PRESTAR RESOURCES BERHAD (123066-A)
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Tel: 03 2084 9000
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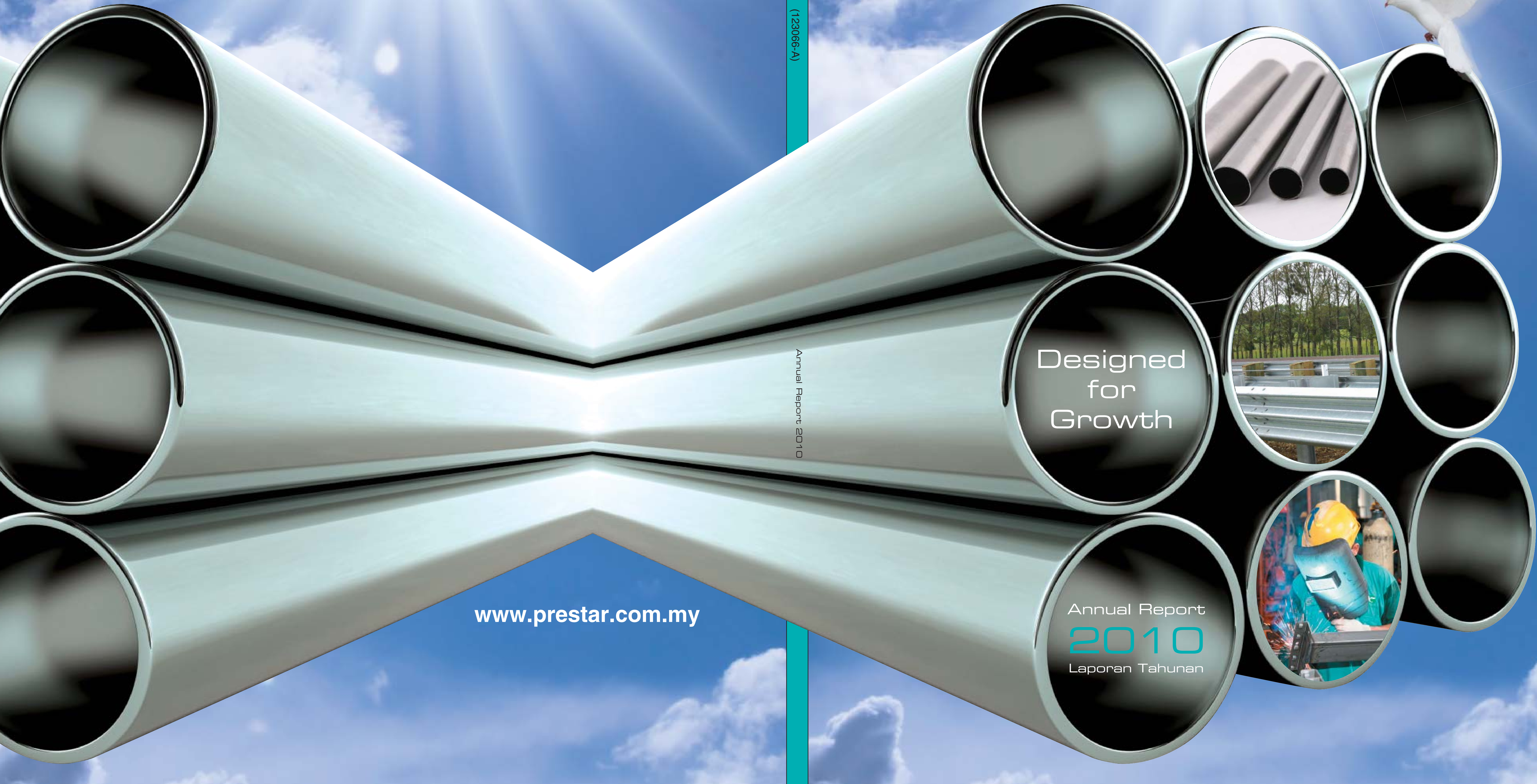
www.prestar.com.my

PRESTAR RESOURCES BERHAD (123066-A)

Annual Report 2010



PRESTAR RESOURCES BERHAD

(123066-A)

Designed
for
Growth

Annual Report
2010
Laporan Tahunan

Contents

Financial Statements

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth 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 Monday, 20 June 2011 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and the Auditors thereon.

2. To approve the declaration of the Final Tax Exempt Dividend of 2.0% (1.0 sen per share) for the financial year ended 31 December 2010. **Resolution 1**

3. To sanction the payment of Directors' Fees for the financial year ended 31 December 2010. **Resolution 2**

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

   (a) Mr. Toh Yew Kar **Resolution 3**
   (b) Mr. Toh Yew Seng **Resolution 4**
   (c) Mr. Toh Yew Keat **Resolution 5**

5. 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 6**

6. As Special Business :

   To consider and, if thought fit, with or without any modification, to pass the following resolutions which will be proposed as ordinary 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 7**

7. **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 2010 of RM14,126,025.00 and RM1,686,905.00 respectively;

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

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

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(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 8**

8. **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 27 May 2011 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 9**

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

9. 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 2.0% (1.0 sen per share) will be payable on 15 September 2011 to depositors who are registered in the Record of Depositors at the close of business on 19 August 2011, if approved by members at the forthcoming Twenty-Sixth 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 19 August 2011 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: 27 May 2011

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-Fifth Annual General Meeting held on 22 June 2010 and which will lapse at the conclusion of the Twenty-Sixth 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-Fifth Annual General Meeting held on 22 June 2010. 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-Fifth Annual General Meeting held on 22 June 2010. 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.

   Further information on the Proposed Renewal of Share Buy-Back Authority and Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions are set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2010 Annual Report.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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 14 June 2011. Only a depositor whose name appears on the Record of Depositors as at 14 June 2011 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

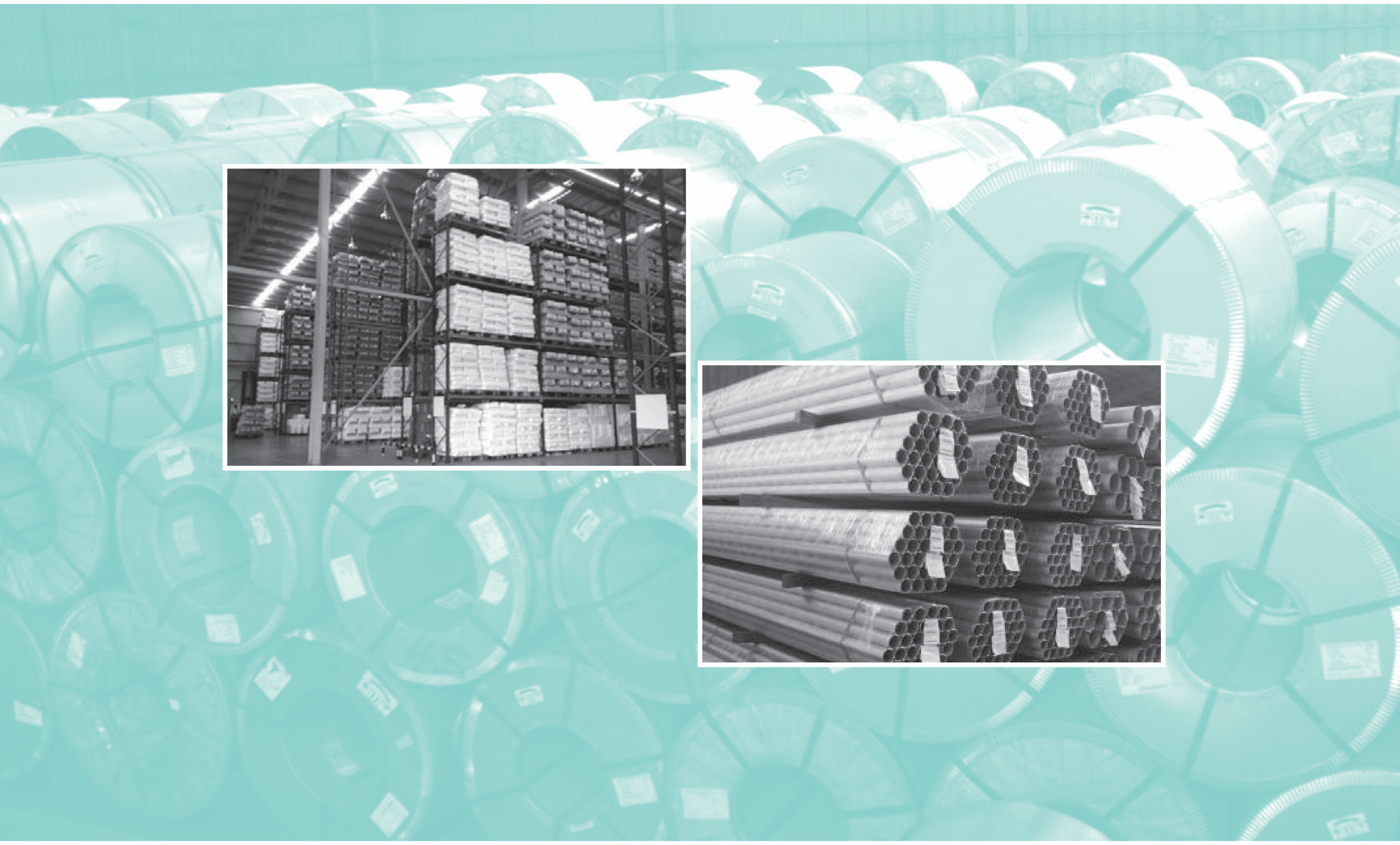
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint not more than two (2) proxies to attend and vote instead of him and the provisions of Sections 149(1)(a)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

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
Affin Bank Berhad
OCBC Bank (Malaysia) Bhd

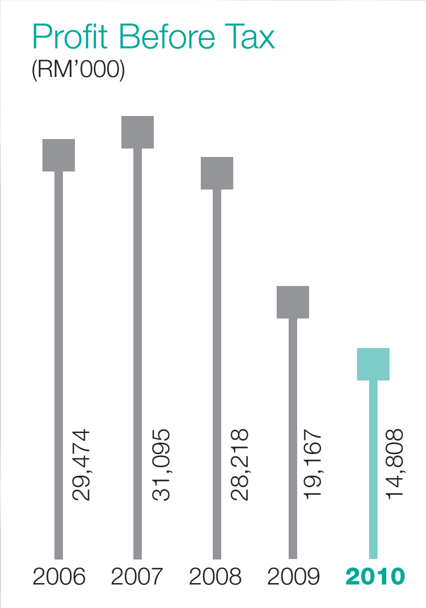
SOLICITORS
SKRINE
Lim & Yeoh

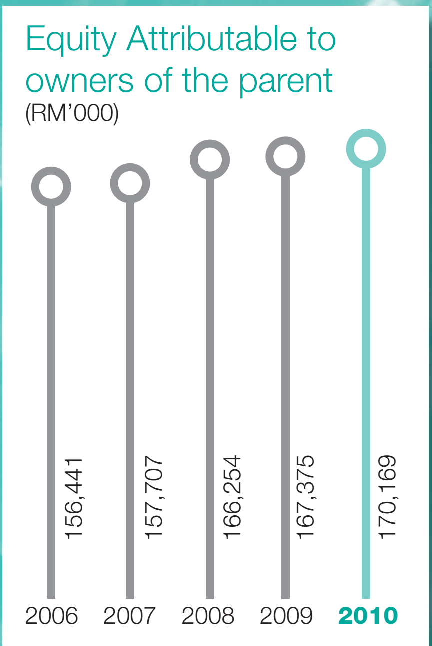
STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Stock Code : 9873
Warrant Code : 9873W

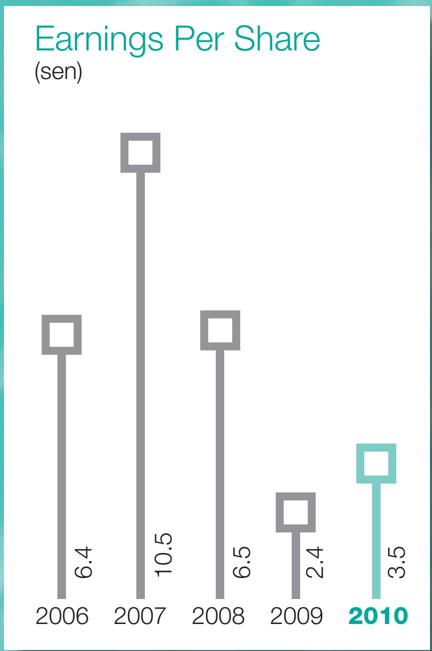


GROUP FINANCIAL HIGHLIGHTS

(RM'000)	2006	2007	2008	2009	2010
Revenue	527,443	455,759	536,225	459,881	553,633
Profit before taxation	29,474	31,095	28,218	19,167	14,808
Profit attributable to owners of the parent	11,227	18,215	11,291	4,203	6,120
Total Assets	461,243	447,101	478,532	491,997	508,101
Equity attributable to owners of the parent	156,441	157,707	166,254	167,375	170,169
Net assets per share attributable to owners of the parent (RM)	0.90	0.91	0.96	0.96	0.98
Earnings per share attributable to owners of the parent (sen)	6.4	10.5	6.5	2.4	3.5







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%

PT Prestar Precision Tube, Indonesia
75%

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%

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report 2010 and Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2010.

OVERVIEW AND CORPORATE DEVELOPMENT

During the year under review, the Group enjoyed a robust beginning. However upon entering the second quarter of the year, the steel industry began to experience depressing steel prices and weak market demand which lasted most parts of the year. Nonetheless, steel prices started to recover slightly towards the end of the year, and remains reasonably stable till the time of writing this report.

Besides the aforesaid matter, the Group has carried out an internal restructuring exercise through consolidating its two (2) subsidiaries' pipes manufacturing activities and businesses into one (1) single entity. This was carried out with the aim to streamline the Group operations and processes, improve organisational efficiencies and effectiveness as well as costs saving in the overall Group administration.

On the overseas operations, our Vietnam subsidiary has successfully rolled out its carbon steel pipes for the domestic market. However, the operation's bottom line remained unsatisfactory partly due to the impact of depreciating Vietnam currency on the backdrop of galloping high inflation and interest rates. Remedial actions have been taken and the Group is constantly monitoring the situation to minimise the effects of unfavourable economic conditions.

To further enhance and widen the Group's network and penetration of markets within the ASEAN region, the Group has just established a joint-venture company in Jakarta, Indonesia to spearhead it's sales of various steel related products.

On the whole, the Group has performed satisfactorily for the year under review. The Board, together with the management team, will continue to take cautious, prudent and pragmatic actions in steering the Group towards greater heights. Improvement actions taken earlier in optimising supply chain management, productivity enhancement programs and costs cutting exercises would be further intensified to enhance the Group's competitive edge and sustainable growth.


CERTIFICATE OF APPROVAL

Prestar Galvanising Sdn. Bhd. (315125-T)
Rawang, Selangor
Malaysia

ISO 9001:2008
MS ISO 9001:2008

Provision of hot dip galvanising services.


CERTIFICATE TÜV NORD

Management System as per
ISO 9001 : 2008

PRESTAR PRECISION TUBE SDN. BHD.

Manufacturing of Stainless Steel, Carbon Steel and Other Alloys Pipes/Tubes


CERTIFICATE OF APPROVAL

Prestar Steel Pipes Sdn. Bhd. (375196-W)
Rawang, Selangor
Malaysia

ISO 9001:2008
MS ISO 9001:2008

Manufacture of ERW carbon tubes.


CERTIFICATE OF APPROVAL

Prestar Engineering Sdn. Bhd. (307176-A)
Rawang, Selangor
Malaysia

ISO 9001:2008
MS ISO 9001:2008

Manufacture of highway guardrails and accessories.

CHAIRMAN'S STATEMENT (cont'd)

FINANCIAL PERFORMANCE

For the year under review, the Group revenue increased by 20.4% over the same period of last year to RM553.6 million. The Group also reported slight improvement on the Profit for the period by 1.9% to RM12.0 million. The Group reported strong quarterly results for the earlier part of the year but less satisfactory results in the second half of the year partly due to depressing steel prices as well as slow market demand for most parts of the year under review. This has resulted in the Group reported only minimal improvement for the year.

Earnings per share for the financial year under review was 3.52 sen as compared to 2.41 sen last year while net assets per share attributable to ordinary equity holders of the Company rose slightly to 98 sen per share. The Group financial position remains healthy as total equity improved from RM219.1 million at last financial year end to RM224.7 million this financial year end.

PROSPECTS

The Malaysian economy is expected to grow at approximately 6% for the year 2011. The steel business community is expected to benefit from the robust growth in the building and construction sector as well as the multiplier effects from the implementation of the Economic Transformation Programme. The aforesaid matter together with the reasonably stable steel prices and various business improvement programmes implemented within the Group, is expected to generate better results for the financial year ending 31 December 2011.

DIVIDEND

The Board is pleased to recommend a final tax-exempt dividend of 2% (1.0 sen per ordinary share), amounting to RM1,740,610.00 in respect of the financial year ended 31 December 2010, which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

APPRECIATION

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

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

TOH YEW KEAT
Chairman of the Board

BOARD OF DIRECTORS' PROFILE

Toh Yew Keat

Age: 64, 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 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: 59, 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: 53, 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 and 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 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; 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.

BOARD OF DIRECTORS' PROFILE (cont'd)

Toh Yew Seng

Age : 50, 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 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; 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 : 48, 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 sits on the Board of Y K Toh Marketing (S) Pte. Ltd. (YKTM) 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 YKTM and responsible for the overall business planning and development of YKTM.

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; 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 : 54, 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 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.

BOARD OF DIRECTORS' PROFILE (cont'd)

Tuan Haji Fadzlullah Shuhaimi bin Salleh

Age : 54, 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 Fadzlullah Shuhaimi does not have any family relationship with any Director and / or major shareholder of the Company.

Lou Swee You

Age: 68, 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 Public Listed Company 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.

Mr Lou was actively involved in internal audit activities and was a board member of The Institute of Internal Auditors Malaysia from 1998 to 2006. Positions held include Treasurer, Secretary and Vice President. He was also 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 : 43, 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 Messrs. 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 information technology, 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 and / 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, if any.

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 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 2010:-
- Financing for Green Technology and International Trade
- Activate Asia : Insight Indonesia
- Financial Instruments: FRS 139
- BDO GST Seminar 2010 - Which Hat Are You Wearing
- Various lectures and seminars during Bursa Malaysia Corporate Governance Week 2010

(iii) Board Meetings and Supply of Information

The Board of Directors met four (4) times during the financial year ended 31 December 2010. 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	3/4
Mr. Toh Yew Kar	4/4
Mr. Toh Yew Chin	3/4
Encik Md. Nahar Bin Noordin	3/4
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	4/4
Mr. Lou Swee You	4/4
Mr. Lim Cheang Nyok	4/4

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

(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 and majority of whom are independent 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 Remuneration 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 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.

Members of the Committee are as follows:

Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Chairman
Encik Md. Nahar Bin Noordin	Member
Mr. Lou Swee You	Member

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

(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 2010 are as follows:

(i) Aggregate remuneration categorised into appropriate components:

RM ('000)	Executive Directors	Non-Executive Directors
Fees	322	126
Salaries	2,081	-
Bonus & Others	514	-
Benefits-in-kind	81	-
EPF and SOCSO	300	-

(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 RM 50,000	-	5
RM 650,001 to RM 700,000	1	-
RM 700,001 to RM 750,000	1	-
RM 851,000 to RM 900,000	1	-
RM 1,000,001 to RM 1,050,000	1	-

Note: Successive bands of RM50,000 are not shown entirely as they are not represented.

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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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 and the MMLR.

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

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, announcements and corporate information.

(ii) Annual General Meeting

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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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 ensure that the hostels are in good condition.

(ii) The Environment

The Group recognises the important of environmental conservation. For instance, all industrial wastes from the Group's operations are properly handled in accordance with the pre-set procedures, guidelines and regulations. All industries wastes are strictly disposed 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 various non-governmental organisations as well as various school building funds and some Charity fund raising programs. At the time of writing this report, the Group has also established an in-house Social Charity Committee to further spearhead the Group's efforts in this area.

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**
   There was no share buy-backs during the year. Information regarding previous years share buy-backs 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 4,000.00

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 review 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 potential losses.

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 tabled to the Audit Committee and the Board of Directors for deliberations.

INTERNAL AUDIT FUNCTION

The Internal Audit Function ("IAD") 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.

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 and as well as the risk assessment carried out by IAD. The annual audit plan is subsequently presented to the Audit Committee for review and approval.

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. The status of corrective action plans are reported to the Audit Committee on a quarterly basis.

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 Quality Management System accredited by various ISO certification bodies on four (4) subsidiaries' manufacturing system.
- 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 properly 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 a 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 a monthly basis.

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

This Statement on Internal Control is made in accordance with the resolution of the Board of Directors dated 23 February 2011.

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 2010.

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 2010.

1. COMPOSITION OF THE AUDIT COMMITTEE AND MEETINGS

During the financial year ended 31 December 2010, 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
Lou Swee You	Chairman / Independent, Non-Executive Director	5/5
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member / Independent, Non-Executive Director	5/5
Lim Cheang Nyok	Member / Independent, Non-Executive Director	5/5

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 22 to 25.

3. SUMMARY OF KEY ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year ended 31 December 2010, 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 ("IAD") 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.

AUDIT COMMITTEE REPORT (cont'd)

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 in-house internal audit team.

The Head of IAD reports directly to the Audit Committee to maintain the independence 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 to ensure it is adequate and effective at all time in the fast changing business environment.

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 stipulated time frame.

The costs incurred for the in-house internal audit team were approximately RM175,000. This included the manpower cost, training cost and traveling cost.

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

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

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

b) if he is not a 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 Bursa Securities.

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 of reference.

Retirement and resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition on criteria as stated in paragraph 5.1 above, 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.

AUDIT COMMITTEE REPORT (cont'd)

5.2. Chairman

The members of the Audit Committee shall elect a Chairman from amongst their number 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 be 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. Circular Resolutions

A resolution in writing signed or approved by letter, telegram, telex or telefax by all the Audit Committee Members and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a Meeting of the Audit Committee duly called and constituted. All such resolutions shall be described as "Audit Committee Members' Resolutions in Writing" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minutes Book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Audit Committee Members.

AUDIT COMMITTEE REPORT (cont'd)

5.8. 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.

5.9. 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 its 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 Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

5.10. Duties and Responsibilities

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

5.10.1. Risk Management and Internal Control

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

5.10.2. Financial Reporting

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

a) going concern assumption;

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

c) any changes in accounting policies and practices;

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

e) major judgemental areas.

AUDIT COMMITTEE REPORT (cont'd)

5.10.3. 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 and 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 may 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.

5.10.4. Other Responsibilities and Duties

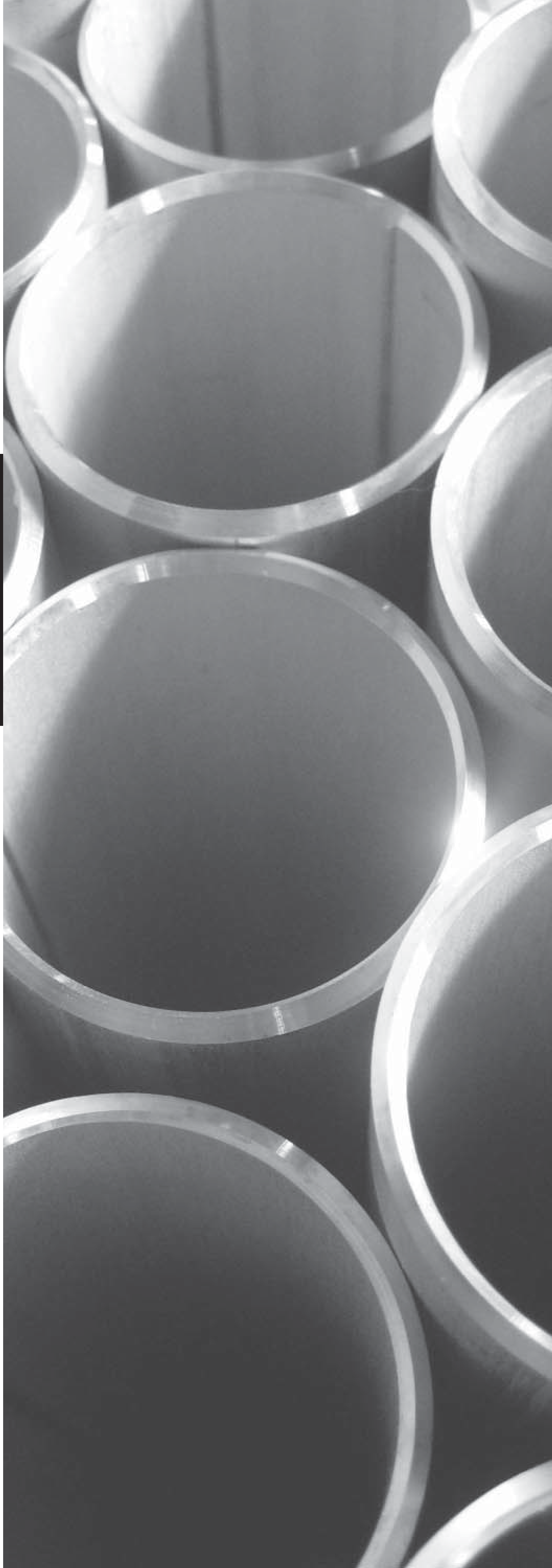
To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

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 topics 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 statement of financial position and the consolidated statement of comprehensive income 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 2010 are set out from pages 28 to 106 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 2010, 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 2010.

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 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for those disclosed in Note 9 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	12,044	3,485
Attributable to:		
Owners of the parent	6,120	3,485
Non-controlling interest	5,924	-
	12,044	3,485

DIVIDENDS

As approved by the shareholders at the Annual General Meeting held on 22 June 2010, a final dividend of 3% (1.5 sen per share), tax exempt, amounting to RM2,610,915 in respect of the financial year ended 31 December 2009 was paid on 18 August 2010.

The Directors proposed a final dividend of 2% (1.0 sen per share), tax exempt, amounting to RM1,740,610 in respect of the financial year ended 31 December 2010, 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 new 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

Warrants 2005/2011 (cont'd)

(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 the 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 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

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

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31 December 2010 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 1.1.2010	**Bought**	**Sold**	**Balance as at 31.12.2010**
Shares in the Company				
Direct interests				
Toh Yew Keat	11,889,404	3,800,900	-	15,690,304
Dato' Toh Yew Peng	877,596	3,243,200	-	4,120,796
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

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd)

	---------- Number of ordinary shares of RM1.00 each ----------			
	Balance as at 1.1.2010	**Bought**	**Sold**	**Balance as at 31.12.2010**
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	2,250,000	-	-	2,250,000
Toh Yew Seng	2,250,000	-	-	2,250,000
Dai Dong Steel Sdn. Bhd.				
Toh Yew Seng	2,100,000	-	-	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 1.1.2010	**Bought**	**Sold**	**Balance as at 31.12.2010**
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 beneficial interests in ordinary shares and warrants in the Company and its related corporations during the financial year.

DIRECTORS' REPORT (cont'd)

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 23 to the financial statements; and

(ii) deemed benefits arising from related party transactions as disclosed in Note 31 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 statements of comprehensive income and statements of financial position 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:

(i) 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 RM2,533,000 as disclosed in Note 23 to the financial statements; and

(ii) the effects arising from the impairment loss on investment in subsidiaries resulting in a decrease in the Company's profit for the financial year by RM7,672,000 as disclosed in Note 23 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 the 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.

DIRECTORS' REPORT (cont'd)

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

(III) AS AT THE DATE OF THIS REPORT

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

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 11 May 2010, the Company announced that its wholly-owned subsidiary, Prestar Ventures Sdn. Bhd. ("PVSB") had held an Extraordinary General Meeting at which it was resolved that PVSB be wound-up voluntarily. The voluntary winding-up will not have any material effect on the share capital, net assets per share, gearing, earnings per share and the substantial shareholdings of the Company.

(b) On 26 August 2010, the Company announced that its wholly-owned subsidiaries, Prestar Steel Pipes Sdn. Bhd. ("PSPSB") and Prestar Precision Tube Sdn. Bhd. ("PPTSB") had undergone an internal restructuring exercise involving the acquisition by the Company of all the remaining equity interest in PPTSB held by PSPSB; representing 1,500,000 ordinary shares of RM1.00 each or 7.5% of the issued and paid-up share capital of PPTSB at a consideration of RM1,500,000 to be set-off against part of the amount owing by PSPSB to the Company ("the Internal Restructuring").

The Company had subscribed additional 30,000,000 newly issued ordinary shares of RM1.00 each in PPTSB, with a cash consideration of RM20,000,000 and the remaining consideration of RM10,000,000 to be set-off against part of the amount owing by PPTSB to the Company.

(c) On 1 September 2010, the Company announced that the Internal Restructuring exercise involved the transfer of the business of the manufacturing and supplying of carbon steel pipes and related products together with the assets from PSPSB to PPTSB for a total cash consideration of RM52,700,000 will be based on PSPSB's carrying amount of property, plant and equipments and cost of inventories as at 31 August 2010 subject to adjustment of not more or less than five per centum (5%).

(d) On 29 December 2010, the Company had subscribed for additional 2,000,000 newly issued ordinary shares of RM1.00 each in Prestar Manufacturing Sdn. Bhd. ("PMSB"), a wholly-owned subsidiary of the Company, with a consideration of RM2,000,000 to be set-off against part of the amount owing by PMSB to the Company. PMSB is principally engaged in manufacturing of material handling equipments.

(e) On 29 December 2010, the Company had subscribed additional 3,500,000 newly issued ordinary shares of RM1.00 each in Prestar Storage System Sdn. Bhd. ("PSSSB"), a wholly-owned subsidiary of the Group with a consideration of RM3,500,000 to be set-off against part of the amount owing by PSSSB to the Company. As a result of the acquisition, the Company and PMSB held 96% and 4% shareholding in PSSSB respectively.

(f) During the financial year, the Company has invested additional USD3,000,000 (equivalent to RM9,719,000) and USD2,651,000 (equivalent to RM8,346,000) in an indirect subsidiary of the Company, Prestar Industries (Vietnam) Co., Ltd. ("PIV"), a company incorporated in Vietnam. PIV is principally engaged in manufacturing and processing of all kind of steel products.

In addition, the Company has acquired investment in PIV amounting to USD3,000,000 (equivalent to RM10,531,000) from a wholly-owned subsidiary, Prestar Manufacturing Sdn. Bhd. by the way of offsetting the amount owing by PMSB to the Company. As a result of the acquisition, PIV became a direct wholly-owned subsidiary of the Company.

DIRECTORS' REPORT (cont'd)

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) On 3 March 2011, the Company announced that the Board of Director of the Company has approved to incorporate a company in Indonesia through its wholly-owned subsidiary, Prestar Precision Tube Sdn. Bhd. ("PPTSB"), jointly with Mr. Hartono Amidjojo ("Hartono"), an Indonesian who is involved in steel related business, by the name of PT Prestar Precision Tube ("PTPPT"), for the purpose of importing and trading of steel material in Jakarta, Indonesia. The shareholdings of PPTSB and Hartono in PTPPT shall be in proportion of 75% and 25% respectively. PPTSB is to subscribe for 90,000 shares of PTPPT at USD1.00 each for a total consideration of USD90,000. Upon completion of the incorporation, PTPPT will become a 75% sub-subsidiary of the Company.

(b) On 22 March 2011, follow to the announcement to Bursa Securities Berhad on 11 May 2010, the Company announced that its wholly-owned subsidiary, PVSB had convened its Final Meeting to conclude the Members' Voluntary Winding-up. A Return by Liquidators' Relating to the Final Meeting had been lodged on 23 March 2011 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of three (3) months after the said lodgement date, PVSB shall be dissolved.

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	Toh Yew Seng
Director	Director

Kuala Lumpur
25 April 2011

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 36 to 106 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

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

Kuala Lumpur
25 April 2011

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 36 to 106 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	)	
at Kuala Lumpur this	)	
25 April 2011	)	Koay Kah Ee

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 statements of financial positions as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 106.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 entity's preparation of the financial statements that give true and fair view 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 entity'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 and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, 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 9 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 Reporting Responsibilities

The supplementary information set out in Note 19(f) to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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 in Malaysia 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
2855/06/12 (J)
Chartered Accountant

Kuala Lumpur
25 April 2011

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	NOTE	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	162,136	164,670	48,719	49,138
Investment properties	8	915	1,400	857	850
Investments in subsidiaries	9	-	-	113,950	56,026
Investments in associates	10	38,991	35,780	16,968	16,968
Other receivables	16	-	-	-	5,418
Other investments	11	-	2	-	-
Intangible assets	12	1,969	2,028	-	-
Deferred tax assets	13	6	2	-	-
		204,017	203,882	180,494	128,400
Current assets					
Inventories	14	142,097	125,051	-	-
Derivative assets	15	61	-	-	-
Trade and other receivables	16	136,108	136,472	25,680	88,229
Current tax assets		1,945	2,823	352	90
Cash and cash equivalents	17	23,873	23,769	3,492	1,392
		304,084	288,115	29,524	89,711
TOTAL ASSETS		508,101	491,997	210,018	218,111
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	90,490	90,490	90,490	90,490
Reserves	19	79,679	76,885	20,692	19,818
		170,169	167,375	111,182	110,308
Non-controlling interest		54,577	51,735	-	-
TOTAL EQUITY		224,746	219,110	111,182	110,308
Non-current liabilities					
Borrowings	20	18,051	25,265	10,300	6,829
Deferred tax liabilities	13	4,279	5,136	1,146	1,121
		22,330	30,401	11,446	7,950
Current liabilities					
Trade and other payables	21	36,129	29,175	11,014	11,171
Derivative liabilities	15	35	-	-	-
Borrowings	20	224,141	211,849	76,376	88,682
Current tax liabilities		720	1,462	-	-
		261,025	242,486	87,390	99,853
TOTAL LIABILITIES		283,355	272,887	98,836	107,803
TOTAL EQUITY AND LIABILITIES		508,101	491,997	210,018	218,111

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		Group		Company	
	NOTE	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue	22	553,633	459,881	20,024	14,737
Cost of sales		(501,114)	(401,879)	(1,092)	(1,062)
Gross profit		52,519	58,002	18,932	13,675
Other income		8,752	5,311	92	404
Selling and distribution expenses		(3,851)	(3,578)	-	-
Administrative expenses		(29,355)	(27,111)	(3,410)	(3,048)
Other expenses		(4,660)	(3,498)	(8,394)	(3,405)
Finance costs		(12,090)	(10,419)	(4,994)	(4,844)
Interest income		282	103	3,825	4,105
Share of profit of associates		3,211	357	-	-
Profit before tax	23	14,808	19,167	6,051	6,887
Tax expense	24	(2,764)	(7,348)	(2,566)	(2,082)
Profit for the financial year		12,044	11,819	3,485	4,805
Other comprehensive income:					
Foreign currency translations		(806)	(504)	-	-
Fair value gains on available-for-sale financial assets		-*	-	-	-
Other comprehensive income, net of tax		(806)	(504)	-	-
Total comprehensive income		11,238	11,315	3,485	4,805
Profit attributable to:					
Owners of the parent		6,120	4,203	3,485	4,805
Non-controlling interest		5,924	7,616	-	-
		12,044	11,819	3,485	4,805
Total comprehensive income attributable to:					
Owners of the parent		5,314	3,699	3,485	4,805
Non-controlling interest		5,924	7,616	-	-
		11,238	11,315	3,485	4,805
Earnings per ordinary share (Sen):	26				
- Basic		3.52	2.41		
- Diluted		3.52	2.41		

** RM60 only.*

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

Group	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Available -for-sale reserve RM'000	Revaluation reserve RM'000	Warrants reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance as at 31 December 2009	90,490	1,687	(1,069)	-	1,051	3,862	(5,854)	77,208	167,375	51,735	219,110
Effects of adoption of FRS 139 (Note 37)	-	-	-	-*	-	-	-	91	91	4	95
Restated balance as at 1 January 2010	90,490	1,687	(1,069)	-*	1,051	3,862	(5,854)	77,299	167,466	51,739	219,205
Total comprehensive income	-	-	(806)	-*	-	-	-	6,120	5,314	5,924	11,238
Realisation of revaluation reserve	-	-	-	-	(35)	-	-	35	-	-	-
Transactions with owners:											
Dividends:											
- Final dividend of the Company in respect of the financial year ended 31 December 2009 (Note 25)	-	-	-	-	-	-	-	(2,611)	(2,611)	-	(2,611)
- Interim dividend of subsidiaries in respect of the financial year ended 31 December 2009	-	-	-	-	-	-	-	-	-	(3,086)	(3,086)
Total transactions with owners	-	-	-	-	-	-	-	(2,611)	(2,611)	(3,086)	(5,697)
Balance as at 31 December 2010	90,490	1,687	(1,875)	-	1,016	3,862	(5,854)	80,843	170,169	54,577	224,746

** RM60 only*

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (cont'd)

Group	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Warrants reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance as at 1 January 2009	90,490	1,687	(565)	1,080	3,862	(5,854)	75,554	166,254	47,026	213,280
Total comprehensive income	-	-	(504)	-	-	-	4,203	3,699	7,616	11,315
Realisation of revaluation reserve	-	-	-	(62)	-	-	62	-	-	-
Effect of change in tax rate on deferred tax (Note 13)	-	-	-	33	-	-	-	33	-	33
Transactions with owners:										
Effect of acquisition of interest in a subsidiary	-	-	-	-	-	-	-	-	(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 25)	-	-	-	-	-	-	(2,611)	(2,611)	-	(2,611)
- Interim dividend of subsidiaries in respect of the financial year ended 31 December 2008	-	-	-	-	-	-	-	-	(3,095)	(3,095)
Total transactions with owners	-	-	-	-	-	-	(2,611)	(2,611)	(2,907)	(5,518)
Balance as at 31 December 2009	90,490	1,687	(1,069)	1,051	3,862	(5,854)	77,208	167,375	51,735	219,110

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (cont'd)

Company	Ordinary share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Warrants 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
Total comprehensive income	-	-	-	-	-	4,805	4,805
Realisation of revaluation reserve	-	-	(62)	-	-	62	-
Effect of change in tax rate on deferred tax (Note 13)	-	-	33	-	-	-	33
Transactions with owners:							
Dividends (Note 25):							
- 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
Total comprehensive income	-	-	-	-	-	3,485	3,485
Realisation of revaluation reserve	-	-	(35)	-	-	35	-
Transactions with owners:							
Dividends (Note 25):							
- Final dividend in respect of the financial year ended 31 December 2009	-	-	-	-	-	(2,611)	(2,611)
Balance as at 31 December 2010	90,490	1,687	1,016	3,862	(5,854)	19,981	111,182

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		Group		Company	
		2010	**2009**	**2010**	**2009**
	NOTE	**RM'000**	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		14,808	19,167	6,051	6,887
Adjustments for:					
Impairment loss on investment in subsidiaries	9(f)	-	-	7,672	-
Impairment loss on investment in an associate	10	-	-	-	53
Impairment loss on trade receivables	16(h)	1,176	573	-	-
Reversal of impairment loss on trade receivables	16(h)	(298)	(643)	-	-
Amortisation of development costs	12	59	59	-	-
Allowance for slow moving inventories		-	581	-	-
Depreciation of investment properties	8	22	13	17	-
Depreciation of property, plant and equipment	7	9,505	8,952	1,086	1,075
Dividend income (gross)		-	(14)	(16,282)	(10,825)
Impairment loss on property, plant and equipment	7	58	736	-	-
Interest expenses		12,090	10,419	4,994	4,844
Interest income		(282)	(103)	(3,825)	(4,105)
Inventories write down no longer required	14	(2,533)	(11,184)	-	-
Loss on disposal of property, plant and equipment		-	1,198	-	-
Gain on disposal of property, plant and equipment		(206)	(36)	-	(28)
Gain on disposal of an investment property	8	(193)	-	-	-
(Gain)/Loss on disposal of investments in subsidiaries	27	-	(10)	-	1,500
Gain on acquisition of non-controlling interest		-	(15)	-	-
Gain on disposal of quoted shares	11	-	(48)	-	-
Property, plant and equipment written off		836	341	-	-
Fair value adjustment on derivative instruments	15	69	-	-	-
Unrealised loss on foreign exchange		35	31	-	-
Share of profit of associates		(3,211)	(357)	-	-
Waiver of a loan to a subsidiary		-	-	-	1,746
Operating profit/(loss) before working capital changes		31,935	29,660	(287)	1,147
(Increase)/Decrease in inventories		(15,508)	42,545	-	-
(Increase)/Decrease in trade and other receivables		(834)	(35,335)	246	(480)
Increase/(Decrease) in trade and other payables		7,072	3,773	408	(30)
Cash generated from operations		22,665	40,643	367	637
Tax refunded		2,390	-	-	-
Tax paid		(5,876)	(4,533)	(156)	(29)
Net cash from operating activities		19,179	36,110	211	608

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (cont'd)

		Group		Company	
		2010	2009	2010	2009
	NOTE	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Repayment from/(Advances to) subsidiaries		-	-	39,625	(16,541)
Disposal of subsidiaries, net of cash disposed	27	-	(3)	-	-
Acquisition of non-controlling interest		-	(60)	-	-
Proceeds from disposal of quoted shares	11	2	408	-	-
Dividend received, net		-	11	13,635	8,830
Interest received		282	103	3,825	4,105
Acquisition of additional interest in a subsidiary	9	-	-	(38,065)	(1,696)
Purchase of property, plant and equipment	7(d)	(11,073)	(10,141)	(667)	(56)
Purchase of investment property	8	(24)	(850)	(24)	(850)
Proceeds from disposal of property, plant and equipment		247	99	-	29
Proceeds from disposal of an investment property	8	680	-	-	-
Net cash (used in)/generating from investing activities		(9,886)	(10,433)	18,329	(6,179)
CASH FLOWS FROM FINANCING ACTIVITIES					
Fixed deposits pledged		(124)	(23)	(124)	(23)
Interest paid		(12,090)	(10,419)	(4,994)	(4,844)
Proceeds from issue of shares to minority shareholder		-	263	-	-
Repayment of hire purchase liabilities		(3,438)	(3,363)	(101)	(97)
(Repayments of)/Drawdown of term loans		(2,275)	(5,482)	6,620	(1,205)
(Repayments of)/Drawdown of commercial papers		(12,000)	12,000	(12,000)	12,000
Drawdown of/(Repayments of) other bank borrowings		25,340	(4,674)	(2,403)	1,903
Dividends paid	25	(2,611)	(2,611)	(2,611)	(2,611)
Dividends paid to non-controlling interests		(3,086)	(3,095)	-	-
Net cash (used in)/generated from financing activities		(10,284)	(17,404)	(15,613)	5,123
Net (decrease)/increase in cash and cash equivalents		(991)	8,273	2,927	(448)
Effects of exchange rate difference		628	38	-	-
Cash and cash equivalents at beginning of financial year		20,982	12,671	(636)	(188)
Cash and cash equivalents at end of financial year	17(b)	20,619	20,982	2,291	(636)

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

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 25 April 2011.

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 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for those disclosed in Note 9 to the financial statements.

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') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 19(f) to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

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

(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 convertible or 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 statement of comprehensive income.

Non-controlling 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.

Non-controlling interest is presented in the consolidated statement of financial position within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to owners of the Company.

Non-controlling interest in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the total profit or loss for the financial year between non-controlling interest and owners 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 a different useful life, is depreciated separately.

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

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 the end of each reporting period, 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 non-financial 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

4.5 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 the 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 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 end of each reporting periods.

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 have 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 Investments (cont'd)

(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 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.

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 statement of financial position 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 end of reporting periods of the financial statements are not coterminious, the share of results is arrived at using the latest financial statements for which the difference in end of the reporting periods 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.

4.9 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries, associates), inventories and deferred tax assets, are reviewed at the end of each reporting period 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 non-financial assets (cont'd)

Following the adoption of FRS 8 Operating Segments as disclosed in Note 4.20 to the financial statements, the consequential amendment to FRS 136 Impairment of Assets is also mandatory for financial periods beginning on or after 1 July 2009. This amendment requires goodwill acquired in a business combination to be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8.

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 the 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.

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Financial instruments (cont'd)

4.10.1 Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

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

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(b) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(c) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(d) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Financial instruments (cont'd)

4.10.1 Financial assets (cont'd)

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

4.10.2 Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

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

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(b) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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

4.10.3 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Financial instruments (cont'd)

4.10.3 Equity (cont'd)

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.

Following the adoption of FRS 139 during the financial year, the Group reassessed the classification and measurement of financial assets and financial liabilities as at 1 January 2010. Consequently, the Group reclassified and re-measured financial assets and financial liabilities as disclosed in Note 37 to the financial statements.

4.11 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable or investee, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 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 the end of each reporting period 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.

4.13 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 non-controlling interest.

4.14 Employee benefits

4.14.1 Short term employee benefits

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

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.

4.14.2 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.

4.15 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 an associate to the Group and the Company, and real property gains taxes payable on disposal of properties.

Taxes in the statements of comprehensive income comprise current tax and deferred tax.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.15 Income taxes (cont'd)

4.15.1 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 payable 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 end of the reporting period.

4.15.2 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 statements of financial position 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.

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 the end of each reporting period. 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 realised, 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 on either;

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 end of the reporting period.

4.16 Foreign currencies

4.16.1 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.

4.16.2 Foreign currency transactions and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency 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 in which they arise. 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.16 Foreign currencies (cont'd)

4.16.3 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 of 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 end of the reporting period.

4.17 Revenue recognition

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

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

(a) Sale of goods

Revenue from sale of goods is recognised when significant 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.

4.18 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.

4.19 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.20 Operating segments

During the previous financial year, segment reporting was presented based on business segments and geographical segments of the Group. 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.

Following the adoption of FRS 8 Operating Segments during the current financial year, operating segments are defined as components of the Group that:

(a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

  (i) the combined reported profit of all operating segments that did not report a loss; and

  (ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.21 Borrowing costs

All 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 FRSs

(a) On 30 September 2010, the Group early adopted FRS 127 Consolidated and Separate Financial Statements as permitted by paragraph 45 in the FRS 127.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

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

5.1 Early adoption of FRSs (cont'd)

(a) On 30 September 2010, the Group early adopted FRS 127 Consolidated and Separate Financial Statements as permitted by paragraph 45 in the FRS 127 (cont'd).

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 end of the reporting period, the Group reclassified minority interests of RM54,577,000 as non-controlling interests and remeasure the non-controlling interests prospectively in accordance with the transitional provisions of FRS 127.

5.2 New FRSs adopted during the current financial year

(a) FRS 8 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 the disclosure of information on the Group'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 Group that management uses to make decisions about operating matters. This Standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance, as elaborated in Note 4.20 to the financial statements.

The Group concluded that the operating segments defined by the Group under FRS 8 were the same as the business segments defined previously under FRS 114_{2004}. Likewise, the measures used to assess the performance of the segments correspond to those previously presented under FRS 114_{2004}. Consequently, the adoption of FRS 8 has no significant impact on the presentation of the Group's reportable segments and impairment on cash-generating units based on the new definition of operating segments.

(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*.

There is no impact upon adoption of this Standard during the financial year.

(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 the Group's financial position and performance.

(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.

There is no impact upon adoption of this Standard during the financial year.

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

5.2 New FRSs adopted during the current financial year (cont'd)

(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.

The impact upon adoption of this Standard is disclosed in Note 37 to the financial statements.

(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.

There is no impact upon adoption of these amendments during the financial year.

(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.

There is no impact upon adoption of these amendments during the financial year.

(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.

There is no impact upon adoption of this Interpretation during the financial year.

(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.

There is no impact upon adoption of this Interpretation during the financial year.

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

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

5.2 New FRSs adopted during the current financial year (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 (cont'd).

There is no impact upon adoption of this Interpretation during the financial year.

The Group would like to draw attention to the withdrawal of this Interpretation for annual periods beginning on or after 1 January 2011 as disclosed in Note 5.3(j) to the financial statements.

(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.

There is no impact upon adoption of this Interpretation during the financial year.

(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 end of the reporting period 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.

There is no impact upon adoption of this Interpretation during the financial year.

(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.

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.

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

5.2 New FRSs adopted during the current financial year (cont'd)

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

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.

Following the adoption of this Standard, the Group has reflected the new format of presentation and additional disclosures warranted in the primary financial statements and relevant notes to the financial statements.

(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.

There is no impact upon adoption of these amendments during the financial year.

(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.

There is no impact upon adoption of these amendments during the financial year.

(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. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 108 clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. There is no impact upon adoption of this amendment during the financial year.

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

5.2 New FRSs adopted during the current financial year (cont'd)

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

Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the reporting period but before the financial statements are authorised for issue. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 118 clarifies reference made on the term 'transaction costs' to the definition in FRS 139. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

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

5.2 New FRSs adopted during the current financial year (cont'd)

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

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. There is no impact upon adoption of this amendment during the financial year.

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. There is no impact upon adoption of this amendment during the financial year.

(q) Amendments to FRS 132 is mandatory for annual periods beginning on or after 1 January 2010 in respect of the transitional provisions in accounting for compound financial instruments.

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.

There is no impact upon adoption of these amendments during the financial year.

(r) Amendments to FRS 139 is mandatory for annual periods beginning on or after 1 January 2010.

These amendments 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.

There is no impact upon adoption of these amendments during the financial year.

5.3 New FRSs that have been issued, but not yet effective and not yet adopted

(a) Amendments to FRS 132 is mandatory for annual periods beginning on or after 1 March 2010 in respect of classification of rights issues.

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.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

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

5.3 New FRSs that have been issued, but not yet effective and not yet adopted (cont'd)

(c) 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.

The time limit on the adjustment to goodwill due to the arrival 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.

(d) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 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. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

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

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.

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.

(e) 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.

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

5.3 New FRSs that have been issued, but not yet effective and not yet adopted (cont'd)

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

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.

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

(f) 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.

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

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

(h) 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 11 to the financial statements).

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

(i) Amendments to FRS 1 *Additional Exemptions for First-time Adopters* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments permits a first-time adopter of FRSs to apply the exemption of not restating the carrying amounts of oil and gas assets determined under previous GAAP.

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)

5.3 New FRSs that have been issued, but not yet effective and not yet adopted (cont'd)

(j) Amendments to FRS 7 *Improving Disclosures about Financial Instruments* are 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.

(k) Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments clarify the scope and the accounting for group cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

Consequently, IC Interpretation 8 *Scope of FRS 2* and IC Interpretation 11 have been superseded and withdrawn.

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

(l) IC Interpretation 4 *Determining whether an Arrangement contains a Lease* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. This assessment shall be made at the inception of the arrangement and subsequently reassessed if certain condition(s) in the Interpretation is met.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation because there are no arrangements dependent on the use of specific assets in the Group.

(m) IC Interpretation 18 *Transfers of Assets from Customers* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation applies to agreements in which an entity receives from a customer an item of property, plant and equipment that must be used to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The entity receiving the transferred item is required to assess whether the transferred item meets the definition of an asset set out in the Framework. The credit entry would be accounted for as revenue in accordance with FRS 118.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation because there are no such arrangements in the Group.

(n) IC Interpretation 15 *Agreements for the Construction of Real Estate* is mandatory for annual periods beginning on or after 1 January 2012.

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.).

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

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

5.3 New FRSs that have been issued, but not yet effective and not yet adopted (cont'd)

(o) *Improvements to FRSs (2010)* are mandatory for annual periods beginning on or after 1 January 2011.

Amendments to FRS 1 clarifies that FRS 108 does not apply to changes in accounting policies made upon adoption of FRSs until after the first FRS financial statements have been presented. If changes in accounting policies or exemptions in this FRS are used, an explanation of such changes together with updated reconciliations shall be made in each interim financial report. Entities whose operations are subject to rate regulation are permitted the use of previously revalued amounts as deemed cost. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 3 clarifies that for each business combination, the acquirer shall measure at the acquisition date non-controlling interests that consists of the present ownership interests and entitle holders to a proportionate share of the entity's net assets in the event of liquidation. Un-replaced and voluntarily replaced share-based payment transactions shall be measured using the market-based measurement method in accordance with FRS 2 at the acquisition date. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

Amendments to FRS 7 clarifies that quantitative disclosures of risk concentrations are required if the disclosures made in other parts of the financial statements are not readily apparent. The disclosure on maximum exposure to credit risk is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. The Group expects to improve the disclosures on maximum exposure to credit risk upon adoption of these amendments.

Amendments to FRS 101 clarify that a statement of changes in equity shall be presented as part of a complete set of financial statements. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 121 *The Effects of Changes in Foreign Exchange Rates* clarify that the accounting treatment for cumulative foreign exchange differences in other comprehensive income for the disposal or partial disposal of a foreign operation shall be applied prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 128 clarify that the accounting treatment for the cessation of significant influence over an associate shall be applied prospectively. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

Amendments to FRS 131 clarify that the accounting treatment for the cessation of joint control over an entity shall be applied prospectively. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

Amendments to FRS 132 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 134 clarify that updated information on significant events and transactions since the end of the last annual reporting period shall be included in the Group's interim financial report. Although the Group does not expect any impact on the financial statements rising from the adoption of these amendments, it is expected that additional disclosures would be made in the quarterly interim financial statements of the Group.

Amendments to FRS 139 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to IC Interpretation 13 clarify that the fair value of award credits takes into account, amongst others, the amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. 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)

5.3 New FRSs that have been issued, but not yet effective and not yet adopted (cont'd)

(p) Amendments to IC Interpretation 14 *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* are mandatory for annual periods beginning on or after 1 July 2011.

These amendments clarify that if there is a minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions shall include any amount that reduces future minimum funding requirement contributions for future service because of the prepayment made.

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

(q) IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* is mandatory for annual periods beginning on or after 1 July 2011.

This Interpretation applies to situations when equity instruments are issued to a creditor to extinguish all or part of a recognised financial liability. Such equity instruments shall be measured at fair value, and the difference between the carrying amount of the financial liability extinguished and the consideration paid shall be recognised in profit or loss.

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

(r) FRS 124 *Related Party Disclosures* and the consequential amendments to FRS 124 are mandatory for annual periods beginning on or after 1 January 2012.

This revised Standard simplifies the definition of a related party and eliminates certain inconsistencies within the superseded version. In addition to this, transactions and balances with government-related entities are broadly exempted from the disclosure requirements of the Standard.

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

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

6.1 Critical judgments made in applying accounting policies

The following is judgement made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

6.2 Key sources of estimation uncertainty

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

(i) Impairment of goodwill on consolidation

The Group tests goodwill for impairment at least annually in accordance with its accounting policy. (See accounting policy Note 4.9 to the financial statements on impairment of goodwill).

For the purposes of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Significant judgment is required in the estimation of the present value of future cash flows generated by the cash-generating units, which involve uncertainties and are significantly affected by assumptions used and judgment made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of goodwill. The key assumptions used are disclosed in Note 12(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

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

6.2 Key sources of estimation uncertainty (cont'd)

(ii) 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.

(iii) Income taxes

Significant judgment is required in determining the capital allowances and deductibility of certain expenses based on the interpretation of the tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

(iv) 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.

(v) Impairment of property, plant and equipment

The Directors review the property, plant and equipment in subsidiaries for impairment when there is an indication of impairment. 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 key assumptions are disclosed in Note 7(g) to the financial statements.

(vi) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is 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, receivables' concentrations, receivables' creditworthiness, current economic trends and changes in receivables' payment terms when making a judgment to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(vii) Impairment of investments in subsidiaries

The Directors review the material investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgment has been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

(viii) 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.

(ix) 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 2010	Balance as at 1.1.2010 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charges for the financial year RM'000	Impairment losses for the financial year RM'000	Reclassification RM'000	Foreign currency translation difference RM'000	Balance as at 31.12.2010 RM'000
Carrying amount									
Freehold land:									
- at cost	15,680	-	-	-	-	-	-	-	15,680
- at valuation	3,543	-	-	-	-	-	-	-	3,543
Buildings:									
- at cost	58,332	438	-	-	(1,517)	-	40	(946)	56,347
- at valuation	4,347	-	-	-	-	-	-	-	4,347
Short-term leasehold land	8,407	-	-	-	(183)	-	-	(552)	7,672
Plant and machinery	59,021	3,452	(18)	(165)	(4,537)	(58)	5,162	(1,676)	61,181
Office equipment	1,371	221	(2)	(8)	(392)	-	12	(23)	1,179
Furniture, fittings and renovations	2,300	166	-	-	(604)	-	30	(92)	1,800
Motor vehicles and forklifts	5,243	1,646	(21)	-	(1,563)	-	-	-	5,305
Moulds, tools and equipment	2,581	835	-	-	(709)	-	516	-	3,223
Capital work-in-progress	3,845	4,639	-	(663)	-	-	(5,760)	(202)	1,859
	164,670	11,397	(41)	(836)	(9,505)	(58)	-	(3,491)	162,136

	<------ At 31 December 2010			------>
	Cost RM'000	Valuation RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	15,680	3,543	-	19,223
Buildings	65,193	6,005	(10,504)	60,694
Short-term leasehold land	8,770	-	(1,098)	7,672
Plant and machinery	95,805	-	(34,624)	61,181
Office equipment	4,260	-	(3,081)	1,179
Furniture, fittings and renovations	5,139	-	(3,339)	1,800
Motor vehicles and forklifts	11,522	-	(6,217)	5,305
Moulds, tools and equipment	9,988	-	(6,765)	3,223
Capital work-in-progress	1,859	-	-	1,859
	218,216	9,548	(65,628)	162,136

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

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

Group 2009	Balance as at 1.1.2009 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charges for the financial year RM'000	Impairment losses for the financial year RM'000	Reclassification RM'000	Foreign currency translation difference RM'000	Balance as at 31.12.2009 RM'000
Carrying amount									
Freehold land:									
- at cost	15,680	-	-	-	-	-	-	-	15,680
- at valuation	3,543	-	-	-	-	-	-	-	3,543
Buildings:									
- at cost	59,383	322	-	-	(1,527)	-	562	(408)	58,332
- at valuation	4,347	-	-	-	-	-	-	-	4,347
Short-term leasehold land	8,863	-	-	-	(196)	-	-	(260)	8,407
Plant and machinery	46,421	2,159	(1,007)	(232)	(4,104)	(736)	16,606	(86)	59,021
Office equipment	1,470	206	(84)	(12)	(421)	-	215	(3)	1,371
Furniture, fittings and renovations	1,743	394	(47)	(41)	(578)	-	825	4	2,300
Motor vehicles and forklifts	5,725	1,026	(40)	(45)	(1,423)	-	-	-	5,243
Moulds, tools and equipment	2,486	1,468	(83)	(11)	(703)	-	(576)	-	2,581
Capital work-in-progress	13,676	8,447	-	-	-	-	(17,632)	(646)	3,845
	163,337	14,022	(1,261)	(341)	(8,952)	(736)	-	(1,399)	164,670

	<------ At 31 December 2009			------>
	Cost RM'000	Valuation RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	15,680	3,543	-	19,223
Buildings	65,721	6,005	(9,047)	62,679
Short-term leasehold land	9,359	-	(952)	8,407
Plant and machinery	96,825	-	(37,804)	59,021
Office equipment	4,731	-	(3,360)	1,371
Furniture, fittings and renovations	6,021	-	(3,721)	2,300
Motor vehicles and forklifts	10,840	-	(5,597)	5,243
Moulds, tools and equipment	9,445	-	(6,864)	2,581
Capital work-in-progress	3,845	-	-	3,845
	222,467	9,548	(67,345)	164,670

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

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

Company 2010	Balance as at 1.1.2010 RM'000	Additions RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.12.2010 RM'000
Carrying amount				
Freehold land:				
- at cost	15,330	-	-	15,330
- at valuation	2,130	-	-	2,130
Buildings:				
- at cost	27,190	316	(645)	26,861
- at valuation	3,434	-	(98)	3,336
Office equipment	108	30	(28)	110
Furniture, fittings and renovations	383	12	(171)	224
Motor vehicles	563	-	(144)	419
Capital work-in-progress	-	309	-	309
	49,138	667	(1,086)	48,719

	<---------------------- At 31 December 2010 ---------------------->			
	Cost RM'000	Valuation RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	15,330	2,130	-	17,460
Buildings	32,529	4,915	(7,247)	30,197
Office equipment	260	-	(150)	110
Furniture, fittings and renovations	1,212	-	(988)	224
Motor vehicles	960	-	(541)	419
Capital work-in-progress	309	-	-	309
	50,600	7,045	(8,926)	48,719

Company 2009	Balance as at 1.1.2009 RM'000	Additions RM'000	Disposal RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.12.2009 RM'000
Carrying amount					
Freehold land:					
- at cost	15,330	-	-	-	15,330
- at valuation	2,130	-	-	-	2,130
Buildings:					
- at cost	27,834	-	-	(644)	27,190
- at valuation	3,532	-	-	(98)	3,434
Office equipment	101	30	-	(23)	108
Furniture, fittings and renovations	523	26	-	(166)	383
Motor vehicles	708	-	(1)	(144)	563
	50,158	56	(1)	(1,075)	49,138

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

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

	At 31 December 2009			
	Cost RM'000	Valuation RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	15,330	2,130	-	17,460
Buildings	32,213	4,915	(6,504)	30,624
Office equipment	230	-	(122)	108
Furniture, fittings and renovations	1,200	-	(817)	383
Motor vehicles	960	-	(397)	563
	49,933	7,045	(7,840)	49,138

(a) The freehold land and buildings of the Group and the Company were revalued in 1994 based on valuations 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 reporting period were as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Freehold land	2,551	2,551	1,376	1,376
Buildings	2,061	2,128	1,649	1,700
	4,612	4,679	3,025	3,076

(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 RM49,288,000 (2009: RM48,754,000) and RM6,724,000 (2009: RM6,858,000) respectively have been charged as securities for banking facilities granted to the Company and its subsidiaries as disclosed in Note 20 to the financial statements.

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Purchase of property, plant and equipment	11,397	14,022	667	56
Financed by hire purchase arrangement	(324)	(2,385)	-	-
Financed by term loan	-	(1,496)	-	-
Cash payments on purchase of property, plant and equipment	11,073	10,141	667	56

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

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

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

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Plant and machinery	14,684	14,878	-	-
Motor vehicles and forklifts	1,339	2,208	269	353
Capital work-in-progress	381	381	-	-
	16,404	17,467	269	353

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

(g) The management of Prestar Manufacturing Sdn. Bhd. ("PMSB"), a subsidiary of the Company within the manufacturing segment, carried out a review of the recoverable amounts of their property, plant and equipment in the previous financial year. The review had led to the recognition of an impairment loss of RM736,000 in respect of the property, plant and equipment of PMSB due to lower future cash flows projected from the assets. The recoverable amount was based on value in use and was determined at the CGU which consists of mould and plant and machinery of the subsidiary. In determining the value in use for the CGU, the cash flows were discounted at a rate of 4.49% on a pre-tax basis. The discounted rate was based on the weighted average cost of capital of PMSB.

(h) During the financial year, PMSB has made an impairment loss of RM58,000 on the unused plant and machinery.

8. INVESTMENT PROPERTIES

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
At cost				
Balance as at 1 January	1,772	922	850	-
Additions	24	850	24	850
Disposal	(640)	-	-	-
Balance as at 31 December	1,156	1,772	874	850
Accumulated depreciation				
Balance as at 1 January	139	126	-	-
Depreciation for the financial year	22	13	17	-
Disposal	(113)	-	-	-
Balance as at 31 December	(48)	(139)	(17)	-
Accumulated impairment losses				
Balance as at 1 January	233	233	-	-
Disposal	(40)	-	-	-
Balance as at 31 December	(193)	(233)	-	-
Net carrying amount as at 31 December	915	1,400	857	850
Market value as at 31 December	936	1,525	857	850

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

8. INVESTMENT PROPERTIES (cont'd)

The fair value of the investment properties were estimated by the Directors by reference to the market value of similar properties available at end of the reporting period.

During the financial year, the Group disposed off an investment property with a carrying amount of RM487,000 for a total cash consideration of RM680,000 and the gain arising from the disposal amounted to RM193,000.

9. INVESTMENTS IN SUBSIDIARIES

	Company 2010 RM'000	Company 2009 RM'000
At cost		
Unquoted shares	129,622	64,026
Less: Impairment loss	(15,672)	(8,000)
	113,950	56,026

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

Name of company	Effective equity interest 2010 %	Effective equity interest 2009 %	Principal activities
Prestar Manufacturing Sdn. Bhd. (Note 9 (a))	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. (Note 9 (g))	100	100	Under voluntary winding up.
Prestar Engineering Sdn. Bhd.	75	75	Manufacture and supply of guardrails and related products.
Prestar Steel Pipes Sdn. Bhd.	100	100	Supply of carbon steel pipes and related products.
Prestar Precision Tube Sdn. Bhd. (Note 9 (b))	100	100	Manufacture wide range of steel pipes and tube.
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	95	General hot-dip galvanising and coating of metal products and threaded items.
Prestar Storage System Sdn. Bhd. (Note 9 (c))	100	100	Manufacture and installation of all kinds of material handling equipment, structural steel works and pallet racking system.
Prestar Industries (Vietnam) Co., Ltd. *# (Note 9 (d))	100	100	Manufacture and process all kind of steel products such as material handling equipment, highway guardrails and building materials and other steel processed products.
Subsidiary of Prestar Manufacturing Sdn. Bhd.			
Prestar Industries (Vietnam) Co., Ltd. *# (Note 9 (d))	-	85	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 Tashin Steel Sdn. Bhd.			
Tashin Hardware Sdn. Bhd.	51	51	Trading of steel material and general hardware products.

* *Subsidiary audited by of BDO Member Firm.*
\# *Incorporated in Vietnam.*

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) On 29 December 2010, the Company had subscribed for additional 2,000,000 newly issued ordinary shares of RM1.00 each in Prestar Manufacturing Sdn. Bhd. ("PMSB"), a wholly-owned subsidiary of the Company, with a consideration of RM2,000,000 to be set-off against part of the amount owing by PMSB to the Company. This acquisition has no impact to the financial statements of the Group.

(b) On 26 August 2010, Prestar Steel Pipes Sdn. Bhd. ("PSPSB") and Prestar Precision Tube Sdn. Bhd. ("PPTSB"), the wholly-owned subsidiaries of the Company, had undergone an internal restructuring exercise involving the acquisition by the Company of all the remaining equity interest in PPTSB held by PSPSB; representing 1,500,000 ordinary shares of RM1.00 each or 7.5% of the issued and paid-up share capital of PPTSB for a consideration of RM1,500,000 to be set-off against part of the amount owing by PSPSB to the Company ("the Internal Restructuring").

The Company had subscribed additional 30,000,000 newly issued ordinary shares of RM1.00 each in PPTSB with a cash consideration of RM20,000,000 and the remaining consideration of RM10,000,000 to be set-off against part of the amount owing by PPTSB to the Company. As a result, PPTSB become a direct wholly-owned subsidiary of the Company. This acquisition has no impact to the financial statements of the Group.

(c) On 29 December 2010, the Company had subscribed additional 3,500,000 newly issued ordinary shares of RM1.00 each in Prestar Storage System Sdn. Bhd. ("PSSSB") a wholly-owned subsidiary of the Group with a consideration of RM3,500,000 to be set-off against part of the amount owing by PSSSB to the Company. As a result of the acquisition, the Company and PMSB held 96% and 4% shareholding in PSSSB respectively. This acquisition has no impact to the financial statements of the Group.

(d) During the financial year, the Company has invested additional USD3,000,000 (equivalent to RM9,719,000) and USD2,651,000 (equivalent to RM8,346,000) in an indirect subsidiary of the Company, Prestar Industries (Vietnam) Co., Ltd. ("PIV"), a company incorporated in Vietnam. PIV is principally engaged in manufacturing and processing of all kind of steel products.

In addition, the Company has acquired investment in PIV amounting to USD3,000,000 (equivalent to RM10,531,000) from a wholly-owned subsidiary, Prestar Manufacturing Sdn. Bhd. by the way of offsetting the amount owing by PMSB to the Company. As a result of the acquisition, PIV became a direct wholly-owned subsidiary of the Company. This acquisition has no impact to the financial statements of the Group.

(e) In the previous financial year, the Company and its wholly-owned subsidiary, PMSB 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 hold 15% and 85% equity interest of PIV respectively.

These additional investments have no impact to the financial statements of the Group as the Company and PMSB remained as the ultimate and immediate holding companies of PIV.

(f) An impairment loss on investments in subsidiaries amounting to RM7,672,000 relating to subsidiaries, Prestar Precision Tube Sdn. Bhd. and Prestar Industries (Vietnam) Co., Ltd., have been recognised during the financial year due to net current liabilities financial positions or loss-making during current financial year. The recoverable amount was determined based on a value-in-use calculation using cash flow projections derived from financial budgets approved by the management covering a five (5)-year period. The discount rates applied to the cash flow projections were 4.60% and 5.36% respectively based on the weighted average cost of capital of the respective company.

(g) On 11 May 2010, the Company announced that its wholly-owned subsidiary, Prestar Ventures Sdn. Bhd. ("PVSB") had held an Extraordinary General Meeting in which it was resolved that PVSB will be wound-up voluntarily. The voluntary winding-up will not have any material effect on the share capital, net assets per share, gearing, earnings per share and the substantial shareholdings of the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

10. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted equity shares, at cost	17,021	17,021	17,021	17,021
Less : Impairment loss	-	-	(53)	(53)
Share of post acquisition reserves, net of dividends received	21,970	18,759	-	-
	38,991	35,780	16,968	16,968

The details of the associates are as follows:

Name of company	Effective equity interest 2010 %	Effective equity interest 2009 %	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 of BDO Member Firms.

The financial statements used for equity accounting of the above associates are co-terminous with those of the Group, which is 31 December 2010.

The summarised financial information of the associates are as follows:

	2010 RM'000	2009 RM'000
Assets and liabilities		
Current assets	241,091	193,457
Non-current assets	74,543	77,259
Total assets	315,634	270,716
Current liabilities	178,913	143,309
Non-current liabilities	6,419	7,807
Total liabilities	185,332	151,116
Results		
Revenue	375,327	292,258
Profit for the financial year	10,702	1,189

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

11. OTHER INVESTMENTS

	Group	
	Carrying amounts	Market value
2010	RM'000	RM'000
Non-current		
Financial asset, available for sale		
Quoted shares in Malaysia	-	-
2009		
Non-current		
At cost		
Quoted shares in Malaysia	2	2

(a) During current and previous financial year, the Group disposed off quoted shares with a carrying amount of RM1,890 and RM360,000 for a total cash consideration of RM1,808 and RM408,000 respectively; and the loss and gain arising from the disposals amounted to RM82 and RM48,000 respectively.

(b) The comparative figures have not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in FRS 7.44AA.

12. INTANGIBLE ASSETS

Group

	Goodwill RM'000	Development costs RM'000	Total RM'000
Balance as at 1 January 2009	1,675	412	2,087
Amortisation for the financial year	-	(59)	(59)
Balance as at 31 December 2009	1,675	353	2,028
Amortisation for the financial year	-	(59)	(59)
Balance as at 31 December 2010	1,675	294	1,969

(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	
	2010 RM'000	2009 RM'000
Manufacturing – CGU 1	1,131	1,131
Trading – CGU 2	544	544
	1,675	1,675

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

12. INTANGIBLE ASSETS (cont'd)

(b) Goodwill (cont'd)

Impairment test on CGU 1 and CGU 2

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

The recoverable amounts of CGU 1 and 2 were determined based on value in use calculations using discounted cash flow projections from financial budgets approved by management covering a five-year period. 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 end of the reporting period.

Value in use of CGU 1 and 2 were 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 5.38% (2009: 4.01%) for CGU 1 and 4.11% (2009: 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.

(c) Sensitivity to changes in assumptions

With regard to the assessment of value in use of CGU 1 and 2, management believe that there is no reasonable possible change in any of the above key assumptions would cause the CGU's carrying amounts to materially exceed their recoverable amounts.

13. DEFERRED TAX

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

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Balance as at 1 January	5,134	2,204	1,121	1,071
Recognised in equity	-	(33)	-	(33)
Recognised in the profit or loss (Note 24)	(861)	2,963	25	83
Balance as at 31 December	4,273	5,134	1,146	1,121
Presented after appropriate offsetting:				
Deferred tax liabilities	4,279	5,136	1,146	1,121
Deferred tax assets	(6)	(2)	-	-

13. DEFERRED TAX (cont'd)

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

	Group	
	2010 RM'000	**2009 RM'000**
Deferred tax liabilities		
Balance as at 1 January	6,650	6,466
Recognised in the profit or loss		
Property, plant and equipment	(1,562)	166
Revaluation reserve	(6)	51
Recognised in equity		
Revaluation reserve	-	(33)
Deferred tax liabilities as at 31 December, prior to off-setting	5,082	6,650
Set-off of tax	(803)	(1,514)
Deferred tax liabilities as at 31 December, net	4,279	5,136
Deferred tax assets		
Balance as at 1 January	1,516	4,262
Recognised in the profit or loss		
Provisions	(39)	(2,453)
Unused tax losses and unabsorbed capital allowances	(668)	(293)
Deferred tax assets as at 31 December, prior to off-setting	809	1,516
Set-off of tax	(803)	(1,514)
Deferred tax assets as at 31 December, net	6	2

(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 2010	6,191	459	6,650
Recognised in the profit or loss	(1,562)	(6)	(1,568)
At 31 December 2010	4,629	453	5,082
At 1 January 2009	6,025	441	6,466
Recognised in the profit or loss	166	51	217
Recognised in equity	-	(33)	(33)
At 31 December 2009	6,191	459	6,650

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

13. 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 assets of the Group

	Provisions RM'000	Unused tax losses and unabsorbed capital allowances RM'000	Total RM'000
At 1 January 2010	848	668	1,516
Recognised in the profit or loss	(39)	(668)	(707)
At 31 December 2010	809	-	809
At 1 January 2009	3,301	961	4,262
Recognised in the profit or loss	(2,453)	(293)	(2,746)
At 31 December 2009	848	668	1,516

Deferred tax liabilities of the Company

	Property, plant and equipment RM'000	Revaluation reserve RM'000	Total RM'000
At 1 January 2010	662	459	1,121
Recognised in the profit or loss	31	(6)	25
At 31 December 2010	693	453	1,146
At 1 January 2009	630	441	1,071
Recognised in the profit or loss	32	51	83
Recognised in equity	-	(33)	(33)
At 31 December 2009	662	459	1,121

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

	Group 2010 RM'000	Group 2009 RM'000
Unused tax losses	20,649	18,378
Unabsorbed capital allowances	-	2,298
Other temporary differences	(4,854)	5,125
	15,795	25,801

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

14. INVENTORIES

	Group	
	2010	2009
	RM'000	RM'000
At cost		
Raw materials	67,838	57,406
Work-in-progress	8,689	4,919
Manufacturing and trading inventories	47,740	49,720
	124,267	112,045
At net realisable value		
Raw materials	5,828	4,740
Work-in-progress	1,118	599
Manufacturing and trading inventories	10,884	7,667
	17,830	13,006
	142,097	125,051

The Group reversed RM2,533,000 (2009: RM11,184,000) 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.

15. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
2010			
Forward currency contracts	6,270	61	(35)

Forward currency contracts have been entered into to operationally hedge forecast sales and purchases denominated in foreign currencies that are expected to occur at various dates within six (6) months from the end of the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components have been determined based on the difference between the contracted rate and the forward exchange rate as applicable to a contract of similar amount and maturity profile at the end of the reporting date.

During the financial year, the Group recognised total loss of RM69,000 (2009: Nil) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward foreign exchange. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-current				
Other receivable				
- Amount owing by a subsidiary	-	-	-	5,418
Current				
Trade receivables				
- Third parties	124,221	115,463	-	-
- Subsidiaries	-	-	336	3,003
- Associate	95	225	-	-
- Related parties	1,131	970	-	-
	125,447	116,658	336	3,003
Less: Impairment loss				
- Third parties	(2,008)	(2,088)	-	-
	123,439	114,570	336	3,003
Other receivables, deposits, and prepayments				
Other receivables	2,334	7,994	28	27
Amount owing by subsidiaries	-	-	24,188	83,824
Deposits	4,370	3,495	19	18
Prepayments	5,965	10,413	1,109	1,357
	12,669	21,902	25,344	85,226
	136,108	136,472	25,680	88,229

(a) In previous financial year, the amount owing by a subsidiary (non-current) represented advances which were unsecured, not repayable within the next twelve (12) months and bore interests ranging from 2.61% to 3.24% per annum.

(b) Trade receivables are non-interest bearing and the credit terms offered by the Group in respect of trade receivables range from 15 to 120 days (2009: 30 to 120 days) from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(c) Related parties represent amounts owing by certain companies in which certain Directors have financial interests, which are subject to normal trade credit terms.

(d) The amount owing by subsidiaries (current-non trade) 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 RM24,188,000 (2009: RM83,844,000) which bear interests ranged from 2.00% to 6.63% (2009: 2.00% to 7.04%) per annum.

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

(i) security deposits paid to a supplier of RM2,500,000 (2009: RM2,500,000) for purchase of raw materials; and

(ii) Prepayments of RM3,589,000 (2009: RM6,202,000) made to suppliers for purchase of raw materials.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

16. TRADE AND OTHER RECEIVABLES (cont'd)

(f) The currency exposure profile of trade and other receivables are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	130,612	127,309	25,680	88,205
US Dollar	1,637	6,208	-	5,442
Singapore Dollar	587	1,031	-	-
Indonesia Rupiah	2	-	-	-
Vietnamese Dong	3,270	1,924	-	-
	136,108	136,472	25,680	93,647

(g) The ageing analysis of trade receivables of the Group are as follows:

	2010 RM'000
Neither past due nor impaired	91,875
Past due, not impaired	
- 1 to 30 days past due	16,778
- 31 to 60 days past due	9,185
- 61 to 90 days past due	3,720
- More than 90 days past due	1,881
	31,564
Past due and impaired	2,008
	125,447

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy trade receivables with good payment records with the Group. None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

No impairment has been made on these amounts as most of these customers have provided personal guarantee to the subsidiaries of the Group. The Directors are closely monitoring these receivables and these customers have no prior delinquency record in their payments.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired	
	2010 RM '000	2009 RM '000
Group		
Trade receivables, gross	2,008	2,088
Less: Impairment loss	(2,008)	(2,088)
	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

16. TRADE AND OTHER RECEIVABLES (cont'd)

(h) The reconciliation of movement in the impairment loss are as follows:

	2010 RM	2009 RM
At 1 January	2,088	2,462
Charge for the financial year (Note 23)	1,176	573
Reversal of impairment losses (Note 23)	(298)	(643)
Written off	(958)	(304)
At 31 December	2,008	2,088

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed deposits with licensed banks	5,677	2,877	2,201	1,077
Cash and bank balances	18,196	20,892	1,291	315
	23,873	23,769	3,492	1,392

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	19,066	19,060	3,492	1,392
US Dollar	1,105	3,503	-	-
Vietnamese Dong	3,702	1,206	-	-
	23,873	23,769	3,492	1,392

(b) Cash and cash equivalents included in the statements of cash flows comprise the following amounts as at the end of the reporting period:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed deposits with licensed banks	5,677	2,877	2,201	1,077
Cash and bank balances	18,196	20,892	1,291	315
Bank overdrafts (Note 20)	(2,053)	(1,710)	-	(951)
As reported in statements of financial position	21,820	22,059	3,492	441
Less: Fixed deposits pledged to licensed banks	(1,201)	(1,077)	(1,201)	(1,077)
As reported in statements of cash flows	20,619	20,982	2,291	(636)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

17. CASH AND CASH EQUIVALENTS (cont'd)

(c) The fixed deposits of the Group and of the Company have maturity periods range from one (1) month to three (3) months.

Included in the fixed deposits of the Group and of the Company are amounts of RM1,101,000 (2009: RM1,077,000) 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 20 to the financial statements.

(d) Information on financial risks of cash and cash equivalents are disclosed in Note 30 to the financial statements.

18. SHARE CAPITAL

	Group and Company			
	2010		2009	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM0.50 each:				
Authorised	400,000	200,000	400,000	200,000
Issued and fully paid:				
Balance as at 1 Jan/ 31 December	180,980	90,490	180,980	90,490

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

19. RESERVES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-distributable				
Share premium	1,687	1,687	1,687	1,687
Revaluation reserve	1,016	1,051	1,016	1,051
Warrant reserve	3,862	3,862	3,862	3,862
Exchange translation reserve	(1,875)	(1,069)	-	-
Treasury shares, at cost	(5,854)	(5,854)	(5,854)	(5,854)
	(1,164)	(323)	711	746
Distributable				
Retained earnings	80,843	77,208	19,981	19,072
	79,679	76,885	20,692	19,818

(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 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.

Of the total 180,980,900 (2009: 180,980,900) issued and fully paid ordinary shares as at 31 December 2010, 6,919,900 (2009: 6,919,900) are held as treasury shares by the Company. As at 31 December 2010, the number of outstanding ordinary shares in issue net of treasury shares is 174,061,000 (2009: 174,061,000) ordinary shares of RM0.50 each.

19. 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 6th anniversary of the date of issuance of the Warrants; and

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

The Warrants were granted for listing and quotation on Main Market of Bursa Malaysia Securities Berhad with effect from 19 July 2005.

(c) Revaluation reserve

The revaluation reserve relates to the revaluation of properties in financial year 1995 (Note 7) during the listing exercise.

(d) 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.

(e) 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 2010. Upon full utilisation of tax credits under Section 108 of the Income Tax Act, 1967, the Company could move single tier system.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

19. RESERVES (cont'd)

(f) Supplementary information on realised and unrealised profit or losses

The retained earnings as at the end of the reporting period may be analysed as follows:

	2010 Group RM'000	2010 Company RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	87,675	21,126
- Unrealised	(4,272)	(1,145)
	83,403	19,981
Total share of retained profits from associates:		
- Realised	23,438	-
- Unrealised	(1,468)	-
	105,373	19,981
Less: Consolidation adjustments	(24,530)	-
Total group/company retained profits as per consolidated accounts	80,843	19,981

20. BORROWINGS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current liabilities				
Secured				
Bank overdrafts	-	479	-	479
Trade financing	26,711	14,975	-	1,903
Short term loan (Note 20.1)	70,000	82,000	70,000	82,000
Hire purchase liabilities (Note 20.2)	3,453	3,429	106	101
Revolving credits	1,500	2,000	1,500	2,000
Term loans	4,300	4,829	2,900	-
Unsecured				
Bank overdrafts	2,053	1,231	-	472
Revolving credit	2,000	3,000	-	-
Term loan	2,257	1,727	1,870	1,727
Trade financing	111,867	98,179	-	-
	224,141	211,849	76,376	88,682
Non-current liabilities				
Secured				
Term loans	7,055	11,884	5,447	-
Hire purchase liabilities (Note 20.2)	3,574	6,713	55	161
Unsecured				
Term loan	7,422	6,668	4,798	6,668
	18,051	25,265	10,300	6,829

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

20. BORROWINGS (cont'd)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total borrowings				
Secured				
Bank overdrafts	-	479	-	479
Trade financing	26,711	14,975	-	1,903
Short term loan (Note 20.1)	70,000	82,000	70,000	82,000
Hire purchase liabilities (Note 20.2)	7,027	10,142	161	262
Revolving credits	1,500	2,000	1,500	2,000
Term loans	11,355	16,713	8,347	-
Unsecured				
Bank overdrafts	2,053	1,231	-	472
Trade financing	111,867	98,179	-	-
Revolving credit	2,000	3,000	-	-
Term loan	9,679	8,395	6,668	8,395
	242,192	237,114	86,676	95,511

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

	Group		Company	
	2010	**2009**	**2010**	**2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	214,266	215,128	86,676	95,511
US Dollar	12,353	12,483	-	-
Vietnamese Dong	15,573	9,503	-	-
	242,192	237,114	86,676	95,511

(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 30 to the financial statements.

Group

The Group's bank borrowings (other than short term loan and hire purchase liabilities as further disclosed in Notes 20.1 and 20.2 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; and

(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 17 to the financial statements.

Group and Company

Significant covenants

Short term loan – secured/Commercial Paper Programme ("CP Programme")
The CP Programme is subject to the following significant covenants:-

(a) Debt Service Cover Ratio of the Group shall not less than one point one (1.1) time throughout the tenure of the CP Programme; and

(b) Debt to Equity Ratio of the Group shall not exceed two point two (2.2) times.

Other borrowings
Other borrowings of the Company and the subsidiaries are also subject to various financial covenants.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

20. 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.

20.1 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) year 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 RM100 million (Tranche 1) and RM20 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 17 to the financial statements.

20.2 HIRE PURCHASE LIABILITIES - SECURED

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Minimum hire purchase payments:				
- Not later than one (1) year	3,797	3,982	111	111
- Later than one (1) year and not later than five (5) years	3,818	7,226	55	166
- Later than five (5) years	-	-	-	-
	7,615	11,208	166	277
Less: Future interest charges	(588)	(1,066)	(5)	(15)
Present value of hire purchase liabilities	7,027	10,142	161	262
Repayable as follows:				
- Current liabilities	3,453	3,429	106	101
- Non-current liabilities	3,574	6,713	55	161
	7,027	10,142	161	262

21. TRADE AND OTHER PAYABLES

	Group		Company	
Current	**2010 RM'000**	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Trade payables				
Third parties	20,713	17,981	-	-
Subsidiaries	-	-	248	5
Associate	2,627	324	-	-
Related parties	369	624	-	-
	23,709	18,929	248	5
Other payables				
Third parties	4,774	4,211	307	499
Amounts owing to subsidiaries	-	-	9,270	10,078
Associate	467	458	467	453
Related parties	18	36	-	-
Accruals	7,161	5,541	722	136
	12,420	10,246	10,766	11,166
	36,129	29,175	11,014	11,171

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

21. TRADE AND OTHER PAYABLES (cont'd)

(a) Trade payables are non-interest bearing and the credit terms available to the Group in respect of trade payables range from 15 to 120 days from date of invoice.

(b) Related parties represent companies in which certain Directors of the Company have financial interests, of which amounts owing by related parties (trade) are subject to normal trade credit terms of the Group.

(c) Amounts owing to subsidiaries and related parties (non-trade) 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 RM5,965,000 (2009: RM3,850,000) to subsidiaries which bear interest range from 3.30% to 4.66%(2009: 3.30%) per annum.

(d) Information on financial risks of trade and other payables are disclosed in Note 30 to the financial statements.

(e) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Ringgit Malaysia	34,904	27,422	11,014	11,171
US Dollar	522	450	-	-
Singapore Dollar	259	545	-	-
Japanese Yen	-	318	-	-
Vietnamese Dong	444	440	-	-
	36,129	29,175	11,014	11,171

22. REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sale of goods	551,929	457,993	8	7
Dividend income	-	-	16,282	10,825
Rental income	1,704	1,888	3,734	3,905
	553,633	459,881	20,024	14,737

23. PROFIT BEFORE TAX

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before tax is arrived at after charging:					
Amortisation of development costs	12	59	59	-	-
Auditors' remuneration:					
- Current financial year		168	156	20	18
- Under provision in prior years		-	1	-	-
Depreciation of investment properties	8	22	13	17	-
Depreciation of property, plant and equipment	7	9,505	8,952	1,086	1,075
Directors' remuneration:					
- Fees		633	604	188	179
- Emoluments other than fees		4,799	4,338	837	669

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

23. PROFIT BEFORE TAX (cont'd)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Profit before tax is arrived at after charging (cont'd):					
Fair value adjustments on:					
- derivative assets	15	34	-	-	-
- derivative liabilities	15	35	-	-	-
Impairment losses on:					
- trade receivables	16(h)	1,176	573	-	-
- investment in subsidiaries	9(f)	-	-	7,672	-
- investment in an associate	10	-	-	-	53
- property, plant and equipment	7	58	736	-	-
Interest expenses on:					
- Trade financing		5,743	3,114	-	-
- Short term loan		4,376	3,965	4,139	3,962
- Revolving credits		175	142	82	58
- Bank overdrafts		93	88	8	5
- Term loans		1,111	2,371	621	728
- Hire purchase		544	677	9	14
- Subsidiary		-	-	135	77
- Others		48	62	-	-
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		2,653	1,072	536	-
Unrealised loss on foreign exchange		35	31	-	-
Property, plant and equipment written off		836	341	-	-
Rental of equipment		9	12	-	-
Rental of premises		106	111	-	-
Rental of forklifts		254	249	-	-
Waiver of loan to a subsidiary		-	-	-	1,746
And crediting:					
Allowance for forfeited deposit no longer required		-	190	-	-
Gain on acquisition of non-controlling interest		-	15	-	-
Gain on disposal of property, plant and equipment		206	36	-	28
Gain on disposal of investment property	8	193	-	-	-
Gain on disposal of quoted shares	11	-	48	-	-
Gain on disposal of investments in subsidiaries	27	-	10	-	-
Gross dividend income:					
- Subsidiaries		-	-	16,282	10,825
- Other investments		-	14	-	-
Interest income:					
- Subsidiaries		-	-	3,770	4,061
- Deposits with licensed bank		279	103	55	44
- Others		3	-	-	-
Inventories write down no longer required	14	2,533	11,184	-	-
Outsourcing services charged to an associate		-	8	-	8
Realised gain on foreign exchange		221	343	-	-
Rental income:					
- Subsidiaries		-	-	1,921	2,088
- Related parties		28	1,835	-	-
- Others		2,114	89	1,813	1,817
Reversal of impairment loss on trade receivables	16(h)	298	643	-	-

The estimated monetary value of benefits-in-kind received or receivable by the Directors of the Group and of the Company amounted to RM154,000 (2009: RM143,000) and RM28,000 (2009: RM28,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

24. TAX EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax expense based on profit for the financial year				
- income tax	3,492	4,256	2,447	2,069
Under/(Over) provision in prior years	133	129	94	(70)
	3,625	4,385	2,541	1,999
Deferred tax (Note 13)				
Relating to originating and reversal of temporary differences	(876)	2,995	25	97
Revaluation reserve	(12)	(11)	(12)	(12)
Under/(Over) provision in prior years	27	(21)	12	(2)
	(861)	2,963	25	83
	2,764	7,348	2,566	2,082

Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated taxable profits for the fiscal year.

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

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before tax	14,808	19,167	6,051	6,887
Taxation at Malaysia statutory rate of 25% (2009: 25%)	3,702	4,792	1,513	1,722
Tax effects in respect of:				
- Non-allowable expenses	3,067	3,816	2,402	1,108
- Non-taxable income	(1,550)	(1,771)	(1,467)	(718)
- Tax incentives and allowances	(84)	(66)	-	-
- Deferred tax assets not recognised	-	834	-	-
- Utilisation of unabsorbed tax losses	-	(162)	-	-
- Utilisation of other previously unrecognised deferred tax assets	(2,501)	-	-	-
- Others	(30)	(203)	12	42
	2,604	7,240	2,460	2,154
Under/(Over) provision of tax expense in prior years	133	129	94	(70)
Under/(Over) provision of deferred tax in prior years	27	(21)	12	(2)
Effective tax expense	2,764	7,348	2,566	2,082

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Arising from utilisation of previously unrecognised tax losses	-	648	-	-

25. DIVIDENDS

	Group and Company			
	2010		2009	
	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 2008	-	-	1.5	2,611
Final dividend in respect of financial year ended 31 December 2009	1.5	2,611	-	-
	1.5	2,611	1.5	2,611

As approved by the shareholders at the Annual General Meeting held on 22 June 2010, a final dividend of 3% (1.5 sen per share), tax exempt, amounting to RM2,610,915 in respect of the financial year ended 31 December 2009 was paid on 18 August 2010.

The Directors proposed a final dividend of 2% (1.0 sen per share), tax exempt, amounting to RM1,740,610 in respect of the financial year ended 31 December 2010, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

26. 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 for the financial year attributable to owners of the parent after tax and non-controlling interest divided by the weighted average number of ordinary shares outstanding during the financial year after deducting the treasury shares.

	Group	
	2010	2009
Consolidated profit for the financial year attributable to owners of the parent (RM'000)	6,120	4,203
Weighted average number of ordinary shares outstanding ('000)	174,061	174,061
Basic earnings per ordinary share (Sen)	3.52	2.41

(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.

27. DISPOSAL OF SUBSIDIARIES

In the previous financial year, 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 subsidiaries disposed			(3)
Cash flow on disposal, net of cash disposed			(3)

** RM4 only*

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

28. OPERATING SEGMENTS

Prestar Resources Berhad and its subsidiaries are principally engaged in investment holding, and trading and manufacturing of steel related products.

Prestar Resources Berhad has arrived at three (3) reportable segments that are based on information reported internally to the Management and the Board of Directors. The reportable segments are summarised as follows:

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

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and goodwill. Segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the group position.

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.

2010	**Investment RM'000**	**Trading RM'000**	**Manufacturing RM'000**	**Elimination RM'000**	**Total RM'000**
Revenue					
Total revenue	20,024	110,230	516,114	(92,735)	553,633
Inter-segment revenue	(18,211)	(338)	(74,186)	92,735	-
Revenue from external customers	**1,813**	**109,892**	**441,928**	**-**	**553,633**
Finance costs	(4,994)	(1,052)	(9,949)	3,905	(12,090)
Interest income	3,825	7	355	(3,905)	282
Net finance expense	(1,169)	(1,045)	(9,594)	-	(11,808)
Amortisation	-	-	59	-	59
Depreciation	1,103	692	7,732	-	9,527
Segment profit before income tax	**6,037**	**2,790**	**11,454**	**(5,473)**	**14,808**
Share of profit of associates	3,211	-	-	-	3,211
Income tax expenses	(2,567)	(287)	(2,558)	2,648	(2,764)
Other material non-cash items:					
Impairment losses					
- trade receivables	5	27	1,144	-	1,176
- property, plant and equipment	-	-	58	-	58
Property, plant and equipment written off	-	1	835	-	836
Inventories written down no longer required	-	(549)	(1,984)	-	(2,533)
Reversal of impairment loss on trade receivables	-	(132)	(166)	-	(298)
Gain on disposal of property, plant and equipment	-	(9)	(197)	-	(206)
Gain on disposal of investment property	-	-	(193)	-	(193)
Capital expenditure	691	948	9,782	-	11,421
Investment in associates	38,991	-	-	-	38,991
Segment assets	**194,756**	**62,784**	**396,525**	**(188,581)**	**465,484**
Segment liabilities	**97,719**	**37,247**	**215,315**	**(71,925)**	**278,356**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

28. OPERATING SEGMENTS (cont'd)

2009	Investment RM'000	Trading RM'000	Manufacturing RM'000	Elimination RM'000	Total RM'000
Revenue					
Total revenue	14,836	88,018	430,637	(73,610)	459,881
Inter-segment revenue	(13,000)	(125)	(60,485)	73,610	-
Revenue from external customers	**1,836**	**87,893**	**370,152**	**-**	**459,881**
Finance costs	(4,858)	(585)	(9,114)	4,138	(10,419)
Interest income	4,105	1	135	(4,138)	103
Net finance expense	(753)	(584)	(8,979)	-	(10,316)
Depreciation	1,099	524	7,342	-	8,965
Amortisation	-	-	59	-	59
Segment profit before income tax	**10,832**	**2,943**	**13,227**	**(7,835)**	**19,167**
Share of profit of associates	357	-	-	-	357
Income tax expenses	(2,048)	(4,702)	(2,407)	1,809	(7,348)
Other material non-cash items:					
Allowance for slow moving inventories	-	-	581	-	581
Impairment losses					
- trade receivables	-	86	487	-	573
- property, plant and equipment	-	-	736	-	736
Loss on disposal of property, plant and equipment	-	-	1,198	-	1,198
Property, plant and equipment written off	-	4	337	-	341
Inventories written down no longer required	-	(738)	(10,446)	-	(11,184)
Reversal of impairment loss on trade receivables	-	(90)	(553)	-	(643)
Capital expenditure	905	934	13,033	-	14,872
Investment in associates	35,780	-	-	-	35,780
Segment assets	**205,149**	**54,735**	**397,971**	**(206,138)**	**451,717**
Segment liabilities	**106,723**	**30,713**	**263,694**	**(134,841)**	**266,289**

Reconciliations of reportable segment assets and liabilities to the Group's corresponding amounts are as follows:

	2010 RM'000	2009 RM'000
Assets		
Total assets for reportable segments	465,484	451,717
Investment in associates	38,991	35,780
Tax assets	1,951	2,825
Goodwill	1,675	1,675
Group's assets	508,101	491,997
Liabilities		
Total liabilities for reportable segments	278,356	266,289
Tax liabilities	4,999	6,598
Group's liabilities	283,355	272,887

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

28. OPERATING SEGMENTS (cont'd)

Geographical information

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

29. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from financial year ended 31 December 2009.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2010 and 31 December 2009.

The Group monitors capital on the basis of the Group's consolidated Debt:Equity ("DE") ratio. The DE ratio is calculated as total external debts divided by consolidated net tangible assets. The ratio is monitored by corporate management. At the reporting date, the Group's DE ratio is 1.10 times (2009: 1.10 times). The Group is committed to ensure that the maximum DE ratio limit of 2.20 times is complied with at all times in respect to banking facilities that the Group has with certain financial institutions.

(b) Financial instruments

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

(i) Categories of financial instruments

Group 2010	**Loans and receivables RM'000**	**Fair value through profit or loss RM'000**	**Available for sale RM'000**	**Total RM'000**
Financial assets				
Trade and other receivables	130,143	-	-	130,143
Derivative assets	-	61	-	61
Cash and cash equivalents	23,873	-	-	23,873
	154,016	61	-	154,077

	Other financial liabilities RM'000	**Fair value through profit or loss RM'000**	**Total RM'000**
Financial liabilities			
Borrowings	242,192	-	242,192
Trade and other payables	36,129	-	36,129
Derivative liabilities	-	35	35
	278,321	35	278,356

Company 2010	**Loans and receivables RM'000**
Financial assets	
Other receivables	24,571
Cash and cash equivalents	3,492
	28,063

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

29. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments (cont'd)

(i) Categories of financial instruments (cont'd)

Company 2010	**Other financial liabilities RM'000**
Financial liabilities	
Borrowings	86,676
Trade and other payables	11,014
	97,690

(ii) Fair value of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are as follows:

	Group		**Company**	
2010	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying/ Notional amount RM'000**	**Fair value RM'000**
Recognised				
Financial liabilities:				
Hire purchase liabilites	(7,027)	(6,153)	(161)	(160)
Contingent liabilities	-	-	(266,502)	#
2009				
Recognised				
Financial assets:				
Other investments	2	2	-	-
Financial liabilities:				
Hire purchase liabilities	(10,142)	(9,149)	(262)	(255)
Unrecognised				
Forward foreign exchange contracts	-	95	-	-

\# The Company did not recognise the unexpired financial guarantees issued by the Company as financial liabilities as the financial guarantees granted are pre-conditional for obtaining the credit facilities by the subsidiaries rather than in exchange for reducing interest rate.

(iii) Determination of fair value

<u>Methods and assumptions used to estimate fair value</u>

The fair values of financial assets and financial liabilities are determined as follows:

(a) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair value of these borrowings has been determined using discounted cash flows technique. The discount rates used are based on the current market rate available for similar borrowings.

29. FINANCIAL INSTRUMENTS (cont'd)

(iii) Determination of fair value (cont'd)

Methods and assumptions used to estimate fair value (cont'd)

(b) Obligations under finance lease

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

(c) Derivatives

The fair values of derivative instruments are calculated using quoted prices.

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

(iv) Fair value hierarchy

Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. As at 31 December 2010, the Group held the following financial instrument carried at fair value on the statement of financial position:-

	31 December 2010 RM'000
Assets measured at fair value	
Financial assets at fair value through profit or loss	
- Forward currency contracts	61
Liabilities measured at fair value	
Financial liabilities at fair value through profit or loss	
- Forward currency contracts	(35)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objectives are to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk.

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. The Group's exposure to financial risks and the management of the related exposures are as follows:-

(i) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. In order to manage this risk, it is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 15 days, extending up to 120 days for major customers. Each customer has a maximum credit limit and the Group seeks to minimise and monitor the credit risk via strictly limiting the associations to business customers with high creditworthiness. Trade receivables are monitored on an ongoing basis through the Group's management reporting procedures.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(i) Credit risk (cont'd)

As at 31 December 2010, the Group has trade receivables amounting to RM33,572,000 which have been outstanding for more than their respective credit terms granted. However, there were no significant concentrations of credit risk for the Group, except for the Company has significant exposure in respect of amounts owing by subsidiaries as at the end of the reporting period.

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.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial positions.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 16.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

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.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	2010			
Group	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Financial liabilities:				
Trade and other payables	36,129	-	-	36,129
Loans and borrowings	229,469	18,611	926	249,006
Derivatives	35	-	-	35
Total undiscounted financial liabilities	265,633	18,611	926	285,170
Company				
Financial liabilities:				
Trade and other payables	11,014	-	-	11,014
Loans and borrowings	80,886	10,918	-	91,804
Total undiscounted financial liabilities	91,900	10,918	-	102,818

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

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.

Sensitivity analysis for interest rate risk

At 31 December 2010, if interest rates at the date had been 100 basis points lower or higher with all other variables held constant, post-tax profit for the year would have been RM144,000 higher or lower, arising mainly as a result of interest expense on variable borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iii) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period 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 2010 **Group**	**WAEIR** **%**	**Within 1 year** **RM'000**	**1 - 2 years** **RM'000**	**2 - 3 years** **RM'000**	**3 - 4 years** **RM'000**	**4 - 5 years** **RM'000**	**More than 5 years** **RM'000**	**Total** **RM'000**
Fixed rate instruments								
Fixed deposits with licensed banks	2.47	5,677	-	-	-	-	-	5,677
Hire purchase liabilities	6.49	(3,453)	(1,987)	(1,164)	(359)	(64)	-	(7,027)
Term loans	6.33	(6,557)	(6,727)	(5,372)	(1,026)	(470)	(882)	(21,034)
Floating rate instruments								
Bank overdrafts	7.58	(2,053)	-	-	-	-	-	(2,053)
Revolving credits	4.45	(3,500)	-	-	-	-	-	(3,500)
Short term loan	5.32	(70,000)	-	-	-	-	-	(70,000)
Trade financing	5.03	(138,578)	-	-	-	-	-	(138,578)
Company								
Fixed rate instruments								
Fixed deposits with licensed banks	2.62	2,201	-	-	-	-	-	2,201
Hire purchase liabilities	4.43	(106)	(55)	-	-	-	-	(161)
Term loan	8.00	(1,870)	(2,025)	(2,193)	(580)	-	-	(6,668)
Amount owing to a subsidiary	3.64	(5,965)	-	-	-	-	-	(5,965)
Floating rate instruments								
Revolving credits	5.38	(1,500)	-	-	-	-	-	(1,500)
Short term loan	5.32	(70,000)	-	-	-	-	-	(70,000)
Term loan	3.60	(2,900)	(2,900)	(2,547)	-	-	-	(8,347)
Amount owing by subsidiaries	5.52	24,188	-	-	-	-	-	24,188
As at 31 December 2009								
Group								
Fixed rate instruments								
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 instruments								
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 instruments								
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 instruments								
Bank overdrafts	6.85	(951)	-	-	-	-	-	(951)
Revolving credits	4.76	(2,000)	-	-	-	-	-	(2,000)
Short term loan	4.60	(82,000)	-	-	-	-	-	(82,000)
Amount owing by subsidiaries	5.55	83,844	5,418	-	-	-	-	89,262
Trade financing	2.47	(1,903)	-	-	-	-	-	(1,903)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Transactional currency exposures mainly arise from transactions that are denominated in currencies other than functional currencies of the operating entities.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currencies balances amount to RM1,105,000 (2009: RM3,503,000) for the Group.

The Group's transactional currency exposures mainly arise from transactions entered into by subsidiaries in currencies other than their functional currencies. The Group enters into forward foreign currency contracts for its foreign currency exposures and the management monitors these exposures on an ongoing basis.

At the end of the reporting period, the Group entered into forward foreign currency contracts to manage exposures to currency risk of its trade receivables and trade payables which are denominated in foreign currencies.

The notional amount and maturity date of the forward foreign currency contracts outstanding as at 31 December 2009 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

The unrecognised gain as at 31 December 2009 on forward foreign exchange contracts amounting to RM95,000 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 is within one (1) year.

<u>Sensitivity analysis for foreign currency risk</u>

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2010 RM'000 Profit net of tax
USD	- strengthen by 3%	- 292
	- weaken by 3%	+ 292
SGD	- strengthen by 3%	+ 10
	- weaken by 3%	- 10

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

31. 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.
Syarikat Kwong Nam Hin Sdn. Bhd.	Related by a common Director, Dato' Toh Yew Peng and Toh Yew Keat
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
YK Toh marketing (S) Pte. Ltd.	Related by common Director, Toh Yew Chin
Diager SG Pte. Ltd.	Related by common Director, 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 and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Company	
	2010 RM'000	2009 RM'000
(i) Transactions with subsidiaries:		
Gross dividend income	(16,282)	(10,825)
Interest paid	135	77
Interest income	(3,770)	(4,061)
Rental income	(1,921)	(2,088)
Waiver of loan	-	1,746

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

31. RELATED PARTY DISCLOSURES (cont'd)

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

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (cont'd):

	Group 2010 RM'000	Group 2009 RM'000
(ii) Transactions with an associate:		
POSCO-MKPC Sdn. Bhd.		
Sales of goods	(77)	(207)
Purchase of goods	1,776	2,387
Rental receivables	(1,779)	(1,817)
Outsourcing fees receivables	-	(8)
Commission income	-	(19)
(iii) Transactions with companies in which the Substantial Shareholders have financial interests:		
Chiho Hardware Sdn. Bhd.		
Sales of goods	(630)	(524)
Purchases	176	89
Wei Giap Hardware Sdn. Bhd.		
Sales of goods	(131)	(141)
Purchases	214	139
Wei Sheng Hardware Sdn. Bhd.		
Sales of goods	(77)	(70)
YK Toh (M) Sdn. Bhd.		
Rental received	(6)	(18)
Commission expenses	-	65
(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	(75)	(59)
(v) Transactions with companies in which Toh Yew Chin have financial interests:		
YK Toh Marketing (S) Pte. Ltd.		
Sales of goods	(3,587)	(2,779)
Purchases	2,066	1,047
Diager SG Pte. Ltd.		
Purchases	69	131
(vi) Transaction with a Director:		
Toh Yew Chin		
Professional fees paid	95	65

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

31. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short term employee benefits	4,967	4,573	953	775
Contributions to defined contribution plan	465	369	72	73
	5,432	4,942	1,025	848

32. CAPITAL COMMITMENTS

	Group	
	2010 RM'000	2009 RM'000
Capital expenditure in respect of purchase of property, plant and equipment		
- Approved and contracted	2,773	1,216
- Approved but not contracted	666	-
	3,439	1,216

33. CONTINGENT LIABILITIES

	Company	
	2010 RM'000	2009 RM'000
Unsecured:		
- Guarantees to financial institutions for credit facilities granted to subsidiaries	266,502	273,584

34. EMPLOYEE BENEFITS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages, salaries and bonuses	27,588	24,763	1,771	1,474
Contributions to defined contribution plan	2,371	2,112	170	141
Other benefits	1,841	1,195	25	23
	31,800	28,070	1,966	1,638

Included in the employee benefits of the Group and of the Company are Directors' emoluments amounting to RM4,653,000 (2009: RM4,206,000) and RM837,000 (2009: RM669,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 11 May 2010, the Company announced that its wholly-owned subsidiary, Prestar Ventures Sdn. Bhd. ("PVSB") had held an Extraordinary General Meeting at which it was resolved that PVSB be wound-up voluntarily. The voluntary winding-up will not have any material effect on the share capital, net assets per share, gearing, earnings per share and the substantial shareholdings of the Company.

(b) On 26 August 2010, the Company announced that its wholly-owned subsidiaries, Prestar Steel Pipes Sdn. Bhd. ("PSPSB") and Prestar Precision Tube Sdn. Bhd. ("PPTSB") had undergone an internal restructuring exercise involving the acquisition by the Company of all the remaining equity interest in PPTSB held by PSPSB; representing 1,500,000 ordinary shares of RM1.00 each or 7.5% of the issued and paid-up share capital of PPTSB at a consideration of RM1,500,000 to be set-off against part of the amount owing by PSPSB to the Company ("the Internal Restructuring").

The Company had subscribed additional 30,000,000 newly issued ordinary shares of RM1.00 each in PPTSB, with a cash consideration of RM20,000,000 and the remaining consideration of RM10,000,000 to be set-off against part of the amount owing by PPTSB to the Company.

(c) On 1 September 2010, the Company announced that the Internal Restructuring exercise involved the transfer of the business of manufacturing and supplying of carbon steel pipes and related products together with the assets from PSPSB to PPTSB for a total cash consideration of RM52,700,000 will be based on PSPSB's carrying amount of property, plant and equipments and cost of inventories as at 31 August 2010 subject to adjustment of not more or less than five per centum (5%).

(d) On 29 December 2010, the Company had subscribed for additional 2,000,000 newly issued ordinary shares of RM1.00 each in Prestar Manufacturing Sdn. Bhd. ("PMSB"), a wholly-owned subsidiary of the Company, with a consideration of RM2,000,000 to be set-off against part of the amount owing by PMSB to the Company. PMSB is principally engaged in manufacturing of material handling equipments.

(e) On 29 December 2010, the Company had subscribed additional 3,500,000 newly issued ordinary shares of RM1.00 each in Prestar Storage System Sdn. Bhd. ("PSSSB") a wholly-owned subsidiary of the Group, with a consideration of RM3,500,000 to be set-off against part of the amount owing by PSSSB to the Company. As a result of the acquisition, the Company and PMSB held 96% and 4% shareholding in PSSSB respectively.

(f) During the financial year, the Company has invested additional USD3,000,000 (equivalent to RM9,719,000) and USD2,651,000 (equivalent to RM8,346,000) in an indirect subsidiary of the Company, Prestar Industries (Vietnam) Co., Ltd. ("PIV"), a company incorporated in Vietnam. PIV is principally engaged in manufacturing and processing of all kind of steel products.

In addition, the Company has acquired investment in PIV amounting to USD3,000,000 (equivalent to RM10,531,000) from a wholly-owned subsidiary, Prestar Manufacturing Sdn. Bhd. by the way of offsetting the amount owing by PMSB to the Company. As a result of the acquisition, PIV became a direct wholly-owned subsidiary of the Company.

36. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) On 3 March 2011, the Company announced that the Board of Director of the Company has approved to incorporate a company in Indonesia through its wholly-owned subsidiary, Prestar Precision Tube Sdn. Bhd. ("PPTSB"), jointly with Mr. Hartono Amidjojo ("Hartono"), an Indonesian who is involved in steel related business, by the name of PT Prestar Precision Tube ("PTPPT"), for the purpose of importing and trading of steel material in Jakarta, Indonesia. The shareholdings of PPTSB and Hartono in PTPPT shall be in a proportion of 75% and 25% respectively. PPTSB is to subscribe for 90,000 shares of PTPPT at USD1.00 each for a total consideration of USD90,000. Upon completion of the incorporation, PTPPT become a 75% sub-subsidiary of the Company.

(b) On 22 March 2011, follow to the announcement to Bursa Securities Berhad on 11 May 2010, the Company announced that its wholly-owned subsidiary, PVSB had convened its Final Meeting to conclude the Members' Voluntary Winding-up. A Return by Liquidators' Relating to the Final Meeting had been lodged on 23 March 2011 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of three (3) months after the said lodgement date, PVSB shall be dissolved.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010 (cont'd)

37. OPENING STATEMENT OF FINANCIAL POSITION

The opening statement of financial position as at 1 January 2010, primarily reflects the effects arising from the adoption of FRS 139 as follows:

Group	As previously reported RM'000	Effects on adoption of FRS 139 RM'000	As restated RM'000
Statement of financial position			
Assets			
Non-current assets			
Property, plant and equipment	164,670	-	164,670
Investment properties	1,400	-	1,400
Investments in associates	35,780	-	35,780
Other investments	2	-	2
Intangible assets	2,028	-	2,028
Deferred tax assets	2	-	2
	203,882	-	203,882
Current assets			
Inventories	125,051	-	125,051
Derivative assets (Note 15)	-	95	95
Trade and other receivables	136,472	-	136,472
Current tax assets	2,823	-	2,823
Cash and cash equivalents	23,769	-	23,769
	288,115	95	288,210
Total assets	491,997	95	492,092
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	90,490	-	90,490
Reserves (Note 19)	76,885	91	76,976
	167,375	91	167,466
Non-controlling interest	51,735	4	51,739
Total equity	219,110	95	219,205
Liabilities			
Non-current liabilities			
Borrowings	25,265	-	25,265
Deferred tax liabilities	5,136	-	5,136
	30,401	-	30,401
Current liabilities			
Trade and other payables	29,175	-	29,175
Borrowings	211,849	-	211,849
Current tax liabilities	1,462	-	1,462
	242,486	-	242,486
Total liabilities	272,887	-	272,887
Total equity and liabilities	491,997	95	492,092

LIST OF PROPERTIES
FOR YEAR ENDED 31 DECEMBER 2010

No.	Location	Tenure	Built-up Area	Year of Expiry	Description /Existing Use	Carrying Amount (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	517,948 sq ft	nil	Corporate office cum manufacturing site for subsidiaries	45,556	15	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	Office cum manufacturing site for subsidiaries	6,756	17	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	4,173	23	18 Nov 2009
4	Lot 1113, 65A, Jalan Perak, 10150 Penang	Freehold	2,904 sq ft	nil	Office cum warehouse	961	48	29 Dec 1993
5	# 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	59	12	5 June 2000
6	# 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	10	4 Feb 2004
7	Plot 40, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (41 years)	152,835 sq ft	2052	Office cum manufacturing site for Tashin Steel Sdn Bhd	8,443	12	8 Aug 2000
8	Plot 39, Lrg Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (41 years)	127,872 sq ft	2052	Manufacturing site for Tashin Steel Sdn Bhd	15,129	3	17 Aug 2005
9	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 *(45 years)	Land area (48,290 m2)	2055	Manufacturing site cum office for Prestar Industries (Vietnam) Co. Ltd	8,630	3	12 April 2007
10	F 01-08, Taman Pelangi, Bukit Tengah, 13600 Perai, Penang	99 yrs Leasehold *(90 years)	500 sq ft	2092	Hostel	47	9	23 Apr 2008
11	# 31, Jalan Sepadu C 25/C, Section 25, Taman Perindustrian Axis, 40400 Shah Alam, Selangor Darul Ehsan	Freehold	153 m2	nil	Tenanted	856	5	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

STATISTICS OF SHAREHOLDINGS
AS AT 29 APRIL 2011

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	:	4,249
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	5,562,971	3.20	(1) 62,003,000	35.62
Dato' Toh Yew Peng	4,120,796	2.37	(1) 62,003,000	35.62
Toh Yew Kar	2,472,276	1.42	(1) 62,003,000	35.62
Toh Yew Chin	2,472,276	1.42	(1) 62,003,000	35.62
Toh Yew Keong	2,678,299	1.54	(1) 62,003,000	35.62
Toh Yew Seng	2,266,252	1.30	(1) 62,003,000	35.62
Toh Poh Khuan	2,060,230	1.18	(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	0.45	636	0.00
100 – 1,000	248	5.84	220,660	0.13
1,001 – 10,000	2,833	66.67	14,533,848	8.35
10,001 – 100,000	1,046	24.62	31,255,320	17.96
100,001 – 8,703,049 (*)	100	2.35	57,529,836	33.05
8,703,050 and above (**)	3	0.07	70,520,700	40.51
Total	4,249	100.00	174,061,000	100.00

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

STATISTICS OF SHAREHOLDINGS
AS AT 29 APRIL 2011 (cont'd)

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Directors	Nationality	------Direct Interest------ No. of shares held	%	------ Indirect Interest------ No. of shares held	%
Toh Yew Keat	Malaysian	5,562,971	3.20	*62,003,000	35.62
Dato' Toh Yew Peng	Malaysian	4,120,796	2.37	*62,003,000	35.62
Toh Yew Kar	Malaysian	2,472,276	1.42	*62,003,000	35.62
Toh Yew Seng	Malaysian	2,266,252	1.30	*62,003,000	35.62
Toh Yew Chin	Malaysian	2,472,276	1.42	*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.	Y K TOH PROPERTY SDN BHD	11,393,000	6.55
3.	SOH TIK SIEW	10,917,700	6.27
4.	TOH YEW KEAT	5,562,971	3.20
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.	TOH YEW KEONG	2,678,299	1.54
9.	TOH YEW CHIN	2,472,276	1.42
10.	FABULOUS ESSENCE SDN BHD	2,400,000	1.38
11.	TOH YEW SENG	2,266,252	1.30
12.	TOH POH KHUAN	2,060,230	1.18
13.	TOH YEW KAR	1,728,276	0.99
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD (EMPLOYEE PROVIDENT FUND BOARD)	1,525,200	0.88
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD (CIMB BANK FOR MAK NGIA NGIA @ MAK YOKE LUM)	1,155,200	0.66
16.	NG TENG SONG	1,008,800	0.58
17.	SOO CHEE MENG	966,000	0.55
18.	CITIGROUP NOMINEES (ASING) SDN BHD (EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED)	812,000	0.47
19.	TOH YEW KAR	744,000	0.43
20.	TEE BON PENG	657,800	0.38
21.	TAY YING LIM @ TAY ENG LIM	632,500	0.36
22.	TAN BEE LIEN	630,200	0.36
23.	TEH CHOONG WENG	600,000	0.34
24.	HLB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR FRANCIS KONG @ KONG FEN SHIN)	592,100	0.34
25.	ONG HONG CHOO	584,000	0.34
26.	NG WEE TIEW @ NG WEE CHIEW	565,300	0.32
27.	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR SIN HUAN KWANG (E-TWU))	548,100	0.31
28.	FAM KEAT HONG	532,000	0.31
29.	LIM CHOON TEIK	500,300	0.29
30.	AZMAN BIN AHMAD	500,000	0.29

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 29 April 2011.

STATISTICS OF WARRANT HOLDINGS
AS AT 29 APRIL 2011

Number of Warrant Holders	:	1,416
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	4	0.28	196	0.00
100 – 1,000	100	7.06	81,900	0.09
1,001 – 10,000	641	45.27	3,741,304	4.27
10,001 – 100,000	516	36.44	22,378,500	25.56
100,001 – 4,377,189 (*)	155	10.95	61,341,900	70.07
4,377,190 and above (**)	0	0.00	0	0.00
Total	1,416	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	2	0	0	0
Dato' Toh Yew Peng	Malaysian	98	0	0	0
Toh Yew Kar	Malaysian	0	0	0	0
Toh Yew Seng	Malaysian	0	0	0	0
Toh Yew Chin	Malaysian	0	0	0	0
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

STATISTICS OF WARRANT HOLDINGS
AS AT 29 APRIL 2011 (cont'd)

THIRTY (30) LARGEST WARRANT HOLDERS

No.	Warrant Holders	No. of Warrants Held	Percentage (%)
1.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LIM KAM SENG)	3,260,000	3.72
2.	MAK NGIA NGIA @ MAK YOKE LUM	2,923,200	3.34
3.	ONG JOO BENG	2,200,000	2.51
4.	KAMARUDDIN @ MAMAT BIN ENDUT	2,102,000	2.40
5.	MAK NGIA NGIA @ MAK YOKE LUM	2,061,800	2.36
6.	LIM KEAN AUN	1,499,200	1.71
7.	TAN TJIN HIAN	1,430,000	1.63
8.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LIM CHOOI CHUAN)	1,300,000	1.48
9.	TEE BON PENG	1,139,900	1.30
10.	WONG KAR SENG	1,124,600	1.28
11.	CHAW SOON MUN	1,100,000	1.26
12.	LEE KAI CHEONG @ LI KAI CHEUNG	1,000,000	1.14
13.	LOO HONG KIAT	970,000	1.11
14.	ABDULLAH BIN AWANG @ MOHD NOH	900,000	1.03
15.	TAN CHOON GIAP	870,100	0.99
16.	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TENG HOCK HENG)	870,000	0.99
17.	ONG AYE HO	780,100	0.89
18.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR HENG POH SUAN)	780,000	0.89
19.	HO SOO SEE	749,800	0.86
20.	LEE FOOK ON	700,000	0.80
21.	THAM SOON CHUAN	700,000	0.80
22.	ALLIANCEGROUP NOMINEES (ASING) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LEE CHIN WENG)	651,000	0.74
23.	JF APEX NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR CHAN MUN SENG)	624,100	0.71
24.	CHU KWOK HENG	600,000	0.69
25.	CHIA GUAN SENG	573,800	0.66
26.	AMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR KHOO CHING THYE)	558,700	0.64
27.	LIM HOCK CHAI	541,000	0.62
28.	ONG CHIN SEAN	500,300	0.57
29.	CIMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR PANG SOON LUAN)	500,000	0.57
30.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD LIM CHOOI CHUAN (IPH)	500,000	0.57

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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-Sixth 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 Monday, 20 June 2011 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 2010 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 2%.	(Resolution 1)		
3.	To sanction the payment of Directors' Fees.	(Resolution 2)		
4.(a)	To re-elect Mr. Toh Yew Kar in accordance with Article 105 of the Company's Articles of Association.	(Resolution 3)		
4.(b)	To re-elect Mr. Toh Yew Seng in accordance with Article 105 of the Company's Articles of Association.	(Resolution 4)		
4.(c)	To re-elect Mr. Toh Yew Keat in accordance with Article 105 of the Company's Articles of Association.	(Resolution 5)		
5.	To re-appoint Messrs. BDO as Auditors of the Company and to authorise the Directors to fix their remuneration.	(Resolution 6)		
	As Special Business :			
6.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.	(Resolution 7)		
7.	Authority to renew the purchase of the Company's own shares.	(Resolution 8)		
8.	Authority to renew the Shareholders' Mandate for Recurrent Related Party Transactions Of A Revenue Or Trading Nature.	(Resolution 9)		

* Strike out whichever not applicable.

Signed this .... day of 2011

....
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 14 June 2011. Only a depositor whose name appears on the Record of Depositors as at 14 June 2011 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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