PRESTAR RESOURCES BERHAD (123066-A)

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Jalan Damanlela
Pusat Bandar Damansara
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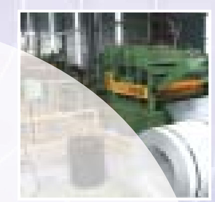
PRESTAR RESOURCES BERHAD (123066-A)

Annual Report 2007

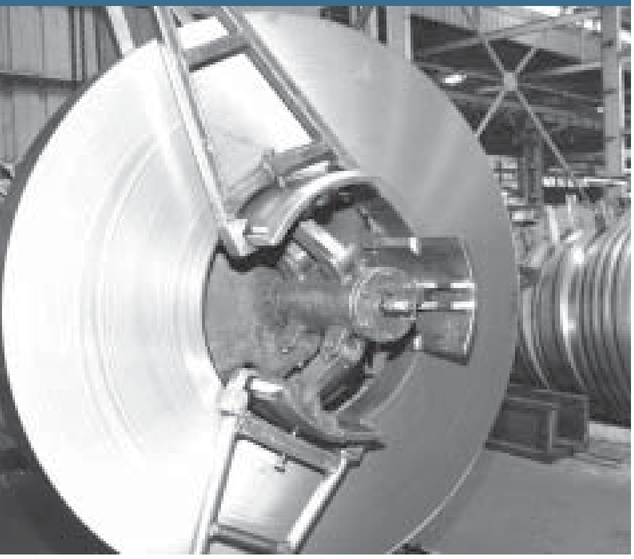
PRESTAR RESOURCES BERHAD

(123066-A)

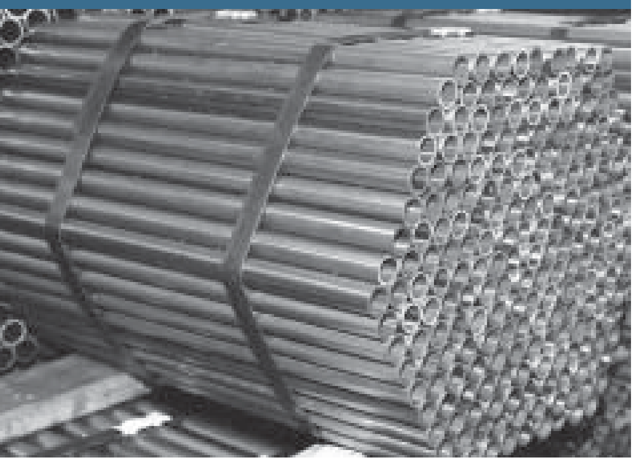


Annual Report
2007
Laporan Tahunan

Contents



Financial Statements



NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting of Prestar Resources Bhd will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 8 May 2008 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and the Auditors thereon.

2. To approve the declaration of the Final Tax Exempt Dividend of 3.0% (1.5 sen per share) for the financial year ended 31 December 2007. **Resolution 1**

3. To sanction the payment of Directors' Fees for the financial year ended 31 December 2007. **Resolution 2**

4. To re-elect the following Directors who retire pursuant to Article 105 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:-

   (a) Mr. Toh Yew Keat **Resolution 3**
   (b) Mr. Toh Yew Kar **Resolution 4**

5. To re-appoint Messrs. BDO Binder as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

6. As Special Business :

   To consider and, if thought fit, with or without any modification, to pass the following resolutions which will be proposed as ordinary and special resolutions:-

ORDINARY RESOLUTION NO. 1
- AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time 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 issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 6**

ORDINARY RESOLUTION NO. 2
- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT, subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up share capital through Bursa Securities subject further to the following:-

1. the maximum number of ordinary shares of RM0.50 each in Prestar ("Shares") which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up share capital for the time being of the Company, subject to a restriction that the issued and paid-up share capital of Prestar does not fall below RM60.0 million pursuant to the repurchase of Shares, if any;

2. the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits and the share premium of the Company based on the audited financial statements for the financial year ended 31 December 2007 of RM5,783,085.00 and RM1,686,905.00 respectively;

3. the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first, but not so as to prejudice the completion of 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 any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

4. upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:-

   (i) cancel the Shares so purchased; or

   (ii) retain the Shares so purchased as treasury shares; or

   (iii) retain part of the Shares so purchased as treasury shares and cancel the remainder;

   the treasury shares of which may be distributed as dividends to shareholders, and/or resold on Bursa Securities, and/or subsequently cancelled;

   and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares." **Resolution 7**

ORDINARY RESOLUTION NO. 3
- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH WEI GIAP HARDWARE SDN. BHD., CHIHO HARDWARE SDN. BHD., Y.K. TOH MARKETING (S) PTE. LTD., WEI SHENG HARDWARE SDN. BHD., SYARIKAT KWONG NAM HING SDN. BHD., LOGAM INDAH SDN. BHD., Y.K. TOH (M) SDN. BHD. AND DIAGER SG PTE. LTD.

"**THAT**, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company's subsidiaries to enter into the Recurrent Related Party Transactions with Wei Giap Hardware Sdn. Bhd., Chiho Hardware Sdn. Bhd., Y.K. Toh Marketing (S) Pte. Ltd., Wei Sheng Hardware Sdn. Bhd., Syarikat Kwong Nam Hing Sdn. Bhd., Logam Indah Sdn. Bhd., Y.K. Toh (M) Sdn. Bhd. and Diager SG Pte. Ltd., as described in Section 2.2 of Part B of the Circular to Shareholders dated 15 April 2008 subject further to the following:-

(i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

(ii) disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall, commence immediately upon the passing of this ordinary resolution and continue to be in force until:-

   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

   (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

   (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting, whichever is the earlier.

(iii) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Resolution 8**

SPECIAL RESOLUTION
- PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

"**THAT** the alteration, modifications, deletions and/or additions to the Articles of Association of the Company as set out in Appendix II of Part C of the Circular to Shareholders dated 15 April 2008 be and are hereby approved;

AND THAT the Directors of the Company be and are hereby authorised to assent to any condition, modification, variation and/or amendment as may be required by Bursa Malaysia Securities Berhad;

AND THAT the Directors and Secretaries of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the amendments as set out in Appendix II of Part C of the Circular to Shareholders." **Resolution 9**

NOTICE OF DIVIDEND ENTITLEMENTS

NOTICE IS HEREBY GIVEN THAT the Final Tax Exempt Dividend of 3.0% (1.5 sen per share) will be payable on 2 July 2008 to depositors who are registered in the Record of Depositors at the close of business on 23 June 2008, if approved by members at the forthcoming Twenty-Third Annual General Meeting.

A Depositor shall qualify for entitlement only in respect of:-

(a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 23 June 2008 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)
CHIN MUN YEE (MAICSA 7019243)
Secretaries

Kuala Lumpur
Dated: 15 April 2008

* Mr. Yee Chee Seng @ Yee Yen retires pursuant to Article 105 of the Articles of Association of the Company.

Explanatory Note to Special Business:

1. Authority pursuant to Section 132D of the Companies Act, 1965
The proposed adoption of the Ordinary Resolution No. 1 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting.

2. Authority to renew the purchase of the Company's own shares
The proposed adoption of the Ordinary Resolution No. 2 is to renew the authority granted by the shareholders of the Company at the Twenty-Second Annual General Meeting held on 4 May 2007. The proposed renewal will allow the Board of Directors to exercise the power of the Company to purchase not more than 10% of the issued and paid-up share capital of the Company any time within the time period stipulated in the Listing Requirements of Bursa Malaysia Securities Berhad.

3. Authority to renew the shareholders' mandate for recurrent related party transactions of a revenue or trading nature
The proposed adoption of the Ordinary Resolution No. 3 is to renew the Shareholders' Mandate granted by the shareholders of the Company at the Twenty-Second Annual General Meeting held on 4 May 2007. The proposed renewal of the Shareholders' Mandate will enable the Group to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group day-to-day operations, subject to the transactions being 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.

4. Proposed Amendments to the Articles of Association
The proposed adoption of the Special Resolution is to enable the Company to streamline the existing Articles of Association with current developments/amendments under the Listing Requirements of Bursa Malaysia Securities Berhad and the Companies Act, 1965.

Further information on the Proposed Renewal of Share Buy-Back Authority, Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed Amendments to the Articles of Association are set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2007 Annual Report.

Notes:

1. For the purpose of determining a member who shall entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 67B of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 2 May 2008. Only a depositor whose name appears on the Record of Depositors as at 2 May 2008 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint not more than two (2) proxies to attend and vote instead of him and the provisions of Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

1. Directors Standing For Re-Election

The Directors who are standing for re-election at the Twenty-Third Annual General Meeting of the Company are as follows:-

Mr. Toh Yew Keat	Resolution 3
Mr. Toh Yew Kar	Resolution 4

The details of Directors who are standing for re-election are attached in the Directors' Profile Section of the Annual Report.

2. Details of Attendance of Directors at Board Meetings

The Board of Directors met four (4) times during the financial year ended 31 December 2007. Details of each Director's attendance are as follows:-

Name of Director	No. of meetings attended
Dato' Toh Yew Peng	4/4
Mr. Toh Yew Seng	4/4
Mr. Toh Yew Keat	4/4
Mr. Toh Yew Kar	4/4
Ms. Toh Poh Khuan	4/4
Encik Md Nahar Bin Noordin	4/4
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	4/4
Mr. Yee Chee Seng @ Yee Yen	4/4
Mr. Lim Cheang Nyok	4/4

3. Profile and Shareholdings of Directors who are standing for re-election

Shareholdings of Directors standing for re-election as at 18 March 2008 are as follows:-

		---- Direct Interest ----		----Indirect Interest ----	
Directors	Nationality	No. of shares held	%	No. of shares held	%
Mr. Toh Yew Keat	Malaysian	11,889,404	6.83	*62,003,000	35.62
Mr. Toh Yew Kar	Malaysian	744,000	0.43	*62,003,000	35.62

Notes:
** Deemed interested by virtue of his shareholdings in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd.*

Board of Directors

Toh Yew Keat	Group Executive Chairman
Dato' Toh Yew Peng	Group Managing Director
Toh Yew Kar	Group Executive Director
Toh Yew Seng	Group Executive Director
Toh Poh Khuan	Group Executive Director
Md. Nahar Bin Noordin	Independent Non-Executive Director
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Independent Non-Executive Director
Yee Chee Seng @ Yee Yen	Independent Non-Executive Director
Lim Cheang Nyok	Independent Non-Executive Director

COMPANY SECRETARIES

Chua Siew Chuan (MAICSA 0777689)
Chin Mun Yee (MAICSA 7019243)

AUDITORS

BDO Binder
Chartered Accountants
Kuala Lumpur
Tel. No. : 03-2616 2888

REGISTERED OFFICE

Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Tel. No. : 03-2084 9000
Fax No. : 03- 2094 9940 / 2095 0292

PRINCIPAL BANKERS

CIMB Bank Bhd
RHB Bank Berhad
United Overseas Bank Bhd
AmBank Bhd
RHB Investment Bank Bhd

WEBSITE & E-MAIL

Website : www.prestar.com.my
E-mail : info@prestar.com.my

SOLICITORS

SKRINE
Amin Tan & Co

REGISTRAR

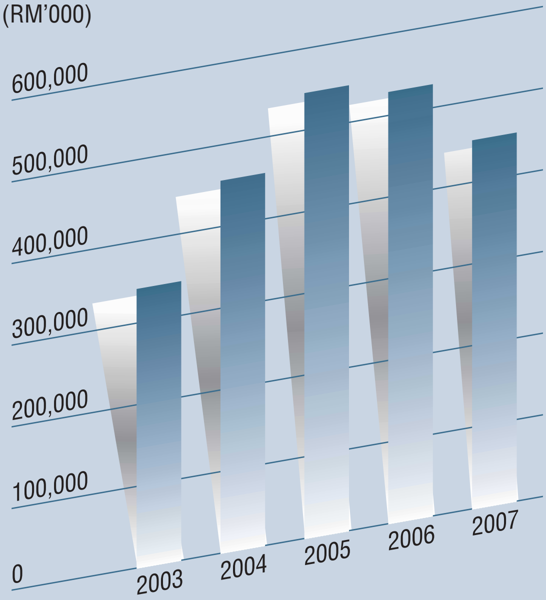
Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Tel. No. : 03-2084 9000
Fax No. : 03- 2094 9940 / 2095 0292

STOCK EXCHANGE LISTING

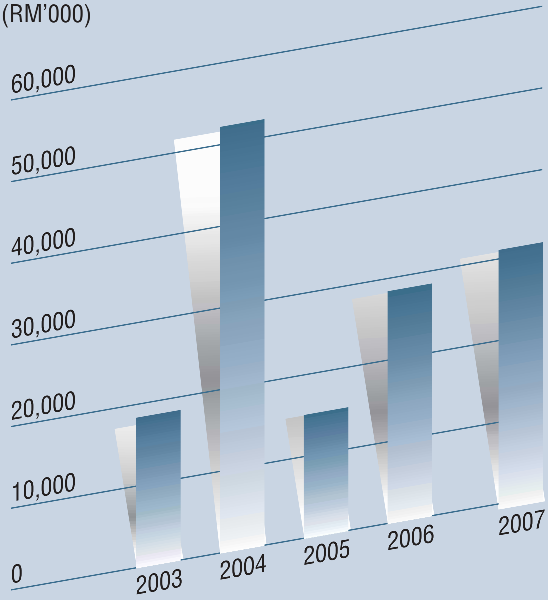
Main Board of Bursa Malaysia Securities Berhad
Stock Code : 9873
Warrant Code : 9873W

(RM ' 000)	2003	2004	2005	2006	2007
Revenue	345,359	454,688	533,636	527,443	455,759
Profit / (Loss) before taxation	19,878	52,698	16,547	29,474	31,095
Profit attributable to Equity Holders of the Company	11,423	26,285	5,574	11,227	18,215
Total Assets	329,243	429,456	425,173	461,243	447,101
Shareholders' Equity	122,253	146,290	149,001	156,441	157,707
Net assets per share attributable to Equity Holders (RM)	0.70	0.84	0.85	0.90	0.91
Earnings per share attributable to Equity Holders (Sen)	6.7	15.1	3.2	6.4	10.5

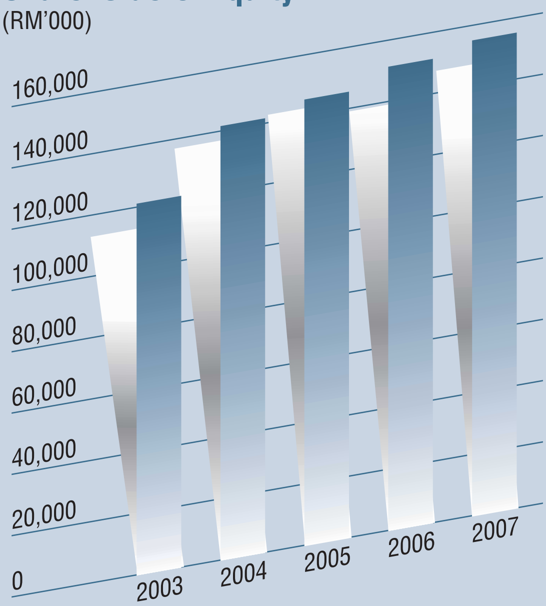
Revenue
(RM'000)



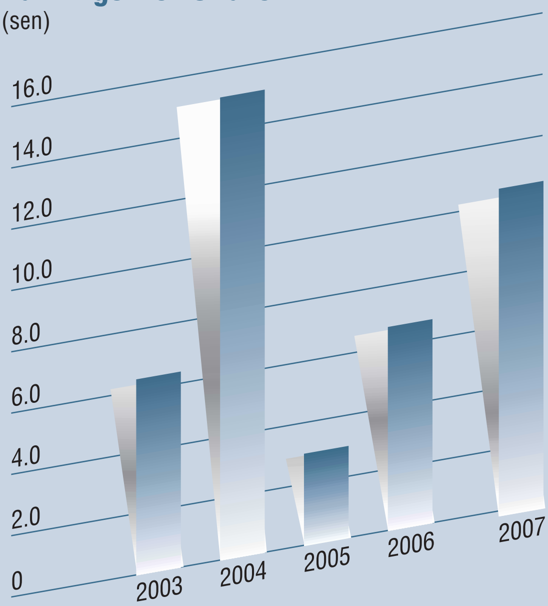
Profit Before Tax
(RM'000)



Shareholders' Equity
(RM'000)



Earnings Per Share
(sen)



PRESTAR RESOURCES BERHAD

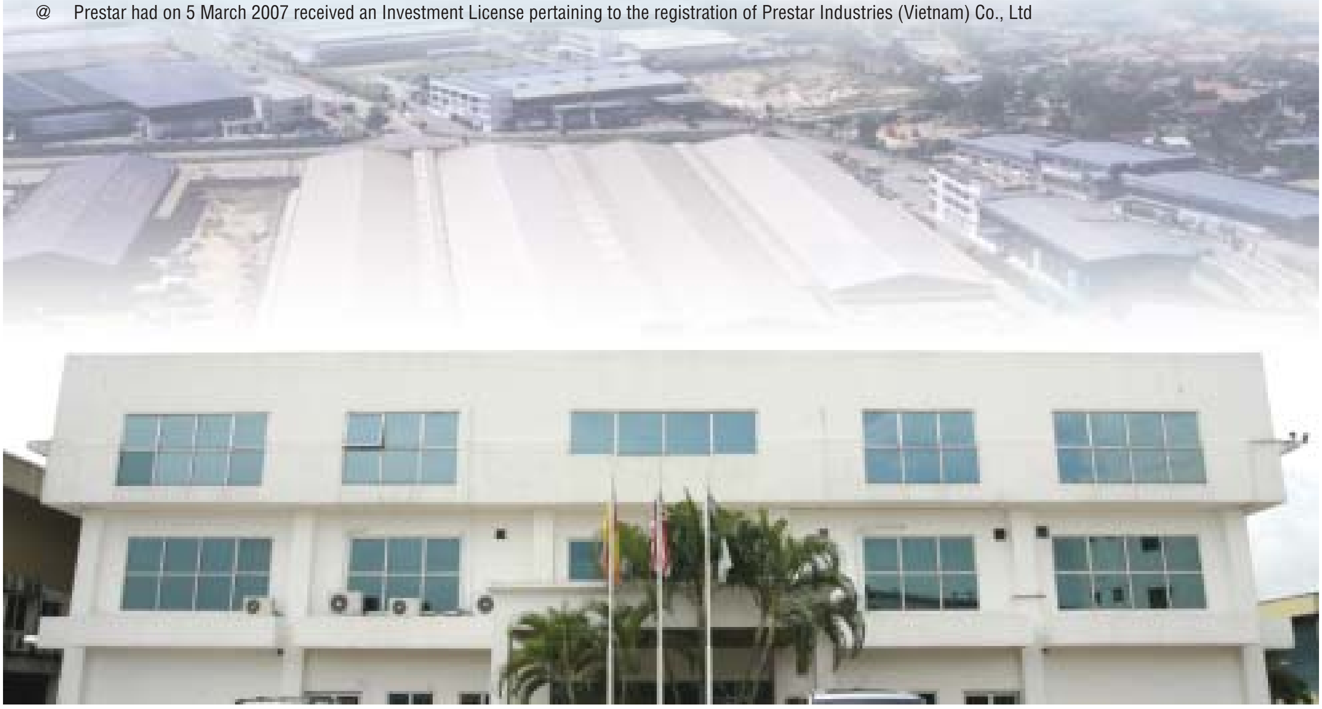
(123066-A)

STEEL PROCESSING UNIT (SPU)	PRODUCT MANUFACTURING UNIT (PMU)	INVESTMENT HOLDING UNIT
Prestar Steel Pipes Sdn Bhd **100%**	Prestar Manufacturing Sdn Bhd **100%**	Prestar Ventures Sdn Bhd **100%**
Prestar Precision Tube Sdn Bhd **100%**	Prestar Tooling Sdn Bhd **95%**	Excelpath Sdn Bhd **100%**
Tashin Steel Sdn Bhd **51%**	Prestar Storage System Sdn Bhd **100%**	
Dai Dong Steel Sdn Bhd **70%**	Prestar Engineering Sdn Bhd **75%**	
POSCO-MKPC Sdn Bhd # * (formerly known as Posmmit Steel Centre Sdn Bhd) **30%**	Prestar Galvanising Sdn Bhd **100%**	
Prestar Steel (S) Pte. Ltd. * **25%**	Prestar Marketing Sdn Bhd **100%**	
	Tashin Hardware Sdn Bhd **51%**	
	Prestar Industries (Vietnam) Co., Ltd **100%**	

\# Posmmit Steel Centre Sdn Bhd (PSC) became an associated company of Prestar upon completion of the disposal of 37.86% equity interest in PSC to POSCO Steel Service & Sales Co Ltd on 13 February 2007

* Associated company

@ Prestar had on 5 March 2007 received an Investment License pertaining to the registration of Prestar Industries (Vietnam) Co., Ltd



Dear Fellow Investors,

On behalf of the Board of Directors, I have the pleasure of presenting to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2007.

OVERVIEW

Year 2007 was indeed a very challenging year with all round volatility seen in the crude oil, commodity and raw material market. Domestically, there were some talks about the spill over effects of the implementation of certain mega projects and the Ninth Malaysian Plan. However, the actual take-off were slow to come by, thus a slower pace of growth is expected On top of that, the market conditions and economic situation became gloomier after the emergence of USA subprime mortgage crisis and the imminence of global economy slowdown. Nevertheless, on the supply side of steel raw materials, prices continued to escalate steadily, albeit slowly towards the later part of the year. Despite of the various market uncertainties during the year under review, Prestar has managed to report better performance than the previous year.

Total results for the Group were commendable after taking into consideration the gain on disposal of part of the equity interests in one of its subsidiary – POSCO-MKPC Sdn Bhd ("POSCO-MKPC")(formerly known as Posmmit Steel Centre Sdn Bhd) , to its strategic business partner, POSCO. This was part of Prestar's continuous strategic maneuver and efforts to broaden and enhance its business options and opportunities. As such, we were working very closely with our partner in getting the benefits out of this strategic realignment of investment. On the other hand, good progress was seen in the development of the project of rolling out stainless steel pipes as well as in the construction of the new manufacturing facility in Ho Chi Minh City, Vietnam. Overall, Prestar's result for the year 2007 were reasonably robust and the Group will strive to deliver a much better result in the forthcoming year.

FINANCIAL PERFORMANCE

Group revenue and net profit for the year under review were RM455.8 million and RM18.2 million respectively. When compared to the prior year, there was a decrease of 13.6% in revenue and increase of 62.3% in net results, whereby variations were due to a few factors such as the exclusion of the results of the former subsidiary POSCO-MKPC after its disposal, lower sales margin and rising costs of production during the period under review. However, it should be noted that if the prior year results were adjusted for the exclusion of POSCO-MKPC's result, there was actually an improvement of 26.1% in revenue and 8.2% in net results (excluding the gain on disposal of investment).

During the year under review, the Group also recorded an impairment loss of assets of a subsidiary in line with the requirements of the Financial Reporting Standards. On the whole, the Group is poised on a better footing whereby new ventures such as stainless steel pipes and Vietnam manufacturing facility will be ready to take off in the forthcoming year while certain impaired assets and investments have been recognized in the income statements. There are also on-going costs cutting exercises and Kaizen operation improvement program being carried out within the Group to further improve the operational efficiencies and enhance its competitiveness.

Earnings per share has improved to 10.50 sen as compared to 6.42 sen last year while net assets per share attributable to ordinary equity holder of the Company stood at 0.91 sen per share. Group financial position remained healthy with borrowing level slightly improved compared to last year while shareholders' fund has strengthened to RM157.7 million notwithstanding the fact that there was a substantial special dividend payment during the year.

CORPORATE DEVELOPMENT

The following is the recap of some of events and exercises which have taken place during the year under review:

- **Completion of Strategic Realignment of Prestar's Investment**

  On 22 December 2006, the Company entered into a conditional Sale and Purchase Agreement ("SPA") with POSCO and POSCO Steel Service and Sales Co. Ltd. ("Posteel") to dispose off the Company's 5,300,000 shares in its subsidiary company, namely POSCO-MPKC to Posteel ("Proposed Disposal"), for a cash consideration of RM29,505,785.00. Upon completion of the Proposed Disposal, the Company's interest in POSCO-MKPC has reduced from 68% to 30%. Simultaneously with the execution of the SPA, the Company, POSCO, Posteel and POSCO-MKPC have entered into a conditional Shareholders' Agreement to regulate their relationship inter se as shareholders in POSCO-MPKC. The Proposed Disposal was completed on 13 February 2007.

  POSCO-MKPC has embarked on its expansion plan and is in the process of setting up a second manufacturing facility in Port Klang to cater for increased sales growth in the Automotive and E&E premium steel products.

- **Progress of new manufacturing facility in Ho Chi Minh City, Vietnam**

  On 5 March 2007, Prestar's wholly-owned subsidiary, namely, Prestar Manufacturing Sdn. Bhd. ("PMSB") had received an Investment License pertaining to the registration of the new company, Prestar Industries (Vietnam) Co., Ltd. This is the follow-up action of PMSB after the Company's announcement on 14 November 2006 that it proposed to set-up a new company in Vietnam to acquire a piece of industrial land at Song Than III Industrial Park, Binh Duong Province, Ho Chi Minh City, Vietnam for the setting up of a manufacturing plant to manufacture a wide range of steel related products.

  The construction of the factory undergone good progress and is expected to commence production in the second quarter of year 2008. The new company has an initial authorised legal capital of USD3,000,000.00 divided into 3,000,000.00 legal capital of par value of USD1.00 each.

PROSPECTS

Latest forecast of Malaysia's economic growth by Bank Negara Malaysia expects real GDP to expand between a range of 5.0 to 6.0% in year 2008, a more moderate growth compared against 6.3% in year 2007. This is against the backdrop of deepening subprime mortgage crisis in the USA, rising crude oil and commodity prices as well as higher estimate of inflation rate of 2.5% to 3%. Year 2008 is therefore another challenging and demanding year for the business and industrial players.

Nevertheless, Prestar is upbeat about its performance in the year 2008 in view of a few favorable developments, this includes the rising steel prices which will see a better sales margin scenario for Prestar's products. Besides that, the commencement of the operation of Vietnam manufacturing facility as well as the rolling out of stainless steel pipes in Rawang's plant during the year will also enhance Prestar's financial results. Furthermore, the strategic alliance with POSCO is also expected to bring forth more benefits in view of its robust sales and business growth. Thus, barring any unforeseen circumstances, the Board expects the performance for the year 2008 to be better and encouraging.

DIVIDENDS

The Board is pleased to recommend a final tax-exempt dividend of 3% (1.5 sen per ordinary share), amounting to RM2,610,915.00 in respect of the financial year ended 31 December 2007, which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

Together with the special interim dividend of 22%(11 sen per ordinary share) less 27% tax, amounting to RM13,966,932.00 declared and paid during the financial year, the Company has declared a total dividend of 25%(Gross,12.5 sen per ordinary share) for the year under review.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I wish to take this opportunity to express my sincere thanks to all the employees of the Group for their dedication and commitment in contributing towards the performance of Group. I also wish to extend our appreciation to our valuable shareholders, customers, business associates as well as financial institutions and relevant authorities for their continued support and confidence in Prestar Group.

Last but not least, I also wish to thank the members of the Board for their invaluable service and stewardship to the Group during the year under review.

Toh Yew Keat
Group Executive Chairman

Toh Yew Keat

Age: 61, Malaysian
Group Executive Chairman
Appointed to the Board on 12 July 1984

Mr Toh Yew Keat is one of the founders of the Group. He has more than 30 years of experience in importation and distribution of material handling equipment, hardware products and building material.

Mr Toh is actively involved in formulating and implementing the Group's business policies and corporate strategies and contributes to the continued growth and profitability of the Group by identifying new business ventures. He sits on the Board of Directors of Prestar Resources Berhad's subsidiaries and several other private limited companies.

He is a substantial shareholder in the Company by virtue of his direct and indirect interests.

He is a brother of Dato' Toh Yew Peng, the Group Managing Director; Mr Toh Yew Kar, Group Executive Director; Mr Toh Yew Seng, Group Executive Director and Ms Toh Poh Khuan, Group Executive Director of Prestar Resources Berhad.

Dato' Toh Yew Peng

Age: 56, Malaysian
Group Managing Director
Appointed to the Board on 12 July 1984

Dato' Toh Yew Peng is one of the founders of the Group. He has been the Group Managing Director of Prestar Resources Berhad since 1984 and is responsible for the strategic development and overall growth, profitability and management of the Group.

He travels extensively to keep abreast with the latest developments in the industry and constantly assesses new market prospects and opportunity for the Group. He sits on the Board of Prestar Resources Berhad's subsidiaries and several other private limited companies.

He is a substantial shareholder in the Company by virtue of his direct and indirect interests.

He is a brother of Mr Toh Yew Keat, the Group Executive Chairman; Mr Toh Yew Kar, Group Executive Director; Mr Toh Yew Seng, Group Executive Director and Ms Toh Poh Khuan, Group Executive Director of Prestar Resources Berhad.

Toh Yew Kar

Age: 50, Malaysian
Group Executive Director
Appointed to the Board on 12 July 1984

Mr Toh Yew Kar has been the Marketing Director of Prestar Resources Berhad since 1984. Prior to his involvement in Prestar Group, he has obtained substantial experience & exposure in sales and marketing with a trading company, in Osaka, Japan.

He is responsible for the marketing affairs of Prestar Resources Berhad and is actively involved in the implementation of marketing strategies and development of new products and markets. He sits on the Board of Prestar Resources Berhad's subsidiaries and several other private limited companies.

He is deemed interested in the Company by virtue of his indirect interest.

He is a brother of Mr Toh Yew Keat, the Group Executive Chairman; Dato' Toh Yew Peng, Group Managing Director; Mr Toh Yew Seng, Group Executive Director and Ms Toh Poh Khuan, Group Executive Director of Prestar Resources Berhad.

Toh Yew Seng

Age : 47, Malaysian
Group Executive Director
Appointed to the Board on 31 January 1986

Mr Toh Yew Seng was the General Manager of Prestar Resources Berhad from 1984 to 1985 prior to his appointment as Executive Director. He obtained his Bachelor of Arts majoring in Business Administration from Tunghai University, Taiwan.

He oversees and manages the manufacturing activities of Prestar Resources Berhad where he is responsible for the planning and formulating of manufacturing strategies which include setting up of manufacturing facilities within the Group.

He sits on the Board of Prestar Resources Berhad's subsidiaries and several other private limited companies.

He is deemed interested in the Company by virtue of his direct and indirect interest.

He is a brother of Mr Toh Yew Keat, the Group Executive Chairman; Dato' Toh Yew Peng, Group Managing Director; Mr Toh Yew Kar, Group Executive Director and Ms Toh Poh Khuan, Group Executive Director of Prestar Resources Berhad.

Toh Poh Khuan

Age : 60, Malaysian
Group Executive Director
Appointed to the Board on 30 September 1989

Ms Toh Poh Khuan has been the Finance cum Executive Director of Prestar Marketing Sdn Bhd, a wholly owned subsidiary of Prestar Resources Berhad since 1981 prior to her appointment as Group Executive Director. She is responsible for the day-to-day operations of the marketing subsidiary in the northern region of Peninsular Malaysia.

She sits on the Board of some of Prestar Resources Berhad's subsidiaries and several other private limited companies.

She is deemed interested in the Company by virtue of her direct and indirect interest.

She is a sister of Mr Toh Yew Keat, the Group Executive Chairman; Dato' Toh Yew Peng, Group Managing Director; Mr Toh Yew Kar, Group Executive Director and Mr Toh Yew Seng, Group Executive Director of Prestar Resources Berhad.

Md Nahar bin Noordin

Age: 51, Malaysian
Independent Non-Executive Director
Member of Remuneration Committee
Appointed to the board on 18 June 1994

En Md. Nahar bin Noordin obtained his Master in Business Administration (Finance) from California State University, USA in 1985 after having obtained a Bachelor of Science (Finance) from University of Pacific, USA in 1984.

He started his career in Citibank N.A., Malaysia in 1986 and was attached to Citibank's Investment and Corporate Banking Division, handling various financial instruments. In 1990, he left Citibank as Assistant Vice President to join Metacorp Berhad, where he was initially responsible for financial and corporate matters but later took responsibility for the overall daily operations of the company and assisted in the flotation of the company on the Second Board of the Bursa Malaysia Securities Berhad. He resigned as Deputy Managing Director of Metacorp Berhad in 1993 to venture into his own trading and investment holding businesses.

En Nahar is a major shareholder of the Company by virtue of his direct interest. Besides Prestar, he also sits on the Board of ISS Consulting Solutions Berhad and several private limited companies.

Save as disclosed above, En Nahar does not have any family relationship with any Director and / or major shareholder of the Company.

Tuan Haji Fadzlullah Shuhaimi bin Salleh

Age: 51, Malaysian
Independent Non- Executive Director
Member of Audit Committee
Chairman of Remuneration Committee
Member of Nomination Committee
Appointed to the Board on 18 March 1995

Tuan Haji Fadzlullah Shuhaimi bin Salleh obtained his Master in Computer Science from the University of Michigan, Ann Arbor, USA in 1980. He was the Deputy President of Digital Equipment Corporation Users Society, Malaysia from 1991 to 1992.

He is the Managing Director and a shareholder of Tenaga Tokoh (M) Sdn Bhd, a company involved in computer forms, pre-printed forms and the supply of computer-related products. He also sits on the board of several private limited companies.

Save as disclosed above, En Shuhaimi does not have any family relationship with any Director and / or major shareholder of the Company.

Yee Chee Seng @ Yee Yen

Age: 68, Malaysian
Independent Non-Executive Director
Chairman of Audit Committee
Member of Remuneration Committee
Member of Nomination Committee
Appointed to the Board on 27 November 2001

Mr Yee Chee Seng is qualified as an Accountant. Currently, he is a Fellow Member of the Chartered Institute of Management Accountants of UK

Mr Yee has worked over 30 years in Federal Land Development Authority (FELDA), the biggest land development organisation in Malaysia and retired in 2000. During his service with FELDA, Mr Yee held various senior positions which included the post of Finance Director and Deputy Director-General (Services). In addition to these, he also served as a member of the Board of Directors of several subsidiary companies of FELDA.

Save as disclosed above, Mr Yee does not have any family relationship with any Director and / or major shareholder of the Company.

Lim Cheang Nyok

Age: 40, Malaysian
Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit Committee
Appointed to the Board on 28 March 2002

Mr Lim Cheang Nyok is an advocate and solicitor, and senior partner of the firm Lim & Yeoh.

He graduated from Monash University in Melbourne, Australia with a Bachelor of Economics in 1988 and Bachelor of Law in 1990. He was called to the Malaysian Bar in 1992. He commenced his legal profession handling banking and commercial litigation matters.

Besides legal practice, Mr Lim has been involved in various areas of business including IT, mining, and real property and sits on the Board of several private limited companies.

Saved as disclosed above, Mr Lim does not have any family relationship with any Director / or major shareholder of the company.

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

Conflict of interest
None of the Directors of the Company has any conflict of interest with the Company.

List of Convictions for offences within past 10 years other than traffic offence
None of the Directors of the Company has been convicted for offences within the past ten (10) years other than traffic offence.

The Board of Directors ("the Board") recognises the importance of good corporate governance and is committed in implementing the principles and best practices prescribed by the Malaysian Code of Corporate Governance ("the Code") within the Group.

The Board is pleased to provide the following statement, which outline how the Group has applied the principles and the extent of compliance with the best practices as set out in the Code during the financial year:

A. The Board of Directors

The Board takes full responsibility for the overall performance of the Group by setting the strategic directions and objectives, formulating the policies and carving out the strategic action plans. The Board regularly review the Group's business operations and maintains full and effective control over the management of the Group. The roles and duties of the Group Executive Chairman, Group Managing Director and Group Executive Directors are clearly identified and separated to ensure effective running of the Group. All the Independent Directors are independent of management and are free from any relationship that could materially interfere with the exercise of their independent judgement.

(i) Composition of the Board

The Board presently has nine (9) members and comprises five (5) Executive Directors and four (4) Independent Non-Executive Directors.

Members of the Board bring with them a wide range of business and entrepreneur skills as well as legal, finance, commercial and technical experiences to the Company.

The presence of Independent Non-Executive Directors fulfils the pivotal role in corporate accountability. The role of Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advice and judgement to take account of the interest, not only of the Group, but also of all other stakeholders.

The profile of each Director is presented in another section of this Annual Report.

(ii) Directors' Training

All Directors have attended the Mandatory Accreditation Programme ("MAP") and are encouraged to attend training programmes on a continual basis to enhance their knowledge and keep abreast with the latest technological market and recent developments in regulations and business practices.

The Board of Directors has empowered the Directors of the Company to determine their own training requirements as they consider necessary to enhance their knowledge as well as understanding of the Group's business and operations.

During the financial year ended 31 December 2007, four Executive Directors had attended a two days workshop on " Leadership : Great Leaders, Great Teams, Great Results. " The Board members were briefed on the "Impact of Amendments to the Code - 2007 " and " Companies (Amendment) Act 2007" in November 2007.

(iii) Board Meetings and Supply of Information

There were four (4) Board Meetings held during the year under review. Details of each Director's attendance at the Board Meetings are set out in the Statement Accompanying the Notice of Annual General Meeting ("AGM").

All Directors are provided with the agenda and information necessary for them to deal with prior to each Board Meeting. Senior Management staff were invited to attend Board Meetings to provide the Board with detailed explanations and clarifications on certain matters that were tabled to the Board. The Board papers include, amongst others, quarterly financial report, significant financial and corporate issues, internal audit report and risk management committee progress report, minutes of all Board committees, summary of all announcements and summary of Directors' dealings and any other matters requiring Board's approval.

In addition, there is a schedule of matters reserved specifically for the Board's decision. This includes strategic and key policy issues, major investments and financial decisions, and approval of corporate plans.

All Directors have full access to the advices and services of the Company Secretaries as well as access to the information within the Group, whether as a full Board or in their individual capacity for discharging their duties.

(iv) Re-election of Directors

In accordance with the Company's Articles of Association, at least one-third (1/3) of the Directors, including the Managing Director, or the number nearest to one-third (1/3) shall retire from office provided always that all Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election (Article 105).

Directors who are appointed by the Board to fill a casual vacancy shall hold office until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the meeting (Article 112).

Information of the Directors seeking for re-election at the forthcoming AGM is set out in the Statement Accompanying the Notice of AGM.

(v) Board Committees

The Board has in place the following Committees to assist the Board in discharging its duties and responsibilities and in order to enhance the overall effectiveness of the Board, these Committees have well written Terms of Reference which clearly outline their objectives, duties and authorities:

a) Audit Committee

The Audit Committee consists of three (3) members, all of which are Independent Non-Executive Directors. For detailed information on the Audit Committee with regards to its composition and terms of reference together with its report, please refer to the Audit Committee Report in this Annual Report.

b) Nomination Committee

The Nomination Committee consists of three (3) members, all of which are Independent Non-Executive Directors. The primary objective of the Committee is to assist the Board of Directors in their responsibilities of nomination of new nominees to the Board of Directors and to assess the performance of the Directors of the Company on an on-going basis. However, the Board makes all decisions on appointments after considering those recommendations.

Members of the Committee are as follows:

Mr. Lim Cheang Nyok	Chairman
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member
Mr. Yee Chee Seng @ Yee Yen	Member

(c) Remuneration Committee

The primary objective of the Committee is to assist the Board in assessing the remuneration packages of the Executive Directors with a view to ensure that a competitive remuneration package is offered to attract and retain Directors of the necessary calibre and experiences to run the Company successfully. Currently, there are three (3) members in this Committee as follows:

Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Chairman
Encik Md. Nahar Bin Noordin	Member
Mr. Yee Chee Seng @ Yee Yen	Member

(d) ESOS II Option Committee

In line with the implementation of the Employees' Share Option Scheme II ("the ESOS II") on 1 October 2003, an ESOS II Option Committee was established by the Board to oversee the administration as well as to ensure proper implementation of the ESOS II in accordance with the By-laws of the scheme.

The members of the ESOS II Committee are as follows:

Dato' Toh Yew Peng	Chairman
Mr. Toh Yew Seng	Member
Mr. Lim Cheang Nyok	Member
Mr. Koay Kah Ee	Member

(e) Group Risk Management Committee

The Board acknowledged that there are inherent risks associated with the business carried out by the Group. The Group Risk Management Committee assists the Board to continuously review the activities of the Group to identify key business and operational risks and where possible, implement policies and procedures to address such risks.

All subsidiaries have their own Risk Management Unit to review, monitor and assess risk portfolio composition of significant activities within each subsidiary. The Risk Management Unit provides the Group Risk Management Committee with periodical reports on the status of risk management in individual subsidiary. The Group Risk Management Committee reviews the Group's overall objectives by assessing the adequacy and effectiveness of risk portfolio composition and risk mitigation controls to determine the desired exposures of each major area of risk on a periodic basis.

B. DIRECTORS' REMUNERATION

Details of the remuneration for Directors of the Company comprising remuneration received/receivable from the Company and its subsidiary companies during the financial year ended 31 December 2007 are as follows: -

(i) Aggregate remuneration categorised into appropriate components:

RM ('000)	Executive Directors	Non-Executive Directors
Fees	363	106
Salaries	1 684	-
Bonus	442	-
Benefits-in-kind	79	-
EPF and SOCSO	256	-

The number of Directors of Company whose total remuneration falls within the following bands are as follows:

	Executive Directors	Non-Executive Directors
Below RM50 000	-	4
RM 250, 001 to RM 300, 000	1	-
RM 500 001 to RM 550 000	1	
RM 600 001 to RM 650 000	1	
RM 650, 001 to RM 700, 000	1	-
RM 700, 001 to RM 750, 000	1	

Remuneration of each member of the Board of Directors is not shown in detail individually as the Directors are of the opinion that there is necessity to safeguard the physical security of the Directors and members of their family, besides the amount paid to individual Directors is not individually material, hence no separate disclosure.

C. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board has ensured that the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates so that the financial statements represent a true and fair assessment of the Company and Group's financial position. The Board is assisted by the Audit Committee to review and assess the accuracy and adequacy of all the information to be disclosed and to ensure its compliance with the requirements of the rules and regulations of the authority and approved accounting standards.

The Statement of Directors' Responsibility pursuant to paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) on its responsibilities in preparing the financial statements is set out in another section of this Annual Report.

(ii) Internal Control and Risk Management

The Board acknowledges its responsibility for establishing a sound system of internal control and risk management that aims to safeguard shareholders' investment and the Group's assets during its course of business. While the internal control system is devised to cater for particular needs of the Group as well as risk management, such controls by their nature could only provide reasonable assurance but not absolute assurance against material mis-statement or loss.

The Group has an internal audit department to assist the Audit Committee in discharging their duties and responsibilities. Both the internal and external auditors report their findings and recommendations to the Audit Committee.

The Internal Control Statement in this Annual Report provides an overview on the state of internal controls within the Group.

(iii) Relationship with Auditors

The Board, through the Audit Committee maintains a formal and transparent relationship with its external auditors in seeking professional advices. The Audit Committee meets with the external auditors without the presence of the Executive Board members and management staff twice a year regarding audit planning and other relevant audit and accounting issues.

D. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

(i) Communication and dissemination of information

The Board recognises the importance of an effective communications channel between the Board, shareholders, investors and general public.

The Annual Report of the Company is an important channel of communication to reach shareholders and investors. In view thereof, effort has been taken to enhance the contents of the Annual Report in line with the best practices of the Corporate Governance.

Another aspect of effective communications is through timely announcements of material information, financial results, corporate proposals and other announcements to Bursa Securities.

The Company maintains a website at **www.prestar.com.my** for shareholders, investors and general public to access information on amongst others, the Group's profile, products, financial performance and corporate information.

(ii) Annual General Meeting ("AGM")

The AGM represents the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's business and corporate development. There is always a healthy dialogue and interaction with shareholders, which is greatly encouraged. Adequate Notice of the AGM of not less than 21 days are communicated to the shareholders concerned. The Board is supported by the external auditors, Company Secretaries, legal and financial advisers and Senior Management staff, where applicable, who are also present at the AGM to communicate with the shareholders, investors and media and also respond to the queries raised.

COMPLIANCE STATEMENT

The Board has taken steps to ensure that the Group has implemented as far as possible the Best Practices as set out in the Code. Save for the appointment of a Senior Independent Non-Executive Director, the Board considers that all other Best Practices have been substantially implemented in accordance with the Code.

CORPORATE SOCIAL RESPONSIBILITY

The Group recognises its social obligation to the society and is striving for a balanced approach in fulfilling its key business objectives and the expectations of stakeholders. In view of this, the Group commenced its initiatives in the areas of staff welfare and environment care.

The Group ensures that all employees are reasonably covered for any unforeseen mishaps through providing the employees with various levels of insurance coverage on medical and hospitalisation benefits as well as critical illness cum term life and personal accident insurance. The Group has employed significant number of foreign workers and out-stationed workers, as such the Group has constructed accommodation facilities in two locations (a two storey hostel and a three storey hostel respectively) to cater for the accommodation needs of this group of employees whereby the occupants of the facilities are provided with all basic amenities to ensure comfort and hygiene.

The Group has also in place, an Occupational Safety and Health Committee to develop policies and guidelines to provide and maintain a safe and healthy workplace for all its employees, contractors and visitors. Regular meetings and inspections are carried out to continuously monitor the safety and hygiene conditions of the workplace.

The Group also acknowledges the responsibility to care for the environment. All industrial wastes from the Group's operations are properly handled according to preset procedures and regulations and are disposed off safely to licensed parties authorised by the relevant environmental department. The Group ensures strict compliance with all environmental regulations and laws at all times.

The Group reckons that the existing efforts taken are just the beginning of the long journey towards higher and wider scope of corporate social responsibility, the Group is committed to carry on its efforts further on a sustainable basis.

This Statement is made in accordance with a Directors' Circular Resolution passed on 31 March 2008.

The following information is provided in compliance with Paragraph 9.25 of Bursa Malaysia Securities Berhad's (Bursa Securities) Listing Requirements.

1. Utilisation of Proceeds
The Company did not raise funds through any corporate proposal during the financial year.

2. Share Buy-Backs
The information on share buy-backs for the financial year is presented in the Audited Financial Statements in this Annual Report.

3. Options, Warrants or Convertible Securities exercised
There were 3,379,300 options exercised pursuant to the Company's Employees' Share Option Scheme and no warrants conversion during the financial year.

4. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme
During the financial year, the Company did not sponsor any ADR or GDR programme.

5. Imposition of sanctions and penalties
There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year.

6. Non-audit Fees
The amount of non-audit fees paid to the External Auditors by the Group for the financial year were **RM 12 040**

7. Profit estimate / Forecast projection / Unaudited results
The Company did not issue any profit estimate, forecast or projection for the financial year. There were no variances of 10% or more between the results for the financial year and the unaudited results announced.

8. Profit Guarantee
During the financial year, there was no profit guarantee given by the Company.

9. Material Contracts involving Directors' interests and major shareholders' interests
There were no material contracts entered into by the Company and its subsidiaries involving Directors' interests and major shareholders' interests during the financial year.

10. Revaluation Policy
The Company does not have a revaluation policy on its landed properties.

11. Recurrent related party transactions of a revenue or trading nature ("RRPT")
The information on RRPT for the financial year is presented in the Audited Financial Statements in this Annual Report.

INTRODUCTION

The Board of Directors ("Board") is pleased to provide the following Statement on Internal Control pursuant to paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). Using the best practices of the Malaysian Code of Corporate Governance as the benchmark, the Board is committed to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the Group's system of internal control to safeguard shareholders' investments and the Group's assets. The system of internal controls covers not only financial controls but risk management, organizational, operational, fraud prevention, and compliance controls. The Board ensures the effectiveness of the system through regular reviews and monitoring. However, such a system is designed to manage the Group's risks within an acceptable risk profile rather than eliminate the risk of failure in order to achieve the goals and objectives of the Group. Hence, the system of internal control can only provide reasonable but not absolute assurance against material misstatement, fraud and loss.

The Board affirms that the Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. The Group is constantly improving such a system through various management actions and reviews.

RISK MANAGEMENT FRAMEWORK

The Group has set up a risk management framework to promote effective risk management in managing significant risks faced by the Group from time to time. A Group Risk Management Committee ("GRMC") has been established and is supported by various Risk Management Units ("RMU") of its subsidiaries. The tasks of GRMC and RMU include identifying, evaluating and managing the principal risks faced by the Company and its subsidiaries. All possible risks with significant impact that can affect the achievement of the Group's objectives as well as its relevant risk control and mitigation plan taken by management are documented in the risk management reports. These reports are prepared twice a year and tabled to the Board through GRMC for deliberation.

INTERNAL AUDIT FUNCTION

The Group has put in place an internal audit department ("IAD") to carry out the internal audit functions. The IAD is independent of the day-to-day operations and report directly to the Audit Committee.

The IAD adopts a risk-based approach and prepares its annual audit plan based on the risk profiles of the principal risks identified in the risk management reports. The IAD also carries out audit engagement in unscheduled areas upon request by the Audit Committee and Senior Management whenever it is received.

The Audit Committee meets quarterly to review the internal audit findings and discuss the corrective action plans to ensure that the control weaknesses highlighted in the internal audit report are appropriately addressed by management.

OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES

In addition to risk management and internal audit, the Group has established various controls to review the adequacy, effectiveness and integrity of the system of internal controls. Such controls include:

- A budgeting process where budgets are prepared by the operating business units for subsequent monitoring and tracking of variances and performance.
- Documented production and quality control system accredited by various ISO certification bodies on 5 subsidiaries.
- Quarterly review of financial results and operational matters by the Board and Audit Committee.
- Policies and standard procedures of various operating units within the Group are well documented for operational guidance and compliance.
- Corporate finance, treasury and legal matters are controlled centrally and monitored on weekly, monthly and/or quarterly basis.

During the financial year, there were no material losses incurred as a result of weaknesses in the internal control and the Board is satisfied that the on-going process of regular reviewing, evaluating and monitoring the system of internal control is reasonably effective and adequate within the Group.

The Board of Directors ("Board") of Prestar Resources Berhad is pleased to present the following report on the Audit Committee and its activities during the financial year ended 31 December 2007.

1. COMPOSITION OF THE AUDIT COMMITTEE AND MEETINGS

During the financial year ended 31 December 2007, the Audit Committee held a total of four (4) meetings. The members of the Audit Committee together with their attendance are set out below:-

Name	Designation	Attendance
Mr. Yee Chee Seng @ Yee Yen	Chairman / Independent, Non-Executive Director	4/4
Tuan Haji Fadzlullah Shuhiami Bin Salleh	Member / Independent, Non-Executive Director	4/4
Lim Cheang Nyok	Member / Independent, Non-Executive Director	3/4
Dato' Toh Yew Peng * (Resigned on 1.11.2007)	Member / Non-Independent, Group Managing Director	2/2

Note: * In compliance with the revised Code of Corporate Governance which took effect on 1 October 2007.

2. TERMS OF REFERENCE

The Audit Committee was established to act as a Committee of the Board with the terms of reference as set out on pages 22 to 25.

3. SUMMARY OF KEY ACTIVITIES FOR THE FINANCIAL YEAR

During the financial period ended 31 December 2007, the main activities undertaken by the Audit Committee were as follows:

a) Reviewed the unaudited quarterly financial statements with the management and recommend the same to the Board before release to Bursa Securities.

b) Reviewed the audited year-end financial statements of the Group prior to submission to the Board for consideration and approval.

c) Met with the external auditors twice a year without the presence of any executive Board member to discuss the audit strategy and scope of audit plan prior to commencement of annual audit and the audit issues and recommendations raised by them after the audit.

d) Reviewed the audit reports of the External Auditors and management letters in relation to audit including Management's response arising from the audit.

e) Reviewed the principal risks and the risk management actions reported by the Group Risk Management Committee and the Subsidiary Risk Management Unit.

f) Considered the application of corporate governance principles and the extent of the Group's compliance with the best practices and also reviewed the Audit Committee report and the Statement of Internal Control and recommended the same to the Board for inclusion in the annual report.

g) Reviewed internal audit reports on significant related party transactions to ensure the transactions entered into were made on arm's length basis and no conflict of interest within the Group.

h) Reviewed the annual internal audit plan for the Group to ensure the principal risk areas were adequately covered in the audit plan.

i) Reviewed the internal audit reports of the Group prepared by the Internal Audit Department and ensure that appropriate corrective actions are taken by Management.

j) Reviewed the performance of internal audit department.

k) Verifying the allocation of share option pursuant to the Employees' Share Option Scheme ("ESOS"). It was reported that there were no allocation of ESOS to the eligible employees during the financial year.

l) Reviewed the revised external audit fee for 2007.

m) Reported to the Board on any significant issues and concerns.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an Internal Audit Department ("IAD") which reports directly to the Audit Committee. The main objective of IAD is to provide reasonable assurance that the internal control systems continue to operate satisfactorily and effectively within the Group operations.

The IAD adopts a risk-based audit approach when establishing its audit plan. The audit plan is reviewed and approved by the Audit Committee. The IAD also acts on suggestions and instructions made by Audit Committee and senior management on concerns over operations and control.

During the year, the IAD had undertaken independent and objective reviews of the system of internal controls of major areas within the Group operations. All audit reports including the recommended action plans and management's response and its implementation reports were presented to the Audit Committee. The IAD would follow up closely on the implementation progress of the corrective actions and to obtain assurance that all major risks and control issues have been addressed by Management within the required time frame.

The revised terms of reference were approved by the Board of Prestar Resources Berhad on 19 November 2007.

TERMS OF REFERENCE

1. Composition of Members

The Board shall elect the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit Committee members shall be independent Directors.

In this respect, the Board adopts the definition of "independent Director" as defined under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must be:-

a) a member of the Malaysian Institute of Accountant ("MIA"); or

b) if he is not member of MIA, he must have at least three (3) years of working experience and;

- i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
- ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- iii. fulfils such other requirements as prescribed by the Exchange.

No alternate Director of the Board shall be appointed as a member of the Audit Committee.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms and reference.

Retirement and resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

2. Chairman

The members of the Audit Committee shall elect a Chairman from amongst their members who shall be an independent Director.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be independent director to chair the meeting.

3. Secretary

The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

4. Meetings

The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.

Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman, the Chief Executive Officer, the head of finance, the head of internal audit and the external auditors in order to kept informed of matters affecting the Company.

The head of finance, the head of internal audit and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors without executive Board members present at least twice a year and whenever necessary.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

5. Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board.

The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

6. Quorum

The quorum for the Audit Committee meeting shall be the majority of members present whom must be independent directors.

7. Objectives

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:

a) evaluate the quality of the audits performed by the internal and external auditors;

b) provide assurance that the financial information presented by management is relevant, reliable and timely;

c) oversee compliance with laws and regulations and observance of a proper code of conduct; and

d) determine the quality, adequacy and effectiveness of the Group's control environment.

8. Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

a) have explicit authority to investigate any matter within terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.

b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.

c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.

d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).

e) Where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

9. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:-

Risk Management and Internal Control

To review the adequacy and effectiveness of risk management, internal control and governance systems.

Financial Reporting

To review the quarterly announcements to Bursa Securities and year end annual financial statements before submission to the Board, focusing on:

a) going concern assumption;

b) compliance with accounting standards and other legal requirements which include the Listing Requirements of Bursa Securities and Securities Commission guidelines;

c) any changes in accounting policies and practices;

d) significant and unusual issues arising from the audit; and

e) major judgmental areas.

Audit Process

To do the following in relation to the internal audit function:-

a) review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;

b) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;

c) review internal audit plan, consider the audit reports and findings of internal audit, fraud investigations and actions and steps taken by management in response to audit findings;

d) review any appraisal or assessment of the performance of members of the internal audit function;

e) take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal.

To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.

To review with the external auditor his evaluation of the system of internal controls and his audit report.

To discuss problems and reservations arising from the interim and final audits, and any matter the auditor wish to discuss (in the absence of management, where necessary).

To review the external auditor's management letter and management's response.

To report its findings on the financial and management performance, and other material matters to the Board.

To consider the major findings of internal investigations and management's response.

To determine the remit of the internal audit function.

Other Responsibilities and Duties

To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any.

To consider other topic as defined by the Board.

To consider and examine such other matters as the Audit Committee considers appropriate.

Statement of Directors' Responsibility

In respect of the preparation of the annual audited financial statements.

The Directors are required by the Companies Act, 1965 (the "Act") to lay before the Company's shareholders at its Annual General Meeting, audited financial statements (which include the consolidated balance sheet and the consolidated income statement of the Group) for each financial year, made out in accordance with the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board, the provisions of the Act and the Listing Requirements of Bursa Malaysia Securities Berhad. The audited financial statements of the Company and the Group for the financial year ended 31 December 2007 are set out from pages 27 to 89 of this Annual Report.

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007, and of the results of their operations and cash flows for the year ended on that date.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a Directors' Circular Resolution passed on 31 March 2008.

Financial Statements

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the rental of properties, investment holding and indent activity. The principal activities of the subsidiary companies are mainly involved in the manufacturing of steel related products and the details are set out in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the financial year	23,545,137	20,542,587
Attributable to:		
Equity holders of the Company	18,215,249	20,542,587
Minority interests	5,329,888	-
	23,545,137	20,542,587

DIVIDENDS

As approved by the shareholders at the Annual General Meeting held on 4 May 2007, a final dividend of 5% per share, less 27% tax, amounting to RM3,174,303 in respect of the previous financial year was paid on 18 May 2007.

During the year, the Directors declared an interim dividend of 22% per share, less 27% tax, amounting to RM13,966,933 in respect of the financial year ended 31 December 2007 and was paid on 18 May 2007.

The Directors proposed a final dividend of 3% per share, tax exempt, amounting to RM2,610,915 in respect of the financial year ended 31 December 2007, which is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company had issued 3,379,300 new ordinary shares of RM0.50 each for cash at option price of RM0.695 and RM0.75 per share arising from the exercise of options granted under the Company's Employees' Share Option Scheme ("ESOS").

The abovementioned shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

The Company has not issued any debentures during the financial year.

Warrants 2005/2011

Pursuant to a deed poll dated 17 March 2005 ("Deed Poll"), the Company has a renounceable rights issue of 95,721,500 6-year Warrants 2005/2011 ("Warrants").

The Warrants were issued to the entitled shareholders of the Company at an offer price of RM0.05 per Warrant on the basis of one (1) Warrant for every 2 existing ordinary shares of RM0.50 held in the Company.

The salient features of the Warrants as per the Deed Poll are as follows:

(a) Each Warrant entitles the registered holders at any time during the exercise period to subscribe for one (1) new ordinary share of RM0.50 each in the Company at an exercise price of RM0.75 per ordinary share;

(b) The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the conditions provided in the Deed Poll;

(c) The Warrants shall be exercisable at any time within the period commencing from and including the date of issue of the Warrants and ending on the date preceding the 6th anniversary of the date of issuance of the Warrants; and

(d) At the expiry of the exercise period, any Warrant which has not been exercised will lapse and cease to be valid for any purpose.

The Warrants were granted for listing and quotation with effect from 19 July 2005.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") of not more than 10% of the issued and paid-up share capital of the Company was approved by its shareholders at an Extraordinary General Meeting held on 21 July 2003 and came into effect on 1 October 2003. The salient features of the ESOS are as follows:

(a) Eligible employees comprise any employee who has attained the age of 18 years and who is a Malaysian citizen employed by and on the payroll of any company comprised in the Group and who are monthly paid employees and is confirmed and has been in the employment of the Group for at least one (1) year prior to the date of offer.

(b) The option is personal to the grantee and is non-assignable.

(c) The option price of each ordinary share under the ESOS shall be determined by the Board upon the recommendation of the ESOS committee, which is at a discount of not more than 10% of the 5 days weighted average market price of the shares at the date the option is granted, subject to the minimum price of RM1.00 each or at RM0.50 each after share split, being the par value of the shares, whichever is higher.

(d) The options granted may be exercised within a period of 5 years from the date of the last approval subject to any extension as shall be approved by the shareholders and the relevant authorities.

(e) The options granted may be exercised according to the following scale in respect of a maximum of the following:

Number of shares in respect of options granted	------- Percentage of options exercisable (%) -------				
	Year 1	Year 2	Year 3	Year 4	Year 5
Less than 20,000	30	30	40	-	-
20,000 to 100,000	25	25	25	25	-
More than 100,000	20	20	20	20	20

Note : The percentage of the option exercisable but not exercised in a particular year can be carried forward to the subsequent years within the option period.

(f) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 100 shares.

EMPLOYEES' SHARE OPTION SCHEME (cont'd)

(g) Options exercisable in a particular year but not exercised can be carried forward to the subsequent years subject to the time limited by the scheme.

(h) The persons to whom the options have been granted have no right to participate by virtue of the option in any share issue of any other company within the Group.

On 27 February 2007, the Committee agreed that the employees of Posmmit Steel Centre Sdn Bhd ("Posmmit") who have been granted share options under ESOS II in years 2003 and 2004 be entitled to continue to exercise all their unexercised share options within the period from the date Posmmit ceased to be a subsidiary of the Company until the expiry of the Option Period of the existing ESOS II.

The movement of the options over unissued shares of the Company granted under the ESOS during the financial year are as follows:

		------Number of options over ordinary shares of RM0.50 each -----				
Date of offer	Option Price	Balance as at 1.1.2007	Granted	Exercised	Lapsed	Balance as at 31.12.2007
3 December 2003	RM0.750	11,139,400	-	(3,081,300)	(492,800)	7,565,300
23 March 2004	RM0.695	454,000	-	(298,000)	-	156,000
		11,593,400	-	(3,379,300)	(492,800)	7,721,300

DIRECTORS

The Directors who held office since the date of the last report are:

Toh Yew Keat
Dato' Toh Yew Peng
Toh Yew Kar
Toh Yew Seng
Toh Poh Khuan
Md. Nahar Bin Noordin
Tuan Haji Fadzlullah Shuhaimi Bin Salleh
Yee Chee Seng @ Yee Yen
Lim Cheang Nyok

In accordance with Article 105 of the Company's Articles of Association, Toh Yew Keat, Toh Yew Kar and Yee Chee Seng @ Yee Yen shall retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, have offered themselves for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and its related corporations during the financial year ended 31 December 2007 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:

DIRECTORS' INTERESTS (cont'd)

	------ Number of ordinary shares of RM0.50 each ------			
	Balance as at 1.1.2007	Bought	Sold	Balance as at 31.12.2007
Shares in the Company				
Direct interests				
Toh Yew Keat	11,649,404	240,000	-	11,889,404
Dato' Toh Yew Peng	637,596	240,000	-	877,596
Toh Yew Kar	504,000	240,000	-	744,000
Md. Nahar Bin Noordin	10,000,000	-	(2,000,000)	8,000,000
Toh Yew Seng	240,000	240,000	-	480,000
Toh Poh Khuan	240,000	240,000	-	480,000
Deemed interests				
Toh Yew Keat	60,503,000	1,500,000	-	62,003,000
Dato' Toh Yew Peng	60,503,000	1,500,000	-	62,003,000
Toh Yew Kar	60,503,000	1,500,000	-	62,003,000
Toh Yew Seng	60,503,000	1,500,000	-	62,003,000
Toh Poh Khuan	60,503,000	1,500,000	-	62,003,000
Shares in the subsidiary companies				
Deemed interests				
Prestar Tooling Sdn. Bhd.				
Toh Yew Seng	1,425,000	-	-	1,425,000
Toh Yew Kar	1,425,000	-	-	1,425,000
Prestar Storage System Sdn. Bhd.				
Toh Yew Keat	3,250,000	150,000	-	3,400,000
Toh Yew Seng	3,250,000	150,000	-	3,400,000
Toh Yew Kar	3,250,000	150,000	-	3,400,000
Prestar Engineering Sdn. Bhd.				
Toh Yew Kar	1,500,000	-	-	1,500,000
Toh Yew Seng	1,500,000	-	-	1,500,000
Dai Dong Steel Sdn. Bhd.				
Toh Yew Seng	1,050,000	-	-	1,050,000
Tashin Steel Sdn. Bhd.				
Dato' Toh Yew Peng	10,200,000	-	-	10,200,000
Toh Yew Seng	10,200,000	-	-	10,200,000
Tashin Hardware Sdn. Bhd.				
Dato' Toh Yew Peng	255,000	-	-	255,000
Toh Yew Seng	255,000	-	-	255,000

By virtue of their interest in the shares of the Company, all the Directors except for Md. Nahar Bin Noordin, Tuan Haji Fadzlullah Shuhaimi Bin Salleh, Yee Chee Seng @ Yee Yen and Lim Cheang Nyok, are also deemed to have an interest in the shares of the subsidiary companies to the extent that the Company had an interest.

DIRECTORS' INTERESTS (cont'd)

The Directors' option in the Company by virtue of the options offered to them under the ESOS are as follows:

		-- Number of options over ordinary shares of RM0.50 each --			
	Option price	Balance as at 1.1.2007	Granted	Exercised	Balance as at 31.12.2007
Share options in the Company					
Toh Yew Keat	RM0.750	360,000	-	(240,000)	120,000
Dato' Toh Yew Peng	RM0.750	360,000	-	(240,000)	120,000
Toh Yew Kar	RM0.750	360,000	-	(240,000)	120,000
Toh Yew Seng	RM0.750	360,000	-	(240,000)	120,000
Toh Poh Khuan	RM0.750	360,000	-	(240,000)	120,000

The Directors' warrant holdings according to the Register of Directors' shareholdings are as follows:

	------------------- Number of Warrants -------------------			
	Balance as at 1.1.2007	Bought	Sold	Balance as at 31.12.2007
Warrants in the Company				
Direct interests				
Toh Yew Keat	11,299,702	-	(10,800,000)	499,702
Dato' Toh Yew Peng	318,798	-	-	318,798
Toh Yew Kar	252,000	-	-	252,000
Toh Yew Seng	120,000	-	-	120,000
Toh Poh Khuan	120,000	-	-	120,000
Deemed interests				
Toh Yew Keat	30,251,500	-	(4,200,000)	26,051,500
Dato' Toh Yew Peng	30,251,500	-	(4,200,000)	26,051,500
Toh Yew Kar	30,251,500	-	(4,200,000)	26,051,500
Toh Yew Seng	30,251,500	-	(4,200,000)	26,051,500
Toh Poh Khuan	30,251,500	-	(4,200,000)	26,051,500

Other than as stated above, none of the other Directors in office at the end of the financial year held any interest in the shares of the Company and its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) 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 except for any benefit which may be deemed to have arisen from the transactions disclosed in Note 37 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, 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 except for the share options granted to Directors of the Company pursuant to the Company's ESOS.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the change in estimates of residual values and useful lives of certain property, plant and equipment as disclosed in Note 8.1 to the financial statements.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; and

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

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the abilities of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 6 February 2007, the disposal of 5,300,000 shares in a subsidiary of the Company, Posmmit Steel Centre Sdn. Bhd. ("Posmmit") to POSCO Steel Service and Sales Co. Ltd. ("Posteel") for a total cash consideration of RM29,505,767 was approved by the Company's shareholders at an Extraordinary General Meeting. The disposal was completed on 13 February 2007. Upon completion of the disposal, the Company's interest in Posmmit was reduced from 68% to 30%.

(b) On 5 March 2007, a wholly-owned subsidiary, Prestar Manufacturing Sdn. Bhd. received an investment license pertaining to the incorporation of a wholly-owned subsidiary known as Prestar Industries (Vietnam) Co., Ltd. in Vietnam. The issue and paid-up share capital is USD900,000 or RM3,026,110.

(c) On 15 June 2007, the Company acquired 4.41% equity interest comprising 150,000 ordinary shares in Prestar Storage System Sdn. Bhd. at a par value of RM1.00 each from a minority shareholder for a purchase consideration of RM300,000. Upon completion of the acquisition, Prestar Storage System Sdn. Bhd. become a wholly owned subsidiary of the Company.

AUDITORS

The auditors, BDO Binder, have expressed their willingness to continue in office.

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

....	....
Dato' Toh Yew Peng	Toh Yew Seng
Director	Director

Kuala Lumpur
19 March 2008

STATEMENT BY DIRECTORS
Pursuant to Section 169 (15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 36 to 89 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of Group and of the Company as at 31 December 2007 and of the results of the operations of the Company and of the Group and of the cash flows of the Company and of the Group for the financial year then ended.

On behalf of the Board,

....	....
Dato' Toh Yew Peng	Toh Yew Seng
Director	Director

Kuala Lumpur
19 March 2008

STATUTORY DECLARATION
Pursuant to Section 169 (16) of the Companies Act, 1965

I, Koay Kah Ee, being the officer primarily responsible for the financial management of Prestar Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 36 to 89 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly	)	KOAY KAH EE
declared by the abovenamed	)	
at Kuala Lumpur this	)	
19 March 2008	)	

Before me:

No. W240
A.T.Velu
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Kuala Lumpur

REPORT OF THE AUDITORS

TO THE MEMBERS OF PRESTAR RESOURCES BERHAD

We have audited the financial statements set out on pages 36 to 89. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:

  (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

  (ii) the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of the operations of the Company and of the Group and of the cash flows of the Company and of the Group for the financial year then ended;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' report of the subsidiary of which we has not acted as auditors, as indicated in Note 12 to the financial statements, being financial statements that are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

BDO Binder
AF: 0206
Chartered Accountants

Yong Kam Fei
2562/07/08(J)
Partner

Kuala Lumpur
19 March 2008

AS AT 31 DECEMBER 2007

	NOTE	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	9	122,473,424	124,202,023	51,110,332	51,718,061
Investment properties	10	749,552	942,580	-	-
Prepaid lease payment	11	9,241,050	4,930,671	-	-
Investment in subsidiary companies	12	-	-	52,729,743	60,229,743
Investment in associated companies	13	17,390,220	1,153	4,255,588	55,588
Other investments	14	361,094	483,154	-	-
Intangible assets	15	2,146,037	2,363,104	-	-
Deferred tax assets	16	-	1,271,000	-	-
		152,361,377	134,193,685	108,095,663	112,003,392
CURRENT ASSETS					
Inventories	17	132,294,005	165,573,672	-	-
Trade receivables	18	132,699,060	134,762,875	-	-
Other receivables, deposits and prepayments	19	10,669,093	13,435,992	625,355	700,388
Amounts owing by subsidiary companies	20	-	-	61,303,197	42,158,565
Tax recoverable		1,253,151	1,284,443	373,687	367,810
Fixed deposits with licensed banks	21	1,379,931	2,110,378	779,931	756,403
Cash and bank balances		16,444,073	9,882,186	49,616	41,505
		294,739,313	327,049,546	63,131,786	44,024,671
TOTAL ASSETS		447,100,690	461,243,231	171,227,449	156,028,063

AS AT 31 DECEMBER 2007 (cont'd)

	NOTE	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
EQUITY AND LIABILITIES					
Share capital	22	90,490,450	88,800,800	90,490,450	88,800,800
Reserves	23	67,216,553	67,640,522	12,441,697	10,105,377
		157,707,003	156,441,322	102,932,147	98,906,177
Minority interests		38,822,641	51,908,448	-	-
TOTAL EQUITY		196,529,644	208,349,770	102,932,147	98,906,177
NON-CURRENT LIABILITIES					
Borrowings	24	7,471,747	2,426,542	359,041	-
Deferred tax liabilities	16	4,568,702	5,969,545	1,086,787	1,145,209
		12,040,449	8,396,087	1,445,828	1,145,209
CURRENT LIABILITIES					
Trade payables	25	31,264,622	24,451,626	-	-
Other payables and accruals	26	12,418,461	13,734,680	1,230,311	789,229
Amounts owing to subsidiary companies	20	-	-	1,940,374	1,938,305
Borrowings	24	193,724,588	203,863,778	63,678,789	53,249,143
Tax liabilities		1,122,926	2,447,290	-	-
		238,530,597	244,497,374	66,849,474	55,976,677
TOTAL LIABILITIES		250,571,046	252,893,461	68,295,302	57,121,886
TOTAL EQUITY AND LIABILITIES		447,100,690	461,243,231	171,227,449	156,028,063

The attached notes form an integral part of the financial statements.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

		Group		Company	
		2007	2006	2007	2006
	NOTE	RM	RM	RM	RM
Revenue	27	455,758,789	527,442,854	10,166,767	10,183,857
Cost of sales		(404,320,275)	(459,538,324)	(1,128,419)	(872,530)
Gross profit		51,438,514	67,904,530	9,038,348	9,311,327
Other operating income		19,170,650	6,489,403	24,390,935	332,177
Selling and distribution expenses		(5,540,135)	(7,915,865)	-	-
Administration expenses		(24,100,548)	(25,164,456)	(2,811,129)	(2,162,613)
Other operating expenses		(3,115,670)	(2,402,696)	(8,103,281)	(129,481)
Operating profit		37,852,811	38,910,916	22,514,873	7,351,410
Finance costs		(9,262,322)	(9,496,681)	(3,017,606)	(2,860,576)
Interest income		154,090	75,329	2,569,226	2,401,110
Share of profit / (loss) in an associated companies		2,350,033	(16,051)	-	-
Profit before tax	28	31,094,612	29,473,513	22,066,493	6,891,944
Tax expense	29	(7,549,475)	(9,492,470)	(1,523,906)	(1,438,524)
Net profit for the financial year		23,545,137	19,981,043	20,542,587	5,453,420
Attributable to:					
Equity holders of the Company		18,215,249	11,227,267	20,542,587	5,453,420
Minority interests		5,329,888	8,753,776	-	-
		23,545,137	19,981,043	20,542,587	5,453,420
Gross dividends per ordinary share (sen)	30	12.5	2.5	12.5	2.5
Earnings per ordinary share (sen):	31				
- Basic		10.50	6.42		
- Diluted		-	-		

The attached notes form an integral part of the financial statements.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Attributable to equity holders of the Company								
Group	**Ordinary share capital RM**	**Share premium RM**	**Revaluation reserve RM**	**Warrant reserve RM**	**Treasury shares RM**	**Retained earnings RM**	**Total RM**	**Minority interests RM**	**Total equity RM**
Balance as at 1 January 2006	88,800,800	858,470	1,134,593	3,862,266	(2,695,721)	57,040,878	149,001,286	45,293,601	194,294,887
Effect of adopting FRS 3	-	-	-	-	-	63,445	63,445	-	63,445
As restated	88,800,800	858,470	1,134,593	3,862,266	(2,695,721)	57,104,323	149,064,731	45,293,601	194,358,332
Net profit for the financial year	-	-	-	-	-	11,227,267	11,227,267	8,753,776	19,981,043
Realisation of revaluation reserve	-	-	(33,619)	-	-	33,619	-	-	-
Repurchase of ordinary shares	-	-	-	-	(1,226,819)	-	(1,226,819)	-	(1,226,819)
Dividends (Note 30):									
- Final dividend of the Company in respect of financial year ended 31 December 2005	-	-	-	-	-	(2,623,857)	(2,623,857)	-	(2,623,857)
- Final dividends of subsidiary companies in respect of financial year ended 31 December 2005	-	-	-	-	-	-	-	(2,138,929)	(2,138,929)
Balance as at 31 December 2006	88,800,800	858,470	1,100,974	3,862,266	(3,922,540)	65,741,352	156,441,322	51,908,448	208,349,770

	Attributable to equity holders of the Company									
Group	**Ordinary share capital RM**	**Share premium RM**	**Revaluation reserve RM**	**Foreign currency translation reserves RM**	**Warrant reserve RM**	**Treasury shares RM**	**Distributable retained earnings RM**	**Total RM**	**Minority interests RM**	**Total equity RM**
Balance as at 1 January 2007	88,800,800	858,470	1,100,974	-	3,862,266	(3,922,540)	65,741,352	156,441,322	51,908,448	208,349,770
Currency translation differences	-	-	-	(432,951)	-	-	-	(432,951)	-	(432,951)
Effect on changes in deferred tax rate on revaluation reserves	-	-	37,691	-	-	-	-	37,691	-	37,691
	-	-	37,691	(432,951)	-	-	-	(395,260)	-	(395,260)
Net profit for the financial year	-	-	-	-	-	-	18,215,249	18,215,249	5,329,888	23,545,137
Total recognised income for the financial year	-	-	37,691	(432,951)	-	-	18,215,249	17,819,989	5,329,888	23,149,877
Issue of new ordinary shares	1,689,650	828,435	-	-	-	-	-	2,518,085	-	2,518,085
Repurchase of ordinary shares	-	-	-	-	-	(1,931,157)	-	(1,931,157)	-	(1,931,157)
Disposal of subsidiary	-	-	-	-	-	-	-	-	(16,515,695)	(16,515,695)
Realisation of revaluation reserve	-	-	(29,224)	-	-	-	29,224	-	-	-
Dividends (Note 30):										
- Final dividend of the company in respect of the financial year ended 31 December 2006	-	-	-	-	-	-	(3,174,303)	(3,174,303)	-	(3,174,303)
- Final dividend of subsidiary companies in respect of financial year ended 31 December 2006	-	-	-	-	-	-	-	-	(1,900,000)	(1,900,000)
- Interim dividend of the company in respect of financial year ended 31 December 2007	-	-	-	-	-	-	(13,966,933)	(13,966,933)	-	(13,966,933)
Balance as at 31 December 2007	90,490,450	1,686,905	1,109,441	(432,951)	3,862,266	(5,853,697)	66,844,589	157,707,003	38,822,641	196,529,644

Company	Ordinary share capital RM	Share premium RM	Revaluation reserve RM	Warrant reserve RM	Treasury shares RM	Retained earnings RM	Total RM
Balance as at 1 January 2006	88,800,000	858,470	1,134,593	3,862,266	(2,695,721)	5,343,025	97,303,433
Net profit for the financial year	-	-	-	-	-	5,453,420	5,453,420
Realisation of revaluation reserve	-	-	(33,619)	-	-	33,619	-
Repurchase of ordinary shares	-	-	-	-	(1,226,819)	-	(1,226,819)
Dividends (Note 30): - Final dividends in respect of financial year ended 31 December 2005	-	-	-	-	-	(2,623,857)	(2,623,857)
Balance as at 31 December 2006	88,800,800	858,470	1,100,974	3,862,266	(3,922,540)	8,206,207	98,906,177
Balance as at 1 January 2007	88,800,800	858,470	1,100,974	3,862,266	(3,922,540)	8,206,207	98,906,177
Effect on changes in tax rate	-	-	37,691	-	-	-	37,691
Net profit for the financial year	-	-	-	-	-	20,542,587	20,542,587
Total recognised income for the financial year	-	-	37,691	-	-	20,542,587	20,580,278
Realisation of revaluation reserve	-	-	(29,224)	-	-	29,224	-
Issued of new ordinary shares	1,689,650	828,435	-	-	-	-	2,518,085
Repurchase of ordinary shares	-	-	-	-	(1,931,157)	-	(1,931,157)
Dividends (Note 30): - Final dividend in respect of financial year ended 31 December 2006	-	-	-	-	-	(3,174,303)	(3,174,303)
- Interim dividend in respect of financial year ended 31 December 2007	-	-	-	-	-	(13,966,933)	(13,966,933)
Balance as at 31 December 2007	90,490,450	1,686,905	1,109,441	3,862,266	(5,853,697)	11,636,782	102,932,147

The attached notes form an integral part of the financial statements.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	31,094,612	29,473,513	22,066,493	6,891,944
Adjustments for:				
Allowance for diminution in value of other investments no longer required	-	(57,760)	-	-
Allowance for diminution in value of investments	-	1,710	8,000,000	-
Allowance for doubtful debts	532,282	238,637	-	-
Allowance for doubtful debts no longer required	(942,633)	(343,553)	-	-
Allowance for inventories written down	316,541	360,100	-	-
Allowance for inventories written down no longer required	(365,150)	(570,180)	-	-
Allowance for slow moving inventories	453,000	728,744	-	-
Amortisation of development cost	58,864	58,864	-	-
Amortisation of prepaid lease payment	177,399	108,142	-	-
Depreciation of investment properties	18,786	22,504	-	-
Depreciation of property, plant and equipment	6,281,445	5,337,384	1,039,141	675,671
Dividend income	(23,525)	(35,600)	(6,523,972)	(5,915,375)
Gain on disposal of other investment	-	-	-	(3,479)
Gain on disposal of subsidiary	(10,272,538)	-	(23,950,367)	-
Impairment loss on property, plant and equipment	1,005,075	1,159,000	-	-
Impairment of goodwill	379,054	-	-	-
Interest expenses	9,262,322	9,496,681	3,017,606	2,860,576
Interest income	(154,090)	(75,329)	(2,569,226)	(2,401,110)
Loss on disposal of other investments	-	9,197	-	-
Loss/ (Gain) on disposal of property, plant and equipment	40,586	(327,975)	39,284	(44,975)
Loss on foreign exchange	16,733	-	-	-
Property, plant and equipment written off	15,875	9,864	-	-
Share of (profit)/loss of an associated company	(2,350,033)	16,051	-	-
Operating profit before working capital changes	35,544,605	45,609,994	1,118,959	2,063,252
Increase in inventories	(38,897,823)	(18,486,171)	-	-
Increase in trade receivables	(46,599,953)	(4,817,741)	-	-
(Increase)/Decrease in other receivables, deposits and prepayments	(7,006,960)	(3,554,441)	75,033	1,055,107
Increase in trade payables	16,542,482	4,339,979	-	-
Increase in other payables and accruals	79,498	751,208	441,082	365,801
Cash (used in)/generated from operations	(40,338,151)	23,842,828	1,635,074	3,484,160
Tax refunded	89,926	148,084	-	-
Tax paid	(5,996,662)	(4,965,205)	(126,541)	(395,774)
Net cash (used in)/from operating activities	(46,244,887)	19,025,707	1,508,533	3,088,386

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 (cont'd)

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition of intangible assets	(301,320)	-	-	-
(Advances to)/ Repayment from subsidiary companies	-	-	(29,165,941)	5,620,913
Disposal of a subsidiary company-net proceed	26,279,794	-	29,250,367	-
Dividend received, net	23,525	35,600	5,100,000	4,511,071
Interest received	154,090	75,329	2,569,226	2,401,110
Purchase of other investments	-	(5,212,712)	-	(4,820,000)
Purchase of property, plant and equipment (Note 32)	(12,289,285)	(18,395,477)	(158,143)	(5,235,193)
Proceeds from disposal of other investments	-	5,207,694	-	4,823,479
Proceeds from disposal of property, plant and equipment	469,390	824,726	206,625	338,000
Net cash from/(used in) investing activities	14,336,194	(17,464,840)	7,802,134	7,639,380
CASH FLOWS FROM FINANCING ACTIVITIES				
Fixed deposits pledged	130,447	(314,227)	(23,528)	(310,252)
Interest paid	(9,262,322)	(9,496,681)	(3,017,606)	(2,860,576)
Proceeds from issue of shares	2,518,085	-	2,518,085	-
Repayment of hire purchase liabilities	(4,790,837)	(2,808,351)	(44,415)	(180,760)
Repayment of term loans	-	(4,774,557)	-	(2,422,972)
Repurchase of shares	(1,931,157)	(1,226,819)	(1,931,157)	(1,226,818)
Drawdown from/(Repayment for) short term loan	11,000,000	(1,000,000)	11,000,000	(1,000,000)
Drawdown from/(Repayments for) other bank borrowings	61,763,960	16,983,644	(500,000)	(1,434,000)
Dividends paid	(17,141,236)	(2,623,857)	(17,141,236)	(2,623,857)
Dividends paid to minority interests	(1,900,000)	(1,847,929)	-	-
Net cash from/(used in) financing activities	40,386,940	(7,108,777)	(9,139,857)	(12,059,235)
Net increase/(decrease) in cash and cash equivalents	8,478,247	(5,547,910)	(170,810)	(1,331,469)
Effects of exchange rate difference	(435,555)	-	-	-
Cash and cash equivalents at beginning of financial year	5,541,898	11,089,808	(707,638)	623,831
Cash and cash equivalents at end of financial year (Note 33)	13,584,590	5,541,898	(536,828)	(707,638)

The attached notes form an integral part of the financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at Lot 1298, 16½ Miles, Jalan Ipoh, Rawang Industrial Estate, 48000 Rawang, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia (RM), which is the functional currency of the Company.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose itself to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control system, an insurance programme and adherence to the Group's financial risk management policies. The Board regularly reviews these risks and approves such policies that cover the management of these risks.

(a) Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiary companies in currencies other than their functional currency. The Group engages in foreign currency hedging on its foreign currency exposures and the management monitor these exposures on an ongoing basis.

(b) Interest rate risk

The Group's income and operating cash flows are independent of changes in market interest rates. Interest rate exposure arises mainly from the Group's borrowings and deposits and is managed through effective negotiation with financial institutions for best available rates.

(c) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored via strictly limiting our associations to business customers with high creditworthiness. Trade receivables are monitored on an ongoing basis through the Group's management reporting procedures.

(d) Liquidity and cash flow risk

Prudent liquidity risk management is applied by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining the flexibility in funding by keeping committed credit lines available.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the rental of properties, investment holding and indent activity. The principal activities of the subsidiary companies are mainly involved in the manufacturing of steel related products and the details are set out in Note 12. There have been no significant changes in the nature of these activities during the financial year.

4. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRS") in Malaysia and the provisions of the Companies Act, 1965.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise indicated in the significant accounting policies.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

5.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any cost directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets, liabilities and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable are taken into account.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.2 Basis of consolidation (cont'd)

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the financial year between minority interest and equity holders of the Company.

5.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for freehold land and buildings are stated at cost less any accumulated depreciation and any accumulated impairment losses. The freehold land and buildings are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Where the freehold land and buildings are stated at valuation, the surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit will be charged to the income statement. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Freehold land and buildings of the Group have not been revalued since they were first revalued in 1995. The Directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of the MASB Approved Accounting Standard IAS 16 (Revised): Property, plant and equipment, these assets continue to be stated at their 1995 valuation less accumulated depreciation and impairment losses.

Freehold land and capital work-in-progress are not amortised. Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and rates are as follows:

Buildings	50 years
Plant and machinery	20 years
Office equipment	5 – 10 years
Furniture, fittings and renovations	5 – 10 years
Motor vehicles and forklifts	5 – 6 years
Moulds, tools and equipment	7 years

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.4 Investment properties

Investment properties are properties which are held either to earn rentals or for capital appreciation or for both. Such properties are measured at cost, including transaction costs. Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight line basis to write off the cost of investment properties over their estimated useful lives of 50 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year in which they arise.

5.5 Lease of land and building

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings, are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element at the inception of the lease.

The lump-sum upfront payments made on entering into or acquiring leasehold land are accounted for as prepaid lease payments and are amortised over the lease term on a straight line basis. The depreciation period of leasehold lands range from 49 to 52 years.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

5.6 Assets acquired under hire purchase arrangements

Assets acquired under hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining hire purchase liabilities.

5.7 Intangible assets

5.7.1 Goodwill

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets, liability and contingent liabilities at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

5.7.2 Development costs

Costs associated with developing a new product are recognised as an expense as and when incurred. Cost that are directly associated with the production of identifiable and unique products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one (1) year, are recognised as intangible assets. Direct costs include costs of employee benefits and fees to register a legal right.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight line basis over the commercial lives of the underlying products not exceeding 10 years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Tools and consumables are stated at cost.

The cost of raw materials is determined on the weighted average basis and comprises the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

The cost of work-in-progress and finished goods includes cost of raw materials, direct labour, other direct costs and appropriate proportion of manufacturing 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.

5.9 Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

5.10 Investments

(a) Subsidiary companies

A subsidiary is an entity in which the Group and the Company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(b) Associated company

An associated company is a company in which the Group and the Company have a long term equity interest and where the Group and the Company is in a position to exercise significant influence over the financial and operating policies of the investee company.

The Company's investment in an associated company is stated at cost less any accumulated impairment losses.

Investment in an associated company is accounted for in the consolidated financial statements using the equity method of accounting. The Group's interest in an associated company is stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associated company.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associated company. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.10 Investments (cont'd)

(b) Associated company (cont'd)

The most recent available audited financial statements of the associated company are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminious with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

(c) Other investments

Marketable securities are carried at the lower of cost and market value, determined by individual investment basis. Increases or decreases in the carrying amount of marketable securities are recognised in the income statements. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

Investments in shares, bonds and debentures held as long term investments are stated at cost less any accumulated impairment losses.

5.11 Impairment of assets

The carrying amounts of the Group's and the Company's assets, except for financial assets (excluding investment in associated company and subsidiary companies), investment properties, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the income statement immediately whenever the recoverable amount is less than the carrying amount of the asset.

Goodwill and intangible assets that have indefinite useful lives are tested annually for impairment or more frequently when there is an evidence of impairment.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit (CGU) to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the income statement when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' 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.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.11 Impairment of assets (cont'd)

Such reversals are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

5.12 Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

5.13 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.14 Employee benefits

5.14.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

5.14.2 Defined contribution plans

The Company and its subsidiary companies make contributions to the statutory provident funds and recognise the contributions payable:

(a) after deducting contributions already paid as a liability; and
(b) as an expense in the financial year in which the employees render their services.

5.14.3 Share-based compensation

The Company's Employees' Share Option Scheme ("ESOS"), an equity settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.14 Employee benefits (cont'd)

5.14.3 Share-based compensation (cont'd)

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

In accordance with the transitional provision of FRS 2, the share options granted by the Company before 31 December 2004 were not recognised as an expense in the income statement. The proceeds received upon exercise of such share options in the prior financial years had been credited to the share capital and share premium accounts.

5.15 Income tax

Income tax include all domestic and foreign taxes on taxable profit. Income tax in the financial statements for the financial year comprises current tax expense and deferred tax.

5.15.1 Current tax expense

Current tax expense is amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been acted or substantially enacted by the balance sheet date.

5.15.2 Deferred tax

Deferred tax, which includes deferred tax liabilities and assets, is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and the deferred tax liabilities relate to the same taxation authority.

5.16 Foreign currency transactions and translations

5.16.1 Functional currency

The separate financial statements of each entity in the Group are measured using the functional currency, which is the currency of the primary economic environment in which the entity operates.

5.16.2 Foreign currency transactions and translations

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the rates of exchange ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the approximate rates of exchange at the balance sheet date except where there are related or matching forward contracts in respect of trading transactions, in which case, the rates of exchange specified in those contracts are used.

All gains or losses arising from the settlement of foreign currency transactions and from translating foreign monetary assets and liabilities are taken up in the income statement.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and services and acceptance by customers.

(b) Rental income

Rental income is recognised on an accrual basis unless collectibility is in doubt.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Interest income

Interest income is recognised on an accrual basis, taking into account the effective yield on the asset.

5.18 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments which are readily convertible to cash and are subject to insignificant risk of changes in value.

5.19 Segment information

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting segment information is in respect of business segments as the Group's risk and returns are affected predominantly by differences in the products it produces, while secondary information is reported geographically.

A segment with a majority of operating income earned from providing product or services to external clients and whose operating income, results or assets are 10 percent or more of all the segments is reported separately.

Segment results, assets and liabilities include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one (1) period.

5.20 Financial instruments

5.20.1 Financial instruments recognised on the balance sheets

(a) Ordinary shares

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise, they are charged to the income statement.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.20 Financial instruments (cont'd)

5.20.1 Financial instruments recognised on the balance sheets (cont'd)

(a) Ordinary shares (cont'd)

Where the Company purchases its equity share capital, the consideration paid, including any attributable transaction costs is deducted from shareholders' equity as treasury shares until they are cancelled. Where such shares are reissued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

Dividends to shareholders are recognised in equity when the shareholder's right to receive payment is established.

(b) Other financial instruments

The accounting policies for other financial instruments recognised on the balance sheets are disclosed in the individual policy associated with each item.

5.20.2 Financial instruments not recognised on the balance sheets

The Group is a party to financial instruments that comprise foreign currency forward contracts agreements. These instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts are used to hedge foreign exposures as a result of receipts in foreign currency. Any gains or losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the dates of such transactions at which time they are included in the measurement of such transactions.

All other gains or losses relating to hedged instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items.

5.21 Borrowings

All interest bearing borrowings are recorded at the amount of proceeds received, net of transaction cost. Borrowings costs are reported as finance costs in the income statement.

6. ADOPTION OF NEW FRS AND AMENDMENT TO FRS

6.1 New and amendment to FRSs adopted

On 1 January 2007, the Group and the Company adopted the following FRSs which are applicable to the Group and the Company mandatory for financial period beginning on or after 1 January 2007:

FRS117 : Leases
FRS124 : Related Party Disclosure

The effects of adopting the new and amendment FRSs are set out in Note 7.

The amendment to FRS 1192004 and FRS 6 are not applicable to the Group and to the Company and hence, no further disclosure on the possible impact on these FRSs is warranted.

6. ADOPTION OF NEW FRS AND AMENDMENT TO FRS (cont'd)

6.2 New FRS and amendments to FRS not adopted

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 of which the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The Group has also not adopted the following FRS and amendments that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group. The Directors do not anticipate that the application of these standards when they are effective will have a material impact on the results and the financial position of the Group:

(a) FRS which are effective for annual periods beginning on or after 1 July 2007

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

These amendments align the MASB's FRS with the equivalent International Accounting Standards ('IAS'), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. The Group will apply this amendment for its annual period beginning 1 January 2008.

FRS 111 and 120 are not relevant to the Group's operations.

(b) Framework for the Preparation and Presentation of Financial Statements ('Framework') which is effective for annual periods beginning on or after 1 July 2007.

The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence does not define standards for any particular measurement or disclosure issue. The Group will apply this Framework for its annual period beginning 1 January 2008.

(c) Amendments and IC Interpretations which are effective for annual periods beginning on or after 1 July 2007

Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	This amendment results in exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and if whether the monetary item results from a transaction with the Company or any of its subsidiaries. Previously, exchange differences arising from such transactions between the Company and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item. The Group will apply this amendment for its annual period beginning 1 January 2008
IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities	This interpretation addresses the effects of events that changes the measurement of an existing decommissioning, restoration or similar liability, namely a changes in the estimated outflow of resources embodying economic benefits required to settle the obligation, a change in the current markest-based discount rate as defined in paragraph 48 of FRS 137_{2004} and an increase that reflects the passage of time. The Group will apply this interpretation from its annual periods beginning 1 January 2008.
IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments	IC Interpretation 2 is not relevant to the Group's operations.

6. ADOPTION OF NEW FRS AND AMENDMENT TO FRS (cont'd)

6.2 New FRS and amendments to FRS not adopted (cont'd)

(c) Amendments and IC Interpretations which are effective for annual periods beginning on or after 1 July 2007

IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	IC Interpretation 5 is not relevant to the Group's operations.
IC Interpretation 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	IC Interpretation 6 is not relevant to the Group's operations.
IC Interpretation 7 Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies	IC Interpretation 7 is not relevant to the Group's operations.
IC Interpretation 8 Scope of FRS 2	This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in excess of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share based payment will be charged to income statement. The Group will apply this interpretation from its annual periods beginning 1 January 2008.

7. EFFECTS OF ADOPTION OF NEW FRS AND AMENDMENT TO FRSs

7.1 The adoption of FRS 124 does not have any significant financial impact on the Group. The principal effects of changes in accounting policies resulting from the adoption of FRS 117 as summarised below:

FRS 117: Leases

Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and was stated at cost, less accumulated amortization and impairment loss, if any.

Under FRS 117, leasehold land is classified as operating lease and the up-front payments made represent prepaid lease payments.

In accordance with the transitional provision of FRS 117, the following unamortized amount of leasehold land as at 1 January 2007 is retained at the surrogate carrying amount of prepaid lease payments and presented as a separate line item under non-current assets and are amortised on a straight-line basis over the remaining lease terms.

	Group 2007 RM
Short term leasehold land	4,930,671

The reclassifications have been accounted for retrospectively. Accordingly, certain comparatives have been restated as disclosed in Note 7.3. There is no financial impact on the income statements of the Group.

7. EFFECTS OF ADOPTION OF NEW FRS AND AMENDMENT TO FRSs (cont'd)

7.2 Summary of effects of adopting new FRSs and amendments to FRS on the current year's financial statements

The adoption of the new FRSs and amendments to FRS do not have any financial impacts on the income statement of the Company for the financial year ended 31 December 2007.

The estimates of the extent to which each of the line items in the balance sheets as at 31 December 2007 is higher or lower than it would have been had the previous policies been applied in the current financial year are as follows:

	Cumulative Increase/ (Decrease) FRS 117 Note 7.1
Property, plant and equipment	(4,930,671)
Prepaid lease payment	4,930,671

7.3 Restatement of comparatives

The following comparative amounts have been restated as a result of adoption of the new FRS:

	Cumulative Increase/ (Decrease) FRS 117 Note 7.1
Property, plant and equipment	(4,930,671)
Prepaid lease payment	4,930,671

8. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

8.1 Change in estimates

FRS 116 Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each year end. The Group revised the residual values and estimated useful lives of certain motor vehicles from seven to six years with effect from 1 January 2007. The revisions were accounted for prospectively as a change in accounting estimate and as a result, the depreciation charges of the Group for the current year have been increased by approximately RM661,000.

8.2 Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amount recognised in these financial statements.

8.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

8. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

8.3 Key sources of estimation uncertainty (cont'd)

(i) Impairment on goodwill

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 15(b)

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iii) Income taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for incomes taxes. There were transactions during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the period in which the outcome is known.

(iv) Impairment of property, plant and equipment

During the current financial year, the Group has recognised impairment losses in respect of a subsidiary company's property, plant and equipment. The Group carried out an impairment test based on a variety of estimation on the value-in-use of the CGU to which the property, plant and equipment is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The details of the impairment losses recognised is disclosed in Note 9(e).

(v) Fair value of investment properties

Investment properties are carried at cost and depreciated on a straight line basis over the assets' useful lives. For disclosure purposes, the Directors have estimated the fair value of the investment properties based on Directors' assessment of available market prices.

9. PROPERTY, PLANT AND EQUIPMENT

Group 2007	**Balance as at 1.1.2007 RM**	**Additions RM**	**Disposals RM**	**Written Off RM**	**Reclassifi-cation RM**	**Balance As at 31.12.2007 RM**
At cost/valuation						
Freehold land:						
- at cost	15,679,744	-	-	-	-	15,679,744
- at valuation	3,542,999	-	-	-	-	3,542,999
Buildings:						
- at cost	44,972,380	15,329	-	-	661,511	45,649,220
- at valuation	6,004,614	-	-	-	-	6,004,614
Plant and machinery	83,816,857	3,521,177	(22,023,544)	-	12,601,259	77,915,749
Office equipment	5,469,785	428,740	(1,151,520)	(132,111)	21,000	4,635,894
Furniture, fittings and renovations	5,151,299	461,873	(1,330,712)	-	1,059	4,283,519
Motor vehicles and forklifts	9,483,087	1,712,041	(2,015,242)	-	-	9,179,886
Moulds, tools and equipment	10,188,106	705,939	(987,964)	(29,713)	889,429	10,765,797
Capital work-in-progress	8,326,193	11,895,408	(76,000)	-	(14,174,258)	5,971,343
	192,635,064	18,740,507	(27,584,982)	(161,824)	-	183,628,765

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group 2007	Balance as at 1.1.2007 RM	Charge for the financial year RM	Disposals RM	Written off RM	Balance as at 31.12.2007 RM
Accumulated depreciation					
Freehold land	-	-	-	-	-
Buildings:					
- at cost	4,172,744	1,027,340	-	-	5,200,084
- at valuation	1,559,318	-	-	-	1,559,318
Plant and machinery	40,909,329	2,408,008	(10,633,666)	-	32,683,671
Office equipment	3,705,956	402,337	(749,960)	(121,985)	3,236,348
Furniture, fittings and renovations	3,337,409	450,431	(1,087,889)	-	2,699,951
Motor vehicles and forklifts	4,531,048	1,237,332	(1,172,545)	-	4,595,835
Moulds, tools and equipment	8,158,237	755,997	(774,211)	(23,964)	8,116,059
Capital work-in-progress	-	-	-	-	-
	66,374,041	6,281,445	(14,418,271)	(145,949)	58,091,266

	Balance as at 1.1.2007 RM	Addition RM	Balance as at 31.12.2007 RM
Impairment losses			
Plant and machinery	2,059,000	742,465	2,801,465
Moulds, tools and equipment	-	262,610	262,610
	2,059,000	1,005,075	3,064,075

Group 2006	Balance as at 1.1.2006 RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	Balance as at 31.12.2006 RM
At cost/valuation						
Freehold land:						
- at cost	15,679,744	-	-	-	-	15,679,744
- at valuation	3,542,999	-	-	-	-	3,542,999
Buildings:						
- at cost	33,250,223	494,414	-	-	11,227,743	44,972,380
- at valuation	6,004,614	-	-	-	-	6,004,614
Plant and machinery	78,656,011	2,610,778	(238,592)	(97,000)	2,885,660	83,816,857
Office equipment	4,828,385	558,088	(71,197)	(36,131)	190,640	5,469,785
Furniture, fittings and renovations	4,272,543	220,738	(42,900)	(11,519)	712,437	5,151,299
Motor vehicles and forklifts	8,920,780	1,948,925	(1,468,327)	(17,500)	99,209	9,483,087
Moulds, tools and equipment	9,437,333	625,873	-	(15,400)	140,300	10,188,106
Capital work-in-progress	9,383,224	14,198,958	-	-	(15,255,989)	8,326,193
	173,975,856	20,657,774	(1,821,016)	(177,550)	-	192,635,064

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group 2006	Balance as at 1.1.2006 RM	Charge for the financial year RM	Disposals RM	Written off RM	Balance as at 31.12.2006 RM
Accumulated depreciation					
Freehold land	-	-	-	-	-
Buildings:					
- at cost	3,474,525	698,219	-	-	4,172,744
- at valuation	1,437,253	122,065	-	-	1,559,318
Plant and machinery	38,794,914	2,420,584	(209,170)	(96,999)	40,909,329
Office equipment	3,314,658	469,029	(44,459)	(33,272)	3,705,956
Furniture, fittings and renovations	3,002,491	389,140	(42,719)	(11,503)	3,337,409
Motor vehicles and forklifts	5,180,945	395,520	(1,027,917)	(17,500)	4,531,048
Moulds, tools and equipment	7,323,821	842,828	-	(8,412)	8,158,237
Capital work-in-progress	-	-	-	-	-
	62,528,607	5,337,385	(1,324,265)	(167,686)	66,374,041

	Balance as at 1.1.2006 RM	Addition RM	Balance as at 31.12.2006 RM
Impairment losses			
Plant and machinery	900,000	1,159,000	2,059,000

Company 2007	Balance as at 1.1.2007 RM	Additions RM	Disposal RM	Transfer in RM	Balance as at 31.12.2007 RM
At cost/valuation					
Freehold land:					
- at cost	15,329,744	-	-	-	15,329,744
- at valuation	2,130,000	-	-	-	2,130,000
Buildings:					
- at cost	32,212,936	-	-	-	32,212,936
- at valuation	4,915,291	-	-	-	4,915,291
Office equipment	191,054	9,944	-	-	200,998
Furniture, fittings and renovations	1,084,442	82,038	(6,681)	-	1,159,799
Motor vehicles	746,101	561,961	(303,881)	23,378	1,027,559
	56,609,568	653,943	(310,562)	23,378	56,976,327

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Accumulated depreciation	Balance As at 1.1.2007 RM	Charge for the financial year RM	Disposal RM	Balance as at 31.12.2007 RM
Freehold land	-	-	-	-
Buildings:				
- at cost	3,090,887	644,258	-	3,735,145
- at valuation	1,186,183	98,306	-	1,284,489
Office equipment	104,810	16,991	-	121,801
Furniture, fittings and renovations	338,104	149,330	(56)	487,378
Motor vehicles	171,523	130,256	(64,597)	237,182
	4,891,507	1,039,141	(64,653)	5,865,995

Company 2006	Balance as at 1.1.2006 RM	Additions RM	Disposal RM	Transfer out RM	Reclassification RM	Balance as at 31.12.2006 RM
At cost/valuation						
Freehold land:						
- at cost	15,329,744	-	-	-	-	15,329,744
- at valuation	2,130,000	-	-	-	-	2,130,000
Buildings:						
- at cost	25,018,824	8,400	-		7,185,712	32,212,936
- at valuation	4,915,291	-	-	-	-	4,915,291
Office equipment	154,872	6,289	-	-	29,893	191,054
Furniture, fittings and renovations	366,398	7,647	-	-	710,397	1,084,442
Motor vehicles	781,251	609,213	(644,363)	-	-	746,101
Capital work-in-progress	7,364,389	4,603,644	-	(4,042,031)	(7,926,002)	-
	56,060,769	5,235,193	(644,363)	(4,042,031)	-	56,609,568

Accumulated depreciation	Balance as at 1.1.2006 RM	Charge for the financial year RM	Disposal RM	Balance as at 31.12.2006 RM
Freehold land	-	-	-	-
Buildings:				
- at cost	2,580,488	510,399	-	3,090,887
- at valuation	1,085,908	100,275	-	1,186,183
Office equipment	89,525	15,285	-	104,810
Furniture, fittings and renovations	326,735	11,369	-	338,104
Motor vehicles	484,518	38,343	(351,338)	171,523
Capital work-in-progress	-	-	-	-
	4,567,174	675,671	(351,338)	4,891,507

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Net book value/ Net carrying value				
Freehold land:				
- at cost	15,679,744	15,679,744	15,329,744	15,329,744
- at valuation	3,542,999	3,542,999	2,130,000	2,130,000
Buildings:				
- at cost	40,449,136	40,799,636	28,477,791	29,122,049
- at valuation	4,445,296	4,445,296	3,630,802	3,729,108
Plant and machinery	42,430,613	40,848,528	-	-
Office equipment	1,399,546	1,763,829	79,197	86,244
Furniture, fittings and renovations	1,583,568	1,813,890	672,421	746,338
Motor vehicles and forklifts	4,584,051	4,952,039	790,377	574,578
Moulds, tools and equipment	2,387,128	2,029,869	-	-
Capital work-in-progress	5,971,343	8,326,193	-	-
	122,473,424	124,202,023	51,110,332	51,718,061

(a) The freehold land and buildings of the Group and the Company were revalued in 1994 based on the valuation made by an independent firm of professional valuers, using the comparison method of valuation. The valuations were only adopted by the Directors in 1995 and the revaluation surplus arising from the valuation has been credited to the revaluation reserve.

These assets have not been revalued since then. The Directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of the MASB Approved Accounting Standard IAS 16 (Revised): Property, plant and equipment, these assets continue to be stated at their 1995 valuation less accumulated depreciation and impairment losses.

(b) Had the land and buildings been carried at historical cost less accumulated depreciation, the carrying amounts of the revalued assets that would have been included in the financial statements at the end of the year were as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Freehold land	2,551,407	2,551,407	1,376,176	1,376,176
Buildings	2,260,608	2,327,183	1,802,040	1,853,035
	4,812,015	4,878,590	3,178,216	3,229,211

(c) The freehold land and leasehold land and certain buildings of the Group and of the Company with net book values amounting to RM18,294,999 (2006: RM64,298,465) and RM7,125,432 (2006: RM50,310,902) respectively have been charged as securities for banking facilities granted to the Company and its subsidiary companies as disclosed in Note 24.

9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(d) Included in property, plant and equipment are the following assets acquired under hire purchase arrangements:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Plant and machinery	16,465,136	4,355,316	-	-
Motor vehicles and forklifts	2,612,415	4,618,326	521,661	-
Moulds, tools and equipment	38,850	142,429	-	-
	19,116,401	9,116,071	521,661	-

(e) The management of Prestar Manufacturing Sdn. Bhd., a subsidiary company within the manufacturing segment, carried out a review of the recoverable amount of its property, plant and equipment during the current financial year. The review has led to the recognition of an impairment loss of RM1,005,075 due to lower future cash flows projected from the assets. The recoverable amount was based on value-in-use and was determined at the CGU which consists of mould and plant and machinery of the subsidiary company. In determining the value-in-use for the CGU, the cash flows were discounted at a rate of 5.16% on a pre-tax basis. The discounted rate was based on the weighted average cost of capital of the subsidiary company.

10. INVESTMENT PROPERTIES

	Group	
	2007 RM	2006 RM
At cost		
Balance as at 1 January	1,125,410	1,125,410
Disposal of subsidiary	(203,000)	-
Balance as at 31 December	922,410	1,125,410
Accumulated depreciation		
Balanceas at 1 January	118,020	95,516
Disposal of subsidiary	(28,758)	-
Depreciation for the financial year (Note 28)	18,786	22,504
Balance as at 31 December	(108,048)	(118,020)
Accumulated impairment losses		
Balance as at 31 December/ 1 January	(64,810)	(64,810)
Net carrying value as at 31 December	749,552	942,580
Market value as at 31 December	785,000	1,016,000

The fair value of the investment properties has been determined by reference to the market value available at end of the financial year.

11. PREPAID LEASE PAYMENTS

	Balance as at 1.1.2007 RM	Additions RM	Amortisation charge for the financial year RM	Foreign currency translation differences RM	Balance as at 31.12.2007 RM
Group					
Carrying amount					
Short-term leasehold land	4,930,671	4,485,174	(177,399)	2,604	9,241,050

	---------------- At 31.12.2007	--------------	
	Cost RM	Accumulated amortisation and impairment RM	Carrying amount RM
Short-term leasehold land	9,818,233	(577,183)	9,241,050

	Balance as at 1.1.2006 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2006 RM
Group			
Carrying amount			
Short-term leasehold land	5,038,813	(108,142)	4,930,671

	---------------- At 31.12.2006	--------------	
	Cost RM	Accumulated amortisation and impairment RM	Carrying amount RM
Short-term leasehold land	5,333,059	(402,388)	4,930,671

12. INVESTMENT IN SUBSIDIARY COMPANIES

Company

	2007 RM	2006 RM
At cost		
Unquoted shares	60,729,743	60,229,743
Less: Impairment loss	(8,000,000)	-
	52,729,743	60,229,743

The details of the subsidiary companies, all incorporated in Malaysia unless otherwise stated, are as follows:

Name of company	Effective equity interest 2007 %	2006 %	Principal activities
Prestar Manufacturing Sdn. Bhd.	100	100	Manufacture and export of material handling equipment such as wheelbarrows and hand trucks.
Prestar Marketing Sdn. Bhd.	100	100	Importer and distributor of general hardware, tools and material handling equipment.
Prestar Ventures Sdn. Bhd.	100	100	Renting of building and office premises.
Prestar Engineering Sdn. Bhd.	75	75	Manufacture and supply of guardrails and related products.
Prestar Steel Pipes Sdn. Bhd.	100	100	Manufacture and supply of carbon steel pipes and related products.
Prestar Precision Tube Sdn. Bhd.	100	100	Manufacture precision steel pipes and tubes.
Dai Dong Steel Sdn. Bhd.	70	70	Import and trading of steel materials and general hardware products.
Tashin Steel Sdn. Bhd.	51	51	Manufacture, reprocess and trading of steel related products.
Prestar Galvanising Sdn. Bhd.	100	100	General hot-dip galvanising and coating of metal products and threaded items.
Subsidiary companies of Prestar Manufacturing Sdn. Bhd.			
Prestar Tooling Sdn. Bhd.	95	95	Moulds and dies fabrication, maintenance and installation of machinery and manufacture of plastic products, industrial castors and pallet meshes.
Excelpath Sdn. Bhd.	100	100	Investment holding.
Prestar Industries (Vietnam) Co., Ltd *#	100	100	Manufacture and process all kind of steel products such as material handling equipment, highway guardrails and building materials and other steel processed products.

12. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The details of the subsidiary companies, all incorporated in Malaysia unless otherwise stated, are as follows: (cont'd)

Name of company	Effective equity interest 2007 %	2006 %	Principal activities
Subsidiary company of Excelpath Sdn. Bhd.			
Prestar Storage System Sdn. Bhd.	100	96	Manufacture and installation of all kinds of material handling equipment, structural steel works and pallet racking system.
Subsidiary company of Tashin Steel Sdn. Bhd.			
Tashin Hardware Sdn. Bhd.	51	51	Trading of steel material and general hardware products.

* subsidiary audited by member firm of BDO International
# incorporated in Vietnam

The management recognised an impairment loss of RM8,000,000 in the Company's income statement (included in the other operating expenses) on its investment in subsidiary companies, Prestar Manufacturing Sdn. Bhd. due to the carrying value of the investment in subsidiary company having exceeded its recoverable amount as at the balance sheet date. The recoverable amount of the investment in subsidiary companies is determined based on the net tangible assets of the subsidiary company.

There is no effect on this impairment on the financial results and position of the Group.

12.1 As disclosed in Note 41 to the income statements, the Company has on 13 February 2007 disposed of 5,300,000 ordinary shares of RM1.00 each in the subsidiary company, namely Posmmit Steel Centre Sdn. Bhd. (PSC) for a consideration of RM29,505,767.

The effects of the disposal on the financial position of the Group are as follow:

	2007 RM
Property, plant and equipment	12,830,978
Quoted investments	122,060
Inventories	71,773,099
Trade and other receivables	50,642,619
Amount due from holding company	153,722
Amount due from related companies	8,049,899
Cash and bank balances	2,970,573
Trade and other payables	(11,125,203)
Bank borrowings	(81,922,700)
Tax liabilities	(3,042,964)
	50,452,083
Share of net assets disposed (38%)	18,932,936
Less: Goodwill	44,893
Net assets disposed of	18,888,043

13. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unquoted shares, at cost	4,255,588	55,588	4,255,588	55,588
Share of profit/(loss)	13,134,632	(54,435)	-	-
	17,390,220	1,153	4,255,588	55,588

Represented by:

	Group	
	2007 RM	2006 RM
Group's share of net assets	17,390,220	1,153

The details of the associated companies are as follows:

Name of company	Effective equity interest 2007	Effective equity interest 2006	Principal activities
Prestar Steel (S) Pte. Ltd.* (Incorporated in Singapore)	25	25	Marketing and distributing steel related products.
Posmmit Steel Centre Sdn. Bhd.#	30	68	Slitting, shearing and sales of steel sheets and coils.

* Not audited by BDO Binder

\# As disclosed in Note 41 to the income statements, the Company's interest was reduced from 68% to 30% upon completion of the disposal on 13 February 2007.

The results of the associated company have been accounted for based on the audited financial statements for the financial year ended 31 December 2007.

14. OTHER INVESTMENTS

	Group	
	2007 RM	2006 RM
At cost		
Quoted shares in Malaysia	559,804	745,604
Less: Allowance for diminution in value	(198,710)	(262,450)
	361,094	483,154
At market value		
Quoted shares in Malaysia	427,169	501,423

15. INTANGIBLE ASSETS

(a) Group

	Goodwill RM	Negative goodwill RM	Development costs RM	Total RM
Balance as at 1 January 2006	1,833,328	(63,445)	588,640	2,358,523
Effect of adopting FRS 3	-	63,445	-	63,445
Amortisation for the financial year	-	-	(58,864)	(58,864)
Balance as at 31 December 2006	1,833,328	-	529,776	2,363,104
Disposal of subsidiary	(80,469)	-	-	(80,469)
Impairment	(77,734)	-	-	(77,734)
Amortisation for the financial year	-	-	(58,864)	(58,864)
Balance as at 31 December 2007	1,675,125	-	470,912	2,146,037

Development costs represent costs incurred in the development of high quality steel pipes prior to the commencement of commercial production.

15. INTANGIBLE ASSETS

(b) Goodwill

The carrying amounts of goodwill allocated to the Group's CGU are as follows:

	Group 2007 RM	2006 RM
Manufacturing – CGU 1	1,131,318	1,289,521
Trading – CGU 2	543,807	543,807
	1,675,125	1,833,328

Impairment test on CGU 1 and CGU 2

The recoverable amounts of CGU 1 and 2 were determined based on value-in-use calculations using cash flow projections. Based on the calculations, there were no impairment losses on CGU 1 and 2 as the recoverable amounts of CGU 1 and 2 were higher than their carrying amounts as at the balance sheet date.

Value-in-use of CGU 1 and 2 was determined by discounting the future cash flows generated from the value-in-use of CGU 1 and 2 based on the following assumptions:

(i) Pre-tax cash flow projections based on the most recent financial budgets approved by the Directors covering a 5-years period.

(ii) Pre-tax discount rates range from 4.84% for CGU 1 and 4.71% for CGU 2 were applied in determining the recoverable amounts of CGU 1 and 2. These discount rates were estimated based on the respective CGU's weighted average cost of capital.

With regard to the assessment of value-in-use of CGU 1 and 2, management believe that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

16. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Balance as at 1 January	4,698,545	2,947,148	1,145,209	873,030
Deconsolidation of subsidiary company	(2,398,999)	-	-	-
Revaluation reserves	(37,691)	-	(37,691)	-
Recognised in the income statement (Note 29):	2,306,847	1,751,397	(20,731)	272,179
Balance as at 31 December	4,568,702	4,698,545	1,086,787	1,145,209
Presented after appropriate offsetting:				
Deferred tax assets, net	(2,154,717)	(4,412,000)	-	-
Deferred tax liabilities, net	6,723,419	9,110,545	1,086,787	1,145,209
	4,568,702	4,698,545	1,086,787	1,145,209

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Revaluation reserves RM	Total RM
At 1 January 2007	8,578,655	531,890	9,110,545
Recognised in the income statement	75,324	(25,760)	49,564
Deconsolidation of a subsidiary company	(2,398,999)	-	(2,398,999)
Revaluation reserves	-	(37,691)	(37,691)
At 31 December 2007	6,254,980	468,439	6,723,419
At 1 January 2006	7,185,700	568,330	7,754,030
Recognised in the income statement	1,392,955	(36,440)	1,356,515
At 31 December 2006	8,578,655	531,890	9,110,545

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Revaluation reserves RM	Total RM
At 1 January 2007	613,319	531,890	1,145,209
Recognised in the income statement	5,029	(25,760)	(20,731)
Revaluation reserves	-	(37,691)	(37,691)
At 31 December 2007	618,348	468,439	1,086,787
At 1 January 2006	304,700	568,330	873,030
Recognised in the income statement	308,619	(36,440)	272,179
At 31 December 2006	613,319	531,890	1,145,209

16. DEFERRED TAX (cont'd)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (con'd)

Deferred tax assets of the Group

	Provisions RM	Unused tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2007	1,481,000	2,931,000	4,412,000
Recognised in the income statement	(516,915)	(1,740,368)	(2,257,283)
At 31 December 2007	964,085	1,190,632	2,154,717
At 1 January 2006	1,225,882	3,581,000	4,806,882
Recognised in the income statement	255,118	(650,000)	(394,882)
At 31 December 2006	1,481,000	2,931,000	4,412,000

(c) The components of temporary differences for which no deferred tax asset has been recognised in the balance sheet are as follows:

	Group 2007 RM	Group 2006 RM
Other temporary differences	269,000	491,000
Unabsorbed tax losses	3,156,000	1,176,000
Unutilised capital allowances	4,143,000	2,624,000
	7,568,000	4,291,000

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profit of the subsidiaries will be available against which the deductible temporary differences can be utilised.

17. INVENTORIES

	Group 2007 RM	Group 2006 RM
At cost		
Raw materials	71,791,025	112,146,174
Work-in-progress	7,167,499	6,273,391
Manufacturing and trading inventories	39,337,150	43,694,216
Tools and consumables	15,417	52,640
	118,311,091	162,166,421
At net realisable value		
Raw materials	327,594	75,150
Work-in-progress	47,223	-
Manufacturing and trading inventories	13,608,097	3,332,101
	13,982,914	3,407,251
	132,294,005	165,573,672

18. TRADE RECEIVABLES

	Group	
	2007 RM	2006 RM
Trade receivables	138,530,010	142,115,226
Less: Allowance for doubtful debts	(5,830,950)	(7,352,351)
	132,699,060	134,762,875

The allowance for doubtful debts is net of bad debts written off as follows:

	Group	
	2007 RM	2006 RM
Bad debts written off	1,111,050	1,369,085

The credit terms offered by the Group in respect of trade receivables range from 60 to 120 days from date of invoice.

Included in trade receivables is an amount of RM1,629,065 (2006: RM644,566) owing by certain companies in which certain Directors have interests.

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables	5,943,598	3,975,726	-	64,903
Deposits	1,733,161	3,868,609	21,250	21,250
Prepayments	2,983,523	5,591,657	604,105	614,235
Amount due from associated companies	8,811	-	-	-
	10,669,093	13,435,992	625,355	700,388

Included in other receivables, deposits and prepayments of the Group are:

(a) security deposits paid to suppliers of RM700,000 (2006: RM3,000,000) for the purchase of raw materials ; and

(b) rebate receivable from a supplier of RM1,152,092 (2006: RM1,216,927) for the purchase of raw materials.

20. AMOUNTS OWING BY/(TO) SUBSIDIARY COMPANIES

Company

The amounts owing by subsidiary companies represent advances and payments made on behalf which are unsecured, repayable on demand and interest-free except for advances of RM61,303,197 (2006: RM38,356,966) which bear interests range from 3.50% to 7.42% (2006: 1.80% to 7.05%) per annum.

The amounts owing to subsidiary companies represent advances and payments made on behalf which are unsecured, repayable on demand and interest-free except for advances of RM 1,940,374 (2006: RM1,900,000) which bear interest from 3.3% to 3.75%(2006: 3.70%) per annum.

21. FIXED DEPOSITS WITH LICENSED BANKS

Group and Company

The fixed deposits of the Group and of the Company as at 31 December 2007 have maturity periods ranging from 1 month to 6 months.

Included in the fixed deposits of the Group and of the Company are RM1,379,931 (2006: RM910,378) and RM779,931 (2006: RM756,403) respectively pledged to licensed banks for Commercial paper pertaining to Debt Service Reserve Account as security for banking facilities granted to the Group and the Company as disclosed in Note 24.

22. SHARE CAPITAL

	Group and Company		
	Number of ordinary shares	**Par value**	**RM**
Authorised:			
2007			
Balance as at 1 January/31 December	400,000,000	0.50	200,000,000
2006			
Balance as at 1 January/31 December	400,000,000	0.50	200,000,000
Issued and fully paid:			
2007			
Balance as at 1 January	177,601,600	0.50	88,800,800
Issued during the financial year	3,379,300	0.50	1,689,650
Balance as at 31 December	180,980,900	0.50	90,490,450
2006			
Balance as at 1 January/31 December	177,601,600	0.50	88,800,800

During the financial year, the Company issued 3,379,300 new ordinary shares of RM0.50 each for cash at option prices of RM0.695 and RM0.75 per share arising from the exercise of options granted under the Company's Employees' Share Option Scheme ("ESOS").

All the new ordinary shares issued rank pari passu in all respect with the then existing ordinary shares of the Company.

The Company implemented the ESOS on 1 October 2003. The salient features of the ESOS are as follows:

(a) Eligible employees comprise any employee who has attained the age of 18 years and who is a Malaysian citizen employed by and on the payroll of any company comprised in the Group and who are monthly paid employees and is confirmed and has been in the employment of the Group for at least one (1) year prior to the date of offer.

(b) The option is personal to the grantee and is non-assignable

(c) The option price of each ordinary share under the ESOS shall be determined by the Board upon the recommendation of the ESOS committee, which is at a discount of not more than 10% of the 5 days weighted average market price of the shares at the date the option is granted, subject to the minimum price of RM1.00 each or at RM0.50 each after share split, being the par value of the shares, whichever is higher.

22. SHARE CAPITAL (cont'd)

(d) The options granted may be exercised within a period of 5 years from the date of the last approval subject to any extension as shall be approved by the shareholders and the relevant authorities.

(e) The options granted may be exercised according to the following scale in respect of a maximum of the following:

Number of shares in respect of options granted	---- Percentage of options exercisable (%) ---- Year 1	Year 2	Year 3	Year 4	Year 5
Less than 20,000	30	30	40	-	-
20,000 to 100,000	25	25	25	25	-
More than 100,000	20	20	20	20	20

Note : The percentage of the option exercisable but not exercised in a particular year can be carried forward to the subsequent years within the option period.

(f) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 100 shares.

(g) Options exercisable in a particular year but not exercised can be carried forward to the subsequent years subject to the time limited by the scheme.

(h) The persons to whom the options have been granted have no right to participate by virtue of the option in any share issue of any other company within the Group.

On 27 February 2007, the Committee agreed that the employees of Posmmit Steel Centre Sdn Bhd ("Posmmit") who have been granted share options under ESOS II in years 2003 and 2004 be entitled to continue to exercise all their unexercised share options within the period from the date Posmmit ceased to be a subsidiary of the Company until the expiry of the Option Period of the existing ESOS II.

The movement of the options over unissued shares of the Company granted under the ESOS during the financial year are as follows:

		----- Number of options over ordinary shares of RM0.50 each -----				
Date of offer	Option price	Balance as at 1.1.2007	Granted	Exercised	Lapsed	Balance As at 31.12.2007
3 December 2003	RM0.750	11,139,400	-	(3,081,300)	(492,800)	7,565,300
23 March 2004	RM0.695	454,000	-	(298,000)	-	156,000
		11,593,400	-	(3,379,300)	(492,800)	7,721,300

22. SHARE CAPITAL (cont'd)

The details of the share options exercised during the financial year and the fair value of shares issued at the exercise date are as follow:

Exercise date	Number of share issued	Option Exercise Price RM	Consideration RM	Fair value of shares issued Per share RM	Total RM
2007					
April	2,974,700	0.750	2,231,025	0.970	2,885,459
April	278,000	0.695	193,210	0.970	269,660
May	45,600	0.750	34,200	0.990	45,144
Jun	5,000	0.750	3,750	0.800	4,000
July	10,000	0.695	6,950	0.810	8,100
July	52,000	0.750	39,000	0.810	42,120
August	4,000	0.750	3,000	0.730	2,920
August	10,000	0.695	6,950	0.730	7,300
	3,379,300		2,518,085		3,264,703

	RM
Ordinary share capital - at par	1,689,650
Share premium	828,435
	2,518,085

23. RESERVES

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Non-distributable				
Share premium	1,686,905	858,470	1,686,905	858,470
Revaluation reserve	1,109,441	1,100,974	1,109,443	1,100,974
Warrant reserve	3,862,266	3,862,266	3,862,266	3,862,266
Translation reserve	(432,951)	-	-	
Treasury shares, at cost	(5,853,697)	(3,922,540)	(5,853,697)	(3,922,540)
	371,964	1,899,170	804,917	1,899,170
Distributable				
Retained profits	66,844,589	65,741,352	11,636,780	8,206,207
	67,216,553	67,640,522	12,441,697	10,105,377

(a) Treasury shares, at cost

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 26 June 2003, approved the Company's plan to repurchase its own shares and the approval had been renewed in the subsequent Annual General Meeting. The Directors are committed to enhancing the value of the Company to its shareholders and believed that the repurchase plan is in the best interests of the Company and its shareholders.

23. RESERVES (cont'd)

(a) Treasury shares, at cost (cont'd)

During the financial year, the Company repurchased 2,469,000 of its issued share capital from open market at an average price of RM0.78 per share using internal generated funds.

In the previous financial year, the Company repurchased 1,936,900 of its issued share capital from the open market at an average price of RM0.63 per share using internal generated funds. The shares repurchased are measured at cost and held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

Of the total 180,980,900 (2006: 177,601,600) issued and fully paid ordinary shares as at 31 December 2007, 6,919,900 (2006: 4,450,900) are held as treasury shares by the Company. As at 31 December 2007, the number of outstanding ordinary shares in issue net of treasury shares is 174,061,000 (2006: 173,150,700) ordinary shares of RM0.50 each.

(b) Warrants 2005/2011

Pursuant to a deed poll dated 17 March 2005 ("Deed Poll"), the Company has a renounceable rights issue of 95,721,500 6-year Warrants 2005/2011 ("Warrants").

The Warrants were issued to the entitled shareholders of the Company at an offer price of RM0.05 per Warrant on the basis of one (1) Warrant for every 2 existing ordinary shares of RM0.50 held in the Company.

The salient features of the Warrants as per the Deed Poll are as follows:

(i) Each Warrant entitles the registered holders at any time during the exercise period to subscribe for one (1) new ordinary share of RM0.50 each in the Company at an exercise price of RM0.75 per ordinary share;

(ii) The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the conditions provided in the Deed Poll;

(iii) The Warrants shall be exercisable at any time within the period commencing from and including the date of issue of the Warrants and ending on the date preceding the 6th anniversary of the date of issuance of the Warrants; and

(iv) At the expiry of the exercise period, any Warrant which has not been exercised will lapse and cease to be valid for any purpose.

The Warrants were granted for listing and quotation with effect from 19 July 2006.

(c) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(d) Retained profits

(i) Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

The Company has not made this election. The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt account to frank the payment of dividends out of its entire retained profits as at 31 December 2007.

(ii) The Company and certain subsidiary companies have tax exempt account amounting to approximately RM6,253,000 (2006: RM5,003,000) and RM17,195,000 (2006: RM25,283,000) respectively available for distribution of tax exempt dividends.

24. BORROWINGS

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Current liabilities				
Secured				
Bank overdrafts	458,609	537,185	458,609	230,763
Trade financing	21,936,000	11,258,000	-	-
Short term loan (Note 24.1)	62,000,000	51,000,000	62,000,000	51,000,000
Hire purchase liabilities (Note 24.2)	3,152,774	2,052,420	92,345	-
Revolving credits	1,000,000	1,500,000	1,000,000	1,500,000
Unsecured				
Bank overdrafts	3,000,874	5,003,103	127,835	518,380
Trade financing	102,176,331	132,513,070	-	-
	193,724,588	203,863,778	63,678,789	53,249,143
Non-current liabilities				
Secured				
Hire purchase liabilities (Note 24.2)	7,471,747	2,426,542	359,041	-
	7,471,747	2,426,542	359,041	-
Total borrowings				
Secured				
Bank overdrafts	458,609	537,185	458,609	230,763
Trade financing	21,936,000	11,258,000	-	-
Short term loan	62,000,000	51,000,000	62,000,000	51,000,000
Hire purchase liabilities	10,624,521	4,478,962	451,386	-
Revolving credits	1,000,000	1,500,000	1,000,000	1,500,000
Unsecured				
Bank overdrafts	3,000,874	5,003,103	127,835	518,380
Trade financing	102,176,331	132,513,070	-	-
	201,196,335	206,290,320	64,037,830	53,249,143

The maturity profile and exposure to the interest rate risk of the borrowings of the Group and of the Company are disclosed in Note 36.

Group

The Group's bank borrowings (other than short term loan and hire purchase liabilities as further disclosed in Notes 24.1 and 24.2) below are secured by means of:

(a) first and third party registered legal charge over the Group's freehold and leasehold land and certain buildings as disclosed in Note 9(c);

b) corporate guarantee issued by the Company and personal guarantee by certain Directors of the certain subsidiary companies; and

(c) pledged against fixed deposits of the subsidiary company as disclosed in Note 21.

24. BORROWINGS (cont'd)

Company

The Company's bank borrowings are secured by the first legal charge over the Company's freehold land and buildings as disclosed in Note 9(c) and the commercial papers pertaining to the Debt Service Reserve Account are secured by a pledge of fixed deposits of the Company as disclosed in Note 21.

24.1 SHORT TERM LOAN - SECURED

Group and Company

The Company has entered into a RM120 million Commercial Papers Programme ("CP Programme) with a tenure of up to 7 years. During its 7-year tenure, the Company may issue commercial papers with maturities of between 1 to 12 months.

The CP Programme is divided into 2 separate tranches of RM80 million (Tranche 1) and RM40 million (Tranche 2) respectively. The commercial papers shall be utilised to refinance part of the Group's existing term loans and hire purchase facilities, for capital expenditure and working capital purposes.

The commercial papers pertaining to the Debt Service Reserve Account are secured by a pledge of fixed deposits of the Company as disclosed in Note 21.

24.2 HIRE PURCHASE CREDITORS - SECURED

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Minimum hire-purchase payments:				
- Not later than one (1) year	4,193,310	2,267,900	110,712	-
- Later than one (1) year and not later than 5 years	7,803,158	2,627,767	387,725	-
	11,996,468	4,895,667	498,437	-
Less: Future interest charges	(1,371,947)	(416,705)	(47,051)	-
Present value of hire purchase liabilities	10,624,521	4,478,962	451,386	-
Repayable as follows:				
- Current liabilities	3,152,774	2,052,420	92,345	-
- Non-current liabilities	7,471,747	2,426,542	359,041	-
	10,624,521	4,478,962	451,386	-

25. TRADE PAYABLES

Group

The credit terms available to the Group in respect of trade payables range from 30 to 90 days from date of invoice.

Included in trade payables is an amount of RM586,285 (2006: RM216,175) owing to companies in which certain Directors have interests.

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables	4,181,147	6,485,413	618,162	290,265
Accruals	8,197,185	7,249,267	599,630	498,964
Amount owing to an associated company	40,128	-	12,519	-
	12,418,460	13,734,680	1,230,311	789,229

Included in other payables of the Group is RM21,201 (2006: RM452) owing to certain companies in which certain Directors have interests. This amount is unsecured, interest-free and repayable on demand.

Included in other payables is an amount of RM Nil (2006: RM895,336) owing to the former holding company of a subsidiary company which is unsecured, interest-free and repayable on demand.

27. REVENUE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Sale of goods	454,130,834	527,430,854	5,749	-
Dividend income	-	-	6,523,972	5,915,375
Rental income	1,627,955	12,000	3,637,046	4,268,482
	455,758,789	527,442,854	10,166,767	10,183,857

28. PROFIT BEFORE TAX

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before tax is arrived at after charging:				
Allowance for diminution in value of investments	-	1,710	-	-
Allowance for doubtful debts	532,282	238,637	-	-
Allowance for inventories written down	316,541	360,100	-	-
Allowance for slow moving inventories	453,000	728,744	-	-
Amortisation of development cost (Note 15(a))	58,864	58,864	-	-
Amortisation of leasehold land	177,399	108,142	-	-
Auditors' remuneration:				
- Current financial year	134,700	122,000	18,000	17,000
- Under provision in prior year	(10,377)	1,214	(1,000)	-

28. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before tax is arrived at after charging:				
Depreciation of investment properties (Note 10)	18,786	22,504	-	-
Depreciation of property, plant and equipment (Note 9)	6,281,445	5,337,385	1,039,141	675,671
Directors' remuneration:				
- Fees	613,000	543,000	183,000	138,000
- Emoluments other than fees	3,877,392	4,228,913	635,137	596,825
Goodwill written off	379,054	-	-	-
Impairment loss of property, plant and equipment (Note 9)	1,005,075	1,159,000	-	-
Impairment loss on investment	-	-	8,000,000	-
Interest expenses on:				
- Trade financing	5,546,319	6,109,862	-	-
- Short term loan	2,856,942	2,631,925	2,856,942	2,631,925
- Revolving credits	67,029	33,772	67,029	33,772
- Bank overdrafts	203,347	159,611	14,061	22,240
- Term loans	-	204,956	-	80,935
- Hire purchase	588,685	288,711	10,614	4,344
- Subsidiary companies	-	-	68,960	87,360
- Others	-	6,461		-
Loss on disposal of other investments	-	9,197	-	-
Loss on disposal of property, plant and equipment	149,455	-	39,284	-
Loss on foreign exchange	16,733	81,014	-	-
Property, plant and equipment written off	15,875	9,864	-	-
Rental of equipment	260,662	243,879	-	-
Rental of premises	470,676	82,814	-	-
Royalty fees	304,000	304,000	-	-
And crediting:				
Allowance for diminution in value of investments no longer required	-	57,760	-	-
Allowance for inventories written down no longer required	365,150	570,180	-	-
Allowance for doubtful debts no longer required	942,633	343,553	-	-
Gain on disposal of property, plant and equipment	108,869	327,975	-	44,975
Gain on disposal of other investments	1,283	-	1,283	3,479
Gain on dilution of interest in a subsidiary to that of an associated company	-	-	23,950,367	-
Gain on foreign exchange	368,042	90,901	-	-
Gross dividend income:				
- Subsidiary companies	-	-	6,523,972	5,915,375
- Other investments	23,525	35,600	-	-
Interest income	154,090	75,329	2,569,226	2,401,110
Management fees charged to subsidiary companies	-	-	145,336	283,723
Outsourcing services	269,949	-	269,949	-
Rental income	1,659,594	53,040	3,637,046	4,268,482

The estimated monetary value of benefits-in-kind received or receivable by the Directors of the Group and of the Company amounted to RM124,388 (2006: RM220,175) and RM21,767 (2006: RM21,817) respectively.

28. PROFIT BEFORE TAX (cont'd)

The number of Directors of the Company whose total remuneration during the financial year fall within the following bands is analysed below:

	Number of Directors			
	2007		2006	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Below RM50,000	4	4	4	4
RM200,001 – RM300,000	-	-	-	-
RM300,001 – RM400,000	-	-	-	-
RM400,001 – RM500,000	-	-	-	-
RM500,001 – RM600,000	-	-	-	-
RM600,001 – RM700,000	1	-	1	-

29. TAX EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current tax expense based on profit for the financial year				
- income tax	5,301,624	7,749,971	1,704,306	1,123,219
(Over)/ Under provision in prior year				
- income tax	(58,996)	(8,898)	(159,669)	43,126
	5,242,628	7,741,073	1,544,637	1,166,345
Deferred tax (Note 16)				
Relating to originating and .reversal of temporary .differences	2,593,545	2,179,283	28,851	341,162
Relating to changes in tax rate	(168,162)	(194,660)	(60,283)	(45,893)
Revaluation reserve (Note 16)	(12,608)	(13,075)	(12,608)	(13,075)
(Over)/ Under provision in prior year	(105,928)	(220,151)	23,309	(10,015)
	2,306,847	1,751,397	(20,731)	272,179
	7,549,475	9,492,470	1,523,906	1,438,524

Current tax expense is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated taxable profit for the fiscal year. The statutory tax rate has been reduced to 27% from previous year's rate of 28% for the fiscal year of assessment 2007, to 26% for the fiscal year of assessment 2008. The deferred tax as at 31 December 2007 has reflected these changes. Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdiction.

29. TAX EXPENSE (cont'd)

The numerical reconciliation between the effective tax expense and the applicable tax expense of the Group and of the Company are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before tax	31,094,612	29,473,513	22,066,493	6,891,944
Taxation at Malaysia statutory rate of 27% (2006: 28%)	8,395,545	8,252,584	5,957,953	1,929,744
Tax effects in respect of:				
- Non-allowable expenses	3,481,210	2,524,634	2,571,824	982,636
- Non taxable income	(5,673,802)	(1,706,616)	(6,812,478)	(1,461,074)
- Tax incentives and allowances	(1,051,365)	(1,021,823)	-	-
- Deferred tax not recognised	3,530,533	1,193,651	-	-
- Utilisation of deferred tax	-	(124,367)	-	-
- Reduction of taxes resulting in reduction in tax rate	(168,162)	(194,660)	(60,283)	(45,893)
- Others	(799,560)	798,116	3,250	-
	7,714,399	9,721,519	1,660,266	1,405,413
(Over)/Under provision in prior years	(164,924)	(229,049)	(136,360)	33,111
Effective tax expense	7,549,475	9,492,470	1,523,906	1,438,524

Subject to the agreement of the Inland Revenue Board, the subsidiary companies have unutilised capital allowances and unabsorbed tax losses of approximately RM17,774,000 (2006: RM12,201,000) and RM14,820,000 (2006: RM13,504,000) respectively which are available for offset against their future taxable profits.

30. DIVIDENDS

	Group and Company			
	2007		2006	
	Gross dividend per share sen	Amount of dividend RM	Gross dividend per share Sen	Amount of dividend RM
Interim dividend, less tax	11.0	13,966,933	-	-
Final dividend proposed, tax exempt (2006: less tax 27%)	1.5	2,610,915	2.5	3,174,303
	12.5	16,577,848	2.5	3,174,303

As approved by the shareholders at the Annual General Meeting held on 4 May 2007, a final dividend of 5% per share, less 27% tax , amounting to RM3,174,303 in respect of the previous financial year was paid on 18 May 2007.

During the year, the Directors declared an interim dividend of 22% per share, less 27% tax, amounting to RM13,966,933 in respect of the financial year ended 31 December 2007 and was paid on 18 May 2007.

30. DIVIDENDS (cont'd)

A final dividend of 3% per share, tax exempt, amounting to RM2,610,915 in respect of the financial year ended 31 December 2007 has been proposed by the Directors after the balance sheet date for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by the Company's shareholders, will be accounted for as an appropriation of retained profits in the financial year ending 31 December 2008.

31. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per share

The basic earnings per share for the financial year has been calculated based on the consolidated profit after tax and minority interests divided by the weighted average number of ordinary shares outstanding during the financial year after deducting the treasury shares.

	Group	
	2007	**2006**
Consolidated profit after tax and minority interests (RM)	18,215,249	11,227,267
Weighted average number of ordinary shares outstanding	173,404,241	174,781,653
Basic earnings per ordinary share (sen)	10.50	6.42

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share are not presented as the market value of the Company's shares is lower than the exercise prices of the ESOS and Warrants.

32. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Purchase of property, plant and equipment (Note 9)	23,225,682	20,657,774	653,943	5,235,193
Financed by hire purchase arrangement	(10,936,397)	(2,262,297)	(495,800)	-
Cash payments on purchase of property, plant and equipment	12,289,285	18,395,477	158,143	5,235,193

33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Fixed deposits with licensed banks	1,379,931	2,110,378	779,931	756,403
Cash and bank balances	16,444,073	9,882,186	49,616	41,505
Bank overdrafts (Note 24)	(3,459,483)	(5,540,288)	(586,444)	(749,143)
	14,364,521	6,452,276	243,103	48,765
Less: Fixed deposits pledged to licensed banks	(779,931)	(910,378)	(779,931)	(756,403)
	13,584,590	5,541,898	(536,828)	(707,638)

34. DISPOSAL OF SUBSIDIARY COMPANIES

During the financial year, the Group disposed of a subsidiary company as disclosed in Note 41 to the financial statements.

The effects of this disposal on the date of disposal to Group cash flow are as follows:

	2007 RM
Property, plant and equipment	12,830,978
Quoted investments	122,060
Inventories	71,773,099
Trade and other receivables	50,642,619
Amount due from holding company	153,722
Amount due from related companies	8,049,899
Cash and bank balances	2,970,573
Trade and other payables	(11,125,203)
Bank borrowings	(81,922,700)
Tax liabilities	(3,042,964)
	50,452,083
Share of net assets disposed (38%)	18,932,936
Less: Goodwill	44,893
Gain on disposal of a subsidiary	10,272,538
	29,250,367
Less: Cash and bank balances of the subsidiary company disposed	(2,970,573)
Cash flow on disposal, net of cash disposed	26,279,794

35. SEGMENT REPORTING

(a) Business segments

Inter-segment pricing is determined based on an arms length basis in a manner similar to transactions with third parties.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated item comprises goodwill.

35. SEGMENT REPORTING (cont'd)

(a) Business segments (cont'd)

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one (1) period.

The Group's operations comprise the following business segments:

Investment	:	Long term investment in quoted shares and property investment
Trading	:	Sales of hardware and steel related products
Manufacturing	:	Manufacturing of steel related products

2007	Investment RM	Trading RM	Manufacturing RM	Elimination RM	Total RM
Revenue					
External segment revenue	1,627,954	116,420,493	337,710,342	-	455,758,789
Inter-segment revenue	8,637,213	630,376	44,719,845	(53,987,434)	-
	10,265,167	117,050,869	382,430,187	(53,987,434)	455,758,789
Results					
Segment results	22,267,985	5,994,067	21,414,070	(11,823,311)	37,852,811
Finance costs					(9,262,322)
Interest income					154,090
Share of profit in associated companies					2,350,033
Profit before tax					31,094,612
Tax expense					(7,549,475)
Profit after tax					23,545,137
Other information					
Segment assets	155,611,384	67,737,549	354,640,539	(151,568,372)	426,421,100
Investment in associated companies					17,390,220
Other investments					361,094
Tax recoverable					1,253,151
Unallocated corporate asset					1,675,125
Total assets					447,100,690
Segment liabilities	6,796,028	19,375,266	122,408,530	(104,896,741)	43,683,083
Deferred tax liabilities					4,568,702
Tax liabilities					1,122,926
Borrowings					201,196,335
Total liabilities					250,571,046
Capital expenditure	653,943	468,792	21,824,755	278,191	23,225,681
Amortisation			177,399		177,399
Depreciation	1,064,809	438,774	4,796,648	-	6,300,231
Impairment losses	-	-	1,005,075	-	1,005,075
Non-cash expenses other than depreciation and amortisation	39,284	391,396	1,036,473	-	1,467,153

35. SEGMENT REPORTING (cont'd)

(a) Business segments (cont'd)

2006	**Investment RM**	**Trading RM**	**Manufacturing RM**	**Elimination RM**	**Total RM**
Revenue					
External segment revenue	12,000	94,663,804	432,767,050	-	527,442,854
Inter-segment revenue	10,270,258	960,296	52,618,095	(63,848,649)	-
	10,282,258	95,624,100	485,385,145	(63,848,649)	527,442,854
Results					
Segment results	4,490,639	6,502,983	30,628,035	(2,710,741)	38,910,916
Finance costs					(9,496,681)
Interest income					75,329
Share of loss in an associated company					(16,051)
Profit before tax					29,473,513
Tax expense					(9,492,470)
Profit after tax					19,981,043
Other information					
Segment assets	157,838,423	46,083,334	392,348,541	(139,900,145)	456,370,153
Investment in an associated company					1,153
Other investments					483,154
Deferred tax assets					1,271,000
Tax recoverable					1,284,443
Unallocated corporate asset					1,833,328
Total assets					461,243,231
Segment liabilities	6,098,712	14,151,903	93,447,732	(75,512,041)	38,186,306
Deferred tax liabilities					5,969,545
Tax liabilities					2,447,290
Borrowings					206,290,320
Total liabilities					252,893,461
Capital expenditure	1,193,158	502,764	18,977,332	(15,480)	20,657,774
Amortisation	-	-	58,864	-	58,864
Depreciation	701,589	201,593	4,564,848	-	5,468,030
Impairment losses	-	-	1,159,000	-	1,159,000
Non-cash expenses other than depreciation and amortisation	9,197	353,837	985,218	-	1,348,252

(b) Geographical segments

The Group's business activities are predominantly located in Malaysia and as such segment reporting by geographical location is not presented.

36. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

As at 31 December 2007	WAEIR %	Within 1 year RM	1 - 2 years RM	2 -3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Group								
Fixed rate								
Hire purchase liabilities	5.83	(3,152,775)	(2,300,605)	(2,318,271)	(1,978,890)	(873,980)	-	(10,624,521)
Floating rate								
Bank overdrafts	8.25	(3,459,483)	-	-	-	-	-	(3,459,483)
Fixed deposits with licensed banks	2.91	1,379,931	-	-	-	-	-	1,379,931
Revolving credits	4.39	(1,000,000)	-	-	-	-	-	(1,000,000)
Short term loan	5.53	(62,000,000)	-	-	-	-	-	(62,000,000)
Trade financing	4.48	(124,112,331)	-	-	-	-	-	(124,112,331)
Company								
Fixed rate								
Hire-purchase liabilities	4.42	(92,344)	(96,882)	(101,419)	(105,957)	(54,784)	-	(451,386)
Amounts owing by subsidiary companies	4.89	61,303,197	-	-	-	-	-	61,303,197
Amounts owing to subsidiary companies	3.75	(1,940,374)	-	-	-	-	-	(1,940,374)
Floating rate								
Bank overdrafts	8.00	(586,444)	-	-	-	-	-	(586,444)
Fixed deposits with licensed banks	3.00	779,931	-	-	-	-	-	779,931
Short term loan	5.53	(62,000,000)	-	-	-	-	-	(62,000,000)
Revolving credits	5.35	(1,000,000)	-	-	-	-	-	(1,000,000)

As at 31 December 2006	WAEIR %	Within 1 year RM	1 - 2 years RM	2 -3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Group								
Fixed rate								
Hire purchase liabilities	6.80	(2,052,420)	(1,428,589)	(755,938)	(148,824)	(89,166)	(4,025)	(4,478,962)
Floating rate								
Bank overdrafts	7.98	(5,540,288)	-	-	-	-	-	(5,540,288)
Fixed deposits with licensed banks	3.31	2,110,378	-	-	-	-	-	2,110,378
Revolving credits	5.74	(1,500,000)	-	-	-	-	-	(1,500,000)
Short term loan	5.30	(51,000,000)	-	-	-	-	-	(51,000,000)
Trade financing	4.67	(143,771,070)	-	-	-	-	-	(143,771,070)
Company								
Fixed rate								
Amounts owing by subsidiary companies	4.58	38,356,966	-	-	-	-	-	38,356,966
Amounts owing to subsidiary companies	3.75	(1,900,000)	-	-	-	-	-	(1,900,000)
Floating rate								
Bank overdrafts	8.00	(749,143)	-	-	-	-	-	(749,143)
Fixed deposits with licensed banks	3.10	756,403	-	-	-	-	-	756,403
Short term loan	5.30	(51,000,000)	-	-	-	-	-	(51,000,000)
Revolving credits	5.74	(1,500,000)	-	-	-	-	-	(1,500,000)

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Foreign currency risk

As at balance sheet date, the Group has entered into forward foreign currency contracts to manage exposures to currency risk of its trade receivables and bank borrowings which are denominated in foreign currencies.

The notional amount and maturity date of the forward foreign currency contracts outstanding as at the balance sheet date are as follows:

31 December 2007	Currency	Contract amount in foreign currency	Total notional amount RM	Maturities
Forward used to hedge trade receivables	US Dollar ("USD")	1,524,930	5,278,725	1 – 6 months
Forward used to hedge trade receivables	USD	642,245	2,136,286	2 – 10 months
	Singapore Dollar ("SGD")	191,600	433,204	2 – 10 months
	Brunei Dollar ("BND")	34,341	77,542	2 – 10 months
31 December 2006				
Forward used to hedge trade receivables	USD	4,170,259	14,567,795	1 – 6 months
Forward used to hedge trade receivables	USD	420,671	1,510,780	2 – 10 months

The unrecognised gain as at 31 December 2007 on forward foreign exchange contracts amounting to RM178,720 (2006: RM196,301) are deferred and will be recognised when they are transacted, at which time they are included in the measurement of the transactions. The expected timing of recognising the expenses is within one (1) year.

The net unhedged financial assets and liabilities of the Group that are denominated in foreign currencies are as follows:

	Group 2007 RM	Group 2006 RM
Trade receivables:		
- US Dollar	1,731,690	-
- Singapore Dollar	1,158,078	688,411
	2,889,768	688,411
Trade payables:		
- US Dollar	20,722	188,773
- Singapore Dollar	794,223	628,200
	814,945	816,973

(c) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company as at balance sheet date approximate their fair values.

36. FINANCIAL INSTRUMENTS (cont'd)

(c) Fair values (cont'd)

The following methods and assumptions are used to determine the fair value of financial instruments:

(i) The carrying amounts of the financial assets and liabilities of the Group and of the Company maturing within 12 months approximate their fair values due to relatively short term maturity of these financial instruments.

(ii) The fair values of quoted investments are their quoted market prices as at the balance sheet date.

(d) Credit risk

As at 31 December 2007, the Group has trade receivables amounting to RM3,151,000 (2006: RM9,636,000) which have been outstanding for more than their respective credit terms granted. The Directors believe that any material loss in the event of non-performance by these counter parties is unlikely.

In respect of the deposits, cash and bank balances placed with major financial institutions, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Other than as mentioned, the Group has no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

37. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

(i) The Company has related party relationships with its direct and indirect subsidiary companies and its associated companies.

(ii) The substantial shareholders of the Company through their beneficial shareholdings in Fabulous Essence Sdn. Bhd. and YK Toh Property Sdn. Bhd. are Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin, Toh Yew Seng and Toh Yew Hoe; and

The substantial shareholders of the Company who are also the Directors of the Company are Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan and Toh Yew Seng

("collectively known as "Substantial Shareholders").

(iii) Companies in which the Substantial Shareholders have interests as defined in item (ii).

(b) Significant related party transactions

In the normal course of business, the Group undertakes transactions with certain related parties. Set out below are the significant related party transactions for the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements). The related party transactions described below were carried out on terms and conditions mutually agreed with the respective party.

37. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(b) Significant related party transactions (cont'd)

	Company 2007 RM	Company 2006 RM
(i) Transactions with subsidiary companies:		
Gross dividend income	(6,523,972)	(5,915,375)
Interest paid	68,960	87,360
Interest income	(2,474,401)	(2,365,759)
Management fees charged	(145,336)	(283,723)
Rental income	(2,021,092)	(4,268,482)

	Group 2007 RM	Group 2006 RM
(ii) Transactions with associated companies		
Posmmit Steel Centre Sdn. Bhd.		
Sales of goods	6,773,276	-
Purchase of goods	3,294,065	-
Rental payables	1,615,954	-
Outsourcing fees payables	269,949	-
Prestar Steel (S) Pte. Ltd. *		
Sales of goods	-	(273,162)

* Transaction with the associated company in which Toh Yew Keong and Toh Yew Chin have interest.

	Group 2007 RM	Group 2006 RM
(iii) Transactions with companies in which the Substantial Shareholders have interests:		
Chiho Hardware Sdn. Bhd.		
Sales of goods	(428,522)	(187,595)
Purchases	225,011	196,240
Logam Indah Sdn. Bhd.		
Sales of goods	(1,493)	(2,455)
Wei Giap Hardware Sdn. Bhd.		
Sales of goods	(162,660)	(150,160)
Purchases	197,881	197,049
Wei Sheng Hardware Sdn. Bhd		
Sales of goods	(120,465)	(115,925)
YK Toh (M) Sdn. Bhd.		
Commission expenses	78,261	68,693
Rental received	(18,000)	(18,000)
(iv) Transactions with a company in which Toh Yew Keat and Dato' Toh Yew Peng have interests:		
Syarikat Kwong Nam Hing Sdn. Bhd.		
Sales of goods	(154,194)	(161,619)

37. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(b) Significant related party transactions (cont'd)

	Group 2007 RM	Group 2006 RM
(v) Transactions with companies in which Toh Yew Keong and Toh Yew Chin have interests:		
YK Toh Marketing (S) Pte.Ltd.		
Sales of goods	(3,493,757)	(2,568,738)
Purchases	1,986,492	2,097,114
Diager SG Pte. Ltd.		
Purchases	107,976	120,782
(vi) Transactions with a firm in which Lim Cheang Nyok has interest:		
Lim & Yeoh		
Legal fees	4,500	4,564

(c) Compensation of key management personnel

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group 2007 RM	Group 2006 RM
Short term employee benefits	5,032,328	4,373,588
Contributions to defined contribution plans	545,687	398,324
	5,578,015	4,771,912

38. CAPITAL COMMITMENTS

	Group 2007 RM	Group 2006 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
- Approved and contracted	12,385,000	4,333,000
- Approved but not contracted	-	2,415,000
	12,385,000	6,748,000

39. CONTINGENT LIABILITIES

	Company	
	2007	2006
	RM	RM
Unsecured:		
- Guarantees to financial institutions for credit facilities granted to subsidiary companies	210,337,000	316,970,000

40. STAFF COSTS

The total staff costs recognised in the income statements are as follows:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Salaries, wages and allowances	20,781,869	24,180,778	1,411,115	1,177,416
Defined contribution plan	1,804,179	2,097,934	69,774	43,422
Other employee benefits	3,274,015	4,053,316	187,751	148,042
	25,860,063	30,332,028	1,668,640	1,368,880

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 6 February 2007, the disposal of 5,3000,000 shares in a subsidiary of the Company, Posmmit Steel Centre Sdn. Bhd. ("Posmmit") to POSCO Steel Service and Sales Co. Ltd. ("Posteel") for a total cash consideration of RM29,505,767 was approved by the Company's shareholders at an Extraordinary General Meeting. The disposal was completed on 13 February 2007. Upon completion of the disposal, the Company's interest in Posmmit reduced from 68% to 30%.

(b) On 5 March 2007, a wholly-owned subsidiary, Prestar Manufacturing Sdn. Bhd. received an investment license pertaining to the incorporation of a wholly-owned subsidiary known as Prestar Industries (Vietnam) Co., Ltd. in Vietnam. The issue and paid-up share capital is USD900,000 or RM3,026,110.

(c) On 15 June 2007, the Company acquired 4.41% equity interest comprising 150,000 ordinary shares in Prestar Storage Sdn. Bhd. at a par value of RM1.00 each from a minority shareholder for a purchase consideration of RM300,000. Upon completion of the acquisition, Prestar Storage Sdn. Bhd. become a wholly owned subsidiary of the Company.

42. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 19 March 2008.

FOR YEAR ENDED 31ST DECEMBER 2007

No.	Location	Tenure	Built-up Area (sq ft)	Year of Expiry	Description /Existing Use	Net Book Value (000's)	Age of Building (years)	Date of Acquisition /Revaluation
1	GM 4895, Lot 1298 Mukim of Rawang District of Gombak, Selangor Darul Ehsan	Freehold	501,948 sq ft	nil	Corporate office cum manufacturing site for subsidiaries	47,060	12	5 April 2001
2	H.S. (D) 28255 PT No. 10327 Mukim of Rawang, District of Gombak Selangor Darul Ehsan	Freehold	80,384 sq ft	nil	Manufacturing site for Prestar Manufacturing Sdn Bhd	7,160	14	26 May 1994
3	Lot 17494, 8 1/2 Miles, Jalan Ipoh, Selayang Industrial Estate, 68100 Batu Caves, Selangor Darul Ehsan	Freehold	35,263 sq ft	nil	Corporate office cum warehouse	2,107	20	20 May 1994
4	Lot 1113, 65A, Jalan Perak, 10150 Penang	Freehold	2,904 sq ft	nil	Office cum warehouse	1,017	45	29 Dec 1993
5	# Lot 43 (PT1164), HS(D) 63884, District of Petaling State of Selangor, Jalan Teras Jemang 27/8, 40000 Shah Alam	Freehold	3,088 sq ft	nil	Tenanted	514	15	23 Nov 2000
6	# PD Perdana Condominium Parcel 808, Held under Master Title H.S. (D) 14950, PD No. 99, Pekan Telok Kemang, Daerah Port Dickson, Negeri Sembilan	Freehold	750 sq ft	nil	Vacant	64	9	5 June 2000
7	# Parcel No. M2-L2-1D Tuanku Jaafar Golf & country Resort under Master Title H.S.(D) 99111 for PT No. 18519 Mukim of Ampangan, District of Seremban, State of Negeri Sembilan	Freehold	898 sq ft	nil	Vacant	172	7	4 Feb 2004
8	Plot 40, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (44 years)	124,474 sq ft	2052	Manufacturing site for Tashin Steel Sdn Bhd	9,062	9	8 Aug 2000
9	Plot 39, Lrg Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (44 years)	197,626 sq ft	2052	Vacant Land	2,533	N/A	17 Aug 2005
10	Lot CN7 - 1,2,3 adjacent to Road N5, Song Than III Industrial Zone, Tan Vinh Hiep commune, Tan Uyen District, Binh Duong Province Vietnam	49 yrs (lease)	Land area (48,290 m2)	2055	Manufacturing site cum office for Prestar Industries Vietnam	5,904	N/A	12 April 2007

**** Balance of Leasehold Tenure***

 # Acquired through Debt settlement arrangement from various delinquent trade debtors

AS AT 18 MARCH 2008

Authorised Share Capital	:	RM200,000,000.00
Issued and Paid-Up Share Capital	:	RM90,490,450.00 comprising 180,980,900 ordinary shares of RM0.50 each
Class of Shares	:	Ordinary shares of RM0.50 each
Number of Shareholders	:	5,114
Voting Rights	:	One (1) vote per shareholder on a show of hands
		One (1) vote per ordinary share on a poll

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held			
Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
Fabulous Essence Sdn. Bhd.	50,610,000	29.08	-	-
Toh Yew Keat	11,889,404	6.83	(1)62,003,000	35.62
Dato' Toh Yew Peng	877,596	0.50	(1)62,003,000	35.62
Toh Yew Kar	744,000	0.43	(1)62,003,000	35.62
Toh Yew Chin	-	-	(1)62,003,000	35.62
Toh Yew Keong	-	-	(1)62,003,000	35.62
Toh Yew Seng	480,000	0.28	(1)62,003,000	35.62
Toh Poh Khuan	480,000	0.28	(1)62,003,000	35.62
Toh Yew Hoe	-	-	(1)62,003,000	35.62
Y. K. Toh Property Sdn. Bhd.	11,393,000	6.55	-	-

Note:

(1) Deemed interested by virtue of their respective substantial shareholdings in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	**No. of Shareholders**	**% of Shareholders**	**No. of Shares Held**	**% of Capital Issued**
1 – 99	16	0.31	456	0.00
100 – 1,000	274	5.36	250,860	0.15
1,001 – 10,000	3,552	69.45	18,029,148	10.36
10,001 –100,000	1,174	22.96	34,366,936	19.74
100,001 - 8,703,049 (*)	95	1.86	49,921,196	28.68
8,703,050 and above (**)	3	0.06	71,492,404	41.07
Total	5,114	100.00	174,061,000	100.00

Remarks:
* Less than 5% of Issued Shares
** 5% and above of Issued Shares

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		---------Direct Interest---------		---------Indirect Interest---------	
Directors	**Nationality**	**No. of shares held**	**%**	**No. of shares held**	**%**
Toh Yew Keat	Malaysian	11,889,404	6.83	*62,003,000	35.62
Dato' Toh Yew Peng	Malaysian	877,596	0.50	*62,003,000	35.62
Toh Yew Kar	Malaysian	744,000	0.43	*62,003,000	35.62
Toh Yew Seng	Malaysian	480,000	0.28	*62,003,000	35.62
Toh Poh Khuan	Malaysian	480,000	0.28	*62,003,000	35.62
Md. Nahar Bin Noordin	Malaysian	8,000,000	4.60	0	0
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Malaysian	0	0	0	0
Yee Chee Seng @ Yee Yen	Malaysian	0	0	0	0
Lim Cheang Nyok	Malaysian	0	0	0	0

Notes:

** Deemed interested by virtue of their respective substantial shareholdings in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd.*

Share Options Held under the Employees' Share Option Scheme of the Company

Directors	No. of Share Options Held	Option Price (RM)
Toh Yew Keat	120,000	0.75
Dato' Toh Yew Peng	120,000	0.75
Toh Yew Kar	120,000	0.75
Toh Yew Seng	120,000	0.75
Toh Poh Khuan	120,000	0.75

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares Held	Percentage (%)
1	FABULOUS ESSENCE SDN BHD	48,210,000	27.70
2	TOH YEW KEAT	11,889,404	6.83
3	Y K TOH PROPERTY SDN BHD	11,393,000	6.55
4	SOH TIK SIEW	8,431,300	4.84
5	MD NAHAR BIN NOORDIN	8,000,000	4.60
6	SOO CHEE MENG	2,650,900	1.52
7	SOH TECK GHEE	2,525,400	1.45
8	FABULOUS ESSENCE SDN BHD	2,400,000	1.38
9	LIM MEI WHA	2,070,800	1.19
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *(PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND)*	1,552,200	0.89
11	DATO' TOH YEW PENG	877,596	0.50
12	TOH YEW KAR	744,000	0.43
13	NG TENG SONG	710,800	0.41
14	TCL NOMINEES (ASING) SDN.BHD. *(OCBC SECURITIES PRIVATE LIMITED FOR GOH KOK CHEN)*	700,000	0.40

THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No.	Shareholders	No. of Shares Held	Percentage (%)
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *(PLEDGED SECURITIES ACCOUNT FOR NOOR AZMAN @ NOOR HIZAM B MOHD NURDIN)*	625,000	0.36
16	TEE BON PENG	607,800	0.35
17	TEH CHOONG WENG	600,000	0.34
18	ONG HONG CHOO	584,000	0.34
19	AZMAN BIN AHMAD	500,000	0.29
20	FAM KEAT HONG	500,000	0.29
21	LIM CHOON TEIK	489,300	0.28
22	TOH POH KHUAN	480,000	0.28
23	TOH YEW SENG	480,000	0.28
24	WEST MAH INDUSTRIAL & AUTO SUPPLY SDN BHD	447,300	0.26
25	YEOH AH KEOW	432,600	0.25
26	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD *(PLEDGED SECURITIES ACCOUNT FOR LEE HOONG SENG)*	430,000	0.25
27	HLB NOMINEES (TEMPATAN) SDN BHD *(PLEDGED SECURITIES ACCOUNT FOR LAM KIM CHIAP)*	420,600	0.24
28	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *(PLEDGED SECURITIES ACCOUNT FOR NORAZLAN BIN MOHAMAD NORDIN)*	378,000	0.22
29	OOI KOK WAN	375,000	0.22
30	KOH KIN LIP	360,000	0.21

Note : The analysis of shareholdings is based on the issued and paid-up capital of the Company after deducting 6,919,900 ordinary shares bought back by the Company and held as Treasury Shares as at 18 March 2008.

STATISTICS OF WARRANT HOLDINGS AS AT 18 MARCH 2008

Number of Warrant Holders	:	1,939
Voting Rights at meetings of Warrant Holders	:	One (1) vote per warrant holder on a show of hands One (1) vote per warrant on a poll

ANALYSIS OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants Held	% of Issued Warrants
1 – 99	2	0.11	96	0.00
100 – 1,000	104	5.36	92,200	0.11
1,001 – 10,000	1,029	53.07	6,364,604	7.27
10,001 –100,000	706	36.41	25,434,800	29.05
100,001 - 4,377,189 (*)	97	5.00	31,547,100	36.04
4,377,190 and above (**)	1	0.05	24,105,000	27.53
Total	1,939	100.00	87,543,800	100.00

Remarks:
* Less than 5% of Issued Warrants
** 5% and above of Issued Warrants

DIRECTORS' WARRANT HOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		------Direct Interest------		-------Indirect Interest-------	
Directors	Nationality	No. of warrants held	%	No. of warrants Held	%
Toh Yew Keat	Malaysian	499,702	0.57	*26,051,500	29.76
Dato' Toh Yew Peng	Malaysian	318,798	0.36	*26,051,500	29.76
Toh Yew Kar	Malaysian	252,000	0.29	*26,051,500	29.76
Toh Yew Seng	Malaysian	120,000	0.14	*26,051,500	29.76
Toh Poh Khuan	Malaysian	120,000	0.14	*26,051,500	29.76
Md. Nahar Bin Noordin	Malaysian	0	0	0	0
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Malaysian	0	0	0	0
Yee Chee Seng @ Yee Yen	Malaysian	0	0	0	0
Lim Cheang Nyok	Malaysian	0	0	0	0

Notes:

** Deemed interested by virtue of their respective substantial shareholdings in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd.*

THIRTY (30) LARGEST WARRANT HOLDERS

No.	Warrant Holders	No. of Warrants Held	Percentage (%)
1.	FABULOUS ESSENCE SDN BHD	24,105,000	27.53
2.	SOO CHEE MENG	4,200,000	4.80
3.	Y K TOH PROPERTY SDN BHD	1,946,500	2.22
4.	HDM NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LIM KAM SENG)	1,261,000	1.44
5.	LIM MEI WHA	1,165,000	1.33
6.	WONG KAR SENG	1,124,600	1.28
7.	TEE BON PENG	763,900	0.87
8.	ALLIANCEGROUP NOMINEES (ASING) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LEE CHIN WENG)	651,000	0.74
9.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LOOI LEE YEE)	590,000	0.67
10.	LEE KIM SENG	560,000	0.64
11.	RHB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR NG AH KET)	523,400	0.60
12.	TAN BOOK SOON	500,000	0.57
13.	TOH YEW KEAT	499,702	0.57
14.	GAN LAY HAR	470,000	0.54
15.	LAU MENG KIONG	460,000	0.53
16.	LIM KAM SENG	446,000	0.51
17.	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR ONG CHIN SEAN)	425,000	0.49
18.	AIBB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TIONG HAR HUA)	400,000	0.46
19.	MAK NGIA NGIA @ MAK YOKE LUM	388,200	0.44
20.	SOH TIK SIEW	375,000	0.43
21.	TCL NOMINEES (ASING) SDN.BHD. (OCBC SECURITIES PRIVATE LIMITED FOR GOH KOK CHEN)	350,000	0.40
22.	TAN PHEE MUN @ TAN PHUI MUN	345,200	0.39
23.	CHAN LAM SANG @ CHAN LAM	322,600	0.37
24.	DATO' TOH YEW PENG	318,798	0.36
25.	TEO THIN KUI	300,000	0.34
26.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR HENG POH SUAN)	300,000	0.34
27.	AMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LAM CHUNG MING)	300,000	0.34
28.	KHOO CHOON HOE	300,000	0.34
29.	TEOH EU CHENG	297,000	0.34
30.	HENG POH SUAN	283,000	0.32

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PRESTAR RESOURCES BHD
(Company No. 123066 -A)
(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

FORM OF PROXY

*I/We, ...
(FULL NAME IN BLOCK CAPITALS)

of .... being
(FULL ADDRESS)

a *member/members of PRESTAR RESOURCES BHD, hereby appoint ....
(FULL NAME IN BLOCK CAPITALS)

of ....
(FULL ADDRESS)

or failing *him/her, ...of ....
(FULL NAME IN BLOCK CAPITALS) (FULL ADDRESS)

.... or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 8 May 2008 at 10.00 a.m. or at any adjournment thereof. The proxy is to vote on the business before the Meeting as indicated below (if no indication is given, the proxy will vote as he/she thinks fit or abstain from voting):

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and the Auditors thereon.

No.	Resolutions		For	Against
2.	To approve the declaration of the Final Tax Exempt Dividend of 3%.	(Resolution 1)		
3.	To sanction the payment of Directors' Fees.	(Resolution 2)		
4.	To re-elect Mr. Toh Yew Keat in accordance with Article 105 of the Company's Articles of Association.	(Resolution 3)		
5.	To re-elect Mr. Toh Yew Kar in accordance with Article 105 of the Company's Articles of Association.	(Resolution 4)		
6.	To re-appoint Messrs. BDO Binder as Auditors of the Company and to authorise the Directors to fix their remuneration	(Resolution 5)		
	As Special Business :			
7.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.	(Resolution 6)		
8.	Authority to renew the purchase of the Company's own shares.	(Resolution 7)		
9.	Authority to renew the Shareholders' Mandate for Recurrent Related Party Transactions Of A Revenue Or Trading Nature with Wei Giap Hardware Sdn. Bhd., Chiho Hardware Sdn. Bhd., Y.K. Toh Marketing (S) Pte. Ltd., Wei Sheng Hardware Sdn. Bhd., Syarikat Kwong Nam Hing Sdn. Bhd., Logam Indah Sdn. Bhd., Y.K. Toh (M) Sdn. Bhd., Diager SG Pte. Ltd. and Prestar Steel (S) Pte. Ltd.	(Resolution 8)		
10.	Proposed Amendments to the Articles of Association of the Company	(Resolution 9)		

* Strike out whichever not applicable.

Signed this .... day of 2008

....
Signature of Member/Common Seal

Notes:
1. For the purpose of determining a member who shall entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 67B of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 2 May 2008. Only a depositor whose name appears on the Record of Depositors as at 2 May 2008 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint not more than two (2) proxies to attend and vote instead of him and the provisions of Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

FOLD THIS FLAP FOR SEALING

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Affix
stamp

The Company Secretary
PRESTAR RESOURCES BERHAD
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia

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