**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 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.

## A2. 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 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.



## A8. Dividends paid

Dividends paid for the current financial year are:

| | Sen (net of tax) | Total Amount RM'000 | Date of payment |
|---|---|---|---|
| Final 2008 ordinary | 0.750 | 2,734 | 22 Jul 2009 |
| Interim 2009 ordinary | 0.563 | 2,051 | 13 Oct 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.

**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 2009**

## A9. Segmental information – *continued*

***Business Segments***

| RM'000 | Manufacturing & trading | Property Development | Recycling | Elimination | Total |
|---|---|---|---|---|---|
| Revenue from external customers | 1,179,429 | - | 977 | - | 1,180,406 |
| Inter-segment revenue | 783,982 | - | - | (783,982) | - |
| **Total revenue** | **1,963,411** | **-** | **977** | **(783,982)** | **1,180,406** |
| **Segment results** | **75,435** | **(1,832)** | **(296)** | | **73,307** |
| Share of associate's profit | | | | | 1,220 |
| Financing cost | | | | | (36,226) |
| **Profit before tax** | | | | | **38,301** |
| Taxation | | | | | (10,080) |
| **Profit after tax** | | | | | **28,221** |

***Geographical Segments***

| | Malaysia | Asia Region | Europe Region | Elimination | Total |
|---|---|---|---|---|---|
| Revenue from external Customers | 849,912 | 910,478 | 186,763 | (766,747) | 1,180,406 |
| Segment assets by location | 2,287,403 | 1,451,830 | 96,728 | (1,367,694) | 2,468,267 |
| Investment in associate | 26,078 | - | - | - | 26,078 |
| | 2,313,481 | 1,451,830 | 96,728 | (1,367,694) | 2,494,345 |

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

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

The Company has on 9 June 2009 announced that it has disposed 1,800,000 ordinary shares or 36% equity holding in its 51% owned subsidiary, K3 Metal Service Centre Sdn Bhd for RM3,451,821.

The proceeds from the disposal has been utilised for working capital purposes.

**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 QUARTERLY REPORT**
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

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

**B1. Review of performance**

The Group recorded RM334.8 million revenue in the current year quarter compared to RM255.9 million in the same quarter last year, representing an increase of 30.8%. Higher revenue was mainly due to the commissioning of the smelting plant in Mukah, Sarawak ("Mukah Smelting Plant") during the current year quarter under review as mentioned in B8. (b) below.

The Group registered a profit before tax of RM22.3 million in the current year quarter as compared to a RM7.1 million loss in the corresponding quarter last year. The improvement was due to higher revenue recorded and contribution from the Mukah Smelting Plant.

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

The Group profit before tax of RM22.3 million was higher than the preceding quarter's RM11.3 million. Higher profit was principally due to the contribution from the operation of its Mukah Smelting Plant.

**B3. Current year's prospects**

The global economy has appeared to stabilise and some economic activities have recovered some ground. Moving forward, the management will continue to focus on achieving positive results, keeping in view of cost escalation and improving production efficiency.

**B4. Profit forecast**

Not applicable as no profit forecast was published.

**NOTES TO THE QUARTERLY REPORT**
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

**B5. Taxation**

Taxation comprises the following:

| | 12 months ended 31.12.2009 *RM'000* |
|---|---|
| Current taxation | |
| Malaysian income tax | 5,526 |
| Foreign tax | 944 |
| Deferred tax | 3,610 |
| | ----------- |
| | 10,080 |
| | ====== |

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

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

There were no other sale of unquoted investments during the current quarter and financial year-to-date except as mentioned in A12 above for the disposal of its subsidiary equity during the current quarter.

| | Financial Year-to-date 31.12.2009 RM'000 |
|---|---|
| Proceeds from disposal | 3,452 |
| Cost of investment | (1,800) |
| | ---------- |
| Company gain recognised | 1,652 |
| Less: Post acquisition reserves | (843) |
| Less: Negative goodwill recognised | (1,684) |
| | ----------- |
| Group loss incurred | (875) |
| | ====== |

**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 2009**

## 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 Hashing 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 FOURTH QUARTER ENDED 31 DECEMBER 2009**

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

**(b) Proposed development of a smelting plant in Sarawak ("Mukah Smelting Plant")**

The Company has on 11 July 2007 announced that it has obtained approval from Sarawak State Planning Authority to develop the 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, 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. Further, on 5 August 2009, the syndicated loan has increased to RM430 million with an additional RM75 million secured from the syndicated financial institution.

**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.



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

**(b)** **Proposed development of a smelting plant in Sarawak** - *continued*

Mukah Smelting Plant has achieved the commercial operation date ("COD") for its first annual 50,000 mt capacity on 1 November 2009. With the commissioning of this 50,000 mt capacity, PMS is expected to contribute significantly to the Group.

**B9.** **Group borrowing and debt securities as at 31 December 2009**

| | Secured (RM'000) | Unsecured (RM'000) | Total (RM'000) |
|---|---|---|---|
| Long term | 387,370 | 128,173 | 515,543 |
| Short term | 94,441 | 653,973 | 748,414 |
| | 481,811 | 782,146 | 1,263,957 |

**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.

**NOTES TO THE QUARTERLY REPORT**
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009**

**B11. Material Litigation**

There is 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. The court has fixed the hearing for respective cases.

**B12. Dividend**

The Board of Directors proposes a final tax exempt dividend of 2% amounting to RM3,653,878 for the Company in respect of the financial year ended 31 December 2009.

# 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 2009**

**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 31.12.2009 RM'000 | Preceding Year Corresponding Quarter 31.12.2008 RM'000 |
|---|---|---|---|
| Profit / (Loss) attributable to shareholders | *(RM'000)* | 12,603 | (23,098) |
| | | ---------- | ---------- |
| Weighted average number of ordinary shares | *('000)* | 365,388 | 364,572 |
| Basic earnings per share | *(sen)* | 3.45 | (6.34) |
| | | ===== | ===== |

**(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**

**Dato' Koon Poh Keong**
**Group Chief Executive Officer**
25 February 2010