



PRESS METAL BERHAD

(Company No.: 153208W)

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

Tel. : 603-3291-3188. Fax. : 603-3291-3637.

Notes to the interim financial report

1. Basis of preparation

The Interim Financial Report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2004. The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2004.

2. Auditors' report

The auditors' report of the audited financial statements for the financial year ended 31 December 2004 was not subject to any qualification.

3. Seasonal or cyclical of operations

The business of the Group was not affected by any significant seasonal or cyclical factors.

4. Extraordinary and exceptional items

There were no other extraordinary and exceptional items during the financial quarter under review and financial year to date.

5. Changes in estimates

There were no material changes in estimates during the financial quarter under review and financial year to date.

6. Debt and equity securities

There was no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to date.



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7. Dividend

The Board of Directors does not propose to pay any interim dividend for the financial period ended 30 September 2005.

8. Segmental information

Segmental information is presented in respect of the Group's business segment.

The Group comprises the following main business segments:

Manufacturing & trading Manufacture and marketing of aluminium and other related products.

Property Development Development of industrial parks, building and contracting of construction work.

Recycling Recycling of waste and provision of common waste water treatment.

RM'000	Manufacturing & trading	Property Development	Recycling	Elimination	Total
Revenue from external customers	300,286	11,162	3,123	-	314,571
Inter-segment Revenue	117,167	-	-	(117,167)	-
Total revenue	417,453	11,162	3,123	(117,167)	314,571
Segment result	9,246	(119)	213	4,736	14,076
Share of associate's profit					1,538
Net financing cost					(7,514)
Tax expense					(1,501)
Minority interest					(425)
Net Profit for the year					(6,174)
Segment assets	568,018	30,676	11,957	(168,805)	441,846
Segment liabilities	352,429	19,769	10,014	(131,779)	250,433
Depreciation					12,179

9. Valuation of property, plant and equipment



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There was no revaluation of property, plant and equipment brought forward from the previous audited financial statements, as the Group does not adopt a revaluation policy of its property, plant and equipment.

10. Material events subsequent to the balance sheet date

There was no material event subsequent to the end of the period reported.

11. Changes in the composition of the Group

There were no significant changes in the composition of the Group since the last audited financial statements for the financial year ended 31 December 2004.

12. Contingent liabilities

There were no material changes in contingent liability as at the date of this quarterly report.

Additional Information Required by Bursa Malaysia Securities Berhad's Listing Requirements

1. Review of performance

The Group recorded a turnover and profit before taxation ("PBT") of RM109.1 million and RM2.7 million respectively for the current quarter ended 30 September 2005. Compared with the corresponding quarter for the year 2004, turnover had increased by RM5.7 million or six percent (6%) and PBT had increased by RM0.3 million or twelve percent (12%) correspondingly. This is mainly due to the higher contribution from an associated company.

2. Variation of results against preceding quarter

For the current financial quarter, the Group recorded an increase in PBT of approximately RM0.4 million or eighteen percent (18%) compared with the PBT of RM2.3 million reported for the quarter ended 30 June 2005. This is mainly due to the increase in export sales with better profit margin.

3. Current year's prospects



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In view of the uncertainty in the recovery of the global economy, the Board is cautious about the business environment going forward. However, the Group will endeavour of achieving the satisfactory results in the current year.

4. Profit forecast

Not applicable as no profit forecast was published.

5. Taxation

Provision for taxation of associated company amounting to RM87,000 was included in the tax expense for the financial quarter ended 30 September 2005.

There was no provision for deferred taxation for the financial period under review.

The Group's effective tax rate for the financial quarter under review is lower than the prima facie tax rate due to the utilisation of reinvestment allowance.

6. Unquoted investments and properties

There were no purchase and disposal of investments or properties during the financial quarter under review and financial year to date.

7. Purchases or Disposals of Quoted Securities

There were no purchases or disposals of any quoted securities during the financial quarter under review and financial year to date.

8. Status of Corporate Proposals Announced

On 12 April 2004, the corporate advisor, K & N Kenanga Bhd ("K&N"), on behalf of the Board of Directors announced that the Company proposed to implement the following:-

- a. a proposed bonus issue of up to 84,860,176 new ordinary shares of RM1.00 each in Press Metal Berhad ('PMetal or the Company') to be credited as fully paid up to the shareholders of the Company on the basis of one new share for every one existing share held; and



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- b. proposed renounceable rights issue of up to 42,430,088 new shares in PMetal together with up to 42,430,088 free detachable warrants at an indicative issue price of RM1.00 per rights share on the basis of one rights share together with one rights warrant for every four existing shares held after the proposed bonus issue.

(“Original Proposals”)

On 28 July 2004, K&N on behalf of the Company, announced that the Company is proposing a share split exercise whereby every one (1) existing ordinary share of RM1.00 in the Company will be sub-divided into two (2) new shares of RM0.50 each in the Company (“Proposed Share Split”). To facilitate the Proposed Share Split, the Company is proposing amendments to its Memorandum of Association.

In the same announcement, K&N further announced that, the Board of Directors of the Company, after taking into account current market conditions, has revised the Original Proposals. The Company will implement its revised proposed bonus issue and its revised proposed rights issue (“Revised Proposals”) only after the completion of the Proposed Share Split. Accordingly, the new shares pursuant to the Revised Proposals will have a par value of RM0.50 each.

The Revised Proposals will involve the following:-

- A proposed bonus issue of up to 86,101,488 new ordinary shares of RM0.50 each in the Company to be credited as fully paid-up to the shareholders of the Company on the basis of one (1) new share for every two (2) existing shares held on an entitlement date to be announced; and
- A proposed renounceable two-call rights issue of up to 172,202,975 new ordinary shares together with up to 86,101,488 free detachable warrants at an indicative issue price of RM0.50 per rights issue on the basis of two (2) rights shares together with one (1) rights warrant for every three (3) existing shares held after the proposed bonus issue. The first call for the rights shares of RM0.25 is payable in cash on application whereas the second call of RM0.25 will be capitalized from the Company’s Retained Profits. (“Proposed Two-Call Rights Issue With Warrants”)

The proposals are conditional upon approvals being obtained from the following:-



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- (i) the Securities Commission (“SC”) for the proposed Rights Issue with Warrants;
- (ii) the shareholders of the Company at an Extraordinary General Meeting to be convened;
- (iii) the Bursa Malaysia Securities Berhad for the listing of and quotation for the Bonus Shares, Rights Shares, Rights Warrants and the shares to be issued pursuant to the exercise of the Rights Warrants; and
- (iv) any other relevant authorities.

On 11 October 2004, K&N on behalf of the Company, submitted the following proposals to the SC for approval:

- Proposed Share Split; and
- Proposed Two-Call Rights Issue With Warrants.

On 17 November 2004, the above-mentioned corporate proposals were approved by SC.

On 19 April 2005, the above-mentioned proposals were approved by the shareholders of the Company at the Extraordinary General Meeting.

On 19 May 2005, the Company announced the following:-

- the entitlement date for the Share Split was on 17 June 2005 and;
- the adjustments to the exercise price and number of outstanding Warrants 1995/2005 pursuant to the Share Split was on 17 June 2005.

On 28 July 2005, the Company announced that the book closure date for the Bonus and Rights Issues was on 23 August 2005.

On 24 August 2005, the Company announced that the subscription price of outstanding warrants 1995/2005 will be adjusted and additional warrants will be allotted to entitled warrant holders in accordance with the Deed Poll.

On 26 August 2005, SC had approved the Abridged Prospectus.

On the same date, the Company announced the notice of rights entitlement as follows:

- the rights commence of trading : 1 September 2005;



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- the date of despatch of the prospectus and provisional allotment letter of offer : 29 August 2005;
- the last day and time for acceptance, renunciation and payment : 24 September 2005 @ 5 pm;
- the rights cease quotation : 14 September 2005.

On 3 October 2005, the Company announced the salient terms of the 63,980,055 free detachable warrants.

On 6 October 2005, the Company announced that the Rights Warrants, Shares issued from the Bonus and Rights issues and the additional Warrants (adjusted from the existing warrants) will be granted listing and quotation with effect from 9 am, Monday, 10 October 2005.

On 10 October 2005, all the shares & warrants as mentioned above had been successfully listed in Bursa Malaysia Securities Berhad.

9. Group borrowing and debt securities as at 30 September 2005

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
Short term	1,924	174,832	176,756
Long term	1,442	80	1,522
Total	<u>3,366</u>	<u>174,912</u>	<u>178,278</u>

10. Financial Instruments with off Balance Sheet Risk

There were no financial instruments with off balance sheet risk as at the date of this quarterly report.



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11. Material Litigation

There are no material litigation pending as at the date of this quarterly report except for certain customers of PMB Development Sdn Bhd (“PMBD”), a subsidiary of the Company, have filed legal suits in the year 1998 to recover approximately RM609,790 from PMBD for breach of a term in the sales and purchase agreements. Based on legal opinion obtained, the Directors believe that PMBD has a good defence and accordingly, no provision for loss has been made in the financial statements.

12. Earnings Per Ordinary Share

The calculation of basic earnings per share is based on the net profit for the quarter ended 30 September 2005 of RM2,349,000 (2004 – RM1,926,000) and the weighted average number of ordinary shares outstanding during the period ended 30 September 2005 of 191,940,165 (2004 – 190,111,665)

On behalf of the Board

Koon Poh Ming

Executive Vice Chairman

17 November 2005