

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

For the year ended 31 December 2016

	<i>Note</i>	4th Quarter 3 months ended		Year-to-date 12 months ended	
		31.12.2016 <i>RM'000</i>	31.12.2015 <i>RM'000</i>	31.12.2016 <i>RM'000</i>	31.12.2015 <i>RM'000</i>
Revenue		<u>1,999,755</u>	<u>1,387,235</u>	<u>6,612,049</u>	<u>4,321,271</u>
Operating expenses		(1,684,131)	(1,214,264)	(5,828,779)	(3,817,461)
Other operating (expenses)/income		<u>(59,514)</u>	<u>(71,349)</u>	<u>72,715</u>	<u>(176,248)</u>
Profit from operations		256,110	101,622	855,985	327,562
Finance costs		(56,277)	(24,600)	(169,105)	(97,726)
Share of profit from associate		<u>636</u>	<u>877</u>	<u>2,543</u>	<u>2,140</u>
Profit before tax		200,469	77,899	689,423	231,976
Taxation	<i>B5</i>	<u>(26,472)</u>	<u>(33,357)</u>	<u>(71,326)</u>	<u>(71,007)</u>
Profit for the year		<u>173,997</u>	<u>44,542</u>	<u>618,097</u>	<u>160,969</u>
Attributable to :					
Equity holders of the parent		131,779	38,798	495,454	132,345
Non-controlling interest		<u>42,218</u>	<u>5,744</u>	<u>122,643</u>	<u>28,624</u>
		<u>173,997</u>	<u>44,542</u>	<u>618,097</u>	<u>160,969</u>
Basic earnings per share (sen)	<i>BII(a)</i>	4.88	2.99	29.89	10.38
Diluted earnings per share (sen)	<i>BII(b)</i>	4.40	2.81	25.35	9.76

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statement for the year ended 31 December 2015.

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

For the year ended 31 December 2016

	4th Quarter		Year-to-date	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	<i>RM'000</i>	<i>RM'000</i>	<i>RM' 000</i>	<i>RM'000</i>
Profit for the year	173,997	44,542	618,097	160,969
Other comprehensive income, net of tax				
-Foreign currency translation differences for foreign operations	18,482	(22,451)	(12,346)	28,319
-Cash Flow Hedge	(195,633)	109,183	(74,289)	(187,239)
Total comprehensive income for the year	(3,154)	131,274	531,462	2,049
Attributable to :				
Equity holders of the parent	(6,245)	103,693	423,677	10,447
Non-controlling interest	3,091	27,581	107,785	(8,398)
	(3,154)	131,274	531,462	2,049

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statement for the year ended 31 December 2015.

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

At 31 December 2016

	<i>Note</i>	As at 31.12.2016 <i>RM'000</i>	As at 31.12.2015 <i>RM'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		5,176,095	5,194,390
Investment properties		5,484	6,335
Goodwill		13,091	10,497
Investment in associates		44,180	41,637
Other investments		1,803	1,803
Deferred tax assets		67,944	99,434
Total non-current assets		<u>5,308,597</u>	<u>5,354,096</u>
Current assets			
Inventories		884,009	869,889
Trade receivables		784,388	651,690
Other receivables, deposits and prepayments		197,512	185,479
Current tax assets		1,033	7,783
Deposits, cash and bank balances		400,863	305,120
Total current assets		<u>2,267,805</u>	<u>2,019,961</u>
Total Assets		<u><u>7,576,402</u></u>	<u><u>7,374,057</u></u>
EQUITY			
Equity attributable to equity holders of the parent			
Share capital		924,473	649,416
Reserves		(141,914)	17,082
Retained profit		1,469,575	1,272,659
		<u>2,252,134</u>	<u>1,939,157</u>
Non-controlling interest		<u>515,674</u>	<u>428,560</u>
Total equity		<u>2,767,808</u>	<u>2,367,717</u>
LIABILITIES			
Non-current liabilities			
Other payables		1,343	-
Hire purchase & finance lease liabilities		2,221	17,719
Long term borrowings	<i>B8</i>	1,833,291	1,972,163
Deferred tax liabilities		144,797	129,277
Total non-current liabilities		<u>1,981,652</u>	<u>2,119,159</u>
Current liabilities			
Trade payables		716,610	545,211
Other payables and accruals		530,795	914,621
Hire purchase & finance lease liabilities		23,246	17,092
Overdraft & short term borrowings	<i>B8</i>	1,549,609	1,407,777
Taxation		6,682	2,480
		<u>2,826,942</u>	<u>2,887,181</u>
Total liabilities		<u>4,808,594</u>	<u>5,006,340</u>
Total equity and liabilities		<u><u>7,576,402</u></u>	<u><u>7,374,057</u></u>
Net assets per share (RM)		0.61	1.49

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statement for the year ended 31 December 2015.

PRESS METAL BERHAD
(Company No: 153208-W)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to equity holders of the parent										
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Non-Distributable	RCSLS Reserve RM'000	Warrants Reserve RM'000	Hedging Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
At 1 January 2015	550,397	4,164	20,369	8,766	36,113	-	-	1,256,922	1,876,731	304,042	2,180,773
Exchange difference	-	-	27,893	-	-	-	-	-	27,893	426	28,319
Conversion of RCSLS	96,300	75,181	-	(8,669)	-	-	-	-	162,812	-	162,812
Redemption of RCSLS	-	-	-	(97)	-	-	-	97	-	-	-
Exercise of warrants	2,719	4,471	-	-	(1,318)	-	-	-	5,872	-	5,872
Subscription of shares in subsidiary	-	-	-	-	-	-	-	-	-	132,916	132,916
Cash Flow Hedge	-	-	-	-	-	(149,791)	-	-	(149,791)	(37,448)	(187,239)
Proposed dividend	-	-	-	-	-	-	-	(38,788)	(38,788)	-	(38,788)
- Fourth interim 2014	-	-	-	-	-	-	-	(38,953)	(38,953)	-	(38,953)
- First interim 2015	-	-	-	-	-	-	-	(19,483)	(19,483)	-	(19,483)
- Second interim 2015	-	-	-	-	-	-	-	(19,481)	(19,481)	-	(19,481)
- Third interim 2015	-	-	-	-	-	-	-	132,345	132,345	28,624	160,969
Net profit for the year	649,416	83,816	48,262	-	34,795	(149,791)	1,272,659	1,939,157	428,560	2,367,717	
At 31 December 2015	649,416	83,816	48,262	-	34,795	(149,791)	1,272,659	1,939,157	428,560	2,367,717	
Exchange differences	-	-	(12,346)	-	-	-	-	-	(12,346)	-	(12,346)
Exercise of warrants	11,517	17,778	-	-	(5,292)	-	-	-	24,003	-	24,003
Bonus issue	263,540	(99,705)	-	-	-	-	(163,835)	-	-	-	-
Cash Flow Hedge	-	-	-	-	-	(59,431)	-	-	(59,431)	(14,858)	(74,289)
Acquisition of shares in subsidiary	-	-	-	-	-	-	-	-	-	(671)	(671)
Dividend payable to non controlling interest	-	-	-	-	-	-	-	-	-	(20,000)	(20,000)
Proposed dividend	-	-	-	-	-	-	-	(19,483)	(19,483)	-	(19,483)
- Fourth interim 2015	-	-	-	-	-	-	-	(38,984)	(38,984)	-	(38,984)
- First interim 2016	-	-	-	-	-	-	-	(39,343)	(39,343)	-	(39,343)
- Second interim 2016	-	-	-	-	-	-	-	(36,893)	(36,893)	-	(36,893)
- Third interim 2016	-	-	-	-	-	-	-	495,454	495,454	122,643	618,097
Net profit for the year	924,473	1,889	35,916	-	29,503	(209,222)	1,469,575	2,252,134	515,674	2,767,808	
At 31 December 2016	924,473	1,889	35,916	-	29,503	(209,222)	1,469,575	2,252,134	515,674	2,767,808	

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015.

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

For the year ended 31 December 2016

	12 months ended	
	31.12.2016	31.12.2015
	<i>RM'000</i>	<i>RM'000</i>
Cash flows from operating activities		
Profit before tax	689,423	231,976
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	331,463	257,423
Finance and other income	(1,139)	(1,928)
Finance costs	169,105	97,726
Share of profit of equity accounted associate, net of tax	(2,543)	(2,140)
Unrealised derivative loss/(gain)	7,308	(15,502)
Unrealised foreign exchange loss	-	60,113
Impairment loss on investment properties	-	200
Loss on disposal of property, plant and equipment	-	491
Impairment on property, plant and equipment	28,879	54,632
Operating profit before changes in working capital	1,222,496	682,991
Changes in working capital		
Inventories	(14,120)	(314,703)
Trade and other receivables	(146,437)	692,225
Trade and other payables	(226,294)	(76,705)
Cash generated from operations	835,645	983,808
Income tax paid	(11,247)	(16,550)
Net cash from operating activities	824,398	967,258
Cash flows from investing activities		
Acquisition of properties, plant and equipment	(327,871)	(1,814,820)
Proceeds from subscription of shares in a subsidiary	-	132,916
Proceeds from disposal of property, plant and equipment	-	416
Dividend received from an associates	1,074	859
Interest received from fixed deposit	1,139	1,928
Acquisition of non controlling interest	(3,265)	-
Net cash used in investing activities	(328,923)	(1,678,701)
Cash flows from financing activities		
Interest paid on loans and borrowings	(169,105)	(96,435)
Dividend paid to the owners of the Company	(134,703)	(116,705)
Redemption of RCSLS	-	(1,319)
Proceeds from issue shares via exercise of warrants	24,003	5,872
(Repayment)/Drawdown of banking facilities	(85,489)	846,294
Repayment of finance lease liabilities	(9,344)	(14,420)
Increase in amount due from associates	(10,392)	(1,751)
Net cash (used in)/from financing activities	(385,030)	621,536
Net increase in cash and cash equivalents	110,445	(89,907)
Effect of exchange rate fluctuations on cash held	(13,213)	(1,137)
Cash and cash equivalents at 1 January	227,421	318,465
Cash and cash equivalents at 31 December	324,653	227,421

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

For the year ended 31 December 2016

Cash and cash equivalents

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

	31.12.2016	31.12.2015
	<i>RM'000</i>	<i>RM'000</i>
Deposits (exclude deposits pledged)	92,963	61,797
Cash and bank balances	238,228	167,113
Bank overdrafts	(6,538)	(1,489)
	<hr/>	<hr/>
	324,653	227,421

Deposits, cash and bank balances

	31.12.2016	31.12.2015
	<i>RM'000</i>	<i>RM'000</i>
Deposits placed with licence bank	162,635	138,007
Cash and bank balances	238,228	167,113
	<hr/>	<hr/>
	400,863	305,120

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015.



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NOTES TO THE QUARTERLY REPORT **FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

A1. Basis of preparation

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS) 134: Interim Financial Reporting, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

Significant Accounting Policies

The accounting policies adopted in these interim financial statements are consistent with those adopted for the financial year ended 31 December 2015, except for the adoption of the following Amendments and Annual Improvements to Standards effective for the annual periods beginning on or after 1 January 2016.

- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure on Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiatives*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture: Bearer Plants*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Annual Improvements to MFRs 2012-2014 Cycle

The adoption of the above standards, amendments and annual improvement did not have any material financial impacts to the Group.



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NOTES TO THE QUARTERLY REPORT **FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

A1. Basis of preparation (cont'd)

Hedge Accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.



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NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

A1. Basis of preparation (cont'd)

Standards issued but not yet effective

- i) MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018**
 - MFRS 9, Financial Instruments (2014)
 - MFRS 15, Revenue from Contracts with Customers
- ii) MFRSs, Interpretations and amendments effective for a date yet to be confirmed**
 - Amendment to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group intends to adopt the above standards as and when they become effective in the respective financial periods. The adoption of the above is not expected to have any material impacts to the financial statements of the Group.

A2. Auditors' report

The auditors' report of the audited financial statements for the financial year ended 2015 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

Save for the impairment loss provision on the assets owned by its subsidiary, Press Metal International (Hubei) Ltd ("PMIH") as mentioned in the note B1, there were no unusual items affecting assets, liabilities, equity, net income or cash flow during the financial quarter under review.



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NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

A5. Changes in estimates

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

A6. Debt and equity securities

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

A7. Dividends paid

	Tax exempt (sen)	Total amount (RM'000)	Date of payment
Fourth interim 2015	1.5	19,483	25.03.2016
First interim 2016	3.0	38,984	31.05.2016
Second interim 2016	3.0	39,343	20.09.2016
Third interim 2016	1.0	36,893	25.11.2016

A8. Segmental information

Segmental information is presented in respect of the Group's business segments.

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 FOURTH QUARTER ENDED 31 DECEMBER 2016

A8. Segmental information – continued

<i>Business Segments</i>						
RM'000	Smelting and extrusion	Others	Elimination	Total		
Revenue from external customers	6,493,198	118,851	-	6,612,049		
Inter-segment revenue	1,302,461	44,968	(1,347,429)	-		
Total revenue	7,795,659	163,819	(1,347,429)	6,612,049		
Segment results	856,753	(768)		855,985		
Share of associate's profit				2,543		
Financing cost				(169,105)		
Profit before tax				689,423		
Taxation				(71,326)		
Profit after tax				618,097		
<i>Geographical Segments</i>						
	Malaysia	Asia Region	Europe Region	American Region	Elimination	Total
Revenue from external Customers	6,390,812	1,179,802	289,523	99,341	(1,347,429)	6,612,049
Segment assets by location	9,070,385	1,918,822	144,351	24,040	(3,625,376)	7,532,222
Investment in associate	44,180	-	-	-	-	44,180
	9,114,565	1,918,822	144,351	24,040	(3,625,376)	7,576,402



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NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

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 year 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 31 December 2016, the Group has the following known commitments:

	RM'000
Authorised property, plant and equipment expenditures not provided for in the financial statements	322,000
	<u>=====</u>

A14. Related Party Transactions

<u>The Group</u>	RM'000
With the affiliated companies – PMB Technology Berhad Group sales of aluminium products	140,837
Purchase of fabricated aluminium products and building materials	34,471
	<u>=====</u>



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NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

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

Review of performance

B1. Q4 2016 vs Q4 2015

The Group revenue increased from RM1.39 billion in Q4 2015 to RM2.00 billion in Q4 2016, representing an increase of RM612.5 million or 44.2%. The significant increase in revenue was mainly due to the additional output contributed by the Samalaju phase 2 smelting plant which was successfully ramped up to full production capacity in Q4 2016.

In tandem with the increase in revenue, the Group profit before tax ("PBT") increased from RM77.9 million to RM200.5 million, increased by RM122.6 million or 157.4%. The substantial increase in PBT was essentially contributed by the higher smelter output as explained above, and the improved LME price during the current year quarter under review.

The improved PBT was achieved despite an one-off RM18.0 million impairment loss on the assets owned by its subsidiary, namely Press Metal International (Hubei) Ltd ("PMIH") as the Group has decided to consolidate its China extrusion operations into a single location in Guangzhou China.

Year on year 2016 vs 2015

The Group recorded a revenue of RM6.61 billion in year 2016 as compared to RM4.32 billion in year 2015. The increase of RM2.29 billion or 53.0% was mainly due to the higher smelter output and the strengthening of US Dollar against Ringgit Malaysia. Correspondingly, the Group PBT increased almost threefold from RM232.0 million to RM689.4 million.

B2. Q4 2016 vs Q3 2016

PBT for Q4 2016 was higher than the preceding quarter, Q3 2016 by RM48.0 million or 31.5% despite the one-off RM18 million provision made for impairment loss arising from the cessation of operations of PMIH. The improved performance was mainly due to the improving metal price as well as the continuous strengthening of US Dollar which has contributed to the improved margin.



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NOTES TO THE QUARTERLY REPORT **FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

B3. Current year's prospects

For year 2016, the global economy ended on a stronger footing. According to IMF and other economic reports, global economy has improved in the second half of 2016 and the expectation is that 2017 is going to be better than 2016.

Almost all commodities prices have recovered by the end of 2016 and many continue to trade higher in the month of January 2017. The main contributor to the recovery has been the surprised strong demand from China in view of substantial infrastructure spending and the improved business activities in the developed countries.

For aluminium, the price traded down to \$1449 and ended the year at \$1693. At the beginning of this year, it continues to trade higher and ended at \$1819 at the end of January. The positive sentiment is due to a couple of factors such as the anticipated fiscal stimulus from the new administration of the United States and the expectation that the Chinese government will continue its fiscal support for its economy growth.

Further, the Chinese government has been very concerned lately of its environment pollution. To help mitigate the situation, the government is considering measures to limit industries emission and the high energy consuming industries are the main target which includes the aluminium industry. One such policy is to limit the industries power usage in the winter months which will affect the aluminium production for that couple of months and thus reducing the annual output.

Going forward, we believe the global aluminium industry is in a more balance situation than in the past couple of years and in a much healthy position. As supply and demand come into equilibrium we should see aluminium price be trading in a stronger footing.

Barring unforeseen circumstances, the Board is cautiously optimistic that for this fiscal year the Group should perform better with the benefit of full production from our three smelter lines of 760,000 mt capacity and higher value added products output.

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 2016

B5. Taxation

Taxation comprises the following:

	12 months ended 31.12.2016 <i>RM'000</i>
Malaysian income tax	19,451
Foreign tax	2,748
Deferred tax	49,127

	<u>71,326</u>

B6. Retained Earnings

	As at 31.12.2016 <i>RM'000</i>	As at 31.12.2015 <i>RM'000</i>
Retained earnings:		
Realised	1,646,740	1,431,761
Unrealised	(144,797)	(129,277)
	-----	-----
	1,501,943	1,302,484
Total share of retained earnings of associate:		
Unrealised	(32,368)	(29,825)
	-----	-----
Total Group retained earnings	<u>1,469,575</u>	<u>1,272,659</u>



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NOTES TO THE QUARTERLY REPORT **FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

B7. Status of Corporate Proposals Announced and Pending Completion

Multiple Proposals

The Board of Directors has on 11 July 2016 announced that the Company intends to undertake the following multiple proposals:

- (I) Proposed Share Split;
- (II) Proposed Bonus Issue;
- (III) Proposed Increase in Authorised Share Capital;
- (IV) Proposed Memorandum & Articles Amendments; and
- (V) Proposed Internal Reorganisation

On 27 September 2016, the High Court granted leave for the Company to convene meeting with its members and warrant holders in relation to the proposal (V), within 6 months from 27 September 2016.

On 13 October 2016, the proposals (I) to (IV) were approved by members of the Company via an Extraordinary General Meeting held on the even date.

On 25 October 2016, the Company announced the ex-date and the entitlement date for the proposals (I) and (II), being 4 November 2016 and 8 November 2016 respectively.

On 9 November, the Share Split and Bonus Issue have been completed following the listing of and quotation for 2,635,393,460 subdivided shares and 1,054,157,325 bonus shares.

The Company has on 25 January 2017 announced that a circular to shareholders pertaining to proposal V has been circulated on the even date where the relevant Extraordinary General Meeting will be held on 28 February 2017.



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B7. Status of Corporate Proposals Announced and Pending Completion– *continued*

Joint Venture

On 20 September 2016, the Company announced that PMB had entered into a joint venture agreement with Sunstone Development Co., Ltd, a company incorporated in China whereby the Company has agreed to participate in the establishment and operation of a new joint venture company, namely Shandong Sunstone & PMB Carbon Ltd., Co., in China for the primary purpose of manufacturing of pre-baked carbon anodes.

Save as above, there were no corporate proposals announced but pending completion during the financial quarter.



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NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

B8. Group borrowing and debt securities as at 31 December 2016

	Secured (RM'000)	Unsecured (RM'000)	Total (RM'000)
Long term	1,763,331	69,960	1,833,291
Short term	1,326,654	222,955	1,549,609
	<u>3,089,985</u>	<u>292,915</u>	<u>3,382,900</u>

Borrowings that are denominated in foreign currencies amounting to RM3,177 million are as follow:-

<u>Currency</u>		As at 31.12.2016 <u>million</u>
US Dollar	USD	644
Renminbi	RMB	427
Pound Sterling	GBP	2



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NOTES TO THE QUARTERLY REPORT **FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

B9. Material Litigation

The Company had on 17 February 2014 announced that the Company has not reached an acceptable agreement with its insurers on the claims arising from the power outage incident at PMS's smelting plant in Mukah, Sarawak and accordingly, has on the same date served to the lead insurer, a Writ of Summon and Statement of Claim filed vide Kuala Lumpur High Court ("Court") in respect of a suit commenced by PMS through its solicitors ("Suit").

For the financial year ended 2013, PMS has provided an estimated RM90 million for both operating losses and assets written off.

No accrual of insurance claim has been made in the Group income statement for the financial year ended 31 December 2013.

On 12 June 2014, the Court allowed Etiqa's application for stay of proceeding for reference of the matter to Arbitration.

Subsequently, PMS filed an appeal to the Court of Appeal against the High Court's decision in allowing the said application for a stay of proceedings pending arbitration. The Court of Appeal dismissed PMS' appeal on 30 October 2014. Subsequently, PMS filed the motion for Leave to Appeal to the Federal Court on 28 November 2014. The Federal Court granted PMS Leave to Appeal on 26 March 2015. After hearing the Appeal, the Federal Court had on 15 August 2016 upheld the decision of the High Court and Court of Appeal which allowed Etiqa's application for stay of the court proceeding pending reference of the matter to arbitration.

Subsequently, PMS has on 24 November 2016 issued a Notice of Arbitration to Etiqa for commencement of the Arbitration and has on 20 January 2017 made a written request to the Director of Kuala Lumpur Regional Centre of Arbitration ("KLRCA") for registration and commencement of the Arbitration.

Therefore, PMS's claim against Etiqa for, inter alia, an indemnity in respect of its losses and damages arising from the power outage incident at PMS's smelting plant in Mukah, Sarawak is now pending in the arbitration proceedings. The solicitors of PMS are of the opinion that PMS has a good case for its claim.



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NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

B10. Dividend

The Board of Directors has approved a fourth interim single tier dividend of 1.5 sen per ordinary share, approximate of RM55,600,000 for the financial year ended 31 December 2016.

The Book Closure and Payment Dates for the aforesaid dividend are 14 March 2017 and 28 March 2017 respectively.

B11. Earnings Per Ordinary Share

(a) Basic earnings per share

	4th Quarter		Year-to-date	
	3 months ended		12 months ended	
	31.12.16	31.12.15	31.12.16	31.12.15
Profit attributable to shareholders (RM'000)	131,779	38,798	495,454	132,345
Weighted average number of ordinary shares ('000)	2,697,881	1,298,614	1,657,539	1,274,974
Basic earnings per share (sen)	<u>4.88</u>	<u>2.99</u>	<u>29.89</u>	<u>10.38</u>



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NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

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

(b) Diluted earnings per share

	4th Quarter		Year-to-date	
	3 months ended		12 months ended	
	31.12.16	31.12.15	31.12.16	31.12.15
Profit attributable to shareholders (RM'000)	131,779	38,798	495,454	132,345
Weighted average number of ordinary shares ('000)	2,697,881	1,298,831	1,657,539	1,274,974
Warrants C ('000)	296,610	81,172	296,610	81,307
	<u>2,994,491</u>	<u>1,380,003</u>	<u>1,954,149</u>	<u>1,356,281</u>
Diluted earnings per share (sen)	<u>4.40</u>	<u>2.81</u>	<u>25.35</u>	<u>9.76</u>



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NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

B12. Note to the Condensed Consolidated Income Statement

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

	Current Quarter RM'000	Current Financial Year-To-Date RM'000
Interest income	(345)	(1,139)
Other income including investment income	-	-
Interest expense	56,277	169,105
Depreciation and amortisation	92,542	331,463
Provision for and written off trade receivables	-	522
Provision for and written of inventories	-	-
unquoted investment or properties	-	-
Realised foreign exchange loss/(gain)	26,297	(3,717)
Unrealised loss on derivatives	7,308	7,308
Realised loss/ (gain) on derivatives	6,548	(14,932)
Exceptional item		
- Insurance claim	-	(95,017)
- Impairment of assets	18,000	28,879

On behalf of the Board

Dato' Koon Poh Keong
Group Chief Executive Officer
27 February 2017