

**PRESS METAL BERHAD***(Company No.153208-W)***CONDENSED CONSOLIDATED INCOME STATEMENT**

For the period ended 30 September 2013

	<i>Note</i>	<b>3rd Quarter 3 months ended</b>		<b>Year To-date 9 months ended</b>	
		<b>30.09.2013 RM'000</b>	<b>30.09.2012 RM'000</b>	<b>30.09.2013 RM'000</b>	<b>30.09.2012 RM'000</b>
Revenue		<u>794,460</u>	<u>609,135</u>	<u>2,314,046</u>	<u>1,656,581</u>
Operating expenses		(757,633)	(571,754)	(2,155,649)	(1,527,849)
Other operating income /(expenses)		<u>(47,748)</u>	<u>6,348</u>	<u>(38,108)</u>	<u>13,034</u>
<b>Profit from operations</b>		<b>(10,921)</b>	<b>43,729</b>	<b>120,289</b>	<b>141,766</b>
Finance costs		(38,039)	(23,718)	(107,986)	(65,967)
Share of profit from associate		<u>592</u>	<u>478</u>	<u>1,497</u>	<u>1,434</u>
<b>(Loss)/ Profit before tax</b>		<b>(48,368)</b>	<b>20,489</b>	<b>13,800</b>	<b>77,233</b>
Taxation	<i>B5</i>	<u>50,235</u>	<u>147,655</u>	<u>37,966</u>	<u>137,993</u>
<b>Profit for the year</b>		<b><u>1,867</u></b>	<b><u>168,144</u></b>	<b><u>51,766</u></b>	<b><u>215,226</u></b>
Attributable to :					
Equity holders of the parent		(1,649)	136,093	43,638	177,935
Non-controlling interest		<u>3,516</u>	<u>32,051</u>	<u>8,128</u>	<u>37,291</u>
		<b><u>1,867</u></b>	<b><u>168,144</u></b>	<b><u>51,766</u></b>	<b><u>215,226</u></b>
Basic (loss)/ earnings per share (sen)	<i>BII(a)</i>	(0.32)	30.52	8.58	39.91
Diluted (loss)/ earnings per share (sen)	<i>BII(b)</i>	(0.23)	-	5.95	-

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statement for the year ended 31 December 2012.

**PRESS METAL BERHAD***(Company No.153208 -W)***CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the period ended 30 September 2013

	3rd Quarter 3 months ended		Year To-date 9 months ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
Note	RM'000	RM'000	RM' 000	RM'000
<b>Profit for the period</b>	<b>1,867</b>	<b>168,144</b>	<b>51,766</b>	<b>215,226</b>
Other comprehensive income, net of tax				
Foreign currency translation difference for foreign operations	(522)	(4,847)	16,458	(17,575)
<b>Total comprehensive income for the period</b>	<b>1,345</b>	<b>163,297</b>	<b>68,224</b>	<b>197,651</b>
Attributable to :				
Equity holders of the parent	(1,188)	132,170	57,512	163,405
Non-controlling interest	2,533	31,127	10,712	34,246
	<b>1,345</b>	<b>163,297</b>	<b>68,224</b>	<b>197,651</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statement for the year ended 31 December 2012.

**PRESS METAL BERHAD***(Company No: 153208-W)***CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 September 2013

	As at 30.09.2013 <i>RM'000</i>	As at 31.12.2012 <i>RM'000</i>
<i>Note</i>		
<b>ASSETS &amp; NET CURRENT ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,980,840	2,788,887
Intangible assets	14,259	14,225
Investment properties	5,341	5,351
Investment in associates	35,963	34,466
Other investments	1,803	1,803
Deferred tax assets	154,109	98,424
<b>Total non-current assets</b>	<b>3,192,315</b>	<b>2,943,156</b>
<b>Current assets</b>		
Inventories	430,847	419,007
Trade receivables	401,852	356,838
Other receivables, deposits and prepayments	464,553	587,311
Current tax assets	4,611	4,256
Deposits, cash and bank balances	250,528	271,770
	1,552,391	1,639,182
Assets classified as held for sale	-	203,160
<b>Total current assets</b>	<b>1,552,391</b>	<b>1,842,342</b>
<b>Total Assets</b>	<b>4,744,706</b>	<b>4,785,498</b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	254,676	253,890
Reserves	248,377	230,093
Retained profit	802,561	769,094
	1,305,614	1,253,077
<b>Non-controlling interest</b>	<b>151,550</b>	<b>151,448</b>
<b>Total equity</b>	<b>1,457,164</b>	<b>1,404,525</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Other payables and accruals	6,544	51,997
Hire purchase & finance lease liabilities	6,742	16,200
Long term borrowings	773,780	881,513
Redeemable Convertible Secured Loan Stock	191,901	214,919
Deferred tax liabilities	88,330	69,633
<b>Total non-current liabilities</b>	<b>1,067,297</b>	<b>1,234,262</b>
<b>Current liabilities</b>		
Trade Payables	224,043	132,018
Other payables and accruals	487,656	373,554
Hire purchase & finance lease liabilities	18,218	11,548
Overdraft & short term borrowings	1,450,056	1,468,123
Redeemable Convertible Secured Loan Stock	31,747	-
Taxation	8,525	12,786
	2,220,245	1,998,029
Liabilities classified held for sale	-	148,682
	2,220,245	2,146,711
<b>Total liabilities</b>	<b>3,287,542</b>	<b>3,380,973</b>
<b>Total equity and liabilities</b>	<b>4,744,706</b>	<b>4,785,498</b>
Net assets per share (RM)	2.56	2.47

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statement for the year ended 31 December 2012.

PRESS METAL BERHAD

(Company No. 13208-W)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2013

	Attributable to equity holders of the parent										Non-controlling Interest	Total Equity
	Non-Distributable					Distributable						
	Share Capital	Exchange Difference Account	Share Premium Account	Share Based Payment	RCSLS Reserves	Warrants Reserves	Retained Profits	Sub-total	Non-controlling Interest	Total Equity		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2012	219,740	41,955	17,110	2,069	14,408	76,475	665,825	1,037,582	137,025	1,174,607		
Exchange difference	-	(17,575)	-	-	-	-	-	(17,575)	-	(17,575)		
Transfer to retained earnings upon share option lapsed	-	-	-	(2,069)	-	-	2,069	-	-	-		
Share option exercised	1,650	-	3,300	-	-	-	-	4,950	-	4,950		
Warrant Conversion	18,305	-	62,237	-	-	-	-	80,542	-	80,542		
Transfer to share premium for warrants exercise	-	-	19,217	-	(19,217)	-	-	-	-	-		
Proposed dividend 2011 final	-	-	-	-	-	-	(4,428)	(4,428)	-	(4,428)		
2012 interim	-	-	-	-	-	-	(4,435)	(4,435)	-	(4,435)		
Net profit for the year	-	-	-	-	-	-	177,935	177,935	37,291	215,226		
<b>At 30 September 2012</b>	<b>239,695</b>	<b>24,380</b>	<b>101,864</b>	<b>-</b>	<b>14,408</b>	<b>57,258</b>	<b>836,966</b>	<b>1,274,571</b>	<b>174,316</b>	<b>1,448,887</b>		
At 1 January 2013	253,890	6,798	166,533	-	14,408	42,354	769,094	1,253,077	151,448	1,404,525		
Exchange differences	-	16,458	-	-	-	-	-	16,458	-	16,458		
Conversion of RCSLS	786	-	1,985	-	(159)	-	-	2,612	-	2,612		
Proposed dividend - 2012 interim	-	-	-	-	-	-	(5,077)	(5,077)	-	(5,077)		
- 2013 interim	-	-	-	-	-	-	(5,094)	(5,094)	-	(5,094)		
Net profit for the year	-	-	-	-	-	-	43,638	43,638	8,128	51,766		
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(8,026)	(8,026)		
<b>At 30 September 2013</b>	<b>254,676</b>	<b>23,256</b>	<b>168,518</b>	<b>-</b>	<b>14,249</b>	<b>42,354</b>	<b>802,561</b>	<b>1,305,614</b>	<b>151,550</b>	<b>1,457,164</b>		

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2012.

**PRESS METAL BERHAD***(Company No: 153208-W)***CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 30 September 2013

	9 months ended	
	30.09.2013	30.09.2012
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	13,800	77,233
<i>Adjustments for:</i>		
Depreciation of investment properties	121	415
Depreciation of property, plant and equipment	111,652	67,067
Finance income	(278)	-
Finance costs	107,986	54,874
Loss on disposal of property, plant and equipment	51,570	-
Share of profit of equity accounted associate, net of tax	(1,497)	(1,434)
Accretion of discount on RCSLS	11,093	11,093
Unrealised foreign exchange loss /(gain)	16,748	(5,207)
<b>Operating profit before changes in working capital</b>	<b>311,195</b>	<b>204,041</b>
<b>Changes in working capital</b>		
Inventories	(11,840)	(62,806)
Trade and other receivables	(38,606)	32,899
Trade and other payables	155,580	165,586
<b>Cash generated from operations</b>	<b>416,329</b>	<b>339,720</b>
Income tax paid	(6,089)	(7,779)
<b>Net cash from operating activities</b>	<b>410,240</b>	<b>331,941</b>
<b>Cash flows from investing activities</b>		
Acquisition of non-controlling interest	(8,026)	-
Acquisition of properties, plant and equipment	(221,244)	(1,025,488)
<b>Net cash used in investing activities</b>	<b>(229,270)</b>	<b>(1,025,488)</b>
<b>Cash flows from financing activities</b>		
Interest paid on loans and borrowings	(107,708)	(43,781)
Dividend paid to the owners of the Company	(5,077)	(4,428)
Proceeds from issue of share capital via the new ESOS	-	4,950
Proceeds from warrant conversion	-	80,542
Proceeds / (Repayment of) from banking facilities	(125,800)	411,186
Drawdown/ (Repayment) of finance lease liabilities	(2,788)	3,530
<b>Net cash from/(used in) financing activities</b>	<b>(241,373)</b>	<b>451,999</b>
Net decrease in cash and cash equivalents	(60,403)	(241,548)
Effect of exchange rate fluctuations on cash held	39,162	2,449
Placement pledged with a licensed bank	-	7,786
Cash and cash equivalents at 1 January	261,462	353,973
<b>Cash and cash equivalents at 30 September</b>	<b>240,221</b>	<b>122,660</b>

**PRESS METAL BERHAD***(Company No: 153208-W)***CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 30 September 2013

**Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise the following statement of financial position amounts:

	<b>30.09.2013</b>	<b>30.09.2012</b>
	<i>RM'000</i>	<i>RM'000</i>
Placement pledged with a licenced bank	80,017	10,780
Cash and bank balances	165,591	112,670
Bank overdrafts	(5,387)	(790)
	<hr/> 240,221	<hr/> 122,660

**Deposits, cash and bank balances**

	<b>30.09.2013</b>	<b>30.09.2012</b>
	<i>RM'000</i>	<i>RM'000</i>
Deposits placed with licence bank	84,937	12,116
Cash and bank balances	165,591	112,670
	<hr/> 250,528	<hr/> 124,786

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2012



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## **NOTES TO THE QUARTERLY REPORT** **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

### **A1. Basis of preparation**

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The Group has early adopted the amendments to MFRS 101, *Presentation of Financial Statements* which is originally effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board but have not been adopted by the Group:

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013***

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*



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## **NOTES TO THE QUARTERLY REPORT** **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

### **A1. Basis of preparation – continued**

- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014***

- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015***

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Date of MFRS 9 and Transition Disclosures*

The Group plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013, except for IC Interpretation 20 which are not applicable to the Group.
- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.





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## **NOTES TO THE QUARTERLY REPORT** **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

### **A1. Basis of preparation – *continued***

The initial application of the standards, amendments and interpretations is not expected to have any material financial impacts to the current and prior periods' financial statements upon their first adoption.

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

The auditors' report of the audited financial statements for the financial year ended 31 December 2012 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**

Except as disclosed in Notes B1 and B3, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during then financial quarter under review and the financial period-to-date.



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## **NOTES TO THE QUARTERLY REPORT** **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

### **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**

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

### **A7. Dividends paid**

There was no dividend paid during the current financial period.

### **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.



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## NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

### A8. Segmental information – continued

<i>Business Segments</i>						
RM'000	Manufacturing & trading	Contracting	Elimination	Total		
Revenue from external customers	2,249,682	64,364	-	2,314,046		
Inter-segment revenue	897,967	-	(897,967)	-		
<b>Total revenue</b>	<b>3,147,649</b>	<b>64,364</b>	<b>(897,967)</b>	<b>2,314,046</b>		
<b>Segment results</b>	<b>118,555</b>	<b>1,734</b>	<b>-</b>	<b>120,289</b>		
Share of associate's profit				1,497		
Financing cost				(107,986)		
<b>Profit before tax</b>				<b>13,800</b>		
Taxation				37,966		
<b>Profit after tax</b>				<b>51,766</b>		
<i>Geographical Segments</i>						
	Malaysia	Asia Region	Europe Region	American Region	Elimination	Total
Revenue from external Customers	2,168,931	827,447	160,916	54,719	(897,967)	2,314,046
Segment assets by location	6,471,740	1,518,791	97,496	19,289	(3,398,573)	4,708,743
Investment in associate	35,963				35,963	
	6,507,703	1,518,791	97,496	19,289	(3,398,573)	4,744,706



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## **NOTES TO THE QUARTERLY REPORT** **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

### **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 2013, the Group has the following known commitments:

	RM'000
Authorised property, plant and equipment expenditure not provided for in the financial statements	79,088
	<u>79,088</u>

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

<u>The Group</u>	RM'000
With the affiliated companies – PMB Technology Berhad Group	
Sales of aluminium products	99,882
Purchase of fabricated aluminium products and building materials	15,655
	<u>115,537</u>



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## **NOTES TO THE QUARTERLY REPORT** **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

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

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

*Current quarter compared to the corresponding quarter of the preceding year (three months)*

The Group's revenue of RM794.5 million for the current year third quarter was higher than RM609.1 million recorded in the same quarter last year. Revenue was higher by RM185.4 million or 30.4% mainly due to the contribution from its Bintulu smelting plant which commenced operation in the last quarter of year 2012. Additional revenue generated by the Bintulu smelting plant was partially set off by the shutdown of its Mukah smelting plant due to the power outage occurred on 27 June 2013.

Notwithstanding the higher revenue generated, Q3 2013 has registered a loss before tax of RM48.4 million as compared to a profit before tax of RM20.5 million in Q3 2012. The losses were mainly due to:-

- (i) PMH's assets disposal loss of RM51.6 million as stated in Note B7(a) below; and
- (ii) Mukah smelting plant operating loss of RM20.3 million for the quarter mainly due to the fixed operating charges and finance costs incurred.

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

The Group registered a loss before tax of RM48.4 million as compared to RM26.8 million pre-tax profit in the preceding quarter. Losses incurred during the current quarter were mainly due to PMH's assets disposal loss and Mukah smelting plant shutdown as explained above.



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## **NOTES TO THE QUARTERLY REPORT** **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

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

The global demand for aluminium continues to improve which augurs well for the Group as our smelter in Samalaju has reached 98% of its production capacity and our smelter in Mukah has just re-started its operations and expected to reach full capacity in 3 months period. At this juncture, the insurance claim for the Mukah's shutdown is still in progress.

Barring unforeseen circumstances, the management will continue to endeavour to achieve a satisfactory result for the Group for the close of this financial year.

### **B4. Profit forecast**

Not applicable as no profit forecast was published.

### **B5. Taxation**

Taxation comprises the following:

	<b>9 months ended</b>
	<b>30.09.2013</b>
	<b>RM'000</b>
Current taxation	
Malaysian income tax	1,804
Foreign tax	24
Deferred tax	(39,794)*
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	<u>(37,966)</u>

\* Mainly due to the recognition of deferred tax asset by a subsidiary arising from the tax incentive granted.



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## NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

### **B6. Retained Earnings**

	As at 30.09.2013	As at 31.12.2012
	<i>RM'000</i>	<i>RM'000</i>
Retained earnings:		
Realised	915,042	861,381
Unrealised	(88,330)	(69,633)
	<hr/>	<hr/>
	826,712	791,748
Total share of retained earnings of associate:		
Unrealised	(24,151)	(22,654)
	<hr/>	<hr/>
Total Group retained earnings	<u>802,561</u>	<u>769,094</u>



# PRESS METAL BERHAD

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## **NOTES TO THE QUARTERLY REPORT** **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

### **B7. Status of Corporate Proposals Announced and Pending Completion**

#### **(a) 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. (“PMH”), 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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### **NOTES TO THE QUARTERLY REPORT** **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

#### **B7. Status of Corporate Proposals Announced and Pending Completion-*cont'd***

##### **(a) China Smelting Plant-*cont'd***

On 12 September 2013, the Company announced that the Company and PMH had on 6 September 2013 entered into a final assets settlement agreement (“Final ASA”) with HHAE and QCQ. Accordingly, the previous sale and purchase agreement and the relevant supplementary agreements have become void, effective from the date of the Final ASA.

According to the Final ASA, PMH will transfer to HHAE all its assets save for its wholly owned subsidiary, Press Metal International (Hubei) Ltd. (“PMIH”) and certain liabilities. In return, QCQ will transfer its 10% share of equity in PMH to the Company.

The rationale of disposing the PMH’s assets is to discontinue the loss making business from the Group.



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### **NOTES TO THE QUARTERLY REPORT** **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

#### **B7. Status of Corporate Proposals Announced and Pending Completion-*cont'd***

- (b) (i) **Memorandum of Understanding (“MOU”) between the Company and Sumitomo Corporation;**
- (ii) **Proposed Disposal of Press Metal Bintulu Sdn Bhd’s (“PMBSB”) equity by the Company to Sumitomo Corporation**

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The Company had on 12 April 2013 announced that it had entered into a MOU with Sumitomo Corporation (“SC”), with a view to dispose of twenty percent (20%) equity interest in its wholly-owned subsidiary, PMBSB to SC.

On 1 November 2013, Maybank Investment Bank Berhad, on behalf of the Board, announced that the Company had entered into a conditional sale and purchase agreement with Summit Global Management XII B.V. (“SGM”), a subsidiary of SC for the proposed disposal of 20% equity interest (after completion of the Capitalisation) held by the Company in PMBSB for a provisional cash consideration of USD140.049 million or equivalent to approximately RM443.955 million.

On even date, the Company also entered into a conditional shareholders’ agreement with SGM to regulate the term and conditions of the respective obligations and rights of the Company and SGM in relation to ownership and management of the business and affairs of PMBSB.



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## NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

### **B8. Group borrowing and debt securities as at 30 September 2013**

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
Long term	767,064	6,716	773,780
Short term	552,261	897,795	1,450,056
	<u>1,319,325</u>	<u>904,511</u>	<u>2,223,836</u>

### **B9. 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.

### **B10. Dividend**

The Board of Directors has declared an interim tax exempt dividend of 2% per ordinary share for the financial year ending 31 December 2013. The Book Closure and Payment Dates for the aforesaid dividend are 5 December 2013 and 3 January 2014 respectively.



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## **NOTES TO THE QUARTERLY REPORT** **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

### **B11. 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>Period-to-Date</b>	
	<b>30.09.13</b>	<b>30.09.12</b>	<b>30.09.13</b>	<b>30.09.12</b>
(Loss)/ Profit attributable to shareholders (RM'000)	(1,649)	136,093	43,638	177,935
Weighted average number of ordinary shares ('000)	507,894	445,850	508,634	445,850
Basic (loss)/ earnings per share (sen)	<u>(0.32)</u>	<u>30.52</u>	<u>8.58</u>	<u>39.91</u>



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## NOTES TO THE QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

### B11. Earnings Per Ordinary Share-cont'd

#### (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		Period-to-Date	
	3 months ended		9 months ended	
	30.09.13	30.09.12	30.09.13	30.09.12
(Loss)/ Profit attributable to shareholders (RM'000)	(1,649)	-	43,638	-
Weighted average number of ordinary shares ('000)	507,894	-	508,634	-
Redeemable Convertible Loan Stock ("RCSLS") ('000)	144,112	-	144,112	-
Warrants C ('000)	80,684	-	80,684	-
	<u>732,690</u>	<u>-</u>	<u>733,430</u>	<u>-</u>
Diluted (loss)/ earnings per share (sen)	<u>(0.23)</u>	<u>*</u>	<u>5.95</u>	<u>*</u>

\* Not applicable as the Redeemable Convertible Secured Loan Stock with detachable warrants are anti-dilutive.



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## **NOTES TO THE QUARTERLY REPORT** **FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013**

### **B12. Note to the Condensed Consolidated Income Statement**

Profit before tax is arrived at after charging/ (crediting) the following items:

	<b>Current Quarter RM'000</b>	<b>Current Financial Year To-Date RM'000</b>
Interest expense	38,039	107,986
Depreciation and amortisation	41,829	111,652
Realised foreign exchange gain	(3,275)	(4,544)
Unrealised foreign exchange loss	10,217	16,748
Finance income	(92)	(278)

**On behalf of the Board**

**Dato' Koon Poh Keong**  
**Group Chief Executive Officer**  
18 November 2013