Financial Statements

DIRECTORS' REPORT
for the year ended 31 December 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	618,934	280,404
Non-controlling interests	153,932	-
	772,866	280,404

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

i) In respect of the financial year ended 31 December 2017 as reported in the Directors' Report of that year:

- a fourth interim ordinary dividend of 1.5 sen per ordinary share totalling RM57,991,000 declared on 27 February 2018 and paid on 3 April 2018.

ii) In respect of the financial year ended 31 December 2018:

- a first interim ordinary dividend of 1.5 sen per ordinary share totalling RM58,031,000 declared on 17 May 2018 and paid on 19 June 2018.
- a second interim ordinary dividend of 1.5 sen per ordinary share totalling RM58,945,000 declared on 15 August 2018 and paid on 19 September 2018.
- a third interim ordinary dividend of 2.0 sen per ordinary share totalling RM79,011,000 declared on 22 November 2018 and paid on 27 December 2018.

Subsequent to the end of the current financial year, the Directors declared a fourth interim ordinary dividend of 1.5 sen per ordinary share totalling RM60,292,000 on 26 February 2019 in respect of the financial year ended 31 December 2018, which was paid on 2 April 2019.

The Directors do not recommend any final dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' Wira (Dr.) Megat Abdul Rahman bin Megat Ahmad
Tan Sri Dato' Koon Poh Keong
Koon Poh Ming
Dato' Koon Poh Tat
Koon Poh Kong
Koon Poh Weng
Loo Lean Hock
Tan Heng Kui
Noor Alina binti Mohamad Faiz
Lim Hun Soon @ David Lim (appointed on 15 August 2018)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2018	Bought^	Sold	At 31.12.2018
Interests in the Company:				
Dato' Wira (Dr.) Megat Abdul Rahman bin Megat Ahmad	280,000	-	-	280,000
Tan Sri Dato' Koon Poh Keong				
- own	588,458,672	7,618,000	-	596,076,672
- spouse	76,102,320	-	-	76,102,320
Koon Poh Ming				
- own	251,867,258	30,000,000	-	281,867,258
- spouse	70,560,000	-	-	70,560,000
Dato' Koon Poh Tat				
- own	119,925,680	10,005,700	(2,140,000)	127,791,380
- spouse	4,214,302	-	-	4,214,302
Koon Poh Kong				
- own	82,750,686	7,000,000	(2,000,000)	87,750,686
- spouse	1,026,920	-	(20,000)	1,006,920
- children	10,050,000	-	-	10,050,000
Koon Poh Weng				
- own	175,757,868	11,156,200	-	186,914,068
- spouse	55,456,080	-	-	55,456,080
- children	54,880	-	-	54,880
Tan Heng Kui	801,640	-	-	801,640

DIRECTORS' INTERESTS IN SHARES *cont'd*

	Number of ordinary shares			
	At 1.1.2018	Bought^	Sold	At 31.12.2018
Deemed interests in the Company:				
Tan Sri Dato' Koon Poh Keong *	853,812,115	30,800,000	-	884,612,115

^ *Including shares issued pursuant to the conversion of warrants*

	Number of warrants			
	At 1.1.2018	Bought/ Transferred	Sold/ Transferred	At 31.12.2018
Interests in the Company:				
Koon Poh Ming				
- own	60,700,000	-	(50,700,000)	10,000,000
- spouse	-	20,700,000	(20,700,000)	-
Deemed interests in the Company:				
Tan Sri Dato' Koon Poh Keong *	85,091,215	-	(30,000,000)	55,091,215

* *Deemed interested by virtue of the Directors' interests in Alpha Milestone Sdn. Bhd.*

In accordance with the Companies Act, the interests and deemed interests of the spouses and children of the Directors in the shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of the Directors also.

By virtue of their interests in the shares of the Company, Tan Sri Dato' Koon Poh Keong, Koon Poh Ming, Dato' Koon Poh Tat, Koon Poh Kong and Koon Poh Weng are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Press Metal Aluminium Holdings Berhad has an interest.

None of the other Directors holding office at 31 December 2018 had any interest in the shares and warrants of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than a Director who received rental income from a company in the Group in the ordinary course of business as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of warrants by the Company.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 118,064,918 new ordinary shares arising from the exercise of warrants.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of warrants described below.

Warrants

In 2017, the Company issued new warrants to the warrant holders of Press Metal Berhad ("PMB") pursuant to a warrants exchange following an internal reorganisation which resulted in the Company assuming the listing status of PMB. There were no changes to the terms and conditions attached to the warrants.

The warrants are in registered form and constituted by a deed poll. The registered holders are entitled to subscribe for one new ordinary share in the Company at a price of RM0.39 per ordinary share for every warrant held. The conversion ratio is subject to the aforesaid deed poll and can be exercised at any time during the eight-year subscription period up to 22 August 2019.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity sum insured and premium paid for Directors of the Company are RM5,000,000 and RM36,050 respectively. There are no indemnity and insurance purchased for the officers and auditors of the Group and of the Company.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

The auditors' report on the audit of the financial statements of the Company's subsidiaries did not contain any qualification.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the gain on disposal of investments in subsidiaries amounting to RM32,993,000 of the Company as disclosed in Note 23 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT AND SUBSEQUENT EVENTS

i) In January 2018, Press Metal Berhad ("PMB"), a wholly-owned subsidiary of the Company, subscribed 20% equity interest in Shandong Sunstone & PMB Carbon Ltd., Co. ("Sunstone"), for a total cash consideration of RMB52.8 million (equivalent to approximately RM32.4 million). Sunstone is accounted for as an associate of the Group.

ii) In February 2018, PMB transferred its entire equity interest in an associate, PMB Technology Berhad ("PMBT"), to the Company via the authorised payment of dividends by way of distribution in specie amounting to RM11.8 million.

iii) In March 2018, PMB transferred its entire investment in a wholly-owned subsidiary, Press Metal (HK) Limited to the Company for a total consideration of RM16.8 million.

iv) In March 2018, Press Metal Bintulu Sdn. Bhd. ("PMBTU"), an 80% owned subsidiary of the Company, completed the acquisition of the entire equity interest in Press Metal Aluminium Rods Sdn. Bhd. (formerly known as Leader Universal Aluminium Sdn. Bhd.) for a total cash consideration of RM96 million. There was a goodwill amounting to RM28.6 million recognised at the Group level as a result of the acquisition.

v) In March 2018, PMB Marketing (HK) Ltd., a previously wholly-owned subsidiary of PMB Marketing Sdn. Bhd., was deregistered and subsequently dissolved. The deconsolidation of this subsidiary did not have a material impact to the Group's financial statements.

vi) In June 2018, the Company subscribed in full its 27.72% entitlement on the Rights Issue of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") together with free detachable warrants issued by PMBT for a total cash consideration of RM58.8 million. The ICULS has a nominal value of RM2.74 each and is convertible to ordinary shares of PMBT at a price of RM2.74 per share. The ICULS has a conversion ratio of 1:1. The exercise price of the warrants is RM3.01.

vii) In September 2018, Press Metal Sarawak Sdn. Bhd. ("PMS"), an 80% owned subsidiary of the Company, received a settlement sum of RM60 million from its insurer in respect of an insurance claim for the damaged plant and machinery and consequential business losses resulting from the suspension of its operations at its Mukah plant following a state-wide power outage in June 2013.

viii) In November 2018, the Company incorporated a new wholly-owned subsidiary, PMIM Extrusion Sdn. Bhd. ("PMIM") with a paid-up share capital of RM2 comprising 2 ordinary shares. PMIM is principally engaged in investment holding activities and was established in line with management's restructuring plan to consolidate the Group's manufacturing and trading arms of its extrusion segment.

ix) In December 2018, the Company transferred its entire investments in the following subsidiaries to PMIM for a total consideration of RM48.7 million:

- Press Metal Berhad
- Press Metal UK Limited
- Press Metal Aluminium (Australia) Pty. Ltd.
- Press Metal North America Inc.

The transfer has resulted in a gain on disposal of RM33 million to the Company.

SIGNIFICANT AND SUBSEQUENT EVENTS *cont'd*

x) In October 2018, PMBTU entered into an asset sale agreement ("ASA") with ITOCHU Minerals & Energy of Australia Pty. Ltd. ("IMEA") and ITOCHU Corporation ("ITOCHU"), the holding company of IMEA, for the acquisition of 50% equity interest in Japan Alumina Associates (Australia) Pty. Ltd. ("JAA"), subject to the terms and conditions stipulated in the ASA (the "Proposed Acquisition"). The Proposed Acquisition is to partially secure the Group's alumina supply.

   In February 2019 ("Completion Date"), PMBTU completed the Proposed Acquisition for a provisional cash consideration of AUD256.9 million (equivalent to approximately RM747.2 million) ("Purchase Price"). The Purchase Price is subject to further adjustments upon finalisation of the completion accounts after the Completion Date.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 23 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Dato' Koon Poh Keong
Director

Koon Poh Ming
Director

Petaling Jaya, Selangor

Date: 22 April 2019

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2018

	Note	Group		Company	
		2018	**2017**	**2018**	**2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
			Restated		
Assets					
Property, plant and equipment	3	**4,832,298**	4,929,971	**42**	-
Prepaid lease payments	4	**9,946**	-	**-**	-
Investment properties	5	**17,406**	18,649	**-**	-
Goodwill	6	**39,125**	10,497	**-**	-
Investments in subsidiaries	7	**-**	-	**1,207,862**	1,206,819
Investments in associates	8	**138,017**	44,881	**70,656**	-
Other investments	9	**1,803**	1,803	**-**	-
Derivative financial assets	10	**715**	35,769	**-**	-
Deferred tax assets	11	**-**	34,328	**-**	-
Trade and other receivables	14	**-**	-	**74,452**	-
Total non-current assets		**5,039,310**	5,075,898	**1,353,012**	1,206,819
Inventories	12	**1,539,499**	1,168,622	**-**	-
Contract assets	13	**94**	-	**-**	-
Other investments	9	**-**	15,000	**-**	-
Trade and other receivables	14	**1,287,828**	1,202,299	**70,287**	127,071
Prepayments		**35,842**	40,694	**-**	-
Current tax assets		**10,498**	9,350	**-**	-
Derivative financial assets	10	**229,171**	126,673	**-**	-
Cash and cash equivalents	15	**199,050**	259,098	**1,036**	89
		3,301,982	2,821,736	**71,323**	127,160
Asset classified as held for sale	16	**235**	-	**-**	-
Total current assets		**3,302,217**	2,821,736	**71,323**	127,160
Total assets		**8,341,527**	7,897,634	**1,424,335**	1,333,979

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000
Equity					
Share capital		**1,046,903**	990,641	**1,046,903**	990,641
Reserves		**12,218**	(543,277)	**(223,088)**	(212,872)
Retained earnings		**2,177,593**	1,823,281	**568,817**	542,391
Equity attributable to owners of the Company	17	**3,236,714**	2,270,645	**1,392,632**	1,320,160
Non-controlling interests		**790,871**	699,796	**-**	-
Total equity		**4,027,585**	2,970,441	**1,392,632**	1,320,160
Liabilities					
Loans and borrowings	18	**2,020,531**	2,186,400	**-**	-
Deferred tax liabilities	11	**183,962**	149,291	**-**	-
Derivative financial liabilities	10	**21,311**	518,731	**-**	-
Total non-current liabilities		**2,225,804**	2,854,422	**-**	-
Loans and borrowings	18	**964,114**	937,358	**-**	-
Trade and other payables	19	**933,891**	898,554	**31,703**	13,819
Contract liabilities	13	**1,027**	7,465	**-**	-
Current tax liabilities		**7,748**	7,848	**-**	-
Derivative financial liabilities	10	**181,358**	221,546	**-**	-
Total current liabilities		**2,088,138**	2,072,771	**31,703**	13,819
Total liabilities		**4,313,942**	4,927,193	**31,703**	13,819
Total equity and liabilities		**8,341,527**	7,897,634	**1,424,335**	1,333,979

The notes on pages 113 to 237 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2018

		Group		Company	
	Note	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Revenue	20	**9,170,122**	8,176,131	**272,511**	658,674
Cost of sales		**(7,812,032)**	(6,776,418)	**-**	-
Gross profit		**1,358,090**	1,399,713	**272,511**	658,674
Other income		**102,406**	42,825	**33,095**	4
Distribution expenses		**(176,628)**	(190,994)	**-**	-
Administrative expenses		**(170,697)**	(164,668)	**(25,349)**	(2,748)
Net gain on impairment of financial instruments and contract assets		**1,685**	156	**-**	-
Other expenses		**(60,443)**	(91,742)	**-**	-
Results from operating activities		**1,054,413**	995,290	**280,257**	655,930
Finance income	21	**5,825**	4,787	**147**	19
Finance costs	22	**(192,094)**	(194,209)	**-**	-
Net finance (costs)/income		**(186,269)**	(189,422)	**147**	19
Share of profit of equity-accounted associates, net of tax		**2,310**	2,885	**-**	-
Profit before tax	23	**870,454**	808,753	**280,404**	655,949
Tax expense	24	**(97,588)**	(62,310)	**-**	-
Profit for the year		**772,866**	746,443	**280,404**	655,949
Other comprehensive income/(expense), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Cash flow hedge		**602,941**	(307,351)	**-**	-
Foreign currency translation differences for foreign operations:		**(25,384)**	37,595	**-**	-
- (Losses)/Gains arising during the year		**(25,570)**	38,763	**-**	-
- Share of gain/(loss) of equity-accounted associates		**186**	(1,168)	**-**	-
Other comprehensive income/(expense) for the year, net of tax		**577,557**	(269,756)	**-**	-
Total comprehensive income for the year		**1,350,423**	476,687	**280,404**	655,949

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the Company		**618,934**	593,379	**280,404**	655,949
Non-controlling interests		**153,932**	153,064	**-**	-
Profit for the year		**772,866**	746,443	**280,404**	655,949
Total comprehensive income attributable to:					
Owners of the Company		**1,184,645**	236,939	**280,404**	655,949
Non-controlling interests		**165,778**	239,748	**-**	-
Total comprehensive income for the year		**1,350,423**	476,687	**280,404**	655,949
Basic earnings per ordinary share (sen)	25	**15.89**	15.88		
Diluted earnings per ordinary share (sen)	25	**15.57**	15.15		

The notes on pages 113 to 237 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

		Attributable to owners of the Company								
		Non-distributable					Distributable			
Group	Note	Share capital	Translation reserve	Hedging reserve	Reorganisation reserve	Warrants reserve	Retained earnings	Total	Non-controlling interest	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017		*	27,398	(232,065)	926,362	29,503	1,455,096	2,206,294	510,048	2,716,342
Cash flow hedge		-	-	(393,450)	-	-	-	(393,450)	86,099	(307,351)
Foreign currency translation differences for foreign operations:										
- Gains arising during the year		-	38,178	-	-	-	-	38,178	585	38,763
- Share of loss of an equity-accounted associate		-	(1,168)	-	-	-	-	(1,168)	-	(1,168)
Total other comprehensive expense for the year		-	37,010	(393,450)	-	-	-	(356,440)	86,684	(269,756)
Profit for the year		-	-	-	-	-	593,379	593,379	153,064	746,443
Total comprehensive income for the year		-	37,010	(393,450)	-	-	593,379	236,939	239,748	476,687
Contributions by and distributions to owners of the Company/PMB										
Issue of ordinary shares:										
- Exercise of warrants prior to shares and warrants exchanges		-	-	-	17,036	(3,094)	-	13,942	-	13,942
- Shares and warrants exchanges with PMB	17	943,398	-	-	(943,398)	-	-	-	-	-
- Exercise of warrants after shares and warrants exchanges	17	47,243	-	-	-	(8,579)	-	38,664	-	38,664
Dividends to owners of the Company	26	-	-	-	-	-	(225,194)	(225,194)	-	(225,194)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(50,000)	(50,000)
Total transactions with owners of the Company		990,641	-	-	(926,362)	(11,673)	(225,194)	(172,588)	(50,000)	(222,588)
At 31 December 2017		990,641	64,408	(625,515)	-	17,830	1,823,281	2,270,645	699,796	2,970,441

* *Denotes RM2*

		Attributable to owners of the Company								
		Non-distributable					*Distributable*			
Group	**Note**	**Share capital**	**Translation reserve**	**Hedging reserve**	**Reorganisation reserve**	**Warrants reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2018		990,641	64,408	(625,515)	-	17,830	1,823,281	2,270,645	699,796	2,970,441
Cash flow hedge		-	-	590,847	-	-	-	590,847	12,094	602,941
Foreign currency translation differences for foreign operations:										
- Losses arising during the year		-	(25,322)	-	-	-	-	(25,322)	(248)	(25,570)
- Share of gain of equity-accounted associates		-	186	-	-	-	-	186	-	186
Total other comprehensive income for the year		-	(25,136)	590,847	-	-	-	565,711	11,846	577,557
Profit for the year		-	-	-	-	-	618,934	618,934	153,932	772,866
Total comprehensive income for the year		-	(25,136)	590,847	-	-	618,934	1,184,645	165,778	1,350,423
Contributions by and distributions to owners of the Company										
Issue of ordinary shares:										
- Exercise of warrants	17	56,262	-	-	-	(10,216)	-	46,046	-	46,046
Dividends to owners of the Company	26	-	-	-	-	-	(253,978)	(253,978)	-	(253,978)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(60,000)	(60,000)
		56,262	-	-	-	(10,216)	(253,978)	(207,932)	(60,000)	(267,932)
Adjustment in purchase consideration on partial disposal of a subsidiary in previous years	34.5	-	-	-	-	-	(10,644)	(10,644)	(14,703)	(25,347)
Total transactions with owners of the Company		56,262	-	-	-	(10,216)	(264,622)	(218,576)	(74,703)	(293,279)
At 31 December 2018		**1,046,903**	**39,272**	**(34,668)**	**-**	**7,614**	**2,177,593**	**3,236,714**	**790,871**	**4,027,585**

The notes on pages 113 to 237 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

		← *Non-distributable*		→	(Accumulated losses)/ *Distributable*	
Company	**Note**	**Share capital RM'000**	**Reorganisation reserve RM'000**	**Warrants reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 January 2017		*	-	-	(10)	(10)
Profit and total comprehensive income for the year		-	-	-	655,949	655,949
Contributions by and distributions to owners of the Company						
Issue of ordinary shares:						
- Shares and warrants exchanges with PMB	17	943,398	(230,702)	26,409	-	739,105
- Exercise of warrants	17	47,243	-	(8,579)	-	38,664
Dividends to owners of the Company	26	-	-	-	(113,548)	(113,548)
Total transactions with owners of the Company		990,641	(230,702)	17,830	(113,548)	664,221
At 31 December 2017/1 January 2018		990,641	(230,702)	17,830	542,391	1,320,160
Profit and total comprehensive income for the year		-	-	-	280,404	280,404
Contributions by and distributions to owners of the Company						
Issue of ordinary shares:						
- Exercise of warrants	17	56,262	-	(10,216)	-	46,046
Dividends to owners of the Company	26	-	-	-	(253,978)	(253,978)
Total transactions with owners of the Company		56,262	-	(10,216)	(253,978)	(207,932)
At 31 December 2018		**1,046,903**	**(230,702)**	**7,614**	**568,817**	**1,392,632**

* *Denotes RM2*

The notes on pages 113 to 237 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2018

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Cash flows from operating activities				
Profit before tax	**870,454**	808,753	**280,404**	655,949
Adjustments for:				
Amortisation of prepaid lease payments	**619**	-	**-**	-
Depreciation of investment properties	**364**	198	**-**	-
Depreciation of property, plant and equipment	**388,481**	400,993	**3**	-
Dividend income	**-**	-	**(257,415)**	(657,714)
Finance costs	**192,094**	194,209	**-**	-
Finance income	**(5,825)**	(4,787)	**(147)**	(19)
Gain on disposal of investment properties	**(781)**	-	**-**	-
Gain on disposal of investments in subsidiaries	**-**	-	**(32,993)**	-
Impairment loss on property, plant and equipment	**7,000**	10,000	**-**	-
Loss/(Gain) on disposal of property, plant and equipment	**1,718**	(878)	**-**	-
Property, plant and equipment written off	**34,107**	9,465	**-**	-
Share of profit of equity-accounted associates, net of tax	**(2,310)**	(2,885)	**-**	-
Unrealised derivative loss	**436**	-	**-**	-
Unrealised foreign exchange gain	**(2,130)**	(14,313)	**(88)**	-
Operating profit/(loss) before changes in working capital	**1,484,227**	1,400,755	**(10,236)**	(1,784)
Change in derivatives	**27**	(75,394)	**-**	-
Change in inventories	**(324,010)**	(157,323)	**-**	-
Change in trade and other payables	**(3,212)**	(421,957)	**2,077**	129
Change in trade and other receivables and prepayments	**(9,274)**	(331,857)	**(582)**	(984)
Change in contract assets	**(94)**	-	**-**	-
Change in contract liabilities	**(6,438)**	7,465	**-**	-
Cash generated from/(used in) operations	**1,141,226**	421,689	**(8,741)**	(2,639)
Tax paid	**(31,366)**	(27,718)	**-**	-
Net cash from/(used in) operating activities	**1,109,860**	393,971	**(8,741)**	(2,639)

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		
Cash flows from investing activities				
Acquisition of an associate	**(32,440)**	-	**-**	-
Acquisition of an indirect subsidiary, net of cash and cash equivalents acquired (Note 34.1)	**(68,554)**	-	**-**	-
Acquisition of investment properties	**(75)**	(3,990)	**-**	-
Acquisition of property, plant and equipment	**(292,712)**	(186,717)	**(45)**	-
Adjustment of consideration on partial disposal of a subsidiary in previous years (Note 34.5)	**(25,347)**	-	**-**	-
Dividends received from subsidiaries	**-**	-	**266,949**	65,040
Dividends received from an associate	**644**	859	**644**	-
Increase in amounts due from subsidiaries	**-**	-	**(7,038)**	(1,127)
Interest received from short-term deposits	**5,825**	4,787	**147**	19
Proceeds from disposal of investment properties	**1,500**	-	**-**	-
Proceeds from disposal of other investments	**15,000**	11,000	**-**	-
Proceeds from disposal of property, plant and equipment	**3,370**	5,299	**-**	-
Subscription of ICULS of an associate	**(58,844)**	-	**(58,844)**	-
Net cash (used in)/from investing activities	**(451,633)**	(168,762)	**201,813**	63,932

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
		Restated		
Cash flows from financing activities				
Change in pledged deposits	**54,289**	31,620	**-**	-
Decrease/(Increase) in amount due from an associate	**451**	(1,649)	**-**	-
(Decrease)/Increase in amount due to an associate	**(139)**	139	**-**	-
Dividends paid to non-controlling interests of subsidiaries	**(60,000)**	(50,000)	**-**	-
Dividends paid to owners of the Company	**(253,978)**	(225,194)	**(253,978)**	(113,548)
Drawdown/(Repayment) of bankers' acceptances	**170,307**	(457,001)	**-**	-
Increase in amounts due to subsidiaries	**-**	-	**15,807**	13,680
Interest paid on loans and borrowings	**(180,760)**	(182,110)	**-**	-
Proceeds from issuance of Senior Notes, net of underwriting fees	**-**	1,644,291	**-**	-
Proceeds from issue of shares via exercise of warrants	**46,046**	52,606	**46,046**	38,664
Repayment of bank loans	**(443,968)**	(1,012,642)	**-**	-
Repayment of finance lease liabilities	**(10,644)**	(14,348)	**-**	-
Repayment of revolving credits	**(13,418)**	(103,940)	**-**	-
Net cash used in financing activities	**(691,814)**	(318,228)	**(192,125)**	(61,204)
Net (decrease)/increase in cash and cash equivalents	**(33,587)**	(93,019)	**947**	89
Effect of exchange rate fluctuations on cash held	**27,870**	9,812	**-**	-
Cash and cash equivalents at 1 January	**199,597**	282,804	**89**	*
Cash and cash equivalents at 31 December	**193,880**	199,597	**1,036**	89

Cash and cash equivalents

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

		Group		Company	
	Note	**2018**	**2017**	**2018**	**2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits	15	**11,760**	66,110	**-**	-
Less: Pledged deposits	15	**(5,031)**	(59,320)	**-**	-
		6,729	6,790	**-**	-
Cash and bank balances	15	**187,290**	192,988	**1,036**	89
Bank overdrafts	18	**(139)**	(181)	**-**	-
		193,880	199,597	**1,036**	89

Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM302,647,000 (2017: RM190,035,000) and RM45,000 (2017: Nil) respectively, of which RM9,935,000 (2017: RM3,318,000) and Nil (2017: Nil) were acquired by means of finance leases.

* *Denotes RM2*

NOTES TO THE FINANCIAL STATEMENTS

Press Metal Aluminium Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Setia 61 & 62, Setia Avenue
No.2 Jalan Setia Prima S U13/S
Setia Alam, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan

Registered office
Lot 6.05, Level 6
KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates. The financial statements of the Company as at and for the financial year ended 31 December 2018 do not include other entities.

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 22 April 2019.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

1. BASIS OF PREPARATION *cont'd*

(a) Statement of compliance *cont'd*

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 and by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108*, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments 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*

1. BASIS OF PREPARATION *cont'd*

(a) Statement of compliance *cont'd*

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

- from the annual period beginning on 1 January 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except for Amendments to MFRS 11 which is not applicable to the Group and to the Company; and

- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and to the Company.

The initial application of the accounting standards, amendments or interpretations is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

Management has preliminary assessed the impact that the initial application of MFRS 16 will have on its financial statements for the financial year ended 31 December 2018 and the beginning of the earliest period in the year of initial application, 1 January 2018, and does not expect the impact to be material.

1. BASIS OF PREPARATION *cont'd*

(b) Presentation format

As disclosed in Note 34.6, in 2017, the Company entered into a business combination exercise with Press Metal Berhad ("PMB"), hereinafter referred to as the "Acquisition".

In accordance with MFRS 3, *Business Combinations*, the Acquisition was accounted for using the reverse acquisition method with the Company being the accounting acquiree and PMB being the accounting acquirer.

Consolidated financial statements prepared following a reverse acquisition are a continuation of the financial statements of PMB, which is the accounting acquirer, with one adjustment, which was to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree.

As the consolidated financial statements represented the continuation of the financial statements of PMB, including its subsidiaries (collectively known as "PMB Group"), except for its capital structure, the consolidated financial statements in 2017 reflected:

(a) the assets and liabilities of the PMB Group recognised and measured at their pre-combination carrying amounts;

(b) the assets and liabilities of the Company recognised and measured at their fair value;

(c) the retained earnings and other equity balances of PMB Group before the Acquisition;

(d) the amount recognised as issued equity interests in the consolidated financial statements was determined by adding the issued equity interest of PMB Group outstanding immediately before the business combination to the fair value of the Company. However, the equity structure reflects the equity structure of the Company, including the equity interests the legal parent issued to effect the combination. Accordingly, the equity structure of PMB Group was restated using the exchange ratio established in the acquisition agreement to reflect the number of shares of the Company issued in the reverse acquisition; and

(e) the non-controlling interests' proportionate share of PMB Group's pre-combination carrying amounts of retained earnings and other equity interests.

1. BASIS OF PREPARATION *cont'd*

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(d) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(e) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 5 - valuation of investment properties
- Note 6 - measurement of the recoverable amounts of cash-generating units
- Note 8 - investments in associates
- Note 11 - measurement of deferred tax assets and liabilities
- Note 14 - impairment of receivables
- Note 20 - revenue
- Note 32 - contingencies
- Note 34 - business combinations

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

i) financial instruments;
ii) revenue recognition; and
iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 36.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(v) Associates *cont'd*

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the owners of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and total comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(b) Foreign currency *cont'd*

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM") *cont'd*

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(i) Recognition and initial measurement *cont'd*

Previous financial year

A financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative was recognised separately from the host contract and accounted for as a derivative if, and only if, it was not closely related to the economic characteristics and risks of the host contract and the host contract was not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative was recognised separately, was accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(ii) Financial instrument categories and subsequent measurement *cont'd*

Financial assets *cont'd*

Current financial year *cont'd*

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2(l)(i)).

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument) or financial assets that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

Other financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(ii) Financial instrument categories and subsequent measurement *cont'd*

Financial assets *cont'd*

Previous financial year *cont'd*

(b) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprised investment in equity instruments that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost.

All financial assets, except for those measured at fair value through profit or loss, were subject to impairment assessment (see Note 2(l)(i)).

Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(ii) Financial instrument categories and subsequent measurement *cont'd*

Financial liabilities *cont'd*

Current financial year *cont'd*

(a) Fair value through profit or loss *cont'd*

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(ii) Financial instrument categories and subsequent measurement *cont'd*

Financial liabilities *cont'd*

Previous financial year

In the previous financial year, financial liabilities of the Group and of the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise could not be reliably measured were measured at cost.

Financial liabilities categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(iii) Financial guarantee contracts *cont'd*

Previous financial year

In the previous financial year, fair value arising from financial guarantee contracts was classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

(iv) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

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 all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect 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 accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

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 hedged 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 immediately.

2. SIGNIFICANT ACCOUNTING POLICIES *cont’d*

(c) Financial instruments *cont’d*

(iv) Hedge accounting *cont’d*

Cash flow hedge *cont’d*

The Group has elected to account for the entire forward contract/swap as a hedging instrument in its entirety. The forward element of these forward contracts/swaps are not separately accounted for from its spot element. Accordingly, the change in fair value of the entire forward contract/swap is recognised in the hedging reserve in equity.

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 hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(c) Financial instruments *cont'd*

(v) Derecognition *cont'd*

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and capital work-in-progress are measured at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(d) Property, plant and equipment *cont'd*

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• leasehold land	lease term of 50 - 99 years
• buildings and renovation	10 - 50 years
• plant and machinery	5 - 25 years
• office equipment	10 years
• motor vehicles	5 - 10 years
• furniture and fittings	10 years
• moulds and dies	3 - 6 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Goodwill

Goodwill which arises on business combinations is measured at cost less any accumulated impairment losses.

Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(g) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include land and buildings which in substance are finance leases held for a currently undetermined future use. Investment properties are initially and subsequently measured at cost and are accounted for similarly to property, plant and equipment.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, the carrying amount of the item immediately prior to transfer is recognised as the deemed cost of the investment property for subsequent accounting.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its carrying amount at the date of reclassification becomes its deemed cost for subsequent accounting.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Non-current asset held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Property, plant and equipment once classified as held for sale is not amortised or depreciated.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(j) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(l)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(l) Impairment *cont'd*

(i) Financial assets *cont'd*

Current financial year *cont'd*

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using an allowance matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovering the amounts due.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associate) were assessed at each reporting date whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(l) Impairment *cont'd*

(i) Financial assets *cont'd*

Previous financial year *cont'd*

An impairment loss in respect of loans and receivables was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale was not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, deferred tax assets and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(l) Impairment *cont'd*

(ii) Other assets *cont'd*

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(o) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income from property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(o) Revenue and other income *cont'd*

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Management and consultancy fee income

Management and consultancy fee income is recognised in profit or loss when services are rendered.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying assets for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(q) Income tax *cont'd*

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised investment tax allowance, being a tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise warrants.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(t) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM'000	Buildings and renovation RM'000	Plant and machinery RM'000	Office equipment RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Moulds and dies RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2017	384,814	1,609,462	4,147,958	66,589	111,741	10,336	298,638	62,097	6,691,635
Additions	-	18,903	25,588	4,351	3,312	1,732	25,311	110,838	190,035
Disposals	-	-	(12,245)	(215)	(5,959)	(113)	(10,458)	-	(28,990)
Written off	-	-	(26,020)	(162)	(8)	(23)	-	-	(26,213)
Transfers	-	20,807	19,221	86	-	15	-	(40,129)	-
Transfer from investment properties (Note 5)	-	627	-	-	-	-	-	-	627
Transfer to investment properties (Note 5)	-	-	-	-	-	-	-	(5,687)	(5,687)
Effect of movements in exchange rates	(8,936)	(7,357)	(8,029)	(555)	(121)	(35)	(7,084)	(48)	(32,165)
At 31 December 2017/ 1 January 2018	375,878	1,642,442	4,146,473	70,094	108,965	11,912	306,407	127,071	6,789,242
Additions	464	17,374	166,427	13,369	7,993	2,405	17,916	76,699	302,647
Acquisition through business combinations (Note 34.1)	12,756	8,972	24,770	-	693	3,313	-	255	50,759
Disposals	-	-	(5,620)	(2,786)	(2,059)	(2)	(7,805)	(228)	(18,500)
Written off	-	-	(102,440)	(1,792)	(730)	(4)	-	-	(104,966)
Transfers	-	38,006	72,889	-	-	199	-	(111,094)	-
Transfer to prepaid lease payments:									
- Offset of accumulated depreciation	(911)	-	-	-	-	-	-	-	(911)
- Transfer of carrying amount (Note 4)	(2,589)	-	-	-	-	-	-	-	(2,589)
Effect of movements in exchange rates	(7,527)	(6,474)	(7,457)	(733)	(177)	(37)	(6,533)	(182)	(29,120)
At 31 December 2018	**378,071**	**1,700,320**	**4,295,042**	**78,152**	**114,685**	**17,786**	**309,985**	**92,521**	**6,986,562**

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group	Land	Buildings and renovation	Plant and machinery	Office equipment	Motor vehicles	Furniture and fittings	Moulds and dies	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Depreciation and impairment loss									
At 1 January 2017	42,113	178,532	946,519	34,376	45,046	4,134	254,671	-	1,505,391
Depreciation for the year	6,095	35,688	317,508	4,134	10,532	770	26,266	-	400,993
Impairment loss for the year	-	10,000	-	-	-	-	-	-	10,000
Disposals	-	-	(9,997)	(195)	(4,211)	(110)	(10,056)	-	(24,569)
Written off	-	-	(16,587)	(139)	(6)	(16)	-	-	(16,748)
Effect of movements in exchange rates	(1,378)	(2,977)	(5,128)	(501)	(108)	(5)	(5,699)	-	(15,796)
At 31 December 2017/ 1 January 2018	46,830	221,243	1,232,315	37,675	51,253	4,773	265,182	-	1,859,271
Depreciation for the year	5,874	38,007	302,992	5,243	10,438	1,218	24,709	-	388,481
Impairment loss for the year	-	7,000	-	-	-	-	-	-	7,000
Disposals	-	-	(3,346)	(629)	(1,630)	(2)	(7,805)	-	(13,412)
Written off	-	-	(69,997)	(395)	(465)	(2)	-	-	(70,859)
Offset of accumulated depreciation on land transferred to prepaid lease payments	(911)	-	-	-	-	-	-	-	(911)
Effect of movements in exchange rates	(1,293)	(3,022)	(4,921)	(541)	(125)	(16)	(5,388)	-	(15,306)
At 31 December 2018	**50,500**	**263,228**	**1,457,043**	**41,353**	**59,471**	**5,971**	**276,698**	**-**	**2,154,264**
Carrying amounts									
At 1 January 2017	342,701	1,430,930	3,201,439	32,213	66,695	6,202	43,967	62,097	5,186,244
At 31 December 2017/ 1 January 2018	329,048	1,421,199	2,914,158	32,419	57,712	7,139	41,225	127,071	4,929,971
At 31 December 2018	**327,571**	**1,437,092**	**2,837,999**	**36,799**	**55,214**	**11,815**	**33,287**	**92,521**	**4,832,298**

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company	Motor vehicle RM'000
Cost	
At 1 January 2017/31 December 2017/1 January 2018	-
Addition	45
At 31 December 2018	**45**
Depreciation	
At 1 January 2017/31 December 2017/1 January 2018	-
Depreciation for the year	3
At 31 December 2018	**3**
Carrying amounts	
At 1 January 2017/31 December 2017/1 January 2018	-
At 31 December 2018	**42**

3.1 Impairment loss

During the current financial year, the Group recognised an impairment loss of RM7,000,000 (2017: RM10,000,000) on certain property, plant and equipment of Press Metal International (Hubei) Ltd. based on the fair value less costs of disposal of these assets following the decision of management to close down the operations of the plant.

At 31 December 2018, the Group has an accumulated impairment loss of RM47,045,000 (2017: RM40,045,000).

3.2 Leased plant and machinery and motor vehicles

At 31 December 2018, the net carrying amounts of leased plant and machinery, and motor vehicles of the Group were RM21,890,000 (2017: RM26,480,000).

3.3 Security

The leased plant and machinery, and motor vehicles discussed above secure lease obligations (see Note 18).

At 31 December 2018, property, plant and equipment of the Group with an aggregate carrying amount of RM4,460,640,000 (2017: RM4,616,169,000) are pledged as security and as fixed and floating charges to secure bank facilities granted to its subsidiaries (see Note 18).

3. PROPERTY, PLANT AND EQUIPMENT *cont'd*

3.4 Transfer to prepaid lease payments

During the financial year, a land has been transferred to prepaid lease payments following an assessment by management which indicates that the land is in substance an operating lease.

3.5 Transfers from/to investment properties

During the previous financial year, certain properties were transferred from/to investment properties following changes in management's intention.

4. PREPAID LEASE PAYMENTS

	Note	Group RM'000
Cost		
At 1 January 2017/31 December 2017/1 January 2018		-
Acquisition through business combinations	34.1	7,976
Transfer from property, plant and equipment	3	2,589
At 31 December 2018		**10,565**
Amortisation		
At 1 January 2017/31 December 2017/1 January 2018		-
Amortisation for the year		619
At 31 December 2018		**619**
Carrying amounts		
At 1 January 2017/31 December 2017/1 January 2018		-
At 31 December 2018		**9,946**

4. PREPAID LEASE PAYMENTS *cont'd*

	Group	
	2018	**2017**
	RM'000	**RM'000**
Balance to be amortised:		
Less than one year	**778**	-
Between one and five years	**3,111**	-
More than five years	**6,057**	-
	9,946	-

Prepaid lease payments relate to the leases of land that have a remaining tenure of 12 to 17 years. During the financial year, a land has been transferred from property, plant and equipment to prepaid lease payments following an assessment by management which indicates that the land is in substance an operating lease.

5. INVESTMENT PROPERTIES

		Group
	Note	**RM'000**
Cost		
At 1 January 2017		10,545
Additions		3,990
Transfer from property, plant and equipment	3	5,687
Transfer to property, plant and equipment	3	(627)
At 31 December 2017/1 January 2018		19,595
Additions		75
Transfer to asset held for sale	16	(271)
Disposal		(768)
At 31 December 2018		**18,631**

5. INVESTMENT PROPERTIES *cont’d*

	Note	Group RM’000
Depreciation and impairment loss		
At 1 January 2017		748
Depreciation for the year		198
At 31 December 2017/1 January 2018		946
Depreciation for the year		364
Transfer to asset held for sale	16	(36)
Disposal		(49)
At 31 December 2018		**1,225**
Carrying amounts		
At 1 January 2017		9,797
At 31 December 2017/1 January 2018		18,649
At 31 December 2018		**17,406**

	Group 2018 RM’000	Group 2017 RM’000
Included in the above are:		
Land	**440**	1,347
Buildings	**16,966**	17,302
	17,406	18,649

At 31 December 2018, the Group has an accumulated impairment loss of RM200,000 (2017: RM200,000).

Investment properties comprise land and a number of residential properties and commercial properties that are leased to third parties or are currently vacant.

Investment properties of the Group amounting to RM5,542,000 (2017: RM5,649,000) have been charged to secure banking facilities granted to the Group (see Note 18).

5. INVESTMENT PROPERTIES *cont'd*

During the financial year, a property has been transferred from investment properties to asset held for sale (see Note 16) following the commitment of the Group to a plan to sell the property to a third party.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Rental income	**54**	84
Direct operating expenses:		
- income generating investment properties	**(133)**	(111)
- non-income generating investment properties	**(262)**	(147)

Fair value information

Fair value of investment properties is categorised as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Level 3		
Land	**3,765**	7,729
Buildings	**22,807**	19,962
	26,572	27,691

Valuation process applied by the Group for Level 3 fair value

The fair value of investment properties is estimated by the Directors using the comparison method. The comparison method entails critical analyses of recent evidences of values of comparable properties in the neighbourhood and making adjustment for differences such as differences in location, size and shape of land, age and condition of building, tenure, title restrictions, if any, and other relevant characteristics.

6. GOODWILL

	Note	Group RM'000
Cost		
At 1 January 2017/31 December 2017/1 January 2018		14,628
Acquisition through business combinations	34.1	28,628
At 31 December 2018		**43,256**
Impairment loss		
At 1 January 2017/31 December 2017/1 January 2018/31 December 2018		**4,131**
Carrying amounts		
At 1 January 2017/31 December 2017/1 January 2018		10,497
At 31 December 2018		**39,125**

6.1 Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2018 RM'000	2017 RM'000
Press Metal International Limited	**9,219**	9,219
Press Metal North America Inc.	**1,038**	1,038
Press Metal Glomag Precision Technology Co. Ltd.	**240**	240
Press Metal Aluminium Rods Sdn. Bhd. (formerly known as Leader Universal Aluminium Sdn. Bhd.)	**28,628**	-
	39,125	10,497

6. GOODWILL *cont'd*

6.1 Impairment testing for cash-generating units containing goodwill *cont'd*

The Directors are of the opinion that the goodwill allocated to Press Metal North America Inc. and Press Metal Glomag Precision Technology Co. Ltd. are not material. Hence, the disclosures below do not cover the impairment testing performed for these cash-generating units.

Press Metal International Limited ("PMI") and Press Metal Auminium Rods Sdn. Bhd. ("PMAR")

The recoverable amounts of PMI and PMAR were based on their value in use.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and a 5-year business plan. A terminal growth rate of 2% (2017: 2%) was then applied. Management believes that this terminal growth rate was justified due to the long-term nature of the aluminium business.

- The anticipated annual revenue growth included in the cash flow projections was 5%, which is lower than the average growth rate experienced in the past 3 years.

- The aluminium price was assumed to be similar to the average prices for the current financial year.

- Cost growth, based on past experience, was estimated to be 5% (2017: 5%), which is in line with inflation.

- Pre-tax discount rates of 8% for PMI (2017: 12%) and 10% for PMAR were applied in determining the recoverable amount of the units. The discount rates were estimated based on an industry weighted average cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the aluminium industry and are based on both external sources and internal sources (historical data).

The above estimates are not particularly sensitive in any areas.

7. INVESTMENTS IN SUBSIDIARIES

	Company 2018 RM'000	Company 2017 RM'000
At cost	**1,946,967**	1,945,924
Less: Impairment loss	**(739,105)**	(739,105)
	1,207,862	1,206,819

Details of the subsidiaries are as follows:

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest 2018 %	Effective ownership interest and voting interest 2017 %
Direct subsidiaries of the Company:				
Press Metal (Labuan) Ltd.	Malaysia	Investment holding and to acquire or hold any securities	**100**	100
Press Metal Sarawak Sdn. Bhd.	Malaysia	Manufacturing and trading of aluminium products	**80**	80
Press Metal Bintulu Sdn. Bhd. ("PMBTU")	Malaysia	Manufacturing and trading of aluminium products	**80**	80
and its subsidiary,				
Press Metal Aluminium Rods Sdn. Bhd. (formerly known as Leader Universal Aluminium Sdn. Bhd.) ^^	Malaysia	Manufacturing and trading of aluminium products	**80**	-
Angkasa Jasa Sdn. Bhd.	Malaysia	Contracting and fabrication of aluminium and stainless steel products	**100**	100

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest 2018 %	2017 %
Direct subsidiaries of the Company ***cont'd*****:**				
PMIM Extrusion Sdn. Bhd. ^	Malaysia	Investment holding	**100**	-
and its subsidiaries (2017: Direct subsidiaries of the Company),				
Press Metal UK Limited * #	United Kingdom	Marketing of aluminium products	**100**	100
Press Metal Aluminium (Australia) Pty. Ltd. * #	Australia	Marketing of aluminium products	**100**	100
Press Metal North America Inc. * #	United States of America	Marketing of aluminium products	**100**	100
Press Metal Berhad #	Malaysia	Manufacturing and trading of aluminium products and investment holding	**100**	100
Direct subsidiary of the Company (2017: Direct subsidiary of PMB)				
Press Metal (HK) Limited * &	Hong Kong	Investment holding	**100**	100
and its subsidiary,				
Press Metal International Limited *	China	Manufacturing and trading of aluminium products and investment holding	**100**	100
and its subsidiaries,				
Press Metal International Technology Ltd. *	China	Manufacturing and trading of aluminium products	**100**	100
Press Metal Glomag Precision Technology Co. Ltd. *	China	Manufacturing of moulds and dies	**51**	51

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest	
			2018	**2017**
			%	**%**
Direct subsidiaries of PMB:				
PMB Recycling Management Sdn. Bhd.	Malaysia	Dormant	**100**	100
PMB Development Sdn. Bhd.	Malaysia	Dormant	**100**	100
and its subsidiary,				
PMB Spectrum Sdn. Bhd.	Malaysia	Dormant	**60**	60
Wesama Sdn. Bhd.	Malaysia	Investment holding	**100**	100
and its subsidiary,				
Ace Extrusion Sdn. Bhd.	Malaysia	Dormant	**100**	100
PMB Marketing Sdn. Bhd.	Malaysia	Investment holding	**100**	100
and its subsidiary,				
PMB Marketing (HK) Ltd. @	Hong Kong	Dissolved during the financial year	**-**	100

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest 2018 %	2017 %
Direct subsidiaries of PMB *cont'd***:**				
BI-PMB Waste Management Sdn. Bhd.	Malaysia	Provision of a common waste water treatment plant to treat toxic waste	**100**	100
PMS Marketing Sdn. Bhd.	Malaysia	Dormant	**100**	100
Hubei Press Metal Huasheng Aluminium & Electric Co. Ltd. *	China	Investment holding	**100**	100
and its subsidiary,				
Press Metal International (Hubei) Ltd. *	China	Dormant	**100**	100

* *Not audited by member firms of KPMG PLT.*

^^ *In March 2018, PMBTU completed the acquisition of the entire equity interest in Press Metal Aluminium Rods Sdn. Bhd. (formerly known as Leader Universal Aluminium Sdn. Bhd.) for a total cash consideration of RM96 million.*

& *In March 2018, PMB transferred its entire investment in Press Metal (HK) Limited to the Company.*

^ *In November 2018, the Company incorporated a wholly-owned subsidiary, PMIM Extrusion Sdn. Bhd. ("PMIM"), with an issued and paid-up capital of RM2.*

In December 2018, the Company transferred its entire investments in these subsidiaries to PMIM for a total consideration of RM48.7 million.

@ *In March 2018, this subsidiary was deregistered and subsequently dissolved.*

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

7.1 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2018			
	Press Metal Sarawak Sdn. Bhd.	Press Metal Bintulu Sdn. Bhd.	Other subsidiaries with immaterial NCI	Total
	RM'000	RM'000	RM'000	RM'000
NCI percentage of ownership interest and voting interest	20%	20%		
Carrying amount of NCI	221,215	561,420	8,236	790,871
Profit allocated to NCI	28,374	123,279	2,279	153,932
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	795,979	3,476,479		
Current assets	799,710	2,524,185		
Non-current liabilities	(225,446)	(1,924,558)		
Current liabilities	(264,168)	(1,269,008)		
Net assets	1,106,075	2,807,098		
Year ended 31 December				
Revenue	1,171,220	5,909,302		
Profit for the year	141,868	616,397		
Total comprehensive income	212,511	625,685		
Cash flows from operating activities	264,667	1,004,733		
Cash flows used in investing activities	(24,472)	(218,491)		
Cash flows used in financing activities	(268,848)	(790,365)		
Net decrease in cash and cash equivalents	(28,653)	(4,123)		
Dividends paid to NCI	10,000	50,000		

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

7.1 Non-controlling interests in subsidiaries *cont'd*

	2017			
	Press Metal Sarawak Sdn. Bhd.	**Press Metal Bintulu Sdn. Bhd.**	**Other subsidiaries with immaterial NCI**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
NCI percentage of ownership interest and voting interest	20%	20%		
Carrying amount of NCI	188,713	504,701	6,382	699,796
Profit allocated to NCI	21,260	130,996	808	153,064
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	854,906	3,525,060		
Current assets	780,943	1,877,823		
Non-current liabilities	(325,174)	(2,010,027)		
Current liabilities	(367,109)	(869,351)		
Net assets	943,566	2,523,505		
Year ended 31 December				
Revenue	1,380,979	5,821,691		
Profit for the year	106,301	654,978		
Total comprehensive income	190,317	1,001,456		
Cash flows (used in)/from operating activities	(266,873)	836,228		
Cash flows used in investing activities	(4,839)	(123,462)		
Cash flows from/(used in) financing activities	293,098	(829,490)		
Net increase/(decrease) in cash and cash equivalents	21,386	(116,724)		
Dividends paid to NCI	10,000	40,000		

7. INVESTMENTS IN SUBSIDIARIES *cont'd*

7.2 Significant restrictions

Restrictions imposed by bank covenants

The covenants of certain bank loans require the Group to maintain a certain amount of cash in specific bank accounts until settlement of the loans, which have been disclosed as part of the deposits pledged with licensed banks in Note 15.

8. INVESTMENTS IN ASSOCIATES

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At cost					
Quoted shares	8.1	**11,812**	11,812	**11,812**	-
ICULS together with free detachable warrants	8.2	**58,844**	-	**58,844**	-
Unquoted shares	8.3	**32,440**	-	**-**	-
Share of post-acquisition reserves		**34,921**	33,069	**-**	-
Group's share of net assets		**138,017**	44,881	**70,656**	-
Market value of:					
- Quoted shares		**153,339**	94,248	**153,339**	-
- ICULS		**78,387**	-	**78,387**	-
- Warrants		**17,932**	-	**17,932**	-

8.1 Quoted shares

In February 2018, PMB transferred its entire equity interest in PMB Technology Berhad ("PMBT") to the Company via the authorised payment of dividends by way of distribution in specie.

8. INVESTMENTS IN ASSOCIATES *cont'd*

8.2 ICULS together with free detachable warrants

In June 2018, the Company subscribed in full its 27.72% entitlement on the Rights Issue of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") together with free detachable warrants issued by PMBT for a total cash consideration of RM58,844,000. The ICULS has a nominal value of RM2.74 each and is convertible to ordinary shares of PMBT at a price of RM2.74 per share. The ICULS has a conversion ratio of 1:1. The exercise price of the warrants is RM3.01. The Directors have assessed that the ICULS together with free detachable warrants form part of the investment in PMBT as it gives access to the returns associated with the associate.

8.3 Unquoted shares

In January 2018, PMB subscribed 20% equity interest in Shandong Sunstone & PMB Carbon Ltd., Co. for a total cash consideration of RMB52.8 million (equivalent to approximately RM32,440,000).

Details of the material associates are as follows:

Name of entity	Principal place of business	Nature of the relationship	Effective ownership interest and voting interest 2018 %	2017 %
PMB Technology Berhad ("PMBT")	Malaysia	Trading of aluminium products purchased from the Group	**27**	28
Shandong Sunstone & PMB Carbon Ltd., Co. ("Sunstone")	China	Manufacturing of pre-baked carbon anodes for consumption of the Group	**20**	-

As at 31 December 2018, the Group's equity interest in PMBT has diluted to 27.43% (2017: 27.72%) following the conversion of ICULS by certain holders. The effect of the dilution of interest is not material to be accounted for by the Group.

8. INVESTMENTS IN ASSOCIATES *cont'd*

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies.

	2018		
	PMBT RM'000	Sunstone RM'000	Total RM'000
Summarised financial information			
As at 31 December			
Non-current assets	432,062	387,956	
Current assets	343,749	132,016	
Non-current liabilities	(131,874)	(187,395)	
Current liabilities	(286,254)	(176,038)	
Net assets	357,683	156,539	
Year ended 31 December			
Profit/(Loss) for the year	9,319	(1,364)	
Other comprehensive income	672	-	
Total comprehensive income/(expense)	9,991	(1,364)	
Included in the total comprehensive income is:			
Revenue	444,765	-	
Group's share of results for the year ended 31 December			
Group's share of profit or loss	2,583	(273)	2,310
Group's share of other comprehensive income	186	-	186
Group's share of total comprehensive income/(expense)	2,769	(273)	2,496
Other information			
Dividends received by the Group	644	-	

8. INVESTMENTS IN ASSOCIATES *cont'd*

	Group 2017 PMBT RM'000
Summarised financial information	
As at 31 December	
Non-current assets	123,432
Current assets	307,715
Non-current liabilities	(36,149)
Current liabilities	(238,206)
Net assets	156,792
Year ended 31 December	
Profit for the year	10,408
Other comprehensive expense	(4,213)
Total comprehensive income	6,195
Included in the total comprehensive income is:	
Revenue	497,467
Group's share of results for the year ended 31 December	
Group's share of profit or loss	2,885
Group's share of other comprehensive expense	(1,168)
Group's share of total comprehensive income	1,717
Other information	
Dividends received by the Group	859

8. INVESTMENTS IN ASSOCIATES *cont'd*

	Group	
	2018	**2017**
	RM'000	**RM'000**
Contingent liabilities		
Share of associates' contingent liabilities incurred jointly with other investors:		
- Guaranteed bank facilities and construction contracts	**80,968**	54,533

9. OTHER INVESTMENTS

	Group	
	2018	**2017**
	RM'000	**RM'000**
Non-current		
Unquoted shares		
Fair value through profit or loss	**1,803**	-
Available-for-sale	**-**	1,803
Current		
Unit trusts		
Fair value through profit or loss	**-**	15,000

10. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Nominal value RM'000	Assets RM'000	Liabilities RM'000
Group			
2018			
Non-current			
Derivatives at fair value through profit or loss:			
- Commodity swaps	**565,629**	**-**	**(20,705)**
- Forward exchange contracts	**1,231,136**	**715**	**(606)**
	1,796,765	**715**	**(21,311)**
Current			
Derivatives at fair value through profit or loss:			
- Commodity swaps	**7,249,166**	**214,167**	**(180,922)**
- Forward exchange contracts	**1,754,807**	**15,004**	**(436)**
	9,003,973	**229,171**	**(181,358)**
2017			
Non-current			
Derivatives at fair value through profit or loss:			
- Commodity swaps	4,171,924	-	(518,731)
- Forward exchange contracts	947,195	35,769	-
	5,119,119	35,769	(518,731)
Current			
Derivatives at fair value through profit or loss:			
- Commodity swaps	2,441,800	-	(221,546)
- Forward exchange contracts	1,702,344	126,673	-
	4,144,144	126,673	(221,546)

10. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) *cont’d*

Commodity swaps are used to lock in aluminium prices while forward exchange contracts are used to manage the foreign currency exposures arising from the monetary assets and liabilities denominated in currencies other than the functional currencies of Group entities. Most of the derivatives have maturities of one to two years after the end of the reporting period. Where necessary, the derivatives are rolled over at maturity.

11. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
	RM’000	**RM’000**	**RM’000**	**RM’000**	**RM’000**	**RM’000**
Group						
Property, plant and equipment	**81**	104	**(289,767)**	(267,882)	**(289,686)**	(267,778)
Tax loss carry-forwards	**9,699**	9,767	**-**	-	**9,699**	9,767
Capital allowance carry-forwards	**5,051**	1,663	**-**	-	**5,051**	1,663
Investment tax allowance carry-forwards	**91,050**	142,821	**-**	-	**91,050**	142,821
Other items	**-**	-	**(76)**	(1,436)	**(76)**	(1,436)
Tax assets/(liabilities)	**105,881**	154,355	**(289,843)**	(269,318)	**(183,962)**	(114,963)
Set off of tax	**(105,881)**	(120,027)	**105,881**	120,027	**-**	-
Net tax assets/(liabilities)	**-**	34,328	**(183,962)**	(149,291)	**(183,962)**	(114,963)

11. DEFERRED TAX ASSETS/(LIABILITIES) *cont'd*

Movement in temporary differences during the year

	At 1.1.2017 RM'000	Recognised in profit or loss (Note 24) RM'000	Effect of movement in exchange rates RM'000	At 31.12.2017/ 1.1.2018 RM'000	Recognised in profit or loss (Note 24) RM'000	Arising from business combinations (Note 34.1) RM'000	Effect of movement in exchange rates RM'000	At 31.12.2018 RM'000
Group								
Property, plant and equipment	(264,986)	(4,435)	1,643	(267,778)	(19,835)	(4,402)	2,329	**(289,686)**
Provisions	4,288	(4,288)	-	-	-	-	-	**-**
Tax loss carry-forwards	181	9,586	-	9,767	(68)	-	-	**9,699**
Capital allowance carry-forwards	-	1,663	-	1,663	3,388	-	-	**5,051**
Investment tax allowance carry-forwards	184,691	(41,870)	-	142,821	(51,771)	-	-	**91,050**
Other items	(742)	(694)	-	(1,436)	816	544	-	**(76)**
	(76,568)	(40,038)	1,643	(114,963)	(67,470)	(3,858)	2,329	**(183,962)**

Estimation uncertainty and significant judgements

In October 2013, Press Metal Bintulu Sdn. Bhd. ("PMBTU") was awarded Pioneer Status by the Malaysian Investment Development Authority ("MIDA"), which entitles PMBTU exemption from tax for a period of 5 years from 1 January 2013 to 31 December 2017 on 100% of statutory income derived from the production of aluminium products. PMBTU is allowed to apply for an additional 5 years exemption upon expiry of the first 5 years.

In July 2014, the MIDA further granted PMBTU the right to apply for an additional 5 years Pioneer Status, resulting in a potential extension of exemption from tax up to 31 December 2027.

In December 2017, PMBTU applied for the 5-year extension of Pioneer Status till 31 December 2022, of which the application was approved by the MIDA in March 2018.

11. DEFERRED TAX ASSETS/(LIABILITIES) *cont’d*

Estimation uncertainty and significant judgements *cont’d*

The measurement of the net deferred tax liabilities of PMBTU amounting to RM125,267,000 (2017: RM106,067,000) is based on the assumptions below:

(i) PMBTU will successfully obtain the MIDA’s approval to further extend the pioneer period to 31 December 2027 at the end of the latest 5-year period granted;

(ii) there will not be any substantial changes to the estimated useful lives of the property, plant and equipment of PMBTU nor will there be any significant disposals/write-off of existing property, plant and equipment up to 31 December 2027; and

(iii) there will not be any substantial changes to the currently enacted tax rates.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2018	**2017**
	RM’000	**RM’000**
Deductible temporary differences	**-**	57
Tax loss carry-forwards	**64,263**	65,832
Capital allowance carry-forwards	**7,487**	7,414
Investment tax allowance carry-forwards	**10,068**	10,154
	81,818	83,457

Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which these assets can be utilised. The tax loss carry-forwards of Group entities other than foreign subsidiaries can be carried forward up to 7 consecutive years of assessment. Based on the transitional provision, the accumulated tax loss carry-forwards up to year of assessment 2018 can be carried forward up to year of assessment 2025. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

12. INVENTORIES

	Group	
	2018	**2017**
	RM'000	**RM'000**
At cost:		
Raw materials	**759,246**	554,266
Work-in-progress	**199,067**	199,760
Finished goods	**377,911**	280,094
Consumable parts	**59,018**	35,402
Goods in transit	**108,118**	34,501
	1,503,360	1,104,023
At net realisable value:		
Finished goods	**36,139**	64,599
	1,539,499	1,168,622
Carrying amount of inventories pledged as security for bank borrowings (see Note 18)	**1,014,368**	817,399
Recognised in profit or loss:		
Inventories recognised as cost of sales	**4,661,001**	4,192,434

13. CONTRACT ASSETS/(LIABILITIES)

Group	**2018**	**2017**
	RM'000	**RM'000**
		Restated
Contract assets	**94**	-
Contract liabilities	**(1,027)**	(7,465)

13. CONTRACT ASSETS/(LIABILITIES) *cont'd*

The contract assets primarily relate to the Group's rights to consideration for work completed on contracting and fabrication of aluminium and stainless steel products but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

The contract liabilities primarily relate to the advance consideration received from a customer for contracting and fabrication of aluminium and stainless steel products, which revenue is recognised over time during the contracting and fabrication works. The contract liabilities are expected to be recognised as revenue over a period of 90 days.

There were no significant changes to contract assets. The changes in contract liabilities during the current and previous financial years were mainly due to the recognition of contract liabilities as revenue.

14. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
Non-current					
Non-trade					
Amounts due from subsidiaries	14.1	**-**	-	**74,452**	-
Current					
Trade					
Trade receivables		**879,433**	847,970	**-**	-
Less: Individual impairment allowance		**(7,246)**	(9,122)	**-**	-
		872,187	838,848	**-**	-
Amounts due from subsidiaries	14.1	**-**	-	**1,527**	979
Amount due from an associate	14.1	**70,622**	39,899	**-**	-
		942,809	878,747	**1,527**	979

14. TRADE AND OTHER RECEIVABLES *cont'd*

		Group		Company	
		2018	**2017**	**2018**	**2017**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-trade					
Amounts due from subsidiaries	14.1	**-**	-	**68,720**	126,087
Amount due from an associate	14.1	**1,591**	2,042	**-**	-
Other receivables	14.2	**289,284**	273,047	**33**	-
Deposits		**8,511**	7,242	**7**	5
Goods and services tax claimable	14.3	**45,633**	41,221	**-**	-
		345,019	323,552	**68,760**	126,092
		1,287,828	1,202,299	**70,287**	127,071
		1,287,828	1,202,299	**144,739**	127,071

14.1 Related party balances

The non-current non-trade balances due from subsidiaries are unsecured, interest free and are unlikely to be realised within twelve months after the end of the reporting period.

The current trade balances due from subsidiaries and an associate are subject to normal trade terms. The current non-trade balances due from subsidiaries and an associate are unsecured, interest free and are expected to be realised within twelve months after the end of the reporting period.

Included in non-trade balances due from subsidiaries are dividends receivable amounting to RM84,738,000 (2017: RM124,960,000).

14.2 Other receivables

Included in other receivables of the Group are advances made to purchasing agents for the procurement of spare parts and materials on behalf of the Group entities amounting to RM205,260,000 (2017: RM203,577,000).

14. TRADE AND OTHER RECEIVABLES *cont'd*

14.3 Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purposes:

	Gross amount RM'000	Balances that are set off RM'000	Net carrying amount RM'000
Group			
2018			
Goods and services tax claimable	**191,016**	**(145,383)**	**45,633**
Goods and services tax payable	**(145,383)**	**145,383**	**-**
2017			
Goods and services tax claimable	168,709	(127,488)	41,221
Goods and services tax payable	(127,488)	127,488	-

The goods and services tax claimable and goods and services tax payable were set off for presentation purposes because each of the Group entities has enforceable right to set off and intends to settle on a net basis.

14.4 Estimation uncertainty and critical judgements

The Group and the Company make impairment allowance on receivables based on assessment of recoverability. Whilst management's assessment is guided by past experiences, judgement is made about the future recovery of debts.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits placed with licensed banks	**11,760**	66,110	**-**	-
Cash and bank balances	**187,290**	192,988	**1,036**	89
	199,050	259,098	**1,036**	89

Included in deposits placed with licensed banks of the Group is RM5,031,000 (2017: RM59,320,000) pledged for bank facilities granted to certain subsidiaries (see Note 18).

16. ASSET CLASSIFIED AS HELD FOR SALE

A property is presented as asset held for sale following the commitment of the Group to a plan to sell the property to a third party. Efforts to sell the property have commenced in December 2018, and the sale was subsequently completed in March 2019. At 31 December 2018, the asset classified as held for sale is as follows:

		Group
	Note	**2018**
		RM'000
Investment property		**235**
Cost	5	**271**
Accumulated depreciation	5	**(36)**
		235

17. CAPITAL AND RESERVES

Share capital

	Group and Company			
	Amount	Number of shares	Amount	Number of shares
	2018	2018	2017	2017
	RM'000	'000	RM'000	'000
Ordinary shares, issued and fully paid:				
At 1 January	**990,641**	**3,832,781**	*	#
Share split	**-**	**-**	*	**
Issued during the year:				
- Shares exchange	**-**	**-**	943,398	3,733,640
- Exercise of warrants	**56,262**	**118,065**	47,243	99,141
At 31 December	**1,046,903**	**3,950,846**	990,641	3,832,781

* Denotes RM2
\# Denotes 2
** Denotes 8

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

17. CAPITAL AND RESERVES *cont'd*

Reorganisation reserve

The reorganisation reserve at the consolidated financial statements represents the difference between the legal capital of the Company (accounting acquiree) and PMB (accounting acquirer), while the reorganisation reserve at the separate financial statements of the Company represents the difference between the value of the shares issued by the Company in exchange with the shareholders of PMB and the total equity of PMB at the date of exchange.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

18. LOANS AND BORROWINGS

		Group	
	Note	**2018**	**2017**
		RM'000	**RM'000**
Non-current			
Bank loans:			
- secured	18.1	**377,829**	585,940
Finance lease liabilities	18.2	**8,592**	6,498
Senior Notes	18.3	**1,634,110**	1,593,962
		2,020,531	2,186,400

18. LOANS AND BORROWINGS *cont’d*

		Group	
	Note	2018	2017
		RM’000	RM’000
Current			
Bank loans:			
- secured	18.1	**332,213**	492,714
- unsecured	18.1	**-**	61,942
Bankers’ acceptances:			
- secured	18.4	**351,540**	270,961
- unsecured	18.4	**218,590**	34,124
Revolving credits:			
- secured	18.5	**36,078**	52,296
- unsecured	18.5	**20,000**	17,200
Bank overdrafts:			
- unsecured	18.6	**139**	181
Finance lease liabilities	18.2	**5,554**	7,940
		964,114	937,358
		2,984,645	3,123,758

18. LOANS AND BORROWINGS *cont'd*

18.1 Bank loans

		Group	
		2018	2017
		RM'000	RM'000
Loan 1	– secured	**-**	3,114
Loan 2	– secured	**144**	178
Loan 3	– unsecured	**-**	61,942
Loan 4	– secured	**-**	89,912
Loan 5	– secured	**201,882**	235,616
Loan 6	– secured	**-**	337,221
Loan 7	– secured	**282**	314
Loan 8	– secured	**289,520**	404,750
Loan 9	– secured	**25,513**	4,848
Loan 10	– secured	**2,701**	2,701
Loan 11	– secured	**190,000**	-
		710,042	1,140,596

Securities and guarantees

Loan 1 Previously secured over a building of a subsidiary with a carrying amount of RM5,704,000

Loan 2 Secured over a building of a subsidiary with a carrying amount of RM758,000 (2017: RM784,000) and guaranteed by PMB

Loan 3 Previously guaranteed by PMB

Loan 4 Previously secured over land of a subsidiary with a carrying amount of RM20,464,000, floating charges over other property, plant and equipment, deposits pledged with a licensed bank of RM32,343,000 and guaranteed by PMB

Loan 5 Secured over property, plant and equipment of a subsidiary with a carrying amount of RM283,577,000 (2017: RM258,816,000), certain trade receivables, deposits pledged with a licensed bank of RM2,145,000 (2017: RM2,108,000) and guaranteed by the Company (2017: guaranteed by PMB and a subsidiary)

18. LOANS AND BORROWINGS *cont’d*

18.1 Bank loans *cont’d*

Securities and guarantees *cont’d*

Loan 6 Previously secured over land of a subsidiary with a carrying amount of RM20,464,000, floating charges over other property, plant and equipment, deposits pledged with a licensed bank of RM24,869,000 and guaranteed by PMB

Loan 7 Secured over a building of a subsidiary with a carrying amount of RM563,000 (2017: RM488,000) and guaranteed by a Director of the Company

Loan 8 Secured over land of a subsidiary with a carrying amount of RM33,726,000 (2017: RM33,625,000), fixed and floating charges over other property, plant and equipment and guaranteed by the Company

Loan 9 Secured over property, plant and equipment of a subsidiary with a carrying amount of RM283,577,000 (2017: RM258,816,000), certain trade receivables, deposits pledged with a licensed bank of RM2,145,000 (2017: RM2,108,000) and guaranteed by the Company (2017: guaranteed by PMB and a subsidiary)

Loan 10 Secured over buildings of a subsidiary with a carrying amount of RM5,542,000 (2017: RM5,649,000) and guaranteed by PMB

Loan 11 Secured over land, buildings and plant and machinery of a subsidiary, fixed and floating charges over the entire assets and guaranteed by the Company

Significant covenants

In connection with the significant bank loan facilities of Press Metal (HK) Limited, Press Metal Bintulu Sdn. Bhd. and Press Metal Sarawak Sdn. Bhd., the subsidiaries and the Company have agreed on the following significant covenants with the lenders:

Press Metal (HK) Limited (Loan 3)

The subsidiary of Press Metal (HK) Limited, Press Metal International Limited should maintain a minimum Debt Service Cover Ratio (“DSCR”) of 1.25 times and maximum Debt-To-Equity Ratio (“DE”) of 2.25 times.

Press Metal Bintulu Sdn. Bhd. (Loan 4)

i) The subsidiary should maintain a minimum DSCR of 1.25 times and maximum DE of 2.33 times; and

ii) The existing shareholders should maintain their shareholdings in the subsidiary.

18. LOANS AND BORROWINGS *cont'd*

18.1 Bank loans *cont'd*

Significant covenants *cont'd*

Press Metal Bintulu Sdn. Bhd. (Loan 6)

i) The subsidiary should maintain a minimum DSCR of 1.25 times and maximum DE of 1.50 times and maximum gross debt-to-EBITDA of not more than 2.50 times;

ii) The consolidated financial statements of the Group should maintain a maximum gross debt-to-EBITDA of not more than 3.00 times; and

iii) The existing shareholders should maintain their shareholdings in the subsidiary.

Press Metal Sarawak Sdn. Bhd. (Loan 8)

i) The subsidiary shall maintain a maximum net debt to tangible net worth of not more than 1.50 times, net debt-to-EBITDA of not more than 4.00 times and minimum DSCR of 1.25 times;

ii) The consolidated financial statements of the Group shall maintain a maximum net debt to tangible net worth of not more than 1.50 times and net debt-to-EBITDA of not more than 3.00 times; and

iii) The existing shareholders shall maintain their shareholdings in the subsidiary.

Press Metal Bintulu Sdn. Bhd. (Loan 11)

i) The subsidiary shall maintain a maximum net debt to tangible net worth of not more than 1.50 times and a minimum Finance Service Coverage Ratio of 1.25 times; and

ii) The Company shall maintain its shareholdings of at least 75% in the subsidiary.

18. LOANS AND BORROWINGS *cont'd*

18.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000	Future minimum lease payments 2017 RM'000	Interest 2017 RM'000	Present value of minimum lease payments 2017 RM'000
Group						
Less than one year	**6,305**	**(751)**	**5,554**	8,806	(866)	7,940
Between one and five years	**9,631**	**(1,201)**	**8,430**	7,473	(975)	6,498
More than five years	**201**	**(39)**	**162**	-	-	-
	16,137	**(1,991)**	**14,146**	16,279	(1,841)	14,438

18.3 Senior Notes

In October 2017, Press Metal (Labuan) Ltd., a wholly-owned subsidiary of the Company, issued USD400 million 4.80% Senior Notes due 2022 (the "Notes") to investors outside the United States of America and Malaysia in accordance with Regulation S of the U.S. Securities Act of 1933. The Notes are listed on the Hong Kong Stock Exchange.

The Notes are unconditionally and irrecoverably guaranteed by the Company as the parent guarantor and several subsidiaries which act as subsidiary guarantors. Unless previously redeemed, purchased or cancelled, the Notes will be redeemed at their principal amount on the maturity date in 2022. At any time on or after 30 October 2020, Press Metal (Labuan) Ltd. may redeem the Notes, in whole or in part, at specified redemption prices, plus accrued and unpaid interest, if any, to the redemption date.

18. LOANS AND BORROWINGS *cont'd*

18.3 Senior Notes *cont'd*

	Group	
	2018	**2017**
	RM'000	**RM'000**
Proceeds from issue of the Notes, net of underwriting fees	**1,644,291**	1,644,291
Foreign exchange movements	**(8,314)**	(43,294)
Transaction costs	**(7,897)**	(7,897)
Net proceeds	**1,628,080**	1,593,100
Amortisation of transaction costs, including underwriting fees	**6,030**	862
Carrying amount at 31 December	**1,634,110**	1,593,962

Significant covenants

Press Metal (Labuan) Ltd., the Company and/or subsidiary guarantors are, subject to certain thresholds, limitations, exceptions and qualifications, limited from:

- incurring additional indebtedness and issuing preferred stocks;
- making investments or other specified restricted payments;
- entering into agreement that restrict the ability to pay dividends, sell, lease or transfer assets, or make inter-company loans;
- issuing or selling equity shares;
- issuing guarantees;
- entering into transactions with shareholders or affiliates;
- creating any liens;
- entering into sale and leaseback transactions;
- selling assets;
- engaging in different business activities; and
- effecting a consolidation or merger.

18. LOANS AND BORROWINGS *cont’d*

18.4 Bankers’ acceptances

	Group	
	2018	**2017**
	RM’000	**RM’000**
Secured over property, plant and equipment and/or inventories and/or certain trade receivables and/or deposits pledged with licensed banks and guaranteed by the Company and/or PMB	**351,540**	246,437
Secured over a building of a subsidiary	**-**	24,524
Guaranteed by the Company and/or PMB	**190,974**	10,527
No securities nor guarantees	**27,616**	23,597
	570,130	305,085

18.5 Revolving credits

The entire revolving credits of the Group entities were guaranteed by the Company (2017: PMB), with RM2,886,000 (2017: RM52,296,000) further secured over deposits pledged with a licensed bank of a subsidiary (2017: fixed and floating charges over the property, plant and equipment, inventories and deposits pledged with licensed banks of several subsidiaries).

18.6 Bank overdrafts

The entire unsecured bank overdrafts of the Group entities are guaranteed by PMB.

18. LOANS AND BORROWINGS *cont'd*

18.7 Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1.1.2018 RM'000	Net changes from financing cash flows RM'000	Arising from business combinations (Note 34.1) RM'000	Acquisition of new lease RM'000	Foreign exchange movements RM'000	Other changes RM'000	At 31.12.2018 RM'000
Group							
Bank loans	1,140,596	(443,968)	5,250	-	2,859	5,305	**710,042**
Finance lease liabilities	14,438	(10,644)	417	9,935	-	-	**14,146**
Senior Notes	1,593,962	-	-	-	34,980	5,168	**1,634,110**
Bankers' acceptances	305,085	170,307	98,147	-	(3,409)	-	**570,130**
Revolving credits	69,496	(13,418)	-	-	-	-	**56,078**
	3,123,577	(297,723)	103,814	9,935	34,430	10,473	**2,984,506**

18. LOANS AND BORROWINGS *cont’d*

18.7 Reconciliation of movements of liabilities to cash flows arising from financing activities *cont’d*

	At 1.1.2017 RM’000	Net changes from financing cash flows RM’000	Acquisition of new lease RM’000	Foreign exchange movements RM’000	Other changes RM’000	At 31.12.2017 RM’000
Group						
Bank loans	2,412,485	(1,012,642)	-	(270,484)	11,237	1,140,596
Finance lease liabilities	25,468	(14,348)	3,318	-	-	14,438
Senior Notes	-	1,644,291	-	(43,294)	(7,035)	1,593,962
Bankers’ acceptances	766,976	(457,001)	-	(4,890)	-	305,085
Revolving credits	173,436	(103,940)	-	-	-	69,496
	3,378,365	56,360	3,318	(318,668)	4,202	3,123,577

19. TRADE AND OTHER PAYABLES

	Note	Group 2018 RM’000	Group 2017 RM’000 Restated	Company 2018 RM’000	Company 2017 RM’000
Trade					
Trade payables		**709,392**	549,255	**-**	-
Amount due to an associate	19.1	**10,093**	17,150	**-**	-
		719,485	566,405	**-**	-
Non-trade					
Amounts due to subsidiaries	19.1	**-**	-	**29,487**	13,680
Amount due to an associate	19.1	**2,635**	2,774	**-**	-
Other payables		**132,103**	245,652	**1,057**	139
Accrued expenses		**79,668**	83,723	**1,159**	-
		214,406	332,149	**31,703**	13,819
		933,891	898,554	**31,703**	13,819

19. TRADE AND OTHER PAYABLES *cont'd*

19.1 Related party balances

The trade balance due to an associate is subject to normal trade terms. The non-trade balances due to subsidiaries and an associate are unsecured, interest free and repayable on demand.

20. REVENUE

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contracts with customers	**9,170,122**	8,176,131	**-**	-
Other revenue				
Dividend income	**-**	-	**257,415**	657,714
Management fee income	**-**	-	**2,400**	960
Consultancy fee income	**-**	-	**12,696**	-
	-	-	**272,511**	658,674
	9,170,122	8,176,131	**272,511**	658,674

20. REVENUE *cont'd*

20.1 Disaggregation of revenue

	Reportable segments							
	Smelting and extrusion		Trading		All other segments		Total	
Group	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Primary geographical markets								
Malaysia	**2,272,769**	1,255,641	**-**	-	**57,283**	82,841	**2,330,052**	1,338,482
Asia	**3,320,696**	3,196,334	**-**	-	**15,819**	16,440	**3,336,515**	3,212,774
Oceania	**-**	-	**104,588**	94,550	**-**	-	**104,588**	94,550
Europe	**2,714,518**	2,969,395	**492,346**	417,597	**-**	-	**3,206,864**	3,386,992
America	**-**	-	**192,103**	143,333	**-**	-	**192,103**	143,333
	8,307,983	7,421,370	**789,037**	655,480	**73,102**	99,281	**9,170,122**	8,176,131
Major products and services lines								
Smelting aluminium products	**7,151,701**	6,278,254	**-**	-	**-**	-	**7,151,701**	6,278,254
Extrusion aluminium products	**1,156,282**	1,143,116	**789,037**	655,480	**-**	-	**1,945,319**	1,798,596
Contracting and fabrication	**-**	-	**-**	-	**56,522**	82,108	**56,522**	82,108
Others	**-**	-	**-**	-	**16,580**	17,173	**16,580**	17,173
	8,307,983	7,421,370	**789,037**	655,480	**73,102**	99,281	**9,170,122**	8,176,131
Timing and recognition								
At a point in time	**8,307,983**	7,421,370	**789,037**	655,480	**15,819**	16,440	**9,112,839**	8,093,290
Over time	**-**	-	**-**	-	**57,283**	82,841	**57,283**	82,841
	8,307,983	7,421,370	**789,037**	655,480	**73,102**	99,281	**9,170,122**	8,176,131
Revenue from contracts with customers	**8,307,983**	7,421,370	**789,037**	655,480	**73,102**	99,281	**9,170,122**	8,176,131

20. REVENUE *cont'd*

20.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Smelting aluminium products	Revenue is recognised when the goods are shipped on board evidenced by bill of lading.	Credit period of 0-30 days from invoice date.	Not applicable.	The Group allows returns only for exchange with new goods (i.e. no cash refunds are offered).	Not applicable.
Extrusion aluminium products	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 90 days from invoice date.	Not applicable.	The Group allows returns only for exchange with new goods (i.e. no cash refunds are offered).	Not applicable.
Contracting and fabrication	Revenue is recognised over time using the cost incurred method.	Based on agreed milestones, certified by architects.	The Group may occasionally submit variation orders (for additions or omissions) to customers based on actual work performed.	Not applicable.	Generally, defect liability period of 2 years is given to the customer.

20. REVENUE *cont'd*

20.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

Group	2019 RM'000	2020 RM'000	Total RM'000
Contracting and fabrication	101,636	71,458	173,094

The above revenue does not include variable consideration which has not been approved/acknowledged by customers.

As a practical expedient, the Group applies the exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

20.4 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- For contracting and fabrication, the Group measured the performance of work done by comparing the actual costs incurred with the estimated total costs required to complete the contracting and fabrication work. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

- For smelting and extrusion aluminium products, control of the goods is transferred to the customers when the goods are shipped on board evidenced by bill of lading. The Group estimates that the revenue from the additional performance obligation, arising from shipping and handling activities provided to be recognised over time, is immaterial for separate recognition from the sale of products.

21. FINANCE INCOME

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost	**5,825**	4,787	**147**	19

22. FINANCE COSTS

	Group	
	2018	**2017**
	RM'000	**RM'000**
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- amortisation of transaction costs	**11,334**	12,099
- interest paid and payable	**165,241**	150,965
	176,575	163,064
Other finance costs	**15,519**	31,145
	192,094	194,209

23. PROFIT BEFORE TAX

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax is arrived at after charging/ crediting:				
Auditors' remuneration:				
- Audit fees				
KPMG PLT	**907**	810	**165**	150
Other auditors	**766**	659	**-**	-
- Non-audit fees				
KPMG PLT	**70**	691	**20**	30
Other auditors	**86**	-	**-**	-

23. PROFIT BEFORE TAX *cont'd*

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Material expenses				
Amortisation of prepaid lease payments	**619**	-	**-**	-
Bad debts written off	**94**	654	**-**	-
Depreciation of investment properties	**364**	198	**-**	-
Depreciation of property, plant and equipment	**388,481**	400,993	**3**	-
Impairment loss:				
- Property, plant and equipment	**7,000**	10,000	**-**	-
- Trade receivables	**3,893**	152	**-**	-
Loss on disposal of property, plant and equipment	**1,718**	-	**-**	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	**10,882**	8,837	**1,865**	-
- Wages, salaries and others	**307,328**	279,248	**9,242**	-
Property, plant and equipment written off	**34,107**	9,465	**-**	-
Realised foreign exchange loss	**-**	47,720	**-**	-
Rental expense	**14,119**	9,859	**185**	-
Unrealised derivative loss	**436**	-	**-**	-

23. PROFIT BEFORE TAX *cont'd*

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Material income				
Bad debts recovered	**193**	-	**-**	-
Dividend income from an associate	**-**	-	**644**	-
Dividend income from subsidiaries	**-**	-	**256,771**	657,714
Gain on disposal of investment properties	**781**	-	**-**	-
Gain on disposal of property, plant and equipment	**-**	878	**-**	-
Gain on disposal of investments in subsidiaries	**-**	-	**32,993**	-
Insurance compensation received	**60,000**	-	**-**	-
Realised foreign exchange gain	**3,911**	-	**15**	4
Rental income from property	**598**	6,053	**-**	-
Reversal of impairment loss on trade receivables	**5,578**	308	**-**	-
Unrealised foreign exchange gain	**2,130**	14,313	**88**	-

24. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax expense	**97,588**	62,310	**-**	-
Share of tax of equity-accounted associates	**1,336**	1,113	**-**	-
Total income tax expense	**98,924**	63,423	**-**	-

Major components of income tax expense include:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax expense				
Current year	**22,160**	22,318	**-**	-
Prior year	**7,958**	(46)	**-**	-
Total current tax recognised in profit or loss	**30,118**	22,272	**-**	-
Deferred tax expense				
Origination and reversal of temporary differences	**63,999**	40,083	**-**	-
Under/(Over) provision in prior year	**3,471**	(45)	**-**	-
Total deferred tax recognised in profit or loss (Note 11)	**67,470**	40,038	**-**	-
Share of tax of an equity-accounted associates	**1,336**	1,113	**-**	-
Total income tax expense	**98,924**	63,423	**-**	-

24. TAX EXPENSE *cont'd*

Reconciliation of tax expense

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit for the year	**772,866**	746,443	**280,404**	655,949
Total income tax expense	**98,924**	63,423	**-**	-
Profit excluding tax	**871,790**	809,866	**280,404**	655,949
Income tax calculated using Malaysian tax rate of 24% (2017: 24%)	**209,230**	194,368	**67,297**	157,428
Effect of tax rates in foreign jurisdictions	**382**	(78)	**-**	-
Non-deductible expenses	**42,470**	118,030	**2,425**	423
Non-taxable income	**(7,600)**	(7,441)	**(69,722)**	(157,851)
Tax incentives	**(156,594)**	(240,502)	**-**	-
Utilisation of previously unrecognised deferred tax assets	**(393)**	(863)	**-**	-
Under/(Over) provision in prior year	**11,429**	(91)	**-**	-
	98,924	63,423	**-**	-

Non-deductible expenses

The non-deductible expenses of the Group for the financial year ended 31 December 2017 mainly relates to realised derivative loss incurred by certain Group entities disregarded for tax purposes.

Non-taxable income

The non-taxable income of the Company for the financial year ended 31 December 2018 relates to dividend income from subsidiaries and an associate and gain on disposal of subsidiaries (31 December 2017: dividend income from subsidiaries).

Tax incentives

As disclosed in Note 11, PMBTU was awarded Pioneer Status by the MIDA, which entitles PMBTU exemption from tax for a period of 5 years from 1 January 2013 to 31 December 2017 on 100% of statutory income derived from the production of aluminium products. PMBTU is allowed to apply for an additional 5 years exemption upon expiry of the first 5 years.

24. TAX EXPENSE *cont’d*

Tax incentives *cont’d*

In July 2014, the MIDA further granted PMBTU the right to apply for an additional 5 years Pioneer Status, resulting in a potential extension of exemption from tax up to 31 December 2027.

In December 2017, PMBTU applied for the 5-year extension of Pioneer Status till 31 December 2022, of which the application was approved by the MIDA in March 2018.

25. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2018 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2018	**2017**
	RM’000	**RM’000**
Profit attributable to ordinary shareholders	**618,934**	593,379

	Group	
	2018	**2017**
	’000	**’000**
Issued ordinary shares at 1 January	**3,832,781**	3,697,889
Effect of exercise of warrants during the year	**61,851**	39,512
Weighted average number of ordinary shares at 31 December	**3,894,632**	3,737,401

	Group	
	2018	**2017**
	sen	**sen**
Basic earnings per ordinary share	**15.89**	15.88

25. EARNINGS PER ORDINARY SHARE *cont'd*

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2018 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Profit attributable to ordinary shareholders	**618,934**	593,379

	Group	
	2018	**2017**
	'000	**'000**
Weighted average number of ordinary shares at 31 December (basic)	**3,894,632**	3,737,401
Effect of warrants on issue	**80,427**	179,994
Weighted average number of ordinary shares at 31 December (diluted)	**3,975,059**	3,917,395

	Group	
	2018	**2017**
	sen	**sen**
Diluted earnings per ordinary share	**15.57**	15.15

The average market value of the Company's shares for purpose of calculating the dilutive effect of warrants was based on quoted market prices for the period during which the warrants were outstanding.

26. DIVIDENDS

Dividends recognised by the Group:

	Sen per share	Total amount RM'000	Date of payment
2018			
Fourth interim 2017 ordinary	1.5	**57,991**	3 April 2018
First interim 2018 ordinary	1.5	**58,031**	19 June 2018
Second interim 2018 ordinary	1.5	**58,945**	19 September 2018
Third interim 2018 ordinary	2.0	**79,011**	27 December 2018
Total amount		**253,978**	
2017			
Fourth interim 2016 ordinary	1.5	55,649	28 March 2017
First interim 2017 ordinary	1.5	55,997	21 June 2017
Second interim 2017 ordinary	1.5	56,062	20 September 2017
Third interim 2017 ordinary	1.5	57,486	29 December 2017
Total amount		225,194	

All dividends prior to the second interim ordinary dividend for the financial year ended 31 December 2017 were paid out of the retained earnings of PMB prior to the transfer of the listing status to the Company.

After the end of the reporting period, the following dividend was declared by the Directors and paid on 2 April 2019. This dividend will be recognised in subsequent financial period. The Directors do not recommend any final dividend to be paid for the financial year under review.

	Sen per share	Total amount RM'000
Fourth interim 2018 ordinary	1.5	60,292

27. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Group's Chief Executive Officer) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Smelting and Extrusion* Includes manufacturing and trading of smelting and extrusion products
- *Trading* Includes marketing of aluminium products

The manufacturing and trading of smelting and extrusion products are managed by two different segments within the Group. These operating segments are aggregated to form a reportable segment as Smelting and Extrusion due to the similar nature and economic characteristics of the products. The nature and methods of distribution of the products for these divisions are similar. The type of customers for the products are similar, which consist of industrial customers.

Other non-reportable segments comprise operations related to contracting and fabrication, waste management, manufacturing of moulds and dies, investment holding and dormant companies. None of these segments met the quantitative thresholds for reporting segments in 2018 and 2017.

There are varying levels of integration between Smelting and Extrusion reportable segment and Trading reportable segment. This integration includes transfers of raw materials and shared distribution services, respectively. Inter-segment pricing is determined on negotiated basis.

Performance is measured based on segment profit before tax and interest, as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total assets information is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liabilities.

27. OPERATING SEGMENTS *cont'd*

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, investment properties and other investments other than goodwill.

	Smelting and extrusion		Trading		Total	
	2018	2017	2018	2017	2018	2017
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Segment profit	**1,080,050**	1,015,256	**25,787**	21,952	**1,105,837**	1,037,208
Included in the measure of segment profit are:						
Revenue from external customers	**8,307,983**	7,421,370	**789,037**	655,480	**9,097,020**	8,076,850
Inter-segment revenue	**700,598**	457,477	**-**	-	**700,598**	457,477
Property, plant and equipment written off	**34,092**	9,465	**13**	-	**34,105**	9,465
Depreciation and amortisation	**383,521**	393,899	**836**	719	**384,357**	394,618
Not included in the measure of segment profit but provided to CODM:						
Finance costs	**107,174**	170,657	**87**	9	**107,261**	170,666
Finance income	**5,641**	4,758	**20**	4	**5,661**	4,762
Tax expense	**83,325**	53,624	**6,706**	4,184	**90,031**	57,808
Segment assets	**7,085,958**	6,802,573	**301,407**	290,757	**7,387,365**	7,093,330
Included in the measure of segment assets are:						
Investments in associates	**32,440**	44,881	**-**	-	**32,440**	44,881
Additions to non-current assets other than financial instruments and deferred tax assets	**301,617**	186,618	**375**	1,781	**301,992**	188,399

27. OPERATING SEGMENTS *cont'd*

Reconciliation of reportable segment revenues, profit or loss, assets and other material items

Group	2018 RM'000	2017 RM'000
Revenue		
Total external revenue for reportable segments	**9,097,020**	8,076,850
Other non-reportable segments	**73,102**	99,281
Consolidated total	**9,170,122**	8,176,131
Profit or loss		
Total profit or loss for reportable segments	**1,105,837**	1,037,208
Other non-reportable segments	**(37,342)**	(28,832)
Elimination of inter-segment profits	**(14,082)**	(13,086)
Finance income	**5,825**	4,787
Finance costs	**(192,094)**	(194,209)
Share of profit of associates not included in reportable segments	**2,310**	2,885
Tax expense	**(97,588)**	(62,310)
Consolidated total	**772,866**	746,443
Total assets		
Total assets for reportable segments	**7,387,365**	7,093,330
Other non-reportable segments	**2,089,889**	1,717,474
Elimination of inter-segment balances	**(1,135,727)**	(913,170)
Consolidated total	**8,341,527**	7,897,634
Depreciation and amortisation		
Total depreciation and amortisation for reportable segments	**384,357**	394,618
Other non-reportable segments	**5,107**	6,573
Consolidated total	**389,464**	401,191

27. OPERATING SEGMENTS *cont'd*

Reconciliation of reportable segment revenues, profit or loss, assets and other material items *cont'd*

Group	2018 RM'000	2017 RM'000
Additions to non-current assets		
Total additions to non-current assets for reportable segments	**301,992**	188,399
Other non-reportable segments	**730**	5,626
Consolidated total	**302,722**	194,025

Geographical segments

The Smelting and Extrusion and the Trading segments are managed on a worldwide basis, but operate manufacturing facilities and sales offices mainly in Malaysia (country of domicile), Asia region which includes Hong Kong and China (but excludes Malaysia which has been separately disclosed), Australia for the Oceania region, United Kingdom for the Europe region and the United States of America for the America region.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets.

Geographical information

	Revenue		Non-current assets	
Group	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Malaysia	**2,330,052**	1,338,482	**4,566,890**	4,624,566
Asia	**3,336,515**	3,212,774	**455,120**	433,893
Oceania	**104,588**	94,550	**7,360**	6,758
Europe	**3,206,864**	3,386,992	**9,733**	10,531
America	**192,103**	143,333	**207**	150
	9,170,122	8,176,131	**5,039,310**	5,075,898

27. OPERATING SEGMENTS *cont'd*

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

Group	Revenue 2018 RM'000	Revenue 2017 RM'000	Segment
All common control companies of:			
Gerald Metal S.A.	**1,066,166**	1,316,963	Smelting and Extrusion
Sumitomo Corporation Asia and Oceania Pte. Ltd.	**2,052,664**	1,953,056	Smelting and Extrusion

28. FINANCIAL INSTRUMENTS

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as follows:

(a) Amortised cost ("AC")
(b) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2018			
Financial assets			
Group			
Other investments	**1,803**	**-**	**1,803**
Trade and other receivables	**1,287,828**	**1,287,828**	**-**
Derivative financial assets	**229,886**	**-**	**229,886**
Cash and cash equivalents	**199,050**	**199,050**	**-**
	1,718,567	**1,486,878**	**231,689**

28. FINANCIAL INSTRUMENTS *cont'd*

28.1 Categories of financial instruments *cont'd*

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as follows *cont'd*

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
2018			
Financial assets			
Company			
Trade and other receivables	**144,739**	**144,739**	**-**
Cash and cash equivalents	**1,036**	**1,036**	**-**
	145,775	**145,775**	**-**
Financial liabilities			
Group			
Loans and borrowings	**(2,984,645)**	**(2,984,645)**	**-**
Trade and other payables	**(933,891)**	**(933,891)**	**-**
Derivative financial liabilities	**(202,669)**	**-**	**(202,669)**
	(4,121,205)	**(3,918,536)**	**(202,669)**
Company			
Trade and other payables	**(31,703)**	**(31,703)**	**-**

28. FINANCIAL INSTRUMENTS *cont'd*

28.1 Categories of financial instruments *cont'd*

The table below provides an analysis of financial instruments as at 31 December 2017 categorised as follows:

(a) Loans and receivables ("L&R")
(b) Fair value through profit or loss ("FVTPL")
- Held for trading ("HFT")
(c) Available-for-sale financial assets ("AFS")
(d) Financial liabilities measured at amortised cost ("FL")

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL - HFT RM'000	AFS RM'000
2017				
Financial assets				
Group				
Other investments	16,803	-	15,000	1,803
Trade and other receivables	1,202,299	1,202,299	-	-
Derivative financial assets	162,442	-	162,442	-
Cash and cash equivalents	259,098	259,098	-	-
	1,640,642	1,461,397	177,442	1,803
Company				
Trade and other receivables	127,071	127,071	-	-
Cash and cash equivalents	89	89	-	-
	127,160	127,160	-	-
Financial liabilities				
Group				
Restated				
Loans and borrowings	(3,123,758)	(3,123,758)	-	-
Trade and other payables	(898,554)	(898,554)	-	-
Derivative financial liabilities	(740,277)	-	(740,277)	-
	(4,762,589)	(4,022,312)	(740,277)	-
Company				
Trade and other payables	(13,819)	(13,819)	-	-

28. FINANCIAL INSTRUMENTS *cont'd*

28.2 Net gains and losses arising from financial instruments

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	**605,364**	-	**-**	-
- Held for trading	**-**	(1,051,143)	**-**	-
Financial liabilities at fair value through profit or loss:				
- Mandatorily required by MFRS 9	**(2,859)**	-	**-**	-
Financial assets at amortised cost	**59,272**	-	**-**	-
Loans and receivables	**-**	(173,096)	**250**	23
Financial liabilities at amortised cost	**(239,401)**	220,097	**-**	-
Net gain on impairment of financial instruments and contract assets:				
- Financial assets at amortised cost	**1,685**	156	**-**	-
	424,061	(1,003,986)	**250**	23

28.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

28. FINANCIAL INSTRUMENTS *cont'd*

28.4 Credit risk *cont'd*

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

The Group does not normally receive financial guarantees given by banks, shareholders or directors of customers as the Group transacts with a small pool of customers which have been dealing with the Group for a long period of time. Nevertheless, the Directors use ageing analysis to monitor the credit quality of the receivables in managing exposure to credit risks.

28. FINANCIAL INSTRUMENTS *cont'd*

28.4 Credit risk *cont'd*

Trade receivables and contract assets *cont'd*

Concentration of credit risk

The exposure of credit risk for non-related party trade receivables and contract assets as at the end of the reporting period by geographic region was:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Domestic	**140,763**	180,871
Asia	**393,469**	317,377
Oceania	**26,671**	16,446
Europe	**265,322**	295,124
America	**46,056**	29,030
	872,281	838,848

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 180 days. The Group's debt recovery process is as follows:

a) Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and
b) The Group will commence a legal proceeding against the customer who fails to pay after the Group initiates the debt recovery process.

The Group uses an allowance matrix to measure expected credit losses of trade receivables for all segments except for contracting and fabrication segment. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

28. FINANCIAL INSTRUMENTS *cont'd*

28.4 Credit risk *cont'd*

Trade receivables and contract assets *cont'd*

Recognition and measurement of impairment loss cont'd

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

For contracting and fabrication, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default, except for those which have been credit impaired.

The following table provides information about the exposure to credit risk and expected credit losses for non-related party trade receivables and contract assets as at 31 December 2018 which are grouped together as they are expected to have similar risk nature.

		2018	
	Gross carrying amount	**Loss allowance**	**Net balance**
Group	**RM'000**	**RM'000**	**RM'000**
Current (not past due)	**614,613**	**-**	**614,613**
1 - 90 days past due	**194,905**	**-**	**194,905**
	809,518	**-**	**809,518**
Credit impaired			
More than 90 days past due	**62,763**	**-**	**62,763**
Individually impaired	**7,246**	**7,246**	**-**
	879,527	**7,246**	**872,281**
Trade receivables	**879,433**	**7,246**	**872,187**
Contract assets	**94**	**-**	**94**
	879,527	**7,246**	**872,281**

28. FINANCIAL INSTRUMENTS *cont'd*

28.4 Credit risk *cont'd*

Trade receivables and contract assets *cont'd*

Recognition and measurement of impairment loss cont'd

The movements in the allowance for impairment in respect of non-related party trade receivables and contract assets during the year are shown below:

	2018		
	Trade receivables		
	Credit impaired	**Contract assets**	**Total**
Group	**RM'000**	**RM'000**	**RM'000**
Balance at 1 January as per MFRS 139/MFRS 9	**9,122**	**-**	**9,122**
Amounts written off	**(75)**	**-**	**(75)**
Net remeasurement of loss allowance	**(1,685)**	**-**	**(1,685)**
Effect of movements in exchange rate	**(116)**	**-**	**(116)**
Balance at 31 December	**7,246**	**-**	**7,246**

As at 31 December 2018, the entire RM169,000 of trade receivables written off during the year are still subject to enforcement activity.

The recovery of certain trade receivables balances from customers in the contracting and fabrication business mainly contributed to the changes in the impairment loss allowance during 2018.

28. FINANCIAL INSTRUMENTS *cont'd*

28.4 Credit risk *cont'd*

Trade receivables and contract assets *cont'd*

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The ageing of trade receivables as at 31 December 2017 was as follows:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2017			
Not past due	671,646	(142)	671,504
Past due 1 - 150 days	106,016	(71)	105,945
Past due more than 150 days	70,308	(8,909)	61,399
	847,970	(9,122)	838,848

No allowance for impairment losses of trade receivables had been made for the remaining past due receivables as the Group monitored the results and repayments of these customers regularly and was confident of the ability of the customers to repay the balances owing.

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group 2017 RM'000
At 1 January	9,843
Impairment loss recognised	152
Impairment loss reversed	(308)
Impairment loss written off	(375)
Effect of movements in exchange rate	(190)
At 31 December	9,122

28. FINANCIAL INSTRUMENTS *cont'd*

28.4 Credit risk *cont'd*

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from advances made to purchasing agents for the procurement of spare parts and materials on behalf of the Group entities and deposits paid for office buildings and fixtures rented. These advances will be netted off with the future payments payable to the purchasing agents and the deposits will be received at the end of each lease term. The Group manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Company did not recognise any allowance for impairment losses.

Investments

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Group is of the view that the loss allowance is not material and hence, it is not provided for.

The investments are unsecured.

28. FINANCIAL INSTRUMENTS *cont'd*

28.4 Credit risk *cont'd*

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured financial guarantees to customers of contracting and fabrication contracts and the Company provides unsecured financial guarantees to banks and suppliers in respect of banking facilities and credit terms granted to certain subsidiaries. The Group and the Company monitor the ability of the subsidiaries to fulfill the contracts and service their repayments on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Group and of the Company amounts to RM11,438,000 (2017: RM13,957,000) and RM3,117,456,000 (2017: RM2,282,002,000) respectively, as at the end of the reporting period.

Recognition and measurement of impairment loss

The Group and the Company assume that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Group and the Company consider a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is unlikely to repay its amounts owing to the supplier in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund

The Group and the Company determine the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter-company receivables and loans and advances

Risk management objectives, policies and processes for managing the risk

The Group trades with an associate and provides unsecured loans and advances to an associate. The Company provides unsecured loans and advances to subsidiaries. The Group and the Company monitor the results of the subsidiaries and associate on an individual basis.

28. FINANCIAL INSTRUMENTS *cont'd*

28.4 Credit risk *cont'd*

Inter-company receivables and loans and advances *cont'd*

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Group and the Company consider receivables and loans and advances to subsidiaries and associate to have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when a subsidiary's and associate's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the subsidiaries' and associate's loans and advances when they are payable, the Group and the Company consider the loans and advances to be in default when the subsidiaries and associate are not able to pay when demanded. The Group and the Company consider a subsidiary's and associate's loan or advance to be credit impaired when:

- The subsidiary or associate is unlikely to repay its loan or advance to the Group or to the Company in full; or
- The subsidiary or associate is continuously loss making and is having a deficit shareholders' fund.

The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

As at the end of the reporting period, there was no indication that the receivables and loans and advances to subsidiaries and associate are not recoverable. As these amounts are considered to have low credit risk, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

28.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

28. FINANCIAL INSTRUMENTS *cont'd*

28.5 Liquidity risk *cont'd*

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group 2018	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Non-derivative financial liabilities							
Trade and other payables	933,891	-	933,891	933,891	-	-	-
Bank loans	710,042	*	789,453	369,140	154,370	264,793	1,150
Senior Notes	1,634,110	4.8	1,972,045	79,411	79,411	1,813,223	-
Revolving credits	56,078	4.65 - 5.22	56,078	56,078	-	-	-
Bankers' acceptances	570,130	2.75 - 5.35	570,130	570,130	-	-	-
Bank overdrafts	139	4.36	139	139	-	-	-
Finance lease liabilities	14,146	1.98 - 4.50	16,137	6,305	5,185	4,446	201
Financial guarantees	-	-	11,438	11,438	-	-	-
	3,918,536		4,349,311	2,026,532	238,966	2,082,462	1,351
Derivative financial liabilities							
Derivatives	202,669	-	202,669	181,358	21,311	-	-
	4,121,205		4,551,980	2,207,890	260,277	2,082,462	1,351

* *Represents lenders' cost of funds ranging from a margin of -2.30% to +3.00% per annum.*

28. FINANCIAL INSTRUMENTS *cont'd*

28.5 Liquidity risk *cont'd*

Maturity analysis cont'd

Group 2017	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Restated							
Non-derivative financial liabilities							
Trade and other payables	898,554	-	898,554	898,554	-	-	-
Bank loans	1,140,596	*	1,225,980	592,437	184,272	447,120	2,151
Senior Notes	1,593,962	4.8	2,007,560	77,712	77,712	1,852,136	-
Revolving credits	69,496	4.75 - 5.93	69,496	69,496	-	-	-
Bankers' acceptances	305,085	2.76 - 5.66	305,085	305,085	-	-	-
Bank overdrafts	181	7.71 - 8.30	181	181	-	-	-
Finance lease liabilities	14,438	1.98 - 4.50	16,279	8,806	3,944	3,529	-
Financial guarantees	-	-	13,957	13,957	-	-	-
	4,022,312		4,537,092	1,966,228	265,928	2,302,785	2,151
Derivative financial liabilities							
Derivatives	740,277	-	740,277	221,546	489,666	29,065	-
	4,762,589		5,277,369	2,187,774	755,594	2,331,850	2,151

* *Represents lenders' cost of funds ranging from a margin of -2.30% to +3.00% per annum.*

28. FINANCIAL INSTRUMENTS *cont'd*

28.5 Liquidity risk *cont'd*

Maturity analysis cont'd

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2018							
Non-derivative financial liabilities							
Trade and other payables	**31,703**	**-**	**31,703**	**31,703**	**-**	**-**	**-**
Financial guarantees	**-**	**-**	**3,117,456**	**3,117,456**	**-**	**-**	**-**
	31,703		**3,149,159**	**3,149,159**	**-**	**-**	**-**
2017							
Non-derivative financial liabilities							
Trade and other payables	13,819	-	13,819	13,819	-	-	-
Financial guarantees	-	-	2,282,002	2,282,002	-	-	-
	13,819		2,295,821	2,295,821	-	-	-

28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

28.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Australian Dollar ("AUD"), Hong Kong Dollar ("HKD"), Renminbi ("RMB"), Singapore Dollar ("SGD"), U.S. Dollar ("USD"), Euro ("EUR") and Great Britain Pound ("GBP").

28. FINANCIAL INSTRUMENTS *cont'd*

28.6 Market risk *cont'd*

28.6.1 Currency risk *cont'd*

Risk management objectives, policies and processes for managing the risk

The Group actively monitors its exposure to foreign currency risk and uses forward exchange contracts to mitigate the risk when the need arises. Most of the forward exchange contracts have maturities of one to two years after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period is as follows:

		Trade and other receivables RM'000	Cash and cash equivalents RM'000	Loans and borrowings RM'000	Trade and other payables RM'000	Net exposure RM'000
Functional currency	**Foreign currency**					
Group						
2018						
RM	AUD	-	36	-	-	36
RM	HKD	-	-	-	(690)	(690)
RM	RMB	205,260	12	-	(98,339)	106,933
RM	SGD	6,674	248	-	-	6,922
RM	USD	392,535	20,096	(714,372)	(385,942)	(687,683)
RM	EUR	6,160	13	-	(22)	6,151
RMB	USD	2,934	5,212	-	-	8,146
RMB	EUR	5,445	3,982	-	-	9,427
RMB	GBP	1,013	33,650	(79,989)	-	(45,326)
HKD	USD	-	4,542	-	-	4,542
HKD	RMB	-	1,732	-	-	1,732

28. FINANCIAL INSTRUMENTS *cont'd*

28.6 Market risk *cont'd*

28.6.1 Currency risk *cont'd*

Exposure to foreign currency risk cont'd

		Trade and other receivables RM'000	Cash and cash equivalents RM'000	Loans and borrowings RM'000	Trade and other payables RM'000	Net exposure RM'000
Functional currency	**Foreign currency**					
Group						
2017						
RM	AUD	18	659	-	-	677
RM	HKD	-	-	-	(1,148)	(1,148)
RM	RMB	203,623	36	-	(93,802)	109,857
RM	SGD	7,446	1,972	-	-	9,418
RM	USD	379,386	72,007	(940,418)	(255,722)	(744,747)
RM	EUR	4,760	605	-	(35,601)	(30,236)
RMB	USD	38,581	9,461	-	(2,642)	45,400
RMB	EUR	7,076	871	-	-	7,947
RMB	GBP	403	7,034	(104,158)	-	(96,721)
HKD	USD	-	3,320	(79,142)	-	(75,822)
HKD	RMB	1,936	5,491	-	-	7,427

28. FINANCIAL INSTRUMENTS *cont'd*

28.6 Market risk *cont'd*

28.6.1 Currency risk *cont'd*

Currency risk sensitivity analysis

Foreign currency risk mainly arises from USD and RMB against RM and USD against HKD, and GBP against RMB. The exposure to other currencies is not material and hence, sensitivity analysis is not presented.

A 10% (2017: 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

	Group	
	Equity	
	2018	2017
	RM'000	RM'000
USD against RM	**22,004**	63,531

	Group	
	Profit or loss	
	2018	2017
	RM'000	RM'000
USD and RMB against RM		
- USD	**30,260**	(6,930)
- RMB	**(8,127)**	(8,349)
	22,133	(15,279)
USD against HKD	**(345)**	5,762
GBP against RMB	**3,445**	7,351

A 10% (2017: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

28. FINANCIAL INSTRUMENTS *cont'd*

28.6 Market risk *cont'd*

28.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Interest rate exposure arising from the Group's borrowings is managed through the use of fixed and floating rate debts. The Group will consider entering into derivative financial instruments where necessary to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period is as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Fixed rate instruments		
Financial assets	**11,760**	66,110
Financial liabilities	**(1,648,256)**	(1,982,981)
	(1,636,496)	(1,916,871)
Floating rate instruments		
Financial liabilities	**(1,336,389)**	(1,140,777)

28. FINANCIAL INSTRUMENTS *cont'd*

28.6 Market risk *cont'd*

28.6.2 Interest rate risk *cont'd*

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 30 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss			
	2018		2017	
	30 bp increase RM'000	30 bp decrease RM'000	30 bp increase RM'000	30 bp decrease RM'000
Group				
Floating rate instruments	**(3,047)**	**3,047**	(2,601)	2,601

28. FINANCIAL INSTRUMENTS *cont'd*

28.6 Market risk *cont'd*

28.6.3 Other price risk

Other price risk arises from price fluctuation risk mainly on aluminium related products.

Risk management objectives, policies and processes for managing the risk

The Group mitigates its risk to the price volatility through establishing fixed price level that the Group considers acceptable and where deemed prudent, entering into commodity fixed price contracts.

28.7 Hedging activities

28.7.1 Currency risk – Transactions in foreign currency

The Group is mainly exposed to transactional foreign currency risk to the extent that there is a mismatch between the currency in which sales are denominated and the respective functional currencies of the Group entities. The functional currencies of Group entities are primarily the Malaysian Ringgit ("MYR"). The currency in which these sales transactions are primarily denominated is U.S. Dollars ("USD").

The Group's risk management policy is to hedge up to 65% of its estimated foreign currency exposure in respect of forecast sales over the following 12 to 24 months at any point in time. The Group purchases forward foreign exchange contracts and borrows in USD to hedge foreign sales transactions. The Group designates the forward exchange contracts and foreign currency loans and borrowings in their entirety to hedge its currency risk and applies a hedge ratio of 1:1. Most of these contracts have a maturity of 1 to 2 years from the reporting date while the term of the foreign currency loans and borrowings ranges from 1 to 3 years. The Group determines the critical terms of the forward exchange contracts and foreign currency loans and borrowings to align with the hedged items.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivatives and foreign currency loans and borrowings designated in each hedging relationship are expected to be and have been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

28. FINANCIAL INSTRUMENTS *cont'd*

28.7 Hedging activities *cont'd*

28.7.2 Commodity price risk

The Group is largely exposed to commodity price risk due to fluctuations in aluminium prices. The Group's aluminium products are generally priced with reference to the London Metal Exchange ("LME") aluminium rates.

The Group adopts a policy of ensuring that up to 65% of its commodity price risk exposure is at a fixed rate. This is achieved by entering into commodity swaps as hedges of the variability in cash flows attributable to movements in commodity prices. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference commodity price, maturity and the notional or par amount.

The Group assesses whether the derivatives designated in each hedging relationship are expected to be and have been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In both hedge relationships to hedge the currency risk and commodity price risk, the main source of ineffectiveness arises from the slight mismatch between the amounts and timing of settlement of the hedging instrument and hedged item. Nevertheless, the ineffectiveness is not material to be accounted for by the Group.

28. FINANCIAL INSTRUMENTS *cont'd*

28.7 Hedging activities *cont'd*

28.7.3 Cash flow hedge

At 31 December 2018, the Group held the following instruments to hedge exposures to changes in foreign currency and commodity price.

		Maturity	
Group	**Under 1 year**	**1 - 2 years**	**2 - 3 years**
2018	**RM'000**	**RM'000**	**RM'000**
Foreign currency risk			
Loans and borrowings	**82,720**	**82,720**	**124,080**
Forward exchange contracts	**1,715,861**	**1,174,922**	**56,214**
Commodity price risk			
Commodity swaps	**7,249,166**	**565,629**	**-**
2017			
Foreign currency risk			
Loans and borrowings	252,737	161,900	421,292
Forward exchange contracts	1,702,344	947,195	-
Commodity price risk			
Commodity swaps	2,441,800	2,905,170	1,266,754

28. FINANCIAL INSTRUMENTS *cont'd*

28.7 Hedging activities *cont'd*

28.7.3 Cash flow hedge *cont'd*

The amounts at the reporting date relating to items designated as hedged items were as follows:

Group	**Cash flow hedge reserve**	**Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied**
31 December 2018	**RM'000**	**RM'000**
Foreign currency risk		
Forecast sales – Loans and borrowings	**(22,456)**	**(19,061)**
Forecast sales – Forward exchange contracts	**15,113**	**-**
Commodity price risk		
Forecast sales – Commodity swaps	**12,852**	**-**
Total hedging reserve	**5,509**	
Non-controlling interests share of hedging reserve	**(40,177)**	
Hedging reserve attributable to owners of the Company	**(34,668)**	
31 December 2017		
Foreign currency risk		
Forecast sales – Loans and borrowings	(19,597)	(49,734)
Forecast sales – Forward exchange contracts	162,442	-
Commodity price risk		
Forecast sales – Commodity swaps	(740,277)	-
Total hedging reserve	(597,432)	
Non-controlling interests share of hedging reserve	(28,083)	
Hedging reserve attributable to owners of the Company	(625,515)	

28. FINANCIAL INSTRUMENTS *cont'd*

28.7 Hedging activities *cont'd*

28.7.3 Cash flow hedge *cont'd*

The amounts relating to items designated as hedging instruments are as follows:

		Carrying amount		Line item in the statement of financial position where the hedging instrument is included
Group	**Nominal amount**	**Assets**	**Liabilities**	
2018	**RM'000**	**RM'000**	**RM'000**	
Foreign currency risk				
Foreign currency loans and borrowings	**289,520**	**-**	**(3,395)**	Loans and borrowings
Forward exchange contracts	**2,946,997**	**15,719**	**(606)**	Derivative financial assets/(liabilities)
Commodity price risk				
Commodity swaps	**7,814,795**	**214,167**	**(201,627)**	Derivative financial assets/(liabilities)
2017				
Foreign currency risk				
Foreign currency loans and borrowings	835,929	30,137	-	Loans and borrowings
Forward exchange contracts	2,649,539	162,442	-	Derivative financial assets
Commodity price risk				
Commodity swaps	6,613,724	-	(740,277)	Derivative financial liabilities

28. FINANCIAL INSTRUMENTS *cont'd*

28.7 Hedging activities *cont'd*

28.7.3 Cash flow hedge *cont'd*

	Changes in the value of hedging instrument recognised in other comprehensive income RM'000	Amount reclassified from hedge reserve to profit or loss RM'000	Line item in profit or loss affected by the reclassification
2018			
Foreign currency risk			
Loans and borrowings	(26,886)	24,027	Other expenses
Forward exchange contracts	(153,269)	5,940	Revenue
Commodity price risk			
Commodity swaps	650,719	102,410	Revenue
2017			
Foreign currency risk			
Loans and borrowings	238,179	(43,088)	Other expenses
Forward exchange contracts	(28,782)	318,291	Revenue
Commodity price risk			
Commodity swaps	(923,600)	131,651	Revenue

28. FINANCIAL INSTRUMENTS *cont'd*

28.8 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of finance lease liabilities and Senior Notes also approximate fair values upon discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total fair value**	**Carrying amount**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2018										
Financial assets										
Unquoted shares	-	-	1,803	1,803	-	-	-	-	1,803	1,803
Derivatives	-	229,886	-	229,886	-	-	-	-	229,886	229,886
	-	229,886	1,803	231,689	-	-	-	-	231,689	231,689
Financial liabilities										
Derivatives	-	(202,669)	-	(202,669)	-	-	-	-	(202,669)	(202,669)
Bank loans	-	-	-	-	-	-	(721,761)	(721,761)	(721,761)	(710,042)
	-	(202,669)	-	(202,669)	-	-	(721,761)	(721,761)	(924,430)	(912,711)
Company										
2018										
Financial assets										
Amounts due from subsidiaries	-	-	-	-	-	-	69,704	69,704	69,704	74,452

28. FINANCIAL INSTRUMENTS *cont'd*

28.8 Fair value information *cont'd*

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2017										
Restated										
Financial assets										
Unquoted shares	-	-	-	-	-	-	1,803	1,803	1,803	1,803
Unit trusts	-	15,000	-	15,000	-	-	-	-	15,000	15,000
Derivatives	-	162,442	-	162,442	-	-	-	-	162,442	162,442
	-	177,442	-	177,442	-	-	1,803	1,803	179,245	179,245
Financial liabilities										
Derivatives	-	(740,277)	-	(740,277)	-	-	-	-	(740,277)	(740,277)
Bank loans	-	-	-	-	-	-	(1,130,963)	(1,130,963)	(1,130,963)	(1,140,596)
	-	(740,277)	-	(740,277)	-	-	(1,130,963)	(1,130,963)	(1,871,240)	(1,880,873)

Level 2 fair value

Derivatives and unit trusts

The fair values of derivatives and unit trusts are determined by reference to statements provided by the respective financial institutions with which these contracts were entered into.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2017: no transfer in either direction).

Level 3 fair value

Valuation process applied by the Group for Level 3 fair value

For financial instruments not carried at fair value, the Group has applied discounted cash flows valuation technique using a rate based on the current market rate of borrowings of the respective Group entities at the reporting date in the determination of fair values within Level 3. The Group Financial Controller has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2018 and 31 December 2017 were as follows:

		Group	
	Note	2018	2017
		RM'000	RM'000
Total loans and borrowings	18	**2,984,645**	3,123,758
Less: Cash and cash equivalents	15	**(199,050)**	(259,098)
Net debt		**2,785,595**	2,864,660
Total equity		**4,027,585**	2,970,441
Debt-to-equity ratio		**0.69**	0.96

There was no change in the Group's approach to capital management during the financial year.

The Group has not breached any of the loan covenants disclosed in Note 18.1.

30. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2018	2017
	RM'000	RM'000
Less than one year	**1,993**	1,099
Between one and five years	**3,067**	1,889
More than five years	**-**	411
	5,060	3,399

The Group leases a number of properties under operating leases. The leases typically run for a period of 5 years, with an option to renew the lease after that date. None of the leases includes contingent rentals.

31. CAPITAL AND OTHER COMMITMENTS

	Group	
	2018	2017
	RM'000	RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	**10,000**	18,938

32. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Contingent liabilities not considered remote

Guarantees

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Guarantees given to:				
- Customers of contracting and fabrication contracts	**11,438**	13,957	**-**	-
- Financial institutions for facilities granted to subsidiaries	**-**	-	**2,842,899**	1,998,712
- Suppliers for credit terms granted to subsidiaries	**-**	-	**274,557**	283,290
	11,438	13,957	**3,117,456**	2,282,002

33. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationship with its significant investors, subsidiaries, associates and key management personnel. In the context of these financial statements, associates also includes the subsidiaries of the associates.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the transactions are shown in Notes 14 and 19.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
A. Subsidiaries				
Dividend income	**-**	-	**(256,771)**	(657,714)
Management fee income	**-**	-	**(2,400)**	(960)
Consultancy fee income	**-**	-	**(12,696)**	-
Gain on disposal of investments in subsidiaries	**-**	-	**(32,993)**	-
Rental expense on properties	**-**	-	**180**	-
B. Associates				
Dividend income	**-**	-	**(644)**	-
Sale of goods	**(207,885)**	(151,858)	**-**	-
Purchase of goods	**26,252**	30,827	**-**	-
Rental expense on properties	**-**	4	**-**	-
Rental income on properties	**(194)**	-	**-**	-

33. RELATED PARTIES *cont'd*

Significant related party transactions *cont'd*

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
C. Directors				
- Fees	**433**	330	**433**	165
- Remuneration	**10,361**	7,039	**8,596**	2,043
Total short-term employee benefits	**10,794**	7,369	**9,029**	2,208
Rental expense on properties	**720**	720	**-**	-
	11,514	8,089	**9,029**	2,208

34. BUSINESS COMBINATIONS

2018

34.1 Acquisition of an indirect subsidiary

In March 2018, the Group acquired all the shares in Press Metal Aluminium Rods Sdn. Bhd. (formerly known as Leader Universal Aluminium Sdn. Bhd.), via its 80% owned subsidiary, PMBTU for RM96,000,000, satisfied in cash. In the nine months to 31 December 2018, the subsidiary contributed revenue of RM625,690,000 and profit of RM10,534,000. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue contributed by the subsidiary would have been RM836,198,000, and consolidated profit for the financial year contributed by the subsidiary would have been RM11,167,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets and liabilities assumed at the acquisition date:

	Group 2018 RM'000
Fair value of consideration transferred	
Cash and cash equivalents	**96,000**

34. BUSINESS COMBINATIONS *cont'd*

2018 *cont'd*

34.1 Acquisition of an indirect subsidiary *cont'd*

		Group 2018 RM'000
Identifiable assets acquired and liabilities assumed		
	Note	
Property, plant and equipment	3	**50,759**
Prepaid lease payments	4	**7,976**
Inventories		**46,867**
Trade and other receivables		**71,001**
Cash and cash equivalents		**27,446**
Deferred tax liabilities	11	**(3,858)**
Derivative financial liabilities		**(285)**
Loans and borrowings		**(103,814)**
Trade and other payables		**(28,720)**
Total identifiable net assets		**67,372**
Net cash outflow arising from acquisition of subsidiary		
Purchase consideration settled in cash and cash equivalents		**(96,000)**
Cash and cash equivalents acquired		**27,446**
		(68,554)

34. BUSINESS COMBINATIONS *cont'd*

2018 *cont'd*

34.1 Acquisition of an indirect subsidiary *cont'd*

	Group 2018 RM'000
Goodwill	
Goodwill was recognised as a result of the acquisition as follows:	
Total consideration transferred	96,000
Fair value of identifiable net assets	(67,372)
Goodwill	28,628

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group's existing aluminium products business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs of RM490,000 related to external legal fees. The legal fees have been included in administrative expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

34.2 Incorporation of a new subsidiary

In November 2018, the Company incorporated a wholly-owned subsidiary, PMIM Extrusion Sdn. Bhd. ("PMIM") with an issued and paid-up capital of RM2.

34.3 Dissolution of a subsidiary

In March 2018, PMB Marketing (HK) Ltd., a previously wholly-owned subsidiary of PMB Marketing Sdn. Bhd., was deregistered and subsequently dissolved. The deconsolidation of this subsidiary did not have a material impact to the Group's financial statements.

34. BUSINESS COMBINATIONS *cont'd*

2018 *cont'd*

34.4 Acquisition and disposal of entities under common control

In March 2018, the Company acquired all the equity interest owned by PMB in Press Metal (HK) Limited.

In December 2018, the Company transferred its entire investments in the following subsidiaries to PMIM:

- Press Metal Berhad
- Press Metal UK Limited
- Press Metal Aluminium (Australia) Pty. Ltd.
- Press Metal North America Inc.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented.

Hence, the above acquisitions have no impact to the consolidated financial statements.

34.5 Transactions with non-controlling interests

In previous years, the Group disposed 20% of its equity interest in PMBTU to the existing non-controlling interests holder ("NCI") for a cash consideration of RM522,699,000. A gain on partial disposal amounting to RM405,962,000 was recognised in equity as the change in ownership interest did not result in a loss of control to the Group.

During the financial year, both parties have agreed to further settlements on the previous cash consideration as follows:

i) PMB (the previous holding company of PMBTU) is required to make a one-off payment to the NCI amounting to RM25,347,000; and

ii) The NCI is not entitled to a preference dividend declared and paid to PMB amounting to RM73,515,000, which resulted in a dilution of its interest in PMBTU by RM14,703,000.

34. BUSINESS COMBINATIONS *cont'd*

2017

34.6 Acquisition of a subsidiary

In July 2017, the Company acquired the entire equity interest in PMB through the issuance of 3,733,639,919 new ordinary shares as shares exchange with the existing shareholders of PMB for all the shares of PMB ("PMB Shares") with the shares of the Company ("PMAH Shares") on the basis of one new PMAH Share for every one PMB Share held.

Upon completion of the above transaction, PMB became a wholly-owned subsidiary of the Company. In accordance with MFRS 3, *Business Combinations*, the acquisition was accounted for using the reverse acquisition method, with the Company being the accounting acquiree and PMB being the accounting acquirer.

Under the principles of reverse acquisition as disclosed in Note 1(b), the internal reorganisation, which merely resulted in a change in shareholders of PMB, had no impact to the consolidated financial statements as the Company was dormant and had a nominal issued and paid-up capital prior to the shares exchange.

34.7 Acquisition of entities under common control

In July 2017, the Company acquired all the equity interest owned by PMB in the following entities:

- Press Metal Bintulu Sdn. Bhd.
- Press Metal Sarawak Sdn. Bhd.
- Angkasa Jasa Sdn. Bhd.
- Press Metal UK Limited
- Press Metal Aluminium (Australia) Pty. Ltd.
- Press Metal North America Inc.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented.

Hence, the above acquisitions had no impact to the consolidated financial statements.

34.8 Incorporation of a new subsidiary

In August 2017, the Company incorporated a wholly-owned subsidiary, Press Metal (Labuan) Ltd. in Labuan, Malaysia under the Labuan Companies Act,1990 with an issued and paid-up capital of USD1.

35. SUBSEQUENT EVENT

In October 2018, PMBTU entered into an asset sale agreement ("ASA") with ITOCHU Minerals & Energy of Australia Pty. Ltd. ("IMEA") and ITOCHU Corporation ("ITOCHU"), the holding company of IMEA, for the acquisition of 50% equity interest in Japan Alumina Associates (Australia) Pty. Ltd. ("JAA"), subject to the terms and conditions stipulated in the ASA (the "Proposed Acquisition"). The Proposed Acquisition is to partially secure the Group's alumina supply.

In February 2019 ("Completion Date"), PMBTU completed the Proposed Acquisition for a provisional cash consideration of AUD256.9 million (equivalent to approximately RM747.2 million) ("Purchase Price"). The Purchase Price is subject to further adjustments upon finalisation of the completion accounts after the Completion Date.

36. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the financial year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

36.1 Impacts on financial statements

The following tables summarise the impacts arising from the adoption of MFRS 15 on the Group's financial statements. The adoption of MFRS 15 does not have any impact on the Company's financial statements. There is no impact on the Group's and the Company's financial statements arising from the adoption of MFRS 9 apart from certain changes in classification as disclosed in Note 36.2(b).

a. Statement of financial position

At 31 December 2017

Group	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
Contract liabilities	-	7,465	7,465
Trade and other payables	906,019	(7,465)	898,554
Others	4,021,174	-	4,021,174
Total liabilities	4,927,193	-	4,927,193

36. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES *cont'd*

36.1 Impacts on financial statements *cont'd*

b. Statement of cash flows

For the year ended 31 December 2017

Group	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
Change in contract liabilities	-	7,465	7,465
Change in trade and other payables	(414,492)	(7,465)	(421,957)
Others	808,463	-	808,463
Net cash from operating activities	393,971	-	393,971

The retrospective application, retrospective restatement or the reclassification does not have a material effect on the information in the statement of financial position at the beginning of the preceding period. Hence, as permitted by MFRS101.40A(b), the Group has not presented a third statement of financial position as at 1 January 2017.

36.2 Accounting for financial instruments

a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.

ii) The determination of the business model within which a financial asset is held has been assessed based on the facts and circumstances that existed at the date of initial application.

36. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES *cont'd*

36.2 Accounting for financial instruments *cont'd*

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

(i) Reclassification from loans and receivables to amortised cost

Trade and other receivables and cash and cash equivalents that were classified as loans and receivables under MFRS 139 are now reclassified as amortised cost. No transitioning effects were identified.

(ii) Reclassification from AFS to FVTPL

Investment in unquoted shares is an equity investment not held for strategic purposes. As a result, the carrying amount of RM1,803,000 was reclassified from available-for-sale to fair value through profit or loss. The fair value gains were not material to be recognised.

36.3 Accounting for revenue

In the adoption of MFRS 15, the following practical expedients as permitted by the standard have been adopted:

(a) for completed contracts that have variable consideration, the Group uses the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods.

Nevertheless, the estimated effects arising from the application of this practical expedient are not expected to be material to the Group.

(b) for comparatives, the Group does not disclose the amount of consideration allocated to the remaining performance obligations and an explanation of when the Group expects to recognise revenue.

36. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES *cont’d*

36.3 Accounting for revenue *cont’d*

The following are the comparisons in revenue recognition from the adoption of MFRS 15:

Type of revenue	Previous year’s revenue recognition	Current year’s revenue recognition
Smelting and extrusion aluminium products	The Group previously recognised revenue when the goods were shipped on board evidenced by bill of lading or delivered and accepted by the customers at their premises, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred. Revenue was recognised at the point provided that the revenue and costs could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods.	The Group recognises revenue when (or as) it transfers control over a product to customer. An asset is transferred when (or as) the customer obtains control of the asset. Under MFRS 15, the point of recognition of revenue is similar to the previous year’s revenue recognition.
Contracting and fabrication	If the outcome of a contracting and fabrication work could be estimated reliably, then contract revenue was recognised in proportion to the stage of completion of the contract. The stage of completion was assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs. Otherwise, contract revenue was recognised only to the extent of contract costs incurred that were likely to be recoverable. Contract expenses were recognised as they were incurred. An expected loss on a contract was recognised immediately in profit or loss. Advances received were included in trade and other payables.	Under MFRS 15, revenue is also recognised over time by reference to the costs incurred over the total estimated costs. The related costs are recognised in profit or loss when they are incurred. Advances received are now included in contract liabilities.

There were no restatements required to revenue recognised from the adoption of MFRS 15. Meanwhile, advances received from customers previously included in trade and other payables are now restated and included in contract liabilities.

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 102 to 237 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Dato' Koon Poh Keong
Director

Koon Poh Ming
Director

Petaling Jaya, Selangor

Date: 22 April 2019

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Loo Tai Choong**, the officer primarily responsible for the financial management of Press Metal Aluminium Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 102 to 237 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Loo Tai Choong, NRIC: 681119-08-5045, at Kuala Lumpur in the Federal Territory on 22 April 2019.

Loo Tai Choong

Before me:

Samugam Vassoo W632
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

to the Members of Press Metal Aluminium Holdings Berhad
(Company No. 1198171-H)
(Incorporated In Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Press Metal Aluminium Holdings Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 102 to 237.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Hedge accounting

Refer to Note 2(c)(iv) – Significant accounting policy: Hedge accounting – Cash flow hedge and Note 28.7 – Financial instruments – Hedging activities.

KEY AUDIT MATTERS *cont'd*

The key audit matter

The Group applied hedge accounting to hedge its cash flows for the payment of certain loans and borrowings, forward exchange contracts and commodity swaps (hedging instruments) against its cash flows from highly probable forecast sales transactions (hedged items).

Applying hedge accounting is a complex and judgemental area, particularly in assessing the appropriateness of the hedge designation and documentation, the effectiveness of the hedge and the probability of forecast transactions.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We evaluated whether the loans and borrowings, forward exchange contracts and commodity swaps form valid hedging relationships with the forecast sales transactions.

- We assessed whether there was a formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge at the inception.

- We ascertained whether the hedging relationship met all the criteria of the following hedge effectiveness requirements:

  (i) there is an economic relationship between the hedged item and the hedging instrument;
  (ii) the effect of credit risk does not dominate the value changes that result from that economic relationship; and
  (iii) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

- We evaluated the probability of the forecast transactions.

Valuation of inventories

Refer to Note 2(h) – Significant accounting policy: Inventories and Note 12 – Inventories

The key audit matter

Inventories represent one of the largest category of assets on the statement of financial position of the Group, at RM1,539,499,000 as at 31 December 2018. There was a significant degree of judgement involved to ascertain that the cost of inventories accurately reflects the manufacturing costs incurred in bringing them to their physical location and condition. This particularly relates to the assessment of direct labour costs incurred, manufacturing overheads to be absorbed and other relevant production costs.

KEY AUDIT MATTERS *cont'd*

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We agreed the cost of raw materials to suppliers' invoices on a sampling basis. For work-in-progress and finished goods, we assessed whether the absorption of fixed production overheads was based on the normal capacity of the production facilities and variable production overheads were absorbed into each unit of production on the basis of the actual use of the production facilities.
- We also assessed whether all costs included as inventories comprise costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In particular, we considered the nature of the overheads absorbed to ascertain whether only directly attributable costs were included. We also considered production levels to ensure inefficiencies were not absorbed.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

AUDITORS’ RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *cont’d*

- Conclude on the appropriateness of the Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group or the Company to cease to continue as going concerns.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors’ report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lam Shuh Siang
Approval Number: 03045/02/2021 J
Chartered Accountant

Petaling Jaya, Malaysia

Date: 22 April 2019

LIST OF PROPERTIES

Held by the Group as at 31 December 2018

Proprietor	Location	Description/ Age (Year)	Existing Use	Tenure	Area (Square feet)	Net Book Value as at 31/12/2018 RM '000
Press Metal Bintulu Sdn Bhd	Lot 36, Block 1 Samalaju Industrial Park Kemena Land District 97000 Samalaju Sarawak	Leasehold land and buildings 8 years	Factory cum office	Leasehold for 60 years expiring 10 July 2071	20,946,570	982,786
Press Metal Sarawak Sdn Bhd	Lot 211 & 212 Block 293 Mukah Land District, KM38 Jalan Mukah - Balingian 96400 Mukah Sarawak	Leasehold land and buildings 11 years	Factory cum office	Leasehold for 99 years expiring 6 April 2107	44,913,337	367,357
Press Metal International Limited	Area C, Sanshui Industrial Park Sanshui District Foshan City Guangdong Province, China	Leasehold land and buildings 13 years	Factory cum office	Leasehold for 48 & 50 years expiring 12 July 2055 & 30 December 2056	5,092,976	245,576
Press Metal Berhad	Lot 6486, Mukim Kapar Daerah Klang Selangor	Freehold land and buildings 25 years	Factory cum office	Freehold	417,348	29,522
Press Metal Berhad	Lot 6464, Mukim Kapar Daerah Klang Selangor	Freehold land and buildings 25 years	Factory cum office	Freehold	217,000	15,350

Proprietor	Location	Description/ Age (Year)	Existing Use	Tenure	Area (Square feet)	Net Book Value as at 31/12/2018 RM '000
Press Metal Aluminium Rods Sdn Bhd	PT1653, Mukim Setul Daerah Seremban Negeri Sembilan	Leasehold land and buildings 28 years	Factory cum office	Leasehold for 99 years expiring 17 January 2090	202,675	9,600
Press Metal Aluminium Rods Sdn Bhd	Lot 47242 Mukim Johor Bahru Daerah Johor Bahru Johor	Leasehold land and buildings 48 years	Factory cum office	Leasehold for 60 years expiring 16 November 2030	244,212	7,182
Press Metal Aluminium Rods Sdn Bhd	PT1656, Mukim Setul Daerah Seremban Negeri Sembilan	Leasehold land and buildings 28 years	Vacant	Leasehold for 99 years expiring 17 January 2090	270,162	6,400
Press Metal Aluminium Rods Sdn Bhd	Lot 47243 Mukim Johor Bahru Daerah Johor Bahru Johor	Leasehold land and buildings 43 years	Factory cum office	Leasehold for 60 years expiring 26 March 2036	166,697	5,763
Press Metal Berhad	Suite 61 & 62, Setia Avenue No. 2, Jalan Setia Prima S U13/S, Setia Alam Seksyen U13 40170 Shah Alam Selangor	Commercial office suite 6 years	Corporate Office	Freehold	19,366	5,580

ANALYSIS OF SHAREHOLDINGS

as at 1 April 2019

Issued Shares	:	4,020,739,453 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
Less than 100	185	2.70	6,046	0.00
100 to 1,000	1,120	16.31	812,687	0.02
1,001 to 10,000	2,779	40.46	12,705,410	0.31
10,001 to 100,000	2,009	29.25	67,479,095	1.68
100,001 to less than 5% of issued shares	772	11.24	3,159,866,018	78.59
5% and above of issued shares	3	0.04	779,870,197	19.40
Total	**6,868**	**100.00**	**4,020,739,453**	**100.00**

Directors' Shareholdings
as at 1 April 2019

	Direct		Indirect	
Name	**No. of Shares Held**	**% of Issued Capital**	**No. of Shares Held**	**% of Issued Capital**
Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad	280,000	0.01	0	0.00
Koon Poh Ming	291,867,258	7.26	78,560,000[1]	1.95
Tan Sri Dato' Koon Poh Keong	602,029,772	14.97	1,015,805,650[2]	25.26
Dato' Koon Poh Tat	127,791,380	3.18	4,214,302[3]	0.10
Koon Poh Weng	186,914,068	4.65	60,510,960[4]	1.50
Koon Poh Kong	87,750,686	2.18	11,056,920[5]	0.27
Tan Heng Kui	801,640	0.02	0	0.00
Loo Lean Hock	0	0.00	0	0.00
Noor Alina Binti Mohamad Faiz	0	0.00	0	0.00
Lim Hun Soon @ David Lim	0	0.00	0	0.00

(1) *Deemed interested in the shares held by his spouse, Ong Soo Fan in the Company.*

(2) *Deemed interested in the shares held by his spouse, Puan Sri Datin Khoo Ee Pheng in the Company and his direct interest in Alpha Milestone Sdn Bhd pursuant to Section 8 of the Companies Act 2016.*

(3) *Deemed interested in the shares held by his spouse, Datin Chan Hean Heoh in the Company.*

(4) *Deemed interested in the shares held by his spouse, Chan Poh Choo and his daughter, Koon Sim Ee in the Company.*

(5) *Deemed interested in the shares held by his spouse, Lee Sook Ching and his children Koon Hoi Chun and Koon Xin Hui in the Company.*

Substantial Shareholders

as per Register of Substantial Shareholders as at 1 April 2019

	Direct		Indirect	
Name	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
Koon Poh Ming	291,867,258	7.26	78,560,000[1]	1.95
Tan Sri Dato' Koon Poh Keong	602,029,772	14.97	1,015,805,650[2]	25.26
Koon Poh Weng	186,914,068	4.65	60,510,960[3]	1.50
Ong Soo Fan	78,560,000	1.95	291,867,258[4]	7.26
Puan Sri Datin Khoo Ee Pheng	76,102,320	1.89	1,541,733,102[5]	38.34
Chan Poh Choo	60,456,080	1.50	186,968,948[6]	4.65
Alpha Milestone Sdn Bhd	939,703,330	23.37	0	0.00

(1) *Deemed interested in the shares held by his spouse, Ong Soo Fan in the Company.*

(2) *Deemed interested in the shares held by his spouse, Puan Sri Datin Khoo Ee Pheng in the Company and his direct interest in Alpha Milestone Sdn Bhd pursuant to Section 8 of the Companies Act 2016.*

(3) *Deemed interested in the shares held by his spouse, Chan Poh Choo and his daughter, Koon Sim Ee in the Company.*

(4) *Deemed interested in the shares held by her spouse, Koon Poh Ming in the Company.*

(5) *Deemed interested in the shares held by her spouse, Tan Sri Dato' Koon Poh Keong in the Company and her direct interest in Alpha Milestone Sdn Bhd pursuant to Section 8 of the Companies Act 2016.*

(6) *Deemed interested in the shares held by her spouse, Koon Poh Weng and her daughter, Koon Sim Ee in the Company.*

THIRTY LARGEST SHAREHOLDERS

as at 1 April 2019

	Name of Shareholders	No. of Shares Held	% of Issued Capital
1	ALPHA MILESTONE SDN BHD	300,901,681	7.48
2	TAN SRI DATO' KOON POH KEONG	268,968,516	6.69
3	TAN SRI DATO' KOON POH KEONG	210,000,000	5.22
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *UBS AG Singapore for Alpha Milestone Sdn Bhd*	197,600,000	4.91
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB for Koon Poh Weng*	170,914,068	4.25
6	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *Employees Provident Fund Board*	143,376,920	3.57
7	KOON POH MING	141,286,400	3.51
8	AMSEC NOMINEES (TEMPATAN) SDN BHD *Ambank (M) Berhad for Tan Boon Seng*	130,150,240	3.24
9	ALPHA MILESTONE SDN BHD	108,801,649	2.71
10	HSBC NOMINEES (TEMPATAN) SDN BHD *Alpha Milestone Sdn Bhd*	100,000,000	2.49
11	HSBC NOMINEES (TEMPATAN) SDN BHD *JPMCB NA for Alpha Milestone Sdn Bhd*	100,000,000	2.49
12	HSBC NOMINEES (TEMPATAN) SDN BHD *MSIP for Alpha Milestone Sdn Bhd*	100,000,000	2.49
13	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB for Koon Poh Kong*	72,246,686	1.80
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB for Tan Sri Dato' Koon Poh Keong*	70,520,536	1.75
15	CHAN POH CHOO	60,096,000	1.49

THIRTY LARGEST SHAREHOLDERS *cont'd*

as at 1 April 2019

	Name of Shareholders	No. of Shares Held	% of Issued Capital
16	PUAN SRI DATIN KHOO EE PHENG	56,000,000	1.39
17	ONG SOO FAN	55,440,000	1.38
18	BBL NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Koon Poh Ming*	53,200,000	1.32
19	LEMBAGA TABUNG HAJI	43,452,100	1.08
20	KOON PUI LAN	42,440,330	1.05
21	KOON POH MING	41,689,704	1.04
22	KOON PUI WOON	38,033,810	0.95
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Dato' Koon Poh Tat*	35,090,080	0.87
24	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *Bank of Singapore Limited for Tan Sri Dato' Koon Poh Keong*	35,000,000	0.87
25	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	34,658,800	0.86
26	CARTABAN NOMINEES (ASING) SDN BHD *Exempt an for State Street Bank & Trust Company*	33,983,500	0.85
27	KOON PUI LING	31,750,000	0.79
28	TAN MEW LAN	31,670,656	0.79
29	HSBC NOMINEES (ASING) SDN BHD *JPMCB NA for Vanguard Emerging Markets Stock Index Fund*	30,423,720	0.76
30	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB for Dato' Koon Poh Tat*	30,005,700	0.75
	Total	**2,767,701,096**	**68.84**

ANALYSIS OF WARRANT HOLDINGS

as at 1 April 2019

Total number of Outstanding Warrants C	:	18,101,917
Issue date	:	4 July 2017
Expiry date	:	22 August 2019
Exercise Price of Warrants C	:	RM0.39

Size of Warrant Holdings	No. of Warrant Holders/ Depositors	% of Warrant Holders/ Depositors	No. of Warrants Held	% of Issued Warrants
Less than 100	31	11.00	1,120	0.01
100 to 1,000	27	9.57	10,718	0.06
1,001 to 10,000	117	41.49	584,010	3.23
10,001 to 100,000	96	34.04	2,434,625	13.45
100,001 to less than 5% of issued warrants	8	2.84	1,394,364	7.70
5% and above of issued warrants	3	1.06	13,677,080	75.55
Total	**282**	**100.00**	**18,101,917**	**100.00**

Directors’ Warrant Holdings

as per Register of Directors’ Warrants Holdings
as at 1 April 2019

	Direct		Indirect	
Name	No. of Warrants Held	% of Issued Warrants	No. of Warrants Held	% of Issued Warrants
Dato’ Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad	0	0.00	0	0.00
Koon Poh Ming	0	0.00	0	0.00
Tan Sri Dato’ Koon Poh Keong	0	0.00	0	0.00
Dato’ Koon Poh Tat	0	0.00	0	0.00
Koon Poh Weng	0	0.00	0	0.00
Koon Poh Kong	0	0.00	0	0.00
Tan Heng Kui	0	0.00	0	0.00
Loo Lean Hock	0	0.00	0	0.00
Noor Alina Binti Mohamad Faiz	0	0.00	0	0.00
Lim Hun Soon @ David Lim	0	0.00	0	0.00

THIRTY LARGEST WARRANT HOLDERS
as at 1 April 2019

	Name of Warrant Holders	No. of Warrants Held	% of Issued Warrants
1	ONG SOW MEI	6,037,600	33.35
2	ONG SOW YONG	5,729,200	31.65
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Ang Wing Fah*	1,910,280	10.56
4	KENANGA NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Eg Kaa Chee*	280,000	1.55
5	SOH POH KUAN	224,000	1.24
6	CHEE YIT KEONG	190,400	1.05
7	TA NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Tong Chin Hen*	186,664	1.03
8	HO LIONG KWONG	151,000	0.83
9	AFFIN HWANG INVESTMENT BANK BERHAD	134,300	0.74
10	RICHARD BONG TED SIONG	120,000	0.66
11	CHIN THYE YIN	108,000	0.60
12	HONG LEONG INVESTMENT BANK BERHAD	100,000	0.55
13	YONG KUT SEN	92,500	0.51
14	YEO ENG JOO	87,600	0.48
15	EG KAA CHEE	60,000	0.33

THIRTY LARGEST WARRANT HOLDERS *cont'd*

as at 1 April 2019

	Name of Warrant Holders	No. of Warrants Held	% of Issued Warrants
16	WONG YEE HIAN	59,729	0.33
17	LEONG LYNE CHING	58,300	0.32
18	LIM KIEN THAI	56,000	0.31
19	TANG SOON CHEONG	56,000	0.31
20	PUBLIC NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Ang Wen Sheng*	52,500	0.29
21	LEE CHOW MING	50,400	0.28
22	KAN NGAT PING	46,900	0.26
23	LEE WEE LING	45,000	0.25
24	TAN KEN CHYANG	42,929	0.24
25	EG KAA CHEE	42,000	0.23
26	NG HENG HOOI	40,320	0.22
27	CHEW MUN SEONG	37,329	0.21
28	CHEAH MING TI	36,080	0.20
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD *Pledged Securities Account for Chan Liang Seng*	34,220	0.19
30	YEO YANG KEE	34,000	0.19
	Total	**16,103,251**	**88.96**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting of Press Metal Aluminium Holdings Berhad will be held at Topaz Ballroom, Level G, One World Hotel, First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 May 2019 at 10.30 a.m.

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. ***(Please refer to Note 1 of the Explanatory Notes)***

2. To approve the payment of Directors' fees and benefits payable to the Directors of up to an aggregate amount of RM548,000 for the financial year ending 31 December 2019. ***Ordinary Resolution 1 (Please refer to Note 2 of the Explanatory Notes)***

3. To re-elect the following Directors who are retiring pursuant to Clause 95 of the Constitution of the Company:

   (i) Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad ***Ordinary Resolution 2***
   (ii) Mr Koon Poh Ming ***Ordinary Resolution 3***
   (iii) Tan Sri Dato' Koon Poh Keong ***Ordinary Resolution 4***

4. To re-elect Mr Lim Hun Soon @ David Lim who is retiring pursuant to Clause 102 of the Constitution of the Company. ***Ordinary Resolution 5***

5. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 6***

As Special Business

To consider and, if thought fit, to pass the following resolutions:

6. **Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares** ***Ordinary Resolution 7 (Please refer to Note 3 of the Explanatory Notes)***

   "THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance."

7. **Authority for Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad to continue in office as Independent Non-Executive Chairman**

Ordinary Resolution 8
(Please refer to Note 4 of the Explanatory Notes)

"THAT authority be and is hereby given to Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad who has served as an Independent Non-Executive Chairman of the Company for a cumulative term of more than nine (9) years and will reach the twelve (12) years term limit on 29 May 2019, to continue to act as an Independent Non-Executive Chairman of the Company until the conclusion of the next Annual General Meeting, in accordance with the Malaysian Code of Corporate Governance."

8. **Authority for Tan Heng Kui to continue in office as Independent Non-Executive Director**

Ordinary Resolution 9
(Please refer to Note 5 of the Explanatory Notes)

"THAT authority be and is hereby given to Tan Heng Kui who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting, in accordance with the Malaysian Code of Corporate Governance".

9. **Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director**

Ordinary Resolution 10
(Please refer to Note 6 of the Explanatory Notes)

"THAT authority be and is hereby given to Loo Lean Hock who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting, in accordance with the Malaysian Code of Corporate Governance".

10. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions for Press Metal Aluminium Holdings Berhad and its subsidiaries ("Proposed Shareholders' Mandate")**

Ordinary Resolution 11
(Please refer to Note 7 of the Explanatory Notes)

"THAT approval be and is hereby given to the Company and its subsidiaries ("PMAH Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 (i) of the Circular to Shareholders dated 30 April 2019 ("Circular") which are necessary for the PMAH Group's day-to-day operations subject to the following:

a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

b) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the recurrent related party transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year on the type of recurrent related party transactions made, the names of the related parties involved in each type of recurrent related party transactions and their relationships with the Company.

THAT the authority conferred shall continue to be in force until:

i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

11. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares**

Ordinary Resolution 12
(Please refer to Note 8 of the Explanatory Notes)

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the Company's aggregate retained profits as at 31 December 2018 to purchase such amount of ordinary shares in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company.

THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

(i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority.”

12. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
Company Secretaries

Selangor Darul Ehsan
Date: 30 April 2019

NOTES:

1. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.*
5. *The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Share Registrar's office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time set for holding the meeting or adjourned meeting, otherwise the instrument of proxy shall not be treated as valid.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 16 May 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
7. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia, all the resolutions set out in the notice of general meeting will be put to vote by way of poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.*

EXPLANATORY NOTES

1. To receive the Audited Financial Statements

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, ***will not be put for voting.***

2. Ordinary Resolution 1 on Directors' Fees and benefits payable to Directors as members of Board and Board Committees.

The amount of Directors' benefits (excluding Directors' Fees) payable to Directors comprises meeting allowance from this Annual General Meeting ("AGM") until conclusion of the next AGM of the Company pursuant to the Companies Act 2016 ("Act") which shareholders' approval will be sought at this AGM in accordance with Section 230 of the Act.

3. Ordinary Resolution 7 on Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares

The Company had, during its Second Annual General Meeting held on 19 June 2018, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Companies Act 2016 ("the Act"). As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution 7 proposed under item 6 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

4. Ordinary Resolution 8 on Authority for Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad to continue in office as Independent Non-Executive Chairman

Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad was appointed as an Non-Independent Non-Executive Director on 25 May 1995. On 29 May 2007, he was re-designated as Independent Non-Executive Chairman of the Board. His term as an independent director exceeded nine (9) years and will reach the twelve (12) years term limit on 29 May 2019. Pursuant to the Malaysian Code on Corporate Governance, the Board through the Nomination Committee has carried out the necessary assessment and is satisfied that Dato' Wira (Dr.) Megat is able to exercise independent judgement and act in the best interest of the Company. He has effectively applied his experience and knowledge to discharge his duties and responsibilities as a Director of the Company. He is also in compliance with the relevant criteria and provisions in the Bursa Securities Main Market Listing Requirements on independent directors. Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad abstained from all deliberations at the Board meeting in relation to the recommendation of Ordinary Resolution 8.

The Board received performance evaluation of him and he was found to be effective in his role and he has given time commitment to attend the Company's Board meetings and performance of duties. The Board recommends that you support the resolution for the Director to continue office.

5. Ordinary Resolution 9 on Authority for Tan Heng Kui to continue in office as Independent Non-Executive Director

Mr Tan Heng Kui was appointed as an Independent Non-Executive Director on 26 December 2001. His term as an independent director exceeded twelve years after 26 December 2013. Pursuant to the Malaysian Code on Corporate Governance, the Board through the Nomination Committee has carried out the necessary assessment and is satisfied that Mr Tan Heng Kui is able to exercise independent judgement and act in the best interest of the Company. He has effectively applied his experience and knowledge to discharge his duties and responsibilities as a Director of the Company. He is also in compliance with the relevant criteria and provisions in the Bursa Securities Main Market Listing Requirements on independent directors. Mr Tan Heng Kui abstained from all deliberations at the Board meeting in relation to the recommendation of Ordinary Resolution 9.

The Board received performance evaluation of him and he was found to be effective in his role and he has given time commitment to attend the Company's Board meetings and performance of duties. The Board recommends that you support the resolution for the Director to continue office.

6. Ordinary Resolution 10 on Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director

Mr Loo Lean Hock was appointed as an Independent Non-Executive Director on 14 September 2001. His term as an independent director exceeded twelve years after 14 September 2013. Pursuant to the Malaysian Code on Corporate Governance, the Board through the Nomination Committee has carried out the necessary assessment and is satisfied that Mr Loo Lean Hock is able to exercise independent judgement and act in the best interest of the Company. He has effectively applied his experience and knowledge to discharge his duties and responsibilities as a Director of the Company. He is also in compliance with the relevant criteria and provisions in the Bursa Securities Main Market Listing Requirements on independent directors. Mr Loo Lean Hock abstained from all deliberations at the Board meeting in relation to the recommendation of Ordinary Resolution 10.

The Board received performance evaluation of him and he was found to be effective in his role and he has given time commitment to attend the Company's Board meetings and performance of duties. The Board recommends that you support the resolution for the Director to continue office.

7. Ordinary Resolution 11 on Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions for Press Metal Aluminium Holdings Berhad and its subsidiaries ("Proposed Shareholders' Mandate")

Ordinary Resolution 11 proposed under item 10 of the Agenda, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

For further information on Ordinary Resolution 11, please refer to Part A of the Circular to Shareholders dated 30 April 2019 accompanying the Annual Report of the Company for the financial year ended 31 December 2018.

8. Ordinary Resolution 12 on Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

The proposed Ordinary Resolution 12, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting of the Company is required by law to be held.

For further information on Ordinary Resolution 12, please refer to the Statement to Shareholders in Part B of the Circular to Shareholders dated 30 April 2019 accompanying the Annual Report of the Company for the financial year ended 31 December 2018.

Personal data privacy:

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

Proxy Form

CDS account number of holder

PRESS METAL ALUMINIUM HOLDINGS BERHAD

(Company No. 1198171-H)
Incorporated in Malaysia

I/We, ________________________________(name of shareholder as per NRIC, in capital letters) NRIC No./Passport No./Company No. ________________ (new) ________________ (old) of ________________

________________________________ (full address)

being a member of PRESS METAL ALUMINIUM HOLDINGS BERHAD, hereby appoint ________________________________

(name of proxy as per NRIC, in capital letters) NRIC No. ________________ (new) ________________ (old)

of ________________________________ (full address)

or failing him/her ________________________________(name of proxy as per NRIC, in capital letters) NRIC No.

________________ (new) ________________ (old) of ________________

________________________________ (full address)

or failing him/her, the *Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Third Annual General Meeting of the Company to be held at Topaz Ballroom, Level G, One World Hotel, First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 29 May 2019 at 10.30 a.m. or at any adjournment thereof.

My/our proxy is to vote as indicated below.

	RESOLUTIONS		FOR	AGAINST
1.	Approval of Directors' fees and benefits payable to the Directors of up to an aggregate amount of RM548,000 for the financial year ending 31 December 2019	Ordinary Resolution 1		
2.	Re-election of Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad as Director	Ordinary Resolution 2		
3.	Re-election of Koon Poh Ming as Director	Ordinary Resolution 3		
4.	Re-election of Tan Sri Dato' Koon Poh Keong as Director	Ordinary Resolution 4		
5.	Re-election of Lim Hun Soon @ David Lim as Director	Ordinary Resolution 5		
6.	Re-appointment of KPMG PLT as Auditors of the Company	Ordinary Resolution 6		
7.	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares	Ordinary Resolution 7		
8.	Authority for Dato' Wira (Dr.) Megat Abdul Rahman Bin Megat Ahmad to continue in office as Independent Non-Executive Chairman	Ordinary Resolution 8		
9.	Authority for Tan Heng Kui to continue in office as Independent Non-Executive Director	Ordinary Resolution 9		
10.	Authority for Loo Lean Hock to continue in office as Independent Non-Executive Director	Ordinary Resolution 10		
11.	Proposed Renewal of Shareholders' Mandate for Press Metal Aluminium Holdings Berhad and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 11		
12.	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares	Ordinary Resolution 12		

(Please indicate with an "X" in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

____
Signature/Common Seal

Number of shares held : ________________

Date : ________________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100 %

Fold This Flap For Sealing

NOTES:

1. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.*
5. *The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Share Registrar's office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time set for holding the meeting or adjourned meeting, otherwise the instrument of proxy shall not be treated as valid.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 16 May 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
7. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia, all the resolutions set out in the notice of general meeting will be put to vote by way of poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.*

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 April 2019.

1st Fold Here

AFFIX
STAMP

The Share Registrar
PRESS METAL ALUMINIUM HOLDINGS BERHAD
(Company No. 1198171-H)

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Then Fold Here

Press Metal Group Directory

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(Company No. 1198171-H)
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Website : www.pressmetal.com

MALAYSIA

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Sarawak, Malaysia
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Fax : +6086 297 190

PRESS METAL SARAWAK SDN BHD
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(f.k.a Leader Universal Aluminium Sdn Bhd)
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Fax : +607 238 6333
Website : www.leadermetal.com
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(ACN 085 370 010)
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