234,948**	1,055,866	881,536	**632,124**	726,305
Total assets		**2,765,540**	2,466,688	2,133,046	**1,245,339**	1,100,015
Equity						
Share capital		**215,031**	182,694	182,286	**215,031**	182,694
Reserves		**2,047**	44,288	51,678	**9,148**	6,675
Retained earnings		**584,286**	508,394	485,704	**199,855**	173,468
Total equity attributable to owners of the Company		**801,364**	735,376	719,668	**424,034**	362,837
Minority interests		**126,210**	87,761	90,317	**-**	-
Total equity	13	**927,574**	823,137	809,985	**424,034**	362,837
Liabilities						
Trade and other payables, including derivatives	14	**106,049**	-	-	**103,423**	60,475
Loans and borrowings	15	**396,125**	519,089	371,582	**69,820**	103,560
Deferred tax liabilities	9	**104,710**	110,305	104,698	**16,996**	21,780
Total non-current liabilities		**606,884**	629,394	476,280	**190,239**	185,815
Trade and other payables, including derivatives	14	**262,394**	263,194	226,175	**112,392**	155,138
Loans and borrowings	15	**964,938**	746,421	613,360	**516,834**	395,040
Current tax liabilities		**3,750**	4,542	7,246	**1,840**	1,185
Total current liabilities		**1,231,082**	1,014,157	846,781	**631,066**	551,363
Total liabilities		**1,837,966**	1,643,551	1,323,061	**821,305**	737,178
Total equity and liabilities		**2,765,540**	2,466,688	2,133,046	**1,245,339**	1,100,015

The notes on pages 50 to 113 are an integral part of these financial statements.

Statements of Comprehensive Income

for the year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Revenue	17	**1,698,839**	1,133,181	**677,001**	556,737
Cost of sales		**(1,454,964)**	(961,981)	**(619,782)**	(489,581)
Gross profit		**243,875**	171,200	**57,219**	67,156
Other income		**52,482**	27,696	**26,109**	23,424
Distribution expenses		**(53,598)**	(31,244)	**(3,399)**	(2,302)
Administrative expenses		**(71,040)**	(66,447)	**(12,324)**	(10,358)
Other expenses		**(19,171)**	(26,141)	**(9,320)**	(21,344)
Results from operating activities		**152,548**	75,064	**58,285**	56,576
Finance income		**560**	58	**28**	-
Finance costs		**(51,789)**	(36,427)	**(22,733)**	(18,519)
Operating profit	18	**101,319**	38,695	**35,580**	38,057
Share of profit of equity accounted associate, net of tax		**1,996**	1,430	**-**	-
Profit before tax		**103,315**	40,125	**35,580**	38,057
Income tax expense	20	**(13,705)**	(11,430)	**(1,592)**	(9,205)
Profit for the year		**89,610**	28,695	**33,988**	28,852
Foreign currency translation differences for foreign operations		**(44,714)**	(8,403)	**-**	-
Total comprehensive income for the year		**44,896**	20,292	**33,988**	28,852
Profit attributable to:					
Owners of the Company		**83,493**	27,476	**33,988**	28,852
Minority interests		**6,117**	1,219	**-**	-
Profit for the year		**89,610**	28,695	**33,988**	28,852
Total comprehensive income attributable to:					
Owners of the Company		**38,779**	19,073	**33,988**	28,852
Minority interests		**6,117**	1,219	**-**	-
Total comprehensive income for the year		**44,896**	20,292	**33,988**	28,852
Basic earnings per ordinary share (sen)	21	**21.87**	7.53		
Diluted earnings per ordinary share (sen)	21	**21.23**	-		

The notes on pages 50 to 113 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

Group	Note	Share capital	Share premium	Translation reserve	Share option reserve	Retained earnings	Total	Minority interests	Total equity
		Attributable to owners of the Company							
		Non-distributable				*Distributable*			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2009		182,286	1,224	46,016	4,438	485,704	719,668	90,317	809,985
Total comprehensive income for the year		-	-	(8,403)	-	27,476	19,073	1,219	20,292
Conversion of warrants	13	408	-	-	-	-	408	-	408
Share-based payment transactions	16	-	-	-	1,013	-	1,013	-	1,013
Dividends to owners of the Company	22	-	-	-	-	(4,786)	(4,786)	-	(4,786)
Disposal of a subsidiary	30	-	-	-	-	-	-	(3,775)	(3,775)
At 31 December 2009/At 1 January 2010		**182,694**	**1,224**	**37,613**	**5,451**	**508,394**	**735,376**	**87,761**	**823,137**
Total comprehensive income for the year		**-**	**-**	**(44,714)**	**-**	**83,493**	**38,779**	**6,117**	**44,896**
Conversion of warrants	13	**31,315**	**-**	**-**	**-**	**-**	**31,315**	**-**	**31,315**
Share options exercised	13	**1,022**	**2,044**	**-**	**-**	**-**	**3,066**	**-**	**3,066**
Transfer to share premium for share options exercised		**-**	**714**	**-**	**(714)**	**-**	**-**	**-**	**-**
Transfer to retained earnings for share options lapsed		**-**	**-**	**-**	**(358)**	**358**	**-**	**-**	**-**
Share-based payment transactions	16	**-**	**-**	**-**	**787**	**-**	**787**	**-**	**787**
Dividends to owners of the Company	22	**-**	**-**	**-**	**-**	**(7,959)**	**(7,959)**	**-**	**(7,959)**
Acquisition of minority interests	30	**-**	**-**	**-**	**-**	**-**	**-**	**(28,068)**	**(28,068)**
Subscription of additional shares in a subsidiary by minority interests shareholders	30	**-**	**-**	**-**	**-**	**-**	**-**	**60,400**	**60,400**
At 31 December 2010		**215,031**	**3,982**	**(7,101)**	**5,166**	**584,286**	**801,364**	**126,210**	**927,574**

The notes on pages 50 to 113 are an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 December 2010

		Non-distributable			Distributable	
Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Share option reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 January 2009		182,286	1,224	4,438	149,402	337,350
Total comprehensive income for the year		-	-	-	28,852	28,852
Conversion of warrants	13	408	-	-	-	408
Share-based payment transactions	16	-	-	1,013	-	1,013
Dividends to owners of the Company	22	-	-	-	(4,786)	(4,786)
At 31 December 2009/ 1 January 2010		182,694	1,224	5,451	173,468	362,837
Total comprehensive income for the year		**-**	**-**	**-**	**33,988**	**33,988**
Conversion of warrants	13	**31,315**	**-**	**-**	**-**	**31,315**
Share options exercised	13	**1,022**	**2,044**	**-**	**-**	**3,066**
Transfer to share premium for share options exercised		**-**	**714**	**(714)**	**-**	**-**
Transfer to retained earnings for share options lapsed		**-**	**-**	**(358)**	**358**	**-**
Share-based payment transactions	16	**-**	**-**	**787**	**-**	**787**
Dividends to owners of the Company	22	**-**	**-**	**-**	**(7,959)**	**(7,959)**
At 31 December 2010		**215,031**	**3,982**	**5,166**	**199,855**	**424,034**

The notes on pages 50 to 113 are an integral part of these financial statements.

Statements of Cash Flows
for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
		Restated		
Cash flows from operating activities				
Profit before tax	**103,315**	40,125	**35,580**	38,057
Adjustments for:				
Depreciation of investment properties	**112**	100	**-**	-
Depreciation of property, plant and equipment	**83,373**	81,921	**14,718**	14,691
Derivative loss on forward foreign exchange contracts	**2,123**	-	**2,123**	-
Dividend income	**-**	-	**(282)**	(362)
Equity settled share-based payment transactions	**787**	1,013	**787**	1,013
Finance costs	**51,789**	36,427	**22,733**	18,519
Finance income	**(560)**	(58)	**(28)**	-
(Gain)/Loss on disposal of property, plant and equipment	**(352)**	(921)	**(20)**	39
Impairment loss on goodwill	**-**	550	**-**	-
Impairment loss on investment properties	**200**	-	**-**	-
Loss/(Gain) on disposal of a subsidiary	**-**	875	**-**	(1,652)
Negative goodwill	**(18,030)**	-	**-**	-
Property, plant & equipment written off	**-**	5	**-**	-
Share of profit of equity accounted associate, net of tax	**(1,996)**	(1,430)	**-**	-
Unrealised foreign exchange gain	**(20,543)**	(19,781)	**(20,533)**	(19,781)
Waiver of debts by a creditor	**(5,000)**	-	**(5,000)**	-
Operating profit before changes in working capital	**195,218**	138,826	**50,078**	50,524
Changes in working capital:				
Inventories	**(64,589)**	(8,236)	**7,871**	17,230
Trade and other payables	**116,182**	47,314	**(4,480)**	(12,774)
Trade and other receivables	**(125,294)**	(117,605)	**(24,996)**	57,934
Cash generated from operations	**121,517**	60,299	**28,473**	112,914
Income tax paid	**(13,947)**	(9,699)	**(5,721)**	(9,400)
Net cash from operating activities	**107,570**	50,600	**22,752**	103,514

Statements of Cash Flows

for the year ended 31 December 2010
cont'd

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
		Restated		
Cash flows from investing activities				
Acquisition of investment properties	**(272)**	-	**-**	-
Acquisition of minority interests	**(9,767)**	-	**-**	-
Acquisition of other investments	**(2,164)**	(182)	**-**	-
Acquisition of property, plant and equipment	**(104,649)**	(315,393)	**(7,909)**	(4,479)
Disposal of a subsidiary, net of cash disposed	**-**	1,028	**-**	-
Dividends received from an associate	**282**	362	**282**	362
Increase of investments in subsidiaries	**-**	-	**(27,095)**	-
Interest received from cash and cash equivalents	**560**	58	**28**	-
Proceeds from disposal of investment in a subsidiary	**60,400**	-	**60,400**	3,452
Proceeds from disposal of property, plant and equipment	**3,522**	2,128	**220**	243
Net cash (used in)/from investing activities	**(52,088)**	(311,999)	**25,926**	(422)
Cash flows from financing activities				
Decrease in amount due to an associate	**(2,466)**	-	**-**	-
Drawdown/(Repayment) of bankers' acceptances	**87,270**	66,846	**73,476**	(11,478)
Dividends paid to owners of the Company	**(7,959)**	(4,786)	**(7,959)**	(4,786)
Increase in amounts due from subsidiaries	**-**	-	**(114,476)**	(155,662)
Increase in amounts due to subsidiaries	**-**	-	**11,486**	79,814
Interest paid on loans and borrowings	**(51,789)**	(36,427)	**(22,733)**	(18,519)
(Placement)/Withdrawal of deposits pledged with licensed banks	**(3,514)**	3,124	**-**	-
Proceeds from issue of share capital via the new ESOS	**3,066**	-	**3,066**	-
Proceeds from issue of share capital via warrants conversion	**31,315**	408	**31,315**	408
Proceeds from/(Repayment of) term loans	**26,949**	131,297	**35,517**	(8,493)
Repayment of finance lease liabilities	**(4,656)**	(3,110)	**(566)**	(479)
(Repayment)/Drawdown of revolving credits	**(1,610)**	80,392	**-**	-
Net cash from/(used in) financing activities	**76,606**	237,744	**9,126**	(119,195)

Statements of Cash Flows
for the year ended 31 December 2010
cont'd

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Net increase/(decrease) in cash and cash equivalents	**132,088**	(23,655)	**57,804**	(16,103)
Effect of exchange rate fluctuations on cash held	**1,321**	(766)	**-**	-
Cash and cash equivalents at 1 January	**64,231**	88,652	**9,890**	25,993
Cash and cash equivalents at 31 December	**197,640**	64,231	**67,694**	9,890

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits (excluding deposits pledged)	**2,391**	6,632	**391**	363
Cash and bank balances	**195,296**	64,624	**67,303**	16,552
Bank overdrafts	**(47)**	(7,025)	**-**	(7,025)
	197,640	64,231	**67,694**	9,890

Acquisition of property, plant and equipment

During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM257,421,000 (2009 – RM322,643,000) and RM8,625,000 (2009 – RM5,343,000) respectively, of which RM7,390,000 (2009 – RM7,250,000) and RM716,000 (2009 – 864,000), respectively and RM145,382,000 (2009 – Nil) and Nil (2009 – Nil), respectively, were acquired by means of finance lease and reclassified from deposits. The deposits represent amounts paid to contractors in relation to the construction of the aluminium smelting plant in Mukah, Sarawak of a subsidiary.

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 Market of Bursa Malaysia Securities Berhad. The addresses of its principal place of business and registered office are as follows:

PRINCIPAL PLACE OF BUSINESS

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

REGISTERED OFFICE

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

The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the year ended 31 December 2010 do not include other entities.

The Company is principally engaged in the manufacturing and marketing of aluminium products, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 April 2011.

1. BASIS OF PREPARATION

(a) Statement of Compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRSs), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010
- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010
- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

1. BASIS OF PREPARATION cont'd

(a) Statement of Compliance cont'd

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
  - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopter
  - Additional Exemption for First-time Adopters
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- IC Interpretation 4, *Determining whether an Arrangement contain a Lease*
- IC Interpretation 18, *Transfer of Assets from Customers*
- Improvements to FRS (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for IC Interpretation 12 which is not applicable to the Group and the Company; and

- from the annual period beginning 1 January 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012, except for IC Interpretation 15 which is not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption, other than expected changes in accounting policies as discussed below:

(i) FRS 3 (revised), Business Combinations

FRS 3 (revised) incorporates the following changes that are likely to be relevant to the Group's operations:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transactions costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any minority (will be known as non-controlling) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

FRS 3 (revised), which becomes mandatory for the Group's 2011 consolidated financial statements, will be applied prospectively and therefore will be no impact on prior periods in the Group's 2011 consolidated financial statements.

Notes to the Financial Statements
cont'd

1. BASIS OF PREPARATION cont'd

(a) Statement of Compliance cont'd

(ii) FRS 127 (2010), Consolidated and Separate Financial Statements

- The amendments to FRS 127 require changes in group composition to be accounted for as equity transactions between the group and its minority (will be known as non-controlling) interest holders. Currently, changes in group composition are accounted for in accordance with the accounting policies as described in Note 2(a)(iii).

- The amendments to FRS 127 require all losses attributable to minority interest to be absorbed by minority interest i.e., the excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group's interest. Currently, such losses are accounted for in accordance with the accounting policies as described in Note 2(a)(iv).

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

IC Interpretation 4, Determining whether an Arrangement contains a Lease

IC Interpretation 4 provides guidance on determining whether certain arrangements are, or contain, leases that are required to be accounted for in accordance with FRS 117, *Leases*. Where an arrangement is within the scope of FRS 117, the Group and the Company apply FRS 117 in determining whether the arrangement is a finance or an operating lease.

The adoption of IC Interpretation 4 will result in a change in accounting policy which will be applied retrospectively in accordance with FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* in which certain arrangements are to be accounted for as a finance lease.

The above changes in accounting policies are not expected to have material impacts to the Group and the Company.

Following the announcement by the MASB on 1 August 2008, the Group's and the Company's financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS) framework for annual periods beginning on 1 January 2012.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

The preparation of financial statements in conformity with FRSs 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.

1. BASIS OF PREPARATION cont'd

(d) Use of Estimates and Judgements cont'd

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

- Note 4 - measurement of the recoverable amounts of cash-generating units
- Note 5 - valuation of investment properties
- Note 27 - contingencies

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, other than those disclosed in the following notes:

- Note 2(c) - Financial instruments
- Note 2(e) - Leased assets
- Note 2(r) - Operating segments

(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 statement of financial position 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.

Investment in an associate is accounted for in the consolidated financial statements using the equity method less any impairment losses, 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.

Investment in an associate is stated in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale.

Notes to the Financial Statements
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(a) Basis of Consolidation cont'd

(iii) Changes in Group composition

The Group treats all changes in Group composition as equity transactions between the Group and its minority interests holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group's profit or loss.

(iv) Minority interests

Minority interests at the end of the reporting period, 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 statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Minority interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the comprehensive income for the year between minority interests and the owners 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.

(v) 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 Group entities at exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency and the amortised cost in foreign currency translated at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(b) Foreign Currency cont'd

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR within equity.

(c) Financial Instruments

Arising from the adoption of FRS 139, Financial Instruments: Recognition and Measurement, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in note 32.

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(c) Financial instruments cont'd

(ii) Financial instrument categories and subsequent measurement cont'd

Financial assets cont'd

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

All financial assets are subject to review for impairment (see note 2(k)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises derivatives.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(d) Property, Plant and Equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy for borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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 profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	50-99 years
• 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	3-6 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.

Notes to the Financial Statements
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(e) Leased Assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition of the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position of the Group or the Company. 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.

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

The Group has adopted the amendment made to FRS 117, Leases in 2010 in relation to the classification of lease of land. Leasehold land which in substance is a finance lease has been reclassified and measured as such retrospectively.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(f) 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.

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 profit or loss.

Amortisation

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

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(g) Investment Property

(i) Investment property carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Determination of fair value

For the purpose of disclosure, the Directors estimate the fair values of the Group's investment properties 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.

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.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of investment properties. Freehold land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

• Freehold buildings	50 years
• Leasehold buildings	50 years
• Leasehold land	90 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Notes to the Financial Statements
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(h) Inventories cont'd

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

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently measured at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with note 2(c).

(j) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy note 2(c).

(k) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries and investment in an associate) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. 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.

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(k) Impairment cont'd

(ii) Non-financial assets cont'd

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. 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 the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the year in which the reversals are recognised.

(l) Employee Benefits

(i) Short term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have 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 and the Company's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group and the Company have 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.

Notes to the Financial Statements
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(m) Provisions

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

Contingent Liabilities

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

(n) Revenue and Other Income

(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, traded discount 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) Rental income

Rental income is recognised in profit or loss 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.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(o) Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Following the adoption of FRS 123, Borrowing Costs, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

Before 1 January 2010, the Group has already capitalised borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Hence, the adoption of FRS 123, Borrowing Costs does not have an impact to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES cont'd

(o) Borrowing Costs cont'd

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is 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 assets for its intended use or sale are interrupted or completed.

(p) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss 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.

(q) Earnings per Ordinary Share

The Group presents basic and diluted earnings per share data for its ordinary shares (EPS).

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.

(r) Operating Segments

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

Following the adoption of FRS 8, Operating Segments, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Notes to the Financial Statements
cont'd

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land	Buildings and renovation	Plant and machinery	Office equipment	Motor vehicles	Furniture and fittings	Moulds and dies	Under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost									
At 1 January 2009, restated	97,137	258,325	598,351	21,304	19,140	4,184	112,252	345,931	1,456,624
Additions	10,899	1,070	128,926	4,993	8,895	1,775	22,648	143,437	322,643
Disposals	-	-	(1,247)	(22)	(1,649)	(60)	-	-	(2,978)
Write off	-	-	-	(2)	-	(4)	-	-	(6)
Transfers	-	77,683	48,025	-	-	-	-	(125,708)	-
Reclassification	-	-	-	-	-	-	-	(75,659)	(75,659)
Disposal of a subsidiary	-	-	(372)	(203)	(1,135)	(51)	(17)	-	(1,778)
Effect of movements in exchange rates	(1,861)	(1,828)	(6,169)	88	255	(49)	(589)	(911)	(11,064)
At 31 December 2009, restated/ 1 January 2010	**106,175**	**335,250**	**767,514**	**26,158**	**25,506**	**5,795**	**134,294**	**287,090**	**1,687,782**
Additions	**4,117**	**2,309**	**177,563**	**9,071**	**6,929**	**202**	**8,255**	**48,975**	**257,421**
Disposals	**-**	**(180)**	**(636)**	**(294)**	**(612)**	**-**	**-**	**(2,438)**	**(4,160)**
Write off	**-**	**-**	**-**	**(4)**	**-**	**-**	**-**	**-**	**(4)**
Transfers	**-**	**306,583**	**(3,832)**	**4**	**-**	**-**	**-**	**(302,755)**	**-**
Effect of movements in exchange rates	**(1,679)**	**(21,151)**	**(32,079)**	**(815)**	**(439)**	**(36)**	**(3,275)**	**(4,111)**	**(63,585)**
At 31 December 2010	**108,613**	**622,811**	**908,530**	**34,120**	**31,384**	**5,961**	**139,274**	**26,761**	**1,877,454**

3. PROPERTY, PLANT AND EQUIPMENT cont'd

Group	Land	Buildings and renovation	Plant and machinery	Office equipment	Motor vehicles	Furniture and fittings	Moulds and dies	Under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Depreciation									
At 1 January 2009, restated	1,148	22,417	142,470	10,978	7,380	1,534	67,387	-	253,314
Depreciation for the year	873	10,911	39,387	2,313	2,700	283	25,454	-	81,921
Disposals	-	-	(513)	(19)	(1,189)	(50)	-	-	(1,771)
Write off	-	-	-	(1)	-	-	-	-	(1)
Disposal of a subsidiary	-	-	(131)	(118)	(649)	(18)	(15)	-	(931)
Effect of movements in exchange rates	(11)	(403)	(1,245)	115	84	21	(660)	-	(2,099)
At 31 December 2009, restated/ 1 January 2010	**2,010**	**32,925**	**179,968**	**13,268**	**8,326**	**1,770**	**92,166**	**-**	**330,433**
Depreciation for the year	**794**	**12,827**	**54,951**	**2,468**	**2,903**	**241**	**9,189**	**-**	**83,373**
Disposals	**-**	**(39)**	**(290)**	**(264)**	**(397)**	**-**	**-**	**-**	**(990)**
Write off	**-**	**-**	**-**	**(4)**	**-**	**-**	**-**	**-**	**(4)**
Effect of movements in exchange rates	**(86)**	**(1,915)**	**(6,973)**	**(170)**	**(109)**	**(20)**	**(2,171)**	**-**	**(11,444)**
At 31 December 2010	**2,718**	**43,798**	**227,656**	**15,298**	**10,723**	**1,991**	**99,184**	**-**	**401,368**
Carrying amounts									
At 1 January 2009, restated	95,989	235,908	455,881	10,326	11,760	2,650	44,865	345,931	1,203,310
At 31 December 2009, restated/ 1 January 2010	**104,165**	**302,325**	**587,546**	**12,890**	**17,180**	**4,025**	**42,128**	**287,090**	**1,357,349**
At 31 December 2010	**105,895**	**579,013**	**680,874**	**18,822**	**20,661**	**3,970**	**40,090**	**26,761**	**1,476,086**

Notes to the Financial Statements
cont'd

3. PROPERTY, PLANT AND EQUIPMENT cont'd

Company	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 2009	5,910	31,472	2,123	128,384	10,033	4,614	849	71,360	254,745
Additions	-	-	285	1,152	14	148	-	3,744	5,343
Disposals	-	-	-	(384)	-	(112)	-	-	(496)
At 31 December 2009/1 January 2010	**5,910**	**31,472**	**2,408**	**129,152**	**10,047**	**4,650**	**849**	**75,104**	**259,592**
Additions	**-**	**-**	**94**	**2,214**	**102**	**775**	**24**	**5,416**	**8,625**
Disposals	**-**	**(180)**	**-**	**(58)**	**-**	**(80)**	**-**	**-**	**(318)**
At 31 December 2010	**5,910**	**31,292**	**2,502**	**131,308**	**10,149**	**5,345**	**873**	**80,520**	**267,899**
Depreciation									
At 1 January 2009	-	4,479	212	62,495	7,250	2,383	458	46,643	123,920
Depreciation for the year	-	553	241	6,728	590	351	21	6,207	14,691
Disposals	-	-	-	(102)	-	(112)	-	-	(214)
At 31 December 2009/1 January 2010	**-**	**5,032**	**453**	**69,121**	**7,840**	**2,622**	**479**	**52,850**	**138,397**
Depreciation for the year	**-**	**551**	**250**	**6,764**	**520**	**398**	**15**	**6,220**	**14,718**
Disposals	**-**	**(39)**	**-**	**(8)**	**-**	**(71)**	**-**	**-**	**(118)**
At 31 December 2010	**-**	**5,544**	**703**	**75,877**	**8,360**	**2,949**	**494**	**59,070**	**152,997**
Carrying amounts									
At 1 January 2009	5,910	26,993	1,911	65,889	2,783	2,231	391	24,717	130,825
At 31 December 2009/1 January 2010	5,910	26,440	1,955	60,031	2,207	2,028	370	22,254	121,195
At 31 December 2010	**5,910**	**25,748**	**1,799**	**55,431**	**1,789**	**2,396**	**379**	**21,450**	**114,902**

3. PROPERTY, PLANT AND EQUIPMENT cont'd

3.1 Security

Property, plant and equipment of the Group with a carrying amount of RM23,166,000 (2009 – RM19,289,000) have been pledged as security for term loans granted to certain subsidiaries (see Note 15).

3.2 Borrowing Costs

Included in property, plant and equipment under construction of the Group is interest capitalised for the year at a rate of 1.75% above the Financiers' Islamic Cost of Funds per annum (2009 – 1.75%) amounting to RM12,389,000 (2009 – RM24,249,000).

3.3 Leased Plant and Machinery and Motor Vehicles

At 31 December, the net carrying amounts of leased plant and machinery and motor vehicles of the Group and the Company were RM18,944,000 (2009 – RM10,203,000) and RM2,554,000 (2009 – RM1,656,000), respectively.

3.4 Land

Included in the carrying amounts of land are:

	Group			Company	
	31.12.2010	**31.12.2009**	**1.1.2009**	**31.12.2010**	**31.12.2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
		Restated	**Restated**		
Freehold land	**5,910**	5,910	5,910	**5,910**	5,910
Leasehold land	**99,985**	98,255	90,079	**-**	-
	105,895	104,165	95,989	**5,910**	5,910

The carrying amounts of land at 1 January 2009 and 31 December 2009 have been adjusted following the adoption of the amendments to FRS 117, Leases, where leasehold land, in substance is a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment.

4. GOODWILL

	Group
	RM'000
Cost	
At 1 January 2009	12,752
Effect of movements in exchange rates	913
At 31 December 2009/1 January 2010	13,665
Effect of movements in exchange rates	72
At 31 December 2010	**13,737**

Notes to the Financial Statements
cont'd

4. GOODWILL cont'd

	Group RM'000
Impairment loss	
At 1 January 2009	-
Impairment loss	550
At 31 December 2009/1 January 2010/31 December 2010	550
Carrying amounts	
At 1 January 2009	12,752
At 31 December 2009/1 January 2010	13,115
At 31 December 2010	**13,187**

4.1 Impairment Loss

In 2009, an impairment loss was provided for one of the business units acquired by the Group following a reduction in value in use to the business unit. The impairment loss was recognised in other expenses.

4.2 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.

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

- The 5 year 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.
- Discounted based on weighted average cost of capital.

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

The above estimates are not particularly sensitive.

Notes to the Financial Statements
cont'd

5. INVESTMENT PROPERTIES

	Group RM'000
Cost	
At 1 January 2009, restated/ 31 December 2009, restated/1 January 2010	6,640
Additions	272
At 31 December 2010	**6,912**
Depreciation and impairment loss	
At 1 January 2009, restated	703
Depreciation for the year	100
At 31 December 2009, restated/1 January 2010	803
Depreciation for the year	112
Impairment loss for the year	200
At 31 December 2010	**1,115**
Carrying amounts	
At 1 January 2009, restated	5,937
At 31 December 2009, restated/1 January 2010	5,837
At 31 December 2010	**5,797**
Fair values	
At 1 January 2009, restated	6,773
At 31 December 2009, restated/1 January 2010	6,773
At 31 December 2010	**8,329**

Investment properties comprise of leasehold land, industrial properties on leasehold land and a number of commercial properties. Following the adoption of the amendments to FRS 117, Leases, where leasehold land in substance is a finance lease, has been reclassified from prepaid lease payments to investment properties.

The fair values of the investment properties are determined 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.

Group	31.12.2010 RM'000	31.12.2009 RM'000 Restated	1.1.2009 RM'000 Restated
Included in the above are:			
Freehold land	**812**	812	812
Freehold buildings	**581**	593	605
Leasehold land	**583**	327	331
Leasehold buildings	**3,821**	4,105	4,189
	5,797	5,837	5,937

Notes to the Financial Statements
cont'd

5. INVESTMENT PROPERTIES cont'd

Impairment Loss

During the year, the Group assessed the investment properties for impairment and recognised an impairment loss of RM200,000 as a result of a significant decline in market value of a leasehold building of a subsidiary.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2010	**2009**
	RM'000	**RM'000**
Rental income	**313**	323
Direct operating expenses		
- income generating investment properties	**(165)**	(162)
- non-income generating investment properties	**(17)**	-

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2010	**2009**
	RM'000	**RM'000**
Unquoted shares, at cost	**488,191**	219,924
Less: Impairment loss	**(2,440)**	(2,440)
	485,751	217,484

Details of the subsidiaries are as follows:

Name of subsidiary	**Country of incorporation**	**Principal activities**	**Effective ownership interest**	
			2010	**2009**
Angkasa Jasa Sdn. Bhd.	Malaysia	Contracting and fabrication of aluminium and stainless steel products	**100%**	100%
PMB Development Sdn. Bhd.	Malaysia	Investment holding	**100%**	100%
and its subsidiary,				
PMB Spectrum Sdn. Bhd.	Malaysia	Dormant	**60%**	60%
PMB Recycling Management Sdn. Bhd.	Malaysia	Dormant	**100%**	100%

Notes to the Financial Statements
cont'd

6. INVESTMENTS IN SUBSIDIARIES cont'd

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2010	Effective ownership interest 2009
Wesama Sdn. Bhd.	Malaysia	Investment holding	**100%**	100%
and its subsidiary,				
ACE Extrusion Sdn. Bhd.	Malaysia	Manufacturing and trading of aluminium products	**100%**	100%
PMB Marketing Sdn. Bhd.	Malaysia	Trading of garments and accessories	**100%**	100%
and its subsidiary,				
PMB Marketing (H.K.) Limited *	Hong Kong	Trading of garments and accessories	**100%**	100%
BI-PMB Waste Management Sdn. Bhd.	Malaysia	Provision of a common waste water treatment plant to treat toxic waste	**100%**	100%
PMS Marketing Sdn. Bhd. %	Malaysia	Trading of aluminium product	**100%**	100%
Press Metal Sarawak Sdn. Bhd. @	Malaysia	Manufacturing and trading of aluminium products	**80%**	80%
Press Metal Bintulu Sdn. Bhd. **	Malaysia	Dormant	**100%**	-
Press Metal Aluminium (Australia) Pty. Ltd *	Australia	Marketing, retailing and trading of aluminium related materials	**70%**	70%
Press Metal UK Limited *	United Kingdom	Marketing of aluminium products	**100%**	100%
Press Metal Hong Kong Limited *, ^	Hong Kong	Investment holding	**100%**	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%**	100%

Notes to the Financial Statements
cont'd

6. INVESTMENTS IN SUBSIDIARIES cont'd

* Not audited by member firms of KPMG International.

% During the year, the Company subscribed an additional 16,900,000 new ordinary shares of RM1.00 each at par for a total cash consideration of RM16,900,000 in PMS Marketing Sdn. Bhd..

@ On 28 September 2010, the previous minority interest shareholders of Press Metal Sarawak ("PMS"), an 80% owned subsidiary of the Company, disposed of their 20% equity interests to Sumitomo Corporation Sdn. Bhd. ("Sumitomo"). On 21 December 2010, the Company completed the capitalisation and subscription of RM302 million ordinary shares of RM1.00 each in PMS, via the capitalisation of amount owing by PMS to the Company of RM301,572,000 and cash subscription of RM428,000. Subsequently, the Company disposed of 60.4 million ordinary shares of RM1.00 each in PMS to Sumitomo for a total consideration of RM60.4 million. Pursuant to these transactions, the equity interests of the Company in PMS remained at 80%.

** On 19 October 2010, nominees of the Company incorporated a company in Malaysia, Press Metal Bintulu Sdn. Bhd. ("PM Bintulu), which has an issued and paid-up share capital of RM2. Subsequently on 17 December 2010, the Company acquired the entire shares of PM Bintulu from its nominees and PM Bintulu became a wholly-owned subsidiary of the Company.

^ On 28 January 2010, the Company acquired the remaining 20% equity interests in PMHK, which was previously an 80% owned subsidiary of the Company, from a third party. The acquisition involved a total of 4,000,000 shares of HK$1.00 each, for a total consideration of RMB20,000,000 (approximately RM9,767,000). Subsequent to the acquisition, PMHK became a wholly-owned subsidiary of the Company.

The movements of investments in subsidiaries are as follows:

	Company	
	2010	**2009**
	RM'000	**RM'000**
At 1 January	**217,484**	222,483
Subscription of additional shares	**328,667**	-
Disposal of shares	**(60,400)**	(4,999)
At 31 December	**485,751**	217,484
Satisfied by cash	**27,095**	-
Net settled against balance due to subsidiary	**301,572**	-
Total consideration paid for subscription of additional shares	**328,667**	-

7. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Quoted shares in Malaysia, at cost	**11,812**	11,812	**11,812**	11,812
Share of post-acquisition reserves	**16,191**	14,477	**-**	-
	28,003	26,289	**11,812**	11,812
Market value:				
Quoted shares in Malaysia	**16,751**	9,535	**16,751**	9,535

7. INVESTMENT IN AN ASSOCIATE cont'd

Summary financial information of the associate, which is incorporated in Malaysia, not adjusted for the percentage ownership held by the Group:

	Effective ownership interest	Revenue (100%) RM'000	Profit (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2010					
PMB Technology Berhad	28%	**219,436**	**7,195**	**243,419**	**146,194**
2009					
PMB Technology Berhad	28%	212,719	5,159	213,395	119,787

8. OTHER INVESTMENTS

	Group RM'000	Company RM'000
2010		
Non-current		
Available-for-sale financial assets		
At cost:		
Unquoted shares in Malaysia	**1,803**	**750**
Unquoted shares outside Malaysia	**4,674**	**-**
	6,477	**750**
2009		
Non-current		
At cost:		
Unquoted shares in Malaysia	1,803	750
Unquoted shares outside Malaysia	2,510	-
	4,313	750

Other investments comprise investments in equity instruments which do not have a quoted market price in an active market and their fair values cannot be reliably measured. Hence, these investments in equity instruments are measured at cost.

The comparative figures as at 31 December 2010 have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given by FRS7.44AA.

Notes to the Financial Statements
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9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised Deferred Tax Assets/(Liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group						
Property, plant and equipment	-	-	**(122,917)**	(112,034)	**(122,917)**	(112,034)
Provisions	**591**	565	-	-	**591**	565
Unutilised tax losses	**236**	3,984	-	-	**236**	3,984
Unabsorbed capital allowances	**18,702**	5,811	-	-	**18,702**	5,811
Other temporary differences	**380**	-	**(660)**	(4,712)	**(280)**	(4,712)
Tax assets/ (liabilities)	**19,909**	10,360	**(123,577)**	(116,746)	**(103,668)**	(106,386)
Set off	**(18,867)**	(6,441)	**18,867**	6,441	-	-
Net tax assets/ (liabilities)	**1,042**	3,919	**(104,710)**	(110,305)	**(103,668)**	(106,386)
Company						
Property, plant and equipment	-	-	**(16,336)**	(17,069)	**(16,336)**	(17,069)
Other temporary differences	-	-	**(660)**	(4,711)	**(660)**	(4,711)
Net tax liabilities	-	-	**(16,996)**	(21,780)	**(16,996)**	(21,780)

Unrecognised Deferred Tax Assets

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

	Group	
	2010	**2009**
	RM'000	**RM'000**
Other temporary differences	**(3,972)**	(193)
Unutilised tax losses	**11,694**	5,741
Unabsorbed capital allowances	**8,036**	7,881
	15,758	13,429

9. DEFERRED TAX ASSETS/(LIABILITIES) cont'd

Unrecognised Deferred Tax Assets cont'd

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 Company can utilise the benefits therefrom.

Movement in Temporary Differences During the Year

Group	At 1.1.2009 RM'000	Recognised in profit or loss (Note 20) RM'000	Effect of movement in exchange rates RM'000	At 31.12.2009 RM'000	Recognised in profit or loss (Note 20) RM'000	Effect of movement in exchange rates RM'000	At 31.12.2010 RM'000
Property, plant and equipment	(107,110)	(5,369)	445	(112,034)	(16,646)	5,763	**(122,917)**
Provisions	416	149	-	565	26	-	**591**
Unutilised tax losses	1,534	2,450	-	3,984	(3,748)	-	**236**
Unabsorbed capital allowances	-	5,811	-	5,811	12,891	-	**18,702**
Other temporary differences	2,756	(7,468)	-	(4,712)	4,432	-	**(280)**
	(102,404)	(4,427)	445	(106,386)	(3,045)	5,763	**(103,668)**

Company	At 1.1.2009 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.12.2009 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.12.2010 RM'000
Property, plant and equipment	(19,440)	2,371	(17,069)	733	**(16,336)**
Other temporary differences	1,965	(6,676)	(4,711)	4,051	**(660)**
	(17,475)	(4,305)	(21,780)	4,784	**(16,996)**

Notes to the Financial Statements
cont'd

10. TRADE AND OTHER RECEIVABLES

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Non-current					
Non-trade					
Amount due from a subsidiary	10.1	**-**	-	**-**	22,469
Current					
Trade					
Trade receivables		**295,080**	247,242	**46,861**	43,510
Less: Individual impairment		**(4,711)**	(14,936)	**(411)**	(10,218)
		290,369	232,306	**46,450**	33,292
Amounts due from subsidiaries	10.1	**-**	-	**173,738**	159,116
Amount due from an associate	10.1	**11,345**	6,878	**10,995**	6,493
		301,714	239,184	**231,183**	198,901
Non-trade					
Amounts due from subsidiaries	10.1	**-**	-	**298,278**	462,905
Amount due from an associate	10.1	**1,244**	1,650	**-**	-
Other receivables		**13,168**	21,214	**1,589**	328
Deposits	10.2	**337,830**	423,459	**10,046**	17,193
Prepayments		**50,096**	36,492	**2,109**	967
		402,338	482,815	**312,022**	481,393
		704,052	721,999	**543,205**	680,294
	10.3	**704,052**	721,999	**543,205**	702,763

10.1 Inter Company Balances

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

The non-trade balances due from subsidiaries and an associate are unsecured, interest free and are repayable on demand, except for an amount of RM22,469,000 in 2009 due from a subsidiary which was unsecured, interest free and was repayable in more than a year.

10.2 Deposits

Included in deposits of the Group are deposits paid to contractors in relation to the construction of a smelting plant in Mukah, Sarawak amounting to RM326,185,000 (2009 – RM402,687,000).

10. TRADE AND OTHER RECEIVABLES cont'd

10.3 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 or the Company are as follows:

		Group		Company	
		2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
Functional currency	**Foreign currency**				
RM	AUD	-	-	**47,962**	36,481
RM	GBP	-	-	**115,760**	101,863
RM	RMB	-	-	**169,229**	-
RM	SGD	**7,082**	3,995	**6,096**	3,995
RM	USD	**31,280**	630	**16,363**	629
RM	EUR	-	-	-	316
RMB	USD	**187,084**	107,588	-	-
RMB	SGD	**5**	1,285	-	-
RMB	EUR	**552**	-	-	-

11. INVENTORIES

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
At cost:				
Raw materials	**129,541**	105,751	**11,800**	18,584
Work-in-progress	**49,468**	32,178	**3,518**	1,977
Finished goods	**101,616**	89,858	**5,613**	4,954
Consumable parts	**318**	647	**294**	251
Goods-in-transit	**46,222**	34,142	-	3,330
	327,165	262,576	**21,225**	29,096

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	**5,915**	6,642	**391**	363
Cash and bank balances	**195,296**	64,624	**67,303**	16,552
	201,211	71,266	**67,694**	16,915

Notes to the Financial Statements
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12. CASH AND CASH EQUIVALENTS cont'd

Included in the Group's deposits placed with licensed banks is RM3,524,000 (2009 – RM10,000) pledged as security for term loans granted to certain subsidiaries (see Note 15).

Cash and cash equivalents as at year end that are not in the functional currencies of the Group entities or the Company are as follows:

		Group		Company	
		2010	**2009**	**2010**	**2009**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Functional currency	**Foreign currency**				
RM	AUD	**34**	33	**34**	33
RM	EUR	**1**	1	**1**	1
RM	GBP	**2,469**	438	**2,469**	438
RM	SGD	**1,378**	2,069	**673**	1,665
RM	USD	**57,217**	7,924	**57,174**	7,924
RMB	HKD	**23**	10	**-**	-

13. CAPITAL AND RESERVES

Share Capital	Group and Company			
	Amount	**Number of shares**	**Amount**	**Number of shares**
	2010	**2010**	**2009**	**2009**
	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:				
Issued at 1 January	**182,694**	365,387	**182,286**	364,571
Issue of shares via conversion of warrants	**31,315**	62,629	**408**	816
Issue of shares under the employees share option scheme	**1,022**	2,044	**-**	-
Issued at 31 December	**215,031**	430,060	**182,694**	365,387

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of Group entities with functional currencies other than RM.

13. CAPITAL AND RESERVES cont'd

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.

Section 108 Tax Credit

Subject to agreement by the Inland Revenue Board, the Company has tax exempt income to frank and distribute approximately RM178,242,000 (2009 – all) of its distributable reserves at 31 December 2010 if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from 1 January 2008. As such, the remaining Section 108 tax credit as at 31 December 2010 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.

14. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

		Group		Company	
		2010	2009	2010	2009
	Note	RM'000	RM'000	RM'000	RM'000
Non-current					
Trade					
Trade payables		**9,487**	-	**-**	-
Amount due to an associate	14.1	**6,890**	-	**2,955**	-
Non-trade					
Amount due to a subsidiary	14.1	**-**	-	**100,468**	60,475
Other payables	14.3	**89,672**	-	**-**	-
	14.2	**106,049**	-	**103,423**	60,475
Current					
Trade					
Trade payables		**134,101**	102,620	**4,680**	22,031
Amounts due to subsidiaries	14.1	**-**	-	**92,356**	95,836
Amount due to an associate	14.1	**4,248**	12,001	**-**	2,815
		138,349	114,621	**97,036**	120,682
Non-trade					
Amounts due to subsidiaries	14.1	**-**	-	**-**	28,507
Amount due to an associate	14.1	**23**	2,895	**-**	-
Other payables	14.3	**96,080**	116,098	**8,513**	2,235
Accruals		**25,819**	29,580	**4,720**	3,714
Financial liabilities at fair value through profit or loss:					
- Derivatives		**2,123**	-	**2,123**	-
		124,045	148,573	**15,356**	34,456
		262,394	263,194	**112,392**	155,138
	14.4	**368,443**	263,194	**215,815**	215,613

Notes to the Financial Statements
cont'd

14. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES cont'd

14.1 Inter Company Balances

The trade balances due to subsidiaries and an associate are subject to normal trade terms, except for amounts of RM6,890,000 and RM2,955,000 of the Group and of the Company, respectively, in 2010 which are unsecured, interest free and are repayable in more than a year.

The non-trade balances due to subsidiaries and an associate are unsecured, interest free and repayable on demand, except for an amount due to a subsidiary amounting to RM100,468,000 (2009 - RM60,475,000) which is repayable in more than a year.

14.2 Trade and Other Payables – Non-Current

During the year, included in non-current trade and other payables of the Group are retention sums payable which are expected to be repayable in more than a year amounting to RM2,334,000 and trade and other payables which have credit terms which are repayable in more than a year amounting to RM103,715,000.

14.3 Other Payables

Included in other payables of the Group are:-

(i) amounts due to Directors of Nil (2009 – RM520,000), which are unsecured, interest free and are 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 RM50,500,000 (2009 – RM54,205,000).

(iii) an amount payable to contractors of RM17,378,000 (2009 – RM11,743,000) in relation to the construction of an aluminium smelting plant in Mukah, Sarawak.

14.4 Analysis of Foreign Currency Exposure for Significant Payables

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

		Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Functional currency	**Foreign currency**				
RM	RMB	**-**	-	**148,256**	60,475
RM	SGD	**6,096**	11	**6,096**	11
RM	USD	**16,363**	15,452	**16,363**	79,674
RMB	USD	**1,773**	647	**-**	-

Notes to the Financial Statements
cont'd

15. LOANS AND BORROWINGS

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Non-current				
Term loans (unsecured)	**87,748**	126,430	**68,929**	102,724
Term loans (secured)	**301,331**	387,353	**-**	-
Finance lease liabilities	**7,046**	5,306	**891**	836
	396,125	519,089	**69,820**	103,560
Current				
Term loans (unsecured)	**209,271**	128,585	**82,731**	27,483
Term loans (secured)	**104,592**	46,437	**-**	-
Bankers' acceptances (unsecured)	**512,438**	425,168	**388,520**	315,044
Revolving credits (unsecured)	**131,265**	132,523	**45,000**	45,000
Revolving credits (secured)	**3,078**	3,430	**-**	-
Bank overdrafts (unsecured)	**47**	7,025	**-**	7,025
Finance lease liabilities	**4,247**	3,253	**583**	488
	964,938	746,421	**516,834**	395,040
	1,361,063	1,265,510	**586,654**	498,600

15.1 Security

The revolving credits of the Group amounting to RM3,078,000 (2009 – RM3,430,000) is secured by way of irrevocable Standby Letter of Credit issued by a bank.

The securities of term loans are disclosed in Note 15.2.

Notes to the Financial Statements
cont'd

15. LOANS AND BORROWINGS cont'd

15.2 Term Loans

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Loans of the Company:				
Loan 1 (unsecured)	**30,855**	54,824	**30,855**	54,824
Loan 2 (unsecured)	**34,600**	51,397	**34,600**	51,397
Loan 3 (unsecured)	**16,193**	23,985	**16,193**	23,986
Loan 4 (unsecured)	**30,855**	-	**30,855**	-
Loan 5 (unsecured)	**39,157**	-	**39,157**	-
Loans of subsidiaries:				
Loan 6 (secured)	**351**	370	**-**	-
Loan 7 (secured)	**-**	3,419	**-**	-
Loan 8 (secured)	**387,000**	430,000	**-**	-
Loan 9 (unsecured)	**12,340**	20,557	**-**	-
Loan 10 (unsecured)	**9,703**	13,562	**-**	-
Loan 11 (unsecured)	**-**	25,096	**-**	-
Loan 12 (unsecured)	**69,567**	65,595	**-**	-
Loan 13 (unsecured)	**14,020**	-	**-**	-
Loan 14 (secured)	**18,572**	-	**-**	-
Loan 15 (unsecured)	**14,022**	-	**-**	-
Loan 16 (unsecured)	**25,707**	-	**-**	-
	702,942	688,805	**151,660**	130,207

Securities

Loan 1 and 2	Negative pledge by the Company
Loan 3	Negative pledge and guaranteed by a subsidiary, Press Metal International Ltd.
Loan 4 and 5	No securities
Loan 6	Secured over a building of a subsidiary with a carrying amount of RM964,000 (2009 – RM990,000) and guaranteed by the Company
Loan 7	Secured by debenture over the inventories and receivables of a subsidiary and guaranteed by the Company
Loan 8	Secured over a leasehold land of a subsidiary with a carrying amount of RM22,202,000 (2009 – RM18,299,000), floating charges on other property, plant and equipment and inventories, deposits pledged with a licensed bank of RM3,524,000 (2009 – RM10,000) and guaranteed by the Company
Loan 9 to 13	Guaranteed by the Company
Loan 14	Secured over the inventories of a subsidiary
Loan 15 and 16	Guaranteed by a subsidiary, Hubei Press Metal Huasheng Aluminium-Electric Co. Ltd.

15. LOANS AND BORROWINGS cont'd

15.3 Finance Lease Liabilities

Finance lease liabilities are payable as follows:

	Payments 2010 RM'000	Interest 2010 RM'000	Principal 2010 RM'000	Payments 2009 RM'000	Interest 2009 RM'000	Principal 2009 RM'000
Group						
Less than one year	**4,821**	**574**	**4,247**	3,704	451	3,253
Between one and five years	**8,037**	**1,028**	**7,009**	5,995	689	5,306
More than five years	**48**	**11**	**37**	-	-	-
	12,906	**1,613**	**11,293**	9,699	1,140	8,559
Company						
Less than one year	**668**	**85**	**583**	552	64	488
Between one and five years	**1,019**	**128**	**891**	951	115	836
	1,687	**213**	**1,474**	1,503	179	1,324

15.4 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") 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.

Notes to the Financial Statements
cont'd

15. LOANS AND BORROWINGS cont'd

15.5 Analysis of Foreign Currency Exposure for Significant Loans and Borrowings

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

		Group		Company	
		2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
Functional currency	**Foreign currency**				
RM	USD	**170,232**	130,207	**151,660**	130,207
RM	GBP	**24,593**	37,315	**24,593**	37,315
RMB	USD	**79,135**	97,067	**-**	-
HKD	USD	**12,340**	20,557	**-**	-

16. EMPLOYEE BENEFITS

Share-Based Payments

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

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

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

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	2010	2010	2009	2009
		'000		'000
Outstanding at 1 January	**1.50**	**17,823**	1.50	17,823
Exercised during the year	**1.50**	**(2,044)**	1.50	-
Lapsed/Forfeited during the year	**1.50**	**(1,025)**	1.50	-
Outstanding at 31 December	**1.50**	**14,754**	1.50	17,823
Exercisable at 31 December	**1.50**	**11,396**	1.50	8,941

The options outstanding at 31 December 2010 have an exercise price of RM1.50 and a weighted average contractual life of 1.5 years.

During the year, 2,044,000 share options were exercised. The weighted average share price for the year was RM1.52 (2009 - no options exercised).

16. EMPLOYEE BENEFITS cont'd

Share-Based Payments cont'd

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

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

Fair value of share options and assumptions	2010	2009
Fair value at grant date	**RM0.2547**	RM0.2832
Weighted average share price	**RM1.23**	RM1.14
Exercise price	**RM1.50**	RM1.50
Expected volatility (weighted average volatility)	**46.12%**	49.65%
Option life (expected weighted average life)	**2 years**	3 years
Expected dividends	**1.93%**	2.94%
Risk-free interest rate (based on Malaysian government bonds)	**2.64%**	3.21%
Value of employee services received for issue of share options		
Expense recognised as share-based payments	**787**	1,013

17. REVENUE

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sale of goods	**1,635,790**	1,037,308	**677,001**	556,737
Contracting and fabrication	**62,125**	94,896	**-**	-
Rendering of services	**924**	977	**-**	-
	1,698,839	1,133,181	**677,001**	556,737

Notes to the Financial Statements
cont'd

18. OPERATING PROFIT

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
		Restated		
Operating profit is arrived at after charging:				
Auditors' remuneration:				
- Statutory audit				
KPMG	**278**	248	**140**	110
Other auditors	**329**	361	**-**	-
- Other services				
KPMG	**35**	10	**10**	10
Affiliates of KPMG	**187**	-	**-**	-
Other auditors	**60**	-	**-**	-
Bad debts written off	**4,264**	-	**-**	-
Depreciation of investment properties	**112**	100	**-**	-
Depreciation of property, plant and equipment	**83,373**	81,921	**14,718**	14,691
Derivative loss on forward foreign exchange contracts	**2,123**	-	**2,123**	-
Finance costs:				
- Bank overdrafts	**432**	349	**385**	306
- Term loans	**28,053**	20,712	**4,995**	3,718
- Finance lease liabilities	**586**	408	**63**	62
- Bankers' acceptances	**16,203**	10,476	**12,883**	10,085
- Revolving credits	**3,269**	3,593	**1,592**	2,173
- Others	**3,246**	2,673	**2,815**	2,175
Impairment loss:				
- Goodwill	**-**	550	**-**	-
- Investment properties	**200**	-	**-**	-
- Trade receivables	**62**	7,454	**-**	5,000
Loss on disposal of a subsidiary	**-**	875	**-**	-
Loss on disposal of property, plant and equipment	**-**	-	**-**	39
Personnel expenses (including key management personnel)				
- Contributions to Employees' Provident Fund	**4,715**	3,736	**1,248**	1,057
- Wages, salaries and others	**132,165**	103,297	**18,112**	14,702
Property, plant and equipment written off	**-**	5	**-**	-
Realised foreign exchange loss	**2,087**	11,792	**1,241**	11,766
Rental expense on equipment and machinery	**5,833**	6,102	**234**	229
Rental expense on property leases	**4,039**	2,872	**-**	-
Share-based payments	**787**	1,013	**787**	1,013

18. OPERATING PROFIT cont'd

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
		Restated		
and after crediting:				
Dividend income from an associate	-	-	282	362
Finance income	560	58	28	-
Gain on disposal of other investments	-	-	-	1,652
Gain on disposal of property, plant and equipment	352	921	20	-
Negative goodwill	18,030	-	-	-
Rental income from properties	313	323	-	-
Recovery of bad debts	-	612	-	-
Reversal of impairment loss of trade receivables	36	-	-	-
Unrealised foreign exchange gain	20,543	19,781	20,533	19,781
Waiver of debts by a creditor	5,000	-	5,000	-

19. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Directors:				
- Fees	499	241	200	181
- Remuneration	2,655	2,456	1,552	992
- Other short term employee benefits	-	32	-	-
Total short-term employee benefits	3,154	2,729	1,752	1,173
Post employment benefits	283	277	-	-
Other long term benefits	-	34	-	-
Share-based payments	787	1,013	787	1,013
	4,224	4,053	2,539	2,186

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.

Notes to the Financial Statements
cont'd

20. INCOME TAX EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Income tax expense	**13,705**	11,430	**1,592**	9,205
Share of tax of equity accounted associate	**553**	454	**-**	-
Total income tax expense	**14,258**	11,884	**1,592**	9,205
Current tax expense				
Malaysian - current year	**7,047**	5,916	**6,376**	5,180
- prior year	**81**	(285)	**-**	(280)
Overseas - current year	**3,532**	1,379	**-**	-
- prior year	**-**	(7)	**-**	-
Total current tax	**10,660**	7,003	**6,376**	4,900
Deferred tax expense				
- origination and reversal of temporary differences	**9,185**	6,223	**(577)**	6,190
- prior year	**(6,140)**	(1,796)	**(4,207)**	(1,885)
Total deferred tax	**3,045**	4,427	**(4,784)**	4,305
Share of tax of equity accounted associate	**553**	454	**-**	-
Total income tax expense	**14,258**	11,884	**1,592**	9,205

Reconciliation of tax expense

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Profit before tax	**102,762**	40,579	**35,580**	38,057
Income tax calculated using Malaysian tax rate of 25%	**25,691**	10,145	**8,895**	9,514
Effect of tax rates in foreign jurisdictions	**4**	39	**-**	-
Difference in effective tax rate of equity accounted associate	**54**	147	**-**	-
Non-deductible expenses	**5,568**	5,455	**3,978**	3,473
Non-taxable income	**(10,302)**	(908)	**(5,794)**	(908)
Tax incentives	**(1,280)**	(858)	**(1,280)**	(709)
Effect of deferred tax assets not recognised	**582**	(48)	**-**	-
Over provided in prior year	**(6,059)**	(2,088)	**(4,207)**	(2,165)
	14,258	11,884	**1,592**	9,205

21. EARNINGS PER ORDINARY SHARE

Basic Earnings per Ordinary Share

The calculation of basic earnings per ordinary share for the year ended 31 December 2010 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2010	**2009**
	RM'000	**RM'000**
Profit for the year attributable to ordinary shareholders	**83,493**	27,476

Weighted average number of ordinary shares:

	Group	
	2010	**2009**
	'000	**'000**
Issued ordinary shares at 1 January	**365,387**	364,550
Effect of ordinary shares issued	**16,404**	197
Weighted average number of ordinary shares at 31 December	**381,791**	364,747

	Group	
	2010	**2009**
	Sen	**Sen**
Basic earnings per ordinary share	**21.87**	7.53

Diluted Earnings per Ordinary Share

The calculation of diluted earnings per ordinary share at 31 December 2010 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group
	2010
	RM'000
Profit for the year attributable to ordinary shareholders	**83,493**

Notes to the Financial Statements
cont'd

21. EARNINGS PER ORDINARY SHARE cont'd

Diluted Earnings per Ordinary Share cont'd

Weighted average number of ordinary shares (diluted):

	Group 2010 '000
Weighted average number of ordinary shares (basic)	**381,791**
Effect of share options on issue	**11,396**
Weighted average number of ordinary shares (diluted) at 31 December	**393,187**

	Group 2010 Sen
Diluted earnings per ordinary share	**21.23**

The average market value of the Company's shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

In 2009, the diluted earnings per ordinary share were not shown as the effect of the share options was anti-dilutive.

22. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2010			
Final 2009 ordinary	1.00	**3,679**	23 July 2010
Interim 2010 ordinary	1.00	**4,280**	7 October 2010
2009			
Final 2008 ordinary	0.75	2,734	22 July 2009
Interim 2009 ordinary	0.56	2,052	13 October 2009

After the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial reports upon approval by the owners of the Company.

	Sen per share (net of tax)	Total amount RM'000
Final ordinary	1.00	4,306

23. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Manufacturing and trading.* Includes manufacturing and marketing of aluminium products and garments and accessories.
- *Contracting and fabrication.* Includes contracting and fabrication of aluminium and stainless steel products.

Other non-reportable segments comprise operations related to property development and recycling and waste management.

There are varying levels of integration between reportable segments, the *manufacturing and trading* and *contracting and fabrication* reportable segments. This integration includes transfers of raw materials and shared distribution services, respectively. The accounting policies of reportable segments are the same as described in Note 2(r).

Performance is measured based on segment profit before tax, interest and depreciation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment Assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

Segment Liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Chief Executive Officer. Hence no disclosure is made on segment liability.

	Manufacturing and trading		**Contracting and fabrication**		**Total**	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Segment profit	**136,996**	86,149	**2,080**	2,636	**139,076**	88,785
Included in the measure of segment profit are:						
Revenue from external customers	**1,635,790**	1,037,308	**62,125**	94,896	**1,697,915**	1,132,204
Inter-segment revenue	**1,602,758**	811,990	**-**	21,314	**1,602,758**	833,304
Impairment of investment properties	**-**	-	**200**	-	**200**	-
Impairment of goodwill	**-**	550	**-**	-	**-**	550
Depreciation	**81,412**	80,371	**1,281**	897	**82,693**	81,268

Notes to the Financial Statements
cont'd

23. OPERATING SEGMENTS cont'd

	Manufacturing and trading		Contracting and fabrication		Total	
	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	**4,064,499**	3,687,425	**53,033**	84,936	**4,117,532**	3,772,361
Included in the measure of segment assets are:						
Investment in an associate	**28,003**	26,289	**-**	-	**28,003**	26,289
Additions to non-current assets other than financial instruments and deferred tax assets	**256,573**	321,400	**429**	1,243	**257,002**	322,643

Reconciliation of Reportable Segment Revenues, Profit or Loss, Assets and Other Material Items

	2010	2009
	RM'000	RM'000
Revenue		
Total external revenue for reportable segments	**1,697,915**	1,132,204
Other non-reportable segments	**924**	977
Consolidated revenue for the year	**1,698,839**	1,133,181
Profit or loss		
Total profit for reportable segments	**139,076**	88,785
Other non-reportable segments	**(117)**	(2,379)
Elimination of inter-segment profits	**(4,441)**	(11,342)
Negative goodwill	**18,030**	-
Share of profit of an associate not included in reportable segments	**1,996**	1,430
Finance income	**560**	58
Finance costs	**(51,789)**	(36,427)
Income tax expense	**(13,705)**	(11,430)
Consolidated profit for the year	**89,610**	28,695

23. OPERATING SEGMENTS cont'd

Reconciliation of Reportable Segment Revenues, Profit or Loss, Assets and Other Material Items cont'd

	2010 RM'000	2009 RM'000
Total assets		
Total assets for reportable segments	**4,117,532**	3,798,649
Other non-reportable segments	**161,374**	29,745
Elimination of inter-segment balances	**(1,513,366)**	(1,361,706)
Consolidated assets for the year	**2,765,540**	2,466,688
Depreciation		
Total depreciation for reportable segments	**82,693**	81,268
Other non-reportable segments	**792**	753
Consolidated depreciation for the year	**83,485**	82,021
Additions to non-current assets		
Total additions to non-current assets for reportable segments	**257,002**	322,643
Other non-reportable segments	**419**	-
Consolidated additions to non-current assets for the year	**257,421**	322,643

Geographical Segments

The *manufacturing and trading* and *contracting and fabrication* segments are managed on a worldwide basis, but operate in three principal geographical areas apart from Malaysia, Singapore, Hong Kong and China for Asia region, Australia for the Oceania region and United Kingdom for the Europe region.

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

Geographical information	Revenue RM'000	Non-current assets RM'000
2010		
Malaysia	**436,620**	**799,443**
Asia region	**939,529**	**715,924**
Oceania region	**77,478**	**6,179**
Europe region	**245,212**	**9,046**
	1,698,839	**1,530,592**

Notes to the Financial Statements
cont'd

23. OPERATING SEGMENTS cont'd

Geographical Segments cont'd

Geographical information	Revenue RM'000	Non-current assets RM'000
2009		
Malaysia	395,231	664,998
Asia region	483,820	729,608
Oceania region	67,367	5,508
Europe region	186,763	10,708
	1,133,181	1,410,822

Major Customers

The Group does not have any customers contributing to equal or more than 10 percent of Group revenue.

24. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

24.1 Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R);
(b) Fair value through profit or loss (FVTPL):
- Held for trading (HFT),
(c) Available-for-sale financial assets (AFS);
(d) Other financial liabilities measured at amortised cost (OL).

	Carrying amount RM'000	L&R/(OL) RM'000	FVTPL HFT RM'000	AFS RM'000
2010				
Financial assets				
Group				
Other investments	**6,477**	-	-	**6,477**
Trade and other receivables	**704,052**	**704,052**	-	-
Cash and cash equivalents	**201,211**	**201,211**	-	-
	911,740	**905,263**	-	**6,477**

24. FINANCIAL INSTRUMENTS cont'd

24.1 Categories of Financial Instruments cont'd

	Carrying amount RM'000	L&R/(OL) RM'000	FVTPL HFT RM'000	AFS RM'000
2010				
Company				
Other investments	750	-	-	750
Trade and other receivables	543,205	543,205	-	-
Cash and cash equivalents	67,694	67,694	-	-
	611,649	610,899	-	750
Financial liabilities				
Group				
Loans and borrowings	1,361,063	1,361,063	-	-
Trade and other payables, including derivatives	368,443	366,320	2,123	-
	1,729,506	1,727,383	2,123	-
Company				
Loans and borrowings	586,654	586,654	-	-
Trade and other payables, including derivatives	215,815	213,692	2,123	-
	802,469	800,346	2,123	-

24.2 Net Gains and Losses Arising from Financial Instruments

	Group 2010 RM'000	Company 2009 RM'000
Net gains/(losses) arising on:		
Fair value through profit or loss:		
- Derivatives	**(2,123)**	(2,123)
Loans and receivables	**(1,442)**	2,416
Financial liabilities measured at amortised cost	**(30,621)**	(829)
	(34,186)	(536)

Notes to the Financial Statements
cont'd

24. FINANCIAL INSTRUMENTS cont'd

24.3 Financial Risk Management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit Risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from their receivables from customers.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a 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 customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 150 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for receivables as at the end of the reporting period by geographic region was:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Domestic	**445,486**	523,752	**187,795**	364,615
Asia	**179,116**	129,082	**190,766**	163,784
Europe	**58,076**	54,011	**922**	102,871
North America	**1,378**	630	**115,760**	12,543
Oceania	**19,996**	14,524	**47,962**	36,481
	704,052	721,999	**543,205**	680,294

24. FINANCIAL INSTRUMENTS cont'd

24.4 Credit Risk cont'd

Receivables cont'd

Impairment losses

The ageing of trade receivables (excluding inter company balances) as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group			
2010			
Not past due	**194,662**	**-**	**194,662**
Past due 0 – 150 days	**63,402**	**(1,283)**	**62,119**
Past due more than 150 days	**37,016**	**(3,428)**	**33,588**
	295,080	**(4,711)**	**290,369**
2009			
Not past due	120,303	-	120,303
Past due 0 – 150 days	77,393	(1,376)	76,017
Past due more than 150 days	49,546	(13,560)	35,986
	247,242	(14,936)	232,306
Company			
2010			
Not past due	**32,651**	**-**	**32,651**
Past due 0 – 150 days	**12,510**	**-**	**12,510**
Past due more than 150 days	**1,700**	**(411)**	**1,289**
	46,861	**(411)**	**46,450**
2009			
Not past due	7,997	-	7,997
Past due 0 – 150 days	25,014	-	25,014
Past due more than 150 days	10,499	(10,218)	281
	43,510	(10,218)	33,292

No allowance for impairment losses of trade receivables has been made for the remaining past due receivables as the Group and the Company monitor the results and repayments of these customers regularly and are confident of the ability of the customers to repay the balances owing.

Notes to the Financial Statements
cont'd

24. FINANCIAL INSTRUMENTS cont'd

24.4 Credit Risk cont'd

Receivables cont'd

Impairment losses cont'd

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
At 1 January	**14,936**	8,094	**10,218**	5,218
Impairment loss recognised	**62**	7,454	**-**	5,000
Impairment loss reversed	**(36)**	-	**-**	-
Impairment loss written off	**(9,807)**	-	**(9,807)**	-
Effect of movements in exchange rates	**(444)**	(612)	**-**	-
	4,711	14,936	**411**	10,218

The allowance account in respect of receivables is used to record impairment losses. Unless the Group and the Company are satisfy that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM492,981,000 (2009 - RM495,604,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Group and the Company provide unsecured loans and advances to an associate and subsidiaries. The Group and the Company monitor the results of the associate and subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

24. FINANCIAL INSTRUMENTS cont'd

24.4 Credit Risk cont'd

Inter company balances cont'd

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the associate and subsidiaries are not recoverable.

24.5 Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

Maturity Analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2010							
Non-derivative financial liabilities							
Trade and other payables, excluding derivatives	366,320	-	366,320	260,271	106,049	-	-
Term loans	702,942	*	763,640	344,306	154,516	264,519	299
Revolving credits	134,343	2.78-7.06	143,150	143,150	-	-	-
Bankers' acceptances	512,438	1.92-5.05	515,385	515,385	-	-	-
Bank overdraft	47	-	47	47	-	-	-
Finance lease liabilities	11,293	2.28-9.67	12,906	4,821	4,014	4,023	48
	1,727,383		1,801,448	1,267,980	264,579	268,542	347
Derivative financial liabilities							
Forward exchange contracts	2,123	-	2,123	2,123	-	-	-
	1,729,506		1,803,571	1,270,103	264,579	268,542	347

* *Loan 1, 2, 3, 6, 7, 8, 9, 10, 14, 15 and 16 - Represents lenders' cost of funds rate plus a fixed rate ranging from 0.5% - 1.75%. Loan 4 and 5 - Interest is chargeable at a rate pegged against London Metal Exchange commodity prices. Contractual cash flows as at 31 December 2010 are estimated based on coupon rate stipulated in the respective agreements.*

Loan 11, 12 and 13 - Fixed rate ranging from 2.54% to 6.10%.

Notes to the Financial Statements
cont'd

24. FINANCIAL INSTRUMENTS cont'd

24.5 Liquidity Risk cont'd

Maturity Analysis cont'd

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2010							
Non-derivative financial liabilities							
Trade and other payables, excluding derivatives	213,692	-	213,692	110,269	103,423	-	-
Term loans	151,660	*	162,173	89,916	39,092	33,165	-
Revolving credits	45,000	4.72-6.00	45,861	45,861	-	-	-
Bankers' acceptances	388,520	1.92-4.64	389,423	389,423	-	-	-
Finance lease liabilities	1,474	2.29-4.81	1,687	668	423	596	-
	800,346		812,836	636,137	142,938	33,761	-
Derivative financial liabilities							
Forward exchange contracts	2,123	-	2,123	2,123	-	-	-
	802,469		814,959	638,260	142,938	33,761	-

* *Loan 1, 2 and 3 – Represents base lending rate plus 1.50%.*
Loan 4 and 5 – Interest is chargeable at a rate pegged against London Metal Exchange commodity prices. Contractual cash flows as at 31 December 2010 are estimated based on coupon rate stipulated in the respective agreements.

24.6 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's and the Company's financial position or cash flows.

24.6.1 Currency Risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities and the functional currency of the Company. The currencies giving rise to this risk are primarily U.S. Dollar (USD), Great Britain Pound (GBP), Australian Dollar (AUD), Singapore Dollar (SGD) and Renminbi (RMB).

Risk management objectives, policies and processes for managing the risk

The Group and the Company actively monitor their exposure to foreign currency risk and purchases forward exchange contracts to mitigate the risk when the need arises. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

24. FINANCIAL INSTRUMENTS cont'd

24.6 Market Risk cont'd

24.6.1 Currency Risk cont'd

Risk management objectives, policies and processes for managing the risk cont'd

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.

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the currency of the Company entities) risk, based on carrying amounts as at the end of the reporting period is as disclosed in Note 10, Note 12, Note 14 and Note 15.

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a RMB functional currency. The exposure to currency risk of Group entities which do not have a RMB functional currency is not material and hence, sensitivity analysis is not presented.

A 10 percent strengthening of RMB against the RM at the end of the reporting period would have increased post-tax profit or loss by RM442,000. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10 percent weakening of RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

Meanwhile, foreign currency risk of the Company mainly arises from USD. The exposure to currency risk of the Company to other foreign currencies other than USD is not material and hence, sensitivity analysis is not presented.

A 10 percent strengthening of RMB against the RM at the end of the reporting period would have increased post-tax profit or loss by RM1,562,000. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10 percent weakening of RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

24.6.2 Interest Rate Risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

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

Notes to the Financial Statements
cont'd

24. FINANCIAL INSTRUMENTS cont'd

24.6 Market Risk cont'd

24.6.2 Interest Rate Risk cont'd

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed rate instruments				
Financial asset	**5,915**	6,642	**391**	363
Financial liabilities	**(741,661)**	(660,371)	**(434,994)**	(361,368)
	(735,746)	(653,729)	**(434,603)**	(361,005)
Floating rate instruments				
Financial liabilities	**(619,355)**	(598,114)	**(151,660)**	(130,207)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 30 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	30 bp increase RM'000	30 bp decrease RM'000
Group		
2010		
Floating rate instruments	(1,761)	1,761
Company		
2010		
Floating rate instruments	(309)	309

24. FINANCIAL INSTRUMENTS cont'd

24.6 Market Risk cont'd

24.6.3 Other Price Risk

Other price risk arises from price fluctuation risk on commodities mainly on aluminium related products. The Group and the Company mitigate their risk to the price volatility through establishing the fixed price level that the Group and the Company consider acceptable and where deemed prudent, entering into commodity fixed price contracts. The Group and the Company incurred a derivative loss of RM2,123,000 (2009 – RM52,000) on their commodity fixed price contracts.

24.7 Fair Value of Financial Instruments

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

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

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	2010		2009	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Trade and other payables				
- non-current	**(99,159)**	**(94,748)**	-	-
Amount due to an associate				
- non-current	**(6,890)**	**(6,584)**	-	-
Forward exchange contracts:				
Assets	**-**	**-**	-	11
Liabilities	**(2,123)**	**(2,123)**	-	(63)
Term loans	**(702,942)**	**(705,261)**	(688,805)	(686,050)
Finance lease liabilities	**(11,293)**	**(11,293)**	(8,559)	(8,306)
Company				
Amounts due from subsidiaries				
- non-current	**-**	**-**	22,469	999
Amount due to an associate				
- non-current	**(2,955)**	**(2,824)**	-	-
Amounts due to subsidiaries				
- non-current	**(100,468)**	**(96,000)**	-	-
Forward exchange contracts:				
Assets	**-**	**-**	-	11
Liabilities	**(2,123)**	**(2,123)**	-	(63)
Term loans	**(151,660)**	**(154,565)**	(130,207)	(128,204)
Finance lease liabilities	**(1,474)**	**(1,474)**	(1,324)	(1,618)

Notes to the Financial Statements
cont'd

24. FINANCIAL INSTRUMENTS cont'd

24.7 Fair Value of Financial Instruments cont'd

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
Inter company balances	**4%**	4%	**4%**	4%
Term loans	**4.60%**	5.31%	**3.44%**	3.26%
Finance lease liabilities	**3.78%**	6.01%	**3.31%**	6.55%

25. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2010 and at 31 December 2009 were as follows:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total borrowings (Note 15)	**1,361,063**	1,265,510	**586,654**	498,600
Less: Cash and cash equivalents (Note 12)	**(201,211)**	(71,266)	**(67,694)**	(16,915)
	1,159,852	1,194,244	**518,960**	481,685
Total equity	**927,574**	823,137	**424,034**	362,837
Debt-to-equity ratio	**1.3**	1.5	**1.2**	1.3

25. CAPITAL MANAGEMENT cont'd

There were no changes in the Group's and the Company's approach to capital management during the financial year. The high debt-to-equity ratio is due to significant investments in property, plant and equipment as the Group and the Company seek to expand their business.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The significant loan covenants of the Group and the Company are disclosed in Note 15 and the Group and the Company have complied with the covenants.

26. CAPITAL COMMITMENT

	Group	
	2010	**2009**
	RM'000	**RM'000**
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	**343,185**	471,915

The capital commitment mainly relates to the construction of the aluminium smelting plant of a subsidiary in Mukah, Sarawak amounting to RM343,185,000 (2009 – RM67,860,000), and the expansion of a subsidiary's plant in China amounting to Nil (2009 – RM788,000) of which RM326,185,000 (2009 – RM402,687,000) has been captured as deposits.

27. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Company	
	2010	**2009**
	RM'000	**RM'000**
Guarantees given to financial institutions for facilities granted to subsidiaries	**492,981**	495,604

Notes to the Financial Statements
cont'd

28. OPERATING LEASES

Leases as Lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2010	2009
	RM'000	RM'000
Less than one year	**3,193**	2,913
Between one and five years	**2,568**	4,820
	5,761	7,733

The Group leases properties under operating leases. The leases typically run for a period of less than 5 years, with an option to renew the lease after that date. None of the leases includes contingent rentals.

29. RELATED PARTIES

Identity of 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 persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has a related party relationship with its Directors, subsidiaries (see Note 6), associate (see Note 7), and companies in which certain Directors have interests as stated below.

(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.

During the year, except for waiver of debts by CFT amounting to RM5 million as disclosed in Note 18 to the financial statements, of the Group no longer has any transactions with CFA and CFT.

29. RELATED PARTIES cont'd

Identity of Related Parties cont'd

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

Group	Amount transacted for the year ended 31 December	Gross balance outstanding at 31 December	Net balance outstanding at 31 December	Allowance for impairment loss at 31 December	Impairment loss recognised for the year end 31 December
	RM'000	RM'000	RM'000	RM'000	RM'000
2010					
Trade					
Sales					
Associate	**92,310**	**11,345**	**11,345**	-	-
Purchases					
Associate	**(14,494)**	**(2,955)**	**(2,955)**	-	-
Non-trade					
Director					
- rental expense on properties	**(360)**	-	-	-	-
2009					
Trade					
Sales					
CFA	-	604	-	(604)	-
CFT	-	10,423	-	(10,423)	5,000
Associate	86,601	6,878	6,878	-	-
Purchases					
CFT	-	(7,706)	-	-	-
Associate	(39,748)	(12,001)	(12,001)	-	-
Non-trade					
Director					
- rental expense on properties	(360)	-	-	-	-

Notes to the Financial Statements
cont'd

29. RELATED PARTIES cont'd

Identity of Related Parties cont'd

	Amount transacted for the year ended 31 December 2010 RM'000	2009 RM'000
Company		
Subsidiaries		
Sales	**321,974**	245,658
Purchases	**(47,200)**	(250,953)
Associate		
Dividend income	**282**	362
Sales	**21,154**	86,601
Purchases	**(6,249)**	(39,748)

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

There is no impairment of receivables being recognised in the current and previous financial year in respect of the abovementioned related party transactions, except for impairment loss of receivables of RM5,000,000 provided for in relation to debts outstanding from CFT in 2009. This impairment loss has been written off during the year.

The outstanding balances arising from the above transactions have been disclosed in Note 10 and 14 to the financial statements.

30. BUSINESS COMBINATIONS

<u>2010</u>

Acquisition of Minority Interests
On 28 January 2010, the Company acquired the remaining 20% equity interests in PMHK, which was previously an 80% owned subsidiary of the Company, from a third party. The acquisition involved a total of 4,000,000 shares of HK$1.00 each, for a total consideration of RMB20,000,000 (approximately RM9,767,000). Subsequent to the acquisition, PMHK became a wholly-owned subsidiary of the Company. The Group recognised a decrease in minority interests and translation reserve of RM28,068,000 and RM271,000 respectively. This transaction also resulted in recognition of negative goodwill of RM18,030,000.

Capitalisation and Subscription of Shares in a Subsidiary and Subsequent Disposal to Minority Interest Shareholders
On 28 September 2010, the previous minority interest shareholders of Press Metal Sarawak ("PMS"), an 80% owned subsidiary of the Company, disposed of their 20% equity interests to Sumitomo Corporation Sdn. Bhd. ("Sumitomo"). On 21 December 2010, the Company completed the capitalisation and subscription of RM302 million ordinary shares of RM1.00 each in PMS, via the capitalisation of amount owing by PMS to the Company of RM301,572,000 and cash subscription of RM428,000. Subsequently, the Company disposed of 60.4 million ordinary shares of RM1.00 each in PMS to Sumitomo for a total consideration of RM60.4 million. Pursuant to these transactions, the equity interests of the Company in PMS remained at 80%.

30. BUSINESS COMBINATIONS cont'd

2010 cont'd

Incorporation of a New Subsidiary

On 19 October 2010, nominees of the Company incorporated a company in Malaysia, Press Metal Bintulu Sdn. Bhd. ("PM Bintulu"), which has an issued and paid-up share capital of RM2. Subsequently on 17 December 2010, the Company acquired the entire shares of PM Bintulu from its nominees and PM Bintulu became a wholly-owned subsidiary of the Company. This subsidiary did not contribute to the group results for the year ended 31 December 2010 as it was still dormant.

2009

Disposal of a Subsidiary in Prior Year

On 9 June 2009, the Company disposed of 180,000 ordinary shares of RM1.00 each in K3 Metal Service Centre Sdn. Bhd. ("K3"), representing 36% of the issued and paid-up share capital of K3 for a total consideration of RM3,452,000. Subsequently, the investment in K3 is classified as other investment.

The disposal of K3 had the following effect on the Group's operating results, assets and liabilities as at the date of disposal.

Statement of Comprehensive Income

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

Statement of Financial Position

	At date of disposal RM'000
Non-current assets	847
Current assets	22,607
Current liabilities	(10,294)
Non-current liabilities	(3,321)
Net assets	9,839
Minority interests	(3,775)
Goodwill previously credited to profit or loss	(1,684)
Proceeds from disposal	(3,452)
Interest in a subsidiary retained as other investments	(1,803)
Loss on disposal	(875)

Statement of cash flows

	RM'000
Proceeds from disposal	3,452
Less: Cash and cash equivalents of subsidiary disposed	(2,424)
Group net cash inflow on disposal	1,028

Notes to the Financial Statements
cont'd

31. SUBSEQUENT EVENT

On 7 March 2011, Press Metal International Ltd., an 80% owned subsidiary, incorporated a new wholly-owned subsidiary in The People's Republic of China, PMI Technology Limited, which has an issued and paid-up share capital of RMB20,000,000.

32. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

32.1 FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

Investments in Equity Securities

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries and an associate were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and an associate are now categorised and measured as available-for-sale as detailed in note 2(c).

Derivatives

Prior to the adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now categorised as fair value through profit or loss and measured at their fair values with the gain or loss recognised in profit or loss.

Financial Guarantee Contracts

Prior to the adoption of FRS 139, financial guarantee contracts were not recognised in the statement of financial position unless it becomes probable that the guarantee may be called upon. With the adoption of FRS 139, financial guarantee contracts are now recognised initially at their fair values and subsequently measured at their initially measured amount less cumulative amortisation. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made.

Inter-company Loans

Prior to the adoption of FRS 139, inter-company loans were recorded at cost. With the adoption of FRS 139, inter-company loans are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Finance income and costs are recognised in profit or loss using the effective interest method.

Impairment of Trade and Other Receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Discounting of Trade and Other Payables

With the adoption of FRS 139, the difference between the liability's carrying amount and the present value of estimated future cash flows discounted at the liability's original effective interest rate is recognised as finance income.

32. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES cont'd

32.1 FRS 139, Financial Instruments: Recognition and Measurement cont'd

Discounting of Trade and Other Payables cont'd

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted. There were no adjustments made to the opening balance of retained earnings or another appropriate reserve of the Group and the Company as the impact arising from the adoption of FRS 139 is not material to the opening balances.

32.2 FRS 8, Operating Segments

As of 1 January 2010, the Group determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114_{2004}, Segment Reporting.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

32.3 FRS 101, Presentation of Financial Statements (revised)

The Group applies FRS 101 (revised) which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is in conformity with the revised standard. Since the change only affects presentation aspects, there is no impact on earnings per share.

32.4 FRS 117, Leases

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance is finance leases and has reclassified the leasehold land to property, plant and equipment and investment properties in accordance to their usage. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

33. COMPARATIVE FIGURES

33.1 FRS 101, Presentation of Financial Statements (revised)

Arising from the adoption of FRS 101 (revised), income statements for the year ended 31 December 2009 have been re-presented as statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

Notes to the Financial Statements
cont'd

33. COMPARATIVE FIGURES cont'd

33.2 FRS 117, Leases

Following the adoption of the amendment to FRS 117, certain comparatives have been re-presented as follows:

	Group			
	31.12.2009		1.1.2009	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Property, plant and equipment	1,357,349	1,259,094	1,203,310	1,113,231
Prepaid lease payments	-	98,582	-	90,410
Investment properties	5,837	5,510	5,937	5,606

34. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

	2010	
	Group RM'000	**Company RM'000**
Total retained earnings of the Company and its subsidiaries		
- realised	**640,340**	196,318
- unrealised	**(83,125)**	3,537
	557,215	199,855
Less: Consolidation adjustments	**27,071**	-
Total retained earnings	**584,286**	199,855

The determination of realised and unrealised profits is based on the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

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 112 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 as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 34 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

DATO' KOON POH KEONG **KOON POH TAT**

Petaling Jaya, Selangor

12 April 2011

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 112 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 in the Federal Territory on 12 April 2011.

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 statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 112.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 entity's preparation of financial statements that give a true and fair view 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 entity'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 2010 and of their financial performance and cash flows for the financial 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 6 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.

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.

Independent Auditors' Report

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

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 34 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

MUHAMMAD AZMAN BIN CHE ANI
Approval Number: 2922/04/12(J)
Chartered Accountant

Petaling Jaya, Selangor

12 April 2011

List of Properties
held by the Group as at 31 December 2010

Proprietor	Location	Description/ Age (Year)	Existing Use	Tenure	Area (Square feet)	Net Book Value 31/12/2010 RM'000
Press Metal Berhad	Lot 6464, Mukim Kapar, Daerah Klang, Selangor Darul Ehsan.	Freehold land and building 17 years	Factory cum office	Freehold	217,000	10,322
Press Metal Berhad	Lot 6486, Mukim Kapar, Daerah Klang, Selangor Darul Ehsan.	Freehold land and building 17 years	Factory cum office	Freehold	417,348	19,852
Press Metal Sarawak Sdn Bhd	Lot 211 & 212, Block 293, Mukah Land District, Mukah, Sarawak.	Leasehold Land and building 3 years	Factory cum office	Leasehold for 99 years	44,913,337	333,659
Press Metal Berhad	HS (D) 85897, PTD 48325, Mukim Plentong, Daerah Johor Bahru, Johor Darul Takzim.	Double Storey Shop house 8 years	Office cum warehouse	Freehold	6,893	811
BI-PMB Waste Management Sdn Bhd	Lot 73797, Mukim Klang, Daerah Klang, Selangor Darul Ehsan.	1 1/2 Storey Shop house 4 years	Tenanted	Freehold	6,631	467
Angkasa Jasa Sdn Bhd	Pt 7649, Cheras Jaya, Mukim Cheras, Daerah Ulu Langat, Selangor Darul Ehsan.	Leasehold land and building 22 years	Factory cum office	Leasehold for 99 years expiring 14 May 2088	44,584	3,620
Angkasa Jasa Sdn Bhd	Pantai Plaza, APH 20, Menara Atlas, Kuala Lumpur.	Commercial office suite 11 years	Tenanted	Freehold	5,339	2,685
Angkasa Jasa Sdn Bhd	Pantai Plaza, Tower 5, Suite No. 1002, Kuala Lumpur.	Commercial office suite 12 years	Vacant	Freehold	1,392	918
Angkasa Jasa Sdn Bhd	Lot 73803, Mukim Klang, Selangor Darul Ehsan.	Factory land and building 5 years	Tenanted	Freehold	6,628	675
Press Metal International Limited	Area C, Sanshui Industrial Park, Sanshui District, Foshan City, Guangdong Province, China.	Leasehold land and building 5 years	Factory cum office	Leasehold for 50 years	5,092,976	64,474

Analysis of Shareholdings
as at 3 June 2011

Authorised Share Capital	:	RM500,000,000
Issued and Paid-Up Share Capital	:	RM216,487,938.50
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	29	0.67	913	0.00
100 to 1,000	386	8.98	337,081	0.08
1,001 to 10,000	2,531	58.85	13,101,309	3.02
10,001 to 100,000	1,102	25.62	32,501,991	7.51
100,001 to less than 5% of issued shares	252	5.86	358,923,256	82.90
5% and above of issued shares	1	0.02	28,111,327	6.49
Total	**4,301**	**100.00**	**432,975,877**	**100.00**

DIRECTORS' SHAREHOLDINGS
as per Register of Directors' Shareholdings as at 3 June 2011

	Direct		Indirect		
Name	No. of Shares Held	% of Issued Capital	No. of Shares Held		% of Issued Capital
Dato' Megat Abdul Rahman Bin Megat Ahmad	14,736,692	3.40	787,000	^^	0.18
Koon Poh Ming	29,072,439	6.71	1,000,000	*	0.23
Dato' Koon Poh Keong	72,248,406	16.69	10,229,700	#	2.36
Tuan Haji Mohamad Faiz Bin Abdul Hamid	142,398	0.03	0		0.00
Koon Poh Weng	11,880,048	2.74	578,400	^	0.13
Koon Poh Kong	10,211,194	2.36	3,000	+	0.00
Koon Poh Tat	9,806,000	2.26	399,522	**	0.09
Loo Lean Hock	40,000	0.01	0		0.00
Tan Heng Kui	109,000	0.03	0		0.00

^^ *Deemed interested in the shares by virtue of his interest in JOEM Sdn Bhd and shares held by his spouse, Datin Johariah Binti Abdullah Khalid*

* *Deemed interested in the shares held by his spouse, Ong Soo Fan*

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*

Analysis of Shareholdings
as at 3 June 2011
cont'd

SUBSTANTIAL SHAREHOLDERS
as per Register of Substantial Shareholders as at 3 June 2011

	Direct		Indirect	
Name	**No. of Shares Held**	**% of Issued Capital**	**No. of Shares Held**	**% of Issued Capital**
Dato' Koon Poh Keong	72,248,406	16.69	10,229,700 #	2.36
Koon Poh Ming	29,072,439	6.71	1,000,000 *	0.23
Datin Khoo Ee Pheng	10,229,700	2.36	72,248,406 @	16.69
Ong Soo Fan	1,000,000	0.23	29,072,439 +	6.71

Deemed interested in the shares held by his spouse, Datin Khoo Ee Pheng
* *Deemed interested in the shares held by his spouse, Ong Soo Fan*
@ *Deemed interested in the shares held by her spouse, Dato' Koon Poh Keong*
\+ *Deemed interested in the shares held by her spouse, Koon Poh Ming*

Analysis of Shareholdings

as at 3 June 2011
cont'd

THIRTY LARGEST SHAREHOLDERS

as at 3 June 2011

	Name of Shareholders	No. of Shares	% of Issued Capital
1	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Dato' Koon Poh Keong*	28,111,327	6.49
2	M.I.T Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koon Poh Ming*	16,428,349	3.80
3	Dato' Megat Abdul Rahman Bin Megat Ahmad	14,736,692	3.40
4	Mayban Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Loh Kwi Yong*	12,173,150	2.81
5	M.I.T Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Dato' Koon Poh Keong*	11,848,453	2.74
6	Ong Sow Mei	10,361,426	2.39
7	M.I.T Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Datin Khoo Ee Pheng*	10,229,700	2.36
8	Koon Pui Lan	9,924,324	2.29
9	Tan Lam Kiew	9,342,914	2.16
10	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Dato' Koon Poh Keong*	9,000,000	2.08
11	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koon Poh Weng*	8,900,040	2.06
12	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Dato' Koon Poh Keong*	7,500,000	1.73
13	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Loo Seow Hwai*	7,484,500	1.73
14	Koon Poh Ming	7,444,590	1.72
15	Tan Mew Lan	6,781,460	1.57
16	Amanahraya Trustees Berhad *PB Growth Fund*	6,446,900	1.49
17	HLB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Dato' Tan Ting Wong*	6,134,000	1.42
18	Chan Poh Leng	6,035,600	1.39
19	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Dato' Koon Poh Keong*	6,000,000	1.39
20	M.I.T Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang*	5,645,700	1.30
21	Dato' Tan Ting Wong	5,500,000	1.27
22	Doitbest Holdings Sdn Bhd	5,355,610	1.24
23	EB Nominees (Tempatan) Sendirian Berhad *Pledged Securities Account for Koon Poh Kong*	5,170,398	1.19
24	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang*	4,950,000	1.14

Analysis of Shareholdings
as at 3 June 2011
cont'd

THIRTY LARGEST SHAREHOLDERS cont'd
as at 3 June 2011

	Name of Shareholders	No. of Shares	% of Issued Capital
25	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koon Poh Tat*	4,892,000	1.13
26	ECML Nominees (Asing) Sdn Bhd *United Forest Limited*	4,500,000	1.04
27	Ong Sow Yong	4,452,000	1.03
28	Amanahraya Trustees Berhad *Public Islamic Optimal Growth Fund*	4,245,400	0.98
29	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Loh Kwi Yong*	4,026,400	0.93
30	Mayban Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang*	3,867,150	0.89
Total		**247,488,083**	**57.16**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting of Press Metal Berhad will be held at Conference Room, Level 3, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 June 2011 at 10.30 a.m.

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon.

2. To declare a final tax exempt dividend of 2% for the financial year ended 31 December 2010. *Resolution 1*

3. To approve the payment of Directors' Fees for the financial year ended 31 December 2010. *Resolution 2*

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

   (i) Loo Lean Hock *Resolution 3*

   (ii) Tan Heng Kui *Resolution 4*

5. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:

   "That pursuant to Section 129(6) of the Companies Act, 1965, Dato' Megat Abdul Rahman Bin Megat Ahmad be re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company." *Resolution 5*

6. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:

   "That pursuant to Section 129(6) of the Companies Act, 1965, Tuan Haji Mohamad Faiz bin Abdul Hamid be re-appointed as Director to hold office until the conclusion of the next Annual General Meeting of the Company." *Resolution 6*

7. 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:

8. **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*

9. **Proposed Renewal of 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 approval be and is hereby given for the renewal of Shareholders Mandate for the Company and its subsidiaries ("PMB Group") to enter into recurrent related party transactions of a revenue or trading nature set out in Section 2.3 (i) of the Circular dated 7 June 2011 ("Circular") which are necessary for the PMB Group's day-to-day operations subject to the following:-

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 Mandate." *Resolution 9*

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Twenty-Fifth Annual General Meeting, a final tax exempt dividend of 2% for the financial year ended 31 December 2010 will be paid to shareholders on 28 July 2011. The entitlement date for the said dividend shall be 30 June 2011.

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 30 June 2011 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.

Notice of Annual General Meeting
cont'd

BY ORDER OF THE BOARD

TAI YIT CHAN *(MAICSA 7009143)*
TAN AI NING *(MAICSA 7015852)*
Secretaries

Selangor Darul Ehsan
Date: 7 June 2011

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 Company had, during its Twenty-Fourth Annual General Meeting held on 22 June 2010, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965 ("the Act"). The Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 8 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

Resolution 9
- ***Proposed Renewal of 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 7 June 2011 accompanying the Annual Report of the Company for the financial year ended 31 December 2010.

Proxy Form

PRESS METAL BERHAD
(Company No. 153208-W)
(Incorporated in Malaysia)

CDS account no. of authorised nominee

I/We ____(name of shareholder as per NRIC, in capital letters)
IC No./ID No./Company No. ______________________ (new) ______________________________________ (old)
of ____
(full address) being a member(s) of the Company, hereby appoint ____
(name of proxy as per NRIC, in capital letters) IC No. ______________________ (new) ______________________ (old)
of ____ (full address)
or failing him/her, ____ (name of proxy as
per NRIC, in capital letters) IC No. __________________________ (new) ______________________________ (old)
of ____ (full address)

or failing him/her, *the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fifth Annual General Meeting of the Company to be held at Conference Room, Level 3, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 June 2011 at 10.30 a.m. and or at any 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. If no specific direction as to voting is given the proxy will vote or abstain from voting at his/her discretion.

	RESOLUTIONS		FOR	AGAINST
1.	Declaration of a final tax exempt dividend of 2%	Resolution 1		
2.	Approval of Directors' Fees	Resolution 2		
3.	Re-election of Loo Lean Hock as Director	Resolution 3		
4.	Re-election of Tan Heng Kui as Director	Resolution 4		
5.	Re-appointment of Dato' Megat Abdul Rahman Bin Megat Ahmad as Director	Resolution 5		
6.	Re-appointment of Tuan Haji Mohamad Faiz bin Abdul Hamid 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 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/her 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)
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

1st Fold Here

Press Metal
Group Directory

PRESS METAL BERHAD
(Company No. 153208-W)

Lot 6464, Batu 5 ¾, Jalan Kapar, Sementa, 42100 Klang, Selangor Darul Ehsan, Malaysia
Tel: +603 3291 3188 Fax: +603 3291 3637
Website: www.pressmetal.com

ACE EXTRUSION SDN BHD
(Company No. 483049-P)
Lot 6463, Batu 5 ¾, Jalan Kapar,
Sementa, 42100 Klang,
Selangor Darul Ehsan, Malaysia
Tel: +603 3290 6308
Fax: +603 3290 2816
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Email: enquiry@aceextrusion.com.my

ANGKASA JASA SDN BHD
(Company No. 110854-M)
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Selangor Darul Ehsan, Malaysia
Tel: +603 9075 2136
Fax: +603 9075 2139
Website: www.angkasajasa.com
E-mail: ajsb@angkasajasa.com

PMB MARKETING SDN BHD
(Company No. 185222-W)
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Fax: +603 8961 9830
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(Company No. 196057 W)
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E-mail: pmbfacade@pmbfacade.com

PMB DEVELOPMENT SDN BHD
(Company No. 198730-T)
PMB SPECTRUM SDN BHD
(Company No. 400200-U)
BI-PMB WASTE MANAGEMENT SDN BHD
(Company No. 204292-D)

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PRESS METAL SARAWAK SDN BHD
(Company No.767704-M)
PMS MARKETING SDN BHD
(Company No. 204138-X)

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