



PRESTAR RESOURCES BERHAD

(123066-A)

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PRESTAR RESOURCES BERHAD

(123066-A)

Level 7, Menara Milenium, Jalan Damanlela,
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Annual report 2014

Laporan tahunan

Annual report 2014



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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirtieth Annual General Meeting of Prestar Resources Berhad will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 16 June 2015 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and the Auditors thereon.
2. To approve the declaration of the final single-tier dividend of 4.0% (2.0 sen per ordinary share) for the financial year ended 31 December 2014. *(Resolution 1)*
3. To sanction the payment of Directors' Fees amounting to RM220,000 for the financial year ended 31 December 2014. *(Resolution 2)*
4. To re-elect the following Directors who retire pursuant to Article 105 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:-
 - (a) Dato' Toh Yew Peng *(Resolution 3)*
 - (b) Encik Md. Nahar Bin Noordin *(Resolution 4)*
 - (c) Tuan Haji Fadzlullah Shuhaimi Bin Salleh *(Resolution 5)*
5. To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

"That pursuant to Section 129(6) of the Companies Act, 1965, Mr. Lou Swee You who has attained the age of over seventy (70) years, be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting."

(Resolution 6)
6. To re-appoint Messrs. BDO as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. *(Resolution 7)*
7. As Special Business:

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

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

"**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 8)
 - (b) **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:-



Notice Of Annual General Meeting (cont'd)

1. the maximum number of ordinary shares of RM0.50 each in the Company ("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 2014 of RM13,412,795 and RM1,738,491 respectively;
3. the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

4. upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:-
 - (i) cancel the Shares so purchased; or
 - (ii) retain the Shares so purchased as treasury shares; or
 - (iii) retain part of the Shares so purchased as treasury shares and cancel the remainder;

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

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

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

(Resolution 9)

(c) 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. AND Y. K. TOH (M) SDN. BHD.**



Notice Of Annual General Meeting (cont'd)

(c) ORDINARY RESOLUTION NO. 3 (cont'd)

"THAT, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company's subsidiaries to enter into the Recurrent Related Party Transactions with Wei Giap Hardware Sdn. Bhd., Chiho Hardware Sdn. Bhd., Y. K. Toh Marketing (S) Pte. Ltd., Wei Sheng Hardware Sdn. Bhd., Syarikat Kwong Nam Hing Sdn. Bhd., Logam Indah Sdn. Bhd. and Y. K. Toh (M) Sdn. Bhd., as described in Part B, Section 2.3 of the Circular to Shareholders dated 25 May 2015 subject further to the following:-

- (i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and
- (ii) disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall, commence immediately upon the passing of this ordinary resolution and continue to be in force until:-
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier,

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

(Resolution 10)

(d) ORDINARY RESOLUTION NO. 4

- PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH LITAT HARDWARE SDN. BHD.

"THAT, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company's subsidiaries to enter into additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") as described in Part B, Section 2.3 of the Circular to Shareholders dated 25 May 2015 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 the authority conferred by such mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:



Notice Of Annual General Meeting (cont'd)

- (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 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) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

(Resolution 11)

**(e) ORDINARY RESOLUTION NO. 5
- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

"To retain Tuan Haji Fadzlullah Shuhaimi Bin Salleh as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012."

(Resolution 12)

**(f) ORDINARY RESOLUTION NO. 6
- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

"To retain Dato' Lim Cheang Nyok as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012."

(Resolution 13)

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the final single-tier dividend of 4.0% (2.0 sen per ordinary share) in respect of the financial year ended 31 December 2014 will be payable on 9 September 2015 to depositors who are registered in the Record of Depositors at the close of business on 20 August 2015, if approved by members at the forthcoming Thirtieth Annual General Meeting on 16 June 2015.

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 20 August 2015 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: 25 May 2015



Notice Of Annual General Meeting (cont'd)

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-Ninth Annual General Meeting held on 20 June 2014 and which will lapse at the conclusion of the Thirtieth Annual General Meeting.

2. Proposed Renewal of Authority for Share Buy-Back

The proposed adoption of the Ordinary Resolution No. 2 is to renew the authority granted by the shareholders of the Company at the Twenty-Ninth Annual General Meeting held on 20 June 2014. 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

3. Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed adoption of the Ordinary Resolutions Nos. 3 and 4 are to renew the Shareholders' Mandate granted by the shareholders of the Company at the Twenty-Ninth Annual General Meeting held on 20 June 2014 and to grant new Shareholders' Mandate respectively. The proposed renewal of and new Shareholders' Mandate will enable the Group to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

4. Retention as Independent Non-Executive Directors of the Company pursuant to the Malaysian Code on Corporate Governance 2012

(a) Tuan Haji Fadzlullah Shuhaimi Bin Salleh

Tuan Haji Fadzlullah Shuhaimi Bin Salleh was appointed as an Independent Non-Executive Director of the Company on 18 March 1995, and has, therefore served for more than nine (9) years. As at the date of the notice of the Annual General Meeting, he has served the Company for 20 years. However, he has met the independence guidelines as set out in Chapter 1 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers him to be independent and recommends that he should be retained as an Independent Non-Executive Director.

(b) Dato' Lim Cheang Nyok

Dato' Lim Cheang Nyok was appointed as an Independent Non-Executive Director of the Company on 28 March 2002, and has, therefore served for more than nine (9) years. As at the date of the notice of the Annual General Meeting, he has served the Company for 13 years. However, he has met the independence guidelines as set out in Chapter 1 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers him to be independent and recommends that he should be retained as an Independent Non-Executive Director.



Notice Of Annual General Meeting (cont'd)

Further information on the Proposed Renewal of Share Buy-Back Authority, Proposed Renewal of and New 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 2014 Annual Report.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 June 2015 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead (subject always to a maximum of two (2) proxies of each Meeting). Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or 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

Toh Yew Chin

Non-Independent Non-Executive Director

Tuan Haji Fadzlullah Shuhaimi Bin Salleh

Independent Non-Executive Director

Md. Nahar Bin Noordin

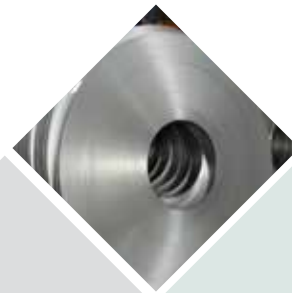
Independent Non-Executive Director

Dato' Lim Cheang Nyok

Independent Non-Executive Director

Lou Swee You

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

Fax No. : 03-2616 3190

Principal Bankers

AmBank (M) Berhad

CIMB Bank Berhad

RHB Bank Berhad

United Overseas Bank Berhad

Affin Bank Berhad

Solicitors

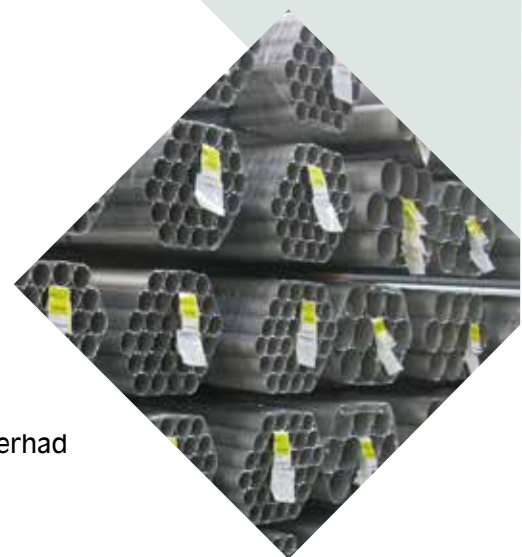
SKRINE

Lim & Yeoh

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Stock Code : 9873

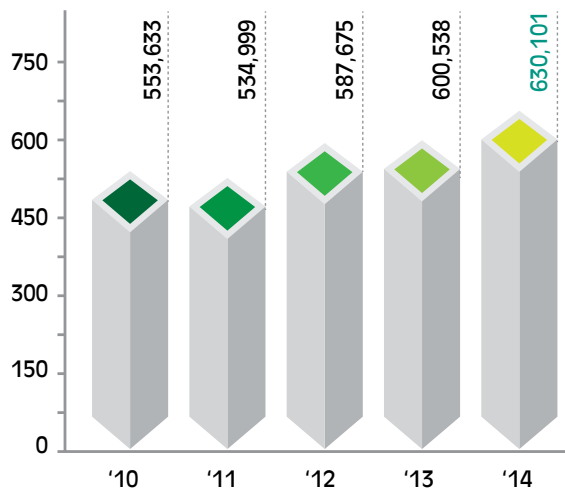




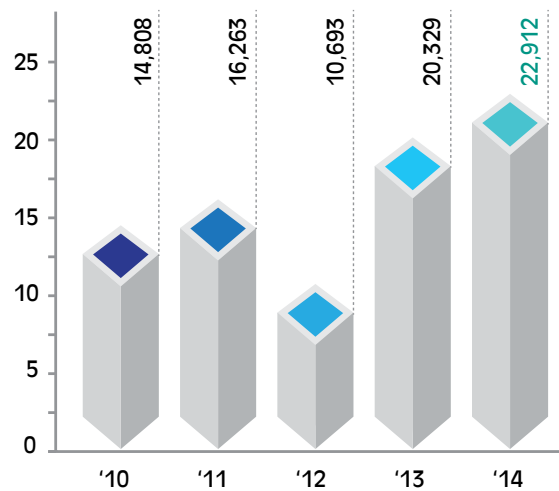
Group Financial Highlights

(RM'000)	2010	2011	2012	2013	2014
Revenue	553,633	534,999	587,675	600,538	630,101
Profit before tax	14,808	16,263	10,693	20,329	22,912
Profit attributable to owners of the parent	6,120	8,080	7,701	12,205	12,309
Total Assets	508,101	510,907	548,083	558,540	561,499
Equity attributable to owners of the parent	170,169	176,436	181,933	193,932	203,882
EBITDA# <i>#Earnings before interests, depreciation, tax and amortisation</i>	36,484	38,913	32,726	48,876	46,739
Net assets per share* (RM)	0.98	1.01	1.05	1.11	1.16
Earnings per share* (sen) <i>* attributable to owners of the Company</i>	3.5	4.6	4.4	7.0	7.1

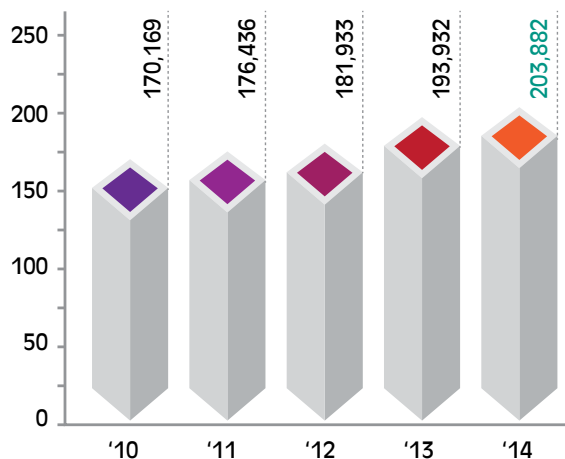
Revenue (RM'000)



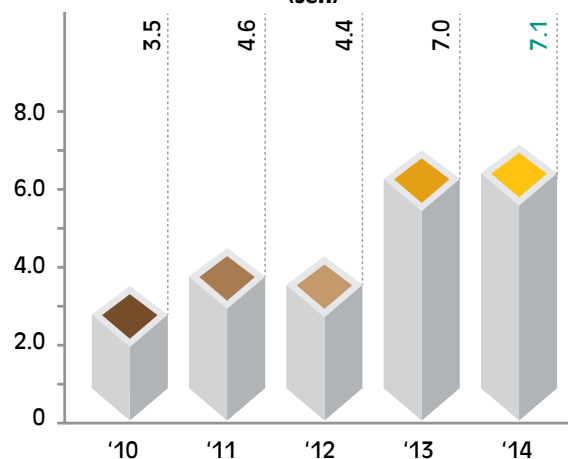
Profit Before Tax (RM'000)



Equity Attributable to owners of the parent (RM'000)



Earnings Per Share Attributable to owners of the parent (sen)





Corporate Structure



鴻達集團

PRESTAR RESOURCES BERHAD

(123066-A)

STEEL PROCESSING UNIT (SPU)

100%

Prestar Steel Pipes Sdn. Bhd.
(375196-W)

100%

Prestar Precision Tube Sdn. Bhd.
(643193-X)

100%

Dai Dong Steel Sdn. Bhd.
(287846-W)

51%

Tashin Steel Sdn. Bhd.
(471094-P)

75%

PT Prestar Precision Tube, Indonesia

30%

POSCO-MKPC Sdn. Bhd.
(372824-A)

PRODUCT MANUFACTURING UNIT (PMU)

100%

Prestar Manufacturing Sdn. Bhd.
(170341-A)

100%

Prestar Storage System Sdn. Bhd.
(538520-A)

100%

Prestar Marketing Sdn. Bhd.
(76838-X)

95%

Prestar Galvanising Sdn. Bhd.
(315125-T)

75%

Prestar Engineering Sdn. Bhd.
(307178-A)

51%

Tashin Hardware Sdn. Bhd.
(642549-V)

100%

Prestar Industries (Vietnam) Co., Ltd

100%

PT Prestar MHE, Indonesia



Chairman's Statement

" Dear Shareholders, On behalf of the Board of Directors, I am pleased to present to you the Annual Report 2014 and Audited Financial Statements of the Group for the financial year ended 31 December 2014. "

Overview and Corporate Development

Malaysia's economy grew at 6% during the year 2014 despite moderate pace of global economic recovery on the back of persistent weakness in the Eurozone and China economy and tapering of United States of America ("US") (Fed's quantitative easing (QE3)). On the other hand, steel industry remained challenging with over supplies and keen competitions continues. Most of the steel players were vulnerable to depressing steel prices and experiencing margin squeeze for most parts of the year. Nonetheless, steel prices started to stabilise towards the end of the year, and rebound slightly at the time of writing this report. Against this backdrop, the Group was performing reasonably well as the net profits for the year, though slightly lower but would have been much better if not due to the loss of the associate company.

Notwithstanding that the Group continues to forge ahead on various operational improvement programs and corporate maneuvering with the acquisition of the remaining 30% equity interest of a trading company not owned by the Group, namely Dai Dong Steel Sdn. Bhd. as well as implementing Employees' Share Option Scheme ("ESOS") to reward and motivate employees of the Group during middle of the year. (The ESOS was approved by the shareholders at the end of year 2013). To further sustain the growth and performance of the Group, the Group continues to explore business potential overseas, especially the ASEAN region. The new trading company in Indonesia had started its operation towards the end of year 2013 and was operating well during the year under review.

Going forward, the Board, together with the management team, will continue to take cautious and pragmatic actions in sustaining the Group's competitiveness and further improve bottom line performance.

Financial Performance

The Group revenue for the year under review was RM630.1 million, 4.9% higher than the revenue recorded in the previous year. However, profit for the period was lower at RM15.04 million, showing a reduction of 7.4%.

Earnings per share for the financial year under review was 7.05 sen as compared to 7.01 sen last year while net assets per share attributable to ordinary equity holders of the Company rose slightly from RM1.11 per share last year to RM1.16 per share at the end of this financial period.

The Group's financial position remains healthy as total equity improved from RM252.1 million at the last financial year end to RM260.2 million in this financial year end.

Prospects

The year 2015 commenced with double effects of declining crude oil prices and depreciating Malaysian currency against the US dollar and other major currencies of the world. Ensuing this development, domestic business environment and conditions became very volatile and abound with uncertainties. Following this, the Government has revised the forecast of the country's economic growth for the year 2015 from 5.0% - 6.0% to 4.5% - 5.5% but maintained that the economy is intact and resilient.





Chairman's Statement (cont'd)



Amidst this situation, local steel industry remained at doldrums with oversupply of the steel materials flooding the market and depressing the margins. Besides that, businesses within the country also facing some uncertainties with the implementation of Goods and Services Tax on 1 April 2015 as all market players and consumers will need some time to get familiar with the new tax system.

Against this backdrop, the Board will continue to adopt cautious and pragmatic approach in meeting the challenges and competition in order to continue generating a satisfactory performance for the financial year under review.

Corporate Social Responsibility ("CSR")

The Group is always mindful of our social obligation to the society and the expectations of stakeholders/shareholders. During the year under review, the Group continues to contribute towards the needs of the less fortunate groups through the donations to some welfare organisations. Our Social Care Committee has also organised some visitation trips to two (2) social care centres where we presented gifts in the forms of food, daily household products and cash donation to the management of both centres. At the same time, the Group continues to implement its medical care program for the employees as well

as on-going upgrading of the skills of the employees through various training courses, both in-house as well as public courses. For more information relating to CSR, you may refer to the Statement on Corporate Governance in this Annual Report.

Dividend

The Board is pleased to recommend a final single-tier dividend of 4.0% (2.0 sen per ordinary share), amounting to RM3,501,651 in respect of the financial year ended 31 December 2014, which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

Appreciation

On behalf of the Board of Directors and the Company, 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 regulatory authorities for their continuous support and confidence in the 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 : 68, 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 of the Company by virtue of his direct and indirect interests.

He is a brother to 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 : 63, Malaysian
Group Managing Director

Appointed to the Board on 12 July 1984

Dato' Toh Yew Peng is one of the founders of the Group. Dato' 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.

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

Dato' is a substantial shareholder of the Company by virtue of his direct and indirect interests.

Dato' is a brother to 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 : 57, 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 of the Company by virtue of his direct and indirect interests.

He is a brother to 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 : 54, 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 of the Company by virtue of his direct and indirect interests.

He is a brother to 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 : 52, Malaysian
Non-Independent Non-Executive Director

Appointed to the Board on 18 September 2009

Mr.Toh Yew Chin is the Director 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 of the Company by virtue of his direct and indirect interests.

He is a brother to 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.

Tuan Haji Fadzlullah Shuhaimi Bin Salleh

Age : 58, Malaysian
Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit 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 and a Master in Islamic Finance from the International Centre for Education in Islamic Finance (INCEIF), Kuala Lumpur in 2014. 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.



Board Of Directors' Profile (cont'd)

Md. Nahar Bin Noordin

Age : 58, Malaysian
Independent Non-Executive Director
Member of Remuneration Committee

Appointed to the Board on 18 June 1994

Encik 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.

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

Dato' Lim Cheang Nyok

Age : 47, Malaysian
Independent Non-Executive Director
Chairman of Employees' Share Option Scheme ("ESOS") Committee
Chairman of Nomination Committee
Member of Audit Committee

Appointed to the Board on 28 March 2002

Dato' Lim Cheang Nyok is an advocate and solicitor and senior partner of Messrs. Lim & Yeoh.

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

Besides legal practice, Dato' 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.

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

Lou Swee You

Age : 72, 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 CFIA, FCCS, FIPA, CFP, RFP and member of Audit Committee of Malaysian Institute of Management.

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.

Mr. Lou 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 is committed to its policy of managing the affairs of the Company and its subsidiaries ("the Group") with transparency, integrity and accountability by ensuring that a sound framework of best corporate practices is in place at all levels of the Group's business and thus discharging its principal responsibility towards protecting and enhancing long-term shareholders' value and investors' interest.

The Board of Directors ("the Board") is pleased to present to the shareholders on the manner and the extent of which the Company and its subsidiaries ("the Group") applied the principles and recommendations in its corporate governance practices as prescribed under the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") throughout the financial year ended 31 December 2014 pursuant to Paragraph 15.25 of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR").

SIZE AND COMPOSITION OF THE BOARD

The Board presently comprises nine (9) members, of whom four (4) are Executive Directors, one (1) is Non-Independent Non-Executive Director and four (4) are 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 Securities MMLR.

The diverse background of the members of the Board who come from various fields such as legal, finance, commercial and technical expertise form as 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 view, advice and judgement to take into account of the interest, not only of the Group, but also of all the other stakeholders.

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

CLEAR FUNCTIONS OF THE BOARD AND MANAGEMENT

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 duties and responsibilities of the Board include determining the Group's overall strategic plans, performing periodic reviews of business and financial performance, as well as adopting and implementing practical risk management and internal control system within the Group.

The roles and duties of the Group Executive Chairman, Group Managing Director and Group Executive Directors are clearly defined and separated to ensure effective operation of the Group.

The Board has also delegated certain responsibilities to the Board Committees, which operate within clearly defined terms of reference. The standing committees of the Board include the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Group Risk Management Committee. The Board receives reports at its meetings from the Chairman of each Committee on current activities and it is the general policy of the Group that all major decisions to be considered by the Board as a whole.

CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

The Board reviewed the sustainability, effectiveness and implementation of the strategic plans for the financial year under review and provided guidance and input to the Management. To ensure the effective discharge of its function and duties, the principal responsibilities of the Board include the following:-

- Review and adopt strategic business continuity plans for the Group;
- Oversee and monitor the conduct of the Group's businesses and financial performance;
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- Review and adopt budgets and financial results of the Group, monitor compliance with applicable accounting standards and the integrity and adequacy of financial information disclosure; and
- Review the adequacy and integrity of the Company and the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.



Statement On Corporate Governance (cont'd)

ACCESS TO INFORMATION AND ADVICE

All Directors have individual and independent access to the advices and support services of the Company Secretaries and External Auditors and, may seek advice from the Management on issues under their respective purview.

For each Board meeting, the Directors are provided with the agenda and information necessary for them to deal with prior to each Board meeting. The Board papers include, amongst others, quarterly financial report, significant financial data 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.

Senior management staff will be 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 is regularly updated and apprised by the Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities.

COMPANY SECRETARIES

The appointment and removal of the Company Secretaries is a matter for the Board. All Directors have unrestricted access to the advice and services of the Company Secretaries, who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

All two (2) appointed Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as company secretary under Section 139A of the Companies Act, 1965.

The Company Secretaries play an advisory role to the Board on the Company's contribution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations.

The Company Secretaries attend the meetings of the Board and the Board Committees and ensure that the meetings are properly convened and the deliberations at the meetings are well captured and minuted.

BOARD CHARTER

The Board Charter sets out the roles, duties and responsibilities of the Board and the application of principles and practices of good corporate governance.

A full text copy of the Board Charter is available for viewing at the Company's corporate website.

BOARD COMMITTEES

(a) Audit Committee

The AC of the Company consists of three (3) Independent Non-Executive Directors to be in line with the MCCG 2012 and Bursa Securities MMLR whereby the AC shall only consists of Non-Executive Directors and majority of whom are Independent Directors.

The detailed information on the AC with regards to its composition and terms of reference together with its report is set out in the AC Report of this Annual Report.

(b) Nomination Committee

The NC consists of three (3) members, all of which are Independent Non-Executive Directors and the composition of the NC is as follows:-

Members	Designation	Number of NC meetings attended / held in the financial year under review
Dato' Lim Cheang Nyok	Chairman	1/1
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member	1/1
Mr. Lou Swee You	Member	1/1



Statement On Corporate Governance (cont'd)

BOARD COMMITTEES (cont'd)

(b) Nomination Committee (cont'd)

The primary duties and functions of the NC are summarised as follows:-

- a) To identify new candidates for the Board after assess the suitability of candidates based on the criteria adopted;
- b) To consider and recommend to the Board candidates for directorship, proposed by the Managing Director, any senior management or any Director or shareholder;
- c) To recommend the nominees to fill the seat on the Committees of the Board;
- d) To assess the effectiveness of the Board as a whole and each individual Director/Committee of the Board; and
- e) To consider and examine such other matters as the NC considers appropriate.

Main activities undertaken by the NC during the financial year under review were as follows:-

- a) Reviewed the required mix of skills, experience and other qualities of the Board;
- b) Assessed the effectiveness of the Board of Directors as a whole and each individual Committee of the Board in accordance with the eight (8) principles of the MCCG 2012;
- c) Assessed the contribution and performance of each individual Director;
- d) Assessed the independence of the Independent Non-Executive Directors;
- e) Reviewed and recommended to the Board, the re-election of the Directors who will be retiring at the Annual General Meeting ("AGM") of the Company;
- f) Reviewed and recommended to the Board, the re-appointment of the Director who is over the age of seventy (70) years old at the AGM of the Company; and
- g) Reviewed and recommended to the Board, the retention of the Independent Non-Executive Directors who have served for more than nine (9) years as Independent Non-Executive Directors in accordance with the MCCG 2012.

(i) Criteria for Recruitment Process

The NC has the responsibility to identify and select potential new Directors or new members of Board Committees and to make recommendations to the Board for the appointment.

The NC reviews candidates for appointment as Directors based on the following criteria:-

- qualifications;
- skills and competence;
- functional knowledge;
- experience;
- background and character;
- integrity and professionalism;
- time commitment;
- in the case of candidates for the position of Independent Non-Executive Directors, whether the test of independence under Bursa Securities MMLR is satisfied.

In determining the candidates for appointment to the Board Committees, various factors are considered by the NC, including:-

- the needs of the particular Board Committee;
- the results of the Board Effectiveness Evaluation for the Board Committees;
- time commitment and availability;
- regulatory requirements; and
- best practices or governance practices.

During the financial year under review, the NC having accessed and determined that it is not necessary for the Board to recruit new Director on Board.

(ii) Annual Assessment of the Board and its Committees

The NC conducted the following assessments annually:-

Directors' self-assessment survey

In conducting the survey, the NC assessed the Board member's roles, responsibilities and functions.

Statement On Corporate Governance (cont'd)

Evaluation on the effectiveness of the Board of Directors and the Committees of the Board

In conducting the evaluation, the following main criteria were adopted by the NC:-

- Board mix and composition;
- Quality of information and decision making;
- Boardroom activities; and
- Board Committees' performance evaluation.

(iii) Re-election of Directors

In accordance with Article 105 of the Company's Articles of Association ("AA"), 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.

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

(iv) Boardroom Diversity Policy

As at the date of this statement, the Board has not established any Boardroom Diversity Policy. The Board acknowledges the importance of Boardroom diversity, especially gender diversity to the effective functioning of the Board. Female representation on the Board will be considered whenever vacancies arise and suitable candidates will be identified in line with the Group's strategic objectives.

The Board would ensure that there is no discrimination on the basis of, but not limited to ethnicity, race, age, gender, nationality, political affiliation, religious affiliation, sexual orientation, marital status, education, physical ability or geographic region, during the recruitment of new Directors.

(c) Remuneration Committee

The objective of the Group's remuneration policy is to attract and retain the Directors that could lead the Group to achieve its long term goals and enhance shareholders' value.

The RC assists 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 the talented individuals to serve as Directors. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities.

The RC consists of three (3) members, all of which are Independent Non-Executive Directors, and the composition of the RC is as follows:-

Members	Designation	Number of RC meetings attended / held in the financial year under review
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Chairman	1/1
Encik Md. Nahar Bin Noordin	Member	1/1
Mr. Lou Swee You	Member	1/1

Details of the remuneration for the Directors of the Company comprising remuneration received/receivable from the Group during the financial year ended 31 December 2014 were as follows:-

(i) Aggregate remuneration categorised into appropriate components:

	Executive Directors RM'000	Non-Executive Directors RM'000
i) Fees	448	158
ii) Salaries	2,488	-
iii) Bonus & Others	618	-
iv) Benefits-in-kind	104	-
v) EPF and SOCSO	583	-



Statement On Corporate Governance (cont'd)

(c) Remuneration Committee (cont'd)

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

	Executive Directors	Non-Executive Directors
Below RM50 000	-	5
RM 650,001 to RM 700,000	1	-
RM800,001 to RM850,000	1	-
RM1,300,001 to RM1,350,000	1	-
RM1,350,001 to RM1,400,000	1	-

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

(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 risks 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 AC and thereafter to the Board of Directors for their deliberations.

(e) Employees' Share Option Scheme Committee

In line with the implementation of the Employees' Share Option Scheme ("ESOS"), an ESOS Committee was established by the Board on 21 April 2014 to oversee the administration as well as to ensure proper implementation of the ESOS in accordance with the by-laws of the ESOS.

The composition of the ESOS Committee is as follows:

Members	Designation
Dato' Lim Cheang Nyok	Chairman
Dato' Toh Yew Peng	Member
Mr. Toh Yew Seng	Member

REINFORCE INDEPENDENCE

The Board adopts the concept of independence in tandem with the definition of Independent Director in Paragraph 1.01 of Bursa Securities MMLR through the assistance of the NC. The Board also carries out an annual assessment of the independence of its Independent Directors.

The Board considers that its Independent Directors provide an objective and independent views on various issues dealt with at the Board and Board Committees level.

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.

The Board is of the view that the current composition of Independent Directors fairly reflects the interest of minority shareholders in the Company through the Board representation.

The Board is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.



Statement On Corporate Governance (cont'd)

TENURE OF INDEPENDENT DIRECTORS

One (1) of the recommendations of the MCCG 2012 states that the tenure of an Independent Director should not exceed a cumulative terms of nine (9) years. Upon completion of the nine (9) years' terms, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

In line with the recommendations of the MCCG 2012, the NC had performed an annual review on the independency of the Independent Directors by adopting the concept of independence in tandem with the definition of Independent Director in Paragraph 1.01 of Bursa Securities MMLR.

As at the date of this statement, two (2) of the Independent Directors had served the Group for more than nine (9) years, namely Tuan Haji Fadzlullah Shuhaimi Bin Salleh and Dato' Lim Cheang Nyok. Pursuant to recommendations of the MCCG 2012, the NC had assessed and determined that these two (2) Independent Directors remain objective and independent. The NC then further recommended to the Board that the Company should further seek for the shareholders' approval to retain them as Independent Directors.

The Board is satisfied with the skills, contribution and independent judgement that Tuan Haji Fadzlullah Shuhaimi Bin Salleh and Dato' Lim Cheang Nyok bring to the Board. In view thereof, the Board recommends and supports their retention as Independent Non-Executive Directors of the Company which will be tabled for shareholders' approval at the forthcoming AGM of the Company.

SEPARATION OF POSITIONS OF THE CHAIRMAN AND MANAGING DIRECTOR

The Chairman of the Board is an Executive Director and the Board does not comprise a majority of Independent Directors. However, after careful assessment and review, in relation to his roles, duties, experiences and contributions made to the Group, the NC determined that the chairmanship of Mr. Toh Yew Keat remains.

TIME COMMITMENT

The Board of Directors met four (4) times during the financial year ended 31 December 2014. Details of each Director's attendance at the meetings of the Board of Directors are as follows:-

Name of Director	No. of Board of Directors' meetings attended
Mr. Toh Yew Keat	4 / 4
Dato' Toh Yew Peng	4 / 4
Mr. Toh Yew Seng	4 / 4
Mr. Toh Yew Kar	4 / 4
Mr. Toh Yew Chin	4 / 4
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	4 / 4
Encik Md. Nahar Bin Noordin	4 / 4
Dato' Lim Cheang Nyok	4 / 4
Mr. Lou Swee You	4 / 4

PROTOCOL FOR ACCEPTANCE OF NEW DIRECTORSHIPS

The members of the Board are required to notify the Chairman and Managing Director prior to accepting any new directorship. Such notification also includes an indication of time that will be spent on the new appointment.

As at the date of this statement, the Board has not received any notification from the Directors for accepting new directorship.

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.



Statement On Corporate Governance (cont'd)

DIRECTORS' TRAINING (cont'd)

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

During the financial year ended 31 December 2014, the Directors had attended various talks and seminars organised by Bursa Securities and other local training organisations as follows:-

- *Understanding Goods and Services Tax ("GST") Workshop*, organised by Messrs. BDO.
- *10 Most Significant Impacts of GST on Property Development and Construction*, organised by Messrs. BDO.
- *Nestle's Corporate Integrity System*, FMM Best Practice session.
- *Basic Principles of the Malaysian GST*, organised by Malaysian Bar Council.
- *Risk Management and Internal Control for AC Members*, organised by Bursa Securities.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

(a) Financial Reporting

In presenting the Annual Financial Statements and quarterly announcements of its results, the Board has ensured that the Group has adopted appropriate accounting policies consistently, as well as applying reasonable and prudent judgements and estimations so that the financial statements represent a true and fair assessment of the Group's financial position.

The AC assists the Board in reviewing these financial statements with Management and the External Auditors to ensure the accuracy and adequacy of all the information to be disclosed and as well as 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 Bursa Securities MMLR on its responsibilities in preparing the financial statements is set out on page 32 of this Annual Report.

(b) Assessment of Suitability and Independence of External Auditors

For the financial year ended 31 December 2014, the AC has formalised the procedures to assess the suitability and independence of External Auditors vide an annual assessment of the suitability and independence of the External Auditors.

The AC noted for the financial year ended 31 December 2014, Messrs. BDO, the External Auditors of the Company confirmed that the engagement quality control reviewer and members of the engagement team in the course of their audits were and had been independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements.

Upon completion of its assessment, the AC was satisfied with Messrs. BDO's technical competency and audit independence during the financial year under review and recommended to the Board the re-appointment of Messrs. BDO as External Auditors for the financial year ending 31 December 2015. The Board has in turn, has recommended the same for shareholders' approval at the forthcoming AGM of the Company.

(c) 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. The Group Risk Management Committee assists the Board by reviewing the risk management reports of all subsidiaries of the Group. 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 misstatement or loss.

The Group has co-sourced its internal audit functions to assist the AC in discharging their duties and responsibilities.

Both the Internal and External Auditors report their findings and recommendations directly to the AC.

The Statement on Risk Management and Internal Control on another section of this Annual Report provides an overview on the state of risk management and internal controls within the Group.



Statement On Corporate Governance (cont'd)

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

(a) Corporate Disclosure Policy 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, efforts have been taken to enhance the contents of the Annual Report in line with the best practices of the MCGG 2012 and Bursa Securities MMLR.

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

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

(b) 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.

Adequate notice of the AGM of not less than twenty-one (21) days are communicated to all the shareholders. A healthy dialogue and interaction with the shareholders is always greatly encouraged and no time limitation for shareholders to ask questions pertaining to the resolutions being proposed and the operations of the Group.

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.

(c) Poll Voting

The Board noted the Recommendation 8.2 of MCGG 2012 states that the Board should encourage poll voting. In line with this recommendation, the Chairman will inform the shareholders of their right to demand a poll vote at the commencement of the general meeting.

COMPLIANCE STATEMENT

The Board has taken steps to ensure that the Group has implemented as far as possible the principles and recommendations as set out in the MCGG 2012. Save for the appointment of a Senior Independent Non-Executive Director, detailed disclosures of the remuneration of each Director and the Chairman of the NC is a Senior Independent Non-Executive Director as well as the Board does not comprise a majority of Independent Directors despite having an Executive Chairman, the Board considers that all other principles and recommendations as outline in the MCGG 2012 have been substantially implemented.

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.

The activities or practices undertaken by the Group during the financial year ended 31 December 2014 were as follows:-

(a) The Workplace

The Group has an Occupational Safety and Health Committee in developing 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 in the workplace.

During the financial year under review, various healthcare and medical check-up programs were introduced to its employees according to the age group, job grade and job requirement in order to encourage healthy lifestyle among its employees.



Statement On Corporate Governance (cont'd)

CORPORATE SOCIAL RESPONSIBILITY (cont'd)

(a) The Workplace (cont'd)

The Group continues to provide various levels of insurance coverage on medical and hospitalisation benefits as well as critical illness with term life and personal accident insurance to its employees. This is to ensure that all of the employees would receive some form of financial supports for 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 with well-maintained and furnished hostels. The Group Human Resources Department will always ensure that the hostels are in good condition. In view of the increase of dengue cases in the nearby regions, fogging will be carried out every two (2) weeks at our factory and worker hostels to ensure that they are free from aedes mosquito. To ensure our employees are continuously updated with the necessary skills and knowledge, the management consistently provide in-house and external trainings to our employees as on-going talent and human capital development.

The Group is an equal opportunity employer and all appointments and employments are based strictly on merits and experience. The Group does not practise any form of gender, ethnicity and age group biasness as all candidates shall be given fair and equal treatment. The summary of the gender, age and ethnicity of the workforce of the Group are as follows:-

- **Gender**

As at 27 April 2015, the Group had achieved a ratio of 78:22 in the workforce of the Group in terms of Male/Female. Female ratio is slightly lower than the government's initiatives in achieving 30% women participation in the workplace.

- **Age**

As at 27 April 2015, 58% of our employees belong to the age group of between 18 to 35 with the next largest age group being those aged between 36 to 45 (29%). The Group's age demographics broadly reflected the vibrant workforce of the Group with substantial employees aged below 45.

- **Ethnicity**

As at 27 April 2015, employees of Chinese ethnicity and foreigner ethnicity staff constituted the largest workforce of the Group at 33% and 36% respectively, while the rest are made up of Bumiputra, Indian and others.

(b) The Environment

The Group recognises the importance of environmental conservation. For instance, all industrial wastes produced 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.

(c) Community

The Group had continuously contributed towards the needs of the less fortunate groups through several sponsorship organisations and various non-governmental organisations.

During the financial year under review, our Social Care Committee had organised numerous visitation trips to following centres, namely:-

- (i) Persatuan Kebajikan Sweet Care Selangor dan Kuala Lumpur ("PKSC"), Selayang, a home for abandoned children and the underprivileged; and
- (ii) Pusat Pemulihan Dalam Komuniti ("PDK") Sg. Choh, a day care/training centre for down syndrome children and physiotherapy for disabled children.

During the visits, we presented gifts in the form of foods, daily household products, gifts for the children and cash donation to the management of both centres. Our staff and senior management were also participated in the visitation trips and we endeavoured to carry out such activities moving forward.

Further to the above, the Social Care Committee also involved in building a covered rest area for an old folk home in Rawang to facilitate the residents of the home with a better resting area.

The Group also sponsored some local sports events and encourages the employees to participate and mingle with the people in the local community.



Additional Compliance Information

The following information is provided in accordance 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 under review.

2. Share Buy-Back

The Company did not undertake any share buy-back exercise during the financial year under review.

The information on treasury shares retained by the Company is presented in the Audited Financial Statements in this Annual Report.

3. Options or Convertible Securities

The Employees' Share Option Scheme ("ESOS") was approved by shareholders at the Extraordinary General Meeting held on 17 December 2013 and was subsequently implemented on 21 April 2014.

During the financial year ended 31 December 2014, a total of 1,022,000 ordinary shares were exercised pursuant to the ESOS at the price of RM0.53 each.

Details of the ESOS of the Company are disclosed on Note 29 of this Audited Financial Statements.

Save as disclosed above, there were no other options or convertible securities issued by the Company during the financial year under review.

4. Depository Receipt Programme

During the financial year under review, 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 ("the Group"), Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2014.

6. Non-audit Fees

The amount of non-audit fees incurred for the services rendered to the Group for the financial year under review by the External Auditors were RM7,000.

7. Profit Estimate, Forecast or Projection

The Company did not make any release on profit estimate, forecast or projection for the financial year ended 31 December 2014.

There were no variances of 10% or more between the audited financial results for the financial year ended 31 December 2014 and the unaudited financial results announced to Bursa Malaysia Securities Berhad.

8. Profit Guarantee

During the financial year under review, there was no profit guarantee given by the Company.

9. Material Contracts involving the Interest of the Directors and Major Shareholders

There were no material contracts entered into by the Group involving the interest of the Directors and major shareholders during the financial year under review.

10. Related Party Transactions

The information on Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") for the financial year under review is disclosed in Note 30 of the Audited Financial Statements in this Annual Report.



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 2014.

1. COMPOSITION OF THE AUDIT COMMITTEE AND MEETINGS ATTENDANCE

During the financial year ended 31 December 2014, 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
Dato' Lim Cheang Nyok	Member / Independent, Non-Executive Director	5/5

2. SUMMARY OF KEY ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year ended 31 December 2014, the main activities undertaken by the Audit Committee were as follows:-

- a) Reviewed the unaudited quarterly financial results of the Group and thereafter, recommended to the Board for approval and release to Bursa Malaysia Securities Berhad ("Bursa Securities").
- b) Reviewed the audited year-end financial statements of the Group and Company and thereafter, recommended to the Board for consideration and approval.
- c) Met with the External Auditors twice during the financial year without the presence of the Executive Directors and management to discuss the audit strategies and scope of audit plan prior to commencement of annual audit, audit issues and recommendations raised by the External Auditors after the completion of the audit.
- d) Reviewed the audit reports of the External Auditors and management letters in relation to audit including the 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 on the best practices recommended in the Malaysian Code on Corporate Governance 2012.
- g) Reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control and thereafter recommended the same to the Board for inclusion in the annual report.
- h) Reviewed the Circular to Shareholders in respect of the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and thereafter recommended the same to the Board for approval.
- i) Reviewed related party transactions on quarterly basis.
- j) Reviewed the performance of the Internal Audit Function, the annual internal audit plan, internal audit reports presented by the Internal Auditors and considered major findings highlighted by the Internal Auditors and the responses from management.
- k) Verified the allocation and offer of the Employees' Share Option Scheme ("ESOS") to the eligible employees and Directors of the Group in accordance with the criteria as stipulated in the ESOS By-Laws.

3. SUMMARY OF KEY TERMS OF REFERENCES

3.1 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;



Audit Committee Report (cont'd)

3. SUMMARY OF KEY TERMS OF REFERENCES (cont'd)

3.1 Objectives (cont'd)

- 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.

3.2 Composition of Members

The Board shall appoint 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 Securities.

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

- 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 criteria as stated in paragraph 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.

3.3 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.

3.4 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 Auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the External Auditors believes should be brought to the attention of the Directors or shareholders. Besides, the Audit Committee shall meet with the External Auditors without executive Board members present at least twice a year and whenever necessary.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Executive Chairman, the Group Managing Director, the Finance Director, the head of internal audit and the External Auditors in order to be kept informed of matters affecting the Company.



Audit Committee Report (cont'd)

3. SUMMARY OF KEY TERMS OF REFERENCES (cont'd)

3.5 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.

3.6 Duties and Responsibilities

3.6.1 Risk Management and Internal Control

To identify principal risks and ensuring the implementation of appropriate internal controls and mitigation measures.

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

3.6.2 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;
- e) major judgemental areas; and
- f) External Auditors' management letter and management's response.

3.6.3 Audit Process

- i) To carry out 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; and
 - e) approve any appointment or termination of senior staff members of the internal audit function.



Audit Committee Report (cont'd)

3. SUMMARY OF KEY TERMS OF REFERENCES (cont'd)

3.6 Duties and Responsibilities (cont'd)

3.6.3 Audit Process (cont'd)

- ii) To carry out the following in relation to the External Auditors:-
 - a) To consider the appointment of the External Auditors, the audit fee and any question of resignation or dismissal.
 - b) To discuss with the External Auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.
 - c) To establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into a procedures that must be followed by the External Auditors.
 - d) To monitor independence and qualification of External Auditors.
 - e) To review with the External Auditors his audit report.
 - f) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors wish to discuss (in the absence of Management, where necessary).
 - g) To review the External Auditors' management letter and management's response.
 - h) To report its findings on the financial and management performance, and other material matters to the Board.
 - i) To consider the major findings of internal investigations and management's response.
 - j) To determine the area of activity of the internal audit function.

3.6.4 Others Responsibilities and Duties

- i) 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.
- ii) To verify the allocation of ESOS in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any.
- iii) To consider other topics as defined by the Board.
- iv) To consider and examine such other matters as the Audit Committee considers appropriate.

4. STATEMENT ON INTERNAL AUDIT FUNCTION

The Internal Audit Function ("IAF") is undertaken by both in-house internal audit department and external professional firm to conduct regular reviews and assessments on the adequacy, efficiency, and effectiveness of the Group's internal control system. The IAF reports directly to the Audit Committee. The IAF is responsible to conduct reviews in accordance with the internal audit plan or other ad-hoc assignments which approved by the Audit Committee.

The Audit Committee meets quarterly to review the internal audit findings and to discuss on the corrective action plans in order to ensure that the control weaknesses highlighted in the internal audit reports are appropriately addressed by management. In addition, the IAF carry out follow-up visits to ensure that all agreed corrective action plans are satisfactorily implemented by the respective management. The progression status of the corrective action plans are reported to the Audit Committee on a quarterly basis.

The cost incurred in maintaining the IAF for the financial year ended 31 December 2014 was approximately RM106,800.



Statement On Risk Management And Internal Control

INTRODUCTION

The Board of Directors ("Board") is pleased to provide the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements, which is prepared in accordance with the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities. Taking into consideration of Recommendation 6.1 of the Malaysian Code on Corporate Governance 2012 as the benchmark, the Board is committed to establish a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the Group's risk management framework and internal control system to safeguard shareholders' investments and the Group's assets. The system of risk management and internal control covers not only financial controls but risk management, organisational, operational, fraud prevention and compliance controls. The Board ensures the adequacy and 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 risk management and internal control could 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 principal risks affecting the achievement of its business objectives throughout the financial year under review. The Group is constantly improving such a system through various management actions and reviews.

RISK MANAGEMENT FRAMEWORK AND PROCESS

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

The responsibility to oversee the risk management framework is delegated to the Group Risk Management Committee ("GRMC"). The GRMC is responsible to ensure all the principal risks of the Group are properly addressed and managed within its acceptable level. The GRMC is supported by various Risk Management Units ("RMU") of its subsidiaries. The GRMC reports to the Audit Committee and the Board.

The GRMC constantly assess and identify risks and put in place necessary controls and mitigation plans to address and maintain the risks at an appropriate level acceptable to the Group throughout the financial year under review.

All significant risks identified and relevant controls and mitigation plans taken by management were documented in the risk management progress reports and the same be compiled and tabled to the Audit Committee and the Board for deliberations.

INTERNAL AUDIT FUNCTION

The Internal Audit Function ("IAF") is carried out by both in-house internal audit department and external professional firm based on the internal audit plan and ad-hoc assignments approved by the Audit Committee.

The scope of work of the IAF includes but not limited to the following:-

- Review and assess the adequacy, efficiency and effectiveness of the Group's internal control system.
- Review the extent of compliance of the Group with the policies, standard operating procedures and other laws and regulations which possibly caused significant impact to the business operation of the Group.
- Report significant issues in relation to the business operations and activities of the Group and make recommendations for improvements in the internal audit reports to the Audit Committee.
- Conduct follow-up visits to ensure that all agreed corrective action plans are satisfactorily implemented by the respective management and reports the same to the Audit Committee.
- Highlight any irregularities to the Audit Committee.

During the financial year under review, no material issues are highlighted.



Statement On Risk Management And Internal Control (cont'd)

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 internal control system. 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 International Organisation for Standardisation ("ISO") certification bodies on four (4) subsidiaries' manufacturing system.
- Quarterly review of financial results and operational matters by the Audit Committee and the Board.
- Policies and standard procedures of various operating business units within the Group are properly documented for operational guidance and compliance. These policies and procedures are reviewed and updated when necessary to maintain its effectiveness at all times.
- Corporate finance and treasury matters are controlled centrally and monitored on a weekly, monthly and quarterly basis.
- Setting formal authorisation limit for various level of personnel in order to minimise the risk of unauthorised transactions.
- Monthly management report on key business indicators and performance results on each subsidiary is reported to management and the Executive Directors. These would enable management and the Executive 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 risk management and internal control system are reasonably effective and adequate within the Group, except on POSCO-MKPC Sdn. Bhd., which is an associate company of the Group.

The Board has received assurance from the Managing Director and Finance Director that the Company's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management model and internal control system adopted by the Group.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Bursa Securities Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants ("MIA"). RPG 5 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the risk management and internal control of the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 15 April 2015.



Statement Of Directors' Responsibility

In respect of the preparation of the Audited Financial Statements

The Directors are required by the Companies Act, 1965 ("the Act") to lay before the Company's shareholders at the Annual General Meeting, its Audited Financial Statements (which include the Consolidated Statements of Financial Position and the Consolidated Statements of Profit or Loss and other Comprehensive Income of Prestar Resources Berhad and its subsidiaries ("the Group") for each financial year, made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Act and Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Audited Financial Statements of the Group for the financial year ended 31 December 2014 are set out from pages 43 to 126 of this Annual Report.

The Directors are responsible for ensuring that the Audited Financial Statements of the Group are prepared according to the accounting records of the Group so as to give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of the results of their operations and cash flows for the year ended on that date.

In preparing the Audited Financial Statements, the Directors have reviewed and consistently applied the suitable accounting policies throughout the financial year. In cases where judgements and estimations were made, they were based on reasonableness and prudence.

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

This statement is made in accordance with a resolution of the Board of Directors dated 15 April 2015.



Financial Statements

34. Directors' Report

40. Statement By Directors

40. Statutory Declaration

41. Independent Auditors' Report

43. Statements Of Financial Position

44. Statements Of Profit Or Loss And Other Comprehensive Income

45. Consolidated Statement Of Changes in Equity

47. Statement Of Changes In Equity

48. Statements Of Cash Flows

50. Notes To The Financial Statements



Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of renting out properties and investment holding. The principal activities of the subsidiaries are mainly manufacturing of steel related products, the details of which 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.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	15,040	1,384
Attributable to:		
Owners of the parent	12,309	1,384
Non-controlling interests	2,731	-
	<u>15,040</u>	<u>1,384</u>

DIVIDENDS

As approved by the shareholders at the Annual General Meeting held on 20 June 2014, a final single tier dividend of 4.0% (2.0 sen per share), amounting to RM3,501,000 in respect of the financial year ended 31 December 2013 was paid on 18 September 2014.

The Directors propose a final single tier dividend of 4.0% (2.0 sen per share), amounting to RM3,502,000 in respect of the financial year ended 31 December 2014, 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

During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from RM90,490,000 to RM91,001,000 by way of issuance of 1,022,000 new ordinary shares of RM0.50 each for cash pursuant to the exercise of employee share options.

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Option Scheme ('ESOS').

The ESOS of the Company came into effect on 21 April 2014. The ESOS shall be in force for a period of ten (10) years until 20 April 2024 ('the option period'). The main features of the ESOS are as follows:

- a) Eligible Directors and employees are those who are confirmed employees of the Group before the date of offer;



Directors' Report (cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES (cont'd)

- b) The maximum number of options to be offered under the ESOS based on the issued and paid-up ordinary share capital as at 31 December 2014 adjusted for ordinary shares previously issued under the ESOS is 26,077,100;
- c) The total number of options to be issued under the ESOS shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up share capital of Prestar Resources Berhad (excluding Treasury shares) at any point of time during the tenure of the ESOS;
- d) The exercise of options granted will be staggered over a period of two (2) to five (5) years depending on the number of options granted;
- e) The option price of a new ordinary share under the ESOS shall be the five (5)-day weighted average market prices of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer with a discount of not more than ten percent (10%) of the weighted average market price, or at the par value of the ordinary shares of RM0.50, whichever is higher;
- f) The options granted are not entitled to dividends or voting rights. Upon exercise of the options, the ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and
- g) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company.

The details of the options over ordinary shares of the Company are as follows:

Date of offer	Option price RM	[----- Number of options over ordinary shares of RM0.50 each -----]					Outstanding as at 31.12.2014 '000	Exercisable as at 31.12.2014 '000
		Outstanding as at 1.1.2014 '000	Movements during the [----- financial year -----]			Outstanding as at 31.12.2014 '000		
			Granted '000	Exercised '000	Lapsed '000			
2014 options	0.53	-	26,077	(1,022)	(1,695)	23,360	6,845	

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 2 April 2015 from having to disclose the list of option holders to whom options have been granted during the financial year and details of their holdings pursuant to Section 169(11) of the Companies Act, 1965 in Malaysia except for information of employees who were granted 330,000 options and above.

The list of employees of the Group and of the Company who have been granted 330,000 options and above are as follows:

Share options in the Company	-Number of options over ordinary shares of RM0.50 each-			
	Balance as at 1.1.2014	Granted	Exercised	Balance as at 31.12.2014
Koay Kah Ee	-	420,000	(50,000)	370,000
Lam Chung Ming	-	330,000	-	330,000
Lim Fong Kan	-	330,000	-	330,000
Toh Poh Khuan	-	330,000	-	330,000



Directors' Report (cont'd)

DIRECTORS

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

Toh Yew Keat
 Dato' Toh Yew Peng
 Toh Yew Kar
 Toh Yew Seng
 Toh Yew Chin
 Tuan Haji Fadzlullah Shuhaimi Bin Salleh
 Md. Nahar Bin Noordin
 Dato' Lim Cheang Nyok
 Lou Swee You

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

Mr. Lou Swee You who has attained the age of over seventy, retires in accordance with Section 129(2) of the Companies Act, 1965 at the forthcoming Annual General Meeting. The Directors recommend that he be re-appointed in accordance with Section 129(6) of the said Act and to hold office until the conclusion of the next Annual General Meeting of the Company.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year ended 31 December 2014 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	[----- Number of ordinary shares of RM0.50 each -----]			
	Balance as at 1.1.2014	Bought	Sold	Balance as at 31.12.2014
Shares in the Company				
<u>Direct interests</u>				
Toh Yew Keat	3,296,717	-	-	3,296,717
Dato' Toh Yew Peng	5,417,896	-	-	5,417,896
Toh Yew Kar	2,472,276	-	-	2,472,276
Toh Yew Seng	2,266,252	-	-	2,266,252
Toh Yew Chin	2,472,276	-	-	2,472,276
Md. Nahar Bin Noordin	8,000,000	-	2,000,000	6,000,000
<u>Indirect interests</u>				
Toh Yew Keat	63,153,000	2,210,300	-	65,363,300
Dato' Toh Yew Peng	63,153,000	2,210,300	-	65,363,300
Toh Yew Kar	63,153,000	2,182,300	-	65,335,300
Toh Yew Seng	63,153,000	2,182,300	-	65,335,300
Toh Yew Chin	63,153,000	2,182,300	-	65,335,300



Directors' Report (cont'd)

DIRECTORS' INTERESTS (cont'd)

Share options in the Company	-Number of options over ordinary shares of RM0.50 each-			Balance as at 31.12.2014
	Balance as at 1.1.2014	Granted	Exercised	
Toh Yew Keat	-	1,000,000	-	1,000,000
Dato' Toh Yew Peng	-	1,000,000	-	1,000,000
Toh Yew Kar	-	420,000	-	420,000
Toh Yew Seng	-	1,000,000	-	1,000,000
Toh Yew Chin	-	189,000	-	189,000
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	-	420,000	-	420,000
Md. Nahar Bin Noordin	-	420,000	-	420,000
Dato' Lim Cheang Nyok	-	294,000	-	294,000
Lou Swee You	-	189,000	-	189,000

By virtue of their interests in the ordinary shares of the Company, all the Directors except for Tuan Haji Fadzlullah Shuhaimi Bin Salleh, Md. Nahar Bin Noordin, Dato' Lim Cheang Nyok and Lou Swee You are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

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

- (i) director's fees and other emoluments as disclosed in Note 24 to the financial statements; and
- (ii) deemed benefits arising from related party transactions as disclosed in Note 30 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 the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS disclosed in Note 29 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) As At The End Of The Financial Year

- (a) Before the statements of profit or loss and other 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 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.



Directors' Report (cont'd)

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

(I) As At The End Of The Financial Year (cont'd)

- (b) In the opinion of the Directors, the results of 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.

(II) From The End Of The Financial Year To The Date Of This Report

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (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 would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) As At The Date Of This Report

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



Directors' Report (cont'd)

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 1 October 2014, the Company completed an acquisition of a further thirty percent (30%) equity interest in Dai Dong Steel Sdn. Bhd. ('DDSB'). Together with the seventy percent (70%) equity interest in DDSB originally held by the Company, the total equity interest in DDSB now held by the Company after acquisition is one hundred percent (100%) as disclosed in Note 9 to the financial statements.

AUDITORS

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

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

Dato' Toh Yew Peng
Director

Toh Yew Seng
Director

Kuala Lumpur
15 April 2015



Statement By Directors/Statutory Declaration

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 43 to 126 have been drawn up in accordance with Malaysian Financial Reporting Standards, International 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 position of the Group and of the Company as at 31 December 2014 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 35 to the financial statements on page 127 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dato' Toh Yew Peng
Director

Toh Yew Seng
Director

Kuala Lumpur
15 April 2015

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 43 to 127 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)
15 April 2015)

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 position as at 31 December 2014 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 126.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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 judgement, 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 financial statements that give a 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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 financial statements of the Company 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.



Independent Auditors' Report To The Members Of Prestar Resources Berhad (cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 35 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

Kuala Lumpur
15 April 2015

Francis Cyril A/L S R Singam

3056/04/17 (J)
Chartered Accountant



Statements Of Financial Position

As At 31 December 2014

	NOTE	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	165,671	153,438	52,453	53,117
Investment properties	8	4,651	4,820	-	-
Investments in subsidiaries	9	-	-	113,719	108,197
Investment in an associate	10	39,799	41,504	16,965	16,965
Intangible assets	11	1,736	1,794	-	-
Deferred tax assets	12	682	1,951	-	-
		212,539	203,507	183,137	178,279
Current assets					
Inventories	13	143,190	164,103	-	-
Derivative assets	14	158	358	-	-
Trade and other receivables	15	172,982	169,450	74	4,306
Current tax assets		493	702	-	533
Cash and bank balances	16	32,137	20,420	1,273	2,432
		348,960	355,033	1,347	7,271
TOTAL ASSETS		561,499	558,540	184,484	185,550
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	91,001	90,490	91,001	90,490
Treasury shares	17	(5,854)	(5,854)	(5,854)	(5,854)
Reserves	18	118,735	109,296	21,682	23,071
		203,882	193,932	106,829	107,707
Non-controlling interests		56,275	58,171	-	-
TOTAL EQUITY		260,157	252,103	106,829	107,707
Non-current liabilities					
Borrowings	19	24,674	25,505	16,074	20,602
Deferred tax liabilities	12	7,696	5,577	1,605	1,608
		32,370	31,082	17,679	22,210
Current liabilities					
Trade and other payables	20	33,398	33,680	13,176	11,713
Derivative liabilities	14	123	39	-	-
Borrowings	19	233,932	240,776	46,624	43,920
Current tax liabilities		1,519	860	176	-
		268,972	275,355	59,976	55,633
TOTAL LIABILITIES		301,342	306,437	77,655	77,843
TOTAL EQUITY AND LIABILITIES		561,499	558,540	184,484	185,550

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



Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2014

	NOTE	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	23	630,101	600,538	8,917	11,956
Cost of sales		(558,884)	(536,140)	(1,222)	(1,189)
Gross profit		71,217	64,398	7,695	10,767
Other income		7,710	7,454	5,153	35
Selling and distribution expenses		(4,689)	(5,062)	-	-
Administrative expenses		(33,287)	(30,207)	(3,218)	(3,206)
Other expenses		(2,695)	(4,134)	(4,235)	(6,060)
Finance costs		(14,143)	(13,272)	(3,956)	(4,059)
Interest income		367	239	381	319
Share of (loss)/profit of an associate, net of tax		(1,568)	913	-	-
Profit/(Loss) before tax	24	22,912	20,329	1,820	(2,204)
Tax expense	25	(7,872)	(4,086)	(436)	(712)
Profit/(Loss) for the financial year		15,040	16,243	1,384	(2,916)
Other comprehensive income:					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		812	838	-	-
Total other comprehensive income, net of tax		812	838	-	-
Total comprehensive income/(loss)		15,852	17,081	1,384	(2,916)
Profit/(Loss) attributable to:					
Owners of the parent		12,309	12,205	1,384	(2,916)
Non-controlling interests		2,731	4,038	-	-
		15,040	16,243	1,384	(2,916)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		13,121	13,043	1,384	(2,916)
Non-controlling interests		2,731	4,038	-	-
		15,852	17,081	1,384	(2,916)
Earnings per ordinary share attributable to equity holders of the Company:					
- Basic and diluted (sen):	27	7.05	7.01		

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



Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2014

Group	Non-distributable					Distributable			Total equity RM'000
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Share options reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	
Balance as at 1 January 2014	90,490	1,687	303	-	(5,854)	107,306	193,932	58,171	252,103
Profit for the financial year	-	-	-	-	-	12,309	12,309	2,731	15,040
Other comprehensive income, net of tax	-	-	812	-	-	-	812	-	812
Total comprehensive income	-	-	812	-	-	12,309	13,121	2,731	15,852
Transactions with owners:									
Dividends paid (Note 26)	-	-	-	-	-	(3,501)	(3,501)	-	(3,501)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(1,035)	(1,035)
Ordinary shares issued pursuant to ESOS	511	51	-	(92)	-	-	470	-	470
Acquisition of additional interest from non controlling interests	-	-	-	-	-	(909)	(909)	(3,592)	(4,501)
Share options granted under ESOS	-	-	-	769	-	-	769	-	769
Total transactions with owners	511	51	-	677	-	(4,410)	(3,171)	(4,627)	(7,798)
Balance as at 31 December 2014	91,001	1,738	1,115	677	(5,854)	115,205	203,882	56,275	260,157



Consolidated Statement Of Changes In Equity For The Financial Year Ended 31 December 2014 (cont'd)

Group	Non-distributable -----]				Distributable		Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000		Non-controlling interests RM'000
Balance as at 1 January 2013	90,490	1,687	(535)	(5,854)	96,145	181,933	56,168	238,101
Profit for the financial year	-	-	-	-	12,205	12,205	4,038	16,243
Other comprehensive income, net of tax	-	-	838	-	-	838	-	838
Total comprehensive income	-	-	838	-	12,205	13,043	4,038	17,081
Transactions with owners:								
Dividends paid (Note 26)	-	-	-	-	(1,044)	(1,044)	-	(1,044)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(2,035)	(2,035)
Total transactions with owners	-	-	-	-	(1,044)	(1,044)	(2,035)	(3,079)
Balance as at 31 December 2013	90,490	1,687	303	(5,854)	107,306	193,932	58,171	252,103

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



Statement Of Changes In Equity

For The Financial Year Ended 31 December 2014

Company	Non-distributable				Distributable		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share options reserve RM'000	Retained earnings RM'000		
Balance as at 1 January 2013	90,490	1,687	(5,854)	-	25,344		111,667
Loss for the financial year	-	-	-	-	(2,916)		(2,916)
Other comprehensive income, net of tax	-	-	-	-	-		-
Total comprehensive loss	-	-	-	-	(2,916)		(2,916)
Transactions with owners:							
Dividends paid (Note 26)	-	-	-	-	(1,044)		(1,044)
Balance as at 31 December 2013	90,490	1,687	(5,854)	-	21,384		107,707
Profit for the financial year	-	-	-	-	1,384		1,384
Other comprehensive income, net of tax	-	-	-	-	-		-
Total comprehensive income	-	-	-	-	1,384		1,384
Transactions with owners:							
Dividends paid (Note 26)	-	-	-	-	(3,501)		(3,501)
Ordinary shares issued pursuant to ESOS	511	51	-	(92)	-		470
Share options granted under ESOS	-	-	-	769	-		769
Balance as at 31 December 2014	91,001	1,738	(5,854)	677	19,267		106,829

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



Statements Of Cash Flows

For The Financial Year Ended 31 December 2014

	NOTE	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		22,912	20,329	1,820	(2,204)
Adjustments for:					
Amortisation of development costs	11	58	58	-	-
Bad debts written off		53	-	-	-
Deficit on an associate being struck off	24	-	-	-	3
Depreciation of investment properties	8	2	2	-	-
Depreciation of property, plant and equipment	7	9,624	15,215	1,180	1,153
Gross dividend income from					
- subsidiaries	23	-	-	(4,215)	(7,345)
- an associate	23	-	-	(137)	-
Fair value adjustment on derivative instruments	14	284	(323)	-	-
Gain on disposal of property, plant and equipment	24	(88)	(183)	-	(26)
Impairment losses on investment in subsidiaries	9	-	-	4,096	5,900
Impairment losses on property, plant and equipment	7	248	2,654	-	-
Impairment loss on investment properties	8	167	-	-	-
Impairment losses on trade and other receivables	15(h)	843	595	-	-
Interest expense		14,143	13,272	3,956	4,059
Interest income		(367)	(239)	(381)	(319)
Inventories written down	13	135	1,814	-	-
Reversal of write down of inventories	13	(1,569)	(355)	-	-
Property, plant and equipment written off	7	299	72	-	-
Reversal of impairment losses on trade receivables	15(h)	(939)	(445)	-	-
Reversal of impairment losses on investment in subsidiaries	9	-	-	(5,117)	-
Share options expenses	28	769	-	91	-
Share of loss/(profit) of an associate, net of tax	10(d)	1,568	(913)	-	-
Unrealised loss/(gain) on foreign exchange	24	123	5	(36)	-
Operating profit before changes in working capital		48,265	51,558	1,257	1,221
Decrease/(Increase) in inventories		22,631	(16,563)	-	-
(Increase)/Decrease in trade and other receivables		(3,231)	(142)	87	(29)
(Decrease)/Increase in trade and other payables		(504)	(13,505)	(378)	117
Cash generated from operations		67,161	21,348	966	1,309
Tax refunded		567	279	518	149
Tax paid		(4,183)	(2,330)	(248)	(105)
Net cash from operating activities		63,545	19,297	1,236	1,353



Statements Of Cash Flows For The Financial Year Ended 31 December 2014 (cont'd)

	NOTE	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Repayment from /(Advances to) subsidiaries		-	-	6,664	(1,125)
Acquisition of additional interest in a subsidiary	9	(4,501)	-	(4,501)	-
Dividend received, net		-	-	4,352	6,665
Fixed deposits pledged		(88)	(499)	(88)	(499)
Interest received		367	239	381	319
Proceeds from disposal of property, plant and equipment		406	297	17	32
Purchase of property, plant and equipment	7(b)	(13,978)	(7,432)	(533)	(108)
Dividend received from an associate	10(d)	137	-	-	-
Net cash (used in)/from investing activities		(17,657)	(7,395)	6,292	5,284
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(14,143)	(13,272)	(3,956)	(4,059)
Repayment of hire purchase liabilities		(1,073)	(2,082)	(121)	(115)
Repayments of term loans		(5,901)	(9,268)	(4,739)	(8,644)
Net proceeds from issuance of ordinary shares		470	-	470	-
(Repayments of)/Drawdown of other borrowings		(9,374)	19,005	3,000	7,186
Dividends paid	26	(3,501)	(1,044)	(3,501)	(1,044)
Dividends paid to non-controlling interests		(1,035)	(2,035)	-	-
Net cash used in financing activities		(34,557)	(8,696)	(8,847)	(6,676)
Net increase/(decrease) in cash and cash equivalents		11,331	3,206	(1,319)	(39)
Effects of exchange rate differences		88	49	86	-
Cash and cash equivalents at beginning of financial year		18,557	15,302	1,789	1,828
Cash and cash equivalents at end of financial year	16(b)	29,976	18,557	556	1,789

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



Notes To The Financial Statements

31 December 2014

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 consolidated financial statements for the financial year ended 31 December 2014 comprise the financial statements of the Company and its subsidiaries and the interests of the Group in an associate. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company. 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 15 April 2015.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of renting out properties and investment holding. The principal activities of the subsidiaries are mainly manufacturing of steel related products, the details of which 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.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company as set out on pages 43 to 126 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 35 to the financial statements as set out on page 127 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 in conformity with MFRSs 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 judgement in the process of applying the accounting policies. The areas involving such judgements, 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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.8.1 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 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.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

After initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost 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
Leasehold land	48 - 50 years
Plant and machinery	5 - 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

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress represents machinery under installation and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

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 methods are reviewed at the end of each reporting period 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.

4.5 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 to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the incremental borrowing rate of the Group 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.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Leases and hire purchase (cont'd)

(a) Finance leases and hire purchase (cont'd)

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.

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

4.6 Investment properties

Investment properties are properties which are held to earn rental 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.

Subsequent costs are included in the carrying amount of the investment properties or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of investment properties are recognised in profit or loss as incurred.

After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period for the investment properties is fifty (50) years.

At the end of each reporting period, the carrying amount of an item of the investment properties are 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).



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.6 Investment properties (cont'd)

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period 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 investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimates.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of 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.

4.7 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, 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 share of net assets of the investments of the Group.

The interest in an 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 net investment in the associate of the Group.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 Investments (cont'd)

(b) Associates (cont'd)

The share of the profit or loss of the associate by the Group 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 could also be necessary for changes in the proportionate interest of the Group 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 share of those changes by the Group is recognised directly in equity of the Group.

When the share of losses of the Group 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 the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited 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.

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

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

4.8 Intangible assets

4.8.1 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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 could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 Intangible assets (cont'd)

4.8.1 Goodwill (cont'd)

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group 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 share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

4.8.2 Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

Capitalised development costs are amortised on a straight line basis over a period of ten (10) years. Development expenditure not satisfying the criteria mentioned and expenditure arising from research or from the research phase of internal projects are recognised in profit or loss as incurred.

Development assets are tested for impairment annually.

4.9 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and an associate), 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.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.9 Impairment of non-financial assets (cont'd)

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 CGU or groups of CGU of the Group 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.

Goodwill acquired in a business combination shall 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 MFRS 8 *Operating Segments*.

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

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in 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.

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.

4.10 Inventories

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

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

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

4.11 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.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

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 on 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.

4.11.1 Financial assets

A financial asset is classified into the following four (4) 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 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 fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as 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.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

4.11.1 Financial assets (cont'd)

(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 right of the Group to receive payment is established.

Cash and bank balances include cash and cash equivalents, fixed deposits pledged to financial institutions, 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.

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. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

4.11.2 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 (2) 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 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 fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as 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.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

4.11.2 Financial liabilities (cont'd)

(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 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.

Any 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.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

4.11.3 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.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

4.11.3 Equity (cont'd)

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently it shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.12 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 and default or significant delay in payments by the receivable, 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.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 Impairment of financial assets (cont'd)

(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.

4.13 Borrowing costs

All non-qualifying borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.14 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries on distributions to the Group and Company, and real property gains taxes payable on disposal of properties.

Taxes in the statement of profit or loss and other comprehensive income comprise current tax and deferred tax.

4.14.1 Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties, if any.

4.14.2 Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement 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 future taxable profits would 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 would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.14 Income taxes (cont'd)

4.14.2 Deferred tax (cont'd)

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 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 would 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 would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.15 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 would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would 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 would be required to settle the obligation, the provision would 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.

4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would 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 would 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 would 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 contingent assets but discloses its existence where 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.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.17 Employee benefits

4.17.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees 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 and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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.

4.17.2 Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4.17.3 Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions but excluding the impact of any non-market performance and service vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees could provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

If the options are exercised, the Company issues new shares to the employees. The proceeds received, net of any directly attributable transaction costs are recognised in ordinary share capital at nominal value, and any excess would be recognised in share premium.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 Foreign currencies

4.18.1 Functional and presentation currency

Items included in the financial statements of each of the entities of the Group 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 functional and presentation currency of the Company.

4.18.2 Foreign currency translations 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 each reporting period are translated into functional currency at rates of exchange ruling at that date. 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 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.

4.18.3 Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

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

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

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

4.19 Revenue recognition

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

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would 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 activities of the Group as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.19 Revenue recognition (cont'd)

(b) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

(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.

4.20 Operating segments

Operating segments are defined as components of the Group that:

- (a) Engages in business activities from which it could 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 chief operating decision maker of the Group (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 percent (10%) 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 percent (10%) 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 percent (10%) 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 percent (75%) of the revenue of the Group. 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.



Notes To The Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.21 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.22 Fair value measurements

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

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset;
- (b) Restrictions, if any, on the sale or use of the asset.

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

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.



Notes To The Financial Statements

31 December 2014 (cont'd)

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the current financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to MFRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014

There is no material effect upon the adoption of the above Amendments and Interpretation during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2015

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company.

Title	Effective Date
Amendments to MFRS 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2010 – 2012 Cycle</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2011 – 2013 Cycle</i>	1 July 2014
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to 2012-2014 Cycle</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018

The Group is in the process of assessing the impact of implementing these Standards and Amendments since the effects would only be observable in future financial years.



Notes To The Financial Statements

31 December 2014 (cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

6.2 Critical judgement made in applying accounting policies

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

Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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 determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 11 to the financial statements.

(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, which are common life expectancies applied in the industries relevant to the Group. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. A three percent (3%) difference in the average useful lives of these assets from management's estimates would result in approximately a RM289,000 variance in profit for the financial year.

(iii) Income taxes

Significant judgement 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.



Notes To The Financial Statements

31 December 2014 (cont'd)

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

6.3 Key sources of estimation uncertainty (cont'd)

(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 future taxable profits would be available against which the losses and capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

(v) Impairment of property, plant and equipment

Property, plant and equipment are assessed for impairment losses whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Such assessment requires the Directors to make estimates of the recoverable amounts. Impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. The Directors believe that the estimates of the recoverable amounts are reasonable.

(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. Management specifically analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(vii) Impairment of investments in subsidiaries

The Company reviews the investments in subsidiaries for impairment when there is indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the higher of its fair value less cost to sell and its 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. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the business of the subsidiaries.

(viii) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trends and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would 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. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 33 to the financial statements.



Notes To The Financial Statements

31 December 2014 (cont'd)

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

6.3 Key sources of estimation uncertainty (cont'd)

(x) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures these elements in the financial statements at fair value:

- (i) Derivative financial instruments, Note 14 to the financial statements; and
- (ii) Financial instruments, Note 32 to the financial statements.



Notes To The Financial Statements 31 December 2014 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2014	Additions	Disposals	Write off	Depreciation charge for the financial year	Impairment loss for the financial year	Reclassification	Transfer to inventories	Foreign currency difference	Balance as at 31.12.2014
	RM'000									RM'000
Carrying amount										
Freehold land	21,238	-	-	-	-	-	-	-	-	21,238
Buildings	57,189	73	-	-	(1,552)	-	3,398	-	235	59,343
Leasehold land	7,081	-	-	-	(177)	-	-	-	146	7,050
Plant and machinery	49,978	1,451	(45)	(26)	(3,783)	(248)	11,543	-	120	58,990
Office equipment	899	278	(2)	(4)	(284)	-	-	-	-	887
Furniture, fittings and renovations	977	1,265	-	-	(417)	-	161	-	3	1,989
Motor vehicles and forklifts	12,011	4,028	(269)	(268)	(2,778)	-	-	(126)	-	12,598
Moulds, tools and equipment	1,518	346	-	(1)	(633)	-	-	-	5	1,235
Construction-in-progress	2,547	14,898	(2)	-	-	-	(15,102)	-	-	2,341
	153,438	22,339	(318)	(299)	(9,624)	(248)	-	(126)	509	165,671

	[----- As at 31 December 2014 -----]	
	Cost RM'000	Accumulated depreciation and impairment RM'000
Freehold land	21,238	-
Buildings	75,520	(16,177)
Leasehold land	8,881	(1,831)
Plant and machinery	112,301	(53,311)
Office equipment	4,940	(4,053)
Furniture, fittings and renovations	7,046	(5,057)
Motor vehicles and forklifts	23,524	(10,926)
Moulds, tools and equipment	10,798	(9,563)
Construction-in-progress	2,876	(535)
	267,124	(101,453)
		165,671



Notes To The Financial Statements 31 December 2014 (cont'd)

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

Group	Balance as at 1.1.2013 RM'000	Additions RM'000	Disposals RM'000	Write off RM'000	Depreciation charge for the financial year RM'000	Impairment loss for the financial year RM'000	Reclassifi- cation RM'000	Transfer to inventories RM'000	Foreign currency translation difference RM'000	Balance as at 31.12.2013 RM'000
Freehold land	21,238	-	-	-	-	-	-	-	-	21,238
Buildings	58,465	-	-	-	(1,545)	-	-	-	269	57,189
Leasehold land	7,093	-	-	-	(175)	-	-	-	163	7,081
Plant and machinery	52,608	4,056	-	(62)	(9,153)	(1,960)	4,309	-	180	49,978
Office equipment	1,043	185	-	(9)	(320)	-	-	-	-	899
Furniture, fittings and renovations	1,227	202	-	(1)	(456)	-	-	-	5	977
Motor vehicles and forklifts	11,264	3,360	(114)	-	(2,513)	-	59	(45)	-	12,011
Moulds, tools and equipment	2,942	280	-	-	(1,053)	(669)	-	-	18	1,518
Construction-in-progress	5,756	1,184	-	-	-	(25)	(4,368)	-	-	2,547
	161,636	9,267	(114)	(72)	(15,215)	(2,654)	-	(45)	635	153,438

	[----- As at 31 December 2013 -----]		
	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	21,238	-	21,238
Buildings	71,750	(14,561)	57,189
Leasehold land	8,707	(1,626)	7,081
Plant and machinery	99,754	(49,776)	49,978
Office equipment	4,795	(3,896)	899
Furniture, fittings and renovations	5,624	(4,647)	977
Motor vehicles and forklifts	21,937	(9,926)	12,011
Moulds, tools and equipment	10,640	(9,122)	1,518
Construction-in-progress	3,082	(535)	2,547
	247,527	(94,089)	153,438



Notes To The Financial Statements 31 December 2014 (cont'd)

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

Company	Balance as at 1.1.2014 RM'000	Additions RM'000	Disposal RM'000	Depreciation charge for the financial year RM'000	Reclassification RM'000	Balance as at 31.12.2014 RM'000
Carrying amount						
Freehold land	17,460	-	-	-	-	17,460
Buildings	34,462	-	-	(884)	-	33,578
Office equipment	117	66	-	(35)	-	148
Furniture, fittings and renovations	278	467	-	(111)	99	733
Motor vehicles	701	-	(17)	(150)	-	534
Construction-in-progress	99	-	-	-	(99)	-
	53,117	533	(17)	(1,180)	-	52,453

	[----- As at 31 December 2014 -----]		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	17,460	-	17,460
Buildings	44,173	(10,595)	33,578
Office equipment	406	(258)	148
Furniture, fittings and renovations	2,133	(1,400)	733
Motor vehicles	1,195	(661)	534
	65,367	(12,914)	52,453



Notes To The Financial Statements

31 December 2014 (cont'd)

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

Company	Balance as at 1.1.2013 RM'000	Additions RM'000	Disposal RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.12.2013 RM'000
Carrying amount					
Freehold land	17,460	-	-	-	17,460
Buildings	35,345	-	-	(883)	34,462
Office equipment	143	9	-	(35)	117
Furniture, fittings and renovations	346	-	-	(68)	278
Motor vehicles	874	-	(6)	(167)	701
Construction-in-progress	-	99	-	-	99
	54,168	108	(6)	(1,153)	53,117

	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	17,460	-	17,460
Buildings	44,173	(9,711)	34,462
Office equipment	343	(226)	117
Furniture, fittings and renovations	1,566	(1,288)	278
Motor vehicles	1,356	(655)	701
Construction-in-progress	99	-	99
	64,997	(11,880)	53,117

[----- As at 31 December 2013 -----]



Notes To The Financial Statements

31 December 2014 (cont'd)

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

- (a) As at the end of reporting period, freehold land, certain buildings and leasehold land of the Group with a carrying amount of RM70,929,000 (2013: RM86,090,000) and freehold land and building of the Company with a carrying amount of RM51,038,000 (2013: RM51,922,000) have been charged as securities for banking facilities granted to the Group and the Company as disclosed in Note 19 to the financial statements.
- (b) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Purchase of property, plant and equipment	22,339	9,267	533	108
Financed by hire purchase and lease arrangements	(8,361)	(1,835)	-	-
Cash payments on purchase of property, plant and equipment	13,978	7,432	533	108

- (c) The carrying amount of the property, plant and equipment of the Group and of the Company under finance leases at the end of the reporting period are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Carrying amount				
Plant and machinery	2,416	1,615	-	-
Motor vehicles and forklifts	5,231	5,469	468	603
	7,647	7,084	468	603

8. INVESTMENT PROPERTIES

	Group	
	2014 RM'000	2013 RM'000
At cost		
Balance as at 1 January/31 December	5,049	5,049
Accumulated depreciation		
Balance as at 1 January	(36)	(34)
Depreciation charge for the financial year	(2)	(2)
Balance as at 31 December	(38)	(36)
Accumulated impairment loss		
Balance as at 1 January	(193)	(193)
Impairment loss for the financial year	(167)	-
Balance as at 31 December	(360)	(193)
Net carrying amount as at 31 December	4,651	4,820



Notes To The Financial Statements

31 December 2014 (cont'd)

8. INVESTMENT PROPERTIES (cont'd)

- (a) Direct operating expenses arising from non-income generating investments properties during the financial year are as follows:

	Group	
	2014 RM'000	2013 RM'000
Quit rent and assessment	1	1

- (b) The fair value of investment properties of the Group not carried at fair value are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2014				
Freehold land and buildings	-	-	4,675	4,675
2013				
Freehold land and buildings	-	-	5,564	5,564

- (i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 December 2014 and 31 December 2013.
- (ii) The fair value of investment properties at Level 3 not carried at fair value was assessed by the Directors as at the end of the reporting period by reference to an external valuation report and an assessment of previous sales of similar properties in the vicinity on a price per square foot basis.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
At cost		
Unquoted shares	138,050	133,549
Less: Impairment losses	(24,331)	(25,352)
	113,719	108,197



Notes To The Financial Statements

31 December 2014 (cont'd)

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries, which are all incorporated in Malaysia unless otherwise stated, are as follows:

Name of company	Effective equity interest		Principal activities
	2014 %	2013 %	
Prestar Manufacturing Sdn. Bhd.* (‘PMSB’)	100	100	Manufacture and export of material handling equipment such as wheelbarrows and hand trucks.
Prestar Marketing Sdn. Bhd.* (‘PMktgSB’)	100	100	Importer and distributor of general hardware, tools, material handling equipment and forklifts.
Prestar Engineering Sdn. Bhd.* (‘PESB’)	75	75	Manufacture and supply of guardrails and related products.
Prestar Steel Pipes Sdn. Bhd.* (‘PSPSB’)	100	100	Dormant.
Prestar Precision Tube Sdn. Bhd.* (‘PPTSb’)	100	100	Manufacture of a wide range of steel pipes and tubes.
Dai Dong Steel Sdn. Bhd.* (‘DDB’)	100	70	Import and trading of steel materials and general hardware products.
Tashin Steel Sdn. Bhd.* (‘TSSB’)	51	51	Manufacture, reprocess and trading of steel related products.
Prestar Galvanising Sdn. Bhd.* (‘PGSB’)	95	95	General hot-dip galvanising and coating of metal products and threaded items, fabrication of moulds and dies, maintenance and installation of machinery.
Prestar Storage System Sdn. Bhd.* (‘PSSSB’)	100	100	Manufacture and installation of all kinds of material handling equipment, structural steel works and pallet racking systems.
Prestar Industries (Vietnam) Co., Ltd. **# (‘PIVCL’)	100	100	Manufacture and processing of all kinds of steel products such as material handling equipment, highway guardrails and building materials and other steel processed products.
Subsidiary of Prestar Precision Tube Sdn. Bhd.			
PT Prestar Precision Tube @ (‘PTPPT’)	75	75	Dormant.
Subsidiary of Tashin Steel Sdn. Bhd.			
Tashin Hardware Sdn. Bhd.* (‘THSB’)	51	51	Trading of steel material and general hardware products.
Subsidiary of Prestar Manufacturing Sdn. Bhd.			
PT Prestar MHE @ (‘PTMHE’)	100	100	Importing and trading of carbon steel pipes

* Audited by BDO Malaysia.

** Audited by BDO Member Firm.

Incorporated in Vietnam.

@ Incorporated in Indonesia.



Notes To The Financial Statements

31 December 2014 (cont'd)

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

2014

During the financial year, the movements in investments in subsidiaries are as follows:

- (i) An impairment loss on investments in subsidiaries amounting to RM4,096,000 relating to a subsidiary which has become dormant during the financial year, PSPSB, has been recognised during the financial year. The carrying amount of the investment in PSPSB after the impairment loss is Nil.
- (ii) Reversal of impairment loss on investments in subsidiaries amounting to RM5,117,000 (2013: nil) relating to a subsidiary, PMSB, has been recognised during the financial year. The recoverable amount was determined based on the value-in-use calculation using cash flow projections based on financial budgets approved by the Directors covering a five (5)-year period. The discount rate applied to the cash flow projections was 5.50% based on the weighted average cost of capital of the Company and appropriate risk premiums
- (iii) Transaction with non-controlling interest

On 1 October 2014, the Company increased its shareholding in DDSB, a subsidiary of the Company incorporated in Malaysia, which is principally involved in the business of importing and trading of steel materials and general hardware products, from 70% to 100% for a cash consideration of RM4,501,000.

The impact of the acquisition on the Group is as shown in the consolidated statement of changes in equity.

2013

In the previous financial year, the movements in investments in subsidiaries are as follows:

- (i) An impairment loss on investments in subsidiaries amounting to RM331,000 relating to a subsidiary, PIVCL, has been recognised in the previous financial year. The recoverable amount was determined based on the value-in-use calculation using cash flow projections based on financial budgets approved by the Directors covering a five (5)-year period. The discount rate applied to the cash flow projections was 4.68% based on the weighted average cost of capital of the Company and appropriate risk premiums.
- (ii) An impairment loss on investments in subsidiaries amounting to RM5,569,000 relating to a subsidiary, PSPSB, has been recognised during the financial year. The recoverable amount was determined based on the value-in-use calculation using cash flow projections based on financial budgets approved by the Directors covering a five (5) year period. The discount rate applied to the cash flow projections was 4.77% based on the weighted average cost of capital of the Company and appropriate risk premiums.
- (iii) On 28 January 2013, the Company announced that its wholly-owned subsidiaries, PMSB and PSSSB, jointly incorporated a wholly-owned subsidiary, PTMHE with a total cost of investment of RM94,000. The incorporation did not have any material impact on the financial statements of the Group.



Notes To The Financial Statements

31 December 2014 (cont'd)

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) The subsidiaries of the Group that have material non-controlling interests ('NCI') are as follows:

	PESB	DDSB	TSSB	THSB	PGSB	PTPPT	TOTAL
2014							
NCI percentage of ownership interest and voting interest	25%	-	49%	49%	5%	25%	
Carrying amount of NCI (RM'000)	5,582	-	48,781	1,423	470	19	56,275
Profit/(Loss) allocated to NCI (RM'000)	1,086	230	1,141	194	85	(5)	2,731
2013							
NCI percentage of ownership interest and voting interest	25%	30%	49%	49%	5%	25%	
Carrying amount of NCI (RM'000)	4,996	3,407	48,130	1,229	385	24	58,171
Profit/(Loss) allocated to NCI (RM'000)	764	411	2,464	370	37	(8)	4,038

(b) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	PESB RM'000	TSSB RM'000	THSB RM'000	PGSB RM'000	PTPPT RM'000	TOTAL RM'000
2014						
Assets and liabilities						
Non-current assets	2,270	55,790	2,296	6,466	1	66,823
Current assets	30,581	111,174	13,710	8,061	76	163,602
Non-current liabilities	(273)	(6,699)	(454)	(756)	-	(8,182)
Current liabilities	(10,250)	(60,130)	(10,747)	(4,371)	(1)	(85,499)
Net assets	22,328	100,135	4,805	9,400	76	136,744
Results						
Revenue	51,979	185,720	43,243	21,019	-	301,961
Profit/(Loss) for the financial year	4,343	2,328	396	1,711	(20)	8,758
Total comprehensive income/(loss)	4,343	2,328	396	1,711	(20)	8,758
Cash flows from/(used in) operating activities	6,203	23,561	4,478	596	(17)	34,821
Cash flows from/(used in) investing activities	520	(6,070)	(7,094)	(851)	-	(13,495)
Cash flows (used in)/from financing activities	(2,853)	(16,055)	2,037	1,349	-	(15,522)
Net increase/(decrease) in cash and cash equivalents	3,870	1,436	(579)	1,094	(17)	5,804
Dividends paid to NCI	(500)	(490)	-	-	-	(990)



Notes To The Financial Statements

31 December 2014 (cont'd)

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (b) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows (cont'd):

	PESB RM'000	DDSB RM'000	TSSB RM'000	THSB RM'000	PGSB RM'000	PTPPT RM'000	TOTAL RM'000
2013							
Assets and liabilities							
Non-current assets	2,422	580	43,968	2,552	6,412	2	55,936
Current assets	27,821	34,574	125,030	20,166	5,682	66	213,339
Non-current liabilities	(279)	-	(1,906)	(530)	(826)	-	(3,541)
Current liabilities	(10,014)	(23,781)	(68,286)	(17,778)	(3,199)	(1)	(123,059)
Net assets	19,950	11,373	98,806	4,410	8,069	67	142,675
Results							
Revenue	41,669	62,080	180,407	47,918	15,600	-	347,674
Profit/(Loss) for the financial year	3,055	1,371	5,630	755	736	(34)	11,513
Total comprehensive income/(loss)	3,055	1,371	5,630	755	736	(34)	11,513
Cash flows from/(used in) operating activities	1,236	523	(2,298)	4,238	1,527	(43)	5,183
Cash flows (used in)/from investing activities	(275)	1,852	(549)	(2,967)	(181)	-	(2,120)
Cash flows (used in)/from financing activities	(831)	(2,402)	2,948	(600)	(2,904)	-	(3,789)
Net increase/(decrease) in cash and cash equivalents	130	(27)	101	671	(1,558)	(43)	(726)
Dividends paid to NCI	750	180	980	-	125	-	2,035

- (c) The carrying amounts of assets to which significant restrictions apply are as follows:

	2014 RM'000	2013 RM'000
Cash and cash equivalents	13,679	5,416
Buildings	11,552	23,706
Leasehold land	8,340	10,509
	33,571	39,631

The above restrictions arose from bank covenants as follows:

- (i) The covenant of banking facilities taken by TSSB, a subsidiary of the Company, restricts the ability of the subsidiary to declare dividends to its shareholders if the Company is making loss after tax, and any future dividend payments in excess of 50% of its net profit after tax for the financial year shall require the Bank's consent. The covenant also restricts the Company to dispose or transfer the ownership of its leasehold land and building.
- (ii) The covenant of banking facilities taken by PESB, a subsidiary of the Company, restricts the ability of the subsidiary to declare dividends to its shareholders if the Company is making loss after tax, and any future dividend payments in excess of 50% of its net profit after tax for the financial year shall require the Bank's consent.



Notes To The Financial Statements

31 December 2014 (cont'd)

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

(c) The carrying amounts of assets to which significant restrictions apply are as follows (cont'd):

- (iii) The covenant of banking facilities taken by DDSB, a subsidiary of the Company, restricts the ability of the subsidiary to declare dividends of more than 50% of its current year profit after tax to its shareholders without the bank's consent.
- (iv) The covenant of banking facilities taken by PIVCL and PMktgSB, restricts the ability of the subsidiaries to dispose or transfer the ownership of its leasehold lands and buildings.

10. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At cost:				
Unquoted equity shares	16,965	16,965	16,965	16,965
Share of post acquisition reserves, net of dividends received	22,834	24,539	-	-
	<u>39,799</u>	<u>41,504</u>	<u>16,965</u>	<u>16,965</u>

(a) The details of the associate are as follows:

Name of company	Effective equity interest		Principal activities
	2014 %	2013 %	
POSCO-MKPC Sdn. Bhd. * (Incorporated in Malaysia)	30	30	Slitting, shearing and sales of steel sheets and coils.

*Audited by BDO Malaysia.

The above associate is accounted for using the equity method in the consolidated financial statements.

(b) The financial statements of the above associate is coterminous with those of the Group, which is 31 December 2014.

(c) The summarised financial information of the associate is as follows:

2014	Posco-MKPC Sdn. Bhd. RM'000
Assets and liabilities	
Non-current assets	83,563
Current assets	281,861
Non-current liabilities	(11,741)
Current liabilities	<u>(220,698)</u>
Net assets	<u>132,985</u>



Notes To The Financial Statements

31 December 2014 (cont'd)

10. INVESTMENT IN AN ASSOCIATE (cont'd)

(c) The summarised financial information of the associate is as follows (cont'd):

	Posco-MKPC Sdn. Bhd. RM'000
Results	
Revenue	503,422
Loss for the financial year	(5,226)
Total comprehensive loss	<u>(5,226)</u>
Cash flows from operating activities	18,480
Cash flows used in investing activities	(2,391)
Cash flows used in financing activities	(8,038)
Net increase in cash and cash equivalents	<u>8,051</u>
2013	
Assets and liabilities	
Non-current assets	85,336
Current assets	342,197
Non-current liabilities	(15,241)
Current liabilities	(273,625)
Net assets	<u>138,667</u>
Results	
Revenue	604,745
Profit for the financial year	3,044
Total comprehensive Income	<u>3,044</u>
Cash flows from operating activities	86,771
Cash flows used in investing activities	(1,974)
Cash flows used in financing activities	(82,578)
Net increase in cash and cash equivalents	<u>2,219</u>



Notes To The Financial Statements

31 December 2014 (cont'd)

10. INVESTMENT IN AN ASSOCIATE (cont'd)

- (d) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is as follows:

	Posco-MKPC Sdn. Bhd. RM'000
As at 31 December 2014	
The Group's share of net assets	39,799
Elimination of unrealised profits	-
	<hr/>
Carrying amount in the statement of financial position	39,799
	<hr/>
Share of results of the Group for the financial year ended 31 December 2014	
The Group's share of loss/other comprehensive loss	(1,568)
	<hr/>
Other information	
Dividend received	137
	<hr/>
As at 31 December 2013	
The Group's share of net assets	41,504
Elimination of unrealised profits	-
	<hr/>
Carrying amount in the statement of financial position	41,504
	<hr/>
Share of results of the Group for the financial year ended 31 December 2013	
The Group's share of profit/other comprehensive income	913
	<hr/>

11. INTANGIBLE ASSETS

	Balance as at 1.1.2014 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2014 RM'000
2014			
Group Carrying amount			
Goodwill	1,675	-	1,675
Development costs	119	(58)	61
	<hr/>	<hr/>	<hr/>
	1,794	(58)	1,736
	<hr/>	<hr/>	<hr/>
	[----- As at 31 December 2014 -----]		
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Goodwill	2,803	(1,128)	1,675
Development costs	589	(528)	61
	<hr/>	<hr/>	<hr/>
	3,392	(1,656)	1,736
	<hr/>	<hr/>	<hr/>



Notes To The Financial Statements

31 December 2014 (cont'd)

11. INTANGIBLE ASSETS (cont'd)

2013	Balance as at 1.1.2013 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2013 RM'000
Group			
Carrying amount			
Goodwill	1,675	-	1,675
Development costs	177	(58)	119
	1,852	(58)	1,794
[----- As at 31 December 2013 -----]			
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Goodwill	2,803	(1,128)	1,675
Development costs	589	(470)	119
	3,392	(1,598)	1,794

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

Goodwill arising from business combinations has been allocated to two (2) individual cash-generating units ('CGU') for impairment testing, as follows:

	Manufacturing (CGU 1) RM'000	Trading (CGU 2) RM'000	Total RM'000
Goodwill, gross	1,799	1,004	2,803
Less: Impairment loss	(668)	(460)	(1,128)
Goodwill, net	1,131	544	1,675

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

The recoverable amounts of the CGUs have been determined based on value in use calculations using discounted cash flow projections from financial budgets approved by the Directors covering a five (5)-year period. The pre-tax discount rate applied to the cash flow projections and forecasted growth rates used to extrapolate cash flows for the five-year period are as follows:

	CGU 1		CGU 2	
	2014	2013	2014	2013
	%	%	%	%
Growth rates	3.0 – 9.0	4.0 - 9.0	3.0	3.0 - 5.0
Pre-tax discount rates	5.5	4.5	5.5	4.5



Notes To The Financial Statements

31 December 2014 (cont'd)

11. INTANGIBLE ASSETS (cont'd)

(b) Goodwill (cont'd)

A reasonable change in the assumptions above would not cause any impairment loss on goodwill. The calculations of value in use for the CGUs are most sensitive to the following assumptions:

(i) Growth rates

The forecasted growth rates applied to the cash flow projections of CGU 1 and CGU 2 are based on the most recent financial budgets approved by the Directors covering a five (5)-year period.

(ii) Pre-tax discount rates

Discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess the operating performance of the respective CGU and to evaluate future investment proposals. The discount rates used are pre-tax and reflect the overall weighted average cost of capital of the Group.

Based on the calculations, there were no impairment losses on the CGUs as the recoverable amounts of the CGUs were higher than their carrying amounts as at the end of the reporting period.

12. DEFERRED TAX

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Balance as at 1 January	3,626	2,753	1,608	1,619
Recognised in profit or loss (Note 25)	3,388	873	(3)	(11)
Balance as at 31 December	7,014	3,626	1,605	1,608
Presented after appropriate offsetting:				
Deferred tax liabilities, net	7,696	5,577	1,605	1,608
Deferred tax assets, net	(682)	(1,951)	-	-
	7,014	3,626	1,605	1,608

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

Deferred tax liabilities of the Group	Property, plant and equipment RM'000
At 1 January 2014	5,577
Recognised in the profit or loss	2,119
At 31 December 2014	7,696
At 1 January 2013	4,903
Recognised in the profit or loss	674
At 31 December 2013	5,577



Notes To The Financial Statements

31 December 2014 (cont'd)

12. DEFERRED TAX (cont'd)

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

Deferred tax assets of the Group

	Provisions RM'000	Unused tax losses RM'000	Total RM'000
At 1 January 2014	1,341	610	1,951
Recognised in the profit or loss	(1,116)	(153)	(1,269)
At 31 December 2014	<u>225</u>	<u>457</u>	<u>682</u>
At 1 January 2013	373	1,777	2,150
Recognised in the profit or loss	968	(1,167)	(199)
At 31 December 2013	<u>1,341</u>	<u>610</u>	<u>1,951</u>

Deferred tax liabilities of the Company

	Property, plant and equipment RM'000
At 1 January 2014	1,608
Recognised in the profit or loss	(3)
At 31 December 2014	<u>1,605</u>
At 1 January 2013	1,619
Recognised in the profit or loss	(11)
At 31 December 2013	<u>1,608</u>

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

	Group	
	2014 RM'000	2013 RM'000
Unused tax losses	1,834	675
Unabsorbed capital allowances	4,009	3,145
Excess of capital allowances over corresponding depreciation	(23)	840
Other temporary differences	-	11
	<u>5,820</u>	<u>4,671</u>

Deferred tax assets of a subsidiary has not been recognised in respect of these items as it is not probable that taxable profits of the subsidiary would be available against which the deductible temporary differences could be utilised.

The deductible temporary differences do not expire under the current tax legislation.



Notes To The Financial Statements

31 December 2014 (cont'd)

13. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
At cost		
Raw materials	63,468	71,786
Work-in-progress	10,025	13,877
Manufacturing and trading inventories	49,586	35,826
	123,079	121,489
At net realisable value		
Raw materials	14,076	22,686
Work-in-progress	2	21
Manufacturing and trading inventories	6,033	19,907
	20,111	42,614
	143,190	164,103

- (a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM556,697,000 (2013: RM527,261,000).
- (b) The Group reversed RM1,569,000 (2013: RM355,000) of a write down of inventories recorded in the previous financial year that was subsequently not required as the Group was able to sell those inventories above their carrying amounts.
- (c) Net write down of inventories recognised for the Group during the financial year amounted to RM135,000 (2013: RM1,814,000).

14. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
2014			
Forward currency contracts	11,452	158	(123)
2013			
Forward currency contracts	19,475	358	(39)

Forward currency contracts have been entered into to operationally hedge receivables and forecast purchases denominated in foreign currencies that are expected to realise or occur at various dates within three (3) 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 RM284,000 (2013: gain of RM323,000) arising from fair value changes of derivative financial instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rates. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 32 to the financial statements.



Notes To The Financial Statements

31 December 2014 (cont'd)

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables				
- Third parties	157,512	151,383	-	-
- Associate	173	386	-	-
- Related parties	759	709	-	-
	158,444	152,478	-	-
Less: Impairment losses	(692)	(1,194)	-	-
	157,752	151,284	-	-
Other receivables, deposits, and prepayments				
Other receivables	4,903	2,411	48	61
Amount owing by a subsidiary	-	-	-	4,145
Deposits	1,798	2,741	17	17
Prepayments	8,529	13,014	9	83
	15,230	18,166	74	4,306
	172,982	169,450	74	4,306

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 30 to 120 days (2013: 30 to 120 days) from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) Amounts owing by related parties represent amounts owing by certain companies in which certain Directors have financial interests are subject to normal trade credit terms.
- (c) The amount owing by an associate is subject to normal trade credit terms.
- (d) The amount owing by a subsidiary represented advances of Nil (2013: RM4,145,000) which bore interest at a range of 6.68% to 6.82% per annum.
- (e) Included in other receivables, deposits and prepayments of the Group are:
- (i) Security deposits paid to a supplier of RM1,500,000 (2013: RM2,500,000) for purchase of raw materials; and
 - (ii) Prepayments of RM4,988,000 (2013: RM8,334,000) made to suppliers for purchase of raw materials.



Notes To The Financial Statements

31 December 2014 (cont'd)

15. TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	160,027	152,148	74	4,306
US Dollar	3,728	3,475	-	-
Singapore Dollar	575	739	-	-
Indonesian Rupiah	103	74	-	-
Vietnamese Dong	16	-	-	-
Thai Baht	4	-	-	-
	<u>164,453</u>	<u>156,436</u>	<u>74</u>	<u>4,306</u>

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

	Group	
	2014 RM'000	2013 RM'000
Neither past due nor impaired	127,921	117,813
Past due, not impaired		
- 1 to 30 days past due	17,881	22,003
- 31 to 60 days past due	5,380	5,062
- 61 to 90 days past due	5,194	4,711
- More than 90 days past due	1,376	1,695
	29,831	33,471
Past due and impaired	692	1,194
	<u>158,444</u>	<u>152,478</u>

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

The Group has trade receivables amounting to RM29,831,000 (2013: RM33,471,000) that are past due at the end of the reporting period but not impaired. Trade receivables of the Group that are past due but not impaired are unsecured in nature. The Group closely monitors the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.



Notes To The Financial Statements

31 December 2014 (cont'd)

15. TRADE AND OTHER RECEIVABLES (cont'd)

(g) The ageing analysis of trade receivables of the Group is as follows (cont'd):

Receivables that are past due and impaired

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

	Individually impaired	
	2014 RM'000	2013 RM'000
Group		
Trade receivables, gross	692	1,194
Less: Impairment loss	(692)	(1,194)
	-	-

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

	Group	
	2014 RM'000	2013 RM'000
At 1 January	1,194	1,061
Charge for the financial year	843	595
Reversal of impairment loss	(939)	(445)
Written off	(406)	(17)
At 31 December	692	1,194

Trade receivables that are individually determined to be impaired at the end of each 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.

(i) Information on financial risks of trade and other receivables is disclosed in Note 33 to the financial statements.

16. CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	30,695	19,022	581	1,828
Fixed deposits with licensed banks	1,442	1,398	692	604
	32,137	20,420	1,273	2,432



Notes To The Financial Statements

31 December 2014 (cont'd)

16. CASH AND BANK BALANCES (cont'd)

(a) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	30,244	18,623	581	1,828
US Dollar	1,615	1,413	692	604
Vietnamese Dong	141	304	-	-
Indonesian Rupiah	137	80	-	-
	<u>32,137</u>	<u>20,420</u>	<u>1,273</u>	<u>2,432</u>

(b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	30,695	19,022	581	1,828
Fixed deposits with licensed banks	1,442	1,398	692	604
Bank overdrafts (Note 19)	(1,469)	(1,259)	(25)	(39)
	<u>30,668</u>	<u>19,161</u>	<u>1,248</u>	<u>2,393</u>
Less: Fixed deposits pledged to licensed banks	(692)	(604)	(692)	(604)
As reported in statements of cash flows	<u>29,976</u>	<u>18,557</u>	<u>556</u>	<u>1,789</u>

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

Included in fixed deposits of the Group and of the Company were amounts of RM692,000 (2013: RM604,000) pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Note 19 to the financial statements.

(d) Information on financial risks of cash and bank balances is disclosed in Note 33 to the financial statements.



Notes To The Financial Statements

31 December 2014 (cont'd)

17. SHARE CAPITAL

	Group and Company			
	2014		2013	
	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 January	180,980	90,490	180,980	90,490
Issued pursuant to the employee share options scheme	1,022	511	-	-
Balance as at 31 December	182,002	91,001	180,980	90,490

- a) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from RM90,490,000 to RM91,001,000 by way of issuance of 1,022,000 new ordinary shares of RM0.50 each for cash pursuant to the exercise of employee share options as disclosed in Note 29 to the financial statements.
- b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

Treasury shares

The shareholders of the Company, by an ordinary resolution passed at its Annual General Meeting held on 26 June 2003, approved the plan of the Company to repurchase its own shares and the approval had been renewed in subsequent Annual General Meetings. 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 182,002,000 (2013: 180,980,000) issued and fully paid ordinary shares as at 31 December 2014, 6,920,000 (2013: 6,920,000) are held as treasury shares by the Company. As at 31 December 2014, the number of outstanding ordinary shares in issue net of treasury shares is 175,083,000 (2013: 174,061,000) ordinary shares of RM0.50 each.

18. RESERVES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-distributable				
Share premium	1,738	1,687	1,738	1,687
Exchange translation reserve	1,115	303	-	-
Share options reserve	677	-	677	-
	3,530	1,990	2,415	1,687
Distributable				
Retained earnings	115,205	107,306	19,267	21,384
	118,735	109,296	21,682	23,071



Notes To The Financial Statements

31 December 2014 (cont'd)

18. RESERVES (cont'd)

(a) 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 presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Share options reserve

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

19. BORROWINGS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current liabilities				
<u>Secured</u>				
Bank overdrafts	673	584	25	39
Trade financing	21,333	21,686	-	-
Revolving credits	40,050	39,000	40,050	39,000
Hire purchase liabilities (Note 19.1)	1,756	1,495	127	121
Term loans	7,157	4,620	4,422	4,180
<u>Unsecured</u>				
Bank overdrafts	796	675	-	-
Trade financing	148,667	163,136	-	-
Revolving credit	13,500	9,000	2,000	-
Term loans	-	580	-	580
	<u>233,932</u>	<u>240,776</u>	<u>46,624</u>	<u>43,920</u>
Non-current liabilities				
<u>Secured</u>				
Hire purchase liabilities (Note 19.1)	3,794	3,755	103	230
Term loans	20,880	21,750	15,971	20,372
	<u>24,674</u>	<u>25,505</u>	<u>16,074</u>	<u>20,602</u>



Notes To The Financial Statements

31 December 2014 (cont'd)

19. BORROWINGS (cont'd)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total borrowings				
<u>Secured</u>				
Bank overdrafts	673	584	25	39
Trade financing	21,333	21,686	-	-
Revolving credits	40,050	39,000	40,050	39,000
Hire purchase liabilities (Note 19.1)	5,550	5,250	230	351
Term loans	28,037	26,370	20,393	24,552
<u>Unsecured</u>				
Bank overdrafts	796	675	-	-
Trade financing	148,667	163,136	-	-
Revolving credit	13,500	9,000	2,000	-
Term loans	-	580	-	580
	<u>258,606</u>	<u>266,281</u>	<u>62,698</u>	<u>64,522</u>

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	256,194	264,294	61,648	64,522
US Dollar	2,412	1,987	1,050	-
	<u>258,606</u>	<u>266,281</u>	<u>62,698</u>	<u>64,522</u>

(b) Information on financial risks of borrowings of the Group and of the Company is disclosed in Note 33 to the financial statements.

Group

The bank borrowings of the Group (other than hire purchase liabilities as further disclosed in Note 19.1 to the financial statements) are secured by means of:

- first and third party registered legal charge over the Group's freehold land, certain buildings and leasehold land as disclosed in Note 7(a) to the financial statements;
- corporate guarantee issued by the Company and personal guarantee by certain Directors of the subsidiaries;
- pledge against fixed deposits of the Group and of the Company as disclosed in Note 16 to the financial statements.

Company

The bank borrowings of the Company are secured by a first legal charge over the freehold land and buildings of the Company as disclosed in Note 7(a) to the financial statements.



Notes To The Financial Statements

31 December 2014 (cont'd)

19. BORROWINGS (cont'd)

19.1 HIRE PURCHASE LIABILITIES - SECURED

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Minimum hire purchase payments:				
- Not later than one (1) year	2,051	1,762	135	135
- Later than one (1) year and not later than five (5) years	4,104	4,051	105	240
	<u>6,155</u>	<u>5,813</u>	<u>240</u>	<u>375</u>
Less: Future interest charges	(605)	(563)	(10)	(24)
Present value of hire purchase liabilities	<u>5,550</u>	<u>5,250</u>	<u>230</u>	<u>351</u>
Repayable as follows:				
- Current liabilities	1,756	1,495	127	121
- Non-current liabilities	3,794	3,755	103	230
	<u>5,550</u>	<u>5,250</u>	<u>230</u>	<u>351</u>

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables				
Third parties	15,979	16,090	-	-
Associate	1,762	2,312	-	-
Related parties	266	416	-	-
	<u>18,007</u>	<u>18,818</u>	<u>-</u>	<u>-</u>
Other payables				
Third parties	5,538	5,465	74	91
Amounts owing to subsidiaries	-	-	11,714	9,873
Associate	334	466	324	457
Related parties	28	34	-	-
Accruals	9,491	8,897	1,064	1,292
	<u>15,391</u>	<u>14,862</u>	<u>13,176</u>	<u>11,713</u>
	<u>33,398</u>	<u>33,680</u>	<u>13,176</u>	<u>11,713</u>

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days (2013: 30 to 120 days) from date of invoice.
- (b) Amounts owing to related parties represent companies in which certain Directors of the Company have financial interests, of which amounts owing to related parties (trade) are subject to normal trade credit terms of the Group.



Notes To The Financial Statements

31 December 2014 (cont'd)

20. TRADE AND OTHER PAYABLES (cont'd)

- (c) The amount owing to an associate company (trade) is subject to normal trade credit terms.
- (d) 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 RM3,925,000 (2013: RM4,310,000) from a subsidiary which bears interest ranging from 4.66% to 4.96% (2013: 4.66% to 4.96%) per annum.
- (e) Information on financial risks of trade and other payables is disclosed in Note 33 to the financial statements.
- (f) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	30,697	31,215	13,176	11,713
US Dollar	1,952	409	-	-
Singapore Dollar	239	306	-	-
Euro	173	557	-	-
Japanese Yen	114	311	-	-
Indonesian Rupiah	25	14	-	-
Vietnamese Dong	97	868	-	-
Chinese Renminbi	101	-	-	-
	<u>33,398</u>	<u>33,680</u>	<u>13,176</u>	<u>11,713</u>

21. COMMITMENTS

- (a) Operating lease commitments

- (i) The Group as lessee

The Group had entered into non-cancellable lease agreements for premises, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

The lease terms do not contain restrictions on the activities of the Group concerning dividends or additional debt. Certain lease terms entered into by subsidiaries include restrictions on further leasing. The Group has aggregate future minimum lease commitment as at the end of each reporting period as follows:

	Group	
	2014 RM'000	2013 RM'000
Not later than one (1) year	244	240
Later than one (1) year and not later than five (5) years	93	184
	<u>337</u>	<u>424</u>



Notes To The Financial Statements

31 December 2014 (cont'd)

21. COMMITMENTS (cont'd)

(a) Operating lease commitments (cont'd)

(ii) The Group as lessor

The Group had entered into non-cancellable lease agreements on certain premises and forklifts.

The Group has aggregate future minimum lease receivables as at the end of each reporting period as follows:

	Group	
	2014 RM'000	2013 RM'000
Not later than one (1) year	5,325	3,771
Later than one (1) year and not later than five (5) years	7,355	4,886
	12,680	8,657

(b) Capital commitments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:				
Contracted but not provided for	2,667	6,418	-	409
Approved but not contracted for	523	344	-	-
	3,190	6,762	-	409

22. CONTINGENT LIABILITIES

	Company	
	2014 RM'000	2013 RM'000
Unsecured:		
- Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	340,391	295,646
	340,391	295,646

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.



Notes To The Financial Statements

31 December 2014 (cont'd)

23. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of goods	625,105	596,545	-	3
Gross dividend income from				
- subsidiaries	-	-	4,215	7,345
- associate	-	-	137	-
Rental income	4,996	3,993	4,565	4,608
	<u>630,101</u>	<u>600,538</u>	<u>8,917</u>	<u>11,956</u>

24. PROFIT/(LOSS) BEFORE TAX

	NOTE	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit/(Loss) before tax is arrived at after charging:					
Amortisation of development costs	11	58	58	-	-
Auditors' remuneration		200	184	25	25
Deficit on an associate being struck off		-	-	-	3
Depreciation of investment properties	8	2	2	-	-
Depreciation of property, plant and equipment	7	9,624	15,215	1,180	1,153
Directors' remuneration:					
- Fees		700	700	220	220
- Emoluments other than fees		5,288	4,953	1,106	1,057
Fair value adjustments on derivative instruments	14	284	-	-	-
Impairment losses on:					
- trade and other receivables	15(h)	843	595	-	-
- investment in subsidiaries	9	-	-	4,096	5,900
- property, plant and equipment	7	248	2,654	-	-
- investment property	8	167	-	-	-
Interest expenses on:					
- trade financing		9,125	8,447	-	-
- revolving credits		2,777	2,253	2,152	1,812
- bank overdrafts		102	117	34	17
- term loans		1,800	2,086	1,558	1,972
- hire purchase		339	369	13	20
- subsidiary		-	-	199	238
		<u></u>	<u></u>	<u></u>	<u></u>



Notes To The Financial Statements

31 December 2014 (cont'd)

24. PROFIT/(LOSS) BEFORE TAX (cont'd)

	NOTE	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit/(Loss) before tax is arrived at after charging (cont'd):					
Inventories written down	13(c)	135	1,814	-	-
Property, plant and equipment written off	7	299	72	-	-
Rental of:					
- equipment		11	11	-	-
- premises		390	390	-	-
- forklifts		174	80	-	-
Bad debts written off		53	-	-	-
Unrealised loss on foreign exchange		123	5	-	-
And crediting:					
Fair value adjustments on derivative instruments	14	-	323	-	-
Gain on disposal of property, plant and equipment		88	183	-	26
Gross dividend income from:					
- subsidiaries	23	-	-	4,215	7,345
- an associate	23	-	-	137	-
Interest income:					
- subsidiaries		-	-	173	210
- deposits with licensed banks		367	239	208	109
Reversal of write down of inventories	13(b)	1,569	355	-	-
Realised gain on foreign exchange		315	441	-	9
Rental income:					
- subsidiaries		-	-	2,912	2,893
- related party		1,653	1,715	1,653	1,715
- others		3,343	2,278	-	-
Reversal of impairment loss on investment in subsidiaries	9	-	-	5,117	-
Reversal of impairment loss on trade receivables	15(h)	939	445	-	-
Unrealised gain on foreign exchange		-	-	36	-

The estimated monetary value of benefits-in-kind received or receivable by the Directors otherwise than in cash from the Group and the Company amounted to RM174,000 (2013: RM181,000) and RM28,000 (2013: RM28,000) respectively.



Notes To The Financial Statements

31 December 2014 (cont'd)

25. TAX EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax expense based on profit for the financial year:				
- income tax	4,887	3,204	455	727
(Over)/Under provision in prior years	(403)	9	(16)	(4)
	<u>4,484</u>	<u>3,213</u>	<u>439</u>	<u>723</u>
Deferred tax (Note 12)				
Relating to origination and reversal of temporary differences	3,478	(173)	-	(112)
(Over)/Under provision in prior years	(90)	1,046	(3)	101
	<u>3,388</u>	<u>873</u>	<u>(3)</u>	<u>(11)</u>
	<u>7,872</u>	<u>4,086</u>	<u>436</u>	<u>712</u>

- (a) Malaysian income tax is calculated at the statutory tax rate of twenty-five percent (25%) (2013: 25%) of the estimated taxable profits for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit/(Loss) before tax	<u>22,912</u>	<u>20,329</u>	<u>1,820</u>	<u>(2,204)</u>
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	5,728	5,082	455	(551)
Tax effects in respect of:				
- Non-allowable expenses	2,695	1,503	2,367	2,322
- Non-taxable income	(32)	(160)	(2,367)	(1,156)
- Tax incentives and allowances	(313)	(1,480)	-	-
- Deferred tax assets not recognised	287	1,426	-	-
- Utilisation of previously unrecognised deferred tax assets	-	(3,340)	-	-
	<u>8,365</u>	<u>3,031</u>	<u>455</u>	<u>615</u>
(Over)/Under provision of tax expenses in prior year	(403)	9	(16)	(4)
(Over)/Under provision of deferred tax in prior years	(90)	1,046	(3)	101
	<u>7,872</u>	<u>4,086</u>	<u>436</u>	<u>712</u>



Notes To The Financial Statements

31 December 2014 (cont'd)

25. TAX EXPENSE (cont'd)

(d) Tax on each component of other comprehensive income is as follows:

	Group					
	2014			2013		
	Before tax RM'000	Tax effect RM'000	After tax RM'000	Before tax RM'000	Tax effect RM'000	After tax RM'000
Items that may be reclassified subsequently to profit or loss						
Foreign currency translations	812	-	812	838	-	838

26. DIVIDENDS

	Group and Company			
	2014		2013	
	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 2013	2.0	3,501	-	-
Final dividend in respect of financial year ended 31 December 2012	-	-	0.6	1,044
	<u>2.0</u>	<u>3,501</u>	<u>0.6</u>	<u>1,044</u>

As approved by an shareholders at an Annual General Meeting held on 20 June 2014, a final single tier dividend of 4.0% (2.0 sen per share), amounting to RM3,501,000 in respect of financial year ended 31 December 2013 was paid on 18 September 2014.

A final single tier dividend in respect of the financial year ended 31 December 2014 of 2.0 sen per ordinary share, amounting to RM3,502,000 has been proposed by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by the shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2015.

27. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per ordinary share for the financial year is calculated by dividing the consolidated profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting the treasury shares.



Notes To The Financial Statements

31 December 2014 (cont'd)

27. EARNINGS PER SHARE (cont'd)

(a) Basic earnings per share (cont'd)

	Group	
	2014 RM'000	2013 RM'000
Consolidated profit attributable to equity holders of the parent	12,309	12,205
Weighted average number of ordinary shares outstanding (adjusted for treasury shares) ('000)	174,480	174,061
Basic earnings per ordinary share (sen)	7.05	7.01

(b) Diluted earnings per share

The ESOS that could potentially dilute the earnings per ordinary shares were not included in the calculation of diluted earnings per ordinary shares as the ESOS does not have a dilutive effect. The average market price of the ordinary shares do not exceed the exercise price of the ESOS.

28. EMPLOYEE BENEFITS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Salaries, wages and bonuses	36,476	33,276	2,069	2,047
Defined contribution plan	3,477	2,956	273	245
Other employee benefits	2,265	2,674	43	56
Share options granted under share options scheme	769	-	91	-
	<u>42,987</u>	<u>38,906</u>	<u>2,476</u>	<u>2,348</u>

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM5,485,000 (2013: RM4,953,000) and RM1,188,000 (2013: RM1,057,000) respectively.

29. EMPLOYEES' SHARE OPTION SCHEME ('ESOS')

The Employees' Share Option Scheme ('ESOS') came into effect on 21 April 2014. The ESOS shall be in force for a period of ten (10) years until 20 April 2024 ('the option period'). The main features of the ESOS are as follows:

- a) Eligible Directors and employees are those who are confirmed employees of the Group before the date of offer;
- b) The maximum number of options to be offered under the ESOS based on the issued and paid-up ordinary share capital as at 31 December 2014 adjusted for ordinary shares previously issued under the ESOS is 26,077,100;
- c) The total number of options to be issued under the ESOS shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up share capital of Prestar Resources Berhad (excluding Treasury shares) at any point of time during the tenure of the ESOS;
- d) The exercise of options granted will be staggered over a period of two (2) to five (5) years depending on the number of options granted;



Notes To The Financial Statements

31 December 2014 (cont'd)

29. EMPLOYEES' SHARE OPTION SCHEME ('ESOS') (cont'd)

- e) The option price of a new ordinary share under the ESOS shall be the five (5)-day weighted average market prices of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer with a discount of not more than ten percent (10%) of the weighted average market price, or at the par value of the ordinary shares of RM0.50, whichever is higher;
- f) The options granted are not entitled to dividends or voting rights. Upon exercise of the options, the ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and
- g) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company.

The details of the options over ordinary shares of the Company are as follows:

	[----- Number of options over ordinary shares of RM0.50 each -----]					
	Outstanding as at 31.12.2014	Movement during the [----- financial year -----]			Outstanding as at 31.12.2014	Exercisable as at 31.12.2014
		Granted	Exercised	Lapsed		
2014						
2014 options (RM'000)	-	26,077	(1,022)	(1,695)	23,360	6,845
Weighted average exercise prices (RM)	-	0.53	0.53	0.53	0.53	0.53
Weighted average remaining contractual life (months)	-					112

The details of share options outstanding at the end of the reporting period are as follows:

	Weighted average exercise price 2014 RM	Exercise period
2014 options	0.53	9.5.2014 – 20.4.2024

Share options exercised during the financial year resulted in the issuance of 1,022,000 ordinary shares at an average price of RM0.53 each. The related weighted average ordinary share price at the date of exercise was RM0.53.

The fair value of share options granted during the financial year was estimated by an independent professional valuer using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The risk-free rate is based on Malaysian Government Securities ('MGSS'). The fair value of share options measured at grant date and the assumptions are as follows:

	2014
Fair value of share options at the following grant dates (RM):	
9 May 2014	0.09
Weighted average share price (RM)	0.61
Weighted average exercise price (RM)	0.53
Expected volatility (%)	28.73
Expected life (years)	10
Risk free rate (%)	3.17
Expected dividend yield (%)	3.45



Notes To The Financial Statements

31 December 2014 (cont'd)

30. RELATED PARTIES TRANSACTIONS

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 could be individuals or other entities.

The Company has controlling related party relationships with its direct, indirect subsidiaries, and its associate. 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 Yew Seng, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin, 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	Relationship
Chiho Hardware Sdn. Bhd.	A company in which Toh Yew Chin, Dato' Toh Yew Peng, Toh Yew Seng, Toh Yew Keat, Toh Yew Kar are also Directors and shareholders
Syarikat Kwong Nam Hin Sdn. Bhd.	A company in which Dato' Toh Yew Peng and Toh Yew Keat are also Directors and shareholders
Wei Giap Hardware Sdn. Bhd.	A company in which Dato' Toh Yew Peng, Toh Yew Keat and Toh Yew Kar are also Directors and shareholders
Wei Sheng Hardware Sdn. Bhd.	A company in which Toh Yew Kar is also a Director and shareholder
YK Toh (M) Sdn. Bhd.	A company in which Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Seng and Toh Yew Chin are also Directors and shareholders
YK Toh Marketing (S) Pte. Ltd.	A company in which Toh Yew Chin is also a Director and shareholder



Notes To The Financial Statements

31 December 2014 (cont'd)

30. RELATED PARTIES TRANSACTIONS (cont'd)

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 the related parties during the financial year:

	Company	
	2014 RM'000	2013 RM'000
(i) Transactions with subsidiaries:		
Gross dividend income	(4,215)	(7,345)
Interest paid	199	238
Interest income	(173)	(210)
Rental income	(2,912)	(2,893)
Purchases	1	-
(ii) Transactions with an associate:		
<i>POSCO-MKPC Sdn. Bhd.</i>		
Gross dividend income	(137)	-
Rental income	(1,653)	(1,715)
	Group	
	2014 RM'000	2013 RM'000
(i) Transactions with an associate:		
<i>POSCO-MKPC Sdn. Bhd.</i>		
Sales of goods	(217)	(90)
Purchase of goods	15,286	9,269
Rental receivables	(1,653)	(1,743)
Slitting services	92	174
(ii) Transactions with companies in which the Substantial Shareholders have financial interests:		
<i>Chiho Hardware Sdn. Bhd.</i>		
Sales of goods	(563)	(606)
Purchases	10	12
<i>Wei Giap Hardware Sdn. Bhd.</i>		
Sales of goods	(163)	(155)
Purchases	249	299
<i>Wei Sheng Hardware Sdn. Bhd.</i>		
Sales of goods	(104)	(121)
<i>YK Toh (M) Sdn. Bhd.</i>		
Rental paid	20	18
Purchases	263	272



Notes To The Financial Statements

31 December 2014 (cont'd)

30. RELATED PARTIES TRANSACTIONS (cont'd)

b) Significant related party transactions (cont'd)

	Group	
	2014	2013
	RM'000	RM'000
(iii) Transactions with a company in which Toh Yew Keat and Dato' Toh Yew Peng have financial interests:		
<i>Syarikat Kwong Nam Hing Sdn. Bhd.</i>		
Sales of goods	(49)	(50)
(iv) Transactions with companies in which Toh Yew Chin has financial interests:		
<i>YK Toh Marketing (S) Pte. Ltd.</i>		
Sales of goods	(4,213)	(3,221)
Purchases	1,700	2,560
(v) Transaction with a Director:		
<i>Toh Yew Chin</i>		
Professional fees paid	236	267

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

c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Directors (whether executive or otherwise) of the Group and the Company.

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

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Short term employee benefits	5,196	5,024	1,149	1,147
Contributions to defined contribution plan	792	629	177	130
Share options granted under share options scheme	197	-	82	-
	6,185	5,653	1,408	1,277



Notes To The Financial Statements

31 December 2014 (cont'd)

30. RELATED PARTIES TRANSACTIONS (cont'd)

c) Compensation of key management personnel (cont'd)

Executive Directors of the Group and the Company and other key management personnel have been granted the following number of options under the Employees' Share Option Scheme ('ESOS'):

	Group 2014 '000	Company 2014 '000
As at 1 January 2014	-	-
Granted	7,391	4,932
Exercised	(106)	-
Lapsed	(330)	-
As at 31 December 2014	<u>6,955</u>	<u>4,932</u>

The terms and conditions of the share options are detailed in Note 29 to the financial statements.

31. OPERATING SEGMENTS

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

Prestar Resources Berhad has arrived at three (3) reportable segments that are organised and managed separately 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 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 position of the Group.

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 for each reportable segment.



Notes To The Financial Statements

31 December 2014 (cont'd)

31. OPERATING SEGMENTS (cont'd)

2014	Investment RM'000	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue				
Total revenue	8,917	158,107	555,831	722,855
Inter-segment revenue	(7,616)	(811)	(84,327)	(92,754)
Revenue from external customers	1,301	157,296	471,504	630,101
Finance costs	(3,757)	(2,488)	(7,898)	(14,143)
Interest income	208	21	138	367
Net finance expense	(3,549)	(2,467)	(7,760)	(13,776)
Amortisation	-	-	58	58
Depreciation	1,180	1,899	6,547	9,626
Segment profit before income tax	2,590	3,087	25,150	30,827
Share of loss of an associate	(1,568)	-	-	(1,568)
Tax expenses	(436)	(1,160)	(6,276)	(7,872)
Other material non-cash items:				
Impairment losses on:				
- investment property	-	-	167	167
- property, plant and equipment	-	-	248	248
- trade and other receivables	-	140	703	843
Property, plant and equipment written off	-	3	296	299
Reversal of impairment losses on trade receivables	-	(380)	(559)	(939)
Reversal of write down of inventories	-	(226)	(1,343)	(1,569)
Gain on disposal of property, plant and equipment	-	45	(133)	(88)
Inventories written down	-	36	99	135
Capital expenditure	533	2,752	19,054	22,339
Investment in an associate	39,799	-	-	39,799
Segment assets	53,800	88,000	377,050	518,850
Segment liabilities	64,160	40,387	187,580	292,127



Notes To The Financial Statements

31 December 2014 (cont'd)

31. OPERATING SEGMENTS (cont'd)

2013	Investment RM'000	Trading RM'000	Manufacturing RM'000	Total RM'000
Revenue				
Total revenue	11,956	160,378	520,861	693,195
Inter-segment revenue	(10,241)	(1,562)	(80,854)	(92,657)
Revenue from external customers	1,715	158,816	440,007	600,538
Finance costs	(3,841)	(2,093)	(7,338)	(13,272)
Interest income	108	17	114	239
Net finance expense	(3,733)	(2,076)	(7,224)	(13,033)
Amortisation	-	-	58	58
Depreciation	1,153	1,629	12,435	15,217
Segment (loss)/profit before income tax	(2,204)	4,320	19,427	21,543
Share of profit of an associate	913	-	-	913
Tax expenses	(32)	(1,245)	(2,809)	(4,086)
Other material non-cash items:				
Impairment losses on:				
- trade and other receivables	-	170	425	595
- property, plant and equipment	-	-	2,654	2,654
Property, plant and equipment written off	-	3	69	72
Reversal of impairment losses on trade receivables	-	(158)	(287)	(445)
Reversal of write down of inventories	-	(141)	(214)	(355)
Gain on disposal of property, plant and equipment	(26)	(65)	(92)	(183)
Inventories written down	-	-	1,814	1,814
Capital expenditure	108	1,834	7,325	9,267
Investment in an associate	41,504	-	-	41,504
Segment assets	55,709	81,306	375,693	512,708
Segment liabilities	61,067	38,885	200,048	300,000



Notes To The Financial Statements

31 December 2014 (cont'd)

31. OPERATING SEGMENTS (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	2014 RM'000	2013 RM'000
Revenue		
Total revenue for reportable segments	722,855	693,195
Elimination of inter-segmental revenues	(92,754)	(92,657)
Revenue of the Group per statements of profit or loss and other comprehensive income	<u>630,101</u>	<u>600,538</u>
	2014 RM'000	2013 RM'000
Profit for the financial year		
Total profit or loss for reportable segments	30,827	21,543
Share options granted under share options scheme	(769)	-
Elimination of inter-segment profits	(7,146)	(1,214)
Profit before tax	22,912	20,329
Tax expenses	(7,872)	(4,086)
Profit for the financial year of the Group per statements of profit or loss and other comprehensive income	<u>15,040</u>	<u>16,243</u>
	2014 RM'000	2013 RM'000
Assets		
Total assets for reportable segments	518,850	512,708
Investment in an associate	39,799	41,504
Tax assets	1,175	2,653
Goodwill	1,675	1,675
Assets of the Group per statements of financial position	<u>561,499</u>	<u>558,540</u>
Liabilities		
Total liabilities for reportable segments	292,127	300,000
Tax liabilities	9,215	6,437
Liabilities of the Group per statements of financial position	<u>301,342</u>	<u>306,437</u>

Geographical information

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

Major customers

The Group does not have major customers with revenue equal to or more than ten percent (10%) of the revenue of the Group.



Notes To The Financial Statements

31 December 2014 (cont'd)

32. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratio. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order 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 2014 and 31 December 2013.

The Group monitors capital on the basis of the Group's consolidated gearing ratio which is total external debts divided by consolidated net tangible assets. The Group has a target gearing ratio of 1.50 times. External debts comprise borrowings. Consolidated net tangible assets represents shareholders' funds (excluding non-controlling interests) less intangible assets.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Borrowings	258,606	266,281	62,698	64,522
Shareholders' funds (excluding non-controlling interests)	203,882	193,932	106,829	107,707
Less: Intangible assets	(1,736)	(1,794)	-	-
Net tangible assets	202,146	192,138	106,829	107,707
Gearing ratio	1.28	1.39	0.59	0.60

The Group maintains a gearing ratio that complies with debt covenants and regulatory requirements in countries where the Group operates. This includes minimum capital requirements and the requirement to maintain legal reserves which are non-distributable.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Group has complied with this requirement for the financial year ended 31 December 2014.

(b) Financial instruments

Group	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
2014			
Financial assets			
Trade and other receivables, net of prepayments	164,453	-	164,453
Derivative assets	-	158	158
Cash and bank balances	32,137	-	32,137
	196,590	158	196,748



Notes To The Financial Statements

31 December 2014 (cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments (cont'd)

Group	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
2014			
Financial liabilities			
Borrowings	258,606	-	258,606
Trade and other payables	33,398	-	33,398
Derivative liabilities	-	123	123
	<u>292,004</u>	<u>123</u>	<u>292,127</u>
Group			
	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
2013			
Financial assets			
Trade and other receivables, net of prepayments	156,436	-	156,436
Derivative assets	-	358	358
Cash and bank balances	20,420	-	20,420
	<u>176,856</u>	<u>358</u>	<u>177,214</u>
	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Borrowings	266,281	-	266,281
Trade and other payables	33,680	-	33,680
Derivative liabilities	-	39	39
	<u>299,961</u>	<u>39</u>	<u>300,000</u>
Company			
Loans and receivables		2014 RM'000	2013 RM'000
Financial assets			
Trade and other receivables, net of prepayments		65	4,223
Cash and bank balances		1,273	2,432
		<u>1,338</u>	<u>6,655</u>
Other financial liabilities			
Financial liabilities			
Borrowings		62,698	64,522
Trade and other payables		13,176	11,713
		<u>75,874</u>	<u>76,235</u>



Notes To The Financial Statements

31 December 2014 (cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(c) Methods and assumptions used to estimate fair value

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

- (i) 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 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.

- (ii) 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 each reporting period.

- (iii) Derivatives

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the end of the financial year.

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) Financial guarantee

The Group and the Company provide corporate guarantees to financial institutions for banking facilities, corporate guarantees given to third parties in respect of sales of good to the subsidiaries and letters of credit. The fair value of such financial corporate guarantees is negligible as the probability of the Group defaulting on the financial facilities and repayments to the suppliers are remote.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).



Notes To The Financial Statements

31 December 2014 (cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

The following tables set out the financial instruments carried at fair value after initial recognition and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Total carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2014										
Group										
Financial assets										
Financial assets at fair value through profit or loss										
- Forward currency contracts	-	-	158	158	-	-	-	-	158	158
2013										
Group										
Financial assets										
Financial assets at fair value through profit or loss										
- Forward currency contracts	-	-	358	358	-	-	-	-	358	358
2014										
Group										
Financial liabilities										
Financial liabilities at fair value through profit or loss										
- Forward currency contracts	-	-	123	123	-	-	-	-	123	123
Other financial liabilities										
- Hire purchase liabilities	-	-	-	-	-	4,962	-	4,962	4,962	5,550
Unrecognised financial liabilities										
- Contingent liabilities	-	-	-	-	-	-	-	-	-	-

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.



Notes To The Financial Statements
31 December 2014 (cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

The following tables set out the financial instruments carried at fair value after initial recognition and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position (cont'd).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2014										
Company										
Financial liabilities										
Other financial liabilities										
- Term loans	-	-	-	-	-	-	-	-	-	-
- Hire purchase liabilities	-	-	-	-	225	-	225	-	225	230
	-	-	-	-	225	-	225	-	225	230
Unrecognised financial liabilities										
- Contingent liabilities	-	-	-	-	-	-	#	#	-	-

2013

Group

Financial liabilities

Financial liabilities at fair value through profit or loss

- Forward currency contracts	-	-	39	39	-	-	-	-	39	39
Other financial liabilities										
- Term loans	-	-	-	-	-	580	-	580	580	580
- Hire purchase liabilities	-	-	-	-	-	5,007	-	5,007	5,007	5,250
	-	-	-	-	-	5,587	-	5,587	5,587	5,830
Unrecognised financial liabilities										
- Contingent liabilities	-	-	-	-	-	-	#	#	-	-

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.



Notes To The Financial Statements

31 December 2014 (cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

The following tables set out the financial instruments carried at fair value after initial recognition and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position (cont'd).

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2013										
Company										
Financial liabilities										
Other financial liabilities										
- Term loans	-	-	-	-	-	580	-	580	580	580
- Hire purchase liabilities	-	-	-	-	-	343	-	343	343	351
	-	-	-	-	-	923	-	923	923	931
Unrecognised financial liabilities										
- Contingent liabilities	-	-	-	-	-	-	#	#	#	-

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.



Notes To The Financial Statements

31 December 2014 (cont'd)

32. FINANCIAL INSTRUMENTS (cont'd)

(e) The following table shows a reconciliation of Level 3 fair values:

	Group	
	2014	2013
	RM'000	RM'000
Financial assets		
Balance as at 1 January	358	21
Gains and losses recognised in profit or loss		
- Other expenses (unrealised)	158	358
- Other expenses (realised)	(358)	(21)
Balance as at 31 December	158	358
Financial liabilities		
Balance as at 1 January	39	25
Gains and losses recognised in profit or loss		
- Other expenses (unrealised)	123	39
- Other expenses (realised)	(39)	(25)
Balance as at 31 December	123	39

(f) The following table shows the sensitivity analysis for the Level 3 fair value measurements.

	Group	
	2014	2013
	RM'000	RM'000
Profit after tax		
Foreign currency rate		
- Increase by 3% (2013: 3%)	79	283
- Decrease by 3% (2013: 3%)	(79)	(283)
	(79)	(283)

(g) The Group has established policies and procedures in respect of the measurement of fair values of financial instruments. Management regularly reviews significant unobservable inputs and valuation adjustments.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from credit risk, liquidity risk and cash flow risk, interest rate risk and foreign currency risk.

Financial risk management is carried out through risk review programmes, internal control systems and adherence to the Group financial risk management policies. The Board regularly reviews these risks and approves such policies that cover the management of these risks. The exposure of the Group to financial risks and the management of its related exposures are as follows:

(i) Credit risk

Cash deposits and trade receivables could 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 policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.



Notes To The Financial Statements

31 December 2014 (cont'd)

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

(i) Credit risk (cont'd)

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit. The credit period is generally for a period of 30 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 its associations to business customers with high creditworthiness. Trade receivables are monitored on an ongoing basis through the management reporting procedures of the Group.

Exposure to credit risk

At the end of each reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Information regarding trade and other receivables is disclosed in Note 15 to the financial statements. The Group does not have any significant concentration of credit risk related to any individual customers or counterparty, except that the Company has significant exposure in respect of amounts owing by subsidiaries as at the end of the reporting period.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 15 to the financial statements. In respect of the cash and bank balances placed with major financial institutions, the Directors believe the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 to the financial statements.

(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 executing its 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 activities of the Group.

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.



Notes To The Financial Statements

31 December 2014 (cont'd)

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

(ii) Liquidity and cash flow risk (cont'd)

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

2014	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities				
Borrowings	235,754	27,269	-	263,023
Trade and other payables	33,398	-	-	33,398
Derivatives liabilities	123	-	-	123
Total undiscounted financial liabilities	269,275	27,269	-	296,544
Company				
Financial liabilities				
Borrowings	47,942	17,945	-	65,887
Trade and other payables	13,176	-	-	13,176
Total undiscounted financial liabilities	61,118	17,945	-	79,063
2013				
Group				
Financial liabilities				
Borrowings	242,676	28,471	478	271,625
Trade and other payables	33,680	-	-	33,680
Derivatives liabilities	39	-	-	39
Total undiscounted financial liabilities	276,395	28,471	478	305,344
Company				
Financial liabilities				
Borrowings	45,490	23,167	478	69,135
Trade and other payables	11,713	-	-	11,713
Total undiscounted financial liabilities	57,203	23,167	478	80,848

(iii) Interest rate risk

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

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



Notes To The Financial Statements

31 December 2014 (cont'd)

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

(iii) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk

Group

As at 31 December 2014, if interest rates at the date had been 100 basis points lower with all variables held constant, post-tax profit for the year would have been RM1,898,000 (2013: RM1,947,000) higher, arising mainly as a result of lower interest expense on bank borrowings. If interest rates had been 100 basis points higher with all variables held constant, post-tax profit would have been RM1,898,000 (2013: RM1,947,000) lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Company

As at 31 December 2014, if interest rates at the date had been 100 basis points lower with all variables held constant, post-tax profit for the year would have been RM469,000 (2013: RM470,000) higher, arising mainly as a result of lower interest expense on bank borrowings. If interest rates had been 100 basis points higher with all variables held constant, post-tax profit would have been RM469,000 (2013: RM470,000) lower. 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 2014 (cont'd)

33. 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 2014 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								
Fixed deposits with licensed banks	2.75	1,442	-	-	-	-	-	1,442
Hire purchase liabilities	5.43	(1,756)	(1,737)	(1,317)	(517)	(223)	-	(5,550)
Floating rate								
Bank overdrafts	7.34	(1,469)	-	-	-	-	-	(1,469)
Trade financing	4.65	(170,000)	-	-	-	-	-	(170,000)
Revolving credits	5.46	(53,550)	-	-	-	-	-	(53,550)
Term loans	6.01	(7,157)	(7,045)	(6,998)	(6,037)	(800)	-	(28,037)
Company								
Fixed rate								
Fixed deposits with licensed banks	0.30	692	-	-	-	-	-	692
Hire purchase liabilities	4.71	(127)	(103)	-	-	-	-	(230)
Floating rate								
Amount owing to subsidiaries	4.79	(3,925)	-	-	-	-	-	(3,925)
Bank overdrafts	7.90	(25)	-	-	-	-	-	(25)
Revolving credits	5.51	(42,050)	-	-	-	-	-	(42,050)
Term loan	6.95	(4,422)	(4,751)	(5,099)	(5,477)	(644)	-	(20,393)



Notes To The Financial Statements

31 December 2014 (cont'd)

33. 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 (cont'd):

As at 31 December 2013		WAEIR	Within	1 - 2	2 - 3	3 - 4	4 - 5	More than	Total
Group	WAEIR	%	1 year	years	years	years	years	5 years	RM'000
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed rate									
Fixed deposits with licensed banks	0.30		604	-	-	-	-	-	604
Hire purchase liabilities	5.48		(1,495)	(1,420)	(1,373)	(924)	(38)	-	(5,250)
Term loan	8.00		(580)	-	-	-	-	-	(580)
Floating rate									
Fixed deposits with licensed banks	2.14		794	-	-	-	-	-	794
Bank overdrafts	7.44		(1,259)	-	-	-	-	-	(1,259)
Trade financing	4.43		(184,822)	-	-	-	-	-	(184,822)
Revolving credits	4.73		(48,000)	-	-	-	-	-	(48,000)
Term loans	6.78		(4,620)	(4,940)	(5,284)	(5,551)	(5,497)	(478)	(26,370)
Company									
Fixed rate									
Fixed deposits with licensed banks	0.30		604	-	-	-	-	-	604
Hire purchase liabilities	4.71		(121)	(127)	(103)	-	-	-	(351)
Term loan	8.00		(580)	-	-	-	-	-	(580)
Floating rate									
Amount owing by subsidiaries	6.77		4,145	-	-	-	-	-	4,145
Amount owing to subsidiaries	4.78		(4,310)	-	-	-	-	-	(4,310)
Bank overdrafts	7.82		(39)	-	-	-	-	-	(39)
Revolving credits	5.37		(39,000)	-	-	-	-	-	(39,000)
Term loan	6.85		(4,180)	(4,475)	(4,792)	(5,130)	(5,497)	(478)	(24,552)



Notes To The Financial Statements

31 December 2014 (cont'd)

33. 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 would 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 currency for working capital purposes. At the end of each reporting period, such foreign currency balances amount to RM1,201,000 (2013: RM399,000) for the Group.

Transactional currency exposures of the Group 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.

During the financial year, the Group entered into foreign currency forward contracts to manage exposures to currency risk for trade receivables and trade payables which are denominated in currencies other than the functional currency of the Group.

The notional amount and maturity date of the forward foreign exchange contracts outstanding as at 31 December 2014 are as follows:

	Currency	Contract amount in foreign currency '000	RM'000 equivalent	Maturities within
31 December 2014				
Forward contracts used to hedge trade receivables	USD	1,131	3,802	Three (3) months
Forward contracts used to hedge trade receivables	SGD	73	189	Three (3) months
Forward contracts used to hedge trade payables	RMB	175	100	One (1) month
Forward contracts used to hedge trade payables	USD	2,150	7,361	Three (3) months
31 December 2013				
Forward contracts used to hedge trade receivables	USD	1,085	3,506	Three (3) months
Forward contracts used to hedge trade receivables	SGD	42	110	Three (3) months
Forward contracts used to hedge trade payables	YEN	9,752	306	One (1) month
Forward contracts used to hedge trade payables	USD	4,817	15,553	Three (3) months



Notes To The Financial Statements

31 December 2014 (cont'd)

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

(iv) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group's profit after tax to a reasonably possible change in US Dollar ('USD'), Singapore Dollar ('SGD'), Great Britain Pound ('GBP'), Chinese Renminbi ('RMB'), Japanese Yen ('YEN') and Euro ('EUR') exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2014	2013
		RM'000	RM'000
		Profit after	Profit after
		tax	tax
USD	- strengthen by 3%	- 42	- 23
	- weaken by 3%	+ 42	+ 23
SGD	- strengthen by 3%	+ 8	+ 10
	- weaken by 3%	- 8	- 10
GBP	- strengthen by 3%	+ 5	-
	- weaken by 3%	- 5	-
RMB	- strengthen by 3%	- 2	-
	- weaken by 3%	+ 2	-
YEN	- strengthen by 3%	- 3	- 7
	- weaken by 3%	+ 3	+ 7
EUR	- strengthen by 3%	- 4	- 12
	- weaken by 3%	+ 4	+ 12

34. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 1 October 2014, the Company completed an acquisition of a further thirty percent (30%) equity interest in Dai Dong Steel Sdn. Bhd. ('DDSB'). Together with the seventy percent (70%) equity interest in DDSB originally held by the Company, the total equity interest in DDSB now held by the Company after acquisition is one hundred percent (100%) as disclosed in Note 9 to the financial statements.



Notes To The Financial Statements

31 December 2014 (cont'd)

35. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings of the Company and its subsidiaries:				
- Realised	121,634	104,519	19,854	22,011
- Unrealised	(7,887)	(4,208)	(587)	(627)
	<u>113,747</u>	<u>100,311</u>	<u>19,267</u>	<u>21,384</u>
Total share of retained earnings from an associate:				
- Realised	26,278	26,393	-	-
- Unrealised	(3,443)	(1,854)	-	-
	<u>136,582</u>	<u>124,850</u>	<u>19,267</u>	<u>21,384</u>
Less: Consolidation adjustments	<u>(21,377)</u>	<u>(17,544)</u>	<u>-</u>	<u>-</u>
Total retained earnings	<u>115,205</u>	<u>107,306</u>	<u>19,267</u>	<u>21,384</u>



List Of Properties for Year Ended 31 December 2014

	Location	Tenure	Built-up Area	Year of Expiry	Description /Existing Use	Carrying Amount (RM'000)	Age of Building (years)	Date of Acquisition/ Revaluation
1	PRESTAR RESOURCES BERHAD GM 4895, Lot 1298 Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	588,793 sq ft	nil	Corporate office cum manufacturing site for subsidiaries	44,849	8 to 19	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	6,218	21	26 May 1994
1	PRESTAR MARKETING SDN BHD 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	4,062	27	18 Nov 2009
2	Lot 1113, 65A, Jalan Perak, 10150 Penang	Freehold	2,904 sq ft	nil	Office cum warehouse	887	52	29 Dec 1993
1	PRESTAR ENGINEERING SDN BHD # PD Perdana Condominium Parcel 808, Held under Master Title H.S. (D) 14950, PT No. 99, Pekan Telok Kemang, Daerah Port Dickson, Negeri Sembilan	Freehold	750 sq ft	nil	Vacant	52	16	5 June 2000
2	# 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	14	4 Feb 2004
1	TASHIN STEEL SDN BHD Plot 40, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (37 years)	152,835 sq ft	2052	Office cum manufacturing site for Tashin Steel Sdn Bhd	8,017	16	8 Aug 2000
2	Plot 39, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (37 years)	132,552 sq ft	2052	Manufacturing site for Tashin Steel Sdn Bhd	17,305	7	17 Aug 2005
3	F 01-08, Taman Pelangi, Bukit Tengah, 13600 Perai, Penang	Leasehold 99 yrs * (86 years)	500 sq ft	2092	Hostel	45	13	23 Apr 2008
4	H.S.(D) 15736, PT No. 2634, Mukim 13, Daerah Timor Laut, Pulau Pinang	Freehold	7,319 sq ft	nil	Vacant Land	4,600	n/a	30 Nov 2011
1	PRESTAR INDUSTRIES (VIETNAM) CO., LTD 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) * (41 years)	196,200 sq ft	2055	Manufacturing site cum office for Prestar Industries (Vietnam) Co., Ltd	7,812	7	12 Apr 2007

* Balance of Leasehold Tenure

Acquired through Debt settlement arrangement from various delinquent debtors

@ This amount has been fully impaired in view of ownership claim unresolved



Statistics Of Shareholdings

As At 27 April 2015

Authorised Share Capital	: RM200,000,000.00
Issued and Paid-Up Share Capital	: RM91,001,225.00 comprising 182,002,450 ordinary shares of RM0.50 each
Class of Shares	: Ordinary shares of RM0.50 each
Number of Shareholders	: 3,603
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

Substantial Shareholders	[----- No. of Shares Held -----]			
	Direct	%	Indirect	%
Fabulous Essence Sdn. Bhd.	50,610,000	28.91	-	-
Toh Yew Keat	3,296,717	1.88	⁽¹⁾ 66,435,000	37.94
Dato' Toh Yew Peng	5,417,896	3.09	⁽¹⁾ 66,435,000	37.94
Toh Yew Kar	2,472,276	1.41	⁽¹⁾ 66,435,000	37.94
Toh Yew Chin	2,472,276	1.41	⁽¹⁾ 66,435,000	37.94
Toh Yew Keong	2,678,299	1.53	⁽¹⁾ 66,435,000	37.94
Toh Yew Seng	2,266,252	1.29	⁽¹⁾ 66,435,000	37.94
Toh Poh Khuan	2,060,230	1.18	⁽¹⁾ 66,435,000	37.94
Y. K. Toh Property Sdn. Bhd.	15,825,000	9.04	-	-
Soh Tik Siew	10,917,700	6.24	-	-
Andy Toh Jin Hong	-	-	⁽¹⁾ 66,435,000	37.94
Ian Toh Jin Hu	17,200	0.01	⁽¹⁾ 66,435,000	37.94

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	21	0.58	782	0.00
100 – 1,000	216	6.00	180,960	0.10
1,001 – 10,000	2,282	63.34	12,081,008	6.90
10,001 – 100,000	972	26.98	30,322,900	17.32
100,001 – 8,754,126 (*)	109	3.03	60,826,200	34.74
8,754,127 and above (**)	3	0.08	71,670,700	40.94
Total	3,603	100.00	175,082,550	100.00

Remarks:

* Less than 5% of Issued Shares

** 5% and above of Issued Shares



Statistics Of Shareholdings As At 27 April 2015

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Directors	Nationality	[----- Direct Interest -----]		[---- Indirect Interest ----]	
		No. of shares held	%	No. of shares held	%
Toh Yew Keat	Malaysian	3,296,717	1.88	**66,463,000	37.96
Dato' Toh Yew Peng	Malaysian	5,417,896	3.09	@66,463,000	37.96
Toh Yew Kar	Malaysian	2,472,276	1.41	*66,435,000	37.94
Toh Yew Seng	Malaysian	2,266,252	1.29	*66,435,000	37.94
Toh Yew Chin	Malaysian	2,472,276	1.41	*66,435,000	37.94
Md. Nahar Bin Noordin	Malaysian	6,000,000	3.43	0	0
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Malaysian	0	0	0	0
Dato' Lim Cheang Nyok	Malaysian	0	0	0	0
Lou Swee You	Malaysian	0	0	0	0

Notes:

** Deemed interested by virtue of his substantial shareholdings in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd. and his son, Jason Toh Jin Hin's shareholding in Prestar Resources Berhad.

@ Deemed interested by virtue of his substantial shareholdings in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd. and his son, Alan Toh Jin Joo's shareholding in Prestar Resources Berhad.

* 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	27.54
2.	Y. K. Toh Property Sdn. Bhd.	12,543,000	7.16
3.	Soh Tik Siew	10,917,700	6.24
4.	Md. Nahar Bin Noordin	6,000,000	3.43
5.	RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Dato' Toh Yew Peng)	4,120,796	2.35
6.	Toh Yew Keat	3,296,717	1.88
7.	Y. K. Toh Property Sdn. Bhd.	3,282,000	1.87
8.	Toh Yew Keong	2,678,299	1.53
9.	Toh Yew Chin	2,472,276	1.41
10.	Fabulous Essence Sdn. Bhd.	2,400,000	1.37
11.	Toh Yew Hoe	2,266,254	1.29
12.	Toh Yew Seng	2,266,252	1.29
13.	Toh Poh Khuan	2,060,230	1.18
14.	Soh Chee Meng	1,982,200	1.13
15.	Toh Yew Kar	1,728,276	0.99
16.	Munshir Bin Abdullah	1,300,000	0.74
17.	RHB Capital Nominees (Tempatan) Sdn. Bhd. (Dato' Toh Yew Peng)	1,297,100	0.74
18.	Lim Kian Huat	852,000	0.49
19.	CitiGroup Nominees (Asing) Sdn. Bhd. (Exempt AN for OCBC Securities Private Limited)	829,000	0.47
20.	Ng Wee Tiew @ Ng Wee Chiew	776,300	0.44
21.	Tay Ying Lim @ Tay Eng Lim	768,800	0.44
22.	Toh Yew Kar	744,000	0.42
23.	Ng Teng Song	726,800	0.42
24.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Teh Choong Weng)	600,000	0.34
25.	HLB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Francis Kong @ Kong Fen Shin)	592,100	0.34
26.	Ong Hong Choo	584,000	0.33
27.	Tee Bon Peng	577,800	0.33
28.	Fam Keat Hong	532,000	0.30
29.	Heng Kok Puan @ Heng Kok Pwan	512,000	0.29
30.	Lim Choon Teik	500,300	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 27 April 2015.

PRESTAR RESOURCES BERHAD

(Company No. 123066 -A)
(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

FORM OF PROXY

*I/We (FULL NAME IN BLOCK CAPITALS) NRIC/PassportNo./Company

No. Of

..... (FULL ADDRESS)

being a *member/members of PRESTAR RESOURCES BERHAD, hereby appoint

..... NRIC/Passport No.

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 Thirtieth 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, Wilayah Persekutuan on Tuesday, 16 June 2015 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):

ACENDA

No.	Resolutions	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and the Auditors thereon.		
2.	To approve the declaration of the final single-tier dividend of 4.0% (2.0 sen per ordinary share) for the financial year ended 31 December 2014. (Resolution 1)		
3.	To sanction the payment of Directors' Fees amounting to RM220,000 for the financial year ended 31 December 2014. (Resolution 2)		
4.(a)	To re-elect Dato' Toh Yew Peng in accordance with Article 105 of the Company's Articles of Association. (Resolution 3)		
4.(b)	To re-elect Encik Md. Nahar Bin Noordin in accordance with Article 105 of the Company's Articles of Association. (Resolution 4)		
4.(c)	To re-elect Tuan Haji Fadzilullah Shuhaimi Bin Salleh in accordance with Article 105 of the Company's Articles of Association. (Resolution 5)		
5.	To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 :- "That pursuant to Section 129(6) of the Companies Act, 1965, Mr. Lou Swee You who has attained the age of over seventy (70) years, be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting." (Resolution 6)		
6.	To re-appoint Messrs. BDO as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)		
	As Special Business :		
7(a).	Ordinary Resolution No. 1 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 8)		
7(b).	Ordinary Resolution No. 2 - Proposed Renewal of Share Buy-Back Authority (Resolution 9)		
7(c).	Ordinary Resolution No. 3 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 10)		
7(d).	Ordinary Resolution No. 4 - Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 11)		
7(e).	Ordinary Resolution No. 5 - Retention of Tuan Haji Fadzilullah Shuhaimi Bin Salleh as an Independent Non-Executive Director (Resolution 12)		
7(f).	Ordinary Resolution No. 6 - Retention of Dato' Lim Cheang Nyok as an Independent Non-Executive Director (Resolution 13)		

* Strike out whichever not applicable.

Signed this day of 2015

.....
Signature of Member/Common Seal

Notes:

- In respect of deposited securities, only members whose names appear in the Record of Depositors on 9 June 2015 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
- A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead (subject always to a maximum of two (2) proxies of each Meeting). Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or 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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