



# 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*

### **A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ('FRS') 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006.

#### **Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following new/ revised FRSs effective for the financial period beginning 1 January 2007:

FRS 124      Related Party Disclosures

FRS 117      Leases

The adoption of FRS 124 has no significant impact on the Group and the effect of changes in accounting policies arising from the adoption of FRS 117 is as follow:-

In prior years, the long term leasehold land and buildings for own use were classified as property, plant and equipment and stated at the historical costs less accumulated depreciation. The adoption of FRS 117 has resulted in a retrospective change in the classification of leasehold land and buildings for own use as prepaid lease payments and are amortised on a straight line basis over the lease term.

The reclassification of leasehold land and buildings had been accounted for retrospectively in accordance with FRS 117 by restating the balance sheet presentation as at 31 December 2006 as per A2 below.



# 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

### A2. Comparatives

As at 31 December 2006	Previously stated RM'000	Adjustment FRS 117 RM'000	Restated RM'000
Property, plant and equipment	228,629	(17,887)	210,742
Prepaid lease payments	-	17,887	17,887

### A3. Auditors' report

The auditors' report of the audited financial statements for the financial year ended 31 December 2006 was not subject to any qualification.

### A4. Seasonal or cyclical factors

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

### A5. Extraordinary and exceptional items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter under review and financial year-to-date.

### A6. Changes in estimates

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

### A7. Debt and equity securities

There were no debt and equity securities issued during the current financial year-to-date.



# 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*

### **A8. Dividends paid**

The following dividends were paid during the financial year under review:-

- (i) The final dividend of 3% less 27% Malaysian Income Tax amounting to RM3,991,308 for the financial year ended 31 December 2006 was paid on 31 July 2007;
- (ii) A first interim dividend of 3% less 27% Malaysian Income Tax amounting to RM3,991,308 for the financial year ended 31 December 2007 was paid on 12 October 2007;

### **A9. Segmental information**

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

The Group comprises the following main business segments:

- (i) **Manufacturing & trading**  
Manufacturing and marketing of aluminium and other related products.
- (ii) **Property Development**  
Development of industrial parks, building and contracting of construction works.
- (iii) **Recycling**  
Recycling of waste and provision of common waste water treatment.



# 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

### A9. Segmental information – continued

<i>Business Segments</i>						
RM'000	Manufacturing & trading	Property Development	Recycling	Elimination	Total	
Revenue from external customers	1,325,045	-	1,828	-	1,326,873	
Inter-segment revenue	1,025,080	-	-	(1,025,080)	-	
<b>Total revenue</b>	<b>2,350,125</b>	<b>-</b>	<b>1,828</b>	<b>(1,025,080)</b>	<b>1,326,873</b>	
<b>Segment results</b>	<b>132,488</b>	<b>(331)</b>	<b>(149)</b>		<b>132,008</b>	
Share of associate's profit					3,409	
Negative goodwill					336,996	
Financing cost					(27,836)	
<b>Profit before tax</b>					<b>444,577</b>	
Taxation					(2,699)	
<b>Profit after tax</b>					<b>441,878</b>	
<i>Geographical Segments</i>						
	Malaysia	Asia Region	Europe Region	Asia Pacific Region	Elimination	Total
Revenue from external Customers	907,148	1,175,726	192,020	77,059	(1,025,080)	1,326,873
Segment assets by location	964,277	1,299,649	129,683	45,090	(860,333)	1,578,366
Investment in associate	23,984	-	-	-	-	23,984
	988,261	1,299,649	129,683	45,090	(860,333)	1,602,350



# 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*

### **A10. Valuation of property, plant and equipment**

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.

### **A11. Material events subsequent to the balance sheet date**

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

### **A12. Changes in the composition of the Group**

There were no significant changes in the composition of the Group for the quarter under review.

### **A13. Contingent liabilities and contingent assets**

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



# 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*

### **Disclosure requirements per Bursa Malaysia Securities Berhad's Listing Requirements – Part A of Appendix 9B**

#### **B1. Review of performance**

During the final quarter of 2007, the Group registered a revenue of RM367.9 million (fourth quarter 2006 – RM183.9 million) and a profit before tax (“PBT”) of RM9.6 million (fourth quarter 2006 – RM16.3 million).

The increase in Group revenue of RM184.0 million, equivalent to 100%, is mainly due to the contribution from the Company's China operations, both the aluminium extrusion and smelting plants.

PBT was lower by RM6.7 million compared to the corresponding quarter of 2006 was mainly due to the recognition of unrealised foreign exchange loss of RM8.6 million as compared to the unrealised foreign exchange gain of RM7.0 million recognised in the corresponding quarter in 2006.

#### **B2. Variation of results against preceding quarter**

Compared to the preceding quarter, the Group's PBT excluding the negative goodwill of RM336.9 million was down from RM36.3 million to RM9.6 million or a reduction of 74%. The decrease was mainly due to the accrual of unrealised foreign exchange loss and the softening metal price for the last quarter in 2007.

#### **B3. Current year's prospects**

2007 was a very successful year for the Group, with a synergistic integration of an aluminium smelting operation in China.

For the current year, the Group will continue to build on its strength, with China operations driving our global reach while pursuing further our vertical integration strategy with the construction of a new smelting plant in Mukah, Sarawak.

The Group is committed to achieving greater success for the current and future years.

#### **B4. Profit forecast**

Not applicable as no profit forecast was published.



# 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

### B5. Taxation

Taxation comprises the following:

	<b>12 months ended</b>
	<b>31.12.2007</b>
	<b>RM'000</b>
Current taxation	
Malaysian income tax	6,978
Foreign tax	416
Deferred tax	(4,695)
	-----
	2,699
	=====

The Group's effective tax rate for the current quarter and financial year-to-date is lower than the statutory tax rate due to utilisation of reinvestment allowance and tax exempt status granted for its two plants operating in China and also the negative goodwill recognised is non-taxable.

### B6. Profit / Loss on disposal of unquoted investments and properties

There were no sale of unquoted investments during the current quarter and financial year-to-date.

### B7. 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.



# 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*

## **B8. Status of Corporate Proposals Announced and Pending Completion**

### **(a) Acquisition of China Smelting Plant**

On 28 November 2006, the Company has entered into a sale and purchase agreement and the relevant supplemental agreements (collectively known as “SPA”) with Hubei Huasheng Aluminium & Electric Co. Ltd (HHAЕ), Qianjiang City Qiansheng State-Owned Enterprise (QCQ) and Qianjiang City Huashin State-Owned Enterprise for the acquisition of all the assets, including non-current and current assets and certain current liabilities, excluding long-term bank borrowings, interest payable and tax liabilities of HHAЕ, which are located in Hubei province in the People’s Republic of China (“PRC”), for a total cash consideration of RMB 360 million (approximately RM168 million based on an exchange rate of RMB1: RM0.466).

The acquisition of the entire Assets and assumption of Certain Liabilities from HHAЕ has been undertaken through a company incorporated in the PRC, Hubei Press Metal Huasheng Aluminium & Electric Co. Ltd., which is 90% held by the Company whilst the remaining 10% is held by QCQ.

The Group is entitled to the revenue and profit deriving from the Hubei Smelting Plant pursuant to a sale and purchase agreement and a Custody Agreement signed with the relevant parties. The Custody Agreement allows the Group to take custody of the Hubei Smelting Plant and be entitled to revenue generated pending the finalisation of the transfer of the plant.

The Group assumed control over Hubei Smelting Plant upon making the first payment of the total purchase price. The pledge on the assets acquired has been discharged subsequently and the said assets have been transferred to HHAЕ during the quarter ended 30 September 2007. As such, a negative goodwill being the excess of the net fair value of the assets acquired and liabilities assumed over the cost of acquisition amounting to RM337.0 million is therefore recognised as an income in the financial statement ended 31 December 2007.





# 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

### B8. Status of Corporate Proposals Announced and Pending Completion - *continued*

#### (b) Proposed development of a smelting plant in Sarawak

The Company has on 11 July 2007 announced that it has obtained approval from Sarawak State Planning Authority to develop a smelting plant in Mukah, Sarawak (“Mukah Smelting Plant”) and the related and ancillary industries. The Company has paid a premium of RM7,750,000 for the alienation of the Mukah land measuring approximately 366 hectares or 905 acres. The smelting plant development will be undertaken by its 80% owned subsidiary, Press Metal Sarawak Sdn Bhd.

The Company has on the same date announced that it has entered into a power supply agreement with Syarikat SESCO Berhad (a wholly owned subsidiary of Sarawak Energy Berhad (“SEB”) whose principal activities are generation, transmission, distribution and sale of energy) for the supply of electricity for the proposed smelting plant.

On 11 February 2008, PMB signed a Memorandum of Understanding (“MOU”) with SEB requesting an additional of 510MW electricity supply for its Mukah Smelting Plant by 2010. This will increase the total electricity supply from 90MW to 600MW with certain provisions to be achieved as stated in the MOU.

### B9. Group borrowing and debt securities as at 31 December 2007

	<u>Secured</u> <u>(RM'000)</u>	<u>Unsecured</u> <u>(RM'000)</u>	<u>Total</u> <u>(RM'000)</u>
Long term	12,176	73,777	85,953
Short term	19,123	462,430	481,553
	<u>31,299</u>	<u>536,207</u>	<u>567,506</u>
	=====	=====	=====



# 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*

### **B10. 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.

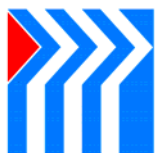
### **B11. Material Litigation**

There is no material litigation pending as at the date of this quarterly report except for:

- PMB had filed a suit against Shine Aluminium Industries (M) Sdn Bhd for an amount of RM447,888.52 in respect of unpaid invoices;
- The company had vide its solicitor commenced a winding up process against Chin Foh Trading Sdn Bhd (“CFT”) to claim for the amount of RM 10,422,503.99 for good sold and delivered. The Court has fixed for hearing of the said matter on 28 February 2008;
- 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.

### **B12. Dividend**

The Board of Directors proposes a final dividend of 4% less tax totalling RM5,394,883 for the Company in respect of the financial year ended 31 December 2007.



# 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*

## **B13. Earnings Per Ordinary Share**

### **(a) Basic earnings per share**

The basic earnings per share of the Group have been computed by dividing the net profit attributable to shareholders for the financial quarter as set out below:-

		<b>Current Quarter 31.12.2007 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2006 RM'000</b>
Profit attributable to shareholders	<i>(RM'000)</i>	19,000 -----	12,336 -----
Weighted average number of ordinary shares	<i>('000)</i>	364,503	320,009
Basic earnings per share	<i>(sen)</i>	5.21 =====	3.85 =====



# 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*

## **B13. Earnings Per Ordinary Share - continued**

### **(b) Diluted earnings per share**

The diluted earnings per share of the Group have been computed by dividing the net profit attributable to shareholders for the financial quarter as set out below:-

		<b>Current Quarter 31.12.2007 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2006 RM'000</b>
Profit attributable to shareholders	(RM'000)	19,000	12,336
		-----	-----
Weighted average number of ordinary shares	('000)	364,503	320,009
Effect of unexercised warrants	('000)	63,980	63,980
Effect of unexercised employees' share option 2002/2007	('000)	-	4,229
Effect of unexercised employees' share option scheme 2007/2012	('000)	35,783	-
		-----	-----
		464,266	388,218
		-----	-----
Diluted earnings per share	(sen)	4.09	3.17
		=====	=====

**On behalf of the Board**

**Koon Poh Ming**  
**Executive Vice Chairman**  
27 February 2008