PRESTAR RESOURCES BERHAD
(123066-A)

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PRESTAR RESOURCES BERHAD (123066-A) Annual Report 2009

PRESTAR RESOURCES BERHAD

(123066-A)

Towards the next Horizon

Annual Report
2009
Laporan Tahunan

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Financial Statements

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth 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 Tuesday, 22 June 2010 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 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 2009. **Resolution 1**

3. To sanction the payment of Directors' Fees for the financial year ended 31 December 2009. **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) Dato' Toh Yew Peng **Resolution 3**
   (b) Tuan Haji Fadzlullah Shuhaimi Bin Salleh **Resolution 4**
   (c) Mr. Lim Cheang Nyok **Resolution 5**

5. To re-elect the Director, Mr. Toh Yew Chin, who retire pursuant to Article 112 of the Company's Articles of Association, and being eligible, has offered himself for re-election. **Resolution 6**

6. To re-appoint Messrs. BDO 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 7**

7. 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 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 8**

8. ### 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;

   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 or the share premium of the Company based on the audited financial statements for the financial year ended 31 December 2009 of RM13,217,380 and RM1,686,905 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 9**

9. **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 Bursa Malaysia Securities Berhad Main Market Listing Requirements, 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 the Circular to Shareholders dated 31 May 2010 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 of the Company after that date it is required to be held pursuant to Section 143(1) of the Act (but must 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.

AND THAT 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 10**

10. **ORDINARY RESOLUTION NO. 4**
- PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH Y.K. TOH (M) SDN. BHD.

"**THAT**, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company's subsidiary to enter into the Recurrent Related Party Transactions with Y.K. Toh (M) Sdn. Bhd., as described in Section 2.2 of the Circular to Shareholders dated 31 May 2010 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 of the Company after that date it is required to be held pursuant to Section 143(1) of the Act (but must 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,

AND THAT 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 11**

11. **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 31 May 2010 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 12**

12. To transact any other ordinary business for which due notice has been given.

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 18 August 2010 to depositors who are registered in the Record of Depositors at the close of business on 27 July 2010, if approved by members at the forthcoming Twenty-Fifth 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 27 July 2010 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: 31 May 2010

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 for the purpose of granting a renewed general Mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   The General Mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities for the purpose of funding future investment project(s), working capital and/or acquisition(s).

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Twenty-Fourth Annual General Meeting held on 11 June 2009 and which will lapse at the conclusion of the Twenty-Fifth Annual 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-Fourth Annual General Meeting held on 11 June 2009. 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 at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

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-Fourth Annual General Meeting held on 11 June 2009. 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. Authority to enter into the new shareholders' mandate for recurrent related party transactions of a revenue or trading nature
The proposed adoption of the Ordinary Resolution No. 4 is to 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.

5. Proposed Amendments to the Articles of Association
The proposed adoption of the Special Resolution is to provide for the payment of dividend, interest or other money payable in cash, directly into the shareholders' account opened and maintained with a financial institution in Malaysia by way of electronic transfer.

   Further information on the Proposed Renewal of Share Buy-Back Authority, Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions, Proposed New 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 2009 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 15 June 2010. Only a depositor whose name appears on the Record of Depositors as at 15 June 2010 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.

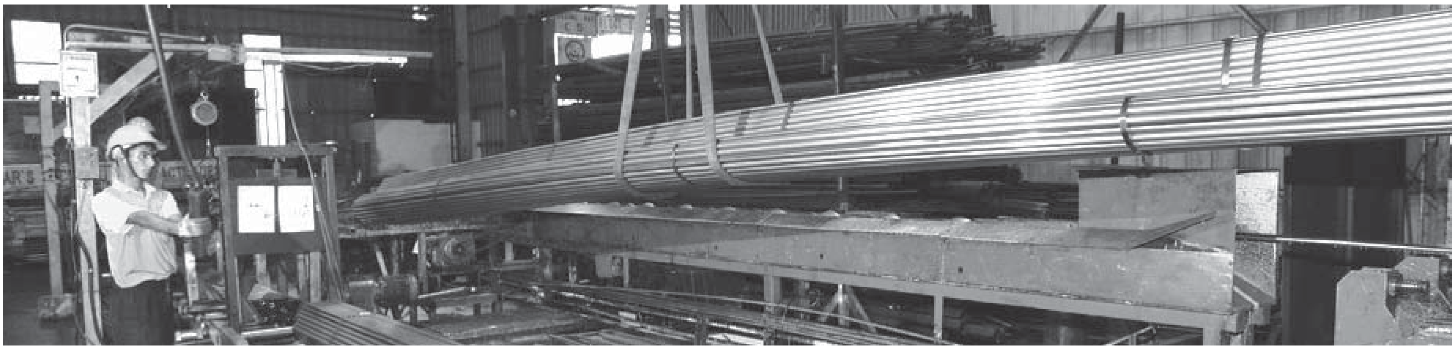
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.

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.

Corporate Information



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

Md. Nahar Bin Noordin
Independent Non-Executive Director

Tuan Haji Fadzlullah Shuhaimi Bin Salleh
Independent Non-Executive Director

Lou Swee You
Independent Non-Executive Director

Lim Cheang Nyok
Independent Non-Executive Director

Toh Yew Chin
Non-Independent Non-Executive Director
(appointed on 18 September 2009)

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

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

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

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

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

PRINCIPAL BANKERS
CIMB Bank Bhd
RHB Bank Berhad
United Overseas Bank Bhd
AmBank Bhd
RHB Investment Bank Bhd
OCBC Bank (Malaysia) Bhd

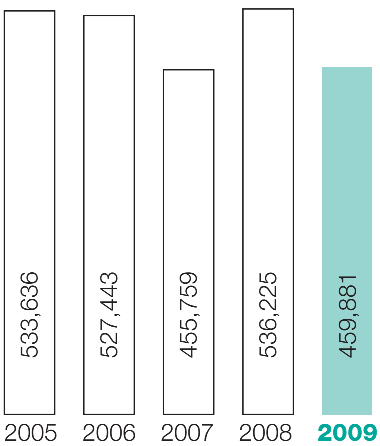
SOLICITORS
SKRINE
Lim & Yeoh

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Stock Code : 9873
Warrant Code : 9873W

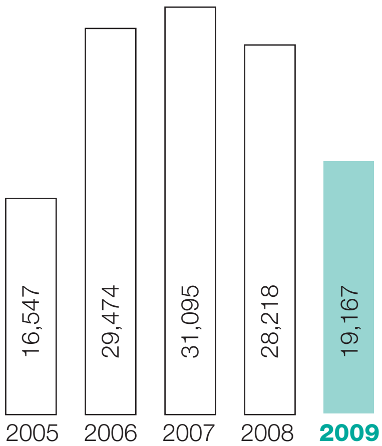
Group Financial Highlights

(RM'000)	2005	2006	2007	2008	2009
Revenue	533,636	527,443	455,759	536,225	459,881
Profit before taxation	16,547	29,474	31,095	28,218	19,167
Profit attributable to Equity Holders of the Company	5,574	11,227	18,215	11,291	4,203
Total Assets	425,173	461,243	447,101	478,532	491,997
Shareholders' Equity	149,001	156,441	157,707	166,254	167,375
Net assets per share attributable to Equity Holders (RM)	0.85	0.90	0.91	0.96	0.96
Earnings per share attributable to Equity Holders (Sen)	3.2	6.4	10.5	6.5	2.4

Revenue
(RM'000)

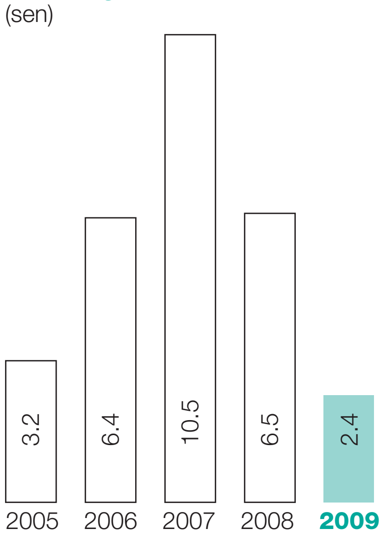


Profit Before Tax
(RM'000)



Shareholders' Equity
(RM'000)

Earnings Per Share
(sen)



Corporate Structure

PRESTAR RESOURCES BERHAD

(123066-A)

STEEL PROCESSING UNIT (SPU)

Prestar Steel Pipes Sdn Bhd
100%

Prestar Precision Tube Sdn Bhd
100%

Tashin Steel Sdn Bhd
51%

Dai Dong Steel Sdn Bhd
70%

POSCO-MKPC Sdn Bhd
30%

Prestar Steel (S) Pte. Ltd.
25%

PRODUCT MANUFACTURING UNIT (PMU)

Prestar Manufacturing Sdn Bhd
100%

Prestar Storage System Sdn Bhd
100%

Prestar Engineering Sdn Bhd
75%

Prestar Galvanising Sdn Bhd
95%

Prestar Marketing Sdn Bhd
100%

Tashin Hardware Sdn Bhd
51%

Prestar Industries (Vietnam) Co., Ltd
100%

INVESTMENT HOLDING UNIT

Prestar Ventures Sdn Bhd
(in Members' Voluntary Liquidation)
100%

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2009.

OVERVIEW

Year 2009 was a year of opportunities and risks for the ever changing landscape in steel industry where fluctuating raw material prices and demands rules the game-plan. Against this backdrop, the Board and Management have adopted a cautious and prudent approach in balancing the procurement and stocking of its steel material requirements.

During the year, we experienced weak market demand and lackluster business conditions in the first half of the year as a result of world wide financial turmoil and the shrinkage of Malaysian economy. Nonetheless, in the later part of the year, global steel prices started to recover and local demands have also improved as a result of the implementation of various Government stimulus packages. This, coupled with the on-going continuous improvement in internal operational processes, has boosted the performance of the Group from negative bottom line to positive results.

Besides the aforesaid matter, the Group has carried out an internal restructuring exercise through transfer of assets and business with subsequent disposal of two of its subsidiaries. This was carried out with the aim to streamline its operation processes to improve organisational efficiencies and effectiveness as well as cost saving in the overall Group administration.

The Vietnam investment installation and commission of the new pipe manufacturing facilities has been completed successfully during the financial year. We expect our Vietnam subsidiary to be contributing positively to our Group financial results in the next few years.

On the whole, the Group has weathered through the global steel and financial turmoil reasonably well though the achievement for the current year was still significantly below prior year's performance due to unprecedented steel pricing phenomenon witnessed in the prior year. Undoubtedly, we will continue to strive for the enhancement of shareholders' value with better financial performance and good corporate governance.

FINANCIAL PERFORMANCE

For the year under review, the Group garnered total revenue of RM 459.9 million, which is 14 % lower than the previous year's achievement amidst the on-going global financial crisis. Nevertheless, the Group was able to generate profit after tax of RM 11.8 million for the year after experiencing some upswings in the steel prices and demand toward the second half of the year.

Moving forward, the Board, together with the management team, will continue to take cautious and prudent actions in steering the Group towards greater height. Improvement actions taken earlier in optimising supply chain management, productivity enhancement programs and cost cutting exercises will be continued and further intensified to enhance the Group's competitive edge and sustainable growth.

Earnings per share for the financial year under review was 2.41 sen as compared to 6.49 sen last year while net assets per share attributable to ordinary equity holders of the Company rose slightly to 0.96 sen per share. The Group financial position remained healthy as shareholders' fund improved to RM167.4 million.

PROSPECTS

In line with the improvement in steel prices and market demand experienced lately as well as the robust growth in domestic economy (projected 6% GDP growth for the year 2010 by Malaysian Government), the Board is of the opinion that the performance of the Group will be much better for the financial year ending 2010.

DIVIDEND

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 2009, which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

APPRECIATION

On behalf of the Board, I would like to express our appreciation and gratitude to the management and employees of Prestar Group for their dedicated services, contributions and firm commitments towards the Group during the year. I also wish to extend our thanks to our valuable shareholders, customers, business associates, investors as well as banking institutions and relevant authorities for their continued support and confidence in Prestar Group.

I would like to welcome our new Board member, Mr. Toh Yew Chin and look forward to a good working relationship with him. At the same time, I would also like to extend my appreciation to Ms. Toh Poh Khuan for her services and contributions over the years.

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
Chairman of the Board

Toh Yew Keat

Age: 63, 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 Mr Toh Yew Chin, Non-Independent Non-Executive Director of Prestar Resources Berhad.

Dato' Toh Yew Peng

Age: 58, 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 Mr Toh Yew Chin, Non-Independent Non-Executive Director of Prestar Resources Berhad.

Toh Yew Kar

Age: 52, 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 Mr Toh Yew Chin, Non-Independent Non-Executive Director of Prestar Resources Berhad.

Toh Yew Seng

Age : 49, 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 Mr Toh Yew Chin, Non-Independent Non-Executive Director of Prestar Resources Berhad.

Toh Yew Chin

Age : 47, Malaysian
Non-Independent Non-Executive Director
Appointed to the Board on 18 September 2009

Mr Toh Yew Chin is the Managing Director of Prestar Steel (S) Pte. Ltd. and Diager SG Pte. Ltd. He also sit on the Board of Y K Toh Marketing (S) Pte. Ltd. and Prestar Marketing Sdn. Bhd.

He was responsible for the sales and marketing of Prestar Marketing Sdn. Bhd. before transferring to Singapore in 1984 to set up Y K Toh Marketing (S) Pte. Ltd. (YKTM) and responsible for the overall business planning and development of YKTM.

He was a Director of Prestar Resources Berhad from 12 July 1984 to 14 May 2001.

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 Mr Toh Yew Seng, Group Executive Director of Prestar Resources Berhad.

Md Nahar bin Noordin

Age : 53, 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.

Besides Prestar Resources Berhad, he also sits on the Board of several private limited companies.

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 : 53, 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.

Tuan Haji Shuhaimi does not have any family relationship with any Director and / or major shareholder of the Company.

Mr. Lou Swee You

Age: 67, Malaysian
Independent Non- Executive Director
Chairman of Audit Committee
Member of Remuneration Committee
Member of Nomination Committee
Appointed to the Board on 9 May 2008

Mr. Lou Swee You is a graduate of Nanyang University, Singapore with a B. Com. (Accountancy) degree and holds a Master of Business Administration degree from Strathclyde Graduate Business School, Glasgow, Scotland. Besides being a Certified Internal Auditor, he is also a CFIIA, FCCS, PNA, CFP, RFP and member of MID, MICG and MIM.

He had spent more than thirty years with a PLC and had headed various functions including finance, secretarial practices, information system, human resource and internal auditing. He was the officer/director primarily responsible for the financial management of that company for more than twenty years.

Actively involved in internal audit activities, he was a board member of The Institute of Internal Auditors Malaysia from 1998 to 2006. Positions held include Treasurer, Secretary and Vice President. One of the trainers for Internal Audit Diploma of Malaysian Institute of Management.

Mr. Lou does not have any family relationship with any Director and / or major shareholder of the Company.

Lim Cheang Nyok

Aged : 42, 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.

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 ten (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.

Statement on Corporate Governance

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 on Corporate Governance ("the Code") within the Group.

The Board is pleased to report to shareholders on the manner the Group has applied the principles, and the extent of compliance with the best practices of corporate governance, as set out in Part 1 and Part 2 of 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 executing the key 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 operation 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 four (4) Executive Directors, one (1) Non-Independent Non-Executive Director, and four (4) Independent Non-Executive Directors which fulfils the prescribed requirement for one-third (1/3) of the Board to be independent as stated in paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR").

The diverse background of the members of the Board who come from various fields such as legal, finance, commercial and technical experiences forms invaluable assets 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 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.

The following trainings in the form of briefings, talks and seminars have been attended by the Directors during the financial year ended 31 December 2009:

- Technical Training on Cold-drawn Line production techniques
- Trade Forum on WTO, FTA and Asean – CEPT
- Enhancing Export through Logistics and ICT
- Forum on FRS 139, Financial Instruments: Recognition and measurement

(iii) Board Meetings and Supply of Information

The Board of Directors met four (4) times during the financial year ended 31 December 2009. Details of each Director's attendance at the Board Meetings are as follows:-

Name of Director	No. of meetings attended
Mr. Toh Yew Keat	4/4
Dato' Toh Yew Peng	4/4
Mr. Toh Yew Seng	4/4
Mr. Toh Yew Kar	4/4
Ms. Toh Poh Khuan (Retired on 11 June 2009)	2/2
Mr. Toh Yew Chin (Appointed on 18 September 2009)	1/1
Encik Md. Nahar Bin Noordin	4/4
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	4/4
Mr. Lou Swee You	4/4
Mr. Lim Cheang Nyok	3/4

(iii) Board Meetings and Supply of Information (cont'd)

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, risk management committee progress report, minutes of all Board Committees, summary of all announcements, summary of Directors' dealings and any other matters requiring the 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 Annual General Meeting ("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 AGM (Article 112).

(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 formal written Terms of Reference which clearly outline their objectives and scope of duties.

a) Audit Committee

The Audit Committee of the Company consists of three (3) Independent Non-Executive Directors to be in line with the Code and the MMLR whereby the Audit Committee shall only consists of 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.

Members of the Committee are as follows:

Mr. Lim Cheang Nyok	Chairman
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member
Mr. Lou Swee You	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 manage 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. Lou Swee You	Member

(v) Board Committees (cont'd)

(d) Group Risk Management Committee

The Board acknowledges 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. The risk management reports are further presented to the Audit Committee and thereafter the Board of Directors.

B. DIRECTORS' REMUNERATION

Details of the remuneration for the Directors of the Company comprising remuneration received/receivable from the Company and its subsidiary companies during the financial year ended 31 December 2009 are as follows: -

(i) Aggregate remuneration categorised into appropriate components:

RM ('000)	Executive Directors	Non-Executive Directors
Fees	339	110
Salaries	1,747	-
Bonus & Others	421	-
Benefits-in-kind	99	-
EPF and SOCSO	264	-

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

	Executive Directors	Non-Executive Directors
Below RM50 000	-	5
RM 100 001 to RM 150 000	1	-
RM 550 001 to RM 600 000	1	-
RM 650, 001 to RM 700, 000	2	-
RM 750, 001 to RM 800, 000	1	-

Note : During the financial year ended 31 December 2009, one (1) Executive Director has retired and a new Non-Independent Non-Executive Director has been appointed

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 authorities and approved accounting standards.

The Statement of Directors' Responsibility pursuant to the MMLR on its responsibilities in preparing the financial statements is set out in another section of this Annual Report.

C. ACCOUNTABILITY AND AUDIT (cont'd)

(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 Code.

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.

E. 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 and detail disclosure of the remuneration of each Director, the Board considers that all other Best Practices have been substantially implemented in accordance with the Code.

F. 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 / shareholders.

Below are the activities or practices undertaken by the Group

(i) The Workplace

The Group has 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 continues to provide various levels of insurance coverage on medical and hospitalisation benefits and as well as critical illness with term life and personal accident insurance to its employees. This is to ensure all employees would receive some form of financial supports towards the medical expenses in the event of untoward incidents.

In addition, the Group also provide accommodation to all the foreign workers as well as some non-local staff through well maintained and furnished hostels. The Group Human Resources department will always ensures that the hostels are in good condition.

(ii) The Environment

The Group recognises the importance of environmental conservation. For instance, all industrial wastes from the Group's operations are properly handled in accordance with the preset procedures, guidelines and regulations. All industries wastes are strictly disposed off to licensed parties authorised by the relevant environmental authority.

(iii) Community

The Group continuously contributes towards the needs of the less fortunate groups through the sponsorship of other organisations. During the financial year under review, the Group has contributed funds to less fortunate groups through Metal Dealers' Association Selangor, Lion Parkson Foundation, Beautiful Gate Foundation for the Disabled, various school building funds and some Charity fund raising programmes.

Additional Compliance Information

The following information is provided in compliance with Paragraph 9.25 of Bursa Malaysia Securities Berhad Main Market 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 or Convertible Securities
There were no options exercised or warrants conversion during the financial year.

4. Depository Receipt Programme
During the financial year, the Company did not sponsor any Depository Receipt 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 8,800.00

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.

Statement on Internal Control

INTRODUCTION

The Board of Directors ("Board") is pleased to provide the following Statement on Internal Control pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Securities"). Using the best practices of the Malaysian Code on 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

Risk management is an integral part of the overall management process. Therefore, the Group has put in place a risk management framework to promote effective risk management within the Group.

The Group Risk Management Committee ("GRMC") is responsible to ensure all the major risks of the Group are properly managed. The GRMC is supported by various Risk Management Units ("RMU") of its subsidiaries. All significant risks, its relevant controls and mitigation plans taken by management are documented in the risk management reports. These reports are prepared twice a year and tabled to the Audit Committee and the Board of Directors for deliberation.

INTERNAL AUDIT FUNCTION

The Internal Audit Function is carried out by its own in-house internal audit team where it is independent of the day-to-day operations and report directly to the Audit Committee. During the financial year under review, the Group has also engaged an external professional service firm to review the internal control of certain operations of the Group.

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 or Senior Management.

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. These policies and procedures are reviewed when necessary.
- Corporate finance, treasury and legal matters are controlled centrally and monitored on weekly, monthly and/or quarterly basis.
- Monthly management report on key business indicators and performance results on each subsidiary is reported to management and the Executive Directors. These allow the management and the Directors to review the performance of each subsidiary on monthly basis and act accordingly when there are any significant discrepancies and variances.

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 external auditors have reviewed this Statement on Internal Control for inclusion in the annual report of the Group for the year ended 31 December 2009.

Audit Committee Report

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 2009.

1. COMPOSITION OF THE AUDIT COMMITTEE AND MEETINGS

During the financial year ended 31 December 2009, the Audit Committee held a total of five (5) meetings. The members of the Audit Committee together with their attendance are set out below:-

Name	Designation	Attendance
Mr. Lou Swee You	Chairman / Independent, Non-Executive Director	5/5
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member / Independent, Non-Executive Director	4/5
Lim Cheang Nyok	Member / Independent, Non-Executive Director	4/5

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 21 to 25.

3. SUMMARY OF KEY ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year ended 31 December 2009, the main activities undertaken by the Audit Committee were as follows:

a) Reviewed the unaudited quarterly financial results of the Group and thereafter, submitted them to the Board for approval and release to Bursa Malaysia Securities Berhad.

b) Reviewed the audited year-end financial statements of the Group & Company and thereafter, submitted them to the Board for consideration and approval.

c) Met with the External Auditors twice a year in the absence of the Executive Directors and Management 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 responses 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 thereafter recommended the same to the Board for inclusion in the annual report.

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

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

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

j) Reviewed the performance of Internal Audit Department.

4. STATEMENT ON INTERNAL AUDIT FUNCTION

The internal audit function is an integral part of the assurance framework and its main objective is to provide assurance on the adequacy and effectiveness of the risk, control and governance framework within the Group. The Audit Committee is supported by an internal audit function which is undertaken by its own in-house internal audit team.

The Head of Internal Audit Department ("IAD") reports directly to the Audit Committee to maintain the independent and objectivity of the internal audit function. The IAD adopts a risk-based audit approach when establishing its audit plan. The audit plan is approved by the Audit Committee and is reviewed from time to time in view of the fast changing business environment and risks.

The main objective of IAD is to provide reasonable assurance that the internal control systems within the Group is operated satisfactorily and effectively. It provides the Audit Committee with independent and objectives reports on the state of internal control of the various operating units of the Group. The IAD also acts on suggestions and instructions made by the Audit Committee and senior management on concerns over operations and control.

All internal audit reports including the audit findings, recommended action plans, and Management's responses were presented to the Audit Committee for deliberation. 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 cost incurred for the in-house internal audit team was approximately RM160,000. This included the manpower cost, training cost, and traveling cost. In addition, the Group also outsourced some aspects of the internal audit work to external professional service firm with total cost of RM37,500.

5. TERMS OF REFERENCE

5.1. 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 Bursa Malaysia Securities Berhad ("Bursa Securities").Main Market Listing Requirements.

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

c) 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.

5.2. 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.

5.3. 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.

5.4. 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 Finance Director, the head of internal audit and the external auditors in order to kept informed of matters affecting the Company.

The Finance Director, 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.

5.5. 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.

5.6. Quorum

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

5.7. 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.

5.8. 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 Bursa Securities Main Market Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

5.9. Duties and Responsibilities

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

5.9.1. Risk Management and Internal Control

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

5.9.2. 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 Bursa Securities Main Market Listing Requirements 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.

5.9.3. 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) approve any appointment or termination of senior staff members of the internal audit function; and

f) 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.

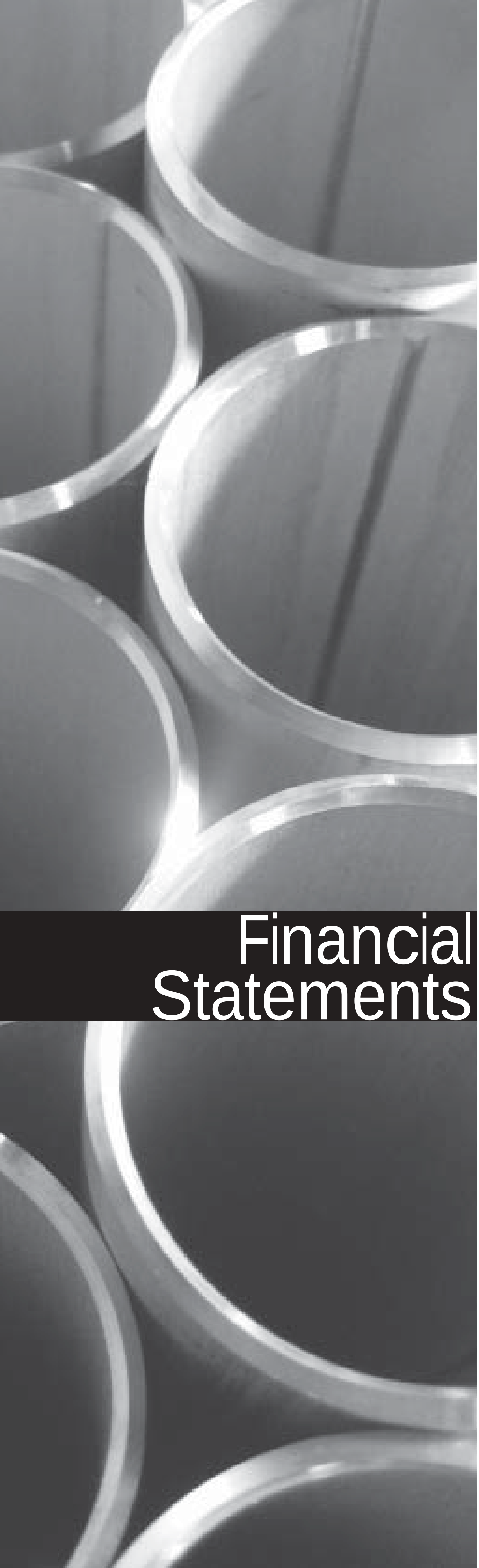
5.9.4. Other Responsibilities and Duties

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.



Financial Statements

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 Bursa Malaysia Securities Berhad Main Market Listing Requirements. The audited financial statements of the Company and the Group for the financial year ended 31 December 2009 are set out from pages 28 to 96 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 2009, 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.

DIRECTORS' REPORT

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 2009.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the rental of properties, investment holding and indent activity. The principal activities of the subsidiaries are mainly involved in the manufacturing of steel related products and the details are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	**Company RM'000**
Profit for the financial year	11,819	4,805
Attributable to:		
Equity holders of the Company	4,203	4,805
Minority interest	7,616	-
	11,819	4,805

DIVIDENDS

As approved by the shareholders at the Annual General Meeting held on 11 June 2009, a final dividend of 3% (1.5 sen per share), tax exempt, amounting to RM2,611,000 in respect of the previous financial year was paid on 8 September 2009.

The Directors proposed a final dividend of 3% (1.5 sen per share), tax exempt, amounting to RM2,611,000 in respect of the financial year ended 31 December 2009, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

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

The Company did not issue any shares or 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 six (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 two (2) existing ordinary shares of RM0.50 each 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 on Main Market of Bursa Malaysia Securities Berhad with effect from 19 July 2005.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued ordinary shares of the Company during the financial year.

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
Md. Nahar Bin Noordin
Tuan Haji Fadzlullah Shuhaimi Bin Salleh
Lim Cheang Nyok
Lou Swee You
Toh Yew Chin (appointed on 18 September 2009)
Toh Poh Khuan (retired on 11 June 2009)

In accordance with Article 105 of the Company's Articles of Association, Dato' Toh Yew Peng, Tuan Haji Fadzlullah Shuhaimi Bin Salleh and Lim Cheang Nyok shall retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, have offered themselves for re-election.

In accordance with Article 112 of the Company's Articles of Association, Toh Yew Chin retires by casual vacancy from the Board at the forthcoming Annual General Meeting, and being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 December 2009 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	------ Number of ordinary shares of RM0.50 each ------			
	Balance as at 1.1.2009	**Bought**	**Sold**	**Balance as at 31.12.2009**
Shares in the Company				
Direct interests				
Toh Yew Keat	11,889,404	-	-	11,889,404
Dato' Toh Yew Peng	877,596	-	-	877,596
Toh Yew Kar	744,000	-	-	744,000
Md. Nahar Bin Noordin	8,000,000	-	-	8,000,000
Toh Yew Seng	480,000	-	-	480,000
Deemed interests				
Toh Yew Keat	62,003,000	-	-	62,003,000
Dato' Toh Yew Peng	62,003,000	-	-	62,003,000
Toh Yew Kar	62,003,000	-	-	62,003,000
Toh Yew Seng	62,003,000	-	-	62,003,000
Toh Yew Chin	62,003,000	-	-	62,003,000

	------ Number of ordinary shares of RM1.00 each ------			
	Balance as at 1.1.2009	Bought	Sold	Balance as at 31.12.2009
Shares in the subsidiaries				
Deemed interests				
Prestar Galvanising Sdn. Bhd.				
Dato' Toh Yew Peng	5,000,000	-	-	5,000,000
Toh Yew Seng	5,000,000	-	-	5,000,000
Toh Yew Kar	5,000,000	-	-	5,000,000
Prestar Engineering Sdn. Bhd.				
Toh Yew Kar	1,500,000	750,000	-	2,250,000
Toh Yew Seng	1,500,000	750,000	-	2,250,000
Dai Dong Steel Sdn. Bhd.				
Toh Yew Seng	1,050,000	1,050,000	-	2,100,000
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 interests in the ordinary shares of the Company, all the Directors except for Md. Nahar Bin Noordin, Tuan Haji Fadzlullah Shuhaimi Bin Salleh, Lim Cheang Nyok and Lou Swee You are also deemed to be interested in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

The Directors' holdings in warrants according to the Register of Directors' Shareholdings are as follows:

	------------------- Number of Warrants -------------------			
	Balance as at 1.1.2009	Bought	Sold	Balance as at 31.12.2009
Warrants in the Company				
Direct interests				
Toh Yew Keat	499,702	-	-	499,702
Dato' Toh Yew Peng	318,798	-	-	318,798
Toh Yew Kar	252,000	-	-	252,000
Toh Yew Seng	120,000	-	-	120,000
Deemed interests				
Toh Yew Keat	26,051,500	-	-	26,051,500
Dato' Toh Yew Peng	26,051,500	-	-	26,051,500
Toh Yew Kar	26,051,500	-	-	26,051,500
Toh Yew Seng	26,051,500	-	-	26,051,500
Toh Yew Chin	26,051,500	-	-	26,051,500

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

(i) director's fees and other emoluments as disclosed in Note 26 to the financial statements; and

(ii) deemed benefits arising from related party transactions as disclosed in Note 35 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.

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 other than debts, 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 except for the effects arising from the reversal of inventories written down in prior year resulting in an increase in the Group's profit for the financial year by RM11,184,000 as disclosed in Note 26 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 amounts 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 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 (12) months after the end of the financial year which will or may affect the ability 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.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (cont'd)

(III) AS AT THE DATE OF THIS REPORT (cont'd)

(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 31 July 2009, a wholly-owned subsidiary of the Company, Prestar Manufacturing Sdn. Bhd. ("PMSB") entered into a Sale of Shares Agreement with a third party to acquire the remaining 5% equity interest in Prestar Tooling Sdn. Bhd. ("PTSB") representing 75,000 ordinary shares of RM1.00 each for a total cash consideration of RM60,000 to facilitate the internal restructuring exercise of the Group.

On 25 August 2009, the Board of Directors of the Company announced that PTSB and Prestar Galvanising Sdn. Bhd. ("PGSB"), both wholly-owned subsidiaries of the Company had undergone an internal restructuring exercise, which involved the transfer of PTSB's business through sales of assets for a total cash consideration of RM819,000.

On 23 October 2009, the immediate holding company of PTSB, Prestar Manufacturing Sdn. Bhd. ("PMSB") disposed off its entire equity interest in PTSB, representing 1,500,000 ordinary shares of RM1.00 each of the fully paid-up share capital of PTSB for a total cash consideration of RM2.00 to third parties. Following the disposal, the Company and PMSB ceased to be the ultimate and immediate holding companies of PTSB respectively.

(b) On 18 September 2009, a wholly-owned subsidiary of the Company, Excelpath Sdn. Bhd. ("ESB") disposed off its entire equity interest in Prestar Storage System Sdn. Bhd. ("PSSSB"), representing 3,050,000 ordinary shares of RM1.00 each of the fully paid-up share capital of PSSSB for a total cash consideration of RM2.00 to the Company. Consequently, PSSSB ceased to be a subsidiary of ESB.

On 23 October 2009, the Company disposed off its entire equity interest in ESB, representing 1,500,000 ordinary shares of RM1.00 each of the fully paid-up share capital of ESB for a total cash consideration of RM2.00 to third parties. Consequently, ESB ceased to be a subsidiary of the Company.

(c) On 18 November 2009, a wholly-owned subsidiary of the Company, Prestar Marketing Sdn. Bhd. ("PMktg") entered into a sale and purchase agreement with a related company, Prestar Ventures Sdn. Bhd. ("PVSB") to acquire a piece of land with a single storey detached factory and three storey front office for a total cash consideration of RM4,200,000. As at the date of sale and purchase agreement, the acquisition was completed.

(d) On 23 November 2009, the Company entered into a sale and purchase agreement with a third party to acquire a freehold land and building for a total cash consideration of RM850,000. On 14 December 2009, the acquisition was completed.

AUDITORS

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

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

Dato' Toh Yew Peng Director	Toh Yew Seng Director

Kuala Lumpur
21 April 2010

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 35 to 96 have been 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 the state of affairs of the Group and of the Company as at 31 December 2009 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Toh Yew Peng Director	Toh Yew Seng Director

Kuala Lumpur
21 April 2010

STATUTORY DECLARATION

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 35 to 96 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	)	
declared by the abovenamed	)	KOAY KAH EE
at Kuala Lumpur this	)	
21 April 2010	)	

Before me:
No. W451
S. Ideraju
Pesuruhanjaya Sumpah
(Commissioner for Oaths)
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRESTAR RESOURCES BERHAD

Report on the Financial Statements

We have audited the financial statements of Prestar Resources Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 96.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, 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 the state of affairs of the Group and of the Company as at 31 December 2009 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 10 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF: 0206
Chartered Accountants

Law Kian Huat
2855/07/10 (J)
Chartered Accountant

Kuala Lumpur
21 April 2010

BALANCE SHEETS AS AT 31 DECEMBER 2009

	NOTE	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Company 2009 RM'000	Company 2008 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	164,670	163,337	49,138	50,158
Investment properties	8	1,400	563	850	-
Prepaid lease payments for land	9	-	-	-	-
Investments in subsidiaries	10	-	-	56,026	55,830
Investments in associates	11	35,780	35,423	16,968	17,021
Amount owing by a subsidiary	18	-	-	5,418	-
Other investments	12	2	362	-	-
Intangible assets	13	2,028	2,087	-	-
Deferred tax assets	14	2	330	-	-
		203,882	202,102	128,400	123,009
Current assets					
Inventories	15	125,051	157,027	-	-
Trade receivables	16	114,570	90,777	-	-
Other receivables, deposits and prepayments	17	21,902	10,345	1,402	922
Amounts owing by subsidiaries	18	-	-	84,585	69,107
Current tax assets		2,823	1,984	90	65
Fixed deposits with licensed banks	19	2,877	1,054	1,077	1,054
Cash and bank balances		20,892	15,243	315	288
		288,115	276,430	87,469	71,436
TOTAL ASSETS		491,997	478,532	215,869	194,445
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	20	90,490	90,490	90,490	90,490
Reserves	21	76,885	75,764	19,818	17,591
		167,375	166,254	110,308	108,081
Minority interest		51,735	47,026	-	-
TOTAL EQUITY		219,110	213,280	110,308	108,081
Non-current liabilities					
Borrowings	22	25,265	33,500	6,829	8,422
Deferred tax liabilities	14	5,136	2,534	1,121	1,071
		30,401	36,034	7,950	9,493
Current liabilities					
Trade payables	23	18,929	9,339	-	-
Other payables and accruals	24	10,246	16,124	1,088	1,118
Amounts owing to subsidiaries	18	-	-	7,841	1,740
Borrowings	22	211,849	202,982	88,682	74,013
Current tax liabilities		1,462	773	-	-
		242,486	229,218	97,611	76,871
TOTAL LIABILITIES		272,887	265,252	105,561	86,364
TOTAL EQUITY AND LIABILITIES		491,997	478,532	215,869	194,445

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

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	NOTE	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Company 2009 RM'000	Company 2008 RM'000
Revenue	25	459,881	536,225	14,737	14,781
Cost of sales		(401,879)	(477,982)	(1,062)	(1,155)
Gross profit		58,002	58,243	13,675	13,626
Other income		5,311	11,326	404	324
Selling and distribution expenses		(3,578)	(3,884)	-	-
Administrative expenses		(27,111)	(27,143)	(3,048)	(2,914)
Other expenses		(3,498)	(2,713)	(3,405)	(139)
Finance costs		(10,419)	(12,996)	(4,844)	(4,344)
Interest income		103	118	4,105	3,521
Share of profit of associates		357	5,267	-	-
Profit before tax	26	19,167	28,218	6,887	10,074
Tax expense	27	(7,348)	(5,839)	(2,082)	(2,314)
Profit for the financial year		11,819	22,379	4,805	7,760
Attributable to:					
Equity holders of the Company		4,203	11,291	4,805	7,760
Minority interest		7,616	11,088	-	-
		11,819	22,379	4,805	7,760
Earnings per ordinary share (Sen):	29				
- Basic		2.41	6.49		
- Diluted		2.41	6.49		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

Group	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Warrant reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
	---------- Attributable to equity holders of the Company ----------									
Balance as at 1 January 2009	90,490	1,687	1,080	(565)	3,862	(5,854)	75,554	166,254	47,026	213,280
Foreign currency translations	-	-	-	(504)	-	-	-	(504)	-	(504)
Loss recognised directly in equity	-	-	-	(504)	-	-	-	(504)	-	(504)
Effect of change in tax rate on deferred tax (Note14)	-	-	33	-	-	-	-	33	-	33
Profit for the financial year	-	-	-	-	-	-	4,203	4,203	7,616	11,819
Total recognised income and expense for the financial year	-	-	33	(504)	-	-	4,203	3,732	7,616	11,348
Realisation of revaluation reserve	-	-	(62)	-	-	-	62	-	-	-
Effect of acquisition of interest in a subsidiary (Note 10(a))	-	-	-	-	-	-	-	-	(75)	(75)
Issuance of shares to minority shareholder	-	-	-	-	-	-	-	-	263	263
Dividends:										
- Final dividend of the Company in respect of the financial year ended 31 December 2008 (Note 28)	-	-	-	-	-	-	(2,611)	(2,611)	-	(2,611)
- Interim dividend of subsidiaries in respect of the financial year ended 31 December 2008	-	-	-	-	-	-	-	-	(3,095)	(3,095)
Balance as at 31 December 2009	90,490	1,687	1,051	(1,069)	3,862	(5,854)	77,208	167,375	51,735	219,110

Group	----- Attributable to equity holders of the Company -----									
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange translation reserve RM'000	Warrant reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
Balance as at 1 January 2008	90,490	1,687	1,109	(433)	3,862	(5,854)	66,845	157,706	38,823	196,529
Foreign currency translations	-	-	-	(132)	-	-	-	(132)	-	(132)
Loss recognised directly in equity	-	-	-	(132)	-	-	-	(132)	-	(132)
Profit for the financial year	-	-	-	-	-	-	11,291	11,291	11,088	22,379
Total recognised income and expense for the financial year	-	-	-	(132)	-	-	11,291	11,159	11,088	22,247
Realisation of revaluation reserve	-	-	(29)	-	-	-	29	-	-	-
Dividends:										
- Final dividend of the Company in respect of the financial year ended 31 December 2007 (Note 28)	-	-	-	-	-	-	(2,611)	(2,611)	-	(2,611)
- Interim dividend of subsidiaries in respect of the financial year ended 31 December 2007	-	-	-	-	-	-	-	-	(2,885)	(2,885)
Balance as at 31 December 2008	90,490	1,687	1,080	(565)	3,862	(5,854)	75,554	166,254	47,026	213,280

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)

Company	**Ordinary share capital RM'000**	**Share premium RM'000**	**Revaluation reserve RM'000**	**Warrant reserve RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Balance as at 1 January 2009	90,490	1,687	1,080	3,862	(5,854)	16,816	108,081
Effect of change in tax rate on deferred tax (Note 14)	-	-	33	-	-	-	33
Profit for the financial year, representing total income and expense for the financial year	-	-	-	-	-	4,805	4,805
Total recognised income and expense for the financial year	-	-	33	-	-	4,805	4,838
Realisation of revaluation reserve	-	-	(62)	-	-	62	-
Dividends (Note 28):							
- Final dividend in respect of the financial year ended 31 December 2008	-	-	-	-	-	(2,611)	(2,611)
Balance as at 31 December 2009	90,490	1,687	1,051	3,862	(5,854)	19,072	110,308
Balance as at 1 January 2008	90,490	1,687	1,109	3,862	(5,854)	11,638	102,932
Profit for the financial year, representing total income and expense for the financial year	-	-	-	-	-	7,760	7,760
Total recognised income and expense for the financial year	-	-	-	-	-	7,760	7,760
Realisation of revaluation reserve	-	-	(29)	-	-	29	-
Dividends (Note 28):							
- Final dividend in respect of the financial year ended 31 December 2007	-	-	-	-	-	(2,611)	(2,611)
Balance as at 31 December 2008	90,490	1,687	1,080	3,862	(5,854)	16,816	108,081

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

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	NOTE	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Company 2009 RM'000	Company 2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		19,167	28,218	6,887	10,074
Adjustments for:					
Impairment loss on investment in an associate	11	-	-	53	-
Allowance for doubtful debts		573	1,271	-	-
Allowance for doubtful debts no longer required		(643)	(283)	-	-
Amortisation of development costs	13	59	59	-	-
Allowance for slow moving inventories		581	-	-	-
Depreciation of investment properties	8	13	18	-	-
Depreciation of property, plant and equipment	7	8,952	7,188	1,075	1,064
Dividend income		(14)	(24)	(10,825)	(11,130)
Impairment loss on investment properties	8	-	168	-	-
Impairment loss on property, plant and equipment	7	736	704	-	-
Interest expenses		10,419	12,996	4,844	4,344
Interest income		(103)	(118)	(4,105)	(3,522)
Inventories write down		-	14,074	-	-
Inventories write down no longer required		(11,184)	-	-	-
Loss on disposal of property, plant and equipment		1,198	-	-	-
Gain on disposal of property, plant and equipment		(36)	(611)	(28)	-
(Gain)/Loss on disposal of investments in subsidiaries	32	(10)	-	1,500	-
Gain on acquisition of minority interest		(15)	-	-	-
Gain on disposal of quoted shares	12	(48)	-	-	-
Property, plant and equipment written off		341	52	-	-
Unrealised loss on foreign exchange		31	-	-	-
Share of profit of associates		(357)	(5,267)	-	-
Operating profit/(loss) before working capital changes		29,660	58,445	(599)	830
Decrease/(Increase) in inventories		42,545	(38,807)	-	-
(Increase)/Decrease in trade receivables		(23,754)	40,933	-	-
(Increase)/Decrease in other receivables, deposits and prepayments		(11,581)	270	(480)	(297)
Increase/(Decrease) in trade payables		9,589	(21,925)	-	-
(Decrease)/Increase in other payables and accruals		(5,816)	3,706	(30)	(112)
Cash generated from/(used in) operations		40,643	42,622	(1,109)	421
Tax refunded		-	400	-	400
Tax paid		(4,533)	(9,680)	(29)	(106)
Net cash from/(used in) operating activities		36,110	33,342	(1,138)	715

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (cont'd)

	NOTE	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Company 2009 RM'000	Company 2008 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(14,795)	(11,104)
Disposal of subsidiaries, net of cash disposed	32	(3)	-	-*	-
Acquisition of minority interest		(60)	-	-	-
Proceeds from disposal of quoted shares	12	408	-	-	-
Dividend received, net		11	20	8,830	8,815
Interest received		103	118	4,105	3,521
Investment in an associate		-	(12,765)	-	(12,765)
Acquisition of additional interest in a subsidiary	10(c)	-	-	(1,696)	-
Purchase of other investments		-	(1)	-	-
Purchase of property, plant and equipment	30	(10,141)	(31,182)	(56)	(112)
Purchase of investment property	8	(850)	-	(850)	-
Proceeds from disposal of property, plant and equipment		99	1,862	29	-
Net cash used in investing activities		(10,433)	(41,948)	(4,433)	(11,645)
CASH FLOWS FROM FINANCING ACTIVITIES					
Fixed deposits pledged		(23)	(274)	(23)	(274)
Interest paid		(10,419)	(12,996)	(4,844)	(4,344)
Proceeds from issue of shares to minority shareholder		263	-	-	-
Repayment of hire purchase liabilities		(3,363)	(2,866)	(97)	(92)
(Repayments of)/Drawdown of term loans		(5,482)	23,454	(1,205)	9,600
Drawdown of commercial papers		12,000	8,000	12,000	8,000
(Repayments of)/Drawdown of other bank borrowings		(4,674)	(2,284)	1,903	1,000
Dividends paid	28	(2,611)	(2,611)	(2,611)	(2,611)
Dividends paid to minority Interests		(3,095)	(2,885)	-	-
Net cash (used in)/from financing activities		(17,404)	7,538	5,123	11,279
Net increase/(decrease) in cash and cash equivalents		8,273	(1,068)	(448)	349
Effects of exchange rate Difference		38	155	-	-
Cash and cash equivalents at beginning of financial year		12,671	13,584	(188)	(537)
Cash and cash equivalents at end of financial year	31(b)	20,982	12,671	(636)	(188)

**The sales proceeds of disposal of a subsidiary was RM2.*

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

1. CORPORATE INFORMATION

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

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 also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 21 April 2010.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the rental of properties, investment holding and indent activity. The principal activities of the subsidiaries are mainly involved in the manufacturing of steel related products and the details are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

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 contingent liabilities. In addition, the Directors are also required to exercise their judgment in the process of applying the accounting policies. The areas involving such judgments, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

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

Under the purchase method of accounting, the cost of a 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 a business combination is allocated to the identifiable assets acquired, liabilities assumed 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 the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 4.6.1 to the financial statements on goodwill). If the cost of the 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 business combination; and

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

(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, the existence and effect of potential voting rights that are currently or convertible exercisable are taken into consideration.

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.

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.

Changes in the Company's ownership in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Company loses control of a subsidiary, the assets and liabilities of the subsidiary are derecognised at their carrying amounts at the date when control is lost and any resulting difference with the fair value of the consideration received will be recognised in profit or loss.

4.3 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 future economic benefits associated with the cost 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 profit or loss 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 Property, plant and equipment and depreciation (cont'd)

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.

The freehold land and buildings are stated at valuation, the surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax, if any, 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 profit or loss. 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 1994. 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. 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 has unlimited useful life and is not depreciated. Capital work-in-progress represents machinery under installation and renovation-in-progress and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

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 are as follows:

Buildings	20 - 50 years
Short term leasehold land	48 - 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. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of assets).

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. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

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.

4.4 Investment properties

Investment properties are properties which are held initially to earn rentals yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, which includes transaction costs. After the initial recognition, 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 fifty (50) years.

Investment properties are derecognised when either they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses from the retirement or disposal of an investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership of the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets 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.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

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 of the lease at the inception of the lease.

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risk and rewards incidental to ownership is treated as an operating 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 amortisation period of leasehold land range from 48 to 50 years.

The buildings element is classified as a finance or operating lease in accordance with Note 4.5(a) or Note 4.5(b) to the financial statements. If the lease payment cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

For a lease of land and building in which the amount that would initially be recognised for the land element is immaterial, the land and building 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 building is regarded as the economic life of the entire leased asset.

4.6 Intangible assets

4.6.1 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 the 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 amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.6 Intangible assets (cont'd)

4.6.1 Goodwill (cont'd)

Goodwill arising on acquisition of an associate is the excess of the 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.

4.6.2 Development costs

Costs associated with the developing of a new product are recognised as an expense as and when incurred. Costs that are directly associated with the production of identifiable and unique products controlled by the Group, and that they 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 ten (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.

Development assets are tested for impairment annually.

4.7 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 production overheads based on normal operating capacity of the production facilities.

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.

4.8 Investments

(a) Subsidiaries

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) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the Company's separate financial statements, an investment in an associate is stated at cost less impairment losses, if any.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 Investments (cont'd)

(b) Associates (cont'd)

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated balance sheet is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investments.

The interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the Group's net investment in the associate.

The Group's share of the profit or loss of the associate during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of these changes are recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the reporting dates of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in reporting dates is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening period.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(c) Other investments

Non-current investments other than investments in subsidiaries and associates are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

4.9 Impairment of assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries, associates and 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.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.9 Impairment of assets (cont'd)

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 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. An impairment loss is recognised in profit or loss 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 profit or loss 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 profit or loss.

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.

Such reversals are recognised as income immediately in profit or loss 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.

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

4.10.1 Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(a) Receivables

Trade receivables and other receivables, including amounts owing by associates and related parties, are classified as loans and receivables under FRS 132 *Financial Instruments: Disclosure and Presentation*.

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.

Receivables are not held for trading purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Financial instruments (cont'd)

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

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value. For the purpose of cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(c) Payables

Liabilities for trade and other amounts payable, including amounts owing to associates and related parties are recognised at fair value of the consideration to be paid in the future for goods and services received.

(d) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(e) Equity instruments

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. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Dividends to shareholders are recognised in equity in the period in which they are declared.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.10.2 Financial instruments not recognised on the balance sheets

The Group is party to financial instruments that comprise foreign currency forward contracts. This instrument is not recognised in the financial statements on inception.

Foreign currency forward contracts are used to hedge foreign exposures as a result of receipts and payments 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.

4.11 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event and 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.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but disclose its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

4.13 Employee benefits

4.13.1 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.

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.

4.13.2 Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to the statutory provident funds and the contributions are recognised as a liability after deducting any contributions already paid and as an expense in the financial year in which the employees render their services.

4.14 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by a foreign subsidiary and associate to the Group and the Company, and real property gains taxes.

Taxes in the income statement comprise current tax and deferred tax.

4.14.1 Current tax

Current tax 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 is 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 enacted or substantively enacted by the balance sheet date.

4.14.2 Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.14 Income taxes (cont'd)

4.14.2 Deferred tax (cont'd)

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits 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 profits 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 profits will be available, such reductions will be reversed to the extent of the taxable profits.

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 income taxes relate to the same taxation authority.

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

4.15 Foreign currencies

4.15.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

4.15.2 Foreign currency transactions and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such a forward contract are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss in the period. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.15.3 Foreign operations

Financial statements of foreign operations are translated at financial year end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to profit or loss. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed off or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the balance sheet date.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.16 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 risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.

(b) Rental income

Rental income is recognised on an accrual basis unless collectability 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 as it accrues, using the effective interest method.

4.17 Earnings per share

The Group presents basic earnings per share ('EPS') date for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period.

4.18 Warrants reserve

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrants reserve will be transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

4.19 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single element.

4.20 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 Early adoption of new FRSs

(a) During the financial year, the Group early adopted Amendment to FRS 117 *Leases* as permitted by paragraph 69A in the Amendment to FRS 117.

Amendment to FRS 117 removes the requirements on the classification of leases of land and buildings, and instead, requires an assessment of the classification based on risks and rewards of the lease itself. The transitional provision of the paragraph 68A of the Amendment to FRS 117 requires the assessment of land elements of unexpired leases to be made retrospectively in accordance with FRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Any difference between the fair value of the newly reclassified asset and liability of the finance lease shall be recognised in the retained earnings.

During the financial year, the Group reassessed its leases of land in accordance with the above amendment to FRS 117 as finance leases. The classification of prepaid lease payments for land as property, plant and equipment has been accounted for retrospectively.

The effect of the early adoption of this amendment is disclosed in Note 40 to the financial statements.

5.2 New FRSs, amendment to FRSs and IC Interpretation not adopted

(a) FRS 8 *Operating Segments* and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for disclosure of information on an entity's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this Standard are based on the information about the components of the entity that management uses to make decisions about operating matters. This Standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

This Standard also requires the amount reported for each operating segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. Segment information for prior years that is reported as comparative information for the initial year of application would be restated to conform to the requirements of this Standard.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(b) FRS 4 *Insurance Contracts* and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202_{2004} *General Insurance Business* and FRS 203_{2004} *Life Insurance Business*.

This Standard applies to all insurance contracts, including reinsurance contracts that an entity issues and to reinsurance contracts that it holds. This Standard prohibits provisions for potential claims under contracts that are not in existence at the reporting date, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. This Standard also requires an insurer to keep insurance liabilities in its balance sheet until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

By virtue of the exemption provided under paragraph 41AA of FRS 4, the impact of applying FRS 4 on the financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

(c) FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation.*

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance. By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs, amendment to FRSs and IC Interpretation not adopted (cont'd)

(d) FRS 123 *Borrowing Costs* and the consequential amendments resulting from FRS 123 are mandatory for annual periods beginning on or after 1 January 2010.

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(e) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

This Standard 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 FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

(f) Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations* are mandatory for annual financial periods beginning on or after 1 January 2010.

These amendments clarify that vesting conditions comprise service conditions and performance conditions only. Cancellations by parties other than the Group are accounted for in the same manner as cancellations by the Group itself and features of a share-based payment that are non-vesting conditions are included in the grant date fair value of the share-based payment.

Amendments to FRS 2 are not relevant to the Group's operations.

(g) Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The cost method of accounting for an investment has also been removed pursuant to these amendments.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

(h) IC Interpretation 9 *Reassessment of Embedded Derivatives* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

(i) IC Interpretation 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation in the future.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs, amendment to FRSs and IC Interpretation not adopted (cont'd)

(j) IC Interpretation 11 *FRS 2 – Group and Treasury Share Transactions* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires share-based payment transactions in which the Company receives services from employees as consideration for its own equity instruments to be accounted for as equity-settled, regardless of the manner of satisfying the obligations to the employees.

If the Company grants rights to its equity instruments to the employees of its subsidiaries, this Interpretation requires the Company to recognise the equity reserve for the obligation to deliver the equity instruments when needed whilst the subsidiaries shall recognise the remuneration expense for the services received from employees.

If the subsidiaries grant rights to equity instruments of the Company to its employees, this Interpretation requires the Company to account for the transaction as cash-settled, regardless of the manner the subsidiaries obtain the equity instruments to satisfy its obligations.

IC Interpretation 11 *FRS 2* is not relevant to the Group's operations.

(k) IC Interpretation 13 *Customer Loyalty Programmes* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires the separation of award credits as a separately identifiable component of sales transactions involving the award of free or discounted goods or services in the future. The fair value of the consideration received or receivable from the initial sale shall be allocated between the award credits and the other components of the sale.

If the Group supplies the awards itself, the consideration allocated to the award credits shall only be recognised as revenue when the award credits are redeemed. If a third party supplies the awards, the Group shall assess whether it is acting as a principal or agent in the transaction.

If the Group is acting as the principal in the transaction, it shall measure its revenue as the gross consideration allocated to the award credits. If the Group is acting as an agent, it shall measure its revenue as the net amount retained on its own account, and recognise the net amount as revenue when the third party becomes obliged to supply the awards and entitled to receive the consideration for doing so.

IC Interpretation 13 is not relevant to the Group's operations.

(l) IC Interpretation *14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. This Interpretation clarifies that an economic benefit is available if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled, and that it does not depend on how the Group intends to use the surplus.

A right to refund is available to the Group in stipulated circumstances and the economic benefit available shall be measured as the amount of the surplus at the balance sheet date less any associated costs. If there are no minimum funding requirements, the economic benefit available shall be determined as a reduction in future contributions as the lower of the surplus in the plan and the present value of the future service cost to the Group. If there is a minimum funding requirement for contributions relating to the future accrual of benefits, the economic benefit available shall be determined as a reduction in future contributions at the present value of the estimated future service cost less the estimated minimum funding required in each financial year.

IC Interpretation 14 FRS 119 is not relevant to the Group's operations.

(m) FRS 101 *Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010.

FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs, amendment to FRSs and IC Interpretation not adopted (cont'd)

(m) FRS 101 *Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010 (cont'd).

This Standard introduces the titles 'statement of financial position' and 'statement of cash flows' to replace the current titles 'balance sheet' and 'cash flow statement' respectively. A new statement known as the 'statement of comprehensive income' is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objectives, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 *Related Party Disclosures*. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

Apart from the new presentation and disclosure requirements described, the Group does not expect any other impact on the financial statements arising from the adoption of this Standard.

(n) Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010.

These amendments permit reclassifications of non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) out of the fair value through profit or loss category in rare circumstances. Reclassifications from the available-for-sale category to the loans and receivables category are also permitted provided there is intention and ability to hold that financial asset for the foreseeable future. All of these reclassifications shall be subjected to subsequent reassessments of embedded derivatives.

These amendments also clarifies the designation of one-sided risk in eligible hedged items and streamlines the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

By virtue of the exemptions provided under paragraphs 103AB of FRS 139 and 44AB of FRS 7, the impact of applying these amendments on the consolidated financial statements upon first adoption of the FRS 139 and FRS 7 respectively as required by paragraph 30(b) of FRS 108 are not disclosed. However, the Group does not expect any impact on the consolidated financial statements arising from the adoption of the amendment to IC Interpretation 9.

(o) Amendments to FRS 132 *Financial Instruments: Presentation* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments require certain puttable financial instruments, and financial instruments that impose an obligation to deliver to counterparties a pro rata share of the net assets of the entity only on liquidation to be classified as equity.

Puttable financial instruments are defined as financial instruments that give the holder the right to put the instrument back to the issuer for cash, or another financial asset, or are automatically put back to the issuer upon occurrence of an uncertain future event or the death or retirement of the instrument holder.

Presently, the Group does not expect any impact on the consolidated financial statements arising from the adoption of this Standard. However, the Group is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 139 and would only be able to provide further information in the interim financial statements followed by the next annual financial statements.

(p) *Improvements to FRSs* (2009) are mandatory for annual periods beginning on or after 1 January 2010.

Amendment to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that the disclosure requirements of this Standard specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. Amendment to FRS 5 is not relevant to the Group's operations.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs, amendment to FRSs and IC Interpretation not adopted (cont'd)

(p) *Improvements to FRSs* (2009) are mandatory for annual periods beginning on or after 1 January 2010 (cont'd).

Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 107 *Statement of Cash Flows* clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 108 clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the reporting date but before the financial statements are authorised for issue. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 116 *Property, Plant and Equipment* removes the definition pertaining the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of 'investment property' in FRS 140 *Investment Property*. This amendment also replaces the term 'net selling price' with 'fair value less costs to sell', and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 *Revenue* rather than FRS 5. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 117 *Leases* removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made retrospectively in accordance with FRS 108. Amendment to FRS 117 has been early adopted by the Group (See Note 5.1 (a)).

Amendment to FRS 118 clarifies reference made on the term 'transaction costs' to the definition in FRS 139. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 119 *Employee Benefits* clarifies the definitions in this Standard by consistently applying settlement dates within twelve (12) months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. Amendment to FRS 120 is not relevant to the Group's operations.

Amendment to FRS 123 clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 127 *Consolidated and Separate Financial Statements* clarifies that investments measured at cost shall be accounted for in accordance with FRS 5 when they are held for sale in accordance with FRS 5. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 128 *Investments in Associates* clarifies that investments in associates held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. This amendment also clarifies that impairment loss recognised in accordance with FRS 136 *Impairment of Assets* shall not be allocated to any asset, including goodwill, that forms the carrying amount of the investment. Accordingly, any reversal of that impairment loss shall be recognised in accordance with FRS 136. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs, amendment to FRSs and IC Interpretation not adopted (cont'd)

(p) *Improvements to FRSs* (2009) are mandatory for annual periods beginning on or after 1 January 2010 (cont'd).

Amendment to FRS 129 *Financial Reporting in Hyperinflationary Economies* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. This amendment also clarifies that assets and liabilities that are measured at fair value are exempted from the requirement to apply historical cost basis of accounting. Amendment to FRS 129 is not relevant to the Group's operations.

Amendment to FRS 131 *Interests in Joint Ventures* clarifies that venturers' interests in jointly controlled entities held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on related capital commitments. This amendment also clarifies that a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities shall be made. Amendment to FRS 131 is not relevant to the Group's operations.

Amendment to FRS 134 *Interim Financial Reporting* clarifies the need to present basic and diluted earnings per share for an interim period when the entity is within the scope of FRS 133 *Earnings Per Share*. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 136 clarifies the determination of allocation of goodwill to each cash-generating unit whereby each unit shall not be larger than an operating segment as defined in FRS 8 before aggregation. This amendment also requires additional disclosures if the fair value less costs to sell is determined using discounted cash flow projections. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 138 *Intangible Assets* clarifies the examples provided in this Standard in measuring the fair value of an intangible asset acquired in a business combination. This amendment also removes the statement on the rarity of situations whereby the application of the amortisation method for intangible assets results in a lower amount of accumulated amortisation than under the straight line method. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of 'investment property'. This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

(q) FRS 1 *First-time Adoption of Financial Reporting Standards* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Group adopts FRSs for the first time via the explicit and unreserved statement of compliance with FRSs. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

(i) All assets and liabilities shall be recognised in accordance with FRSs;
(ii) Items of assets and liabilities shall not be recognised if FRSs do not permit such recognition;
(iii) Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRSs; and
(iv) All recognised assets and liabilities shall be measured in accordance with FRSs.

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRSs.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(r) FRS 3 *Business Combinations* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 3 and now includes business combinations involving mutual entities and those achieved by way of contract alone. Any non-controlling interest in an acquiree shall be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs, amendment to FRSs and IC Interpretation not adopted (cont'd)

(r) FRS 3 *Business Combinations* is mandatory for annual periods beginning on or after 1 July 2010 (cont'd).

The time limit on the adjustment to goodwill due to the arrivable of new information on the crystallisation of deferred tax benefits shall be restricted to the measurement period resulting from the arrival of the new information. Contingent liabilities acquired arising from present obligations shall be recognised, regardless of the probability of outflow of economic resources.

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date.

In business combinations achieved in stages, the acquirer shall remeasure its previously held equity interest at its acquisition date fair value and recognise the resulting gain or loss in profit or loss.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(s) FRS 127 *Consolidated and Separate Financial Statements* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 127 and replaces the current term 'minority interest' with a new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be measured at its fair value at the date when control is lost.

As at the reporting date, the Group reports minority interest of RM51,735,000. The Group expects to reclassify this as non-controlling interests and remeasure the non-controlling interests prospectively in accordance with the transitional provisions of FRS 127.

(t) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010, except for Amendments to FRS 139 which is mandatory for annual periods beginning on or after 1 January 2010.

Amendments to FRS 2 *Share-based* Payments clarifies that transactions in which the Group acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. Amendments to FRS 2 are not relevant to the Group's operations.

Amendments to FRS 5 clarifies that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. Amendments to FRS 5 are not relevant to the Group's operations.

Amendments to FRS 138 clarifies that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the Group reflects the expectations of the Group of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs, amendment to FRSs and IC Interpretation not adopted (cont'd)

(t) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010, except for Amendments to FRS 139 which is mandatory for annual periods beginning on or after 1 January 2010 (cont'd).

Amendments to FRS 139 remove the scope exemption on contracts for contingent consideration in a business combination. Accordingly, such contracts shall be recognised and measured in accordance with the requirements of FRS 139. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to IC Interpretation 9 clarifies that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

(u) IC Interpretation 12 *Service Concession Arrangements* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to operators for public-to-private service concession arrangements, whereby infrastructure within the scope of this Interpretation shall not be recognised as property, plant and equipment of the operator. The operator shall recognise and measure revenue in accordance with FRS 111 Construction Contracts and FRS 118 for the services performed. The operator shall also account for revenue and costs relating to construction or upgrade services in accordance with FRS 111.

Consideration received or receivable by the operator for the provision of construction or upgrade services shall be recognised at its fair value. If the consideration consists of an unconditional contractual right to receive cash or another financial asset from the grantor, it shall be classified as a financial asset. Conversely, if the consideration consists of a right to charge users of the public service, it shall be classified as an intangible asset.

IC Interpretation 12 is not relevant to the Group's operations.

(v) IC Interpretation 15 *Agreements for the Construction of Real Estate* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the Group may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components.

An agreement for the construction of real estate shall be accounted for in accordance with FRS 111 if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

An agreement for the construction of real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with FRS 118. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of FRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

IC Interpretation 15 is not relevant to the Group's operations.

(w) IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation is* mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to hedges undertaken on foreign currency risk arising from net investments in foreign operations and the Group wishes to qualify for hedge accounting in accordance with FRS 139.

Hedge accounting is applicable only to the foreign exchange differences arising between the functional currency of the foreign operation and the functional currency of any parent (immediate, intermediate or ultimate parent) of that foreign operation. An exposure to foreign currency risk arising from a net investment in a foreign operation may qualify for hedge accounting only once in the consolidated financial statements.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (cont'd)

5.2 New FRSs, amendment to FRSs and IC Interpretation not adopted (cont'd)

(w) IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation is* mandatory for annual periods beginning on or after 1 July 2010 (cont'd).

Hedging instruments designated in the hedge of a net investment in a foreign operation may be held by any companies within the Group, as long as the designation, documentation and effectiveness requirements of FRS 139 are met. IC Interpretation 16 is not relevant to the Group's operations.

(x) IC Interpretation 17 *Distributions of Non-cash Assets to Owners* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to non-reciprocal distributions of non-cash assets by the Group to its owners in their capacity as owners, as well as distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This Interpretation also applies to distributions in which all owners of the same class of equity instruments are treated equally.

The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the Group. The liability shall be measured at the fair value of the assets to be distributed. If the Group gives its owners a choice of receiving either a non-cash asset or a cash alternative, the dividend payable shall be estimated by considering the fair value of both alternatives and the associated probability of the owners' selection.

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss. IC Interpretation 17 is not relevant to the Group's operations.

(y) Amendments to FRS 132 is mandatory for annual periods beginning on or after 1 January 2010 and 1 March 2010 in respect of the transitional provisions in accounting for compound financial instruments and classification of rights issues respectively.

These amendments remove the transitional provisions in respect of accounting for compound financial instruments issued before 1 January 2003 pursuant to FRS 132_{2004} *Financial Instruments: Disclosure and Presentation*. Such compound financial instruments shall be classified into its liability and equity components when FRS 139 first applies.

The amendments also clarifies that rights, options or warrants to acquire a fixed number of the Group's own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the Group offers the rights, options or warrants pro rata to all of its own existing owners of the same class of its own non-derivative equity instruments.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

(z) Amendment to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters* is mandatory for annual periods beginning on or after 1 January 2011.

This amendment permits a first-time adopter of FRSs to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7 (see Note 5.2(aa)).

The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

(aa) Amendments to FRS 7 *Improving Disclosures about Financial Instruments* is mandatory for annual periods beginning on or after 1 January 2011.

These amendments require enhanced disclosures of fair value of financial instruments based on the fair value hierarchy, including the disclosure of significant transfers between Level 1 and Level 2 of the fair value hierarchy as well as reconciliations for fair value measurements in Level 3 of the fair value hierarchy.

By virtue of the exemption provided under paragraph 44G of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of FRS 7 as required by paragraph 30(b) of FRS 108 are not disclosed.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

6.1 Critical judgments made in applying accounting policies

There are no critical judgments 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.

6.2 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.

(a) Impairment of goodwill on consolidation

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 13(b) to the financial statements.

(b) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within five (5) to fifty (50) years. These are common life expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(c) 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 profits will be available against which the losses and capital allowances can be utilised. Significant management judgment 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.

(d) Impairment of property, plant and equipment

During the current financial year, the Group has recognised impairment losses in respect of certain subsidiaries' 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 are disclosed in Note 7(f) to the financial statements.

(e) 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.

(f) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of allowance for doubtful debts. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd)

6.2 Key sources of estimation uncertainty (cont'd)

(g) Write down for inventories

The Group writes down its inventories based on assessment of their estimated net selling price. Inventories are written down where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgment to evaluate the adequacy of the write down for inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(h) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2009	Balance as at 1.1.2009 RM'000 (Restated)	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassifi-cation RM'000	Foreign currency translation difference RM'000	Balance as at 31.12.2009 RM'000
At cost/valuation							
Freehold land:							
- at cost	15,680	-	-	-	-	-	15,680
- at valuation	3,543	-	-	-	-	-	3,543
Buildings:							
- at cost	65,703	322	-	(437)	562	(429)	65,721
- at valuation	6,005	-	-	-	-	-	6,005
Short-term leasehold land	9,818	-	-	-	-	(459)	9,359
Plant and machinery	84,722	2,159	(2,833)	(3,659)	16,606	(170)	96,825
Office equipment	4,886	206	(350)	(220)	215	(6)	4,731
Furniture, fittings and renovations	4,857	394	(47)	(90)	825	82	6,021
Motor vehicles and forklifts	10,280	1,026	(374)	(92)	-	-	10,840
Moulds, tools and equipment	11,039	1,468	(652)	(1,834)	(576)	-	9,445
Capital work-in-progress	13,676	8,447	-	-	(17,632)	(646)	3,845
	230,209	14,022	(4,256)	(6,332)	-	(1,628)	232,015

Accumulated depreciation	Balance as at 1.1.2009 RM'000 (Restated)	Charge for the financial year RM'000	Disposals RM'000	Written off RM'000	Foreign currency translation difference RM'000	Balance as at 31.12.2009 RM'000
Buildings:						
- at cost	6,320	1,527	-	(437)	(21)	7,389
- at valuation	1,658	-	-	-	-	1,658
Short-term leasehold land	955	196	-	-	(199)	952
Plant and machinery	35,009	4,104	(1,826)	(3,166)	(84)	34,037
Office equipment	3,416	421	(266)	(208)	(3)	3,360
Furniture, fittings and renovations	3,114	578	-	(49)	78	3,721
Motor vehicles and forklifts	4,555	1,423	(334)	(47)	-	5,597
Moulds, tools and equipment	8,177	703	(569)	(1,823)	-	6,488
	63,204	8,952	(2,995)	(5,730)	(229)	63,202

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

Group 2009	Balance as at 1.1.2009 RM'000	Addition RM'000	Written off RM'000	Balance as at 31.12.2009 RM'000
Impairment losses				
Plant and machinery	3,292	736	(261)	3,767
Moulds, tools and equipment	376	-	-	376
	3,668	736	(261)	4,143

Group 2008	Balance as at 1.1.2008 RM'000	Effect on early adoption of Amendment to FRS 117 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassification RM'000	Foreign currency translation difference RM'000	Balance as at 31.12.2008 RM'000 (Restated)
At cost/valuation								
Freehold land:								
- at cost	15,680	-	-	-	-	-	-	15,680
- at valuation	3,543	-	-	-	-	-	-	3,543
Buildings:								
- at cost	45,649	-	1,787	-	-	18,267	-	65,703
- at valuation	6,005	-	-	-	-	-	-	6,005
Short-term leasehold land	-	9,818	-	-	-	-	-	9,818
Plant and machinery	77,916		6,919	(1,107)	(361)	1,355	-	84,722
Office equipment	4,636	-	441	(114)	(124)	47	-	4,886
Furniture, fittings and renovations	4,283	-	583	(9)	-	-	-	4,857
Motor vehicles and forklifts	9,180	-	2,687	(1,587)	-	-	-	10,280
Moulds, tools and equipment	10,766	-	1,505	(372)	(555)	(305)	-	11,039
Capital work-in-progress	5,971	-	27,130	-	-	(19,364)	(61)	13,676
	183,629	9,818	41,052	(3,189)	(1,040)	-	(61)	230,209

	Balance as at 1.1.2008 RM'000	Effect on early adoption of Amendment to FRS 117 RM'000	Charge for the financial year Additions RM'000	Disposals RM'000	Written off RM'000	Reclassification RM'000	Foreign currency translation difference RM'000	Balance as at 31.12.2008 RM'000 (Restated)
Accumulated depreciation								
Buildings:								
- at cost	5,200	-	1,123	-	-	-	(3)	6,320
- at valuation	1,559	-	99	-	-	-	-	1,658
Short-term leasehold land	-	756	199	-	-	-	-	955
Plant and machinery	32,684	-	2,907	(347)	(313)	81	(3)	35,009
Office equipment	3,236	-	410	(107)	(123)	-	-	3,416
Furniture, fittings and renovations	2,700	-	422	(8)	-	-	-	3,114
Motor vehicles and forklifts	4,596	-	1,287	(1,328)	-	-	-	4,555
Moulds, tools and equipment	8,116	-	741	(148)	(532)	-	-	8,177
	58,091	756	7,188	(1,938)	(968)	81	(6)	63,204

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

Group 2008	**Balance as at 1.1.2008 RM'000**	**Addition RM'000**	**Written off RM'000**	**Reclassification RM'000**	**Balance as at 31.12.2008 RM'000**
Impairment losses					
Plant and machinery	2,802	571	-	(81)	3,292
Moulds, tools and equipment	263	133	(20)	-	376
	3,065	704	(20)	(81)	3,668

Company 2009	**Balance as at 1.1.2009 RM'000**	**Additions RM'000**	**Disposal RM'000**	**Written off RM'000**	**Balance as at 31.12.2009 RM'000**
At cost/valuation					
Freehold land:					
- at cost	15,330	-	-	-	15,330
- at valuation	2,130	-	-	-	2,130
Buildings:					
- at cost	32,213	-	-	-	32,213
- at valuation	4,915	-	-	-	4,915
Office equipment	241	30	-	(41)	230
Furniture, fittings and renovations	1,174	26	-	-	1,200
Motor vehicles	1,097	-	(137)	-	960
	57,100	56	(137)	(41)	56,978

	Balance as at 1.1.2009 RM'000	**Charge for the financial year RM'000**	**Disposal RM'000**	**Written off RM'000**	**Balance as at 31.12.2009 RM'000**
Accumulated depreciation					
Buildings:					
- at cost	4,379	742	-	-	5,121
- at valuation	1,383	-	-	-	1,383
Office equipment	140	23	-	(41)	122
Furniture, fittings and renovations	651	166	-	-	817
Motor vehicles	389	144	(136)	-	397
	6,942	1,075	(136)	(41)	7,840

Company 2008	**Balance as at 1.1.2008 RM'000**	**Additions RM'000**	**Balance as at 31.12.2008 RM'000**
At cost/valuation			
Freehold land:			
- at cost	15,330	-	15,330
- at valuation	2,130	-	2,130
Buildings:			
- at cost	32,213	-	32,213
- at valuation	4,915	-	4,915
Office equipment	200	41	241
Furniture, fittings and renovations	1,160	14	1,174
Motor vehicles	1,040	57	1,097
	56,988	112	57,100

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

Company 2008	**Balance as at 1.1.2008 RM'000**	**Charge for the financial year RM'000**	**Balance as at 31.12.2008 RM'000**
Accumulated depreciation			
Buildings:			
- at cost	3,735	644	4,379
- at valuation	1,285	98	1,383
Office equipment	121	19	140
Furniture, fittings and renovations	487	164	651
Motor vehicles	250	139	389
	5,878	1,064	6,942

	Group		**Company**	
	2009 RM'000	**2008 RM'000 (Restated)**	**2009 RM'000**	**2008 RM'000**
Net book value				
Freehold land:				
- at cost	15,680	15,680	15,330	15,330
- at valuation	3,543	3,543	2,130	2,130
Buildings:				
- at cost	58,332	59,383	27,092	27,834
- at valuation	4,347	4,347	3,532	3,532
Short-term leasehold land	8,407	8,863	-	-
Plant and machinery	59,021	46,421	-	-
Office equipment	1,371	1,470	108	101
Furniture, fittings and renovations	2,300	1,743	383	523
Motor vehicles and forklifts	5,243	5,725	563	708
Moulds, tools and equipment	2,581	2,486	-	-
Capital work-in-progress	3,845	13,676	-	-
	164,670	163,337	49,138	50,158

(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**	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Freehold land	2,551	2,551	1,376	1,376
Buildings	2,128	2,194	1,700	1,751
	4,679	4,745	3,076	3,127

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

(c) The plant and machinery, freehold land, short-term leasehold land and certain buildings of the Group and of the Company with net book values amounting to RM48,754,000 (2008: RM42,902,000) and RM6,858,000 (2008: RM6,992,000) respectively have been charged as securities for banking facilities granted to the Company and its subsidiaries as disclosed in Note 22 to the financial statements.

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

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Plant and machinery	14,878	11,118	-	-
Motor vehicles and forklifts	2,208	2,785	353	437
Capital work-in-progress	381	1,863	-	-
	17,467	15,766	353	437

(e) The useful life of short-term leasehold land of the Group range 48 to 50 years.

(f) The management of Prestar Manufacturing Sdn. Bhd. ("PMSB") and Prestar Galvanising Sdn. Bhd. ("PGSB"), subsidiaries of the Company within the manufacturing segment, carried out a review of the recoverable amounts of their property, plant and equipment during the current financial year. The review has led to the recognition of an impairment loss of RM736,000 (2008: RM397,000) and RM Nil (2008: RM307,000) in respect of the property, plant and equipment of PMSB and PGSB respectively 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 subsidiaries. In determining the value in use for the CGU, the cash flows were discounted at a rate of 4.49% (2008: 4.49%) and 4.62% (2008: 4.62%) for PMSB and PGSB respectively on a pre-tax basis. The discounted rate was based on the weighted average cost of capital of the subsidiaries.

8. INVESTMENT PROPERTIES

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
At cost				
Balance as at 1 January	922	922	-	-
Additions	850	-	850	-
Balance as at 31 December	1,772	922	850	-
Accumulated depreciation				
Balance as at 1 January	126	108	-	-
Depreciation for the financial year (Note 26)	13	18	-	-
Balance as at 31 December	(139)	(126)	-	-
Accumulated impairment losses				
Balance as at 1 January	233	65	-	-
Impairment loss for the financial year	-	168	-	-
Balance as at 31 December	(233)	(233)	-	-
Net carrying amount as at 31 December	1,400	563	850	-
Market value as at 31 December	1,525	665	850	-

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

9. PREPAID LEASE PAYMENTS FOR LAND

Group	Balance as at 1.1.2009 RM'000 (Restated)	Amortisation charge for the financial year RM'000	Foreign currency translation difference RM'000	Balance as at 31.12.2009 RM'000
Carrying amount				
Short-term leasehold land	-	-	-	-

	---------------- At 31.12.2009		---------------
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Short-term leasehold land	-	-	-

Group	Balance as at 1.1.2008 RM'000	Amortisation charge for the financial year RM'000	Foreign currency translation difference RM'000	Effect on early adoption of Amendment to FRS 117 RM'000	Balance as at 31.12.2008 RM'000 (Restated)
Carrying amount					
Short-term leasehold land	9,241	(199)	(179)	(8,863)	-

		---------------- At 31.12.2008		---------------
	Cost RM'000	Accumulated amortisation and impairment RM'000	Effect on early adoption of Amendment to FRS 117 RM'000	Carrying amount RM'000 (Restated)
Short-term leasehold land	9,818	(955)	(8,863)	-

During the current financial year, the Group early adopted Amendment to FRS 117 *Leases* as permitted by paragraph 69A in the Amendment to FRS 117. Upon adoption of this Amendment, the Group reassessed such leases as finance leases and reclassified the unamortised carrying amounts as property, plant and equipment.

10. INVESTMENTS IN SUBSIDIARIES

	Company 2009 RM'000	Company 2008 RM'000
At cost		
Unquoted shares	64,026	63,830
Less: Impairment loss	(8,000)	(8,000)
	56,026	55,830

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of company	Effective equity interest 2009 %	Effective equity interest 2008 %	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.	95	100	General hot-dip galvanising and coating of metal products and threaded items.
Excelpath Sdn. Bhd. (Note 10 (b))	-	100	Investment holding.
Prestar Storage System Sdn. Bhd. (Note 10 (b))	93	32	Manufacture and installation of all kinds of material handling equipment, structural steel works and pallet racking system.
Prestar Industries (Vietnam) Co., Ltd. *# (Note 10 (c))	15	-	Manufacture and process all kind of steel products such as material handling equipment, highway guardrails and building materials and other steel processed products.
Subsidiaries of Prestar Manufacturing Sdn. Bhd.			
YY Tooling Sdn. Bhd. (formerly known as Prestar Tooling Sdn. Bhd.) (Note 10 (a))	-	95	Moulds and does fabrication, maintenance and installation of machinery and manufacture of plastic products, industrial castors and pallet meshes.
Prestar Industries (Vietnam) Co., Ltd. *# (Note 10 (c))	85	100	Manufacture and process all kind of steel products such as material handling equipment, highway guardrails and building materials and other steel processed products.
Subsidiary of Excelpath Sdn. Bhd.			
Prestar Storage System Sdn. Bhd. (Note 10 (b))	-	68	Manufacture and installation of all kinds of material handling equipment, structural steel works and pallet racking system.
Subsidiary of Tashin Steel Sdn. Bhd.			
Tashin Hardware Sdn. Bhd.	51	51	Trading of steel material and general hardware products.

** Subsidiary audited by BDO Member Firm*
 # Incorporated in Vietnam

10. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) On 31 July 2009, a wholly-owned subsidiary of the Company, Prestar Manufacturing Sdn. Bhd. ("PMSB") entered into a Sale of Shares Agreement with a third party to acquire the remaining 5% equity interest in Prestar Tooling Sdn. Bhd. ("PTSB") representing 75,000 ordinary shares of RM1.00 each for a total cash consideration of RM60,000 to facilitate the internal restructuring exercise of the Group.

On 25 August 2009, the Board of Directors of the Company announced that PTSB and Prestar Galvanising Sdn. Bhd. ("PGSB"), both wholly-owned subsidiaries of the Company had undergone an internal restructuring exercise, which involved the transfer of PTSB's business through sales of assets for a total cash consideration of RM819,000.

On 23 October 2009, the immediate holding company of PTSB, Prestar Manufacturing Sdn. Bhd. ("PMSB") disposed off its entire equity interest in PTSB, representing 1,500,000 ordinary shares of RM1.00 each of the fully paid-up share capital of PTSB for a total cash consideration of RM2.00 to third parties. Following the disposal, the Company and PMSB ceased to be the ultimate and immediate holding companies of PTSB respectively.

(b) On 18 September 2009, a wholly-owned subsidiary of the Company, Excelpath Sdn. Bhd. ("ESB") disposed off its entire equity interest in Prestar Storage System Sdn. Bhd. ("PSSSB"), representing 3,050,000 ordinary shares of RM1.00 each of the fully paid-up share capital of PSSSB for a total cash consideration of RM2.00 to the Company. Consequently, PSSSB ceased to be a subsidiary of ESB.

On 23 October 2009, the Company disposed off its entire equity interest in ESB, representing 1,500,000 ordinary shares of RM1.00 each of the fully paid-up share capital of ESB for a total cash consideration of RM2.00 to third parties. Consequently, ESB ceased to be a subsidiary of the Company.

(c) During the financial year, the Company and its wholly-owned subsidiary, PMSB have invested additionally USD500,000 (equivalent to RM1,696,000) and USD1,700,000 (equivalent to RM6,047,000) respectively in Prestar Industries (Vietnam) Co., Ltd. ("PIV"), a subsidiary incorporated in Vietnam. As a result of these additional investments, the Company and PMSB held 15% and 85% shareholding of the Company respectively.

The effect of these additional investments has no impact to the financial statements of the Group as the Company and PMSB remained as the ultimate and immediate holding companies respectively of PIV.

(d) In previous financial year, the Company acquired 1,499,998 ordinary shares of RM1.00 each in ESB. ESB was formerly a subsidiary of PMSB and as a result of this acquisition, it has become a direct subsidiary of the Company in previous financial year.

The effect of this acquisition has no impact to the financial statements of the Group.

11. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted equity shares, at cost	17,021	17,021	17,021	17,021
Less : Impairment loss	-	-	(53)	-
Share of post acquisition reserves, net of dividends received	18,759	18,402	-	-
	35,780	35,423	16,968	17,021

The details of the associates are as follows:

Name of company	Effective equity interest 2009 %	2008 %	Principal activities
Prestar Steel (S) Pte. Ltd.* (Incorporated in Singapore)	25	25	Marketing and distributing steel related products.
POSCO-MKPC Sdn. Bhd.	30	30	Slitting, shearing and sales of steel sheets and coils.

* *Associate not audited by BDO Member Firms*

11. INVESTMENTS IN ASSOCIATES (cont'd)

The financial statements used for equity accounting of the above associates are co-terminous with those of the Group, which is 31 December 2009.

The summarised financial information of the associates are as follows:

	2009 RM'000	2008 RM'000
Assets and liabilities		
Current assets	193,457	215,432
Non-current assets	77,259	39,508
Total assets	270,716	254,940
Current liabilities	143,309	134,115
Non-current liabilities	7,808	2,415
Total liabilities	151,117	136,530
Results		
Revenue	292,258	369,125
Profit for the financial year	1,189	17,555

12. OTHER INVESTMENTS

	Group	
	2009 RM'000	2008 RM'000
At cost		
Quoted shares in Malaysia	4	561
Less: Allowance for diminution in value	(2)	(199)
	2	362
At market value		
Quoted shares in Malaysia	2	388

During the financial year, the Group has disposed off quoted shares with a carrying amount of RM360,000 for a total cash consideration of RM408,000 and the gain arising from the disposals amounted to RM48,000.

13. INTANGIBLE ASSETS

Group

	Goodwill RM'000	Development costs RM'000	Total RM'000
Balance as at 1 January 2008	1,675	471	2,146
Amortisation for the financial year	-	(59)	(59)
Balance as at 31 December 2008	1,675	412	2,087
Amortisation for the financial year	-	(59)	(59)
Balance as at 31 December 2009	1,675	353	2,028

13. INTANGIBLE ASSETS (cont'd)

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

(b) Goodwill

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

	Group	
	2009	**2008**
	RM'000	**RM'000**
Manufacturing – CGU 1	1,131	1,131
Trading – CGU 2	544	544
	1,675	1,675

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 discounted 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 five (5)-year period.

(ii) Pre-tax discount rates range from 4.01% (2008: 4.62%) for CGU 1 and 4.74% (2008: 4.74%) 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 amounts of the units to materially exceed their recoverable amounts.

14. DEFERRED TAX

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Balance as at 1 January	2,204	4,569	1,071	1,087
Recognised in equity	(33)	-	(33)	-
Recognised in the income statement (Note 27)	2,963	(2,365)	83	(16)
Balance as at 31 December	5,134	2,204	1,121	1,071

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Presented after appropriate offsetting:				
Deferred tax liabilities, net	5,136	2,534	1,121	1,071
Deferred tax assets, net	(2)	(330)	-	-
	5,134	2,204	1,121	1,071

14. DEFERRED TAX (cont'd)

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

	Group	
	2009 RM'000	**2008 RM'000**
Deferred tax liabilities		
Balance as at 1 January	6,466	6,723
Recognised in the income statements		
Property, plant and equipment	166	(230)
Revaluation reserve	51	(27)
Recognised in equity		
Revaluation reserve	(33)	-
Deferred tax liabilities as at 31 December, prior to off-setting	6,650	6,466
Set-off of tax	(1,514)	(3,932)
Deferred tax liabilities as at 31 December, net	5,136	2,534
Deferred tax assets		
Balance as at 1 January	4,262	2,155
Recognised in the income statements		
Provisions	(2,453)	2,337
Unused tax losses and unabsorbed capital allowances	(293)	(230)
Deferred tax assets as at 31 December, prior to off-setting	1,516	4,262
Set-off of tax	(1,514)	(3,932)
Deferred tax assets as at 31 December, net	2	330

(c) The 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'000	**Revaluation reserve RM'000**	**Total RM'000**
At 1 January 2009	6,025	441	6,466
Recognised in the income statement	166	51	217
Recognised in equity	-	(33)	(33)
At 31 December 2009	6,191	459	6,650
At 1 January 2008	6,255	468	6,723
Recognised in the income statement	(230)	(27)	(257)
At 31 December 2008	6,025	441	6,466

14. DEFERRED TAX (cont'd)

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

Deferred tax liabilities of the Company

	Property, plant and equipment RM'000	Revaluation reserve RM'000	Total RM'000
At 1 January 2009	630	441	1,071
Recognised in the income statement	32	51	83
Recognised in equity	-	(33)	(33)
At 31 December 2009	662	459	1,121
At 1 January 2008	618	469	1,087
Recognised in the income statement	12	(28)	(16)
At 31 December 2008	630	441	1,071

Deferred tax assets of the Group

	Provisions RM'000	Unused tax losses and unabsorbed capital allowances RM'000	Total RM'000
At 1 January 2009	3,301	961	4,262
Recognised in the income statement	(2,453)	(293)	(2,746)
At 31 December 2009	848	668	1,516
At 1 January 2008	964	1,191	2,155
Recognised in the income statement	2,337	(230)	2,107
At 31 December 2008	3,301	961	4,262

(d) The amounts of temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:

	Group 2009 RM'000	Group 2008 RM'000
Other temporary differences	4,117	6,522
Unused tax losses	17,163	14,377
Unabsorbed capital allowances	2,386	80
	23,666	20,979

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

15. INVENTORIES

	Group 2009 RM'000	Group 2008 RM'000
At cost		
Raw materials	57,406	30,691
Work-in-progress	4,919	9,113
Manufacturing and trading inventories	49,720	32,901
Tools and consumables	-	32
	112,045	72,737
At net realisable value		
Raw materials	4,740	62,442
Work-in-progress	599	127
Manufacturing and trading inventories	7,667	21,721
	13,006	84,290
	125,051	157,027

The Group reversed RM11,184,000 (2008: RM Nil) in respect of inventories written down in the previous financial year that was subsequently not required as the Group was able to sell those inventories above their carrying amounts.

16. TRADE RECEIVABLES

	Group 2009 RM'000	Group 2008 RM'000
Trade receivables	116,658	93,239
Less: Allowance for doubtful debts	(2,088)	(2,462)
	114,570	90,777

(a) The allowance for doubtful debts is net of bad debts written off of RM304,000 (2008: RM4,358,000).

(b) The credit terms offered by the Group in respect of trade receivables range from 30 to 120 days from date of invoice.

(c) Included in trade receivables is an amount of RM225,000 (2008: RM70,000) owing by an associate of the Company.

(d) Included in trade receivables is an amount of RM970,000 (2008: RM602,000) owing by certain companies in which certain Directors have financial interests.

(e) The currency exposure profile of trade receivables are as follows:

	Group 2009 RM'000	Group 2008 RM'000
Ringgit Malaysia	106,024	86,279
US Dollar	6,208	3,459
Singapore Dollar	1,031	1,039
Vietnamese Dong	1,307	-
	114,570	90,777

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other receivables	7,994	4,782	27	18
Deposits	3,495	1,784	18	21
Prepayments	10,413	3,273	1,357	883
Amount due from an associate	-	506	-	-
	21,902	10,345	1,402	922

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

(a) security deposits paid to a supplier of RM2,500,000 (2008: RM1,500,000) for purchase of raw materials.

(b) Prepayments of RM6,202,000 (2008: RM Nil) made to suppliers for purchase of raw materials.

(c) The currency exposure profile of other receivables, deposits and prepayments are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Ringgit Malaysia	21,285	9,570	1,402	922
US Dollar	-	405	-	-
Vietnamese Dong	617	370	-	-
	21,902	10,345	1,402	922

18. AMOUNTS OWING BY/(TO) SUBSIDIARIES

Company

Non-current

The amount owing by a subsidiary represents advances which are unsecured, not repayable within the next twelve (12) months and bears interests range from 2.61% to 3.24% per annum.

Current

The amounts owing by subsidiaries represent advances and payments made on behalf which are unsecured, payable upon demand in cash and cash equivalents and interest-free except for advances of RM83,844,000 (2008: RM59,812,000) which bear interests range from 2.00% to 7.04% (2008: 3.50% to 8.50%) per annum.

The amounts owing to subsidiaries represent advances and payments made on behalf which are unsecured, payable upon demand in cash and cash equivalents and interest-free except for advances of RM3,850,000 (2008: RM1,700,000) which bear interest at 3.30% (2008: 3.30%) per annum.

19. FIXED DEPOSITS WITH LICENSED BANKS

Group and Company

The fixed deposits of the Group and of the Company as at 31 December 2009 have maturity periods range from one (1) month to three (3) months.

Included in fixed deposits of the Group and of the Company are amounts of RM1,077,000 (2008: RM1,054,000) pledged to licensed banks for commercial papers pertaining to Debt Service Reserve Account as security for banking facilities granted to the Group and the Company as disclosed in Note 22 to the financial statements.

20. SHARE CAPITAL

	Group and Company		
	Number of ordinary shares '000	Par value	RM'000
Authorised:			
2009			
Balance as at 1 January/31 December	400,000	0.50	200,000
2008			
Balance as at 1 January/31 December	400,000	0.50	200,000
Issued and fully paid:			
2009			
Balance as at 1 January/31 December	180,980	0.50	90,490
2008			
Balance as at 1 January/31 December	180,980	0.50	90,490

21. RESERVES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-distributable				
Share premium	1,687	1,687	1,687	1,687
Revaluation reserve	1,051	1,080	1,051	1,080
Warrant reserve	3,862	3,862	3,862	3,862
Exchange translation reserve	(1,069)	(565)	-	-
Treasury shares, at cost	(5,854)	(5,854)	(5,854)	(5,854)
	(323)	210	746	775
Distributable				
Retained earnings	77,208	75,554	19,072	16,816
	76,885	75,764	19,818	17,591

(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 believe that the repurchase plan is in the best interests of the Company and its shareholders.

In financial year ended 31 December 2007, 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.

Of the total 180,980,900 (2008: 180,980,900) issued and fully paid ordinary shares as at 31 December 2009, 6,919,900 (2008: 6,919,900) are held as treasury shares by the Company. As at 31 December 2009, the number of outstanding ordinary shares in issue net of treasury shares is 174,061,000 (2008: 174,061,000) ordinary shares of RM0.50 each.

21. RESERVES (cont'd)

(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 six (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 two (2) existing ordinary shares of RM0.50 each 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 6^{th} 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 on Main Market of Bursa Malaysia Securities Berhad with effect from 19 July 2005.

(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 earnings

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. Subject to the agreement of the Inland Revenue Board, 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 earnings as at 31 December 2009.

22. BORROWINGS

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Current liabilities				
Secured				
Bank overdrafts	479	266	479	246
Trade financing	14,975	15,384	1,903	-
Short-term loan (Note 22.1)	82,000	70,000	82,000	70,000
Hire purchase liabilities (Note 22.2)	3,429	3,030	101	97
Revolving credits	2,000	2,000	2,000	2,000
Term loans	4,829	3,112	-	-
Unsecured				
Bank overdrafts	1,231	2,306	472	230
Revolving credit	3,000	-	-	-
Term loan	1,727	1,440	1,727	1,440
Trade financing	98,179	105,444	-	-
	211,849	202,982	88,682	74,013

22. BORROWINGS (cont'd)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-current liabilities				
Secured				
Term loans	11,884	17,250	-	-
Hire purchase liabilities (Note 22.2)	6,713	8,090	161	262
Unsecured				
Term loan	6,668	8,160	6,668	8,160
	25,265	33,500	6,829	8,422
Total borrowings				
Secured				
Bank overdrafts	479	266	479	246
Trade financing	14,975	15,384	1,903	-
Short-term loan (Note 22.1)	82,000	70,000	82,000	70,000
Hire purchase liabilities (Note 22.2)	10,142	11,120	262	359
Revolving credits	2,000	2,000	2,000	2,000
Term loans	16,713	20,362	-	-
Unsecured				
Bank overdrafts	1,231	2,306	472	230
Trade financing	98,179	105,444	-	-
Revolving credit	3,000	-	-	-
Term loan	8,395	9,600	8,395	9,600
	237,114	236,482	95,511	82,435

(a) The currency exposure profile of borrowings are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Ringgit Malaysia	215,128	221,928	95,511	82,435
US Dollar	12,483	13,325	-	-
Vietnamese Dong	9,503	1,229	-	-
	237,114	236,482	95,511	82,435

(b) The maturity profile and exposure to the interest rate risk of the borrowings of the Group and of the Company are disclosed in Note 34 to the financial statements.

Group

The Group's bank borrowings (other than short-term loan and hire purchase liabilities as further disclosed in Notes 22.1 and 22.2 to the financial statements) are secured by means of:

(a) first and third party registered legal charge over the Group's plant and machinery, freehold land and certain buildings, and leasehold land as disclosed in Note 7(c) to the financial statements;

(b) corporate guarantee issued by the Company and personal guarantee by certain Directors of the subsidiaries; and

(c) pledged against fixed deposits of the Group and of the Company as disclosed in Note 19 to the financial statements.

22. 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 7(c) to the financial statements.

22.1 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 seven (7) years. During its seven (7) years tenure, the Company may issue commercial papers with maturities of between one (1) to twelve (12) months.

The CP Programme is divided into two (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 19 to the financial statements.

22.2 HIRE PURCHASE LIABILITIES - SECURED

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Minimum hire purchase payments:				
- Not later than one (1) year	3,982	3,619	111	111
- Later than one (1) year and not later than five (5) years	7,226	8,773	166	277
- Later than five (5) years	-	12	-	-
	11,208	12,404	277	388
Less: Future interest charges	(1,066)	(1,284)	(15)	(29)
Present value of hire purchase liabilities	10,142	11,120	262	359
Repayable as follows:				
- Current liabilities	3,429	3,030	101	97
- Non-current liabilities	6,713	8,090	161	262
	10,142	11,120	262	359

23. TRADE PAYABLES

Group

(a) The credit terms available to the Group in respect of trade payables range from 30 to 120 days from date of invoice.

(b) Included in trade payables is an amount of RM324,000 (2008:RM702,000) owing to an associate of the Company.

(c) Included in trade payables is an amount of RM624,000 (2008: RM736,000) owing to companies in which certain Directors have interests.

(d) The currency exposure profile of trade payables are as follows:

	Group	
	2009 RM'000	**2008 RM'000**
Ringgit Malaysia	17,636	7,280
US Dollar	313	1,548
Singapore Dollar	545	124
Japanese Yen	318	387
Vietnamese Dong	117	-
	18,929	9,339

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Other payables	4,247	8,589	499	46
Accruals	5,541	7,125	136	679
Amount owing to an associate	458	410	453	393
	10,246	16,124	1,088	1,118

(a) Included in other payables of the Group is RM36,000 (2008: RM13,000) owing to certain companies in which certain Directors have financial interests. This amount is unsecured, interest-free and payable upon demand in cash and cash equivalents.

(b) The currency exposure profile of other payables and accruals are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Ringgit Malaysia	9,786	12,369	1,088	1,118
US Dollar	137	3,098	-	-
Vietnamese Dong	323	657	-	-
	10,246	16,124	1,088	1,118

25. REVENUE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sale of goods	457,993	534,439	7	7
Dividend income	-	-	10,825	11,130
Rental income	1,888	1,786	3,905	3,644
	459,881	536,225	14,737	14,781

26. PROFIT BEFORE TAX

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before tax is arrived at after charging:					
Allowance for diminution in value of investments	11	-	-	53	-
Allowance for doubtful debts		573	1,271	-	-
Amortisation of development costs	13	59	59	-	-
Auditors' remuneration:					
- Current financial year		156	145	18	18
- Under/(Over) provision in prior years		1	(1)	-	-
Depreciation of investment properties	8	13	18	-	-
Depreciation of property, plant and equipment	7	8,952	7,188	1,075	1,064
Directors' remuneration:					
- Fees		604	608	179	183
- Emoluments other than fees		4,206	4,343	669	684
Impairment loss on investment properties	8	-	168	-	-
Impairment loss on property, plant and equipment	7	736	704	-	-

26. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging: (cont'd)				
Interest expenses on:				
- Trade financing	3,114	7,160	-	-
- Short-term loan	3,965	4,269	3,962	3,860
- Revolving credits	142	61	58	60
- Bank overdrafts	88	133	5	7
- Term loans	2,371	472	728	336
- Hire purchase	677	595	14	18
- Subsidiary	-	-	77	63
- Others	62	306	-	-
Inventories write down	-	14,074	-	-
Allowance for slow moving inventories	581	-	-	-
Loss on disposal of property, plant and equipment	1,198	-	-	-
Loss on disposal of a subsidiary	-	-	1,500	-
Realised loss on foreign exchange	1,072	-	-	-
Unrealised loss on foreign exchange	31	-	-	-
Professional fee paid to a Director	65	55	-	-
Property, plant and equipment written off	341	52	-*	-
Rental of equipment	12	274	-	-
Rental of premises	111	465	-	-
Rental of forklifts	249	-	-	-
Royalty fees	-	319	-	-
Waiver of loan to a subsidiary	-	-	1,746	-

** Property, plant and equipment written off of the Company is RM17 only.*

And crediting:

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Allowance for forfeited deposit no longer required	190	-	-	-
Allowance for doubtful debts no longer required	643	283	-	-
Gain on acquisition of minority interest	15	-	1,500	-
Gain on disposal of property, plant and equipment	36	611	28	-
Gain on disposal of quoted shares	48	-	-	-
Gain on disposal of investments in subsidiaries	10	-	-	-
Realised gain on foreign exchange	343	139	-	-
Gross dividend income:				
- Subsidiaries	-	-	10,825	11,130
- Other investments	14	24	-	-
Interest income	103	118	4,105	3,522
Inventories write down no longer required	11,184	-	-	-
Outsourcing services charged to an associate	8	324	8	324
Rental income	1,924	1,829	3,905	3,644

The estimated monetary value of benefits-in-kind received or receivable by the Directors of the Group and of the Company amounted to RM143,000 (2008: RM147,000) and RM28,000 (2008: RM24,000) respectively.

27. TAX EXPENSE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expense based on profit for the financial year				
- income tax	4,256	8,285	2,069	2,323
Under/(Over) provision in prior years	129	(81)	(70)	7
	4,385	8,204	1,999	2,330
Deferred tax (Note 14)				
Relating to originating and reversal of temporary differences	2,995	(1,827)	97	36
Relating to changes in tax rate	-	(88)	-	(43)
Revaluation reserve	(11)	(12)	(12)	(12)
(Over)/Under provision in prior years	(21)	(438)	(2)	3
	2,963	(2,365)	83	(16)
	7,348	5,839	2,082	2,314

Malaysian income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated taxable profits for the fiscal year. The Malaysian statutory tax rate has been reduced to 25%, from previous financial year's rate of 26%, for the fiscal year of assessment 2009. The computation of deferred tax as at 31 December 2009 has reflected these changes.

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

The numerical reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Company is as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before tax	19,167	28,218	6,887	10,074
Taxation at Malaysia statutory rate of 25% (2008: 26%)	4,792	7,337	1,722	2,619
Tax effects in respect of:				
- Non-allowable expenses	3,816	1,220	1,108	235
- Non-taxable income	(1,771)	(1,182)	(718)	(578)
- Tax incentives and allowances	(66)	(1,909)	-	-
- Deferred tax assets not recognised	834	1,329	-	-
- Utilisation of unabsorbed tax losses	(162)	-	-	-
- Reduction in deferred taxes as a result of reduction in tax rate	-	(88)	-	(43)
- Others	(203)	(349)	42	71
	7,240	6,358	2,154	2,304
Under/(Over) provision of tax expense in prior years	129	(81)	(70)	7
(Over)/Under provision of deferred tax in prior years	(21)	(438)	(2)	3
Effective tax expense	7,348	5,839	2,082	2,314

27. TAX EXPENSE (cont'd)

Tax savings of the Group and the Company are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Arising from utilisation of previously unrecognised tax losses	648	-	-	-

28. DIVIDENDS

	Group and Company			
	2009		2008	
	Gross dividend per share Sen	Amount of dividend net of tax RM'000	Gross dividend per share Sen	Amount of dividend net of tax RM'000
Final dividend in respect of financial year ended 31 December 2007	-	-	1.5	2,611
Final dividend in respect of financial year ended 31 December 2008	1.5	2,611	-	-
	1.5	2,611	1.5	2,611

As approved by the shareholders at the Annual General Meeting held on 11 June 2009, a final dividend of 3% (1.5 sen per share), tax exempt, amounting to RM2,611,000 in respect of the previous financial year was paid on 8 September 2009.

The Directors proposed a final dividend of 3% (1.5 sen per share), tax exempt, amounting to RM2,611,000 in respect of the financial year ended 31 December 2009, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

29. 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 interest divided by the weighted average number of ordinary shares outstanding during the financial year after deducting the treasury shares.

	Group	
	2009	2008
Profit after tax and minority interest (RM'000)	4,203	11,291
Weighted average number of ordinary shares outstanding ('000)	174,061	174,061
Basic earnings per ordinary share (Sen)	2.41	6.49

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share equals to the basic earnings per share because the outstanding warrants are anti-dilutive as the market value of the Company's shares are lower than the exercise price of the warrants.

30. 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	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Purchase of property, plant and equipment (Note 7)	14,022	41,052	56	112
Financed by hire purchase arrangement	(2,385)	(3,362)	-	-
Financed by term loan	(1,496)	(6,508)	-	-
Cash payments on purchase of property, plant and equipment	10,141	31,182	56	112

31. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Fixed deposits with licensed banks	2,877	1,054	1,077	1,054
Cash and bank balances	20,892	15,243	315	288
	23,769	16,297	1,392	1,342

(a) The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Ringgit Malaysia	19,060	13,804	1,392	1,342
US Dollar	3,503	1,906	-	-
Vietnamese Dong	1,206	587	-	-
	23,769	16,297	1,392	1,342

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

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Fixed deposits with licensed banks	2,877	1,054	1,077	1,054
Cash and bank balances	20,892	15,243	315	288
Bank overdrafts (Note 22)	(1,710)	(2,572)	(951)	(476)
	22,059	13,725	441	866
Less: Fixed deposits pledged to licensed banks (Note 19)	(1,077)	(1,054)	(1,077)	(1,054)
	20,982	12,671	(636)	(188)

32. DISPOSAL OF SUBSIDIARIES

On 23 October 2009, the Group disposed off all its entire equity interests in subsidiaries, Prestar Tooling Sdn. Bhd. ("PTSB") and Excelpath Sdn. Bhd. ("ESB") for total cash consideration of RM2.00 each. The effects of these disposals on the date of disposal to the Group's cash flows are as follows:

	PTSB RM'000	ESB RM'000	Total RM'000
Current tax assets	1	-	1
Other receivables	1	-	1
Amounts owing by related companies	1	-	1
Cash and bank balances	3	-	3
Other payables	(14)	(2)	(16)
	(8)	(2)	(10)
Share of net assets disposed			(10)
Gain on disposal of a subsidiary			10
Proceeds from disposal			-*
Less: Cash and bank balances of the subsidiary disposed			(3)
Cash flow on disposal, net of cash disposed			(3)

** RM4 only.*

33. 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.

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

2009	Investment RM'000	Trading RM'000	Manufacturing RM'000	Elimination RM'000	Total RM'000
Revenue					
External segment revenue	1,836	87,893	370,152	-	459,881
Inter-segment revenue	13,000	125	60,485	(73,610)	-
	14,836	88,018	430,637	(73,610)	459,881
Results					
Segment results	11,584	3,528	22,207	(8,193)	29,126
Finance costs	(4,858)	(585)	(9,114)	4,138	(10,419)
Interest income	4,105	1	135	(4,138)	103
Share of profit of associates					357
Profit before tax					19,167
Tax expense					(7,348)
Profit for the financial year					11,819

33. SEGMENT REPORTING (cont'd)

(a) Business segments (cont'd)

2009	**Investment RM'000**	**Trading RM'000**	**Manufacturing RM'000**	**Elimination RM'000**	**Total RM'000**
Assets					
Segment assets	205,149	54,735	397,971	(206,138)	451,717
Investments in associates	35,780	-	-	-	35,780
Deferred tax asset					2
Current tax asset					2,823
Unallocated asset					1,675
Total assets					491,997
Liabilities					
Segment liabilities	106,723	30,713	263,694	(134,841)	266,289
Deferred tax liabilities					5,136
Current tax liabilities					1,462
Total liabilities					272,887
Other segment information					
Capital expenditure	905	934	13,033	-	14,872
Amortisation	-	-	59	-	59
Depreciation	1,099	524	7,342	-	8,965
Impairment losses	-	-	736	-	736
Other non-cash expenses	-	90	2,634	-	2,724
Other non-cash income	(84)	(7,494)	(4,343)	-	(11,921)

2008	**Investment RM'000**	**Trading RM'000**	**Manufacturing RM'000**	**Elimination RM'000**	**Total RM'000**
Revenue					
External segment revenue	1,793	121,910	412,522	-	536,225
Inter-segment revenue	13,087	230	75,664	(88,981)	-
	14,880	122,140	488,186	(88,981)	536,225
Results					
Segment results	10,957	5,117	32,958	(13,203)	35,829
Finance costs					(12,996)
Interest income					118
Share of profit of associates					5,267
Profit before tax					28,218
Tax expense					(5,839)
Profit for the financial year					22,379

33. SEGMENT REPORTING (cont'd)

(a) Business segments (cont'd)

2008	Investment RM'000	Trading RM'000	Manufacturing RM'000	Elimination RM'000	Total RM'000
Assets					
Segment assets	163,687	52,522	372,151	(149,240)	439,120
Investments in associates	35,423	-	-	-	35,423
Deferred tax asset					330
Current tax asset					1,984
Unallocated asset					1,675
Total assets					478,532
Liabilities					
Segment liabilities	89,624	28,533	245,505	(101,717)	261,945
Deferred tax liabilities					2,534
Current tax liabilities					773
Total liabilities					265,252
Other segment information					
Capital expenditure	112	1,035	40,742	(837)	41,052
Amortisation	-	-	59	-	59
Depreciation	1,089	434	5,683	-	7,206
Impairment losses	-	-	872	-	872
Other non-cash expenses	-	2,553	12,844	-	15,397
Other non-cash income	-	(217)	(677)	-	(894)

(b) Geographical segments

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

34. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's activities expose itself to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to create 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.

(i) Foreign currency risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiaries 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.

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

34. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management objectives and policies (cont'd)

(i) Foreign currency risk (cont'd)

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

	Currency	Contract amount in foreign currency '000	RM'000 equivalent	Maturities
31 December 2009				
Forward contracts used to hedge trade receivables	USD	1,415	4,849	1 – 4 months
	Singapore Dollar ('SGD')	225	549	1 – 4 months
Forward contracts used to hedge trade payables	USD	1,568	5,419	1 – 5 months
	USD	1,199	4,106	2 – 3 months
31 December 2008				
Forward contracts used to hedge trade receivables	USD	2,440	8,129	1 – 5 months
	Singapore Dollar ('SGD')	261	618	1- 4 months
Forward contracts used to hedge trade payables	USD	125	449	1 – 6 months
	USD	900	3,202	4 – 6 months

The unrecognised gain/(loss) as at 31 December 2009 on forward foreign exchange contracts amounting to RM95,000 (2008: (RM432,000)) 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 income/expense 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	
	2009 RM'000	**2008 RM'000**
Trade receivables:		
- US Dollar	2,401	2,477
- Singapore Dollar	484	531
	2,885	3,008
Other receivables, deposits and prepayments:		
- US Dollar	-	405
Trade payables:		
- US Dollar	313	1,092
- Singapore Dollar	545	124
- Japanese Yen	318	387
	1,176	1,603
Other payables and accruals:		
- US Dollar	137	3,098

34. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management objectives and policies (cont'd)

(ii) 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.

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 2009	**WAEIR**	**Within 1 year**	**1 - 2 years**	**2 -3 years**	**3 - 4 years**	**4 - 5 years**	**More than 5 years**	**Total**
Group	**%**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fixed rate								
Fixed deposits with licensed banks	1.90	2,877	-	-	-	-	-	2,877
Hire purchase liabilities	6.40	(3,429)	(3,398)	(1,927)	(1,098)	(290)	-	(10,142)
Term loans	4.87	(6,556)	(6,800)	(6,956)	(4,217)	(579)	-	(25,108)
Floating rate								
Bank overdrafts	6.83	(1,710)	-	-	-	-	-	(1,710)
Revolving credits	4.00	(5,000)	-	-	-	-	-	(5,000)
Short-term loan	4.60	(82,000)	-	-	-	-	-	(82,000)
Trade financing	3.94	(113,154)	-	-	-	-	-	(113,154)
Company								
Fixed rate								
Fixed deposits with licensed banks	1.90	1,077	-	-	-	-	-	1,077
Hire purchase liabilities	4.42	(101)	(106)	(55)	-	-	-	(262)
Term loan	8.00	(1,727)	(1,870)	(2,025)	(2,193)	(580)	-	(8,395)
Amount owing to a subsidiary	3.30	(3,850)	-	-	-	-	-	(3,850)
Floating rate								
Bank overdrafts	6.85	(951)	-	-	-	-	-	(951)
Revolving credits	4.76	(2,000)	-	-	-	-	-	(2,000)
Short-term loan	4.60	(82,000)	-	-	-	-	-	(82,000)
Amounts owing by subsidiaries	5.55	83,844	5,418	-	-	-	-	89,262
Trade financing	2.47	(1,903)	-	-	-	-	-	(1,903)
As at 31 December 2008								
Group								
Fixed rate								
Fixed deposits with licensed banks	3.00	1,054	-	-	-	-	-	1,054
Hire purchase liabilities	5.85	(3,030)	(3,082)	(2,988)	(1,442)	(566)	(12)	(11,120)
Term loans	6.48	(4,552)	(8,235)	(6,342)	(6,342)	(3,729)	(762)	(29,962)
Floating rate								
Bank overdrafts	7.15	(2,572)	-	-	-	-	-	(2,572)
Revolving credits	5.36	(2,000)	-	-	-	-	-	(2,000)
Short-term loan	5.94	(70,000)	-	-	-	-	-	(70,000)
Trade financing	4.83	(120,828)	-	-	-	-	-	(120,828)
Company								
Fixed rate								
Fixed deposits with licensed banks	3.00	1,054	-	-	-	-	-	1,054
Hire purchase liabilities	4.47	(97)	(101)	(106)	(55)	-	-	(359)
Term loan	8.00	(1,440)	(1,920)	(1,920)	(1,920)	(1,920)	(480)	(9,600)
Amounts owing by subsidiaries	7.43	59,812	-	-	-	-	-	59,812
Amount owing to a subsidiary	3.30	(1,700)	-	-	-	-	-	(1,700)
Floating rate								
Bank overdrafts	8.00	(476)	-	-	-	-	-	(476)
Revolving credits	5.36	(2,000)	-	-	-	-	-	(2,000)
Short-term loan	5.94	(70,000)	-	-	-	-	-	(70,000)

34. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management objectives and policies (cont'd)

(iii) 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.

As at 31 December 2009, the Group has trade receivables amounting to RM24,615,000 (2008: RM15,437,000) which have been outstanding for more than their respective credit terms granted. However, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount at each financial asset in the balance sheets.

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.

(iv) 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.

(b) 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 due to the relatively short term maturity of these financial instruments except as set out below:

	Group		Company	
	Carrying amount RM'000	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
At 31 December 2009				
Recognised				
Hire purchase liabilities	(10,142)	(9,149)	(262)	(255)
Other investments	2	2	-	-
Unrecognised				
Forward foreign exchange contracts	-	95	-	-
At 31 December 2008				
Recognised				
Hire purchase liabilities	(11,120)	(11,091)	(359)	(355)
Other investments	362	388	-	-
Unrecognised				
Forward foreign exchange contracts	-	(432)	-	-

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

(i) The fair values of borrowings are estimated by discounting future cash flows at the current market rate available for similar borrowings.

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

(iii) The fair value of forward foreign exchange contracts is the amount that would be payable or receivable upon termination of the outstanding position and is determined by reference to the difference between the contracted rate and the forward exchange rate as applicable to a contract of similar amount and maturity profile at the balance sheet date.

The carrying amounts of term loans approximate their fair values as the current rates offered to the Group approximate the market rates for the similar borrowings of the same remaining maturities.

35. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

The Company has related party relationships with its direct, indirect subsidiaries, and its associates. In addition, the Company also has related party relationships with the following parties:

(i) 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, Andy Toh Jin Hong and Ian Toh Jin Hu; 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 Yew Seng and Toh Yew Chin

("collectively known as "Substantial Shareholders").

(ii) Companies in which the Substantial Shareholders have financial interests as defined in item (i) above are as follows:

Related parties	**Relationships**
Chiho Hardware Sdn. Bhd.	Related by common Directors, Toh Yew Chin, Dato' Toh Yew Peng, Toh Yew Seng, Toh Yew Keat, Toh Yew Kar and a company in which certain Directors have financial interests, YK Toh (M) Sdn. Bhd.
Logam Indah Sdn. Bhd.	Related by a common Director, Dato' Toh Yew Peng and companies in which certain Directors have financial interests, YK Toh (M) Sdn. Bhd. and Syarikat Kwong Nam Hing Sdn. Bhd.
Wei Giap Hardware Sdn. Bhd.	Related by common Directors, Dato' Toh Yew Peng, Toh Yew Keat and Toh Yew Kar
Wei Sheng Hardware Sdn. Bhd.	Related by common Directors, Toh Yew Kar and a company in which certain Directors have financial interests, Wei Giap Hardware Sdn. Bhd.
YK Toh (M) Sdn. Bhd.	Related by common Directors, Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Seng and Toh Yew Chin

(iii) Lim & Yeoh Advocates & Solicitors, a firm in which Lim Cheang Nyok is a partner

(b) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Company	
	2009	**2008**
	RM'000	**RM'000**
(i) Transactions with subsidiaries:		
Gross dividend income	(10,825)	(11,130)
Interest paid	77	63
Interest income	(4,060)	(3,477)
Rental income	(2,088)	(1,863)
Waiver of loan	1,746	-

35. RELATED PARTY DISCLOSURES (cont'd)

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

	Group 2009 RM'000	Group 2008 RM'000
(ii) Transactions with an associate:		
POSCO-MKPC Sdn. Bhd.		
Sales of goods	(207)	(1,996)
Purchase of goods	2,387	13,072
Rental receivables	(1,817)	(1,781)
Outsourcing fees receivables	(8)	(324)
Transfer of property, plant and equipment	-	3
Commission income	(19)	(588)
Interest paid	-	20
(iii) Transactions with companies in which the Substantial Shareholders have financial interests:		
Chiho Hardware Sdn. Bhd.		
Sales of goods	(524)	(804)
Purchases	89	265
Logam Indah Sdn. Bhd.		
Sales of goods	-	(5)
Wei Giap Hardware Sdn. Bhd.		
Sales of goods	(141)	(151)
Purchases	139	159
Wei Sheng Hardware Sdn. Bhd.		
Sales of goods	(70)	(72)
YK Toh (M) Sdn. Bhd.		
Rental received	(18)	(18)
Commission expenses	65	138
(iv) Transactions with a company in which Toh Yew Keat and Dato' Toh Yew Peng have financial interests:		
Syarikat Kwong Nam Hing Sdn. Bhd.		
Sales of goods	(59)	(160)
(v) Transactions with companies in which Toh Yew Keong and Toh Yew Chin have financial interests:		
YK Toh Marketing (S) Pte. Ltd.		
Sales of goods	(2,779)	(4,836)
Purchases	1,047	2,027
Diager SG Pte. Ltd.		
Purchases	131	309

35. RELATED PARTY DISCLOSURES (cont'd)

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

	Group 2009 RM'000	Group 2008 RM'000
(vi) Transaction with a firm in which Lim Cheang Nyok is a partner:		
Lim & Yeoh Advocates & Solicitors		
Legal fees	-	34
(viii) Transaction with a Director:		
Toh Yew Chin		
Professional fees paid	65	55

The related party transactions described above were carried out on terms and conditions based on negotiation mutually agreed with respective related parties.

(c) Compensation of key management personnel

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

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Short term employee benefits	4,573	5,247	775	896
Contributions to defined contribution plan	369	602	73	106
	4,942	5,849	848	1,002

36. CAPITAL COMMITMENTS

	Group 2009 RM'000	Group 2008 RM'000
Capital expenditure in respect of purchase of property, plant and equipment		
- Approved and contracted	1,216	7,691
- Approved but not contracted	-	2,682
	1,216	10,373

37. CONTINGENT LIABILITIES

	Company 2009 RM'000	Company 2008 RM'000
Unsecured:		
- Guarantees to financial institutions for credit facilities granted to subsidiaries	273,584	297,460

38. EMPLOYEE BENEFITS

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Wages, salaries and bonuses	24,763	25,554	1,474	1,434
Contributions to defined contribution plan	2,112	2,210	141	154
Other benefits	1,195	1,346	23	26
	28,070	29,110	1,638	1,614

Included in the employee benefits of the Group and of the Company are Directors' emoluments amounting to RM4,206,000 (2008: RM4,343,000) and RM669,000 (2008: RM684,000) respectively.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 31 July 2009, a wholly-owned subsidiary of the Company, Prestar Manufacturing Sdn. Bhd. ("PMSB") entered into a Sale of Shares Agreement with a third party to acquire the remaining 5% equity interest in Prestar Tooling Sdn. Bhd. ("PTSB") representing 75,000 ordinary shares of RM1.00 each for a total cash consideration of RM60,000 to facilitate the internal restructuring exercise of the Group.

On 25 August 2009, the Board of Directors of the Company announced that PTSB and Prestar Galvanising Sdn. Bhd. ("PGSB"), both wholly-owned subsidiaries of the Company had undergone an internal restructuring exercise, which involved the transfer of PTSB's business through sales of assets for a total cash consideration of RM819,000.

On 23 October 2009, the immediate holding company of PTSB, Prestar Manufacturing Sdn. Bhd. ("PMSB") disposed off its entire equity interest in PTSB, representing 1,500,000 ordinary shares of RM1.00 each of the fully paid-up share capital of PTSB for a total cash consideration of RM2.00 to third parties. Following the disposal, the Company and PMSB ceased to be the ultimate and immediate holding companies of PTSB respectively.

(b) On 18 September 2009, a wholly-owned subsidiary of the Company, Excelpath Sdn. Bhd. ("ESB") disposed off its entire equity interest in Prestar Storage System Sdn. Bhd. ("PSSSB"), representing 3,050,000 ordinary shares of RM1.00 each of the fully paid-up share capital of PSSSB for a total cash consideration of RM2.00 to the Company. Consequently, PSSSB ceased to be a subsidiary of ESB.

On 23 October 2009, the Company disposed off its entire equity interest in ESB, representing 1,500,000 ordinary shares of RM1.00 each of the fully paid-up share capital of ESB for a total cash consideration of RM2.00 to third parties. Consequently, ESB ceased to be a subsidiary of the Company.

(c) On 18 November 2009, a wholly-owned subsidiary of the Company, Prestar Marketing Sdn. Bhd. ("PMktg") entered into a sale and purchase agreement with a related company, Prestar Ventures Sdn. Bhd. ("PVSB") to acquire a piece of land with a single storey detached factory and three storey front office for a total cash consideration of RM4,200,000. As at the date of sale and purchase agreement, the acquisition was completed.

(d) On 23 November 2009, the Company entered into a sale and purchase agreement with a third party to acquire a freehold land and building for a total cash consideration of RM850,000. On 14 December 2009, the acquisition was completed.

40. COMPARATIVE FIGURES

Certain comparatives figures for the financial year ended 31 December 2008 have been reclassified/restated due to the following reasons:

(a) Effects arising from the adoption of Amendment to FRS 117 Leases, which have resulted in retrospective adjustments. Leasehold land held by the Group for own use were reclassified from prepaid lease payments for land as previously reported to property, plant and equipment; and

40. COMPARATIVE FIGURES (cont'd)

(b) To conform to the current year's presentation.

	As previously stated RM'000	Effect on early adoption of Amendment to FRS 117 RM'000	Reclassifi-cation RM'000	As restated RM'000
Balance sheets				
Group				
Property, plant and equipment	154,474	8,863	-	163,337
Prepaid lease payments for land	8,863	(8,863)	-	-
Income statements				
Group				
Cost of sales	(466,806)	-	(11,176)	(477,982)
Other income	11,446	-	(120)	11,326
Selling and distribution expenses	(8,448)	-	4,564	(3,884)
Administrative expenses	(30,216)	-	3,073	(27,143)
Other expenses	(6,372)	-	3,659	(2,713)
Cash flow statements				
Group				
Cash flows from operating activities:				
- Amortisation of prepaid lease payments for land	199	(199)	-	-
- Depreciation of property, plant and equipment	6,989	199	-	7,188
Notes to the financial statements				
Group				
Profit before tax				
Profit before tax is arrived at after charging:				
- Amortisation of prepaid lease payments for land	199	(199)	-	-
- Depreciation of property, plant and equipment	6,989	199	-	7,188

LIST OF PROPERTIES
FOR YEAR ENDED 31 DECEMBER 2009

No.	Location	Tenure	Built-up Area (sq ft)	Year of Expiry	Description /Existing Use	Net Book Value (RM'000)	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	45,840	14	5 April 2001
2	Geran 86261, Lot 162 (Lot 39), Seksyen 19, Bandar Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	80,384 sq ft	nil	Manufacturing site for Prestar Manufacturing Sdn Bhd	6,890	16	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	4,200	22	18 Nov 2009
4	Lot 1113, 65A, Jalan Perak, 10150 Penang	Freehold	2,904 sq ft	nil	Office cum warehouse	980	47	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	490	17	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	60	11	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	@ 168	9	4 Feb 2004
8	Plot 40, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (42 years)	152,835 sq ft	2052	Manufacturing site for Tashin Steel Sdn Bhd	8,649	11	8 Aug 2000
9	Plot 39, Lrg Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (42 years)	127,872 sq ft	2052	Manufacturing site for Tashin Steel Sdn Bhd	15,452	2	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 *(46 years)	Land area (48,290 m2)	2055	Manufacturing site cum office for Prestar Industries (Vietnam) Co. Ltd	10,359	2	12 April 2007
11	F 01-08, Taman Pelangi, Bukit Tengah, 13600 Perai, Penang	99 yrs Leasehold *(91 years)	500 sq ft	2092	Hostel	48	8	23 Apr 2008
12	# 31, Jalan Sepadu C 25/C, Section 25, Taman Perindustrian Axis, 40400 Shah Alam, Selangor Darul Ehsan	Freehold	153 m2	nil	Tenanted	850	4	23 Nov 2009

* *Balance of Leasehold Tenure*
\# *Acquired through Debt settlement arrangement from various delinquent trade debtors*
@ *This amount has been fully impaired in view of ownership claim unresolved*
% *This property has been disposed. SPA dated 11 May 2010*

STATISTICS OF SHAREHOLDINGS
AS AT 3 MAY 2010

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	:	4,523
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	15,690,304	9.01	(1)62,003,000	35.62
Dato' Toh Yew Peng	4,120,796	2.37	(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
Y. K. Toh Property Sdn. Bhd.	11,393,000	6.55	-	-
Soh Tik Siew	10,917,700	6.27	-	-
Andy Toh Jin Hong	-	-	(1)62,003,000	35.62
Ian Toh Jin Hu	-	-	(1)62,003,000	35.62

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 Issued Capital**
1 – 99	19	0.42	558	0.00
100 – 1,000	261	5.77	232,060	0.13
1,001 – 10,000	3,069	67.85	15,761,248	9.06
10,001 –100,000	1,079	23.86	32,189,936	18.49
100,001 - 8,703,049 (*)	91	2.01	39,666,194	22.79
8,703,050 and above (**)	4	0.09	86,211,004	49.53
Total	4,523	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	15,690,304	9.01	*62,003,000	35.62
Dato' Toh Yew Peng	Malaysian	4,120,796	2.37	*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 Yew Chin	Malaysian	0	0	*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
Lou Swee You	Malaysian	0	0	0	0
Lim Cheang Nyok	Malaysian	0	0	0	0

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

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	15,690,304	9.01
3.	Y K TOH PROPERTY SDN BHD	11,393,000	6.55
4.	SOH TIK SIEW	10,917,700	6.27
5.	MD NAHAR BIN NOORDIN	5,000,000	2.87
6.	DATO' TOH YEW PENG	4,120,796	2.37
7.	MD NAHAR BIN NOORDIN	3,000,000	1.72
8.	FABULOUS ESSENCE SDN BHD	2,400,000	1.38
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND)	1,525,200	0.88
10.	TAN BEE LIEN	998,200	0.57
11.	CITIGROUP NOMINEES (ASING) SDN BHD (EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED)	812,000	0.47
12.	TOH YEW KAR	744,000	0.43
13.	NG TENG SONG	710,800	0.41
14.	TEE BON PENG	657,800	0.38
15.	TEH CHOONG WENG	600,000	0.34
16.	HLB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR FRANCIS KONG @ KONG FEN SHIN)	592,100	0.34
17.	ONG HONG CHOO	584,000	0.34
18.	TAY YING LIM @ TAY ENG LIM	563,200	0.32
19.	NG WEE TIEW @ NG WEE CHIEW	532,200	0.31
20.	FAM KEAT HONG	532,000	0.31
21.	LIM CHOON TEIK	500,300	0.29
22.	AZMAN BIN AHMAD	500,000	0.29
23.	TOH POH KHUAN	480,000	0.28
24.	TOH YEW SENG	480,000	0.28
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR SIN HUAN KWANG (E-TWU))	473,100	0.27
26.	WEST MAH INDUSTRIAL & AUTO SUPPLY SDN BHD	447,300	0.26
27.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LEE HOONG SENG)	430,000	0.25
28.	YEOH AH KEOW	392,600	0.23
29.	OOI KOK WAN	375,000	0.22
30.	HENG KOK PUAN @ HENG KOK PWAN	373,000	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 3 May 2010.

STATISTICS OF WARRANT HOLDINGS AS AT 3 MAY 2010

Number of Warrant Holders	:	1,651
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	0.12	96	0.00
100 – 1,000	98	5.94	84,300	0.10
1,001 – 10,000	826	50.03	5,058,804	5.78
10,001 –100,000	613	37.13	23,199,000	26.50
100,001 - 4,377,189 (*)	111	6.72	35,096,600	40.09
4,377,190 and above (**)	1	0.06	24,105,000	27.53
Total	1,651	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 Yew Chin	Malaysian	0	0	*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
Lou Swee You	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.*

STATISTICS OF WARRANT HOLDINGS AS AT 3 MAY 2010 (cont'd)

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	2,400,000	2.74
3.	Y K TOH PROPERTY SDN BHD	1,946,500	2.22
4.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LIM KAM SENG)	1,710,000	1.95
5.	TEE BON PENG	1,139,900	1.30
6.	WONG KAR SENG	1,124,600	1.28
7.	MAK NGIA NGIA @ MAK YOKE LUM	853,200	0.97
8.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR HENG POH SUAN)	780,000	0.89
9.	MAYBAN NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TANG SING LING)	707,100	0.81
10.	AIBB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR GOH KIM CHOON)	673,000	0.77
11.	ALLIANCEGROUP NOMINEES (ASING) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LEE CHIN WENG)	651,000	0.74
12.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LIM CHOOI CHUAN)	600,000	0.69
13.	SOH TIK SIEW	565,000	0.65
14.	LEE KIM SENG	560,000	0.64
15.	AMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR KHOO CHING THYE)	558,700	0.64
16.	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR ONG CHIN SEAN)	540,100	0.62
17.	LIM THOW JOON	512,300	0.59
18.	KHOO CHOON HOE	499,900	0.57
19.	TOH YEW KEAT	499,702	0.57
20.	ONG MIN HONG	470,400	0.54
21.	GAN LAY HAR	470,000	0.54
22.	LOO HONG KIAT	470,000	0.54
23.	YEAP MEI CHIN	450,000	0.51
24.	MAK NGIA NGIA @ MAK YOKE LUM	421,800	0.48
25.	CITIGROUP NOMINEES (ASING) SDN BHD (EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED)	402,000	0.46
26.	ONG CHIN SEAN	400,000	0.46
27.	CHAN KENG LUM	395,000	0.45
28.	TAN PHEE MUN @ TAN PHUI MUN	345,200	0.39
29.	INDAR KAUR A/P DAN SINGH	337,800	0.39
30.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LEE SOON HENG)	330,000	0.38

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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-Fifth 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 Tuesday, 22 June 2010 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 2009 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.(a)	To re-elect Dato' Toh Yew Peng in accordance with Article 105 of the Company's Articles of Association. (Resolution 3)		
4.(b)	To re-elect Tuan Haji Fadzlullah Shuhaimi Bin Salleh in accordance with Article 105 of the Company's Articles of Association. (Resolution 4)		
4.(c)	To re-elect Mr. Lim Cheang Nyok in accordance with Article 105 of the Company's Articles of Association. (Resolution 5)		
5.	To re-elect Mr. Toh Yew Chin in accordance with Article 112 of the Company's Articles of Association. (Resolution 6)		
6.	To re-appoint Messrs. BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)		
	As Special Business :		
7.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965. (Resolution 8)		
8.	Authority to renew the purchase of the Company's own shares. (Resolution 9)		
9.	Authority to renew the Shareholders' Mandate for Recurrent Related Party Transactions Of A Revenue Or Trading Nature. (Resolution 10)		
10.	Authority to enter into New Shareholders' Mandate for Recurrent Related Party Transactions Of A Revenue Or Trading Nature. (Resolution 11)		
11.	Proposed Amendments to the Articles of Association. (Resulution 12)		

* Strike out whichever not applicable.

Signed this .... day of 2010

....
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 15 June 2010. Only a depositor whose name appears on the Record of Depositors as at 15 June 2010 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

FOLD HERE

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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