



# PRESS METAL BERHAD

(Company No.: 153208W)  
Lot 6464, Batu 5 3/4, 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 2011**

### **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 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 2010.

#### Changes in Accounting Policies

The significant accounting policies applied in this interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2010 except for the adoption of the following new FRSs, Amendments to certain FRSs and IC Interpretations for financial period beginning on 1 January 2011:

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopter
Amendments to FRS 2	Additional Exemption for First-time Adopters Share-based Payment
Amendments to FRS 5	Group Cash-settled Share Based Payment Transactions
Amendments to FRS 7	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 132	Improving Disclosures about Financial Instruments
Amendment to FRS 138	Financial Instruments: Presentation – Classification of Rights Issues
IC Interpretation 4	Intangible Assets
IC Interpretation 12	Determining whether an Arrangement contains a Lease
IC Interpretation 16	Service Concession Agreements (Not applicable to the Group)
IC Interpretation 17	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 18	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Transfer of Assets from Customers
Improvements to FRSs (2010)	Reassessment of Embedded Derivatives



# 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 2011**

### **A1. Basis of preparation (continued)**

#### Changes in Accounting Policies (continued)

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impacts to the financial statements upon their first adoption.

#### FRS yet to be effective

As at the date of this report, The Group has yet to apply the following FRSs which were issued but not yet effective:

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011**

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012**

- FRS 124, Related Party Disclosures (revised)
- IC Interpretation 15, Agreements for the Construction of Real Estate (Not applicable to the Group)



# PRESS METAL BERHAD

(Company No.: 153208W)  
Lot 6464, Batu 5 3/4, 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 2011**

### **A2. Auditors' report**

The auditors' report of the audited financial statements for the financial year ended 31 December 2010 was not subject to any qualification.

### **A3. Seasonal or cyclical factors**

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

### **A4. 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.

### **A5. Changes in estimates**

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

### **A6. Debt and equity securities**

#### **8-year 6% Redeemable Convertible Secured Loan Stocks ("RCSLS") at 100% of its nominal value with free detachable warrants ("Warrant")**

The Company has on 23 August 2011 issued 145,684,940 RCSLS and 145,684,940 Warrants pursuant to the proposed renounceable rights issue announced on 15 April 2011. The RCSLS and Warrants were subsequently listed in the Main Market of Bursa Malaysia Securities Berhad on 26 August 2011.

### **A7. Dividends paid**

Dividends paid for the respective financial period are:

	Sen (Tax exempt)	Total Amount RM'000	Date of payment
Interim 2011 Ordinary	1	<u>4,392</u>	28 October 2011
Final 2010 Ordinary	1	<u>4,391</u>	28 July 2011



# **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 2011**

### **A8. 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) Contracting**

Contracting of aluminium and stainless steel products.



# PRESS METAL BERHAD

(Company No.: 153208W)

Lot 6464, Batu 5 3/4, 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 2011

### A8. Segmental information – continued

<i>Business Segments</i>					
RM'000	Manufacturing & trading	Contracting	Elimination	Total	
Revenue from external customers	1,584,722	61,786	-	1,646,508	
Inter-segment revenue	1,462,922	-	(1,462,922)	-	
<b>Total revenue</b>	<b>3,047,644</b>	<b>61,786</b>	<b>(1,462,922)</b>	<b>1,646,508</b>	
<b>Segment results</b>	<b>145,453</b>	<b>2,784</b>		<b>148,237</b>	
Share of associate's profit				1,382	
Financing cost				(49,571)	
<b>Profit before tax</b>				<b>100,048</b>	
Taxation				(25,524)	
<b>Profit after tax</b>				<b>74,524</b>	
<i>Geographical Segments</i>					
	Malaysia	Asia Region	Europe Region	Elimination	Total
Revenue from external Customers	1,680,806	1,231,992	196,632	(1,462,922)	1,646,508
Segment assets by location	3,546,613	1,583,342	170,286	(1,941,520)	3,358,721
Investment in associate	29,676	-	-		29,676
	3,576,289	1,583,342	170,286	(1,941,520)	3,388,397



# 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 2011**

### **A9. 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.

### **A10. Material events subsequent to the balance sheet date**

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

### **A11. Changes in the composition of the Group**

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

### **A12. Contingent liabilities and contingent assets**

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

### **A13. Capital commitments**

As at 30 September 2011, the Group has the following known commitments:

	RM'000
Authorised property, plant and equipment expenditure not provided for in the financial statements	<u>7,000</u>

### **A14. Related Party Transactions**

#### **The Group**

	RM'000
With the affiliated companies – PMB Technology Berhad Group	
Sales of aluminium products	114,903
Purchase of fabricated aluminium products and building materials	45,622



# 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 2011**

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

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

The Group has recorded a revenue of RM581.6 million in the current year quarter, representing an increase of RM114.3 million or 24.4% compared to RM467.3 million in the corresponding quarter last year. Higher revenue was attributable to higher demand for both upstream and downstream operations.

The Group profit before tax has also increased to RM30.0 million during the current year quarter as compared to RM19.9 million in the same quarter last year.

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

Profit before tax for the current year quarter was lower than the preceding quarter's by RM6.6 million or 18.2% mainly due to weakening of metal price.

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

The Group has increased its operational activities and in view of the sustainable outlook for the remaining of the year, it is expected to maintain a satisfactory result for the year ending 31 December 2011.

#### **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 QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

### **B5. Taxation**

Taxation comprises the following:

	<b>9 months ended</b> <b>30.09.2011</b> <b>RM'000</b>
Current taxation	
Malaysian income tax	6,108
Foreign tax	3,310
Deferred tax	16,106
	-----
	25,524
	=====

The Group's effective tax rate for financial period-to-date is higher than the statutory tax rate due to certain non-tax deductible expenses.

### **B6. Retained Earnings**

	<b>As at 30.09.2011</b> <b>RM'000</b>	<b>As at 31.12.2010</b> <b>RM'000</b>
Retained earnings:		
Realised	811,822	685,206
Unrealised	(153,577)	(84,729)
	-----	-----
	658,245	600,477
Total share of retained earnings of associate:		
Unrealised	(17,864)	(16,191)
	-----	-----
Total Group retained earnings	640,381	584,286
	=====	=====

### **B7. Profit / Loss on disposal of unquoted investments and properties**

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

### **B8. 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.





# 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 2011**

### **B9. Status of Corporate Proposals Announced and Pending Completion**

#### **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 (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 has therefore been recognised as an income in the third quarter 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 QUARTERLY REPORT** **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

### **B10. Group borrowing and debt securities as at 30 September 2011**

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
Long term	560,380	22,391	582,771
Short term	224,996	867,062	1,092,058
	<u>785,376</u>	<u>889,453</u>	<u>1,674,829</u>
	=====	=====	=====

### **B11. 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.

### **B12. 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.

### **B13. Dividend**

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



# 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 2011**

### **B14. 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 and year-to-date as set out below:-

	<b>3rd Quarter</b>		<b>Year-to-Date</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.11</b>	<b>30.09.10</b>	<b>30.09.11</b>	<b>30.09.10</b>
Profit attributable to shareholders (RM'000)	20,132	14,230	64,878	61,844
Weighted average number of ordinary shares ('000)	439,340	428,412	439,340	428,412
Basic earnings per share (sen)	<u>4.58</u>	<u>3.32</u>	<u>14.77</u>	<u>14.44</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 QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

### (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 and year-to-date as set out below:-

	3rd Quarter 3 months ended		Year-to-Date 9 months ended	
	30.09.11	30.09.10	30.09.11	30.09.10
Profit attributable to shareholders (RM'000)	20,132	14,230	64,878	61,844
Weighted average number of ordinary shares ('000)	439,340	428,412	439,340	428,412
Employee Shares Option Scheme ('000)	5,440	17,892	5,440	17,892
	-----	-----	-----	-----
	444,780	446,304	444,780	446,304
	=====	=====	=====	=====
Basic earnings per share (sen)	4.53	*	14.59	*
	=====		=====	

\* The diluted earnings per share is not show as the effect of the employees' share options is anti-dilutive in the preceding year corresponding quarter.

**On behalf of the Board**

**Dato' Koon Poh Keong**  
**Group Chief Executive Officer**  
23 November 2011