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 QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A1. Basis of preparation

The Interim Financial Report is unaudited and has been prepared in compliance with the Financial Reporting Standard ('FRS') 134: Interim Financial Reporting issued by Malaysian Accounting Standard Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and shall be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2007.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following new/ revised FRSs effective for the financial period beginning 1 January 2008:

FRS 107 - Cash Flow Statements
FRS 111 - Construction Contracts
FRS 112 - Income Taxes
FRS 118 - Revenue
FRS 137 - Provisions, Contingent Liabilities and Contingent Assets

The adoption of these new/ revised FRSs is not expected to have any significant financial impact on the financial statements of the Group upon their initial application.

As at the date of this report, the Group has not applied the new standard FRS 139 – Financial Statement: Recognition and Measurement which the effective date has yet to be announced. It is expected that no material impact on the financial statements when the Group applies this new standard.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007

A3. Auditors' report

The auditors' report of the audited financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

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FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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 period-to-date.

A6. Changes in estimates

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

A7. Debt and equity securities

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

A8. Dividends paid

The final dividend of 4% less 26% Malaysian Income Tax amounting to RM5,394,883 for the financial ended 31 December 2007 was paid on 1 July 2008.

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.

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NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A9. Segmental information – *continued*

Business Segments

RM'000	**Manufacturing & trading**	**Property Development**	**Recycling**	**Elimination**	**Total**
Revenue from external customers	862,500	-	1,590	-	864,090
Inter-segment revenue	1,137,426	-	-	(1,137,426)	-
Total revenue	**1,999,926**	**-**	**1,590**	(1,137,426)	864,090
Segment results	**68,223**	**(933)**	**313**	**67,574**	
Share of associate's profit				2,200	
Financing cost				(27,957)	
Profit before tax				**41,817**	
Taxation				(7,810)	
Profit after tax				**34,007**	

Geographical Segments

	Malaysia	**Asia Region**	**Europe Region**	**Elimination**	**Total**
Revenue from external Customers	790,425	1,040,688	170,403	(1,137,426)	864,090
Segment assets by location	1,429,877	1,466,435	181,181	(1,201,069)	1,876,424
Investment in associate	24,529	-		-	24,529
	1,454,406	1,466,435	181,181	(1,201,069)	1,900,953

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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 period 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.

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NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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

B1. Review of performance

The Group revenue for the current year third quarter of RM255.5 million was lower than the preceding year corresponding quarter's by RM36.0 million or 12.3%. Correspondingly, profit before tax of 10.0 million was also lower by RM26.3 million or 72.5% than the preceding year same quarter (excluding negative goodwill).

Lower revenue and profitability during the current quarter was mainly due to the softening of metal price and escalating energy cost for our smelting activity, coupled with an unrealised foreign exchange loss of RM6.4 million as opposed to an exchange gain of RM1.6 million during the same period last year.

B2. Variation of results against preceding quarter

Profit before tax for the current quarter of RM10.0 million was lower than the preceding quarter by RM8.0 million or 44.0% was mainly attributable to the unrealised foreign exchange loss as mentioned above.

B3. Current year's prospects

Given the weak economic outlook, the business environment is expected to be challenging. However, the Group is expected to achieve a satisfactory result with the continuous efforts in focusing on the value-added services and implementing more stringent cost saving measures and appropriate marketing strategies.

B4. Profit forecast

Not applicable as no profit forecast was published.

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

B5. Taxation

Taxation comprises the following:

	3 months ended 30.9.2008 *RM'000*
Current taxation	
Malaysian income tax	7,084
Foreign tax	(77)
Deferred tax	(3,315)

	3,692
	======

The Group's effective tax rate for the current quarter and financial year-to-date is higher than the statutory tax rate mainly due to certain disallowed expenses for tax deduction.

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.

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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 (HHAE), 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 HHAE, 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 HHAE 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 HHAE 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 has therefore been recognised as an income in the third quarter 2007.

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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 ("PMS" or "the Company").

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.

Subsequently, the Company has on 1 July 2008 executed a Power Purchase Agreement ("PPA") with Syarikat SESCO in connection to the increase of power supply to 600MW which amends and supercedes the Supply Agreement and the Technical Agreement dated 11 July 2007 and 5 October 2007 respectively.

PMS has on 30 October 2008 announced that the Company has secured a syndicated loan of up to RM355 million to finance the design, construction, operation and maintenance of its Mukah Smelting Plant.

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

B9. Group borrowing and debt securities as at 30 September 2008

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
Long term	9,922	238,055	247,977
Short term	13,824	569,924	583,748
	23,746	807,979	831,725

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 25 March 2009;
- 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

There was no dividend proposed during the current quarter under review.

NOTES TO THE QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

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:-

		Current Quarter 30.9.2008 RM'000	Preceding Year Corresponding Quarter 30.9.2007 RM'000
Profit attributable to shareholders	*(RM'000)*	6,337	362,952
		----------	----------
Weighted average number of ordinary shares	*('000)*	364,572	358,919
Basic earnings per share	*(sen)*	1.74	101.13
		=====	=====

(b) Diluted earnings per share

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

On behalf of the Board

Koon Poh Ming
Executive Vice Chairman
28 November 2008