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 FOURTH QUARTER ENDED 31 DECEMBER 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 year 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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NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 year-to-date.

A6. Changes in estimates
There were no significant changes in estimates during the financial quarter under review and financial year-to-date except for certain subsidiaries that have revised the estimated useful life of their assets to be consistent with the Group practice during the current year quarter.

A7. Debt and equity securities
There were no debt and equity securities issued during the current financial year-to-date.

A8. Dividends paid

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

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

(ii) A first interim dividend of 1.5% less 26% Malaysia Income Tax amounting to RM2,023,374 for the financial year ended 31 December 2008 was paid on 1 October 2008.

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NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 FOURTH QUARTER ENDED 31 DECEMBER 2008

A9. Segmental information – *continued*

Business Segments

RM'000	**Manufacturing & trading**	**Property Development**	**Recycling**	**Elimination**	**Total**
Revenue from external customers	1,118,061	-	1,910	-	1,119,971
Inter-segment revenue	1,420,592	-	-	(1,420,592)	-
Total revenue	**2,538,653**	**-**	**1,910**	(1,420,592)	1,119,971
Segment results	**75,188**	**(1,138)**	**383**		**74,433**
Share of associate's profit					2,100
Financing cost					(41,817)
Profit before tax					**34,716**
Taxation					(26,453)
Profit after tax					**8,263**

Geographical Segments

	Malaysia	**Asia Region**	**Europe Region**	**Elimination**	**Total**
Revenue from external Customers	1,031,835	1,293,628	215,100	(1,420,592)	1,119,971
Segment assets by location	1,600,954	1,386,876	135,101	(1,069,029)	2,053,902
Investment in associate	24,429	-		-	24,429
	1,625,383	1,386,876	135,101	(1,069,029)	2,078,331

NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 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.

NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 quarter of RM255.9 million was lower by RM112.1 million or 30.5% as compared to the same quarter last year. Lower revenue was attributable to the weakening aluminium price during the current year quarter.

The Group registered a loss before tax of RM7.1 million in the current quarter as opposed to a RM9.6 million profit before tax during the corresponding quarter last year. The losses were mainly due to the foreign exchange loss totalling RM16.4 million which was recognised in the current year quarter.

In addition, the Group has also recognised a one-off provision for deferred tax liability amounting to RM16.8 million during the current quarter which has resulted in higher effective tax rate for the current quarter and year-to-date. This deferred tax is pertaining to the changes in revising of certain timing differences.

B2. Variation of results against preceding quarter

Compared to a profit before tax of RM10.0 million in the preceding quarter, the current quarter losses were mainly due to the foreign exchange loss incurred as mentioned above.

B3. Current year's prospects

In view of the global economic contractions and adversities, the operating environment is expected to remain very challenging. However, the Group will continue to focus on operational efficiency and appropriate marketing strategies to mitigate the negative impacts of the economic downturn and also, with the stimulus packages coming into effect soon, the management is hopeful to generate a positive results for the Group.

B4. Profit forecast

Not applicable as no profit forecast was published.

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NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

B5. Taxation

Taxation comprises the following:

	3 months ended 30.12.2008
	RM'000
Current taxation	
- Malaysian income tax	1,312
- Foreign tax	1,076
Deferred tax	16,255

	18,643
	======

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 the one-off provision for the deferred tax as explained in note B1.

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 FOURTH QUARTER ENDED 31 DECEMBER 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.

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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").

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, the Company signed a Memorandum of Understanding ("MOU") with SEB requesting an additional of 510MW electricity supply for PMS's 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.

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

NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

B9. Group borrowing and debt securities as at 31 December 2008

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
Long term	9,922	418,197	428,119
Short term	13,824	556,786	570,610
	23,746	974,983	998,729

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 goods 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

The Board of Directors proposes a final dividend of 2% less tax amounting to RM2,734,291 for the Company in respect of the financial year ended 31 December 2008.

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NOTES TO THE QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31.12.2008 RM'000	Preceding Year Corresponding Quarter 31.12.2007 RM'000
(Loss)/ Profit attributable to shareholders	*(RM'000)*	(23,098)	19,000
		----------	----------
Weighted average number of ordinary shares	*('000)*	364,572	364,503
Basic (Loss)/ earnings per share	*(sen)*	(6.34)	5.21
		=====	=====

(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
26 February 2008