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 FIRST QUARTER ENDED 31 MARCH 2009

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 Standards Board and paragraph 9.22 and Appendix 9B 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 2008.

The significant accounting policies adopted in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2008.

A.2 Changes in Accounting Policies

There were no changes in the significant accounting policies during the current year quarter under review.

A3. Auditors' report

The auditors' report of the audited financial statements for the financial year ended 31 December 2008 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 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

There was no dividend paid during the current financial period.

NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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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A9. Segmental information – *continued*

Business Segments

RM'000	Manufacturing & trading	Property Development	Recycling	Elimination	Total
Revenue from external customers	257,520	-	280	-	257,800
Inter-segment revenue	92,388	-	-	(92,388)	-
Total revenue	**349,908**	**-**	**280**	**(92,388)**	**257,800**
Segment results	**2,028**	**(1,211)**	**121**		**938**
Share of associate's profit					38
Financing cost					(10,812)
Loss before tax					**(9,836)**
Taxation					(3,202)
Loss after tax					**(13,038)**

Geographical Segments

	Malaysia	Asia Region	Europe Region	Elimination	Total
Revenue from external Customers	160,827	155,771	33,590	(92,388)	257,800
Segment assets by location	1,085,097	1,360,431	106,408	(412,736)	2,139,200
Investment in associate	24,897	-	-	-	24,897
	1,109,994	1,360,431	106,408	(412,736)	2,164,097

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NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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.

NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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

B1. Review of performance

During 2009 first quarter, the Group recorded a revenue of RM257.8 million as compared to RM302.6 million in the corresponding quarter last year, representing a drop of RM44.8 million or 14.8%. Lower revenue was attributable to the weakening aluminium price during the current year quarter.

The Group registered a pre-tax loss of RM9.8 million for the current quarter as opposed to a pre-tax profit of RM13.6 million for the previous year corresponding quarter. The losses were mainly due to a provision for inventory impairment loss as aluminium price deteriorated during the first quarter. Furthermore, the Group had also incurred additional costs at end March 2009 to re-start part of its smelting furnance in China following the improving metal price and demand in PRC towards the end of the current year quarter.

B2. Variation of results against preceding quarter

The Group reported a pre-tax loss of RM9.8 million as opposed to a pre-tax loss of RM7.1 million in the immediate preceding quarter. Further loss arose after the Group had taken into account of the inventory impairment loss following the softening of metal price.

Metal price hit the new low in February 2009 at USD1,279 per ton as quoted in the London Metal Exchange ("LME"). Nevertheless, in mid May 2009, LME has recovered and stood at an average of about USD1,500 per ton.

NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2009

B3. Current year's prospects

As we reached the half way mark of the year, there seems to be signs of improvement as sentiment which was dominant by fear at the beginning of the year has turned cautious. Although, in general, demand is still soft, many sectors have witnessed some pick up.

Experts are expecting the Asia economy will probably recover faster than the western world as this region has limited exposure to the financial woe plaguing the western countries.

Nevertheless, the business environment is expected to remain challenging. The management will focus its efforts on providing value-added services and implementing more stringent cost saving measures to achieve a satisfactory result for the Group.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Taxation

Taxation comprises the following:

	3 months ended 31.3.2009 ***RM'000***
Current taxation	
Malaysian income tax	1,918
Foreign tax	84
Deferred tax	1,200
	3,202

The Group's effective tax rate for the current quarter and financial period-to-date is higher than the statutory tax rate mainly due to losses incurred by certain subsidiaries.

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

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

NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2009

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 period-to-date.

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 FIRST QUARTER ENDED 31 MARCH 2009

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 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 PMS has secured a syndicated loan of RM355 million to finance the design, construction, operation and maintenance of its Mukah Selting Plant.

NOTES TO THE QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2009

B9. Group borrowing and debt securities as at 31 March 2009

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
Long term	328,638	154,695	483,333
Short term	13,824	563,713	577,537
	342,462	718,408	1,060,870

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 petition was dismissed by the Court on 27 April 2009. PMB is currently obtaining its solicitors' advice on the next course of action.

- 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 financial period.

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B13. Earnings Per Ordinary Share

(a) Basic (loss)/ 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 31.3.2009 RM'000	Preceding Year Corresponding Quarter 31.3.2008 RM'000
(Loss)/ Profit attributable to shareholders	*(RM'000)*	(8,807)	11,431
Weighted average number of ordinary shares	*('000)*	364,572	364,570
Basic (loss)/earnings per share	*(sen)*	(2.42)	3.14

(b) Diluted (loss)/ 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

Dato' Koon Poh Keong
Group Chief Executive Officer
27 May 2009