PRESS METAL

Annual Report 2015

A vision 30 years in the making

From a singular vision to a global name in aluminium


30
PRESS METAL
A vision 30 years in the making


Business Acumen
Global Outlook
Social Responsibility
PRESS METAL
Quality Excellence
Focused Teamwork

One Name, Thirty Years of History

To be the first name branded on everyone's mind when they think of upstream and downstream aluminium – this is the vision Press Metal was founded upon 30 years ago.

The brainchild of the Koon brothers, Press Metal began as a local aluminium extrusion company in 1986. Today, Press Metal is a world-class producer of aluminium used by technology giants, high-speed train makers, innovative product designers, and household food and beverage brands; with markets and operations in Malaysia, South East Asia, China, Australia, Europe and the Americas.

Our vision is our inspiration, but our beliefs are in our guiding principles of Business Acumen, Quality Excellence, Global Outlook, Focused Teamwork and Social Responsibility. Press Metal's 30th Anniversary is an achievement cast in aluminium but moulded by vision and belief.

Contents

A Brief Look

Press Metal Berhad is a Malaysian-based aluminium company with extensive global presence.

From our modest beginning as a private-owned local aluminium extrusion company 30 years ago, Press Metal has come a long way to becoming a globally integrated aluminium corporation today – with 760,000 tonne smelting capacity and 190,000 tonne extrusion capacity per annum. We are proudly the largest integrated aluminium producer in South East Asia.

Malaysia

Press Metal is the leading aluminium extruder in Malaysia with a 40,000 tonne production capacity per annum, completes with in-house tools and dies shop offering customers quick turnaround services. Our plant is also equipped with modern surface finishing facilities that provide an extensive range of surface finishes – anodize, powder coat or bright dip.

Backed by our experience and expertise in the aluminium industry of more than two decades, Press Metal ventured into the upstream activities in 2007 and has subsequently in 2009 successfully built a new smelter in Mukah, Sarawak – the first-ever aluminium smelting plant in Malaysia.

In 2011, Press Metal started the development of the 2nd aluminium smelter (Samalaju Phase 1) in Samalaju Industrial Park, Bintulu, Sarawak, with a larger production capacity of 320,000 tonne per annum, employing the latest smelting technology, namely the 400kA technology. The technology is more energy efficient, enabling a higher production output with lower energy consumption. The smelter commenced commercial operations in 2012.

Continuing along this successful expansion path, Press Metal kick-started the development of the 3rd aluminium smelter in Sarawak (Samalaju Phase 2) in 2014 to complement the existing smelters in Mukah and Samalaju. Today, our smelting capacity has increased to 760,000 tonne per annum.

Press Metal has now put Malaysia in the global footprint as a leading primary aluminium provider, employing the latest and most environmental-friendly technology complying with the world best standards.

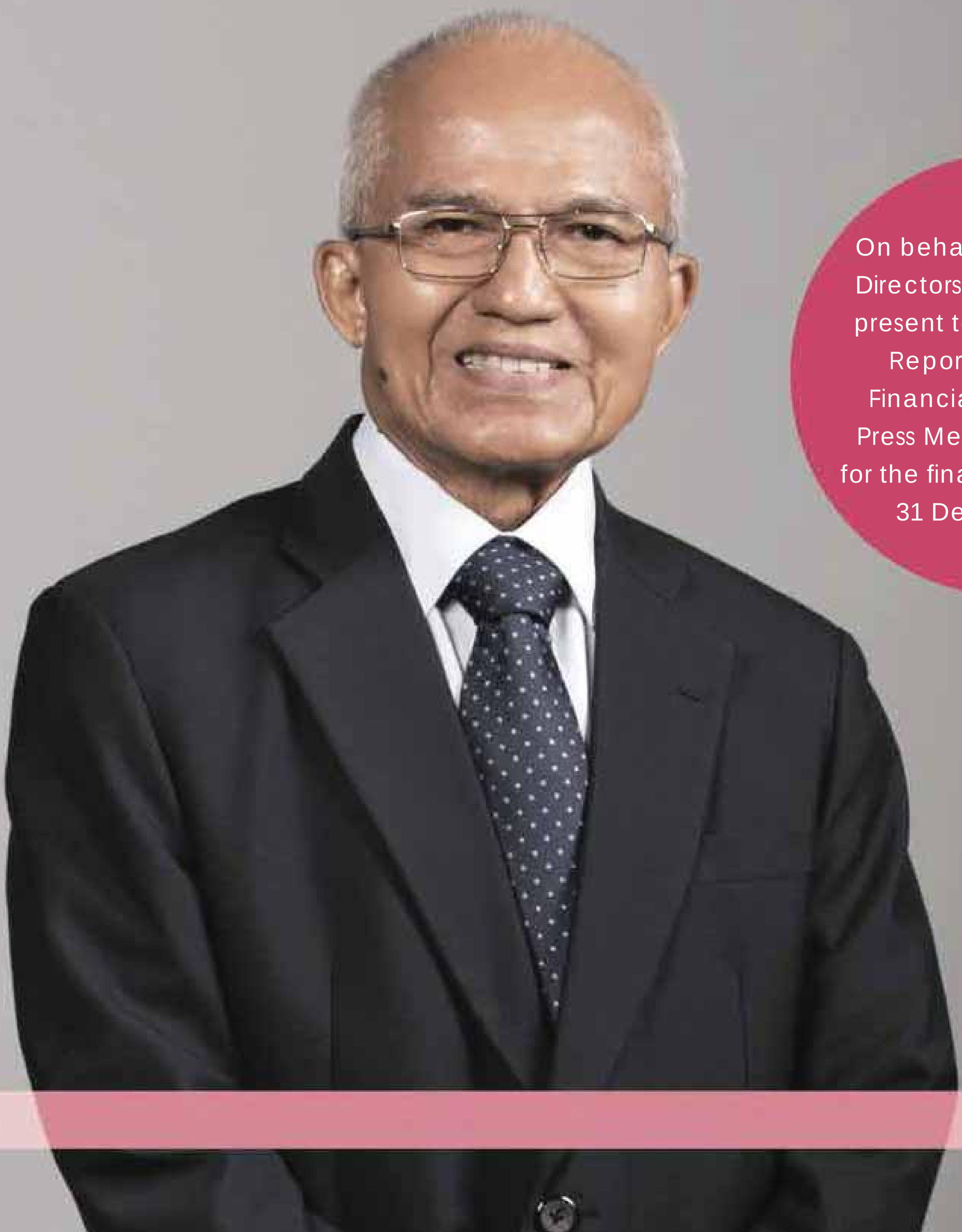
China

In China, our subsidiary in Foshan, Press Metal International Limited, is one of the biggest exporters of aluminium products in China, with a production capacity of 120,000 tonne per annum.

The Group also owned an extrusion facility in Hubei, China, with a production capacity of 30,000 tonne per annum. This, together with our Malaysian extrusion plant's capacity of 40,000 tonne per annum, established Press Metal as one of the biggest aluminium extrusion companies in this region.

Global Network

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



On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of Press Metal and its Group for the financial year ended 31 December 2015

Chairman's Statement

2015 Financial Review

The year 2015 was a challenging year where global economic activities remained subdued. The modest recovery in advanced economies continues but its effect were somewhat nullified by the slowing down in growth of the emerging markets and developing countries. In particular, the gradual slowdown and rebalancing of economic activities in China affected other economies through trade channels and weaker commodity prices. Overall commodity prices dropped sharply to post financial crisis lows, and aluminium was not spared. In response, the overall global monetary policy stance in most regions became more accommodative.

For Press Metal Group, 2015 was undoubtedly a challenging year. The fire incident, which we wished had not happened, was indeed a setback but through perseverance and hard work, production activities had since recovered and full production had been achieved. In addition, we were able to complete our expansion phase (Samalaju Phase 2 and the 3rd smelter for the Group) and commenced our production ramp up which is scheduled to be completed by middle of this year. So despite the setback, 2015 has turned out to be a progressive year for us.

The Group achieved an increase of 5.6% in revenue, from RM4.09 billion in year 2014 to RM4.32 billion in year 2015 despite lower production output after the fire incident. This was mainly attributable to the strengthening of US Dollar against Ringgit Malaysia.

Profit Before Tax (PBT) of the Group was however down by 23.7% from RM304.1 million to RM231.9 million, resulting from asset impairment for Samalaju Phase 1 smelter, foreign exchange loss, as well as the lower London Metal Exchange (LME) aluminium price. For the year, aluminium was once traded at its 6-year low since global financial crisis.

Corporate Development & Prospect

Press Metal had early redeemed in full and cancelled all its outstanding 8-year 6% Redeemable Convertible Secured Loan Stocks ("2011/2019 RCSLS") in March 2015. And for Samalaju Phase 2 expansion, we have secured USD200 million term loans from a consortium of banks locally. The term loan has built in a 2 years grace and following a step repayment tenure of 6 years.

As for 2016 prospects, we are cautiously optimistic that we will be able to achieve better results than in the past. Although prices of commodities, including aluminium, fell to a very low level during 2015, we believe that it has reached the bottom. The demand for aluminium continues to grow as the world consumption is still growing, albeit at a moderate pace, as more and more applications are using aluminium as the input material and the intensity of usage is increasing in many sectors such as automobile and electricity cables. The growing demand, coupled with the curtailment of productions in the western countries should cause the market to find its equilibrium soon and the aluminium price will then reflect such scenario.

At Press Metal, we always strive to maintain low cost operations model in order to remain competitive in the long run even when the industry faces a downturn. In addition, we will also increase the production of value-added products with higher margin to generate better return for the smelters. Meanwhile, production ramp up at Samalaju Phase 2 is progressing well and has already contributed higher output for the first quarter 2016.

With the completion of production ramp-up in mid-year, Press Metal would have a smelting capacity of 760,000mt per annum, being not only the largest in South East Asia, but also one of the largest smelters in a single location. With this latest capacity expansion, we will have higher economy of scale and will further improve our overall production cost and further strengthen our position in the international market.

Dividends

The Group continued to reward its shareholders for their support. A total of four tax-exempt interim dividends were declared and paid in respect of the financial year 2015. The first interim dividend declared was 3 sen per ordinary share while the remaining three interim dividends each of 1.5 sen per ordinary share.

Total dividends declared and paid for the financial year summed up to 7.5 sen per ordinary share, amounting to approximately RM97.4 million. The Board has not recommended a final dividend for financial year 2015.

Appreciation & Acknowledgement

Press Metal is celebrating its 30th anniversary this year. On behalf of the Board of Directors, I would like to express our sincere gratitude to all our shareholders, customers, business partners, financiers, the government agencies, regulatory authorities and communities, past or present, for their support during our 30 years journey.

To the management team and members of staff, thank you for your perseverance and dedication which had brought the Group through all challenges, to where we are today. Thank you.

Together, we will continue to stay strong, marching forward to many more years of success.

Thank you.

Dato' Wira (Dr.) Megat Abdul Rahman bin Megat Ahmad
Chairman
April 2016

Looking back, this journey has been challenging but satisfying

Message from Group CEO

A vision 30 years in the making

The humble beginning, at a rickety rented factory with just a handful of employees, Press Metal Aluminium Industries Sdn. Bhd. was trying to follow the Taiwanese industrialists to start an aluminum extrusion company here in Malaysia. That was 30 years ago, my brothers and I, together were dreaming to take on Malaysia as its local aluminium supplier instead of relying on imported materials.

Well, as the days gone by, the dream just got bigger and our vision extended. From rented factory with second hand machineries we moved into our own factory with new extrusion production lines and further expanded our capacity when we bought over a competitor's production equipment. Further, from being a local supplier, we began to export our extrusion materials and set up a subsidiary in UK in 1999 and became a major supplier for the UK market. To continue with our expansion, we needed a much bigger production base and decided to build a factory in China as China was becoming the future global sourcing country.

Thus, in year 2005, we incorporated Press Metal International in Foshan, Guangzhou and bought 118 acres of industrial land to build our first factory overseas with an initial capacity of 40,000mt, but have since grown to 120,000mt capacity. Since then, our extrusion products are exported to many countries from China and had established ourselves as a reliable reputable quality supplier.

Yet our dream did not stop there. When the opportunity arises for us to venture upstream, to produce the raw material, namely billets and ingots which we have been importing, again together with my brothers, we decided to take the plunge to build the very first aluminium smelter in Malaysia.

That was in year 2008 and in the midst of construction, the world was plummeted by the sub-prime financial crisis. However, we are very grateful to our financing bankers who stood by us during this difficult period and trusted us to be able to prevail and indeed we were able to do so and delivered the promised results. And in March 2015, the loan for the first smelter in Mukah has been fully paid off.

By then, Press Metal has started to attract some attention and one particular overseas giant approached us and wanted to be our partner. After a long period of due diligence, covering all aspects, not just financial but also technical and management capabilities, this Japanese giant decided to invest in our smelter and since then has partnered us to invest further with our second smelter expansion.

As we have demonstrated our ability to execute our business plan on schedule in the midst of global financial crisis, the state's sole electricity company offered us a bigger block of power supply to build a bigger capacity smelter of 320,000mt in year 2011 and we did not hesitate in taking on this greater commitment. Again, we completed this second smelter construction not just on schedule but ahead of schedule.

As soon as we have completed our production ramp up, the state electricity company offered us a third block of power supply and by now we realized that our dream is becoming reality. With this third smelter of 320,000mt, our total smelting capacity will increase to 760,000mt, the largest in South East Asia. Astonishing!

Looking back, this journey has been challenging but satisfying. Not only is Press Metal now the largest smelter in South East Asia, we have also put Malaysia in the global footprint as a reputable primary aluminium supplier with products registered with the London Metal Exchange.

This dream will not be a reality without many key players' contribution and partners. On top of the list is our 5,000 strong workforce worldwide; each of them is valuable to the company and in particular those long serving employees, thank you for your commitment and years of labor.

What's Next

For the near term, we will be focusing on improving our production efficiency and expanding our value-added product range.

With 760,000mt production capacity, we now have good economy-of-scale. However, a lot of our employees are new and young but full of potential. We believe in developing these human resources to become the most valuable assets of the Group. As our employees gained more experience, we believe our operations will become even more efficient and will be the most cost competitive in the world.

As for our products, we have customers using our products from as far as Brazil and Mexico and many top wheels manufacturers in Europe. In addition to billets and wheel alloys, we want to produce more value-added products to generate higher return for a tonne of aluminium we produced. In the pipeline, soon we will be able to offer aluminium rods to the electric cable producers as we believe aluminium cables will have bigger market share than copper cables in near future.

Appreciation

While we celebrate our 30th anniversary this year, I would like to express my sincere gratitude to all our stakeholders including our shareholders, business associates, financiers, government agencies and regulatory authorities, as we would not have made it through and realized our dreams without your continuous support and trust.

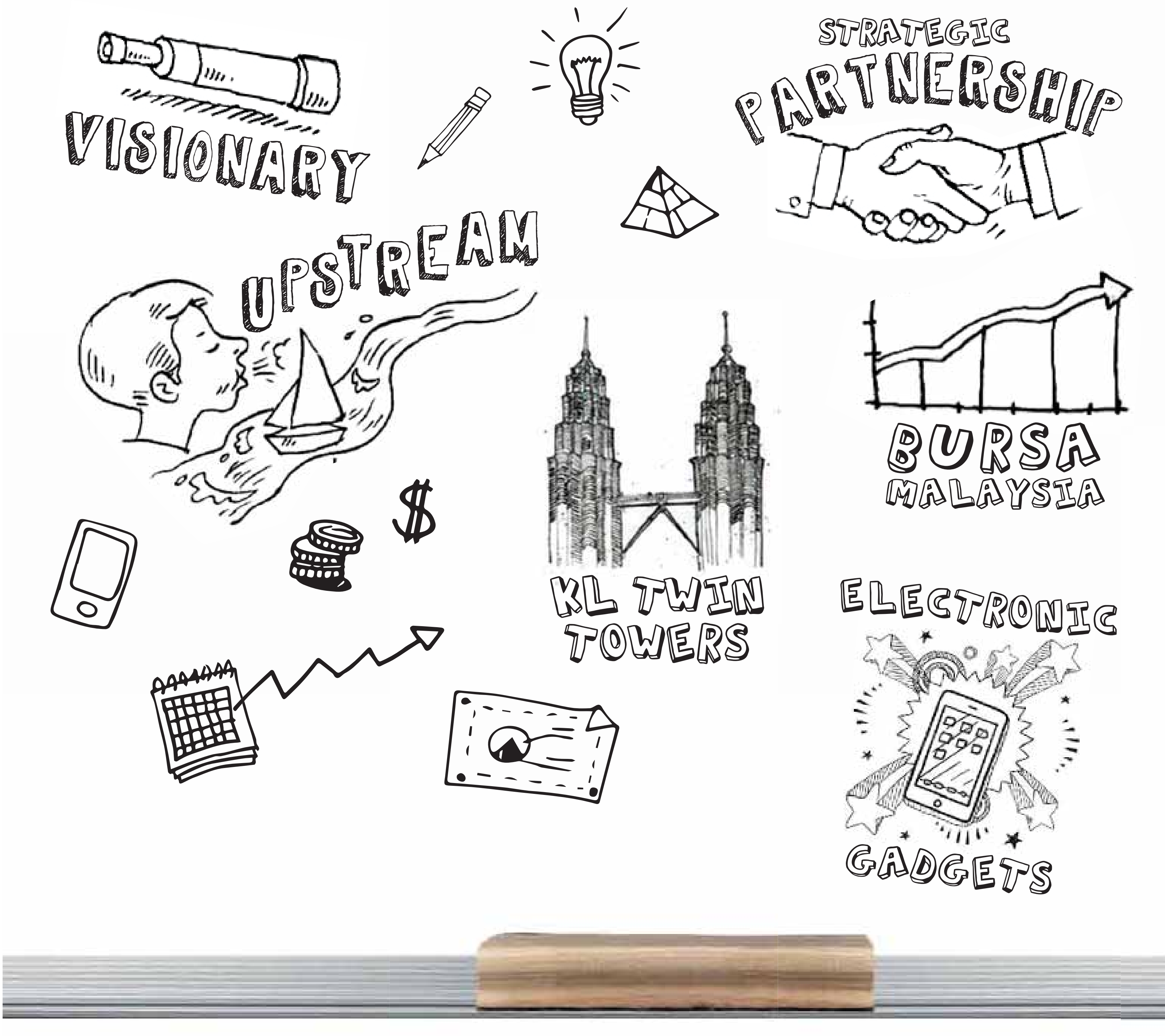
To our employees, particularly the long serving ones, thank you for your hard work, commitment and dedication in building the Group together.

To my fellow directors, I am truly thankful to have your guidance and support along the way chasing our dreams.

Let's continue to venture on together as we seek to expanding and achieving our vision.

Thank you.

Dato' Koon Poh Keong
Group Chief Executive Officer
April 2016


VISIONARY
STRATEGIC
PARTNERSHIP
UPSTREAM
$
BURSA
MALAYSIA
KL TWIN
TOWERS
ELECTRONIC
GADGETS

Business
ACUMEN

A business plan is worthless if it isn't augmented by business acumen. It is this forward thinking that guided us to become a public-listed corporation in 1993, a mere seven years after our founding; venture into China in 2005; and move upstream into aluminium smelting in 2007 – effectively transforming Press Metal into the largest aluminium producer in South East Asia today.

Corporate Information

Board of Directors

Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad
Chairman/Independent Non-Executive Director

Koon Poh Ming
Executive Vice Chairman

Dato' Koon Poh Keong
Group Chief Executive Officer

Dato' Koon Poh Tat
Executive Director

Koon Poh Weng
Executive Director

Koon Poh Kong
Executive Director

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

Loo Lean Hock
Independent Non-Executive Director

Tan Heng Kui
Independent Non-Executive Director

Company Secretaries

Tan Ai Ning (MAICSA 7015852)
Te Hock Wee (MAICSA 7054787)

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel : +603 – 2783 9299
Fax : +603 – 2783 9222

Corporate Office

Suite 61 & 62, Setia Avenue
No. 2, Jalan Setia Prima S U13/S
Setia Alam Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel : +603 – 3362 2188
Fax : +603 – 3362 2000
Website : www.pressmetal.com

Registered Office

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603 - 7720 1188
Fax : +603 - 7720 1111

Principal Bankers

Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Export-Import Bank of Malaysia Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad

Auditors

KPMG
Firm No. AF 0758
(Chartered Accountants)
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

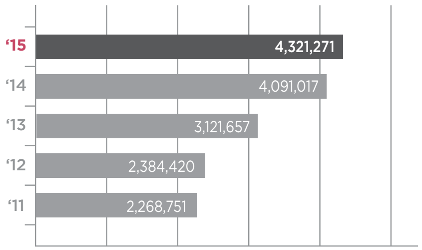
Global
OUTLOOK

We believe business should not be limited by nationality or geography, but only by our own potential and ambition. Press Metal may be Malaysian-based, but we are global in our markets, operations, systems, standards and people.

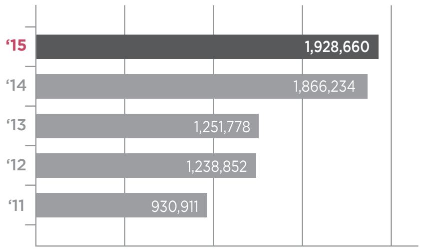
Group Financial Highlights

FYE 31 December	2015 (RM'000)	2014 (RM'000)	2013 (RM'000)	2012 (RM'000)	2011 (RM'000)
Revenue	**4,321,271**	4,091,017	3,121,657	2,384,420	2,268,751
Profit Before Tax	**231,976**	304,065	8,868	100,144	143,947
Profit After Tax	**160,969**	265,967	11,575	221,828	122,855
Profit Attributable to Shareholders	**132,345**	214,910	14,959	183,899	109,602
Shareholders' Funds	**1,939,157**	1,876,731	1,266,003	1,253,077	944,291
Net Tangible Assets	**1,928,660**	1,866,234	1,251,778	1,238,852	930,911
Net Earnings Per Share (Sen)	**10**	20	1	40	25
Dividends Per Share (%)	**15.0**	32.0	4.0	6.0	4.0

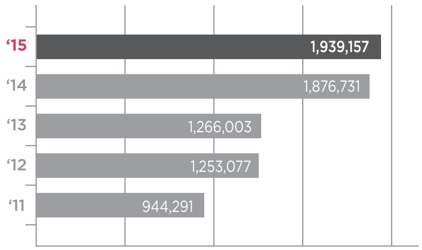
Revenue
(RM'000)



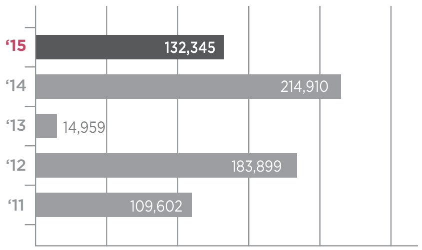
Net Tangible Assets
(RM'000)



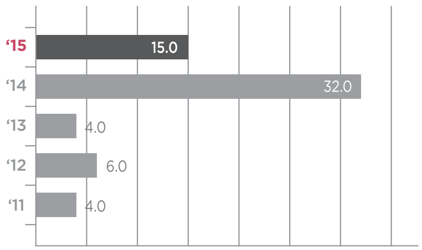
Shareholders' Funds
(RM'000)



Profit Attributable to Shareholders
(RM'000)



Dividends Per Share (%)



Group Structure

PRESS METAL BERHAD

- 80% PRESS METAL BINTULU SDN. BHD.
- 80% PRESS METAL SARAWAK SDN. BHD.
- 100% PRESS METAL (HK) LIMITED
  - 100% PRESS METAL INTERNATIONAL LIMITED
    - 100% PRESS METAL INTERNATIONAL TECHNOLOGY LTD.
    - 51% PRESS METAL GLOMAG PRECISION TECHNOLOGY CO. LTD.
- 100% ANGKASA JASA SDN. BHD.
- 100% PRESS METAL UK LIMITED
- 100% PRESS METAL NORTH AMERICA INC.
- 70% PRESS METAL ALUMINIUM (AUSTRALIA) PTY. LTD.
- 100% HUBEI PRESS METAL HUASHENG ALUMINIUM & ELECTRIC CO. LTD.
  - 100% PRESS METAL INTERNATIONAL (HUBEI) LTD.
- 100% BI-PMB WASTE MANAGEMENT SDN. BHD.
- 100% PMB DEVELOPMENT SDN. BHD.
  - 60% PMB SPECTRUM SDN. BHD.
- 100% WESAMA SDN. BHD.
  - 100% ACE EXTRUSION SDN. BHD.
- 100% PMS MARKETING SDN. BHD.
- 100% PMB MARKETING SDN. BHD.
  - 100% PMB MARKETING (HK) LTD.
- 100% PMB RECYCLING MANAGEMENT SDN. BHD.

Focused
TEAMWORK

Teamwork unites and drives the many different companies, departments and people at Press Metal. From the board of directors to the management and staff to our partners, we work together as one team with the same focus – to make Press Metal the leading brand name in aluminium.

Profile of Directors

Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad, DGMK, DSDK
Independent Non-Executive Chairman
Malaysian, 77 years of age

Dato' Wira (Dr.) Megat Abdul Rahman was appointed as the Non-Independent Non-Executive Director of the Company on 25 May 1995 and elected as Chairman on the same day. On 29 May 2007, he was re-designated as the Independent Non-Executive Chairman of the Board. He is also the Chairman of the Remuneration and Nomination Committees and attended all four (4) Board Meetings held during the financial year.

Dato' Wira (Dr.) Megat Abdul Rahman graduated with a Bachelor of Commerce degree from University of Melbourne, Australia. He is a fellow of the Institute of Chartered Accountants in Australia, a life member and past president of the Malaysian Institute of Certified Public Accountants, as well as a member of the Malaysian Institute of Accountants. He had served as Executive Director in Kumpulan Guthrie Berhad from 1983 to 1994, and was a partner/ managing partner of KPMG Desa Megat & Co. from 1973 to 1983. He had served as a Director of Lembaga Letrik Negara/Tenaga Nasional Berhad from 1977 to 2000 and sat on the Board of Universiti Kebangsaan Malaysia from 1985 to 2014. Currently, he is also a Director of Boustead Holdings Berhad and Yayasan Tenaga Nasional.

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

Koon Poh Ming
Executive Vice Chairman
Malaysian, 60 years of age

Mr. Koon Poh Ming has been a Director of the Company since its incorporation on 13 May 1986. He is also a member of the Remuneration Committee and attended all four (4) Board meetings held during the financial year.

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

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

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

Dato' Koon Poh Keong
Group Chief Executive Officer
Malaysian, 55 years of age

Dato' Koon Poh Keong is one of the founding members of the Company and has been the Group Chief Executive Officer since the Company's listing on Bursa Malaysia Securities Berhad in 1993. He attended all four (4) Board meetings held during the financial year.

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

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

Dato' Koon Poh Tat
Executive Director
Malaysian, 57 years of age

Dato' Koon Poh Tat has been appointed as the Executive Director of the Company since 7 June 1999 and has attended all four (4) Board meetings held during the financial year.

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

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

Koon Poh Weng
Executive Director
Malaysian, 61 years of age

Mr. Koon Poh Weng has been appointed as the Executive Director of the Company since 13 May 1986 and has attended all four (4) Board meetings held during the financial year.

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

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

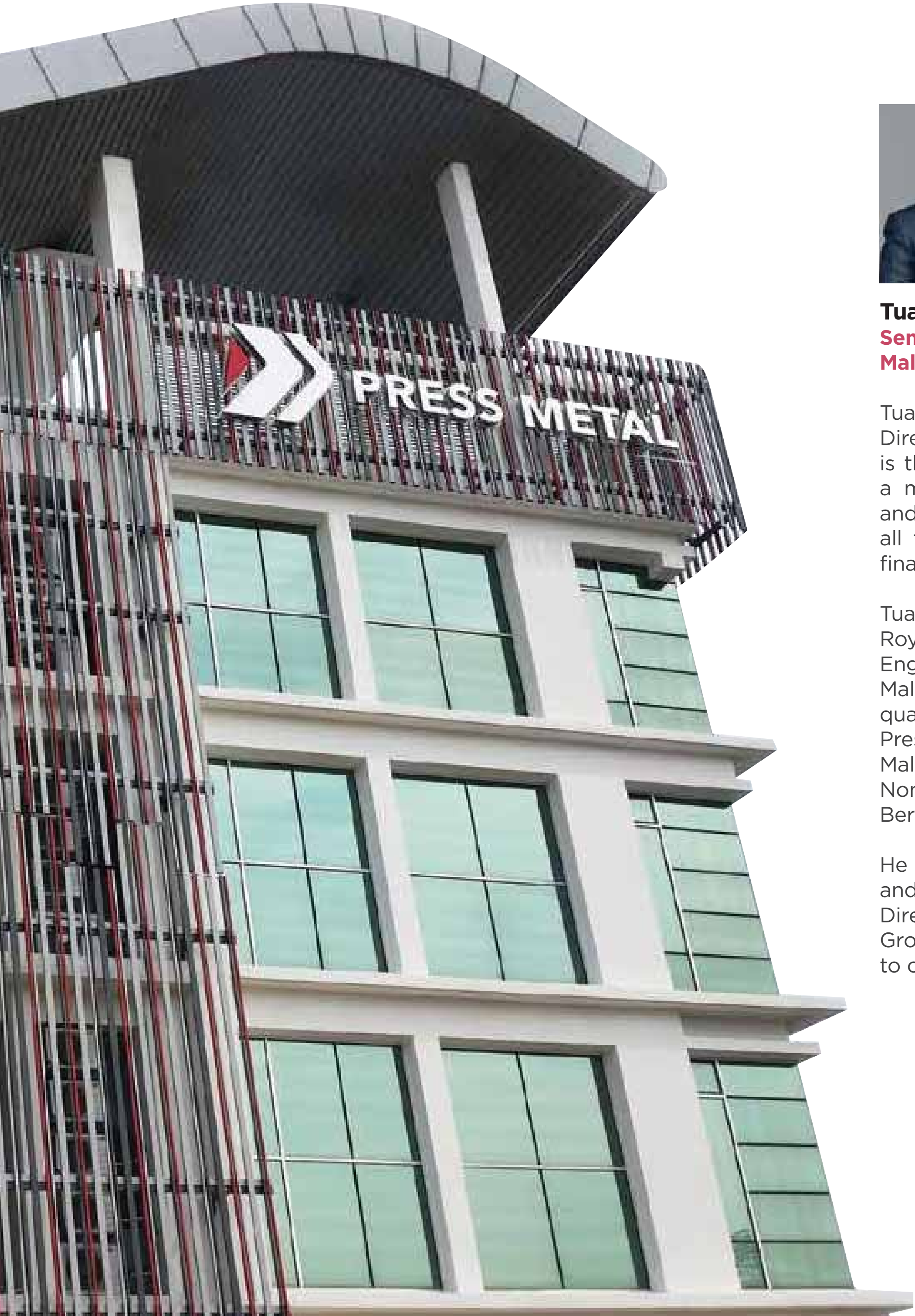
He is the brother to Koon Poh Ming, Dato' Koon Poh Keong, Koon Poh Kong and Dato' Koon Poh Tat. He maintains a clean record with regard to convictions for offences.

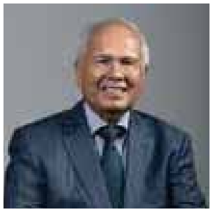
Koon Poh Kong
Executive Director
Malaysian, 63 years of age

Mr. Koon Poh Kong was appointed as the Executive Director of the Company on 13 May 1986. He attended all four (4) Board meetings held during the financial year.

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

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





Tuan Haji Mohamad Faiz Bin Abdul Hamid
Senior Independent Non-Executive Director
Malaysian, 76 years of age

Tuan Haji Mohamad Faiz was appointed as a Director of the Company on 7 May 1993. He is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. He attended all four (4) Board meetings held during the financial year.

Tuan Haji Mohamad Faiz is a Fellow of the Royal Institution of Chartered Surveyors England and the Royal Institution of Surveyors Malaysia since 1981. He was a consultant quantity surveyor since 1968 and was the past President of the Royal Institution of Surveyors, Malaysia. Currently, he is also an Independent Non-Executive Director of PMB Technology Berhad.

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

Loo Lean Hock
Independent Non-Executive Director
Malaysian, 57 years of age

Mr. Loo Lean Hock was appointed as an Independent Non-Executive Director of the Company on 14 September 2001. He is a member of the Audit Committee and the Nomination Committee and has attended all four (4) Board meetings held during the financial year.

Mr. Loo is a Chartered Accountant of the Malaysian Institute of Accountants; a practising member of Malaysian Institute of Certified Public Accountants; a fellow of CPA Australia; a professional member of Institute of Internal Auditors Malaysia; and an associate member of Chartered Tax Institute of Malaysia and Malaysian Institute of Management. He obtained his Master of Business Administration from University of Bath, United Kingdom in 1992. He started his professional career in Coopers & Lybrand from 1980 to 1990. He joined Press Metal Berhad in 1990 as the Financial Controller. Thereafter, he joined The Crown Princess Kuala Lumpur (a hotel division of Asia Pacific Land Berhad) as the Financial Controller. He set up his own auditing firm, L.H. Loo & Co. in July 1993 as the sole practitioner. He is also a Director of LH Loo Taxation Services Sdn. Bhd., Managing Director and Chief Executive Officer of STX Precision Corporation Sdn. Bhd. and its group of companies. In addition, he is an Independent Non-Executive Director of PMB Technology Berhad and Ge-Shen Corporation Berhad.

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

Tan Heng Kui
Independent Non-Executive Director
Malaysian, 59 years of age

Mr. Tan Heng Kui has been a Director of the Company since 26 December 2001. He is also a member of the Audit Committee. He attended all four (4) Board meetings held during the financial year.

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

He was awarded the title of Honorary Fellow of the Asian Federation of Engineering Organisations in 2015 for his contribution to the engineering industry.

He has also been appointed as Non-Independent and Non-Executive Director of Protasco Berhad on 10 December 2012.

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


COMMUNITY

Social
RESPONSIBILITY

At Press Metal, our sense of duty to society is a commitment we keep close to our hearts. We are mindful of our responsibilities towards our employees, stakeholders and community, as well as the environment, in order to ensure a sustainable and mutually beneficial growth.

Annual Charity
Santa Run 2015

Corporate Social Responsibilities Statement

At Press Metal, the sense of duty to give back to the society has always been a conscientious commitment we have kept close to our hearts. Such is the principle of Press Metal, as we firmly believe that it was these values that helped us grow from a single press producer to become a leading integrated aluminium corporation in this region. We are always mindful of our responsibilities towards our employees, the stakeholders, the community, as well as the environment as we build our corporate values and ensure sustainable growth in tandem with society.

With Our Communities & Society

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

Press Metal has been supporting and will continue to contribute to a broad array of charities, with a primary focus directed in promoting education and aiding the underprivileged. Besides regular donations, we also encourage our employees to pay visits together with their families to old folks home, orphanages and local communities, to promote better kinship and social awareness.

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

With Our People & Workplace

At Press Metal, our employees are our vital assets. Whilst our recruitment basis emphasises on the candidates' qualification, experience, core competencies, meritocracies and qualities, we also strive to create a stable and healthy working environment that promotes mutual respect, productivity and diversity, without restraining one's development by reason of his gender, ethnicity, age and religion.

We believe in nurturing the personal growth of our employees. By regularly conducting high-performance trainings for our employees, we ensure that they maximize their potential and deliver exceptional value to our customers.

We also designed various teambuilding activities and awards for our employees to foster their relationships and to boost their morale.

Press Metal also emphasizes in maintaining a safe and healthy working environment for our employees. Having successfully secured the OHSAS 18001 award for our occupational safety and health management system in 2001, our extrusion plant in Foshan, China as well as our Mukah smelter have also successfully passed the similar authentication. We also conduct frequent occupational and safety awareness programmes to create better awareness, and continuously improve on equipment safety measures.

With Our Market Place

Throughout the years, Press Metal has built a reputation as a manufacturer of quality products. Not only we are the first aluminium extruder in Malaysia to be awarded the internationally recognized ISO 9001 certification in 1993, all our extrusion plants in Foshan and Hubei, China as well as smelting plants in Samalaju and Mukah, Sarawak, have also been accredited with ISO 9001 certification respectively.

Quality remained the main emphasis in all our production and management systems. Stringent control system is carried out right from the initial raw material stage until the final stage before the products are delivered – such is our commitment to providing only the best to our customers.

With Our Global Environment

It is our aim to seek to maintain harmony with nature. We constantly monitor the environmental impact of every facet in our operations and apply cost-efficient means of reducing the use of natural resources.

In 1998, Press Metal was awarded with the ISO 14001 certification for our environmental management system, now similarly accredited to our operations in Foshan, China. Recently, our Mukah smelter had also successfully passed the ISO 14001 certification.

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

Quality
EXCELLENCE

Excellence is the only criterion we recognize at Press Metal. From our upstream and downstream products, to the quality systems and processes we have installed in every plant, to the motivation of our employees – excellence drives every aspect of our operations.

Corporate Governance Statement

The Board of Directors ("the Board") of Press Metal Berhad ("the Company") is committed to exercising good corporate governance by supporting and applying the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 ("the Code"). The Board recognises that maintaining good governance ethics is critical to business integrity and performance, and key to delivering shareholders' value. In addition, the Board evaluates and where appropriate, implements relevant proposals to ensure that the Company and its subsidiaries' ("the Group") continue to adhere to good corporate governance with the aim of ensuring Board's effectiveness in enhancing shareholders' value.

The Board is pleased to share the manner in which the Principles of the Code have been complied within the Group in respect of the financial year ended 31 December 2015.

Establish clear roles and responsibilities of the Board and Management

1.1 Clear functions of the Board and Management

The Board is ultimately responsible for determining the Group's strategic direction, managing operating performance and the overall corporate governance as to realise shareholders' value whilst accounting for stakeholders' interest. To ensure the effective discharge of its function and responsibilities, the Board retains full and effective control to direct and supervise the business and affairs of the Group with the assistance of Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee whom are entrusted with specific responsibilities.

Authority and responsibilities of each Board Committee are well defined in their respective written Terms of Reference approved by the Board. The Board Committees are responsible to examine key issues and keep the Board informed of their key deliberations and major findings in accordance with their respective Terms of Reference.

The Board has also established sub-holding boards for each of the Group's businesses to ensure that the strategies and policies set at the Group level are implemented at the respective business divisions.

The day-to-day management of the Group's business is delegated to the Group Chief Executive Officer ("Group CEO"), Executive Directors and Management except the following significant matters which reserved for the Board as stipulated in the Board Charter established since 29 May 2013 which was subsequently reviewed on 25 February 2016 and approved by the Board on the same day:

- Formulating periodic strategic plan;
- Reviewing and approving annual and quarterly results;
- Overseeing business operations and financial performances;
- Identifying and managing principle risks;
- Succession planning for key management;

Establish clear roles and responsibilities of the Board and Management *cont'd*

1.1 Clear functions of the Board and Management *cont'd*

- Implementing Corporate Disclosure Policy;
- Ensuring integrity of financial and other reporting;
- Prescribing minimum standards and establishing policies for key operating functions;
- Ensuring that the operating infrastructure, system of control, systems for risk identification and management, financial and operational controls, are in place and properly implemented.

The Group CEO is responsible for the business and day-to-day management of the Company and is primarily accountable to the Board for the authority that is delegated to him as well as the performance of the Group and achievement of corporate objectives.

The Board meets on a regular and scheduled basis, at least four (4) times a year with additional meetings held as and when urgent issues warrant matters to be attended to. Quarterly Board Meeting is conducted to review the financial performance of the Group for the period as well as updates on key strategic initiatives and significant operational issues. The Board is also provided with sufficient business related insights, information and assurance from the Group CEO towards attaining the corporate objectives and making informed decision.

1.2 Clear roles and responsibilities

The Board is constantly mindful of safeguarding the interest of the Group's customers, investors and all other stakeholders in discharging its stewardships.

The Management leads and manages specific businesses or key functions of the Group under the supervision of the Group CEO. Catering to the dynamic business environment, the Group CEO, Executive Directors and Management are responsible for formulating strategic plans to accommodate changes swiftly with their intensive knowledge and professionalism.

Sub-holding board of each business is structured with participation of at least three members from the Board of the Company whom plays an active role in reviewing and challenging strategic plans formulated before presenting it to the Board for adoption.

This process allows the Board to gain assurance and preserve efficiency whilst reviewing strategic plans presented. With the presence of Independent Directors, further deliberation is available to enhance the value of strategic plans prior to the conclusion and development of a value added business strategy.

With regard to overseeing performance of the Group, the Group CEO is appointed by the Board to be ultimately liable to conserve the operational effectiveness, implementation of Board policies and strategies, and the attainment of corporate objective. Strong leadership and intensive supervision being demonstrated by the Group CEO has devoted significantly in discharging his responsibilities and in steering the Group on the right path in achieving the goals and objectives with Management team's expertise and skills.

Establish clear roles and responsibilities of the Board and Management *cont'd*

1.2 Clear roles and responsibilities *cont'd*

The Board has unrestricted access to operational information and a transparent relationship with the Group CEO and Management. The Board deliberately review operational and financial results presented to them and are informed on the latest business conditions on a quarterly and yearly basis. The Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors to assess operational and financial adequacy impartially. Key issues will be disclosed and presented by the Chairman of the Audit Committee as a routine part of the Board meeting's agenda.

Risk Management is regarded by the Board as an integral part of the Group's business operations which helps identify, evaluate and monitor key business risks obstructing the achievement of the Company's goals and objectives. Audit Committee was delegated by the Board to develop, implement and maintain an effective risk management framework with assistance of the Group's Internal Audit Department. In line with the universal accepted standard ISO 31000, the Group Internal Audit Department has initiated a risk management framework in conjunction with the Risk Management Policy established by the Board on 29 May 2013.

The Board is committed to establish and maintain adequate internal control system throughout the Group in all its business functions that not limiting to financial aspects of the business but also operational, regulatory compliance as well as risk management matters. In order to fulfill the commitment, internal audit function both In-house and outsourced, are assisting the Board to review the effectiveness and adequacy of internal control system independently and perpetually. Details pertaining to risk management and adequacy of internal control system are set out in the Statement of Risk Management and Internal Control of the Annual Report on pages 65 to 68.

Succession planning is a critical element in preventing business disruptions and promoting operational sustainability for which the Nomination Committee is entrusted by the Board to review and recommend candidates for executive management. Succession Planning is established for Nomination Committee to effectively discharge responsibilities in identifying and assessing potential candidates with assistance of the Group CEO, to ascertain that potential successors have sufficient experience and are the right fit for the Company.

The Board values the dialogue with shareholders and appreciates the keen interest of shareholders on the Group's performance. In this regard, the Board had on 29 May 2013 established a Corporate Disclosure Policies and Procedures to provide accurate, timely, consistent and fair disclosure of corporate information to the shareholders and stakeholders of the Group and the public generally. The Group CEO has been appointed as the primary spokesperson of the Company to communicate with audience constituents and respond to questions in relation to corporate vision, strategies, developments, future prospects, financial plans and operation matters.

Establish clear roles and responsibilities of the Board and Management *cont'd*

1.3 Formalised ethical standards through Code of Conduct

The Board acknowledges the importance of establishing a corporate culture which engenders ethical conduct that permeates throughout the Company. The Board had on 29 May 2013 adopted and implemented a Code of Conduct for Directors, Management and employees of the Group as well as Code of Ethics for the Board.

The Code of Conduct embodies the principles contained in various policies adopted by the Group that commits Directors, Management and employees to high ethical values and expected standards of conduct. The Code of Conduct covers among others, all aspects of the business operations such as human rights, environmental issue, business gifts and hospitalities, integrity and professionalism, confidentiality of business information and proper safeguarding of company assets. Code of Ethics includes, inter alia, matters relating to duties and responsibilities of Directors, conflict of interests and their social responsibilities.

1.4 Strategies promoting sustainability

The Board is mindful of the importance of building a sustainable business. The Board had on 29 May 2013 developed and implemented the Sustainability Policy to ensure that the Group's strategies continue to promote sustainability, with attention given to environmental, social and governance aspects ("ESG") of the Group's business.

The Company's activities on corporate responsibilities for the year under review are set out in Pages 30 to 33 of this Annual Report.

1.5 Access to information and advice

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

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

There is also a formal procedure sanctioned by the Board, whether as the Board as a whole or in their individual capacity, for Directors to obtain independent professional advice at the Company's expense.

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

Establish clear roles and responsibilities of the Board and Management *cont'd*

1.6 Qualified and competent Company Secretaries

The Board is supported by the Company Secretaries who facilitate overall compliance with the Listing Requirements and the Companies Act, 1965 and other relevant laws and regulations.

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries, who support the Board in ensuring adherence to Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Audit Committee meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The Company Secretaries also assisting the provision of information to the Board and Board Committees, and between Non-Executive Directors and Management from time to time.

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board.

The removal of Company Secretaries, if any, is a matter for the Board to decide collectively.

1.7 Board Charter

The Board is guided by the principles contained in the Code and the Board Charter. The Board had in year 2013 formalised a Board Charter setting out the principles for the operation of the Board, the Company and the Group which describes the functions of the Board and those delegated to Management of the Company. The Board Charter has been reviewed and approved by the Board during the Board meeting held on 25 February 2016. The Board Charter is available on the Company's official webpage www.pressmetal.com.

The Board Charter covers the following key areas:

- Composition of the Board;
- Role of the Board;
- Role of the Chairman;
- Role of the Group CEO;
- Board Meeting Processes;
- Role of Company Secretary;
- Role of Board Committees;
- The Board's Relationship with Shareholders and Stakeholders;
- Induction Process for New Director;
- Directors' External Commitments and Conflict of Interest; and
- Representation of the Company.

Strengthen Composition of the Board

2.1 Nomination Committee

The Nomination Committee comprised the following members during the financial year ended 31 December 2015:

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

The Nomination Committee consists entirely of Independent Non-Executive Directors. The Board takes note that the Code recommends that the Chairman of the Nomination Committee should be a senior independent non-executive director identified by the Board. The Board will review the recommendation and make the necessary appointment as and when it deems fit.

The Nomination Committee is empowered by the Board and its Terms of Reference to bring to the Board recommendations as to the appointment of new Directors. The Nomination Committee assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other qualities of the candidates before recommending their appointment to the Board for approval.

The Nomination Committee systematically assesses the effectiveness of the Board, its Board Committees, the Group CEO and the contribution and performance of each individual Director on an annual basis. The Nomination Committee also keeps under review the Board's structure, size and composition.

The Board as a policy will select candidate as a Director who will best serve the Company regardless of gender, ethnicity and age. The Board has no immediate plans to implement a diversity policy nor set any target or undertake any specific measures in view that the Board membership is dependent on each candidate's skills, knowledge, expertise and other qualities. However, the Board will take the necessary step to recruit suitable women candidates to the Board as and when the opportunity arises to reach 30% of board composition. There are no barriers by reason of an individual's gender, race, religion and age.

The Nomination Committee held one (1) meeting during the financial year ended 31 December 2015 and all the members registered full attendance.

Strengthen Composition of the Board *cont'd*

2.1 Nomination Committee *cont'd*

During the financial year 2015, the Nomination Committee has undertaken the following activities:

(i) Assessed the overall effectiveness of the Board, its Committees and the contribution and performance of each individual Director.
(ii) Reviewed the composition of the Board and the Board Committees.
(iii) Assessed the independence of its Independent Directors.
(iv) Reviewed the character, experience, integrity, competence and time commitment of the Group CEO and Chief Financial Officer.
(v) Reviewed trainings accomplished by the Directors and determined the training needs for each Director.
(vi) Assessed and recommended to the Board concerning the re-election of Directors.
(vii) Reviewed and recommended Independent Directors who have served as Independent Non-Executive Director of the Company for a cumulative term of nine (9) years, to continue to act as Independent Non-Executive Director of the Company pursuant to the Code.

The Nomination Committee also, had at the meeting held in February 2016 reviewed the Board composition to identify and close any possible gap in the Board's functional knowledge and competencies by bringing in new experience, knowledge and expertise on the Board to meet the current and future needs of the Company. Based upon requirement stipulated in both the Board Charter and Terms of Reference of Nomination Committee, the Board through the Nomination Committee's annual appraisal concluded that the Board has the right balance of expertise, skills and attributes including relevant core competencies and the Board's size is conducive for effective discussion and decision-making.

The Terms of Reference of the Nomination Committee is accessible at the Company's website www.pressmetal.com

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors

Appointment Process

Nomination Committee is delegated with responsibilities to assess and recommend the candidates in line with criteria stipulated in Nomination Committee's Term of Reference and Directors' Assessment Policy adopted in year 2013, inter-alia, the required mix of skills, knowledge, expertise and experience, time commitment, integrity and competencies in meeting the needs of the Company.

The Nomination Committee leads the process for identifying and making recommendations for the Board's approval on suitable candidates for directorship to the Board. The Company Secretaries will ensure that all appointments are properly conducted, and that legal and regulatory obligations are met.

Strengthen Composition of the Board *cont'd*

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors *cont'd*

The Articles of Association of the Company provide that all Directors shall retire at least once in every three (3) years. The Directors to retire in each year are the Directors who have been longest in office since their appointment or last election. A retiring Director is eligible for re-election. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separate resolution during the Annual General Meeting ("AGM") of the Company. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and the shareholdings in the Group of each Director standing for re-election are furnished in the Profile on Board of Directors contained in the annual report.

Also, Directors over seventy (70) years of age are required to retire and offer themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act, 1965.

Board Evaluation

The Nomination Committee is responsible to the Board in evaluating performance and effectiveness of the entire Board, the Board Committees and individual Director on a yearly basis. The evaluation process is led by the Nomination Committee Chairman and supported by the Company Secretary via questionnaires. The Nomination Committee reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement and also for them to form the basis of recommending relevant Directors for re-election at the Annual General Meeting.

The Board has developed Directors' Assessment Policy to facilitate the effectiveness of assessment activities with well-defined assessment criteria and procedures. Primary criteria adopted for assessing performance of the Board and Board Committees are the adequacy of board structure, the effectiveness of board operation, and the fulfillment of designated roles and responsibilities.

For the financial year 2015, the Nomination Committee assessed the effectiveness of the Board, its Committees and the contribution of each Director with the aim of improving individual contribution, effectiveness of the Board and its Committees, identify gaps, maximise strengths and address weaknesses of the Board. The evaluation includes a review of the administration of the Board and its Committees covering the operation of the Board and its Committees, agendas, reports, information produced for consideration and the Board's relationship with its Committees and Management.

The Board Committees were assessed based on their roles and responsibilities, scope and knowledge, frequency and length of meetings, supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their function.

Individual Director is expected to fulfill the primary criteria set out in Directors' Assessment Policy namely strategic thinking, ethical and value driven, competent, capable and committed to perform his/her duties. Independence and tenure are criteria applied in addition to primary criteria on Independent Directors.

Strengthen Composition of the Board *cont'd*

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors *cont'd*

Board Evaluation *cont'd*

The individual Director each undertook self-assessment of their individual performance during the financial year ended 31 December 2015 based on the criteria, amongst others, integrity, professionalism, business knowledge, judgment and decision making, teamwork and character, leadership and competence in order to discharge their respective roles as Directors of the Company.

From the performance assessment conducted by the Nomination Committee in February 2016, it was concluded that the Board as whole, Board Committees and individual Directors have discharged respective roles and responsibilities in a commendable manner.

2.3 Remuneration policies and procedures

Remuneration Committee

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

Non-Executive Directors' remuneration is a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration. Directors' Remuneration Policy stipulates that Non-Executive Directors' are entitled to fixed directors fees with certain benefits and allowances which should be decided by the Board as a whole. Directors fees for Non-Executive Directors is benchmarked against market rate apart from the extent of their duties and responsibilities, attendance at Board meetings and qualifications and contributions.

Upon review conducted in February 2016, the Board is of the view that the current remuneration level is sufficient to attract, retain and motivate qualified Directors to serve on the Board.

Strengthen Composition of the Board *cont'd*

2.3 Remuneration policies and procedures *cont'd*

Remuneration Committee *cont'd*

The members of the Remuneration Committee are as follows:-

Name of Director	Membership	Directorship
Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad	*Chairman*	Independent Non-Executive Director
Tuan Haji Mohamad Faiz Bin Abdul Hamid	*Member*	Senior Independent Non-Executive Director
Koon Poh Ming	*Member*	Executive Director

The Remuneration Committee held one (1) meeting during the financial year ended 31 December 2015 and all the members registered full attendance.

Remuneration Package

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company who served during the financial year ended 31 December 2015 are as follows:

Category	Fees (RM'000)	Salaries (RM'000)
Executive Directors	-	4,302
Non-Executive Directors	249	-

Strengthen Composition of the Board *cont'd*

2.3 Remuneration policies and procedures *cont'd*

Remuneration Package *cont'd*

Breakdown of Directors' remuneration for the financial year ended 31 December 2015, by category and in each successive band of RM50,000, is as follows:-

	Executive	Non-Executive
RM50,001 – RM100,000	-	4
RM750,001 – RM800,000	2	-
RM800,001 – RM850,000	-	-
RM850,001 – RM900,000	1	-
RM900,001 – RM950,000	2	-
Total	**5**	**4**

The Company does not disclose each Director's remuneration separately as such information is considered highly sensitive and confidential in nature.

Reinforcement of Independence

3.1 Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in decision-making process. The Independent Directors are professionals of high calibre and integrity and possess extensive experience and knowledge of the business as required for the successful direction of the Group. The Board is committed in ensuring that Independent Directors are capable and willing to make decisions in the best interests of the Company and the shareholders, free from interest or influence and are independent of the Management.

The Independent Directors namely, Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad, Tuan Haji Mohamad Faiz Bin Abdul Hamid, Mr. Tan Heng Kui and Mr. Loo Lean Hock fulfilled the criteria of "Independence" as prescribed under the Listing Requirements. The Board composition complies with the Main Market Listing Requirements which requires at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, to be independent Directors.

Reinforcement of Independence *cont'd*

3.2 Tenure of Independent Directors

In line with the Code and the Board Charter, the tenure of an independent Director should not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve on the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Nomination Committee is entrusted to assess the candidate's sustainability to continue as an Independent Non-Executive Director based on the criteria on independence.

Tuan Haji Mohamad Faiz Bin Abdul Hamid, Mr. Loo Lean Hock and Mr. Tan Heng Kui, have served as Independent Directors on the Board for more than nine (9) years. They contributed to the Company's business with their vast knowledge, industrial experience and familiarity to the operations of the Company. They have continued to exercise their independence and due care during their tenure as Independent Non-Executive Directors of the Company, carried out their professional duties in the best interest of the Company and shareholders, and have shown great integrity of independence. Following an assessment by the Nomination Committee and the Board, the Board recommended that they continue to act as Independent Directors of the Company subject to shareholders' approval at the Thirtieth Annual General Meeting ("AGM") of the Company.

Further justifications for the recommended continuance as Independent Non-Executive Director for the Directors are reflected in the Notice of Thirtieth AGM on pages 232 to 233 of the annual report.

3.3 Separation of positions of the Chairman and Group CEO

The Board recognises the importance of having a clearly accepted division of power and responsibilities. There is a clear division of responsibilities at the head of the Group to ensure a balance of authority and power. The Board is led by Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad, an Independent Non-Executive Chairman and the executive management of the Group is led by Dato' Koon Poh Keong, the Group CEO.

The roles of the Chairman and the Group CEO are clearly defined in the Board Charter. The Chairman is responsible for leading the Board in oversight of management and other responsibilities assigned by the Board from time to time. The Group CEO is responsible for the business and day-to-day management of the Company. Tuan Haji Mohamad Faiz Bin Abdul Hamid is the Senior Independent Non-Executive Director designated to clarify matters or enquiries that may be raised by shareholders or investors.

Reinforcement of Independence *cont'd*

3.4 Board Composition and Balance

As at the date of this Statement, the Board consists of an Independent Non-Executive Chairman, an Executive Vice Chairman, a Group CEO, three (3) Executive Directors and three (3) Independent Non-Executive Directors. A brief profile of each Director is presented on Pages 23 to 27 of this Annual Report.

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

The Board has an appropriate mix of relevant skills, knowledge and experience necessary to govern the Company. The Non-Executive Directors contribute international and operational experience, and understanding of the financial and capital markets.

The Board is satisfied that the current Board composition provides the appropriate balance and size necessary to promote all shareholders' interests and fairly reflects the interests of minority shareholders in the Company.

Foster Commitment

4.1 Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors. Meetings for the year are scheduled at the end of the preceding year to enable the Directors to plan ahead and ensure that the Board and its Committee meetings are accounted for in their respective schedules. It provides the scheduled dates for meetings of the Board and Board Committees and the AGM, as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Company's quarterly results. The Board meets for both scheduled meetings and on other occasions to deal with urgent matters. Due notice is given for all scheduled and additional meetings.

During the financial year ended 31 December 2015, the Board met on four (4) occasions, where it deliberated upon and considered a variety of matters including the financial results, major investments, strategic decisions, the business plan and direction of the Group.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made. At Board meetings, the Chairman encourages constructive and healthy debates, and Directors are free to express their views. Any Director who has a direct or deemed interest in the subject matter shall abstain from deliberation and voting on the respective resolution. Decisions of the Board are made unanimously or by consensus. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting.

Foster Commitment *cont'd*

4.1 Time Commitment *cont'd*

Procedures are in place for Directors to seek both independent professional advice at the Company's expense and have access to the Company Secretary in order to fulfill their duties and specific responsibilities.

The Board members are required to notify the Board's Chairman prior to their acceptance of new directorships in other companies notwithstanding that the Listing Requirements allows a Director to sit on the Board of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

Details of Directors' attendance at Board Meetings held during the financial year ended 31 December 2015 are as follows:

Name Of Directors	Number of Meetings	
	Held	Attended
Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad *Independent Non-Executive Chairman*	4	4
Koon Poh Ming *Executive Vice Chairman*	4	4
Dato' Koon Poh Keong *Group CEO*	4	4
Koon Poh Weng *Executive Director*	4	4
Koon Poh Kong *Executive Director*	4	4
Dato' Koon Poh Tat *Executive Director*	4	4
Tuan Haji Mohamad Faiz Bin Abdul Hamid *Senior Independent Non-Executive Director*	4	4
Loo Lean Hock *Independent Non-Executive Director*	4	4
Tan Heng Kui *Independent Non-Executive Director*	4	4

Foster Commitment *cont'd*

4.1 Time Commitment *cont'd*

Directors' training

The Board, via the Nomination Committee, assesses the training needs of each of its Directors on an annual basis in accordance with the Nomination Committee's Term of Reference, by determining areas that would best strengthen their contributions to the Board. Review of the trainings accomplished by the Directors and determination of the training needs of each Director was conducted in February 2016 by the Nomination Committee. From the assessment, the Nomination Committee concluded that the Directors have attended adequate trainings enabling them to discharge their responsibilities.

The Directors have participated in various training programmes, seminars, conferences and briefings in areas of finance, tax, corporate governance and risk management, industry and regulatory developments to keep abreast of changes in legislations and regulations affecting the Group. All the Directors have completed the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia Securities Berhad.

Amongst the training programmes, seminars and briefings attended by the Directors during the financial year are as follows:-

- Companies Bill
- MIA International Accountants Conference 2015
- National Tax Conference 2015
- 2016 Budget Seminar
- CRU World Aluminium Conference 2015

The Senior Management had also briefed the Directors on general economic, industry and technical developments from time to time.

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

The Company Secretaries facilitate the organisation of internal training programmes and keep Directors informed of relevant external training programmes. The Company Secretaries also circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board quarterly on these updates at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

Uphold integrity in financial reporting

5.1 Compliance with applicable financial reporting standards

Financial Reporting

The Board commits to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly results to shareholders as well as the Chairman's Statement and review of operations in the Annual Report.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting. The Audit Committee also reviews the annual and interim financial statements, and the appropriateness of accounting policies. Timely release of quarterly results announcements, annual financial statements and annual report reflects the Board's commitment to provide transparent and up-to-date disclosures to the public.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their results and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the provisions of the Companies Act, 1965 in Malaysia have been applied with and reasonable and prudent judgement and estimates have been made.

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

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

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this annual report.

Related Party Transactions

An internal compliance framework exists to ensure that the Group meets its obligations relating to related party transactions under the Listing Requirements. The Board, through its Audit Committee, reviews all material related party transactions involved. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and at any general meeting convened to consider such matters.

Uphold integrity in financial reporting *cont'd*

5.1 Compliance with applicable financial reporting standards *cont'd*

Further details of these transactions are set out in the Recurrent Related Party Transactions' Circular to Shareholders dated 29 April 2016.

5.2 Assessment of suitability and independence of external auditors

Key features underlying the relationship of the Audit Committee with the External Auditors are included in the Audit Committee's Terms of Reference as detailed on Pages 58 to 61 of the Annual Report.

A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report on Pages 63 to 64 of the Annual Report.

The External Auditors provide mainly audit-related services to the Company. Due to the strong knowledge of the Company, the External Auditors also undertake certain non-audit services such as interim reviews, regulatory reviews and reporting, and other services.

The Board upholds the integrity of financial reporting by the Company and as such, the External Auditors have confirmed to the Board their independence in providing both audit and non-audit services up to the date of this statement.

The External Auditors attended two (2) out of four (4) of the Audit Committee meetings held in the first (1st) and fourth (4th) quarter of fiscal year 2015 to present their audit plans and audit findings. The Audit Committee also discussed key concerns and obtained feedback from the External Auditors on the matter relating to the Company's affairs during both meetings without the presence of the Management. The Audit Committee was satisfied with the External Auditors' technical competency and audit independence.

Recognise and manage risks

6.1 Sound framework to manage risks

The Board has the ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy as well as overseeing the Company's strategic risk management and internal control framework.

The Board through its Audit Committee reviews the key risks identified on a regular basis to ensure, as far as possible, the protection of its assets and its shareholders' investment.

The key features of the Risk Management framework are set out in the Statement on Risk Management and Internal Control of the Company as set out on Pages 65 to 66 of this Annual Report.

Recognize and manage risks *cont'd*

6.2 Internal audit function

In addition to the outsourced internal audit function, the Board has established an internal audit function within the Company, which is led by the Head of Internal Audit who reports directly to the Audit Committee. The representatives of both internal audit functions participated in all four (4) Audit Committee meetings during the fiscal year to highlight and discuss significant issues noted. During the meeting, the Audit Committee also reviewed the adequacy, competency and suitability of internal audit resources available, and assess whether the scope of internal audit engagement aligns with the Company's risk management profile.

The Statement on Risk Management and Internal Control furnished on Pages 65 to 68 of the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk.

Ensure timely and high quality disclosure

7.1 Corporate Disclosure Policy

Information Disclosure

The Board acknowledges the importance to disclose information in a timely manner and will ensure the compliance of the disclosure requirements under the Listing Requirements and other applicable laws.

7.2 Leverage on information technology for effective dissemination of information

Investor Relations and shareholder' communication

The Company's website, www.pressmetal.com provides an avenue for information, such as dedicated sections on corporate information, including financial information, share price history, announcements and press releases. The website is continuously updated to ensure that the information contained within is current.

Strengthen relationship between Company and shareholders

8.1 Encourage shareholder participation at general meetings

The Board acknowledges the need for the shareholders to be informed of all material business matters affecting the Company. In addition to various announcements made, the timely release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations.

Strengthen relationship between Company and shareholders *cont'd*

8.1 Encourage shareholder participation at general meetings *cont'd*

The AGM is the principal forum for dialogue with shareholders. Notice of AGM together with a copy of the Company's Annual Report will be sent to shareholders at least twenty-one (21) days before the meeting. Notice of the AGM is also advertised in national circulated daily newspaper. Members of the Board as well as the External Auditors will be present to answer questions relevant to the resolutions proposed, the financial performance, business operations or corporate governance of the Company and other matters affecting the Company's shareholders' interests.

Shareholders are encouraged to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. During the last AGM, a question and answer session was held where the Chairman invited shareholders to raise questions with responses from the Board. All the resolutions set out in the Notice of the AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa Securities on the same meeting day.

8.2 Effective Communication and Proactive Engagement

In accordance with the Listing Requirements, the Board will conduct poll voting for resolutions relating to related party transactions or as may be demanded by the shareholders respectively.

The Board is encouraged to put substantive resolution to vote by way of poll at the general meetings. The Chairman will inform the shareholders of the Company of their right to demand for a poll vote at the commencement of a general meeting.

Additional Compliance Information

1. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and substantial shareholders during the financial year ended 31 December 2015.

2. Options, Warrants or Convertible Securities

8-year 6% Redeemable Convertible Secured Loan Stocks ("RCSLS") at 100% of its nominal value with free detachable warrants ("warrants")

During the financial year:

(i) a total of 192,600,180 RCSLS were converted into Ordinary Shares of RM0.50 each pursuant to the Trust Deed dated 20 July 2011 entered into between the Company and Maybank Trustee Berhad ("Trust Deed");

(ii) a total of 5,438,932 Warrants C have been exercised and converted into Ordinary Shares of RM0.50 each at the adjusted exercise price of RM1.10 per ordinary share consequential to the Bonus Issue and in accordance with the Deed Poll of the Company; and

(iii) the Company had on 18 March 2015 fully redeemed and cancelled all the outstanding 517,733 RCSLS at the nominal value of RM2.20 each pursuant to the terms and conditions stipulated in the Trust Deed. The RCSLS were then cancelled and removed from the official list of Bursa Securities on 19 March 2015.

3. Sanctions and/or Penalties Imposed

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

4. Non-Audit Fees

The non-audits fees paid to the Company's external auditors, Messrs KPMG during the financial year ended 31 December 2015 amounted to RM85,000.

5. Share Buy-backs

The Company did not purchase any of its shares during the financial year since approval was granted at the 29th Annual General Meeting of the Company held on 18 June 2015.

6. Recurrent Related Party Transactions ("RRPTs") of Revenue or Trading Nature

The RRPTs of the Group have been entered into in the normal course of business. Further details of the RRPT of a revenue or trading nature conducted during the financial year are disclosed in Note 31 to the financial statements on Pages 204 to 205 of the Annual Report.

Please refer to section 2.2 of the Circular to Shareholders dated 29 April 2016 on the name of the related parties and the Company's relationship with the related parties.

7. Profit Guarantee

There was no profit guarantee issued by the Company during the financial year ended 31 December 2015.

8. Variation in Results

There was no variation of 10% or more between the audited results for the financial year ended 31 December 2015 and the unaudited results previously announced by the Company.

9. Depository Receipt Programme

During the financial year, the Group did not sponsor any depository receipt programme.

10. Utilisation of Proceeds

During the financial year, the Company did not undertake any corporate proposal to raise proceeds.

However, a total of approximately RM6.0 million was raised from the exercise of the Company's warrants during the financial year ended 31 December 2015. The proceeds were utilised for working capital purposes of the Group.

Audit Committee Report

Members of the Audit Committee

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

The members of the Audit Committee are as follows:-

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

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

Tan Heng Kui
Independent Non-Executive Director

Attendance of Meetings

The details of attendance of each member at the Audit Committee meetings held during the financial year ended 31 December 2015 are as follows:-

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

Terms of Reference

1. Objectives

The objective of the Audit Committee is to assist the Board of Directors in meeting its responsibilities for the oversight of:-

- the financial reporting process;
- the systems of Risk Management and Internal Control;
- the internal and external audit process; and
- the conflict of interest situations and related party transaction.

In addition, the Audit Committee shall:-

a) Oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;

b) Maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and

c) Determine the adequacy of the Group's administrative, operating and accounting controls.

2. Composition

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

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

b) All members of the Audit Committee must be Non-Executive Directors;

c) A majority of the Audit Committee must be Independent Directors;

d) All members of the Audit Committee should be financially literate and at least one member of the Audit Committee:-

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

Terms of Reference *cont’d*

2. Composition *cont’d*

d) All members of the Audit Committee should be financially literate and at least one member of the Audit Committee:- *cont’d*

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

- he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
- he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967;

iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad and/or other relevant authorities from time to time.

e) No Alternate Director of the Board shall be appointed as a member of the Audit Committee.

The members of the Audit Committee shall elect a chairman amongst themselves who shall be an Independent Director. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst themselves.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of items 2 (a) to (d) above, the Board shall upon the recommendation of the Nomination Committee fill the vacancy within 3 months of that event.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether the Audit Committee and members have carried out their duties in accordance with its Terms of Reference.

3. Functions

The functions of the Audit Committee are as follow:-

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

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

Terms of Reference *cont'd*

3. Functions *cont'd*

b) To consider and recommend the appointment of the external auditors, to consider the adequacy of experience, resources, audit fee and any issues regarding resignation or dismissal of the external auditors and to review the letter of resignation from the external auditors, if applicable and report the same to the Board;

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

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

- Any changes in accounting policies and practices and the implementation of such changes;
- Significant adjustments arising from the audit;
- The going concern assumption;
- Compliance with accounting standards, statutory and other regulatory requirements;
- Adequacy and accuracy of disclosures to the financial statements;
- Significant issues changes/unusual transaction, critical accounting estimates and major judgemental areas, taking into account the views of the external auditors;

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

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

g) To establish policies and procedures to assess the suitability and independence of the external auditors;

h) To review the competency and performance of the external auditors and whether there is reason, supported by ground, to believe that the external auditors are not suitable for re-appointment;

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

- Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- Review the internal audit programme, processes, the results of the internal audit programme, processes, or investigation undertaken and where necessary, ensure that appropriate actions are taken on the recommendations of the internal auditors;
- Review any appraisal or assessment of the performance of members of the internal audit function;
- Approve any appointment or termination of the internal auditors;
- Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- Investigate or cause to be investigated any activity within its Terms of Reference; and
- To have explicit authority over the resources such as professional advice and full access to information to investigate certain matters.

Terms of Reference *cont'd*

3. Functions *cont'd*

j) To discuss and review the major findings of any internal investigations and the management's response;

k) To ensure the internal audit function is independent of the activities it audits and the head of internal audit reports directly to the Audit Committee. The head of internal audit will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company (in the absence of management, where necessary);

l) To discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the external auditors to ensure that the objectivity and independence of the external auditors are not impaired. The contracts cannot be entered into should include:-

- Strategic decision;
- Internal audit; and
- Policy and standard operating procedures documentation.

m) To review the adequacy and effectiveness of the risk management process to identify key organisational risks and the systems/processes in place to monitor and manage risks prepared by the Internal Auditors;

n) To review with the external auditors the Statement Internal Control for inclusion in the Annual Report; and

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

Rights

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

a) Have explicit authority to investigate any matter within its terms of reference;

b) Have the resources which it needs to perform its duties;

c) Have full and unrestricted access to any information, documents and resources pertaining to the Company and Group in the course of performing its duties;

d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

Rights *cont'd*

e) Be able to obtain independent professional or other advice as and when necessary;

f) Be able to convene meetings with the external auditors, the internal auditors or others, excluding the attendance of others Directors and employees of the Company whenever deemed necessary; and

g) Be able to make relevant reports when necessary to the relevant authorities if any breach of the rules, regulations and/or Listing Requirements of Bursa Malaysia Securities Berhad has occurred and has not been satisfactorily resolved.

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

Meetings

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

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

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

The Company Secretary or his/her representative or other appropriate senior officer shall also be in attendance at each Audit Committee meeting and responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to committee members and to the other members of the Board of Directors.

The quorum for a meeting shall be 2 members of the Audit Committee who are both Independent Directors.

By invitation of the Audit Committee, the Group Chief Executive Officer and other appropriate officer(s) may be invited to attend the Audit Committee, where their presence are considered appropriate as determined by the Audit Committee Chairman.

The Audit Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at meeting of the Audit Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

Revision of the Terms of Reference

- This Term of Reference shall be reviewed annually by the Audit Committee.
- Any revision or amendment to this Terms of Reference, as proposed by the Audit Committee or any third party, shall first be presented to the Board for its approval.
- Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised and amended.

Approval

This Terms of Reference is reviewed and approved by the Board of Directors on 25 February 2016.

Activities of the Audit Committee

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

(i) Reviewed the unaudited quarterly financial results/announcements of the Group as well as declaration of dividends before recommending to the Board of Directors for approval;

(ii) Reviewed with the External Auditors:

  (a) Scope of work and annual audit plan;

  (b) The audited financial statements of the Group and the Company prior to submission to the Board of Directors for their consideration and approval; and

  (c) Problems and reservations arising from the interim and final audits.

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

(iv) Reviewed and approved the Internal Audit Plan for the financial year ended 2015 to ensure adequate scope and comprehensive coverage over the activities of the Company and the Group;

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

Activities of the Audit Committee *cont'd*

(vi) Considered and recommended to the Board of Directors on the appointment and annual re-appointment of the external auditors and their audit fee, after taking into consideration the independence, suitability and objectivity of the external auditors and the cost effectiveness of their audit;

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

(viii) Assessed the adequacy of the scope, functions, competency and resources of the internal audit function;

(ix) Reviewed and discussed with the internal auditors the risk appetite of the Group; and

(x) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to their inclusion in the Company's Annual Report.

Internal Audit Function

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

The Company has established an in-house internal audit team as well as engaging an independent external audit firm to carry out the internal audit function for the Group and the Company. A summary of the activities of the internal audit function is as follows:

- Performed operational audits on business units of the Group to ascertain the adequacy of the internal control systems. Key control issues and recommendations for improvement are highlighted to enable the Audit Committee to execute its oversight function;
- Prepared the annual audit plan for deliberation by the Audit Committee;
- Reported on the results of internal audit reviews to the Audit Committee on quarterly basis;
- Performed follow-up reviews to ensure that audit recommendations and action plans were taken by the Management; and
- Developed and implemented a comprehensive audit policies and procedures and risk assessment structure to identify potential risks and enhance risk management.

The operational cost for the internal audit function of the Group for the financial year ended 31 December 2015 was RM345,000.

Statement on Risk Management and Internal Control

Introduction

In accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of public listed companies are required to include in their annual report a statement about the state of risk management and internal control of the listed issuer as a group. The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the group's assets. Set out below is the Board's Statement on Risk Management and Internal Control, which has been prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" (the "Guidelines").

Board Responsibility

The Board is committed to maintaining both a sound system of risk management and internal control and the proper management of risks throughout the operations of the Group in order to safeguard shareholders' investments and assets of the Group. The Board acknowledges that it is ultimately responsible for the Group's system of internal control including the establishment of an appropriate control environment and framework, which encompass financial, operational and compliance controls, and risk management.

The Board is responsible in identifying, evaluating and managing the significant risks of the Group, as well as reviewing the adequacy and effectiveness of the risk management and internal control system on an ongoing basis. This process has been in place for the financial year under review and up to the date of approval of this statement for inclusion in the annual report.

The Board believes the risk management and internal control system in place are adequate and effective to manage the risk of the Group. Nevertheless, it should be noted, that due to the inherent limitations in any system, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, but not absolute assurance against material misstatement or loss.

Internal Audit Function and Risk Management Framework

The Board delegates the responsibility of monitoring the system of risk management and internal control to the Audit Committee. For the current financial year, both the outsourced internal auditors and in-house internal auditors assisted the Audit Committee to fulfill its responsibilities by conducting internal audits in accordance with audit plans reviewed and approved by the Audit Committee. A risk-based approach is adopted via the development of internal audit policies, establishment of annual audit plans, audit work processes and audit work reporting.

During the year, a new policy for the internal audit department was put in place from 1 June 2015 in an effort to bring systematic and disciplined internal audit approaches to the Group. The policy outlines the required competencies and scope of responsibilities of the internal audit function and the processes to be adopted for every internal audit engagement.

Internal Audit Function and Risk Management Framework *cont'd*

Furthermore, in August 2015, the Audit Committee, via the in-house internal audit function, had also performed a risk assessment exercise in accordance with ISO 31000 Risk Management Standard, based on the following procedures documented in the risk registers:

1) Determine coverage of scope and sub-categories;
2) Define business objectives of each sub-category;
3) Identify potential risk for each objective;
4) Validate risks and understand existing risk treatment with Management;
5) Evaluate risk treatment to gauge the likelihood and impact level of each risks;
6) Derive risk rating;
7) Highlight weakness to Management for further treatment; and
8) Derive audit risk (residual risk) rating upon internal audit results.

During the year, the outsourced internal auditor conducted three (3) audits covering seven (7) business functions and the in-house internal auditor conducted ten (10) audits covering twenty-three (23) business functions. The in-house internal auditors also conducted a follow up review on the implementation status of action plans previously agreed by management.

The results of the audits and recommendations for improvement co-developed with management were tabled at the Audit Committee meetings for discussion and assessment. Key and significant issues were reported to the Board by the Chairman of the Audit Committee for further deliberation.

The Audit Committee reviewed the adequacy of the scope, functions, competency and resources of the internal audit function to ascertain its effectiveness in discharging duties assigned. The details on the Internal Audit function are further explained on page 64 of this Annual Report.

Weaknesses

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

Other Key Elements of Internal Control

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

- A management structure with job descriptions and defined lines of responsibilities is in place for all business operating units;
- The Company and four of its subsidiaries have the following accreditation for their operational processes:-

Press Metal Berhad	• ISO 9001:2008 on Quality Management Systems • ISO 14001:2004 on Environmental Management Systems • BS OHSAS 18001:2007 on Occupational Health and Safety Management
Press Metal International Limited	• ISO 9001:2008 on Quality Management Systems • ISO 14001:2004/Cor 1:2009 on Environmental Management Systems • BS OHSAS 18001:2007 on Occupational Health and Safety Management
Press Metal Sarawak Sdn. Bhd.	• ISO 9001:2008 on Quality Management Systems
Press Metal Bintulu Sdn. Bhd.	• ISO 9001:2008 on Quality Management Systems
Press Metal International Technology Ltd.	• ISO/TS 16949:2009 on Quality Management System

- Review of all proposals for material capital and investment acquisitions by the management prior to the review and approval by the Board of Directors;
- Information is provided by management to the Board on a quarterly basis, covering financial performance as well as key performance indicators, such as cash flow performance, product sales analysis and operating cost analysis. These performance reports are benchmarked against budget;
- Quarterly monitoring of results and financial position by the Board;
- Visits to business operating units by key members of the Board and the Management team at least every 6 months;
- Quarterly review of Group related party transactions by the Audit Committee;
- Company value statement, code of conduct and policies and procedures are in place and made available to all staff; and
- Charter of responsibilities and functions of the Board of Directors and its main committees - Audit Committee, Nomination Committee and Remuneration Committee.

Assurance Provided by the Group Chief Executive Officer and Chief Financial Officer

In line with the Guidelines, the Group Chief Executive Officer and Chief Financial Officer have provided assurance to the Board stating that the Group's risk management and internal control system has operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2015, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Financial Statements

Directors' Report

for the year ended 31 December 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal activities

The Company is principally engaged in the manufacturing and trading of aluminium products and investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	**132,345**	**30,923**
Non-controlling interests	**28,624**	**-**
	160,969	**30,923**

Reserves and provisions

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

Dividends

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

i) a fourth interim ordinary dividend of 3 sen per ordinary share totalling RM38,788,000 in respect of the financial year ended 31 December 2014 paid on 12 March 2015;

ii) a first interim ordinary dividend of 3 sen per ordinary share totalling RM38,953,000 in respect of the financial year ended 31 December 2015 paid on 2 June 2015;

iii) a second interim ordinary dividend of 1.5 sen per ordinary share totalling RM19,482,000 in respect of the financial year ended 31 December 2015 paid on 10 September 2015; and

iv) a third interim ordinary dividend of 1.5 sen per ordinary share totalling RM19,482,000 in respect of the financial year ended 31 December 2015 paid on 28 December 2015.

Subsequent to the end of the current financial year end, the Directors declared a fourth interim ordinary dividend of 1.5 sen per ordinary share totalling RM19,482,000 in respect of the financial year ended 31 December 2015, which was paid on 25 March 2016. The Directors do not recommend any final dividend to be paid for the financial year under review.

Directors of the Company

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

Dato' Wira (Dr.) Megat Abdul Rahman bin Megat Ahmad
Dato' Koon Poh Keong
Koon Poh Ming
Dato' Koon Poh Tat
Koon Poh Kong
Koon Poh Weng
Tuan Haji Mohamad Faiz bin Abdul Hamid
Loo Lean Hock
Tan Heng Kui

Directors' interests in shares

The interests and deemed interests in the shares, redeemable convertible secured loan stocks ("RCSLS") and warrants of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.1.2015	**Bought ^**	**Sold**	**At 31.12.2015**
Interests in the Company:				
Dato' Koon Poh Keong				
- own	210,063,812	10,600,000	-	**220,663,812**
- spouse	27,179,400	-	-	**27,179,400**
Koon Poh Ming				
- own	55,666,878	-	-	**55,666,878**
- spouse	23,400,000	1,800,000	-	**25,200,000**
Dato' Koon Poh Tat				
- own	32,170,600	660,000	-	**32,830,600**
- spouse	999,044	239,716	-	**1,238,760**
Koon Poh Kong				
- own	23,482,388	-	-	**23,482,388**
- spouse	292,900	-	-	**292,900**
Koon Poh Weng				
- own	43,842,096	-	-	**43,842,096**
- spouse	19,395,200	23,400	-	**19,418,600**
- child	12,000	3,600	-	**15,600**

Directors' interests in shares *cont'd*

	Number of ordinary shares of RM0.50 each			
	At 1.1.2015	**Bought ^**	**Sold**	**At 31.12.2015**
Interests in the Company:				
Tuan Haji Mohamad Faiz bin Abdul Hamid	474,982	-	-	**474,982**
Tan Heng Kui	212,300	-	-	**212,300**
Deemed interests in the Company:				
Dato' Koon Poh Keong *	130,000,000	189,575,756	-	**319,575,756**
Koon Poh Ming *	130,000,000	189,575,756	-	**319,575,756**

^ *Including shares issued pursuant to the conversion of RCSLS*
* *Deemed interested by virtue of the Directors' interests in Alpha Milestone Sdn. Bhd.*

	Number of RCSLS			
	At 1.1.2015	**Bought**	**Conversion**	**At 31.12.2015**
Interests in the Company:				
Koon Poh Ming				
- spouse	900,000	-	(900,000)	**-**
Dato' Koon Poh Tat				
- spouse	119,858	-	(119,858)	**-**
Koon Poh Weng				
- spouse	11,700	-	(11,700)	**-**
- child	1,800	-	(1,800)	**-**

Directors' interests in shares *cont'd*

	Number of RCSLS			
	At 1.1.2015	**Bought**	**Conversion**	**At 31.12.2015**
Interests in the Company:				
Deemed interests in the Company:				
Dato' Koon Poh Keong *	94,787,878	-	(94,787,878)	**-**
Koon Poh Ming *	94,787,878	-	(94,787,878)	**-**

* *Deemed interested by virtue of the Directors' interests in Alpha Milestone Sdn. Bhd.*

	Number of warrants			
	At 1.1.2015	**Bought**	**Sold**	**At 31.12.2015**
Interests in the Company:				
Koon Poh Ming				
- spouse	2,000,000	-	-	**2,000,000**
Dato' Koon Poh Tat				
- spouse	266,348	-	-	**266,348**
Koon Poh Kong				
- spouse	106,000	-	-	**106,000**
Koon Poh Weng				
- spouse	380,000	-	-	**380,000**
- child	4,000	-	-	**4,000**

Directors' interests in shares *cont'd*

	Number of warrants			
	At 1.1.2015	**Bought**	**Sold**	**At 31.12.2015**
Tuan Haji Mohamad Faiz bin Abdul Hamid	94,932	-	-	**94,932**
Tan Heng Kui	74,000	-	-	**74,000**
Deemed interests in the Company:				
Dato' Koon Poh Keong *	80,639,720	-	-	**80,639,720**
Koon Poh Ming *	80,639,720	-	-	**80,639,720**

* *Deemed interested by virtue of the Directors' interests in Alpha Milestone Sdn. Bhd.*

In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of the spouses and children of the Directors in the shares, RCSLS and warrants of the Company and of its related corporations (other than wholly owned subsidiaries) shall be treated as the interests of the Directors also.

By virtue of their interests in the shares of the Company, Dato' Koon Poh Keong, Koon Poh Ming, Dato' Koon Poh Tat, Koon Poh Kong and Koon Poh Weng are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Press Metal Berhad has an interest.

None of the other Directors holding office at 31 December 2015 had any interest in the shares, RCSLS and warrants of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than a Director who received rental income from a company in the Group in the ordinary course of business as disclosed in Note 31 to the financial statements.

Directors' benefits *cont'd*

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

Issue of shares and debentures

During the financial year, the Company issued:

a) 192,600,180 new ordinary shares of RM0.50 each arising from the conversion of RCSLS; and

b) 5,438,932 new ordinary shares of RM0.50 each arising from the exercise of warrants.

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

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

RCSLS

At an extraordinary general meeting held on 29 June 2011, the Company's shareholders approved a proposed renounceable rights issue of up to RM323,735,042 nominal value of 8-year 6% RCSLS at 100% of its nominal value together with up to 147,152,292 free warrants on the basis of one RM2.20 nominal value of RCSLS together with one warrant for every three existing ordinary shares of RM0.50 each held in the Company.

On 26 August 2011, the Company issued 145,684,940 RCSLS together with 145,684,940 free detachable warrants for cash of RM320,506,868. The RCSLS are convertible into 145,684,940 ordinary shares of RM0.50 each from the first anniversary of the issue date of the RCSLS up to 22 August 2019 at the option of the holder, which is at a rate of one ordinary share of RM0.50 each for every one RCSLS held (adjusted to two ordinary shares of RM0.50 each for every one RCSLS held consequential to the bonus issue credited on 10 November 2014 on the basis of 1 bonus share for every existing share held). Unconverted RCSLS will be entitled to receive a coupon of 6% per annum based on the nominal value of RCSLS held.

Options granted over unissued shares *cont'd*

RCSLS *cont'd*

In February 2015, the shareholders of the Company approved the conversion of all RCSLS held by Alpha Milestone Sdn. Bhd. ("AMSB") and persons acting-in-concert ("PACS") without undertaking a mandatory takeover offer. This was subsequently approved by the Securities Commission.

Following the necessary approvals, AMSB and PACS converted all their RCSLS to ordinary shares of the Company. In March 2015, the Securities Commission further approved the Company to early redeem and cancel all the remaining 517,733 unconverted RCSLS. This was completed via the repayment of RM1,139,013 by the Company to the RCSLS holders.

Warrants

The warrants are in registered form and constituted by a deed poll. The registered holders are entitled to subscribe for one new ordinary share of RM0.50 each in the Company at a price of RM2.20 (adjusted to RM1.10 consequential to the bonus issue credited on 10 November 2014 on the basis of 1 bonus share for every existing share held) per ordinary share for every warrant held. The conversion ratio is subject to the aforesaid deed poll and can be exercised at any time during the eight-year subscription period up to 22 August 2019.

Other statutory information

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

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

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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 financial statements of the Group and of the Company 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

Other statutory information *cont'd*

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 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 except for the following items as disclosed in Note 21 to the financial statements:

i) Group – Property, plant and equipment written off, realised and unrealised foreign exchange losses and realised derivative gain

ii) Company – Impairment loss on investments in subsidiaries, realised and unrealised foreign exchange losses, realised derivative gain and reversal of impairment loss on amounts due from subsidiaries

Significant events

i) In June 2013, a state-wide power outage resulted in the primary aluminium production lines of Press Metal Sarawak Sdn. Bhd. ("PMS"), an 80% owned subsidiary of the Company, suffering a sudden shutdown and consequent damages. The subsidiary was unable to operate its smelting plant for the next few months. Plant and machinery of approximately RM41,146,000 were written off as a result of the damages caused by the power outage.

Significant events *cont'd*

PMS subsequently made a claim to its insurer for the damaged plant and machinery and consequential business losses resulting from the suspension of operations. PMS was unable to come to an agreement with the insurer on the indemnified amount and in February 2014, PMS commenced legal action against the insurer in the Kuala Lumpur High Court ("the Court"). The insurer subsequently entered appearance and an application for stay of proceedings to refer the matter for arbitration.

In June 2014, the Court allowed the insurer's application for stay of proceedings for reference of the matter for arbitration. PMS, through its solicitors, then filed an appeal to the Court of Appeal against the Court's decision. In October 2014, the Court of Appeal further upheld the decision of the Court to refer the matter for arbitration.

In April 2015, PMS, through its solicitors, further filed another appeal to the Federal Court, which proceeded with the hearing of the appeal in September 2015. The Federal Court has reserved its decision to a date to be fixed.

ii) In May 2015, a fire incident resulted in the primary aluminium production lines of Press Metal Bintulu Sdn. Bhd. ("PM Bintulu"), an 80% owned subsidiary of the Company, suffering damages and requiring shutdown for further repair works. The subsidiary was unable to operate its smelting plant for the next few months. Plant and machinery of approximately RM50,137,000 were written off as a result of the damages and subsequent shutdown caused by the fire incident.

PM Bintulu subsequently made a claim to its insurer for the damaged plant and machinery and consequential business losses resulting from the suspension of operations. As at the end of the current financial year, the insurer has acknowledged and paid an interim claim of RM20 million.

PM Bintulu has since submitted a further claim of RM50 million, of which no payment has been received as of to date.

iii) During the financial year, PM Bintulu commenced the construction of Phase 3 of its smelter plant in Samalaju, Sarawak ("Samalaju Plant"), which is scheduled to be completed in June 2016. The entire construction is expected to cost approximately RM1.9 billion, of which approximately RM1.7 billion has been capitalised as at the end of the current financial year.

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

Dato' Koon Poh Tat

Petaling Jaya, Selangor

Date: 4 April 2016

Statements of Financial Position
as at 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Assets					
Property, plant and equipment	3	**5,194,390**	3,598,410	**126,259**	137,553
Investment properties	4	**6,335**	6,075	**-**	-
Goodwill	5	**10,497**	10,497	**-**	-
Investments in subsidiaries	6	**-**	-	**1,237,083**	713,301
Investment in an associate	7	**41,637**	38,428	**11,812**	11,812
Other investments	8	**1,803**	1,803	**750**	750
Deferred tax assets	9	**99,434**	132,724	**-**	-
Total non-current assets		**5,354,096**	3,787,937	**1,375,904**	863,416
Inventories	10	**869,889**	555,186	**47,381**	37,311
Trade and other receivables	11	**731,320**	710,494	**699,647**	935,085
Prepayments	12	**77,441**	31,441	**1,127**	804
Current tax assets		**7,783**	8,315	**7,158**	5,613
Derivative financial assets	13	**28,408**	9,356	**-**	1,953
Cash and cash equivalents	14	**305,120**	355,164	**21,300**	50,598
Total current assets		**2,019,961**	1,669,956	**776,613**	1,031,364
Total assets		**7,374,057**	5,457,893	**2,152,517**	1,894,780
Equity					
Share capital		**649,416**	550,397	**649,416**	550,397
Share premium		**83,816**	4,164	**83,816**	4,164
Reserves		**(66,734)**	65,248	**34,795**	44,879
Retained earnings		**1,272,659**	1,256,922	**219,423**	305,108
Equity attributable to owners of the Company	15	**1,939,157**	1,876,731	**987,450**	904,548
Non-controlling interests		**428,560**	304,042	**-**	-
Total equity		**2,367,717**	2,180,773	**987,450**	904,548

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Liabilities					
Trade and other payables	16	**-**	66,842	**-**	-
Loans and borrowings	17	**1,989,882**	1,020,959	**5,021**	134,908
Deferred tax liabilities	9	**129,277**	117,275	**17,023**	31,381
Total non-current liabilities		**2,119,159**	1,205,076	**22,044**	166,289
Trade and other payables	16	**1,455,420**	740,309	**1,065,422**	631,610
Loans and borrowings	17	**1,424,869**	1,329,466	**77,601**	191,471
Current tax liabilities		**2,480**	1,407	**-**	-
Derivative financial liabilities	13	**4,412**	862	**-**	862
Total current liabilities		**2,887,181**	2,072,044	**1,143,023**	823,943
Total liabilities		**5,006,340**	3,277,120	**1,165,067**	990,232
Total equity and liabilities		**7,374,057**	5,457,893	**2,152,517**	1,894,780

The notes on pages 92 to 210 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2015

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Revenue	18	**4,321,271**	4,091,017	**841,132**	635,288
Cost of sales		**(3,584,043)**	(3,317,451)	**(759,270)**	(606,957)
Gross profit		**737,228**	773,566	**81,862**	28,331
Other income		**196,492**	66,297	**52,102**	441,792
Distribution expenses		**(96,216)**	(108,940)	**(11,195)**	(8,535)
Administrative expenses		**(137,202)**	(122,630)	**(19,058)**	(12,990)
Other expenses		**(374,668)**	(154,940)	**(47,642)**	(151,748)
Results from operating activities		**325,634**	453,353	**56,069**	296,850
Finance income	19	**1,928**	2,349	**3,189**	20,027
Finance costs	20	**(97,726)**	(153,467)	**(23,796)**	(34,682)
Net finance costs		**(95,798)**	(151,118)	**(20,607)**	(14,655)
Share of profit of an equity-accounted associate, net of tax		**2,140**	1,830	**-**	-
Profit before tax	21	**231,976**	304,065	**35,462**	282,195
Tax expense	22	**(71,007)**	(38,098)	**(4,539)**	(6,064)
Profit for the year		**160,969**	265,967	**30,923**	276,131
Other comprehensive (expense)/ income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Cash flow hedge		**(187,239)**	-	**-**	-

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Foreign currency translation differences for foreign operations		**28,319**	8,085	**-**	-
- Gains arising during the year		**26,391**	7,496	**-**	-
- Reclassification to profit or loss on disposal of a subsidiary		**-**	68	**-**	-
- Share of gain of an equity-accounted associate		**1,928**	521	**-**	-
Other comprehensive (expense)/ income for the year, net of tax		**(158,920)**	8,085	**-**	-
Total comprehensive income for the year		**2,049**	274,052	**30,923**	276,131
Profit attributable to:					
Owners of the Company		**132,345**	214,910	**30,923**	276,131
Non-controlling interests		**28,624**	51,057	**-**	-
Profit for the year		**160,969**	265,967	**30,923**	276,131
Total comprehensive income attributable to:					
Owners of the Company		**10,447**	222,954	**30,923**	276,131
Non-controlling interests		**(8,398)**	51,098	**-**	-
Total comprehensive income for the year		**2,049**	274,052	**30,923**	276,131
Basic earnings per ordinary share (sen)	23	**10.38**	20.21		
Diluted earnings per ordinary share (sen)	23	**9.76**	17.03		

The notes on pages 92 to 210 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

Group	Note	Share capital	Share premium	Translation reserve	RCSLS reserve	Warrants reserve	Retained earnings	Total	Non-controlling 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	RM'000
At 1 January 2014		254,677	168,518	12,325	14,248	42,354	773,881	1,266,003	133,643	1,399,646
Foreign currency translation differences for foreign operations:										
- Gains arising during the year		-	-	7,455	-	-	-	7,455	41	7,496
- Reclassification to profit or loss on disposal of a subsidiary	32.3	-	-	68	-	-	-	68	-	68
- Share of gain of an equity-accounted associate		-	-	521	-	-	-	521	-	521
Total other comprehensive income for the year		-	-	8,044	-	-	-	8,044	41	8,085
Profit for the year		-	-	-	-	-	214,910	214,910	51,057	265,967
Total comprehensive income for the year		-	-	8,044	-	-	214,910	222,954	51,098	274,052
Contributions by and distributions to owners of the Company										
Issue of ordinary shares:										
- Bonus issue	15	274,884	(227,120)	-	-	-	(47,764)	-	-	-
- Conversion of RCSLS	15	17,507	46,194	-	(3,486)	-	-	60,215	-	60,215
- Exercise of warrants	15	3,329	16,572	-	-	(6,241)	-	13,660	-	13,660
Dividends to owners of the Company	24	-	-	-	-	-	(92,063)	(92,063)	-	(92,063)
Acquisition of a subsidiary	32.2	-	-	-	-	-	-	-	2,610	2,610
Change in ownership interest in a subsidiary	32.1	-	-	-	-	-	405,962	405,962	116,737	522,699
Disposal of a subsidiary	32.3	-	-	-	-	-	-	-	(46)	(46)
Total transactions with owners of the Company		295,720	(164,354)	-	(3,486)	(6,241)	266,135	387,774	119,301	507,075
Transfer to retained earnings on redemption of RCSLS		-	-	-	(1,996)	-	1,996	-	-	-
At 31 December 2014		550,397	4,164	20,369	8,766	36,113	1,256,922	1,876,731	304,042	2,180,773

		Attributable to owners of the Company									
		Non-distributable						Distributable			
Group	Note	Share capital	Share premium	Translation reserve	Hedging reserve	RCSLS reserve	Warrants reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015		550,397	4,164	20,369	-	8,766	36,113	1,256,922	1,876,731	304,042	2,180,773
Cash flow hedge		-	-	-	(149,791)	-	-	-	(149,791)	(37,448)	(187,239)
Foreign currency translation differences for foreign operations:											
- Gains arising during the year		-	-	25,965	-	-	-	-	25,965	426	26,391
- Share of gain of an equity-accounted associate		-	-	1,928	-	-	-	-	1,928	-	1,928
Total other comprehensive expense for the year		-	-	27,893	(149,791)	-	-	-	(121,898)	(37,022)	(158,920)
Profit for the year		-	-	-	-	-	-	132,345	132,345	28,624	160,969
Total comprehensive income for the year		-	-	27,893	(149,791)	-	-	132,345	10,447	(8,398)	2,049
Contributions by and distributions to owners of the Company											
Issue of ordinary shares:											
- Conversion of RCSLS	15	96,300	75,181	-	-	(8,669)	-	-	162,812	-	162,812
- Exercise of warrants	15	2,719	4,471	-	-	-	(1,318)	-	5,872	-	5,872
Dividends to owners of the Company	24	-	-	-	-	-	-	(116,705)	(116,705)	-	(116,705)
Subscription of additional interest in a subsidiary		-	-	-	-	-	-	-	-	132,916	132,916
Total transactions with owners of the Company		99,019	79,652	-	-	(8,669)	(1,318)	(116,705)	51,979	132,916	184,895
Transfer to retained earnings on redemption of RCSLS		-	-	-	-	(97)	-	97	-	-	-
At 31 December 2015		649,416	83,816	48,262	(149,791)	-	34,795	1,272,659	1,939,157	428,560	2,367,717

The notes on pages 92 to 210 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2015

Company	Note	Non-distributable				Distributable	
		Share capital	Share premium	RCSLS reserve	Warrants reserve	Retained earnings	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014		254,677	168,518	14,248	42,354	166,808	646,605
Profit and total comprehensive income for the year		-	-	-	-	276,131	276,131
Contributions by and distributions to owners of the Company							
Issue of ordinary shares:							
- Bonus issue	15	274,884	(227,120)	-	-	(47,764)	-
- Conversion of RCSLS	15	17,507	46,194	(3,486)	-	-	60,215
- Exercise of warrants	15	3,329	16,572	-	(6,241)	-	13,660
- Dividends to owners of the Company	24	-	-	-	-	(92,063)	(92,063)
Total transactions with owners of the Company		295,720	(164,354)	(3,486)	(6,241)	(139,827)	(18,188)
Transfer to retained earnings on redemption of RCSLS		-	-	(1,996)	-	1,996	-
At 31 December 2014/1 January 2015		**550,397**	**4,164**	**8,766**	**36,113**	**305,108**	**904,548**
Profit and total comprehensive income for the year		**-**	**-**	**-**	**-**	**30,923**	**30,923**
Contributions by and distributions to owners of the Company							
Issue of ordinary shares:							
- Conversion of RCSLS	15	**96,300**	**75,181**	**(8,669)**	**-**	**-**	**162,812**
- Exercise of warrants	15	**2,719**	**4,471**	**-**	**(1,318)**	**-**	**5,872**
Dividends to owners of the Company	24	**-**	**-**	**-**	**-**	**(116,705)**	**(116,705)**
Total transactions with owners of the Company		**99,019**	**79,652**	**(8,669)**	**(1,318)**	**(116,705)**	**51,979**
Transfer to retained earnings on redemption of RCSLS		**-**	**-**	**(97)**	**-**	**97**	**-**
At 31 December 2015		**649,416**	**83,816**	**-**	**34,795**	**219,423**	**987,450**

The notes on pages 92 to 210 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	**231,976**	304,065	**35,462**	282,195
Adjustments for:				
Depreciation of investment properties	**42**	41	**-**	-
Depreciation of property, plant and equipment	**257,381**	242,426	**16,694**	20,056
Dividend income	**-**	-	**(34,099)**	(644)
Fair value (gain)/loss on derivatives	**(15,502)**	(7,085)	**1,091**	(5,573)
Finance costs	**97,726**	153,467	**23,796**	34,682
Finance income	**(1,928)**	(2,349)	**(3,189)**	(20,027)
Gain on partial disposal of a subsidiary	**-**	-	**-**	(430,899)
Impairment loss on amounts due from subsidiaries	**-**	-	**-**	42,540
Impairment loss on goodwill	**-**	3,581	**-**	-
Impairment loss on investment properties	**200**	-	**-**	-
Impairment loss on investments in subsidiaries	**-**	-	**14,883**	88,626
Loss on disposal of asset classified as held for sale	**-**	132	**-**	-
Loss on disposal of a subsidiary	**-**	108	**-**	-
Loss/(Gain) on disposal of property, plant and equipment	**491**	1,876	**(64)**	151
Property, plant and equipment written off	**54,632**	3,679	**-**	-
Reversal of impairment loss on amounts due from subsidiaries	**-**	-	**(34,334)**	-
Share of profit of an equity - accounted associate, net of tax	**(2,140)**	(1,830)	**-**	-
Unrealised foreign exchange loss	**60,113**	112,315	**27,888**	11,819
Operating profit before changes in working capital	**682,991**	810,426	**48,128**	22,926

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating profit before changes in working capital *(cont'd)*	**682,991**	810,426	**48,128**	22,926
Change in inventories	**(314,703)**	(163,958)	**(10,070)**	(11,361)
Change in trade and other payables	**692,225**	(97,254)	**58,607**	(206,643)
Change in trade and other receivables and prepayments	**(76,705)**	(115,558)	**100,646**	161,266
Cash generated from/(used in) operations	**983,808**	433,656	**197,311**	(33,812)
Tax paid	**(16,550)**	(21,681)	**(6,084)**	(12,395)
Net cash from/(used in) operating activities	**967,258**	411,975	**191,227**	(46,207)
Cash flows from investing activities				
Acquisition of a subsidiary, net of cash and cash equivalents acquired (Note 32.2)	**-**	(1,832)	**-**	-
Acquisition of investment properties	**(502)**	(3,351)	**-**	-
Acquisition of property, plant and equipment	**(1,814,318)**	(267,861)	**(5,208)**	(10,421)
Dividends received from a subsidiary	**-**	-	**33,240**	-
Dividends received from an associate	**859**	644	**859**	644
Increase in investment in a subsidiary	**-**	-	**(531,665)**	-
Interest received from fixed deposits	**1,928**	2,349	**-**	-
Proceeds from disposal of asset classified as held for sale	**-**	2,349	**-**	-
Proceeds from disposal of property, plant and equipment	**416**	4,994	**168**	324
Proceeds from partial disposal of a subsidiary (Note 32.1)	**-**	522,699	**-**	522,699
Subscription of additional interest in a subsidiary by non-controlling interests holder	**132,916**	-	**-**	-
Net cash (used in)/from investing activities	**(1,678,701)**	259,991	**(502,606)**	513,246

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Change in pledged deposits	**(40,453)**	27,831	**-**	-
Decrease/(Increase) in amounts due from subsidiaries	**-**	-	**169,756**	(9,057)
(Decrease)/Increase in amount due to an associate	**(1,365)**	113	**10**	-
Dividends paid to owners of the Company	**(116,705)**	(97,157)	**(116,705)**	(97,157)
Drawdown/(Repayment) of bank loans	**1,049,905**	(276,345)	**(6,748)**	(3,408)
Increase in amount due from an associate	**(386)**	-	**-**	-
Increase/(Decrease) in amounts due to subsidiaries	**-**	-	**338,581**	(9,858)
Interest paid on loans and borrowings	**(96,435)**	(149,996)	**(23,796)**	(31,211)
Interest received from loan to a subsidiary	**-**	-	**3,189**	15,831
Proceeds from issue of shares via exercise of warrants	**5,872**	13,660	**5,872**	13,660
Redemption of RCSLS	**(1,319)**	(27,115)	**(1,319)**	(27,115)
Repayment of bankers' acceptances	**(114,142)**	(193,457)	**(85,457)**	(258,242)
Repayment of finance lease liabilities	**(14,420)**	(12,651)	**(1,302)**	(1,415)
(Repayment)/Drawdown of revolving credits	**(49,016)**	148,269	**-**	(30,000)
Net cash from/(used in) financing activities	**621,536**	(566,848)	**282,081**	(437,972)
Net (decrease)/increase in cash and cash equivalents	**(89,907)**	105,118	**(29,298)**	29,067
Effect of exchange rate fluctuations on cash held	**(1,137)**	(6,666)	**-**	(2,753)
Cash and cash equivalents at 1 January	**318,465**	220,013	**50,598**	24,284
Cash and cash equivalents at 31 December	**227,421**	318,465	**21,300**	50,598

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	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits	14	**138,007**	39,167	**455**	438
Less: Pledged deposits	14	**(76,210)**	(35,757)	**-**	-
		61,797	3,410	**455**	438
Cash and bank balances	14	**167,113**	315,997	**20,845**	50,160
Bank overdrafts	17	**(1,489)**	(942)	**-**	-
		227,421	318,465	**21,300**	50,598

Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM1,843,584,000 (2014: RM274,799,000) and RM5,504,000 (2014: RM12,072,000) respectively, as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Satisfied by cash	**1,814,318**	267,861	**5,208**	10,421
By means of finance leases	**29,266**	6,938	**296**	1,651
	1,843,584	274,799	**5,504**	12,072

Subscription of shares

During the financial year, the subscription of shares in a subsidiary amounting to RM7,000,000 (2014: RM409,000,000) were net settled against balance due from the subsidiary.

The notes on pages 92 to 210 are an integral part of these financial statements.

Notes to the Financial Statements

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

Principal place of business
Lot 6464 Batu 5¾
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 financial year ended 31 December 2015 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 financial year ended 31 December 2015 do not include other entities.

The Company is principally engaged in the manufacturing and trading of aluminium products and investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6.

These financial statements were authorised for issue by the Board of Directors on 4 April 2016.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

1. Basis of preparation *cont'd*

(a) Statement of compliance *cont'd*

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board but have not been adopted by the Group and by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements,* MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. Basis of preparation *cont'd*

(a) Statement of compliance *cont'd*

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

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14, Amendments to MFRS 11 and Amendments to MFRS 141, which are not applicable to the Group and to the Company.

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or interpretations is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

(i) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

(ii) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

1. Basis of preparation *cont'd*

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 and on the assumption that the Group and the Company are going concerns.

The Group and the Company have prepared their financial statements by applying the going concern assumption, notwithstanding that as of 31 December 2015, the Group's and the Company's current liabilities exceeded their current assets by RM867,220,000 and RM366,410,000 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

The Directors have prepared and considered prospective financial information derived based on assumptions and events that may occur in the next twelve months and the possible actions to be taken by the Group. Prospective financial information includes the Group's profit and cash flow forecasts.

The Directors expect the operating cash flows for the next financial year to improve upon the completion of Phase 3 of the Samalaju Plant. The Group recorded an operating cash flow of approximately RM500 million (excluding advance payments received in relation to forward sale agreements with customers) in the current financial year despite the operations of the Group being disrupted by a fire incident in the Samalaju Plant.

The Group expects, at the minimum, to achieve the following:

(i) the operating cash flows of the Group to be no lesser than that of the current financial year, considering the commencement of Phase 3 of the Samalaju Plant; and

(ii) the Group will successfully obtain continuous short term credit facilities from its bankers, which include bankers' acceptances and revolving credits with total carrying amounts of approximately RM850 million as at 31 December 2015.

At the date of this report, there is no reason for the Directors to believe there is any significant uncertainty that the Group will not successfully achieve the above action plans/activities, which will enable profitable subsidiaries to frank dividends to the Company. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that would be required should the going concern basis prove to be invalid.

1. Basis of preparation *cont'd*

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs 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 estimates are revised and in any future periods affected.

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

- Note 9 - measurement of deferred tax assets and liabilities
- Note 11 - impairment of receivables
- Note 30 - contingencies
- Note 32 - business combinations

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

2. Significant accounting policies *cont'd*

(a) Basis of consolidation *cont'd*

(i) Subsidiaries *cont'd*

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. Significant accounting policies *cont'd*

(a) Basis of consolidation *cont'd*

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest 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 Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) 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 distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, 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 associate, the carrying amount of that interest including any long-term investments is reduced to zero, 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 associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

2. Significant accounting policies *cont'd*

(a) Basis of consolidation *cont'd*

(v) Associates *cont'd*

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investment in an associate is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the owners of the Company, 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. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and total comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) 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 associate 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.

2. Significant accounting policies *cont'd*

(b) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, 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 or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur 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 foreign currency translation reserve ("FCTR") in equity.

(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, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

2. Significant accounting policies *cont'd*

(b) Foreign currency *cont'd*

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

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position 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 as 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.

2. Significant accounting policies *cont'd*

(c) Financial instruments *cont'd*

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

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.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) 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.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities 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, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

2. Significant accounting policies *cont'd*

(c) Financial instruments *cont'd*

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

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 financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(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.

Fair value arising from financial guarantee contracts is classified as deferred income and is 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.

2. Significant accounting policies *cont'd*

(c) Financial instruments *cont'd*

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

2. Significant accounting policies *cont'd*

(c) Financial instruments *cont'd*

(v) Hedge accounting *cont'd*

Cash flow hedge *cont'd*

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

(vi) 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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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, 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.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and capital work-in-progress are measured at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

2. Significant accounting policies *cont'd*

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

(i) Recognition and measurement *cont'd*

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component 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 based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

2. Significant accounting policies *cont'd*

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

(iii) Depreciation *cont'd*

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. 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. Capital work-in-progress 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 24 - 99 years
- buildings and renovation 10 - 50 years
- plant and machinery 5 - 25 years
- office equipment 10 years
- motor vehicles 5 - 10 years
- furniture and fittings 10 years
- moulds and dies 3 - 6 years

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

(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. Upon initial recognition, 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.

2. Significant accounting policies *cont'd*

(e) Leased assets *cont'd*

(i) Finance lease *cont'd*

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(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 the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Goodwill

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

Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

(g) Investment properties

Investment properties 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. These include freehold land, leasehold land and buildings which in substance are finance leases held for a currently undetermined future use. Investment properties are initially and subsequently measured at cost and are accounted for similarly to property, plant and equipment.

2. Significant accounting policies *cont'd*

(h) Inventories

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

The cost of inventories is calculated using the first-in-first-out method, 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.

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) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, 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 investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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.

2. Significant accounting policies *cont'd*

(j) Impairment *cont'd*

(i) Financial assets *cont'd*

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

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 financial 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 classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other 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 goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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 cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

2. Significant accounting policies *cont'd*

(j) Impairment *cont'd*

(ii) Other 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 of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated 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 cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating 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 financial year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. Significant accounting policies *cont'd*

(l) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and equity component.

Compound financial instruments issued by the Group comprise RCSLS that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

(m) 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 has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2. Significant accounting policies *cont'd*

(n) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to surveys of work performed.

(iii) Rental income

Rental income from property 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.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that 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.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

2. Significant accounting policies *cont'd*

(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.

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.

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 financial 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, 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 be applied 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilites on a net basis or their tax assets and liabilities will be realised simultaneously.

2. Significant accounting policies *cont'd*

(p) Income tax *cont'd*

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.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that are not a tax base of an asset, are recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentives 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, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise RCSLS and warrants.

(r) 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. Operating segments' 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 to assess its performance, and for which discrete financial information is available.

2. Significant accounting policies *cont'd*

(s) Contingencies

(i) 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 not recognised in the statements of financial position and 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.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(t) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. Significant accounting policies *cont'd*

(t) Fair value measurements *cont'd*

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

Group	Land	Buildings and renovation	Plant and machinery	Office equipment	Motor vehicles	Furniture and fittings	Moulds and dies	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost									
At 1 January 2014	369,414	1,107,300	2,312,466	49,516	77,490	7,028	236,119	49,762	4,209,095
Acquisitions through business combinations (Note 32.2)	-	-	3,282	8	16	9	-	-	3,315
Additions	1,713	34,076	68,512	4,454	4,006	802	24,268	136,968	274,799
Disposals	-	-	(7,300)	(600)	(5,298)	(7)	-	-	(13,205)
Disposal through business combinations (Note 32.3)	-	(50)	-	(54)	(5)	(26)	-	-	(135)
Written off	-	-	(4,542)	(393)	(845)	(14)	-	-	(5,794)
Transfers	-	4,051	99,899	-	-	-	-	(103,950)	-
Reclassification as inventories	-	-	-	-	-	-	-	(4,650)	(4,650)
Effect of movements in exchange rates	8,430	6,370	6,934	666	98	3	5,813	2	28,316
At 31 December 2014/ 1 January 2015	379,557	1,151,747	2,479,251	53,597	75,462	7,795	266,200	78,132	4,491,741
Additions	-	8,898	86,918	3,672	23,785	800	17,441	1,702,070	1,843,584
Disposals	-	(142)	(518)	(7)	(1,464)	(17)	-	-	(2,148)
Written off	-	-	(88,756)	(1,196)	(796)	(21)	-	(12)	(90,781)
Reduction in land premium payable	(12,549)	-	-	-	-	-	-	-	(12,549)
Transfers	-	(124)	8,571	(70)	-	-	-	(8,377)	-
Effect of movements in exchange rates	36,102	29,774	30,725	3,179	654	138	25,417	908	126,897
At 31 December 2015	**403,110**	**1,190,153**	**2,516,191**	**59,175**	**97,641**	**8,695**	**309,058**	**1,772,721**	**6,356,744**

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	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Depreciation and impairment loss									
At 1 January 2014	19,697	78,613	309,163	22,534	24,129	3,102	191,116	-	648,354
Depreciation for the year	5,680	27,126	174,188	4,027	7,048	341	24,016	-	242,426
Disposals	-	-	(3,349)	(331)	(2,652)	(3)	-	-	(6,335)
Disposals through business combinations (Note 32.3)	-	(3)	-	(39)	(1)	(6)	-	-	(49)
Written off	-	-	(871)	(393)	(845)	(6)	-	-	(2,115)
Effect of movements in exchange rates	893	1,739	3,329	305	81	3	4,700	-	11,050
At 31 December 2014/ 1 January 2015	26,270	107,475	482,460	26,103	27,760	3,431	219,832	-	893,331
Depreciation for the year	6,403	29,036	182,066	3,971	9,001	498	26,406	-	257,381
Disposals	-	(37)	(268)	(4)	(918)	(14)	-	-	(1,241)
Written off	-	-	(34,453)	(1,060)	(622)	(14)	-	-	(36,149)
Effect of movements in exchange rates	3,867	7,826	14,695	1,520	465	66	20,593	-	49,032
At 31 December 2015	**36,540**	**144,300**	**644,500**	**30,530**	**35,686**	**3,967**	**266,831**	**-**	**1,162,354**
Carrying amounts									
At 1 January 2014	349,717	1,028,687	2,003,303	26,982	53,361	3,926	45,003	49,762	3,560,741
At 31 December 2014/ 1 January 2015	353,287	1,044,272	1,996,791	27,494	47,702	4,364	46,368	78,132	3,598,410
At 31 December 2015	**366,570**	**1,045,853**	**1,871,691**	**28,645**	**61,955**	**4,728**	**42,227**	**1,772,721**	**5,194,390**

3. Property, plant and equipment *cont'd*

Company	Land	Buildings	Renovation	Plan and machinery	Office equipment	Motor vehicles	Furniture and fittings	Moulds and dies	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost									
At 1 January 2014	25,300	39,112	5,753	152,719	17,581	7,414	2,013	124,740	374,632
Additions	-	180	469	2,997	605	1,591	24	6,206	12,072
Disposals	-	-	-	(5)	(158)	(795)	-	-	(958)
At 31 December 2014/ 1 January 2015	25,300	39,292	6,222	155,711	18,028	8,210	2,037	130,946	385,746
Additions	-	13	93	4,082	327	939	50	-	5,504
Disposals	-	-	-	-	(3)	(543)	-	-	(546)
At 31 December 2015	**25,300**	**39,305**	**6,315**	**159,793**	**18,352**	**8,606**	**2,087**	**130,946**	**390,704**
Depreciation									
At 1 January 2014	-	7,611	1,944	99,509	11,246	4,922	956	102,432	228,620
Depreciation for the year	-	915	600	7,580	901	867	31	9,162	20,056
Disposals	-	-	-	(5)	(13)	(465)	-	-	(483)
At 31 December 2014/ 1 January 2015	-	8,526	2,544	107,084	12,134	5,324	987	111,594	248,193
Depreciation for the year	-	930	627	6,569	802	940	33	6,793	16,694
Disposals	-	-	-	-	(1)	(441)	-	-	(442)
At 31 December 2015	**-**	**9,456**	**3,171**	**113,653**	**12,935**	**5,823**	**1,020**	**118,387**	**264,445**
Carrying amounts									
At 1 January 2014	25,300	31,501	3,809	53,210	6,335	2,492	1,057	22,308	146,012
At 31 December 2014/ 1 January 2015	25,300	30,766	3,678	48,627	5,894	2,886	1,050	19,352	137,553
At 31 December 2015	**25,300**	**29,849**	**3,144**	**46,140**	**5,417**	**2,783**	**1,067**	**12,559**	**126,259**

3. Property, plant and equipment *cont'd*

3.1 Impairment loss

An accumulated impairment loss of RM45,000 (2014: RM45,000) was recognised on certain assets of the Group which no longer generate future economic benefits to the Group entities.

3.2 Leased plant and machinery and motor vehicles

At 31 December 2015, the net carrying amounts of leased plant and machinery, and motor vehicles of the Group and of the Company were RM57,695,000 (2014: RM34,419,000) and RM4,728,000 (2014: RM5,252,000), respectively.

3.3 Security

The leased plant and machinery, and motor vehicles discussed above secure lease obligations (see Note 17).

At 31 December 2015, property, plant and equipment of the Group and of the Company with an aggregate carrying amount of RM4,683,176,000 (2014: RM2,410,469,000) and RM5,952,000 (2014: RM6,076,000) respectively, are pledged as security and as fixed and floating charges to secure bank facilities granted to the Company and its subsidiaries (see Note 17).

3.4 Borrowing costs

Included in capital work-in-progress of the Group was interest capitalised for the financial year amounting to RM37,001,000 (2014: Nil) (see Note 20).

3. Property, plant and equipment *cont'd*

3.5 Land

Included in the total carrying amount of land are:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Freehold land	**25,300**	25,300	**25,300**	25,300
Leasehold land with unexpired lease period of less than 50 years	**271,510**	244,405	**-**	-
Leasehold land with unexpired lease period of more than 50 years	**69,760**	83,582	**-**	-
	366,570	353,287	**25,300**	25,300

3.6 Capital work-in-progress

Included in the total carrying amount of capital work-in-progress are:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Plant and machinery-in-progress	**1,538,173**	74,891
Building-in-progress	**234,548**	3,241
	1,772,721	78,132

At 31 December 2015 and 31 December 2014, the capital-work-in-progress were mainly related to Phase 3 of the Samalaju Plant.

4. Investment properties

	Note	Group RM'000
Cost		
At 1 January 2014		3,158
Additions		3,351
At 31 December 2014/1 January 2015		6,509
Additions		502
At 31 December 2015		**7,011**
Depreciation and impairment loss		
At 1 January 2014		393
Depreciation for the year		41
At 31 December 2014/1 January 2015		434
Depreciation for the year		42
Impairment loss for the year	4.1	200
At 31 December 2015		**676**
Carrying amounts		
At 1 January 2014		2,765
At 31 December 2014/1 January 2015		6,075
At 31 December 2015		**6,335**

4. Investment properties *cont'd*

Group	2015 RM'000	2014 RM'000
Included in the above are:		
Freehold land	**812**	812
Leasehold land with unexpired lease period of more than 50 years	**544**	550
Buildings	**1,126**	1,362
	2,482	2,724
Properties under construction	**3,853**	3,351
	6,335	6,075

4.1 Impairment loss

During the financial year, an impairment loss of RM200,000 (2014: Nil) was recognised on a commercial building of the Group which has experienced a decline in market value.

Investment properties comprise freehold land, leasehold land and a number of residential properties and commercial properties that are leased to third parties or are currently vacant.

2 (2014: 1) residential properties are currently under construction and the fair values of these properties are unable to be determined as there are uncertainties in estimating their fair values. The estimated fair values are likely to approximate their costs.

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

	Group	
	2015 RM'000	2014 RM'000
Rental income	**114**	173
Direct operating expenses:		
- income generating investment properties	**(93)**	(88)
- non-income generating investment properties	**(13)**	(13)

4. Investment properties *cont'd*

Fair value information

Fair value of investment properties (excluding properties under construction) is categorised as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Level 3		
Land	**7,656**	4,243
Buildings	**3,260**	2,212
	10,916	6,455

Valuation process applied by the Group for Level 3 fair value

The fair value of investment properties is estimated by the Directors using the comparison method. 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.

5. Goodwill

	Note	Group RM'000
Cost		
At 1 January 2014		14,775
Acquisitions through business combinations	32.2	240
Effect of movements in exchange rates		(387)
At 31 December 2014/1 January 2015/31 December 2015		**14,628**
Impairment loss		
At 1 January 2014		550
Impairment loss for the year	5.1	3,581
At 31 December 2014/1 January 2015/31 December 2015		**4,131**
Carrying amounts		
At 1 January 2014		14,225
At 31 December 2014/1 January 2015		10,497
At 31 December 2015		**10,497**

5.1 Impairment loss

In the previous financial year, management had fully impaired the goodwill attached to Press Metal Aluminium (Australia) Pty. Ltd., which had been incurring losses for a number of financial years and was not expected to turnaround in the near future.

The impairment loss was recognised in other expenses in the statements of profit or loss and other comprehensive income.

5. Goodwill *cont'd*

5.2 Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Press Metal International Limited	**9,219**	9,219
Press Metal Aluminium (Australia) Pty. Ltd.	**-**	-
Press Metal North America Inc.	**1,038**	1,038
Press Metal Glomag Precision Technology Co. Ltd.	**240**	240
	10,497	10,497

The Directors are of the opinion that the goodwill allocated to Press Metal North America Inc. and Press Metal Glomag Precision Technology Co. Ltd. are not material. Hence, the disclosures below do not cover the impairment testing performed for these cash-generating units.

Press Metal International Limited ("PMI")

The recoverable amount of PMI was based on its value in use, determined by discounting future cash flows to be generated by PMI.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and a 5-year business plan. A terminal growth rate of 5% (2014: 5%) was then applied. Management believes that this terminal growth rate was justified due to the long-term nature of the aluminium business.

- The anticipated annual revenue growth included in the cash flow projections was 6% (2014: 6%), which is based on the average growth levels experienced over the past three years.

5. Goodwill *cont'd*

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

Press Metal International Limited ("PMI") *cont'd*

- The aluminium price was assumed to be the same as the average prices for the current financial year.
- Environmental cost growth, based on past experience, was estimated to be 5% (2014: 5%), which is in line with inflation.
- A pre-tax discount rate of 10% (2014: 8%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on an industry average weighted average cost of capital.

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

The above estimates are not particularly sensitive in any areas.

6. Investments in subsidiaries

	Company	
	2015	**2014**
	RM'000	**RM'000**
Unquoted shares, at cost	**1,397,008**	858,343
Less: Impairment loss	**(159,925)**	(145,042)
	1,237,083	713,301

6. Investments in subsidiaries *cont'd*

The movements of investments in subsidiaries are as follows:

	Company	
	2015	**2014**
	RM'000	**RM'000**
At 1 January	**713,301**	484,727
Subscription of additional shares	**538,665**	409,000
Disposal of shares	**-**	(91,800)
Impairment loss during the year	**(14,883)**	(88,626)
At 31 December	**1,237,083**	713,301

Details of the subsidiaries are as follows:

Name of entity	**Principal place of business**	**Principal activities**	**Effective ownership interest and voting interest 2015**	**2014**
			%	**%**
Angkasa Jasa Sdn. Bhd.	Malaysia	Contracting and fabrication of aluminium and stainless steel products	**100**	100
PMB Recycling Management Sdn. Bhd.	Malaysia	Dormant	**100**	100
PMB Development Sdn. Bhd. #	Malaysia	Construction activities (for a related company during the financial year)	**100**	100
and its subsidiary,				
PMB Spectrum Sdn. Bhd.	Malaysia	Dormant	**60**	60

6. Investments in subsidiaries *cont'd*

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest 2015 %	2014 %
Wesama Sdn. Bhd.	Malaysia	Investment holding	**100**	100
and its subsidiary,				
Ace Extrusion Sdn. Bhd.	Malaysia	Dormant	**100**	100
PMB Marketing Sdn. Bhd.	Malaysia	Investment holding	**100**	100
and its subsidiary,				
PMB Marketing (H.K.) Ltd.*	Hong Kong	Dormant	**100**	100
Press Metal Sarawak Sdn. Bhd.	Malaysia	Manufacturing and trading of aluminium products	**80**	80
Press Metal Bintulu Sdn. Bhd. ^	Malaysia	Manufacturing and trading of aluminium products	**80**	80
Press Metal (HK) Limited *	Hong Kong	Investment holding	**100**	100
and its subsidiary,				
Press Metal International Limited. *	China	Manufacturing and trading of aluminium products and investment holding	**100**	100
and its subsidiaries,				
Press Metal International Technology Ltd. *	China	Manufacturing and trading of aluminium products	**100**	100
Press Metal Glomag Precision Technology Co. Ltd. **	China	Manufacturing of moulds and dies	**51**	51

6. Investments in subsidiaries *cont'd*

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest 2015 %	2014 %
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	Dormant	**100**	100
Press Metal Aluminium (Australia) Pty. Ltd. *	Australia	Marketing of aluminium products	**70**	70
Press Metal UK Limited *	United Kingdom	Marketing of aluminium products	**100**	100
Press Metal North America Inc. *	United States of America	Marketing of aluminium products	**100**	100
Hubei Press Metal Huasheng Aluminium & Electric Co. Ltd. *	China	Investment holding	**100**	100
and its subsidiary,				
Press Metal International (Hubei) Ltd. *	China	Manufacturing and trading of aluminium products	**100**	100

* *Not audited by member firms of KPMG International*

** *Consolidated based on management accounts*

\# *In February 2015, the Company subscribed for an additional 7,000,000 new ordinary shares of RM1.00 each at par for a total consideration of RM7,000,000 in PMB Development Sdn. Bhd..*

^ *In February and March 2015, the Company subscribed for an additional 531,665,000 new ordinary shares of RM1.00 each at par for a total cash consideration of RM531,665,000 in PM Bintulu, which were also subscribed by the non-controlling interests holder in proportion to its equity interests.*

6. Investments in subsidiaries *cont'd*

6.1 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2015			
	Press Metal Sarawak Sdn. Bhd.	**Press Metal Bintulu Sdn. Bhd.**	**Other individually immaterial subsidiaries**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
NCI percentage of ownership interest and voting interest	**20%**	**20%**		
Carrying amount of NCI	**162,822**	**264,876**	**862**	**428,560**
Profit allocated to NCI	**24,576**	**2,690**	**1,358**	**28,624**

6. Investments in subsidiaries *cont'd*

6.1 Non-controlling interests in subsidiaries *cont'd*

	2015	
	Press Metal Sarawak Sdn. Bhd.	Press Metal Bintulu Sdn. Bhd.
	RM'000	RM'000
Summarised financial information before intra-group elimination		
As at 31 December		
Non-current assets	1,466,802	3,566,137
Current assets	465,892	1,562,622
Non-current liabilities	(545,778)	(1,836,973)
Current liabilities	(572,807)	(1,967,409)
Net assets	814,109	1,324,377
Year ended 31 December		
Revenue	1,064,834	2,193,856
Profit for the year	122,881	13,448
Total comprehensive income/(expense)	40,418	(91,328)
Cash flows from operating activities	43,410	76,958
Cash flows from investing activities	(9,509)	(1,741,615)
Cash flows from financing activities	(78,092)	1,604,555
Net decrease in cash and cash equivalents	(44,191)	(60,102)
Dividends paid to NCI	-	-

6. Investments in subsidiaries *cont'd*

6.1 Non-controlling interests in subsidiaries *cont'd*

	2014			
	Press Metal Sarawak Sdn. Bhd.	Press Metal Bintulu Sdn. Bhd.	Other individually immaterial subsidiaries	Total
	RM'000	RM'000	RM'000	RM'000
NCI percentage of ownership interest and voting interest	20%	20%		
Carrying amount of NCI	154,738	150,225	(921)	304,042
Profit/(Loss) allocated to NCI	18,741	33,489	(1,173)	51,057

6. Investments in subsidiaries *cont'd*

6.1 Non-controlling interests in subsidiaries *cont'd*

	2014	
	Press Metal Sarawak Sdn. Bhd.	**Press Metal Bintulu Sdn. Bhd.**
	RM'000	**RM'000**
Summarised financial information before intra-group elimination		
As at 31 December		
Non-current assets	1,084,566	1,942,860
Current assets	412,438	823,538
Non-current liabilities	(2,221)	(790,429)
Current liabilities	(721,093)	(1,224,844)
Net assets	773,690	751,125
Year ended 31 December		
Revenue	906,925	2,228,947
Profit for the year	93,706	193,284
Total comprehensive income	93,706	193,284
Cash flows from operating activities	453,151	183,099
Cash flows from investing activities	(80,402)	(87,000)
Cash flows from financing activities	(357,172)	(2,415)
Net increase in cash and cash equivalents	15,577	93,684
Dividends paid to NCI	-	-

6. Investments in subsidiaries *cont'd*

6.2 Significant restrictions

Restrictions imposed by bank covenants

The covenants of certain bank loans require the Group to maintain a certain amount of cash in specifically opened bank accounts until settlement of the loans, which have been disclosed as part of the deposits pledged with licensed banks in Note 14.

Restrictions imposed by shareholders' agreements

As part of the terms and conditions in the Shareholders' Agreement on the partial disposal of PM Bintulu by the Company to Summit Global Management XII B.V ("SGM"), the Company charged 22,950,000 ordinary shares of RM1 each it owns in PM Bintulu (representing 5% of PM Bintulu's issued and paid-up capital) and 17,600,000 ordinary shares of RM1 each it owns in PMS (representing 5% of PMS' issued and paid-up capital) respectively, in favour of SGM to cover for the potential consideration that the Company might need to return to SGM. Please refer to Note 32.1 for further details.

7. Investment in an associate

	Group		Company	
	2015	**2014**	**2015**	**2014**
	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	**29,825**	26,616	**-**	-
Group's share of net assets	**41,637**	38,428	**11,812**	11,812
Market value:				
Quoted shares in Malaysia	**21,477**	20,189	**21,477**	20,189

7. Investment in an associate *cont'd*

Details of the associate are as follows:

Name of entity	Principal place of business	Nature of the relationship	Effective ownership interest and voting interest 2015 %	2014 %
PMB Technology Berhad	Malaysia	Trading of aluminium products purchased from the Group	28	28

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies.

Group **Summarised financial information**	**2015** **RM'000**	**2014** **RM'000**
As at 31 December		
Non-current assets	**95,130**	95,939
Current assets	**250,314**	284,939
Non-current liabilities	**(19,120)**	(22,133)
Current liabilities	**(182,012)**	(226,009)
Net assets	**144,312**	132,736
Year ended 31 December		
Profit for the year	**7,721**	6,602
Other comprehensive income	**6,954**	1,880
Total comprehensive income	**14,675**	8,482
Included in the total comprehensive income is:		
Revenue	**434,293**	328,637

7. Investment in an associate *cont'd*

Group Summarised financial information	2015 RM'000	2014 RM'000
Group's share of results for the year ended 31 December		
Group's share of profit or loss	**2,140**	1,830
Group's share of other comprehensive income	**1,928**	521
Group's share of total comprehensive income	**4,068**	2,351
Other information		
Dividends received by the Group	**859**	644
Contingent liabilities		
Share of associate's contingent liabilities incurred jointly with other investors:		
- Guaranteed bank facilities and construction contracts	**54,296**	40,937

8. Other investments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Available-for-sale financial assets				
Unquoted shares, at cost	**1,803**	1,803	**750**	750

9. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	**-**	-	**(245,296)**	(263,747)	**(245,296)**	(263,747)
Provisions	**1,381**	1,693	**-**	-	**1,381**	1,693
Tax loss carry-forwards	**584**	406	**-**	-	**584**	406
Capital allowance carry-forwards	**10,410**	82,798	**-**	-	**10,410**	82,798
Investment tax allowance carry-forwards	**206,339**	206,558	**-**	-	**206,339**	206,558
Other items	**-**	2,111	**(3,261)**	(12)	**(3,261)**	2,099
RCSLS	**-**	-	**-**	(14,358)	**-**	(14,358)
Tax assets/(liabilities)	**218,714**	293,566	**(248,557)**	(278,117)	**(29,843)**	15,449
Set off of tax	**(119,280)**	(160,842)	**119,280**	160,842	**-**	-
Net tax assets/(liabilities)	**99,434**	132,724	**(129,277)**	(117,275)	**(29,843)**	15,449
Company						
Property, plant and equipment	**-**	-	**(17,023)**	(17,023)	**(17,023)**	(17,023)
RCSLS	**-**	-	**-**	(14,358)	**-**	(14,358)
	-	-	**(17,023)**	(31,381)	**(17,023)**	(31,381)

9. Deferred tax assets/(liabilities) *cont'd*

Movement in temporary differences during the year

Group	At 1.1.2014	Recognised in profit or loss (Note 22)	Recognised directly in equity	Effect of movement in exchange rates	At 31.12.2014/ 1.1.2015	Recognised in profit or loss (Note 22)	Recognised directly in equity	Effect of movement in exchange rates	At 31.12.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	(292,403)	30,321	-	(1,665)	(263,747)	25,249	-	(6,798)	**(245,296)**
Provisions	4,823	(3,130)	-	-	1,693	(312)	-	-	**1,381**
Tax loss carry-forwards	413	(7)	-	-	406	178	-	-	**584**
Capital allowance carry-forwards	138,966	(56,168)	-	-	82,798	(72,388)	-	-	**10,410**
Investment tax allowance carry-forwards	206,558	-	-	-	206,558	(219)	-	-	**206,339**
Other items	587	1,512	-	-	2,099	(5,360)	-	-	**(3,261)**
RCSLS	(18,529)	(348)	4,519	-	(14,358)	-	14,358	-	**-**
	40,415	(27,820)	4,519	(1,665)	15,449	(52,852)	14,358	(6,798)	**(29,843)**
Company									
Property, plant and equipment	(17,516)	493	-	-	(17,023)	-	-	-	**(17,023)**
RCSLS	(18,529)	(348)	4,519	-	(14,358)	-	14,358	-	**-**
	(36,045)	145	4,519	-	(31,381)	-	14,358	-	**(17,023)**

Estimation uncertainty and significant judgements

In October 2013, PM Bintulu was awarded Pioneer Status by the Malaysian Investment Development Authority ("MIDA"), which entitles PM Bintulu exemption from tax for a period of 5 years from 1 January 2013 to 31 December 2017 on 100% of statutory income derived from the production of aluminium products. PM Bintulu is allowed to apply for an additional 5 years exemption upon expiry of the first 5 years.

In July 2014, the MIDA further granted PM Bintulu the right to apply for an additional 5 years Pioneer Status, resulting in a potential extension of exemption from tax up to 31 December 2027.

9. Deferred tax assets/(liabilities) *cont'd*

Estimation uncertainty and significant judgements *cont'd*

The measurement of the net deferred tax liabilities of PM Bintulu amounting to RM67,667,000 (2014: RM48,667,000) is based on the assumptions below:

(i) PM Bintulu will successfully obtain MIDA's approval to extend the pioneer period to 31 December 2027 at the end of the current 5-year period granted;

(ii) there will not be any substantial changes to the estimated useful lives of the property, plant and equipment of PM Bintulu nor will there be any significant disposals/write-off of existing property, plant and equipment up to 31 December 2027; and

(iii) there will not be any substantial changes to the currently enacted tax rates.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2015	**2014**
	RM'000	**RM'000**
Other deductible temporary differences	**50**	3,092
Tax loss carry-forwards	**57,891**	52,090
Capital allowance carry-forwards	**7,402**	8,256
Investment tax allowance carry-forwards	**6,665**	6,665
	72,008	70,103

Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which these assets can be utilised. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group entities can utilise the benefits there from.

10. Inventories

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At cost:				
Raw materials	**382,870**	190,804	**22,814**	22,199
Work-in-progress	**113,989**	103,394	**3,126**	3,606
Finished goods	**313,221**	205,220	**10,359**	11,429
Consumable parts	**23,020**	9,668	**94**	77
Goods in transit	**13,531**	46,100	**10,988**	-
	846,631	555,186	**47,381**	37,311
At net realisable value:				
Finished goods	**23,258**	-	**-**	-
	869,889	555,186	**47,381**	37,311
Carrying amount of inventories pledged as security for bank borrowings (see Note 17)	**543,299**	121,817	**-**	-
Recognised in profit or loss:				
Inventories recognised as cost of sales	**2,167,719**	1,707,482	**664,817**	514,491
Write-down to net realisable value	**19,529**	-	**-**	-

The write down is included in cost of sales. Due to the decrease in selling price of a by-product in the Smelting and Extrusion operating segment, the Group wrote down the by-product to its net realisable value, which resulted in a loss of RM19,529,000 (2014: Nil) during the current financial year.

11. Trade and other receivables

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Trade					
Trade receivables		**620,882**	595,464	**63,480**	56,602
Less: Individual impairment allowance		**(10,290)**	(10,675)	**(325)**	(325)
		610,592	584,789	**63,155**	56,277
Amounts due from subsidiaries	11.1	**-**	-	**309,892**	414,065
Less: Individual Impairment allowance	11.1	**-**	-	**(558)**	(18,193)
		-	-	**309,334**	395,872
Amount due from an associate	11.1	**41,098**	31,550	**40,083**	25,279
		651,690	616,339	**412,572**	477,428
Non-trade					
Amounts due from subsidiaries	11.1	**-**	-	**282,101**	478,436
Less: Individual impairment allowance	11.1	**-**	-	**(94)**	(26,673)
		-	-	**282,007**	451,763
Amount due from an associate	11.1	**386**	-	**-**	-
Other receivables	11.2	**52,864**	83,885	**2,149**	3,770
Deposits		**9,770**	10,270	**1,743**	2,124
Goods and services tax claimable	11.3	**16,610**	-	**1,176**	-
		79,630	94,155	**287,075**	457,657
		731,320	710,494	**699,647**	935,085

11. Trade and other receivables *cont'd*

11.1 Related party balances

The trade balances due from subsidiaries and an associate are subject to normal trade terms. The non-trade balance due from an associate is unsecured, interest free and repayable on demand. The non-trade balances due from subsidiaries are subject to the following terms:

	Company	
	2015	**2014**
	RM'000	**RM'000**
Current		
Interest free and repayable on demand	**282,101**	296,214
Subject to interest at 6.00% per annum and repayable on demand	**-**	182,222
	282,101	478,436

During the financial year, impairment allowance amounting to RM9,880,000 (2014: Nil) were written off against amounts due from subsidiaries.

11.2 Other receivables

Included in other receivables of the Group are advances made to a purchasing agent for the procurement of spare parts and materials on behalf of the Group entities amounting to RM11,750,000 (2014: RM52,667,000).

11. Trade and other receivables *cont'd*

11.3 Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and financial liabilities that have been set off for presentation purposes:

	Gross amount RM'000	Balances that are set off RM'000	Net carrying amount RM'000
Group			
2015			
Goods and services tax claimable	**66,055**	**(49,445)**	**16,610**
Goods and services tax payable	**(49,445)**	**49,445**	**-**
Company			
2015			
Goods and services tax claimable	**3,726**	**(2,550)**	**1,176**
Goods and services tax payable	**(2,550)**	**2,550**	**-**

The goods and services tax claimable and goods and services tax payable were set off for presentation purposes because each of the Group entities has enforceable right to set off and intends to settle on a net basis.

11.4 Estimation uncertainty and critical judgements

The Group and the Company make impairment allowance on receivables based on assessment of recoverability. Whilst management's assessment is guided by past experiences, judgement is made about the future recovery of debts.

12. Prepayments

At 31 December 2015, included in prepayments of the Group are payments amounting to RM60,683,000 made by a subsidiary for electricity charges under take-or-pay contracts. The amount represents the unutilised portion of electricity charges which the subsidiary is entitled, subject to certain terms and conditions, to utilise in future without any additional charges.

13. Derivative financial assets/(liabilities)

	Nominal value RM'000	Assets RM'000	Liabilities RM'000
Group			
2015			
Derivatives held for trading at fair value through profit or loss:			
- Forward exchange contracts	**1,128,976**	**21,100**	**(4,412)**
- Commodity swaps	**69,061**	**7,308**	**-**
	1,198,037	**28,408**	**(4,412)**
2014			
Derivatives held for trading at fair value through profit or loss:			
- Call option contracts	149,817	559	-
- Commodity swaps	190,006	8,797	-
- Interest rate swaps	110,490	-	(862)
	450,313	9,356	(862)
Company			
2015	-	-	-
2014			
Derivatives held for trading at fair value through profit or loss:			
- Call option contracts	81,425	154	-
- Commodity swaps	98,114	1,799	-
- Interest rate swaps	110,490	-	(862)
	290,029	1,953	(862)

Call option contracts and commodity swaps are used to lock in aluminium prices while forward exchange contacts and interest rate swaps are used to manage the foreign currency and interest rate exposures arising from the monetary assets and liabilities denominated in foreign currencies of the Group and of the Company. Most of the derivatives have maturities of less than one year after the end of the reporting period. Where necessary, the derivatives are rolled over at maturity.

14. Cash and cash equivalents

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM’000	**RM’000**	**RM’000**	**RM’000**
Deposits placed with licensed banks	**138,007**	39,167	**455**	438
Cash and bank balances	**167,113**	315,997	**20,845**	50,160
	305,120	355,164	**21,300**	50,598

Included in deposits placed with licensed banks of the Group is RM76,210,000 (2014: RM35,757,000) pledged for bank facilities granted to certain subsidiaries (see Note 17).

15. Capital and reserves

Share capital

	Group and Company			
	Amount	**Number of shares**	**Amount**	**Number of shares**
	2015	**2015**	**2014**	**2014**
	RM’000	**’000**	**RM’000**	**’000**
Ordinary share of RM0.50 each:				
Authorised:				
At 1 January	**1,000,000**	**2,000,000**	500,000	1,000,000
Created during the year	**-**	**-**	500,000	1,000,000
At 31 December	**1,000,000**	**2,000,000**	1,000,000	2,000,000

15. Capital and reserves *cont'd*

Share capital *cont'd*

	Group and Company			
	Amount 2015 RM'000	**Number of shares 2015 '000**	**Amount 2014 RM'000**	**Number of shares 2014 '000**
Issued and fully paid:				
At 1 January	**550,397**	**1,100,792**	254,677	509,351
Issued during the year:				
- Bonus issue	**-**	**-**	274,884	549,769
- Conversion of RCSLS	**96,300**	**192,600**	17,507	35,013
- Exercise of warrants	**2,719**	**5,439**	3,329	6,659
At 31 December	**649,416**	**1,298,831**	550,397	1,100,792

Ordinary shares

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.

Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

Translation reserve

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

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

15. Capital and reserves *cont'd*

Capital reserves (RCSLS and warrants reserves)

The capital reserves comprise the equity portion of RCSLS issued together with free warrants attached (see Note 17.3).

At an extraordinary general meeting held on 29 June 2011, the Company's shareholders approved a proposed renounceable rights issue of up to RM323,735,042 nominal value of 8-year 6% RCSLS at 100% of its nominal value together with up to 147,152,292 free warrants on the basis of one RM2.20 nominal value of RCSLS together with one warrant for every three existing ordinary shares of RM0.50 each held in the Company.

On 26 August 2011, the Company issued 145,684,940 RCSLS together with 145,684,940 free detachable warrants for cash of RM320,506,868. The RCSLS are convertible into 145,684,940 ordinary shares of RM0.50 each from the first anniversary of the issue date of the RCSLS up to 22 August 2019 at the option of the holder, which is at a rate of one ordinary share of RM0.50 each for every one RCSLS held (adjusted to two ordinary shares of RM0.50 each for every one RCSLS held consequential to the bonus issue credited on 10 November 2014 on the basis of 1 bonus share for every existing share held). Unconverted RCSLS will be entitled to receive a coupon of 6% per annum based on the nominal value of RCSLS held.

In February 2015, the shareholders of the Company approved the conversion of all RCSLS held by Alpha Milestone Sdn. Bhd. ("AMSB") and persons acting-in-concert ("PACS") without undertaking a mandatory takeover offer. This was subsequently approved by the Securities Commission.

Following the necessary approvals, AMSB and PACS converted all their RCSLS to ordinary shares of the Company. In March 2015, the Securities Commission further approved the Company to early redeem and cancel all the remaining 517,733 unconverted RCSLS. This was completed via the repayment of RM1,139,013 by the Company to the RCSLS holders.

The warrants are in registered form and constituted by a deed poll. The registered holders are entitled to subscribe for one new ordinary share of RM0.50 each in the Company at a price of RM2.20 (adjusted to RM1.10 consequential to the bonus issue credited on 10 November 2014 on the basis of 1 bonus share for every existing share held) per ordinary share for every warrant held. The conversion ratio is subject to the aforesaid deed poll and can be exercised at any time during the eight-year subscription period up to 22 August 2019.

15. Capital and reserves *cont'd*

Capital reserves (RCSLS and warrants reserves) *cont'd*

The number of RCSLS and warrants is as follows:

	RCSLS 2015 '000	RCSLS 2014 '000	Warrants 2015 '000	Warrants 2014 '000
Outstanding at 1 January	**96,901**	144,112	**149,050**	80,684
Adjusted consequential to the bonus issue during the year	**-**	-	**-**	75,025
Converted/Exercised during the year	**(96,300)**	(34,886)	**(5,439)**	(6,659)
Redeemed during the year	**(601)**	(12,325)	**-**	-
Outstanding at 31 December	**-**	96,901	**143,611**	149,050

16. Trade and other payables

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Non-current					
Non-trade					
Other payables	16.1	**-**	66,842	**-**	-

16. Trade and other payables *cont'd*

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Current					
Trade					
Trade payables	16.2	**533,752**	416,610	**13,124**	30,448
Amounts due to subsidiaries	16.3	**-**	-	**599,021**	508,386
Amount due to an associate	16.3	**11,459**	10,135	**55**	538
		545,211	426,745	**612,200**	539,372
Non-trade					
Amounts due to subsidiaries	16.3	**-**	-	**414,496**	68,915
Amount due to an associate	16.3	**2,225**	3,590	**1,958**	1,948
Other payables	16.1	**851,612**	269,762	**31,269**	15,546
Accrued expenses		**56,372**	40,212	**5,499**	5,829
		910,209	313,564	**453,222**	92,238
		1,455,420	740,309	**1,065,422**	631,610
		1,455,420	807,151	**1,065,422**	631,610

16. Trade and other payables *cont'd*

16.1 Other payables

Included in other payables of the Group and of the Company are:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amounts due to:				
- a purchasing agent	**55,843**	66,703	**-**	-
- contractors of the Samalaju Plant	**231,338**	2,847	**-**	-
- state government of Sarawak (leasehold land premium)	**7,416**	20,046	**-**	-
Advance payments received in relation to forward sale agreements entered with:				
- a customer	**332,684**	160,257	**-**	-
- a non-controlling interest holder	**127,057**	-	**-**	-

16.2 Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and financial liabilities that have been set off for presentation purposes:

	Gross amount	Balances that are set off	Net carrying amount
	RM'000	**RM'000**	**RM'000**
Group			
2015			
Trade receivables	**22,382**	**(22,382)**	**-**
Trade payables	**(27,806)**	**22,382**	**(5,424)**

Certain trade receivables and trade payables were set off for presentation purpose because a subsidiary has enforceable right to set off and it intends to settle on a net basis.

16. Trade and other payables *cont'd*

16.3 Related party balances

The trade balances due to subsidiaries and an associate are subject to normal trade terms. The non-trade balances due to subsidiaries and an associate are unsecured, interest free and repayable on demand.

17. Loans and borrowings

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Non-current					
Bank loans					
- secured	17.1	**1,846,507**	742,174	**3,642**	4,170
- unsecured	17.1	**125,656**	139,827	**-**	-
Finance lease liabilities	17.2	**17,719**	11,651	**1,379**	3,431
RCSLS	17.3	**-**	127,307	**-**	127,307
		1,989,882	1,020,959	**5,021**	134,908

17. Loans and borrowings *cont'd*

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Current					
Bank loans					
- secured	17.1	**511,081**	250,174	**528**	528
- unsecured	17.1	**46,181**	35,386	**-**	6,993
Bankers' acceptances					
- secured	17.4	**537,227**	552,077	**11,848**	-
- unsecured	17.4	**64,995**	164,287	**62,944**	160,249
Revolving credits					
- secured	17.5	**160,906**	225,923	**-**	-
- unsecured	17.5	**85,898**	69,897	**-**	-
Bank overdrafts					
- unsecured	17.6	**1,489**	942	**-**	-
Finance lease liabilities	17.2	**17,092**	8,314	**2,281**	1,235
RCSLS	17.3	**-**	22,466	**-**	22,466
		1,424,869	1,329,466	**77,601**	191,471
		3,414,751	2,350,425	**82,622**	326,379

17. Loans and borrowings *cont'd*

17.1 Bank loans

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loans of the Company:				
Loan 1 – unsecured	**-**	6,993	**-**	6,993
Loan 2 – secured	**4,170**	4,698	**4,170**	4,698
Loans of subsidiaries:				
Loan 3 – secured	**242**	270	**-**	-
Loan 4 – unsecured	**171,837**	168,220	**-**	-
Loan 5 – secured	**908,875**	802,021	**-**	-
Loan 6 – secured	**200,475**	168,457	**-**	-
Loan 7 – secured	**-**	16,902	**-**	-
Loan 8 – secured	**571,037**	-	**-**	-
Loan 9 – secured	**255,660**	-	**-**	-
Loan 10 – secured	**417,129**	-	**-**	-
	2,529,425	1,167,561	**4,170**	11,691

Securities and guarantees

Loan 1	No securities nor guarantees
Loan 2	Secured over a building of the Company with a carrying amount of RM5,952,000 (2014: RM6,076,000)
Loan 3	Secured over a building of a subsidiary with a carrying amount of RM835,000 (2014: RM860,000) and guaranteed by the Company
Loan 4	Guaranteed by the Company
Loan 5	Secured over a leasehold land of a subsidiary with a carrying amount of RM33,996,000 (2014: RM47,385,000), floating charges over other property, plant and equipment, deposits pledged with a licensed bank of RM38,455,000 (2014: RM19,109,000) and guaranteed by the Company

17. Loans and borrowings *cont'd*

17.1 Bank loans *cont'd*

Securities and guarantees *cont'd*

Loan 6	Secured over a leasehold land of a subsidiary with a carrying amount of RM205,497,000 (2014: RM180,193,000) and guaranteed by the Company and a subsidiary
Loan 7	At 31 December 2014, secured over a leasehold land of a subsidiary with a carrying amount of RM8,275,000, deposits pledged with a licensed bank of RM13,944,000 and guaranteed by a subsidiary
Loan 8	Secured over a leasehold land of a subsidiary with a carrying amount of RM33,996,000, floating charges over other property, plant and equipment, deposits pledged with a licensed bank of RM6,928,000 and guaranteed by the Company
Loan 9	Deposits pledged with a licensed bank of RM11,693,000 and guaranteed by the Company
Loan 10	Secured over leasehold land of a subsidiary with carrying amount of RM34,350,000, fixed and floating charges over other property, plant and equipment, deposits pledged with a licensed bank of RM18,678,000 and guaranteed by the Company

Significant covenants

In connection with the significant bank loan facilities of Press Metal (HK) Limited, Press Metal Bintulu Sdn. Bhd. and Press Metal Sarawak Sdn. Bhd., the subsidiaries and the Company have agreed on the following significant covenants with the lenders:

Press Metal (HK) Limited (Loan 4)

The subsidiary of Press Metal (HK) Limited, PMI shall maintain a minimum Debt Service Cover Ratio ("DSCR") of 1.25 times and Debt-To-Equity Ratio ("DE") of 70:30.

Press Metal Bintulu Sdn. Bhd. (Loan 5)

i) The subsidiary shall maintain a minimum DSCR of 1.25 times and DE of 70:30; and

ii) To provide further security when required by the security agent.

Press Metal Bintulu Sdn. Bhd. (Loan 8)

i) The subsidiary shall maintain a maximum gross debt/tangible net worth of 1.5 times for the current financial year, minimum DSCR of 1.25 times and maximum gross debt-to-EBITDA of not more than 5.50 times for the current financial year;

17. Loans and borrowings *cont'd*

17.1 Bank loans *cont'd*

Significant covenants *cont'd*

Press Metal Bintulu Sdn. Bhd. (Loan 8) *cont'd*

ii) The Company shall maintain a maximum gross debt/tangible net worth of 1.5 times for the current financial year and maximum gross debt-to-EBITDA of not more than 5.50 times for the current financial year; and

iii) The Company shall maintain its shareholdings in the subsidiary.

Press Metal Sarawak Sdn. Bhd. (Loan 9)

i) The subsidiary shall maintain a minimum net worth of RM600 million, net gearing ratio of not more than 1.50 times, net debt-to-EBITDA of not more than 4.00 times and minimum DSCR of 1.25 times;

ii) The Group shall maintain a minimum net worth of RM1.5 billion, net gearing ratio of not more than 2.50 times, net debt-to-EBITDA of not more than 6.00 times for the current financial year and minimum DSCR of 1.25 times; and

iii) The Company and non-controlling interest holder shall maintain their shareholdings in the subsidiary.

Press Metal Sarawak Sdn. Bhd. (Loan 10)

The subsidiary shall maintain a net gearing ratio of not more than 1.50 times, net debt-to-EBITDA of not more than 4.00 times for the current financial year and minimum DSCR of 1.25 times.

17. Loans and borrowings *cont'd*

17.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2015 RM'000	Interest 2015 RM'000	Present value of minimum lease payments 2015 RM'000	Future minimum lease payments 2014 RM'000	Interest 2014 RM'000	Present value of minimum lease payments 2014 RM'000
Group						
Less than one year	**18,890**	**(1,798)**	**17,092**	9,501	(1,187)	8,314
Between one and five years	**19,555**	**(2,405)**	**17,150**	11,654	(1,667)	9,987
More than five years	**692**	**(123)**	**569**	1,948	(284)	1,664
	39,137	**(4,326)**	**34,811**	23,103	(3,138)	19,965
Company						
Less than one year	**2,654**	**(373)**	**2,281**	1,451	(216)	1,235
Between one and five years	**1,436**	**(221)**	**1,215**	2,078	(312)	1,766
More than five years	**195**	**(31)**	**164**	1,949	(284)	1,665
	4,285	**(625)**	**3,660**	5,478	(812)	4,666

17. Loans and borrowings *cont'd*

17.3 RCSLS

On 26 August 2011, the Company issued 145,684,940 RCSLS together with 145,684,940 free detachable warrants for cash of RM320,506,868. The RCSLS are convertible into 145,684,940 ordinary shares of RM0.50 each from the first anniversary of the issue date of the RCSLS up to 22 August 2019 at the option of the holder, which is at a rate of one ordinary share of RM0.50 each for every one RCSLS held (adjusted to two ordinary shares of RM0.50 each for every one RCSLS consequential to the bonus issue credited on 10 November 2014 on the basis of 1 bonus share for every existing share held). Unconverted RCSLS will be entitled to receive a coupon of 6% per annum based on the nominal value of RCSLS held.

In February 2015, the shareholders of the Company approved the conversion of all RCSLS held by AMSB and PACS without undertaking a mandatory takeover offer. This was subsequently approved by the Securities Commission.

Following the necessary approvals, AMSB and PACS converted all their RCSLS to ordinary shares of the Company. In March 2015, the Securities Commission further approved the Company to early redeem and cancel all the remaining 517,733 unconverted RCSLS. This was completed via the repayment of RM1,139,013 by the Company to the RCSLS holders.

17. Loans and borrowings *cont'd*

17.3 RCSLS *cont'd*

	Group and Company	
	2015	**2014**
	RM'000	**RM'000**
Proceeds from issue of 145,684,940 RCSLS and free warrants	**320,507**	320,507
Transaction costs	**(6,819)**	(6,819)
Net proceeds	**313,688**	313,688
Amounts classified as equity:		
- RCSLS reserve (see Note 15)	**(14,408)**	(14,408)
- Warrants reserve (see Note 15)	**(76,475)**	(76,475)
Amount classified as deferred tax liabilities	**(27,719)**	(27,719)
Accreted interest	**34,999**	34,999
Amortisation of transaction costs	**4,905**	4,905
	234,990	234,990
Less: Converted RCSLS	**(206,556)**	(58,102)
Less: Redeemed RCSLS	**(28,434)**	(27,115)
Carrying amount at 31 December	**-**	149,773
Movement of RCSLS during the year		
At 1 January	**149,773**	229,155
Amortisation of transaction costs	**-**	3,471
Conversion during the year	**(148,454)**	(55,738)
Redemption during the year	**(1,319)**	(27,115)
At 31 December	**-**	149,773

17. Loans and borrowings *cont'd*

17.4 Bankers' acceptances

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Secured over property, plant and equipment and/or inventories and/or deposits pledged with licensed banks and guaranteed by the Company	**525,379**	552,077	**-**	-
Secured over a building of the Company	**11,848**	-	**11,848**	-
Guaranteed by the Company	**2,051**	4,038	**-**	-
No securities nor guarantees	**62,944**	160,249	**62,944**	160,249
	602,222	716,364	**74,792**	160,249

17.5 Revolving credits

The revolving credits of the Group entities amounting to RM160,906,000 (2014: RM225,923,000) are secured over fixed and floating charges over the property, plant and equipment, inventories and deposits pledged with licensed banks of subsidiaries of which RM89,836,000 (2014: RM225,923,000) is also guaranteed by the Company.

The entire unsecured revolving credits of the Group entities are guaranteed by the Company.

17.6 Bank overdrafts – unsecured

The entire bank overdrafts of the Group entities are guaranteed by the Company.

18. Revenue

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Sale of goods	**4,223,825**	3,994,677	**807,892**	635,288
Services	**854**	842	**-**	-
Contracting and fabrication	**96,592**	95,498	**-**	-
Dividends	**-**	-	**33,240**	-
	4,321,271	4,091,017	**841,132**	635,288

19. Finance income

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- fixed deposits	**1,928**	2,349	**-**	-
- loan to a subsidiary	**-**	-	**3,189**	15,831
- unwinding of discount of non-current amount due from a subsidiary	**-**	-	**-**	4,196
	1,928	2,349	**3,189**	20,027

20. Finance costs

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	**145**	300	**34**	176
- bank loans:				
- amortisation of transaction costs	**5,300**	9,390	**-**	-
- interest paid and payable	**58,342**	60,215	**221**	247
- bankers' acceptances	**32,478**	38,258	**19,948**	13,020
- finance lease liabilities	**1,462**	1,144	**219**	208
- revolving credits	**11,573**	7,427	**-**	1,123
- RCSLS:				
- amortisation of transaction costs	**-**	3,471	**-**	3,471
- coupon payment	**3,189**	15,818	**3,189**	15,818
	112,489	136,023	**23,611**	34,063
Other finance costs	**22,238**	17,444	**185**	619
	134,727	153,467	**23,796**	34,682
Recognised in profit or loss	**97,726**	153,467	**23,796**	34,682
Capitalised on qualifying assets:				
- property, plant and equipment	**37,001**	-	**-**	-
	134,727	153,467	**23,796**	34,682

21. Profit before tax

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Profit before tax is arrived after charging:				
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia	**765**	660	**245**	230
Other auditors	**553**	607	**-**	-
- Non-audit fees				
KPMG in Malaysia	**85**	125	**25**	25
Bad debts written off	**4,427**	1,767	**-**	-
Depreciation of investment properties	**42**	41	**-**	-
Depreciation of property, plant and equipment	**257,381**	242,426	**16,694**	20,056
Fair value loss on derivatives	**-**	-	**1,091**	-
Impairment loss:				
- Amounts due from subsidiaries	**-**	-	**-**	42,540
- Goodwill	**-**	3,581	**-**	-
- Investment properties	**200**	-	**-**	-
- Investments in subsidiaries	**-**	-	**14,883**	88,626
- Trade receivables	**2,214**	2,807	**-**	-
Loss on disposal of:				
- A subsidiary	**-**	108	**-**	-
- Asset classified as held for sale	**-**	132	**-**	-
- Property, plant and equipment	**491**	1,876	**-**	151
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	**6,678**	6,409	**2,679**	2,606
- Wages, salaries and others	**216,035**	179,863	**38,328**	35,916

21. Profit before tax *cont'd*

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived after charging: *cont'd*				
Property, plant and equipment written off	**54,632**	3,679	**-**	-
Realised derivative loss	**-**	1,409	**-**	-
Realised foreign exchange loss	**239,552**	8,454	**4,748**	-
Rental expense in respect of:				
- Property	**6,460**	7,344	**2,218**	2,372
- Equipment and machinery	**4,460**	4,576	**907**	453
Unrealised foreign exchange loss	**60,113**	112,315	**27,888**	11,819
and after crediting:				
Dividend income from:				
- Associate	**-**	-	**859**	644
- Subsidiary	**-**	-	**33,240**	-
Fair value gain on derivatives	**15,502**	7,085	**-**	5,573
Gain on disposal of property, plant and equipment	**-**	-	**64**	-
Gain on partial disposal of a subsidiary	**-**	-	**-**	430,899
Realised derivative gain	**78,901**	-	**28,377**	4,482
Realised foreign exchange gain	**-**	-	**-**	1,343
Rental income from:				
- Investment property	**114**	173	**-**	-
- Property	**3,517**	2,038	**-**	-
Reversal of impairment loss:				
- Trade receivables	**1,657**	519	**-**	-
- Amounts due from subsidiaries	**-**	-	**34,334**	-

22. Tax expense

Recognised in profit or loss

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax expense	**71,007**	38,098	**4,539**	6,064
Share of tax of an equity-accounted associate	**786**	703	**-**	-
Total income tax expense	**71,793**	38,801	**4,539**	6,064
Major components of income tax expense include:				
Current tax expense				
Malaysian - current year	**5,402**	5,920	**4,782**	5,311
- prior year	**(323)**	974	**(243)**	898
Overseas - current year	**13,074**	3,267	**-**	-
- prior year	**2**	117	**-**	-
Total current tax recognised in profit or loss	**18,155**	10,278	**4,539**	6,209
Deferred tax expense				
Origination and reversal of temporary differences	**52,558**	23,207	**-**	(708)
Under provision in prior year	**294**	4,613	**-**	563
Total deferred tax recognised in profit or loss (Note 9)	**52,852**	27,820	**-**	(145)
Share of tax of an equity-accounted associate	**786**	703	**-**	-
Total income tax expense	**71,793**	38,801	**4,539**	6,064

22. Tax expense *cont'd*

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Reconciliation of tax expense				
Profit for the year	**160,969**	265,967	**30,923**	276,131
Total income tax expenses	**71,793**	38,801	**4,539**	6,064
Profit excluding tax	**232,762**	304,768	**35,462**	282,195
Income tax calculated using Malaysian tax rate of 25% (2014: 25%)	**58,191**	76,192	**8,866**	70,549
Effect of tax rates in foreign jurisdictions	**(2,234)**	(383)	**-**	-
Non-deductible expenses	**23,883**	33,421	**13,024**	41,940
Non-taxable income	**(6,235)**	-	**(17,108)**	(107,886)
Tax incentives	**(2,261)**	(79,691)	**-**	-
Effect of deferred tax assets not recognised	**476**	3,558	**-**	-
(Over)/Under provision in prior years	**(27)**	5,704	**(243)**	1,461
	71,793	38,801	**4,539**	6,064

Non-taxable income

The non-taxable income of the Company for the financial year ended 31 December 2015 is related to the reversal of impairment loss on amounts due from subsidiaries and dividends received from an associate and a subsidiary (2014: gain on partial disposal of a subsidiary and dividends received from an associate).

22. Tax expense *cont'd*

Non-taxable income

The non-taxable income of the Company for the financial year ended 31 December 2015 is related to the reversal of impairment loss on amounts due from subsidiaries and dividends received from an associate and a subsidiary (2014: gain on partial disposal of a subsidiary and dividends received from an associate).

Tax incentives

(i) Press Metal Sarawak Sdn. Bhd. ("PMS")

In July 2012, PMS obtained the approval from the MIDA providing PMS with an Investment Tax Allowance ("ITA") of 100% on capital expenditures incurred towards the production of aluminium products over a period of 5 years from 24 January 2008 to 23 January 2013.

For the financial year ended 31 December 2012, PMS recognised ITA for capital expenditures incurred on plant and machinery which are used to produce aluminium products. This resulted in the recognition of deferred tax assets amounting to RM149,992,000 during the financial year ended 31 December 2012.

For the financial years ended 31 December 2014 and 31 December 2013, upon further clarification with the MIDA, the factory buildings housing the plant and machinery were also deemed to qualify for ITA. This resulted in further recognition of deferred tax assets amounting to RM13,648,000 and RM65,173,000, respectively.

(ii) Press Metal Bintulu Sdn. Bhd. ("PM Bintulu")

In October 2013, PM Bintulu was awarded Pioneer Status by the MIDA, which entitles PM Bintulu exemption from tax for a period of 5 years from 1 January 2013 to 31 December 2017 on 100% of statutory income derived from the production of aluminium products. PM Bintulu is allowed to apply for an additional 5 years exemption upon expiry of the first 5 years.

In July 2014, the MIDA further granted PM Bintulu the right to apply for an additional 5 years Pioneer Status, resulting in a potential extension of exemption from tax up to 31 December 2027.

23. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2015 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Profit attributable to ordinary shareholders	**132,345**	214,910

	Group	
	2015	**2014**
	'000	**'000**
Issued ordinary shares at 1 January	**1,100,792**	509,351
Effect of bonus issue during the year	**-**	531,764
Effect of conversion of RCSLS during the year	**170,385**	20,534
Effect of exercise of warrants during the year	**3,797**	1,922
Weighted average number of ordinary shares at 31 December	**1,274,974**	1,063,571

	Group	
	2015	**2014**
	sen	**sen**
Basic earnings per ordinary share	**10.38**	20.21

23. Earnings per ordinary share *cont'd*

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2015 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2015	**2014**
	RM'000	**RM'000**
Profit attributable to ordinary shareholders (basic)	**132,345**	214,910
Interest expense on RCSLS, net of tax	**-**	11,863
Profit attributable to ordinary shareholders (diluted)	**132,345**	226,773

	Group	
	2015	**2014**
	'000	**'000**
Weighted average number of ordinary shares at 31 December (basic)	**1,274,974**	1,063,571
Effect of conversion of outstanding RCSLS	**-**	193,802
Effect of warrants on issue	**81,307**	74,525
Weighted average number of ordinary shares at 31 December (diluted)	**1,356,281**	1,331,898

	Group	
	2015	**2014**
	sen	**sen**
Diluted earnings per ordinary share	**9.76**	17.03

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

24. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2015			
Fourth interim 2014 ordinary	**3.0**	**38,788**	12 March 2015
First interim 2015 ordinary	**3.0**	**38,953**	2 June 2015
Second interim 2015 ordinary	**1.5**	**19,482**	10 September 2015
Third interim 2015 ordinary	**1.5**	**19,482**	28 December 2015
Total amount		**116,705**	
2014			
Second interim 2013 ordinary	1.0	5,157	3 April 2014
First interim 2014 ordinary	5.0	26,620	19 June 2014
Second interim 2014 ordinary	5.0	27,300	12 September 2014
Third interim 2014 ordinary	3.0	32,986	27 November 2014
Total amount		92,063	

After the reporting date, the following dividend was declared by the Directors and paid on 25 March 2016. This dividend will be recognised in subsequent financial period. The Directors do not recommend any final dividend to be paid for the financial year under review.

	Sen per share	Total amount RM'000
Fourth interim 2015 ordinary	**1.5**	**19,482**

25. 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 Chief Operating Decision Maker ("CODM") (i.e. the Group's Chief Executive Officer) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Smelting and Extrusion* Includes manufacturing and trading of smelting and extrusion products
- *Trading* Includes marketing of aluminium products

The manufacturing and trading of smelting and extrusion products are managed by two different segments within the Group. These operating segments are aggregated to form a reportable segment as Smelting and Extrusion due to the similar nature and economic characteristics of the products. The nature and methods of distribution of the products for these divisions are similar. The type of customers for the products are similar, which consist of industrial customers.

Other non-reportable segments comprise operations related to contracting and fabrication, waste management, manufacturing of moulds and dies, investment holding and dormant companies. None of these segments met the quantitative thresholds for reporting segments in 2015 and 2014.

There are varying levels of integration between Smelting and Extrusion reportable segment and Trading reportable segment. This integration includes transfers of raw materials and shared distribution services, respectively. Inter-segment pricing is determined on negotiated basis.

Performance is measured based on segment profit before tax and interest, as included in the internal management reports that are reviewed by the CODM. 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 assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total assets information is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liabilities.

25. Operating segments *cont'd*

Segment capital expenditure

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

Group	Smelting and extrusion 2015 RM'000	Smelting and extrusion 2014 RM'000	Trading 2015 RM'000	Trading 2014 RM'000	Total 2015 RM'000	Total 2014 RM'000
Segment profit	**327,508**	417,339	**8,490**	29,934	**335,998**	447,273
Included in the measure of segment profit are:						
Revenue from external customers	**4,089,423**	3,124,965	**102,739**	862,434	**4,192,162**	3,987,399
Inter-segment revenue	**404,595**	773,528	**-**	10,008	**404,595**	783,536
Property, plant and equipment written off	**54,632**	3,574	**-**	105	**54,632**	3,679
Depreciation	**252,915**	238,963	**600**	565	**253,515**	239,528
Not included in the measure of segment profits but provided to CODM:						
Finance costs	**87,748**	152,203	**11**	12	**87,759**	152,215
Finance income	**1,927**	2,336	**1**	3	**1,928**	2,339
Tax expense	**67,256**	36,427	**1,701**	(78)	**68,957**	36,349

25. Operating segments *cont'd*

Segment capital expenditure *cont'd*

Group	Smelting and extrusion 2015 RM'000	Smelting and extrusion 2014 RM'000	Trading 2015 RM'000	Trading 2014 RM'000	Total 2015 RM'000	Total 2014 RM'000
Segment assets	**6,337,326**	4,626,351	**209,905**	224,056	**6,547,231**	4,850,407
Included in the measure of segment assets are:						
Investment in an associate	**41,637**	38,428	**-**	-	**41,637**	38,428
Additions to non-current assets other than financial instruments and deferred tax assets	**1,814,779**	213,690	**743**	375	**1,815,522**	214,065

Reconciliation of reportable segment revenues, profit or loss, assets and other material items

Group	2015 RM'000	2014 RM'000
Revenue		
Total external revenue for reportable segments	**4,192,162**	3,987,399
Other non-reportable segments	**129,109**	103,618
Consolidated total	**4,321,271**	4,091,017

25. Operating segments *cont'd*

Reconciliation of reportable segment revenues, profit or loss, assets and other material items *cont'd*

Group	2015 RM'000	2014 RM'000
Profit or loss		
Total profit for reportable segments	**335,998**	447,273
Other non-reportable segments	**1,891**	2,565
Elimination of inter-segment (profits)/losses	**(12,255)**	3,515
Finance income	**1,928**	2,349
Finance costs	**(97,726)**	(153,467)
Share of profit of an associate not included in reportable segments	**2,140**	1,830
Tax expense	**(71,007)**	(38,098)
Consolidated total	**160,969**	265,967
Total assets		
Total assets for reportable segments	**6,547,231**	4,850,407
Other non-reportable segments	**918,881**	800,574
Elimination of inter-segment balances	**(93,638)**	(193,088)
Consolidated total	**7,372,474**	5,457,893
Depreciation		
Total depreciation for reportable segments	**253,515**	239,528
Other non-reportable segments	**3,908**	2,939
Consolidated total	**257,423**	242,467

25. Operating segments *cont'd*

Reconciliation of reportable segment revenues, profit or loss, assets and other material items *cont'd*

Group	2015 RM'000	2014 RM'000
Additions to non-current assets		
Total additions to non-current assets for reportable segments	**1,815,522**	214,065
Other non-reportable segments	**28,564**	64,085
Consolidated total	**1,844,086**	278,150

Geographical segments

The Smelting and Extrusion and the Trading segments are managed on a worldwide basis, but operate manufacturing facilities and sales offices mainly in Malaysia (country of domicile), Asia region which includes Hong Kong and China, Australia for the Oceania region, United Kingdom for the Europe region and the United States of America for the North America 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		Non-current assets	
Group	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	**1,168,976**	733,726	**4,786,370**	3,426,715
Asia	**1,370,475**	1,696,759	**553,598**	357,693
Oceania	**74,696**	57,613	**1,320**	769
Europe	**1,598,995**	1,524,359	**11,068**	2,500
North America	**108,129**	78,560	**157**	260
	4,321,271	4,091,017	**5,352,513**	3,787,937

25. Operating segments *cont'd*

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

Group	Revenue 2015 RM'000	Revenue 2014 RM'000	Segment
All common control companies of:			
Gerald Metal S.A.	**735,505**	887,616	Smelting and Extrusion
Sumitomo Corporation Asia and Oceania Pte. Ltd.	**684,149**	963,325	Smelting and Extrusion

26. Financial instruments

26.1 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) Financial liabilities measured at amortised cost ("FL").

26. Financial instruments *cont'd*

26.1 Categories of financial instruments *cont'd*

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL - HFT RM'000	AFS RM'000
2015				
Financial assets				
Group				
Other investments	1,803	-	-	1,803
Trade and other receivables	731,320	731,320	-	-
Derivative financial assets	28,408	-	28,408	-
Cash and cash equivalents	305,120	305,120	-	-
	1,066,651	1,036,440	28,408	1,803
Company				
Other investments	750	-	-	750
Trade and other receivables	699,647	699,647	-	-
Cash and cash equivalents	21,300	21,300	-	-
	721,697	720,947	-	750
Financial liabilities				
Group				
Loans and borrowings	(3,414,751)	(3,414,751)	-	-
Trade and other payables	(1,455,420)	(1,455,420)	-	-
Derivative financial liabilities	(4,412)	-	(4,412)	-
	(4,874,583)	(4,870,171)	(4,412)	-
Company				
Loans and borrowings	(82,622)	(82,622)	-	-
Trade and other payables	(1,065,422)	(1,065,422)	-	-
	(1,148,044)	(1,148,044)	-	-

26. Financial instruments *cont'd*

26.1 Categories of financial instruments *cont'd*

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL - HFT RM'000	AFS RM'000
2014				
Financial assets				
Group				
Other investments	1,803	-	-	1,803
Trade and other receivables	710,494	710,494	-	-
Derivative financial assets	9,356	-	9,356	-
Cash and cash equivalents	355,164	355,164	-	-
	1,076,817	1,065,658	9,356	1,803
Company				
Other investments	750	-	-	750
Trade and other receivables	935,085	935,085	-	-
Derivative financial assets	1,953	-	1,953	-
Cash and cash equivalents	50,598	50,598	-	-
	988,386	985,683	1,953	750
Financial liabilities				
Group				
Loans and borrowings	(2,350,425)	(2,350,425)	-	-
Trade and other payables	(807,151)	(807,151)	-	-
Derivative financial liabilities	(862)	-	(862)	-
	(3,158,438)	(3,157,576)	(862)	-
Company				
Loans and borrowings	(326,379)	(326,379)	-	-
Trade and other payables	(631,610)	(631,610)	-	-
Derivative financial liabilities	(862)	-	(862)	-
	(958,851)	(957,989)	(862)	-

26. Financial instruments *cont'd*

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net gains/(losses) on:				
Fair value through profit or loss:				
- Held for trading	**94,403**	7,085	**27,286**	5,573
Loans and receivables	**(25,852)**	(12,992)	**86,973**	(17,234)
Financial liabilities measured at amortised cost	**(374,595)**	(262,950)	**(105,882)**	(50,437)
	(306,044)	(268,857)	**8,377**	(62,098)

26.3 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

26.4 Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from its receivables from customers (which are predominantly its subsidiaries), loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

26. Financial instruments *cont'd*

26.4 Credit risk *cont'd*

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. 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 statement 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 with 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 non-related party trade receivables as at the end of the reporting period by geographic region was as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Domestic	**199,969**	164,704	**58,911**	50,752
Asia	**247,993**	255,129	**4,244**	5,525
Oceania	**14,806**	9,510	**-**	-
Europe	**129,359**	136,174	**-**	-
North America	**18,465**	19,272	**-**	-
	610,592	584,789	**63,155**	56,277

26. Financial instruments *cont'd*

26.4 Credit risk *cont'd*

Receivables *cont'd*

Impairment losses

The Group and the Company maintain an ageing analysis in respect of non-related party trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	Gross	Individual impairment	Net
	RM'000	RM'000	RM'000
2015			
Not past due	**418,617**	**-**	**418,617**
Past due 1 - 150 days	**119,908**	**-**	**119,908**
Past due more than 150 days	**82,357**	**(10,290)**	**72,067**
	620,882	**(10,290)**	**610,592**
2014			
Not past due	429,154	-	429,154
Past due 1 - 150 days	106,822	(1,050)	105,772
Past due more than 150 days	59,488	(9,625)	49,863
	595,464	(10,675)	584,789

26. Financial instruments *cont'd*

26.4 Credit risk *cont'd*

Receivables *cont'd*

Impairment losses *cont'd*

Company	Gross	Individual impairment	Net
	RM'000	RM'000	RM'000
2015			
Not past due	**50,706**	**-**	**50,706**
Past due 1 - 150 days	**8,840**	**-**	**8,840**
Past due more than 150 days	**3,934**	**(325)**	**3,609**
	63,480	**(325)**	**63,155**
2014			
Not past due	48,402	-	48,402
Past due 1 - 150 days	7,875	-	7,875
Past due more than 150 days	325	(325)	-
	56,602	(325)	56,277

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.

26. Financial instruments *cont'd*

26.4 Credit risk *cont'd*

Receivables *cont'd*

Impairment losses cont'd

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**10,675**	9,974	**325**	325
Impairment loss recognised	**2,214**	2,807	**-**	-
Impairment loss reversed	**(1,657)**	(519)	**-**	-
Impairment loss written off	**(1,824)**	(1,767)	**-**	-
Effect of movements in exchange rates	**882**	180	**-**	-
At 31 December	**10,290**	10,675	**325**	325

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group and the Company are satisfied 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 Group provides unsecured financial guarantees to customers of contracting and fabrication contracts and the Company provides unsecured financial guarantees to banks and suppliers in respect of banking facilities and credit terms granted to certain subsidiaries. The Group and the Company monitor 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 of the Group and of the Company amounts to RM10,123,000 (2014: RM10,011,000) and RM3,343,055,000 (2014: RM2,365,327,000) respectively, as at the end of the reporting period.

26. Financial instruments *cont'd*

26.4 Credit risk *cont'd*

Financial guarantees *cont'd*

Exposure to credit risk, credit quality and collateral *cont'd*

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 receivables and loans and advances

Risk management objectives, policies and processes for managing the risk

The Group trades with an associate and provides unsecured loans and advances to an associate. The Company trades with its subsidiaries and an associate and provides unsecured loans and advances to subsidiaries. The Group and the Company monitor the results of the subsidiaries and associate 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.

Impairment losses

As at the end of the reporting period, except for balances of RM652,000 (2014: RM44,866,000) due from subsidiaries which are deemed not recoverable and impaired, there was no indication that the receivables and loans and advances to subsidiaries and associate are not recoverable. The Group and the Company do not specifically monitor the ageing of inter-company receivables and advances.

26.5 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.

26. Financial instruments *cont'd*

26.5 Liquidity risk *cont'd*

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

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

Group	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
2015	**RM'000**	**%**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-derivative financial liabilities							
Trade and other payables	1,455,420	-	1,455,420	1,455,420	-	-	-
Bank loans	2,529,425	*	2,794,585	643,826	496,565	1,653,084	1,110
Revolving credits	246,804	2.95 - 6.22	246,804	246,804	-	-	-
Bankers' acceptances	602,222	1.77 - 5.38	602,222	602,222	-	-	-
Bank overdrafts	1,489	7.60 – 7.85	1,489	1,489	-	-	-
Finance lease liabilities	34,811	2.23 - 6.75	39,137	18,890	11,192	8,363	692
Financial guarantees	-	-	10,123	10,123	-	-	-
	4,870,171		5,149,780	2,978,774	507,757	1,661,447	1,802
Derivative financial liabilities							
Derivatives	4,412	-	4,412	4,412	-	-	-
	4,874,583		5,154,192	2,983,186	507,757	1,661,447	1,802

* *Loans 2, 3, 4, 5, 8, 9 and 10 - Represents lenders' cost of funds plus a margin of -1.90% to +2.90% per annum.*
Loan 6 - Fixed rate of 5.98% per annum.

26. Financial instruments *cont'd*

26.5 Liquidity risk *cont'd*

Maturity analysis cont'd

Group 2014	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
Non-derivative financial liabilities							
Trade and other payables	807,151	-	807,151	740,309	66,842	-	-
Bank loans	1,167,561	*	1,312,276	337,272	211,462	668,403	95,139
Revolving credits	295,820	2.85 - 6.44	295,820	295,820	-	-	-
Bankers' acceptances	716,364	1.75 - 5.74	716,364	716,364	-	-	-
Bank overdrafts	942	7.60 - 7.85	942	942	-	-	-
Finance lease liabilities	19,965	2.42 - 6.75	23,103	9,501	6,898	4,756	1,948
Financial guarantees	-	-	10,011	10,011	-	-	-
	3,007,803		3,165,667	2,110,219	285,202	673,159	97,087
Derivative financial liabilities							
Derivatives	862	-	862	862	-	-	-
	3,008,665		3,166,529	2,111,081	285,202	673,159	97,087

* *Loan 1 - Interest is chargeable at a rate pegged against the London Metal Exchange commodity prices. Contractual cash flows as at 31 December 2014 are estimated based on coupon rate stipulated in the agreement.*
Loans 2, 3, 4, and 5 - Represents lenders' cost of funds plus a margin of -1.90% to +3.00% per annum.
Loans 6 and 7 - Fixed rate ranging from 6.00% to 7.25% per annum.

26. Financial instruments *cont'd*

26.5 Liquidity risk *cont'd*

Maturity analysis cont'd

RCSLS

At 31 December 2014, the RCSLS had a carrying amount of RM158,539,000. During the financial year, AMSB and PACS converted all their RCSLS to ordinary shares of the Company, and the Company early redeemed and cancelled all the remaining unconverted RCSLS via the repayment of RM1,139,013.

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

Company	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
2015							
Non-derivative financial liabilities							
Trade and other payables	1,065,422	-	1,065,422	1,065,422	-	-	-
Bank loan	4,170	*	4,906	702	1,333	1,825	1,046
Bankers' acceptances	74,792	1.77 - 5.38	74,792	74,792	-	-	-
Finance lease liabilities	3,660	2.39 - 5.04	4,285	2,654	460	976	195
Financial guarantees	-	-	3,343,055	3,343,055	-	-	-
	1,148,044		4,492,460	4,486,625	1,793	2,801	1,241

* *Loan 2 - Represents lender's cost of funds plus a margin of -1.90% per annum.*

26. Financial instruments *cont'd*

26.5 Liquidity risk *cont'd*

Maturity analysis cont'd

Company	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
2014							
Non-derivative financial liabilities							
Trade and other payables	631,610	-	631,610	631,610	-	-	-
Bank loans	11,691	*	12,904	7,998	1,380	1,895	1,631
Bankers' acceptances	160,249	1.75 - 6.04	160,249	160,249	-	-	-
Finance lease liabilities	4,666	2.42 - 5.04	5,478	1,451	964	1,114	1,949
Financial guarantees	-	-	2,365,327	2,365,327	-	-	-
	808,216		3,175,568	3,166,635	2,344	3,009	3,580
Derivative financial liabilities							
Derivatives	862	-	862	862	-	-	-
	809,078		3,176,430	3,167,497	2,344	3,009	3,580

* Loan 1 - Interest is chargeable at a rate pegged against the London Metal Exchange commodity prices. Contractual cash flows as at 31 December 2014 were estimated based on coupon rate stipulated in the agreement.
Loan 2 - Represents lender's cost of funds plus a margin of -1.90% per annum.

RCSLS

At 31 December 2014, the RCSLS had a carrying amount of RM158,539,000. During the financial year, AMSB and PACS converted all their RCSLS to ordinary shares of the Company, and the Company early redeemed and cancelled all the remaining unconverted RCSLS via the repayment of RM1,139,013.

26. Financial instruments *cont'd*

26.6 Market risk

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

26.6.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

The Group and the Company actively monitor their exposure to foreign currency risk and use 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.

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

26. Financial instruments *cont'd*

26.6 Market risk *cont'd*

26.6.1 Currency risk *cont'd*

Exposure to foreign currency risk cont'd

Group 2015		Trade and other receivables and prepayments	Cash and cash equivalents	Loans and borrowings	Trade and other payables	Net exposure
		RM'000	RM'000	RM'000	RM'000	RM'000
Functional currency	**Foreign currency**					
RM	AUD	-	2,837	-	-	2,837
RM	GBP	-	5,665	(14,293)	-	(8,628)
RM	RMB	-	49	-	(115,313)	(115,264)
RM	SGD	4,265	2,743	-	-	7,008
RM	USD	182,670	125,893	(2,707,944)	(598,871)	(2,998,252)
RM	EUR	-	383	-	-	383
RMB	USD	25,460	4	(7,728)	(1,897)	15,839
RMB	EUR	3,580	9	-	(353)	3,236
RMB	GBP	317	-	(81,624)	-	(81,307)
GBP	EUR	-	69	-	-	69
HKD	USD	-	4,649	(85,898)	-	(81,249)
HKD	RMB	386	3,535	-	-	3,921

26. Financial instruments *cont'd*

26.6 Market risk *cont'd*

26.6.1 Currency risk *cont'd*

Exposure to foreign currency risk cont'd

Group 2014		Trade and other receivables and prepayments	Cash and cash equivalents	Loans and borrowings	Trade and other payables	Net exposure
		RM'000	RM'000	RM'000	RM'000	RM'000
Functional currency	**Foreign currency**					
RM	AUD	-	16	-	-	16
RM	GBP	-	7,709	(30,135)	-	(22,426)
RM	RMB	5,930	16	-	(75,583)	(69,637)
RM	SGD	5,661	1,328	-	-	6,989
RM	USD	206,069	148,178	(1,260,884)	(385,026)	(1,291,663)
RM	EUR	-	1,200	-	-	1,200
RMB	USD	41,829	5,849	(14,479)	(24)	33,175
RMB	EUR	3,737	12	-	(4)	3,745
RMB	GBP	-	12,532	(57,958)	-	(45,426)
RMB	AUD	97	324	-	-	421
GBP	EUR	-	670	-	-	670
HKD	USD	-	2,877	(238,119)	(87)	(235,329)
HKD	RMB	289	1,454	-	-	1,743

26. Financial instruments *cont'd*

26.6 Market risk *cont'd*

26.6.1 Currency risk *cont'd*

Exposure to foreign currency risk cont'd

Company 2015		Trade and other receivables and prepayments RM'000	Cash and cash equivalents RM'000	Loans and borrowings RM'000	Trade and other payables RM'000	Net exposure RM'000
Functional currency	**Foreign currency**					
RM	AUD	**43,238**	**2,837**	**-**	**-**	**46,075**
RM	GBP	**129,099**	**5,601**	**(14,293)**	**(158,184)**	**(37,777)**
RM	RMB	**3,947**	**13**	**-**	**(284,611)**	**(280,651)**
RM	SGD	**4,265**	**2,743**	**-**	**-**	**7,008**
RM	USD	**24,661**	**4,390**	**(7,104)**	**(13,803)**	**8,144**
RM	EUR	**489**	**383**	**-**	**-**	**872**
2014						
RM	AUD	33,522	16	-	-	33,538
RM	GBP	111,482	7,655	(30,135)	(128,446)	(39,444)
RM	RMB	22,776	16	-	(238,368)	(215,576)
RM	SGD	5,335	1,328	-	-	6,663
RM	USD	24,514	11,228	(22,888)	(19,915)	(7,061)
RM	EUR	1,582	1,200	-	-	2,782

26. Financial instruments *cont'd*

26.6 Market risk *cont'd*

26.6.1 Currency risk *cont'd*

Currency risk sensitivity analysis

Foreign currency risk mainly arises from USD, RMB and GBP against RM and USD against HKD, and GBP againts RMB. The exposure to other currencies is not material and hence, sensitivity analysis is not presented.

A 10% (2014: 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Group		Company	
	Profit or loss		Profit or loss	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
USD, RMB and GBP against RM				
- USD	**224,869**	96,875	**(611)**	530
- RMB	**8,645**	5,223	**21,049**	16,168
- GBP	**647**	1,682	**2,833**	2,958
	234,161	103,780	**23,271**	19,656
USD against HKD	**6,094**	17,650	**-**	-
GBP againts RMB	**6,098**	3,407		

A 10% (2014: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

26. Financial instruments *cont'd*

26.6 Market risk *cont'd*

26.6.2 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 will consider entering into derivative financial instruments where necessary to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy.

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 was:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial assets	**138,007**	39,167	**455**	182,660
Financial liabilities	**(1,084,312)**	(1,367,281)	**(78,452)**	(321,681)
	(946,305)	(1,328,114)	**(77,997)**	(139,021)
Floating rate instruments				
Financial liabilities	**(2,330,439)**	(983,144)	**(4,170)**	(4,698)

26. Financial instruments *cont'd*

26.6 Market risk *cont'd*

26.6.2 Interest rate risk

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 hedge 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			
	2015		2014	
	30 bp increase RM'000	30 bp decrease RM'000	30 bp increase RM'000	30 bp decrease RM'000
Group				
Floating rate instruments	**(5,243)**	**5,243**	(2,212)	2,212
Company				
Floating rate instruments	**(9)**	**9**	(11)	11

26. Financial instruments *cont'd*

26.6 Market risk *cont'd*

26.6.3 Other price risk

Other price risk arises from price fluctuation risk mainly on aluminium related products. The Group and the Company mitigate their risk to the price volatility through establishing a fixed price level that the Group and the Company consider acceptable and where deemed prudent, entering into commodity fixed price contracts.

26.7 Hedging activities

26.7.1 Cash flow hedge

During the current financial year, the Group has used certain loans and borrowings denominated in USD of RM2,152,701,000 to hedge the cash flow risk in relation to its forecast sales denominated in USD. The forecast sales has the same nominal value of RM2,152,701,000 and are expected to occur around the repayment schedule of the loans and borrowings.

The following table indicates the periods in which the cash flows associated with the forecast sales are expected to occur and affect profit or loss:

Group	Carrying amount	Expected cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015						
Forecast sales	-	**2,281,454**	**311,768**	**980,116**	**762,311**	**227,259**

During the financial year, a loss of RM187,239,000 was recognised in other comprehensive income.

Ineffectiveness loss was not material to be recognised in profit or loss during the financial year in respect of the hedge.

26. Financial instruments *cont'd*

26.8 Fair value information

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

The carrying amounts of non-current other payables and finance lease liabilities also approximate fair values upon 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 assets and liabilities.

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 fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Group	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total fair value**	**Carrying amount**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2015										
Financial assets										
Derivatives	-	28,408	-	28,408	-	-	-	-	28,408	28,408
Financial liabilities										
Derivatives	-	(4,412)	-	(4,412)	-	-	-	-	(4,412)	(4,412)
Bank loans	-	-	-	-	-	-	(2,529,828)	(2,529,828)	(2,529,828)	(2,529,425)
	-	(4,412)	-	(4,412)	-	-	(2,529,828)	(2,529,828)	(2,534,240)	(2,533,837)
Company										
Financial liabilities										
Bank loans	-	-	-	-	-	-	(4,323)	(4,323)	(4,323)	(4,170)
	-	-	-	-	-	-	(4,323)	(4,323)	(4,323)	(4,170)

26. Financial instruments *cont'd*

26.8 Fair value information *cont'd*

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2014										
Financial assets										
Derivatives	-	9,356	-	9,356	-	-	-	-	9,356	9,356
Financial liabilities										
Derivatives	-	(862)	-	(862)	-	-	-	-	(862)	(862)
Bank loans	-	-	-	-	-	-	(1,164,968)	(1,164,968)	(1,164,968)	(1,167,561)
RCSLS - liability component	-	-	-	-	-	-	(149,773)	(149,773)	(149,773)	(149,773)
	-	(862)	-	(862)	-	-	(1,314,741)	(1,314,741)	(1,315,603)	(1,318,196)
Company										
Financial assets										
Derivatives	-	1,953	-	1,953	-	-	-	-	1,953	1,953
Financial liabilities										
Derivatives	-	(862)	-	(862)	-	-	-	-	(862)	(862)
Bank loans	-	-	-	-	-	-	(11,589)	(11,589)	(11,589)	(11,691)
RCSLS - liability component	-	-	-	-	-	-	(149,773)	(149,773)	(149,773)	(149,773)
	-	(862)	-	(862)	-	-	(161,362)	(161,362)	(162,224)	(162,326)

26. Financial instruments *cont'd*

26.8 Fair value information *cont'd*

Level 2 fair value

Derivatives

The fair value of derivatives is determined by reference to statements provided by the respective financial institutions these contracts were entered into with.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either direction).

Level 3 fair value

Valuation process applied by the Group for Level 3 fair value

For financial instruments not carried at fair value, the Group has applied discounted cash flows valuation technique using a rate based on the current market rate of borrowings of the respective Group entities at the reporting date in the determination of fair values within Level 3. In respect of the liability component of RCSLS, the market rate of interest was determined by reference to similar liabilities that do not have a conversion option. The Financial Controller has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

27. Capital management

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

27. Capital management *cont'd*

The debt-to-equity ratios at 31 December 2015 and 31 December 2014 were as follows:

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Total loans and borrowings	17	**3,414,751**	2,350,425	**82,622**	326,379
Less: Cash and cash equivalents	14	**(305,120)**	(355,164)	**(21,300)**	(50,598)
Net debt		**3,109,631**	1,995,261	**61,322**	275,781
Total equity		**2,367,717**	2,180,773	**987,450**	904,548
Debt-to-equity ratio		**1.3**	0.9	**0.1**	0.3

There was no change in the Group's and the Company's approach to capital management during the financial year. The high debt-to-equity ratio of the Group is due to significant investments in property, plant and equipment as the Group is in the process of constructing Phase 3 of the Samalaju Plant.

The Group has not breached any of the loan covenants disclosed in Note 17.1.

28. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2015	2014
	RM'000	RM'000
Less than one year	**2,487**	1,840
Between one and five years	**1,501**	2,688
	3,988	4,528

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

29. Capital and other commitments

	Group	
	2015	**2014**
	RM'000	**RM'000**
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	**254,838**	458,870

At 31 December 2015 and 31 December 2014, the capital commitments are mainly related to Phase 3 of the Samalaju Plant.

30. 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.

Contingent liabilities not considered remote

Guarantees (unsecured)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Guarantees given to:				
- Customers of contracting and fabrication contracts	**10,123**	10,011	**-**	-
- Financial institutions for facilities granted to subsidiaries	**-**	-	**3,229,908**	1,959,335
- Suppliers for credit terms granted to subsidiaries	**-**	-	**113,147**	405,992
	10,123	10,011	**3,343,055**	2,365,327

30. Contingencies *cont'd*

Contingent assets

Group

Press Metal Sarawak Sdn. Bhd. ("PMS")

In June 2013, a state-wide power outage resulted in the primary aluminium production lines of PMS suffering a sudden shutdown and consequent damages. The subsidiary was unable to operate its smelting plant for the next few months. Plant and machinery of approximately RM41,146,000 were written off as a result of the damages caused by the power outage.

PMS subsequently made a claim to its insurer for the damaged plant and machinery and consequential business losses resulting from the suspension of operations. PMS was unable to come to an agreement with the insurer on the indemnified amount and in February 2014, PMS commenced legal action against the insurer in the Court. The insurer subsequently entered appearance and an application for stay of proceedings to refer the matter for arbitration.

In June 2014, the Court allowed the insurer's application for stay of proceedings for reference of the matter for arbitration. PMS, through its solicitors, then filed an appeal to the Court of Appeal against the Court's decision. In October 2014, the Court of Appeal further upheld the decision of the Court to refer the matter for arbitration.

In April 2015, PMS, through its solicitors, further filed another appeal to the Federal Court, which proceeded with the hearing of the appeal in September 2015. The Federal Court has reserved its decision to a date to be fixed.

Press Metal Bintulu Sdn. Bhd. ("PM Bintulu")

In May 2015, a fire incident resulted in the primary aluminium production lines of PM Bintulu suffering damages and requiring shutdown for further repair works. The subsidiary was unable to operate its smelting plant for the next few months. Plant and machinery of approximately RM50,137,000 were written off as a result of the damages and subsequent shutdown caused by the fire incident.

PM Bintulu subsequently made a claim to its insurer for the damaged plant and machinery and consequential business losses resulting from the suspension of operations. As at the end of the current financial year, the insurer has acknowledged and paid an interim claim of RM20 million.

PM Bintulu has since submitted a further claim of RM50 million, of which no payment has been received as of to date.

31. 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 or jointly 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. Related parties may be individuals or other entities.

Related parties also include key management personnel 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 related party relationship with its significant investors, subsidiaries, an associate and key management personnel. In the context of these financial statements, an associate also includes the subsidiaries of the associate.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 11 and 16.

		Group		Company	
		2015	**2014**	**2015**	**2014**
		RM'000	**RM'000**	**RM'000**	**RM'000**
A.	**Subsidiaries**				
	Sale of goods	**-**	-	**(409,004)**	(385,067)
	Purchase of goods and scraps	**-**	-	**287,085**	259,644
	Interest income on loan	**-**	-	**(3,189)**	(15,831)
	Dividend income	**-**	-	**(33,240)**	-
	Rental expense on machinery	**-**	-	**427**	-
	Management fees receivable	**-**	-	**(930)**	(1,920)

31. Related parties *cont'd*

Significant related party transactions *cont'd*

		Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
B.	**Associate**				
	Sale of goods	**(160,620)**	(140,614)	**-**	-
	Purchase of goods	**21,236**	13,616	**-**	-
	Dividend income	**-**	-	**(859)**	(644)
	Rental expense on properties	**10**	20	**-**	-
C.	**Directors**				
	- Fees	**250**	217	**250**	217
	- Remuneration	**5,210**	4,486	**4,293**	3,726
	Total short-term employee benefits	**5,460**	4,703	**4,543**	3,943
	Rental expense on properties	**720**	720	**-**	-
		6,180	5,423	**4,543**	3,943

32. Business combinations

2014

32.1 Partial disposal of a subsidiary

In November 2013, the Company entered into a Conditional Shareholders Agreement with Summit Global Management XII B.V ("SGM") for the proposed disposal of 20% equity interest in PM Bintulu.

In March 2014, the shareholders of the Company approved the proposed disposal via an Extraordinary General Meeting held, subject to fulfilment of conditions listed in the agreement.

32. Business combinations *cont'd*

2014 *cont'd*

32.1 Partial disposal of a subsidiary *cont'd*

In April 2014, the partial disposal was completed and the Company received a provisional cash consideration of RM522,699,000. The provisional cash consideration is subject to price adjustments based on certain dependent variables agreed between SGM and the Company. Consequently, the Company's equity interest decreased to 80% while SGM became a corporate shareholder of PM Bintulu.

The following summarises the major classes of consideration received, and the derecognised amounts of net assets at the partial disposal date:

	Group 2014 RM'000
Fair value of consideration received	
Cash and cash equivalents	522,699
Contingent consideration	-
	522,699
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of PM Bintulu	(116,737)
Gain on partial disposal of a subsidiary	405,962

Contingent consideration

The Company will receive a maximum additional consideration of USD58 million or return a maximum of USD6 million to SGM in three years' time (up to 31 December 2016), depending on the free cash flows generated by PM Bintulu from 1 April 2014 to 31 December 2016. The Group has assessed the contingent consideration as at the date of the partial disposal, and at 31 December 2014 and 31 December 2015, and the fair values are deemed not material to be recognised.

32. Business combinations *cont'd*

2014 *cont'd*

32.2 Acquisition of a subsidiary

In April 2014, PMI acquired a 51% owned subsidiary, Press Metal Glomag Precision Technology Co. Ltd., a company incorporated in China for a total cash consideration of RM2,960,000. In the eight months to 31 December 2014, the subsidiary contributed revenue of RM4,891,000 and profit of RM48,000. If the acquisition had occurred on 1 January 2014, management estimates that revenue and profit contributed by the subsidiary would have been RM6,707,000 and RM108,000, respectively for the financial year ended 31 December 2014.

The following summarised the major classes of consideration transferred, and the recognised amounts of assets and liabilities assumed at acquisition date:

	Group 2014 RM'000
Fair value of consideration transferred	2,960
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	3,315
Current assets	3,199
Current liabilities	(1,184)
Total identifiable net assets	5,330
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	(2,960)
Cash and cash equivalents acquired	1,128
	(1,832)

32. Business combinations *cont'd*

2014 *cont'd*

32.2 Acquisition of a subsidiary *cont'd*

	Group 2014 RM'000
Goodwill	
Goodwill was recognised as a result of the acquisition as follows:	
Total consideration transferred	2,960
Fair value of identifiable net assets	(5,330)
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	2,610
Goodwill	240

32.3 Disposal of a subsidiary

In December 2014, PMI disposed of its entire 70% equity interest in PMIT Solar Pty. Ltd. to a third party for RM1.

32. Business combinations *cont'd*

2014 *cont'd*

32.3 Disposal of a subsidiary *cont'd*

The following summarised the effect of the derecognised amounts of assets and liabilities disposed at the disposal date:

	Group 2014 RM'000
Fair value of consideration received	*
Identifiable assets and liabilities disposed	
Property, plant and equipment	86
Translation reserve	68
Non-controlling interests	(46)
Total identifiable net assets	108
Loss on disposal of a subsidiary	(108)

* *Denotes RM1*

33. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Company and its subsidiaries				
- realised	**1,140,297**	1,119,309	**264,334**	332,859
- unrealised	**(65,960)**	(74,014)	**(44,911)**	(27,751)
	1,074,337	1,045,295	**219,423**	305,108
Total share of retained earnings of an associate				
- realised	**31,004**	28,566	**-**	-
- unrealised	**(1,179)**	(1,950)	**-**	-
	1,104,162	1,071,911	**219,423**	305,108
Add: Consolidation adjustments	**168,497**	185,011	**-**	-
Total retained earnings	**1,272,659**	1,256,922	**219,423**	305,108

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 the 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 81 to 209 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 33 on page 210 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

Dato' Koon Poh Tat

Petaling Jaya, Selangor

Date: 4 April 2016

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 81 to 210 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 4 April 2016.

Loo Tai Choong

Before me:

Kalasagar Nair W513
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 2015 of the Group and of the Company, and the statements of profit or loss and other 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 information, as set out on pages 81 to 209.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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 about 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 judgement, 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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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.

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 33 on page 210 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. 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 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.

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Foong Mun Kong
Approval Number: 2613/12/16(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 4 April 2016

List of Properties

held by the Group as at 31 December 2015

Proprietor	Location	Description/ Age (Year)	Existing Use	Tenure	Area (Square feet)	Net Book Value as at 31/12/2015 RM '000
Press Metal Bintulu Sdn Bhd	Lot 36, Block 1 Samalaju Industrial Park Kemena Land District 97000 Samalaju Sarawak	Leasehold land and buildings 5 years	Factory cum office	Leasehold for 60 years expiring 10 July 2071	20,946,570	563,633
Press Metal Sarawak Sdn Bhd	Lot 211 & 212 Block 293 Mukah Land District KM38 Jalan Mukah - Balingian 96400 Mukah Sarawak	Leasehold land and buildings 8 years	Factory cum office	Leasehold for 99 years expiring 6 April 2107	44,913,337	380,716
Press Metal International Limited	Area C, Sanshui Industrial Park Sanshui District Foshan City, Guangdong Province, China	Leasehold land and buildings 10 years	Factory cum office	Leasehold for 48 & 50 years expiring 12 July 2055 & 30 December 2056	5,092,976	283,670
Press Metal Berhad	Lot 6486, Mukim Kapar Daerah Klang Selangor Darul Ehsan	Freehold land and buildings 22 years	Factory cum office	Freehold	417,348	30,683
Press Metal Berhad	Lot 6464, Mukim Kapar Daerah Klang Selangor Darul Ehsan	Freehold land and buildings 22 years	Factory cum office	Freehold	217,000	15,953

Proprietor	Location	Description/ Age (Year)	Existing Use	Tenure	Area (Square feet)	Net Book Value as at 31/12/2015 RM '000
Press Metal Berhad	Suite 61 & 62 Setia Avenue No.2, Jalan Setia Prima S U13/S, Setia Alam Seksyen U13 40170 Shah Alam Selangor Darul Ehsan	Commercial office suite 3 years	Corporate office	Freehold	19,366	5,952
Angkasa Jasa Sdn Bhd	Pt 7649, Cheras Jaya Mukim Cheras Daerah Ulu Langat Selangor Darul Ehsan	Leasehold land and building 27 years	Factory cum office	Leasehold for 99 years expiring 14 May 2088	44,584	3,262
Press Metal Berhad	HS (D) 85856, PTD 48284 Mukim Plentong Daerah Johor Bahru Johor Darul Takzim	Factory land and building 4 years	Warehouse	Freehold	849	1,107
Angkasa Jasa Sdn Bhd	Pantai Plaza, Tower 5 Suite No. 1002 Kuala Lumpur	Commercial office suite 17 years	Vacant	Freehold	1,392	803
Press Metal Berhad	HS (D) 85897, PTD 48325 Mukim Plentong Daerah Johor Bahru Johor Darul Takzim	Factory land and building 13 years	Warehouse cum office	Freehold	6,893	716

Analysis of Shareholdings

as at 4 April 2016

Authorised Share Capital	:	RM1,000,000,000.00
Issued and Paid-Up Share Capital	:	RM649,416,082.00
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	41	0.61	906	0.00
100 to 1,000	723	10.76	598,780	0.05
1,001 to 10,000	3,750	55.80	18,845,217	1.45
10,001 to 100,000	1,768	26.30	52,029,239	4.00
100,001 to less than 5% of issued shares	437	6.50	1,022,670,148	78.74
5% and above of issued shares	2	0.03	204,687,874	15.76
Total	**6,721**	**100.00**	**1,298,832,164**	**100.00**

Directors' Shareholdings

as per Register of Directors' Shareholdings
as at 4 April 2016

	Direct		Indirect		
Name	**No. of Shares Held**	**% of Issued Capital**	**No. of Shares Held**		**% of Issued Capital**
Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad	0	0.00	0		0.00
Koon Poh Ming	55,666,878	4.29	344,775,756	*	26.55
Dato' Koon Poh Keong	220,663,812	16.99	346,755,156	#	26.70
Tuan Haji Mohamad Faiz Bin Abdul Hamid	474,982	0.04	0		0.00
Koon Poh Weng	43,842,096	3.38	19,434,200	^	1.50
Koon Poh Kong	23,482,388	1.81	292,900	+	0.02
Dato' Koon Poh Tat	32,830,600	2.53	1,238,760	**	0.10
Loo Lean Hock	0	0.00	0		0.00
Tan Heng Kui	212,300	0.02	0		0.00

* *Deemed interested in the shares held by his spouse, Ong Soo Fan and his direct interest in Alpha Milestone Sdn Bhd pursuant to Section 6A of the Companies Act, 1965*
\# *Deemed interested in the shares held by his spouse, Datin Khoo Ee Pheng and his direct interest in Alpha Milestone Sdn Bhd pursuant to Section 6A of the Companies Act, 1965*
^ *Deemed interested in the shares held by his spouse, Chan Poh Choo and his 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, Datin Chan Hean Heoh*

Substantial Shareholders

as per Register of Substantial Shareholders
as at 4 April 2016

	Direct		Indirect	
Name	**No. of Shares Held**	**% of Issued Capital**	**No. of Shares Held**	**% of Issued Capital**
Dato' Koon Poh Keong	220,663,812	16.99	346,755,156 #	26.70
Koon Poh Ming	55,666,878	4.29	344,775,756 *	26.55
Datin Khoo Ee Pheng	27,179,400	2.09	220,663,812 @	16.99
Ong Soo Fan	25,200,000	1.94	55,666,878 +	4.29
Alpha Milestone Sdn Bhd	319,575,756	24.60	0	0.00

Deemed interested in the shares held by his spouse, Datin Khoo Ee Pheng and his direct interest in Alpha Milestone Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

* *Deemed interested in the shares held by his spouse, Ong Soo Fan and his direct interest in Alpha Milestone Sdn Bhd pursuant to Section 6A of the Companies Act, 1965*

@ *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*

Thirty Largest Shareholders

as at 4 April 2016

	Name of Shareholders	**No. of Shares**	**% of Issued Capital**
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Alpha Milestone Sdn Bhd*	129,687,874	9.98
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Dato' Koon Poh Keong*	75,000,000	5.77
3	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Alpha Milestone Sdn Bhd*	57,529,337	4.43
4	KENANGA NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Dato' Koon Poh Keong*	53,622,654	4.13
5	KENANGA NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Alpha Milestone Sdn Bhd*	52,100,000	4.01

Thirty Largest Shareholders
as at 4 April 2016 *cont'd*

	Name of Shareholders	No. of Shares	% of Issued Capital
6	AMSEC NOMINEES (TEMPATAN) SDN BHD *AmBank (M) Berhad for Tan Boon Seng*	36,309,800	2.80
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Alpha Milestone Sdn Bhd*	34,531,269	2.66
8	KOON YUN HONG @ KOON POW SHYANG	32,000,000	2.46
9	ALPHA MILESTONE SDN BHD	28,578,342	2.20
10	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Loh Kwi Yong*	24,869,100	1.91
11	AMSEC NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Dato' Koon Poh Keong*	22,347,852	1.72
12	DATIN KHOO EE PHENG	20,000,000	1.54
13	ONG SOO FAN	19,800,000	1.52
14	CHAN POH CHOO	19,316,000	1.49
15	BBL NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Koon Poh Ming*	19,000,000	1.46
16	KOON POH KONG	18,302,388	1.41
17	BBL NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Dato' Koon Poh Keong*	18,000,000	1.39
18	ALPHA MILESTONE SDN BHD	17,148,934	1.32
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Koon Poh Weng*	16,800,080	1.29
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Dato' Koon Poh Tat*	16,103,600	1.24

Thirty Largest Shareholders

as at 4 April 2016 *cont'd*

	Name of Shareholders	No. of Shares	% of Issued Capital
21	KENANGA NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Koon Pui Lan*	15,848,648	1.22
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Koon Poh Weng*	15,800,000	1.22
23	KOON POH MING	14,889,180	1.15
24	HLIB NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Dato' Koon Poh Keong*	13,185,906	1.02
25	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang*	11,677,960	0.90
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Koon Yun Hong @ Koon Pow Shyang*	11,527,400	0.89
27	TAN MEW LAN	11,302,020	0.87
28	KOON POH WENG	11,242,016	0.87
29	CHAN YAT WAI	11,189,000	0.86
30	RHB NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Dato' Koon Poh Tat*	10,195,000	0.78
	Total	**837,904,360**	**64.51**

Analysis of Warrant Holdings

as at 4 April 2016

Total number of Outstanding Warrants C	:	143,611,218
Issue date	:	23 August 2011
Expiry date	:	22 August 2019
Exercise Price of Warrants C	:	RM1.10

Size of Warrant Holdings	No. of Warrant Holders/ Depositors	% of Warrant Holders/ Depositors	No. of Warrants Held	% of Issued Warrants
Less than 100	23	2.30	917	0.00
100 to 1,000	68	6.79	45,585	0.03
1,001 to 10,000	537	53.65	2,812,030	1.96
10,001 to 100,000	305	30.47	10,376,586	7.22
100,001 to less than 5% of issued warrants	66	6.59	35,255,180	24.55
5% and above of issued warrants	2	0.20	95,120,920	66.24
Total	**1,001**	**100.00**	**143,611,218**	**100.00**

Directors' Warrant Holdings

as per Register of Directors' Warrants Holdings
as at 4 April 2016

	Direct		Indirect	
Name	No. of Warrants Held	% of Issued Warrants	No. of Warrants Held	% of Issued Warrants
Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad	0	0.00	0	0.00
Koon Poh Ming	0	0.00	80,639,720 *	56.15
Dato' Koon Poh Keong	0	0.00	80,639,720 *	56.15
Tuan Haji Mohamad Faiz Bin Abdul Hamid	94,932	0.07	0	0.00
Koon Poh Weng	0	0.00	384,000 ^	0.27
Koon Poh Kong	0	0.00	106,000 +	0.07
Dato' Koon Poh Tat	0	0.00	266,348 **	0.19
Loo Lean Hock	0	0.00	0	0.00
Tan Heng Kui	74,000	0.05	0	0.00

* *Deemed interested in the warrants by virtue of his direct interest in Alpha Milestone Sdn Bhd pursuant to Section 6A of the Companies Act, 1965*
^ *Deemed interested in the warrants held by his spouse, Chan Poh Choo and his daughter, Koon Sim Ee*
+ *Deemed interested in the warrants held by his spouse, Lee Sook Ching*
** *Deemed interested in the warrants held by his spouse, Datin Chan Hean Heoh*

Thirty Largest Warrant Holders
as at 4 April 2016

	Name of Warrant Holders	No. of Warrants	% of Issued Warrants
1	ALPHA MILESTONE SDN BHD	53,319,862	37.13
2	ALPHA MILESTONE SDN BHD	27,219,858	18.95
3	KENANGA NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Loo Seow Hwai*	14,581,200	10.15
4	AMSEC NOMINEES (TEMPATAN) SDN BHD *Ambank (M) Berhad for Tan Boon Seng*	5,362,000	3.73
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Ang Wing Fah*	2,072,000	1.44
6	ONG SOW MEI	2,000,000	1.39
7	KENANGA NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Tan Boon Seng*	1,934,000	1.35
8	CHEAH SIEW LAY	1,620,000	1.13
9	LAU SIE KUONG	1,600,000	1.11
10	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB Bank for Ng Swee Sing @ Eng Swee Sing*	1,452,900	1.01
11	EG AH KWI	1,330,000	0.93
12	EOM SYSTEMS SDN BHD	1,266,000	0.88
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Ooi Chin Hock*	1,149,600	0.80
14	TAN CHOON PIEW	1,100,000	0.77
15	CIMSEC NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Bernadette Margaret Lau*	730,000	0.51
16	NAI GEOO GIAK	660,000	0.46

Thirty Largest Warrant Holders
as at 4 April 2016 *cont'd*

	Name of Warrant Holders	No. of Warrants	% of Issued Warrants
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Soo Siew Wee*	537,800	0.37
18	PUBLIC NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Ng Yih Jing*	502,600	0.35
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Chua Ping Teow*	498,800	0.35
20	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB for Ting Kuok Ley @ David Kuok Leh Ting*	457,200	0.32
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Ting Kuok Ley @ David Kuok Leh Ting*	432,000	0.30
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Ng Yih Jing*	424,600	0.30
23	CHEY KANG LIH	420,000	0.29
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Chew Chi Hong*	405,000	0.28
25	HLB NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Yeoh Poh Choo*	400,000	0.28
26	LEE TEK MOOK @ LEE TEH MOH	387,200	0.27
27	CIMSEC NOMINEES (TEMPATAN) SDN BHD *Exempt an for CIMB Securities (Singapore) Pte Ltd*	375,200	0.26
28	CHAN POH CHOO	354,000	0.25
29	KHOO TENG KEONG	351,000	0.24
30	LIM SIEW YAN	324,000	0.23
	Total	**123,266,820**	**85.83**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirtieth Annual General Meeting of Press Metal Berhad will be held at Topaz Ballroom, Level G, One World Hotel, First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya, Selangor Darul Ehsan on Thursday, 16 June 2016 at 10.30 a.m.

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 1 of the Explanatory Notes)**

2. To approve the payment of Directors' Fees for the financial year ended 31 December 2015. **Ordinary Resolution 1**

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

   (i) Koon Poh Ming **Ordinary Resolution 2**

   (ii) Koon Poh Kong **Ordinary Resolution 3**

4. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965: **Ordinary Resolution 4**

   "That pursuant to Section 129(6) of the Companies Act, 1965, Dato' Wira (Dr.) 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."

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

   "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."

6. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

As Special Business

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

7. **Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares** — **Ordinary Resolution 7**

"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 and paid-up 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 issuance."

8. **Authority for Tuan Haji Mohamad Faiz Bin Abdul Hamid to continue in office as Independent Non-Executive Director** — **Ordinary Resolution 8**

"THAT authority be and is hereby given to Tuan Haji Mohamad Faiz Bin Abdul Hamid who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012."

9. **Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director** — **Ordinary Resolution 9**

"THAT authority be and is hereby given to Loo Lean Hock who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012."

10. **Authority for Tan Heng Kui to continue in office as Independent Non-Executive Director** — **Ordinary Resolution 10**

"THAT authority be and is hereby given to Tan Heng Kui who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012."

11. **Authority for Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad to continue in office as Independent Non-Executive Chairman** **Ordinary Resolution 11**

"THAT authority be and is hereby given to Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad who has served as an Independent Non-Executive Chairman of the Company since 29 May 2007 and will reach the nine (9)-year term limit on 28 May 2016 to continue to act as an Independent Non-Executive Chairman of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012."

12. **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")** **Ordinary Resolution 12**

"THAT approval be and is hereby given to the Company and its subsidiaries ("PMB Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 (i) of the Circular to Shareholders dated 29 April 2016 ("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 Proposed Shareholders' Mandate."

13. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares** **Ordinary Resolution 13**

"THAT subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise the maximum amount of funds available in the Company which shall not exceed the Company's aggregate retained profits and/or share premium account to purchase such amount of ordinary shares of RM0.50 each in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company.

THAT an amount not exceeding the Company's share premium account and retained profits account be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 67A of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first,

but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority."

14. **Proposed Amendments to the Articles of Association of the Company** **Special Resolution**

"THAT the proposed amendments to the Articles of Association of the Company as set out in Appendix A of the Notice of Annual General Meeting be and is hereby approved AND THAT the Directors of the Company be and are hereby authorised to do all things and acts necessary to effect the amendments to the Articles of Association of the Company."

15. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

TAN AI NING (MAICSA 7015852)
TE HOCK WEE (MAICSA 7054787)
Company Secretaries

Selangor Darul Ehsan
Date: 29 April 2016

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 and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*

2. *Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

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 or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Share Registrar's office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.*

6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 6 June 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Ordinary Resolution 7 on the Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares

The Company had, during its Twenty-Ninth Annual General Meeting held on 18 June 2015, 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 Resolution7proposed under item7of 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 and paid-up 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.

3. Ordinary Resolution 8 on the Authority for Tuan Haji Mohamad Faiz Bin Abdul Hamid to continue in office as Independent Non-Executive Director

The Board of Directors had on 25 February 2016 via the Nomination Committee conducted an annual performance evaluation and assessment of Tuan Haji Mohamad Faiz Bin Abdul Hamid who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

a. He fullfilled the criteria under the definition on Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
b. His experience enable him to provide the Board with a diverse set of experience, expertise, skills and competence. He has been with the Company for more than nine (9) years and therefore understands the Company's business operations which enable him to participate actively and contribute during deliberations and discussions at Audit Committee, Remuneration Committee, Nomination Committee and Board meetings without compromising his independent and objective judgement.
c. He execised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

4. Ordinary Resolution 9 on the Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director

The Board of Directors had on 25 February 2016 via the Nomination Committee conducted an annual performance evaluation and assessment of Loo Lean Hock who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

a. He fullfilled the criteria under the definition on Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
b. His experience in the audit and accounting industries enables him to provide the Board with a diverse set of experience, expertise, skills and competence. As he has been with the Company for more than nine (9) years, he therefore understands the Company's business operations which enable him to participate actively and contribute during deliberations and discussions at Audit Committee, Nomination Committee and Board meetings without compromising his independent and objective judgement.
c. He exhibited high commitment and devoted sufficient time to his responsibilities as an Independent Non-Executive Director of the Company.

5. Ordinary Resolution 10 on Authority for Tan Heng Kui to continue in office as Independent Non-Executive Director

The Board of Directors had on 25 February 2016 via the Nomination Committee conducted an annual performance evaluation and assessment of Tan Heng Kui who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

a. He fullfilled the criteria under the definition on Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
b. He has been with the Company for more than nine (9) years and therefore understands the Company's business operations which enable him to participate actively and contribute during deliberations and discussions at Audit Committee and Board meetings without compromising his independent and objective judgement.
c. He execised due care in the interest of the Company and shareholders during his tenure as an Independent Non-Executive Director of the Company.

6. Ordinary Resolution 11 on Authority for Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad to continue in office as Independent Non-Executive Chairman

The Board of Directors had on 25 February 2016 via the Nomination Committee conducted an annual performance evaluation and assessment of Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad who has served as an Independent Non-Executive Chairman of the Company since 29 May 2007 and will reach the nine (9) years term limit on 28 May 2016 and recommended him to continue to act as Independent Non-Executive Chairman of the Company based on the following justifications:-

a. He fullfilled the criteria under the definition on Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
b. His experience enable him to provide the Board with a diverse set of experience, expertise, skills and competence. He has been with the Company for more than nine (9) years and therefore understands the Company's business operations which enable him to participate actively and contribute during deliberations and discussions at Remuneration Committee, Nomination Committee and Board meetings without compromising his independent and objective judgement.
c. He execised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his professional duties in the interest of the Company and shareholders.

7. Ordinary Resolution 12 on 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 Ordinary Resolution 12, please refer to Part A of the Circular to Shareholders dated 29 April 2016 accompanying the Annual Report of the Company for the financial year ended 31 December 2015.

8. Ordinary Resolution 13 on Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

For further information on Ordinary Resolution 13, please refer to the Statement to Shareholders in Part B of the Circular to Shareholders dated 29 April 2016 accompanying the Annual Report of the Company for the financial year ended 31 December 2015.

9. Special Resolution on Proposed Amendments to the Articles of Association of the Company

The Special Resolution, if passed, will allow the Chairman the prerogative to promote orderly conduct of general meetings and render the Articles of Association of the Company to be in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Personal data privacy:

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

Appendix A

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association of the Company are proposed to be amended in the following manner:-

Article No.	Existing Article	Amended Article
To add Article 53A	*(New provision)*	Without prejudice to any other power which the Chairman may have under the provisions of these Articles or at common law and subject to the Act and the Listing Requirements, the Chairman may take such action as he thinks fit to promote the orderly conduct of the business of all general meetings as specified in the notice of such meetings and the Chairman's decision on matters of procedure or arising incidentally from the business of such meetings shall be final, as shall be his determination as to whether any matter is of such a nature.
To amend Article 134	The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and to be laid before the Company in general meeting such income statements, balance sheets, consolidated financial statements (if any) and reports as are referred to in the Section. **The interval between the close of a financial year of the Company and the issue of annual financial statements, the directors' and auditors' reports relating to it shall not exceed four (4) months.**	The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and to be laid before the Company in general meeting such income statements, balance sheets, consolidated financial statements (if any) and reports as are referred to in the Section.

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Proxy Form

CDS account number of holder

PRESS METAL BERHAD

(Company No. 153208-W)
Incorporated in Malaysia

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 of PRESS METAL BERHAD, 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 Thirtieth Annual General Meeting of the Company to be held at Topaz Ballroom, Level G, One World Hotel, First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya, Selangor Darul Ehsan on Thursday, 16 June 2016 at 10.30 a.m. or at any adjournment thereof.

My/our proxy is to vote as indicated below.

	RESOLUTIONS		FOR	AGAINST
1.	Approval of Directors' Fees	Ordinary Resolution 1		
2.	Re-election of Koon Poh Ming as Director	Ordinary Resolution 2		
3.	Re-election of Koon Poh Kong as Director	Ordinary Resolution 3		
4.	Re-appointment of Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad as Director	Ordinary Resolution 4		
5.	Re-appointment of Tuan Haji Mohamad Faiz Bin Abdul Hamid as Director	Ordinary Resolution 5		
6.	Re-appointment of Messrs KPMG as Auditors of the Company	Ordinary Resolution 6		
7.	Authority under Section 132D of the Companies Act, 1965 for the Directors to allot and issue shares	Ordinary Resolution 7		
8.	Authority for Tuan Haji Mohamad Faiz Bin Abdul Hamid to continue in office as Independent Non-Executive Director	Ordinary Resolution 8		
9.	Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director	Ordinary Resolution 9		
10.	Authority for Tan Heng Kui to continue in office as Independent Non-Executive Director	Ordinary Resolution 10		
11.	Authority for Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad to continue in office as Independent Non-Executive Chairman	Ordinary Resolution 11		
12.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 12		
13.	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares	Ordinary Resolution 13		
14.	Proposed Amendments to the Articles of Association	Special Resolution		

(Please indicate with an "X" in the spaces provided on 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:

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100 %

Fold This Flap For Sealing

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 and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *Where a member appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
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 or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Share Registrar's office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time set for holding the meeting or at any adjournment thereof.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 6 June 2016 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 April 2016

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AFFIX
STAMP

The Share Registrar
PRESS METAL BERHAD
(Company No. 153208-W)

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Then Fold Here

Press Metal Group Directory

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(Company No. 153208-W)
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