PRESTAR RESOURCES BERHAD

(123066-A)

Annual report
Laporan tahunan 2018

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fourth 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 Thursday, 30 May 2019 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon.

2. To approve the payment of the single-tier final dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2018. *(Resolution 1)*

3. To approve the payment of Directors' fees amounting to RM220,000 for the financial year ended 31 December 2018. *(Resolution 2)*

4. To approve an amount of up to RM30,000 as benefits payable to the Non-Executive Directors from 31 May 2019 to the next Annual General Meeting of the Company held in 2020. *(Resolution 3)*

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

   (a) Mr. Toh Yew Keat *(Resolution 4)*
   (b) Dato' Lim Cheang Nyok *(Resolution 5)*
   (c) Mr. Toh Yew Chin *(Resolution 6)*

6. To re-appoint Messrs. BDO PLT 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 Businesses:

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

   (a) ORDINARY RESOLUTION NO. 1
   - AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

   "**THAT** subject to the Companies Act 2016, the Articles of Association of the Company and approvals of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other governmental/regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to the Companies Act 2016, to issue and allot shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

   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 compliance with Section 127 of the Companies Act 2016 ("**the Act**") and all other applicable laws, rules and regulations, provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), approval be and is hereby given to the Company, to purchase such amount of ordinary shares in the Company ("**Shares**") as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interests of the Company provided that the aggregate number of Shares to be purchased and held pursuant to this resolution does not exceed ten per centum (10%) of the existing total number of issued shares of the Company including the Shares previously

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(b) ORDINARY RESOLUTION NO. 2 (cont'd)
- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

purchased and retained as treasury shares, if any, upon such terms and conditions as set out in the Statement to Shareholders dated 26 April 2019;

AND THAT such authority shall commence immediately upon the passing of this resolution and until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held unless revoked or varied by ordinary resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of Bursa Securities Main Market Listing Requirements and any other relevant authorities;

AND THAT the maximum amount of funds to be utilised for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the Company's retained profits based on the latest audited financial statements of the Company for the financial year ended 31 December 2018 of RM12,451,832;

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the Shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends and/or to transfer them for the purposes of or under an employees share scheme and/or to transfer them as purchase consideration in such manner as may be permitted and prescribed by the provisions of Bursa Securities Main Market Listing Requirements, the Act and any other relevant authorities;

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to implement, finalise and give full effect to the aforesaid with full powers to assent to any condition, modification, variation and/or amendment, if any, as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company." *(Resolution 9)*

(c) ORDINARY RESOLUTION NO. 3
- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"**THAT** subject to the Companies Act 2016 ("**the Act**"), the Memorandum and Articles of Association of the Company and Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company's subsidiaries to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Recurrent Related Party Transactions**") with the related parties, as described in Part B, Section 2.3 of the Circular to Shareholders dated 26 April 2019 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 first 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 is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

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

   whichever is the earlier,

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

(c) ORDINARY RESOLUTION NO. 3 (cont'd)
- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

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

"**THAT** subject to the Companies Act 2016 ("**the Act**"), the Memorandum and Articles of Association of the Company and Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements, a shareholders' mandate be and is hereby granted to the Company's subsidiaries to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Recurrent Related Party Transactions**") as described in Part B, Section 2.3 of the Circular to Shareholders dated 26 April 2019 with the related parties mentioned therein 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;

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:-

(a) the conclusion of the first 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 is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) 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 contemplated and/or authorised by this resolution." *(Resolution 11)*

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

"**THAT** Mr. Lou Swee You who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance." *(Resolution 12)*

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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

"**THAT** Encik Md Nahar Bin Noordin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance." *(Resolution 13)*

(g) ORDINARY RESOLUTION NO. 7
- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"**THAT** Tuan Haji Fadzlullah Shuhaimi Bin Salleh who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance." *(Resolution 14)*

(h) ORDINARY RESOLUTION NO. 8
- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"**THAT** subject to the passing of Resolution No. 5, Dato' Lim Cheang Nyok who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance." *(Resolution 15)*

(i) SPECIAL RESOLUTION
- PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY

"**THAT** approval be and is hereby given for the Company to adopt the new Constitution in the form and manner as set out in Appendix II of the Circular to Shareholders dated 26 April 2019, in place of the existing Memorandum and Articles of Association of the Company;

AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by any relevant authorities and to do all acts and take all such steps as may be considered necessary to give effect to the foregoing." *(Resolution 16)*

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 single-tier final dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 December 2018 will be payable on 26 July 2019 to depositors who are registered in the Record of Depositors at the close of business on 12 July 2019, if approved by members at the forthcoming Thirty-Fourth Annual General Meeting on 30 May 2019.

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 12 July 2019 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: 26 April 2019

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes:-

1. Authority to Issue Shares pursuant to the Companies Act 2016

   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 the Companies Act 2016, 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 ten per centum (10%) of the total number of issued shares 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 the Notice of the Annual General Meeting, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Thirty-Third Annual General Meeting held on 31 May 2018 and which will lapse at the conclusion of the Thirty-Fourth 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 Thirty-Third Annual General Meeting held on 31 May 2018. The proposed renewal will allow the Board of Directors to exercise the power of the Company to purchase not more than ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

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

   The proposed adoptions of the Ordinary Resolutions Nos. 3 and 4 are to renew the shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Recurrent Related Party Transactions**") granted by the shareholders of the Company at the Thirty-Third Annual General Meeting held on 31 May 2018 ("**Renewal of Shareholders' Mandate**") and to obtain new Shareholders' Mandate for new Recurrent Related Party Transactions ("**New Shareholders' Mandate**") respectively. Both Renewal of Shareholders' Mandate and New Shareholders' Mandate will enable the Company's subsidiaries ("**the Group**") to enter into the Recurrent Related Party Transactions which are necessary for the Group's 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

   (a) Mr. Lou Swee You (Ordinary Resolution No. 5)

   Mr. Lou Swee You was appointed as an Independent Non-Executive Director of the Company on 9 May 2008, and has, therefore served for more than nine (9) years as an Independent Non-Executive Director. As at the date of the Notice of the Annual General Meeting, he has served the Company for almost eleven (11) years as an Independent Non-Executive Director. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board, therefore, considers him to be independent and recommends that he should be retained as an Independent Non-Executive Director.

   (b) Encik Md Nahar Bin Noordin (Ordinary Resolution No. 6)

   Encik Md Nahar Bin Noordin has served the Company for almost twenty-five (25) years since his appointment as a Non-Independent Non-Executive Director of the Company on 18 June 1994. Subsequently, he was re-designated as an Independent Non-Executive Director of the Company on 3 October 2007, and has, therefore served for more than nine (9) years as an Independent Non-Executive Director. As at the date of the Notice of the Annual General Meeting, he has served the Company for eleven (11) years and seven (7) months as an Independent Non-Executive Director. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. 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)

Explanatory Notes:- (cont'd)

(c) Tuan Haji Fadzlullah Shuhaimi Bin Salleh (Ordinary Resolution No. 7)

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 twelve (12) years. As at the date of the Notice of the Annual General Meeting, he has served the Company for twenty-four (24) years. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board, therefore, considers him to be independent and recommends that he should be retained as an Independent Non-Executive Director.

(d) Dato' Lim Cheang Nyok (Ordinary Resolution No. 8)

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 twelve (12) years. As at the date of the Notice of the Annual General Meeting, he has served the Company for seventeen (17) years. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board, therefore, considers him to be independent and recommends that he should be retained as an Independent Non-Executive Director.

5. Proposed Adoption of New Constitution of the Company

The proposed adoption of the Special Resolution is to bring the Company's Memorandum and Articles of Association ("**M&A**") in line with the amendments that arise from the Companies Act 2016, the revised Bursa Malaysia Securities Berhad Main Market Listing Requirements and Malaysian Code on Corporate Governance as well as enhancing administrative efficiency. In view of the substantial amount of amendments to be made, the Board proposed that the existing M&A of the Company be abolished and be replaced in its entirety with a new Constitution which incorporated all the proposed amendments.

Further information on the Proposed Renewal of Share Buy-Back Authority, Proposed Renewal of Shareholders' Mandate, Proposed New Shareholders' Mandate and Proposed Adoption of New Constitution of the Company are set out in the Statement and Circular to Shareholders of the Company respectively which are despatched together with the Company's 2018 Annual Report.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2019 (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). 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. 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 (1) 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 forty-eight (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
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 PLT
Chartered Accountants
Kuala Lumpur
Tel. No. : 03-2616 2888
Fax No. : 03-2616 3190

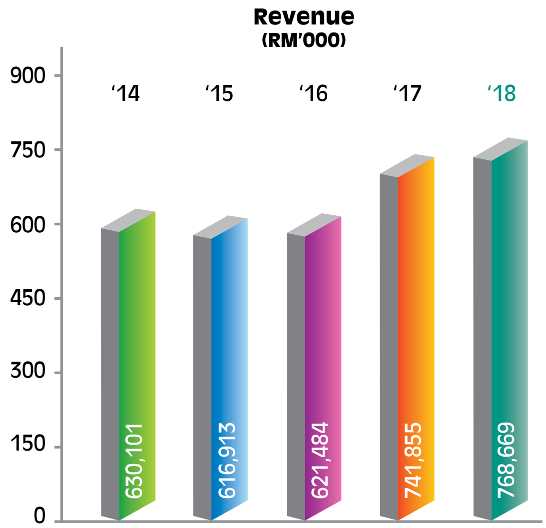
PRINCIPAL BANKERS
Affin Bank Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

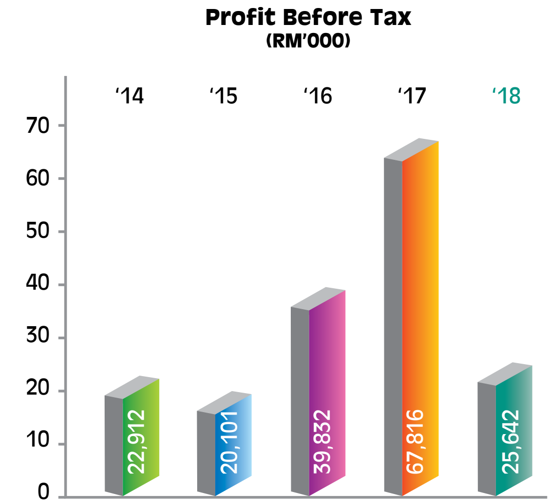
SOLICITORS
SKRINE
Lim & Yeoh

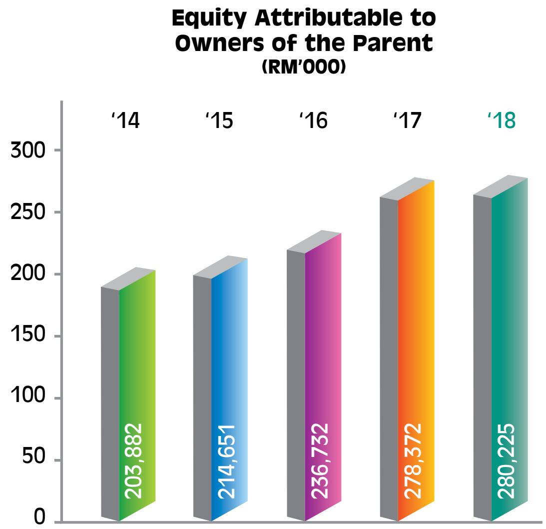
STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Stock Code : 9873

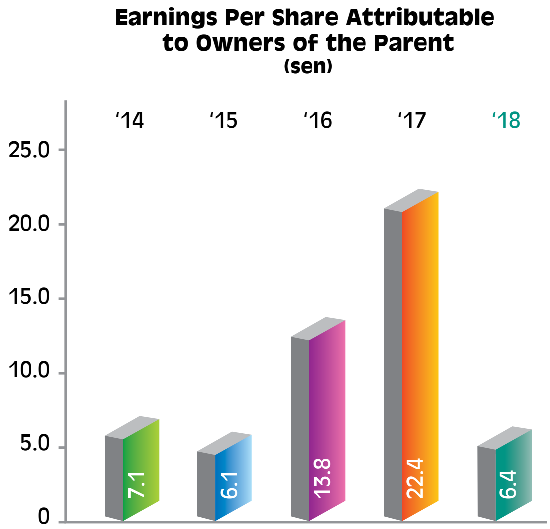
GROUP FINANCIAL HIGHLIGHTS

(RM'000)	2014	2015	2016	2017	2018
Revenue					
Continuing Operations	432,464	404,629	406,743	484,154	508,124
Disposal Group Operations	197,637	212,284	214,741	257,701	260,545
Profit before tax					
Continuing Operations	19,294	15,114	25,247	46,123	10,669
Disposal Group Operations	3,618	4,987	14,585	21,693	14,973
Profit attributable to owners of the parent					
Continuing Operations	11,002	8,498	18,165	35,041	6,886
Disposal Group Operations	1,307	2,161	6,175	8,085	5,724
Total Assets	561,499	578,228	624,898	697,093	653,843
Equity attributable to owners of the parent	203,882	214,651	236,732	278,372	280,225
EBITDA#	46,739	44,231	63,873	92,626	50,806
#Earnings before interests, depreciation, tax and amortisation					
Net assets per share *(RM)	1.16	1.23	1.32	1.41	1.43
Earnings per share *(Sen)	7.1	6.1	13.8	22.4	6.4
** attributable to owners of the Company*					









CORPORATE STRUCTURE
(As at 29 March 2019)

鴻達集團
PRESTAR RESOURCES BERHAD
(123066-A)

STEEL PROCESSING

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

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)

100%
Prestar Engineering Sdn. Bhd.
(307178-A)

51%
Tashin Hardware Sdn. Bhd.
(642549-V)

100%
PT Prestar MHE, Indonesia

** Dormant, in the process of winding-up*

MANAGEMENT DISCUSSION AND ANALYSIS

Prestar Resources Berhad ("Prestar" or "the Company") was listed on the Second Board of Kuala Lumpur Stock Exchange on 20 September 1995. The Company was then transferred to the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") in year 2003. Throughout these years, Prestar and its subsidiaries ("the Group") have remained focus on its core business activities of steel product manufacturing, steel processing as well as trading of wide range of steel related products, hardware and related industrial products and equipment.

Currently, the Group has twelve (12) subsidiaries and one (1) associate company. The Group has set up business offices in Jakarta, Indonesia for trading and warehousing activities and a representative office in Bangkok, Thailand, as well as opening of the offices, factories and warehouses in Peninsula Malaysia.

The financial year 2018 was a year full of various events and challenges, from the change of central government administration, switching of indirect tax system from Goods and Services Tax ("GST") to Sales and Services Tax ("SST") as well as the sliding of steel prices from the beginning of the year 2018 until the end of year 2018. Nevertheless, the Group has achieved revenue of RM768.7 million (including Disposal Group) for the financial year ended 31 December 2018 ("FYE 2018") with growth of 3.6% over the preceding financial year ended 31 December 2017 ("FYE 2017") revenue of RM741.9 million. This was attained through intensifying sales and marketing efforts taken by the Group during the FYE 2018 to ensure the Groups' activities were operating at optimum level as well as meeting the customers' needs. The Group remained focus on its core business based on long-term strategic decisions and plans to ensure sustainability.

The financial and operational reviews of the Group as well as the major risks encountered are further elaborated below.

FINANCIAL REVIEW

The key financial highlights of the Group for the FYE 2018 as compared to the FYE 2017 are as follows:-

	FYE 2018			FYE 2017			Variance		
	Continuing operations RM'000	Disposal group operations* RM'000	Total RM'000	Continuing operations RM'000	Disposal group operations* RM'000	Total RM'000	Continuing operations %	Disposal group operations* %	Total %
Revenue	508,124	260,545	768,669	484,154	257,701	741,855	5.0	1.1	3.6
Gross profit	49,950	25,262	75,212	70,095	36,133	106,228	(28.7)	(30.1)	(29.2)
Other operating income	5,882	5,419	11,301	22,923	2,202	25,125	(74.3)	146.2	(55.0)
Profit before tax	10,669	14,973	25,642	46,123	21,693	67,816	(76.9)	(31.0)	(62.2)
Profit attributable to owners of the parents	6,886	5,724	12,610	35,041	8,085	43,126	(80.3)	(29.2)	(70.8)

Note:

* *Pursuant to the corporate proposals as disclosed in Note 20 of the Audited Financial Statements for the FYE 2018, the financial results of Tashin Steel Sdn. Bhd. and Tashin Hardware Sdn. Bhd. ("Tashin Group") are classified as disposal group operations.*

The Group financial performance for the FYE 2018 experienced a decline mainly due to the substantially low sales margin as well as rising cost of sales. In addition, the absence of the various extraordinary gains during the FYE 2018 as compared to FYE 2017 has widen the gap. Nevertheless, the Group's revenue for continuing operations for the FYE 2018 was slightly increased by 5.0% or RM23.9 million to RM508.1 million, as compared to the FYE 2017. Whereas, the revenue from the disposal group operations had increased by RM2.8 million or 1.1% mainly due to the increase in sales volume.

Profit before taxation for the FYE 2018 had declined due to lower sales margin caused by higher cost of materials as the prices of steel material continuously dropping during the FYE 2018. Besides, an associate company had also reported lower profit for the FYE 2018 as compared to FYE 2017.

During the FYE 2018, the administrative expenses had reduced by 12.3% to RM31.1 million as compared to RM35.5 million in the FYE 2017. This was mainly due to lower incentive and bonus payment during the FYE 2018 as well as lower provision of the employee retirement benefit scheme where previous year was the initial year of setting up such scheme.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

FINANCIAL REVIEW (cont'd)

The Group's cash and cash equivalents as at 31 December 2018 had decreased significantly as compared to previous year. This was mainly due to deconsolidation of Tashin Group's cash balances as well as timing of the creditors' payments and capital expenditures.

The Group's trade payable for the FYE 2018 had reduced to RM16.3 million as compared to RM72.1 million in the FYE 2017. The Group's bank borrowings for the FYE 2018 had reduced by 8.4% to RM224.9 million. However, these reduction in trade payable and bank borrowings were mainly due to the impact of adopting the *Malaysian Financial Reporting Standard 5: Non-Current Assets Held for Sale and Discontinued Operations* (in relation to the proposed listing of Tashin Steel Sdn. Bhd. on the ACE Market of Bursa Securities). This also applied to the Group's gearing ratio as it had further improved from 0.86 times as at 31 December 2017 to 0.78 times as at 31 December 2018.

During the FYE 2018, the issued share capital of the Company has increased from 204,626,030 ordinary shares at the beginning of the FYE 2018 to 204,830,530 ordinary shares at the end of the FYE 2018 resulted from the issuance of 204,500 new ordinary shares pursuant to the 204,500 options exercised under the Employees' Share Option Scheme ("ESOS"). The balance of unexercised number of ESOS was 1,600,000 as at 31 December 2018 which will expire on 20 April 2024.

The Board of Directors of the Company ("the Board") had earlier paid a single-tier interim dividend of 1.0 sen per ordinary share in respect of the FYE 2018 on 30 January 2019. The Board had also recommended a single-tier final dividend of 0.5 sen per ordinary share which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company scheduled to be held on 30 May 2019, resulted in total dividends declared/payment of 1.5 sen per ordinary share for the FYE 2018.

Currently, the Company does not adopt any Dividend Policy. However, the Board strives to adopt a consistent approach in declaring dividends every financial year after considering various factors, such as future investment requirements, profitability and liquidity of the Company.

OPERATIONS REVIEW

In order to further improve the Group's efficiency and ensuring sustainability, the Group continued to carry out acquisitions and operational changes as part of the long-term strategic action plans in order to enhance the Group's competitiveness and market position.

The corporate exercises undertaken by the Group for the FYE 2018 are elaborated below:

i) Acquisition of Kampung Baru Subang warehouse and office building

On 5 March 2018, the Company had entered into a Sale and Purchase Agreement with Skyhub Technologies Sdn. Bhd. for the acquisition of all that parcel leasehold land held under Pajakan Mukim 5109, Lot 3811, Pekan Subang, Daerah Petaling, Negeri Selangor, together with the buildings erected thereon, at a total consideration of RM19,250,000 (Ringgit Malaysia: Nineteen Million Two Hundred and Fifty Thousand) only. The new office and warehouse facility acquired will be rented out to Prestar Marketing Sdn. Bhd., a wholly-owned subsidiary of the Company, for its business expansion.

The said acquisition was completed on 9 January 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OPERATIONS REVIEW (cont'd)

ii) Proposed listing of a subsidiary on the ACE Market of Bursa Securities

The Company had on 12 July 2017 announced the proposed listing of its 51%-owned subsidiary, Tashin Steel Sdn. Bhd. on the ACE Market of Bursa Securities via a special vehicle company, Tashin Holdings Berhad ("Proposed Listing"). The Proposed Listing would enable the Company to unlock and crystallise the value of its investment in Tashin Steel Sdn. Bhd. and enhance the shareholders' value at the Company level. The proceeds from the Proposed Listing would enable the Company to reduce its existing borrowings and for funding of its expansion plan.

On 12 December 2018, Bursa Securities had approved the listing of and quotation for the entire enlarged share capital of Tashin Holdings Berhad comprising 348,991,000 ordinary shares on the ACE Market of Bursa Securities. Subsequently, the Company received the approval of the shareholders of the Company at the extraordinary general meeting held on 20 March 2019 on the Proposed Listing. Tashin Holdings Berhad is expected to be listed on the ACE Market of Bursa Securities in the second half of the financial year 2019.

iii) Acquisition of freehold land and building

On 28 December 2018, Prestar Storage System Sdn. Bhd. ("PSSSB"), a wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement with GMS Purnamax (M) Sdn. Bhd. (formerly known as GMS Purnaimpex Sdn. Bhd.) for the acquisition of all that piece of freehold land and building held under Individual Title Geran 86347, Lot No. 202, Seksyen 19, Bandar Rawang (formerly known as H.S.(D) No. 28291, P.T. No. 10363, Mukim Rawang), Daerah Gombak, Selangor, measuring approximately 8,093 square metres together with a three (3) storey building and a single storey warehouse, at a total purchase consideration of RM14,500,000 (Ringgit Malaysia: Fourteen Million and Five Hundred Thousand) only.

The said acquisition is to cater for the business expansion of PSSSB in near future as well as streamlining the current production process and warehousing requirements.

The said acquisition is yet to be completed at the time of writing this statement.

iv) Capital and information and communication technology ("ICT") expenditure

During the FYE 2018, the Group had incurred a total capital expenditure ("CAPEX") of RM22.8 million for replacing, upgrading and expanding its machineries and facilities to boost efficiency and productivity as well as to enhance production output of the Group.

Out of the total CAPEX incurred of RM22.8 million, RM10.1 million was incurred for the acquisition of new machineries and execution of additional facilities, which includes tube mill machine, kettle transfer car, sold state HF welder, auto packing machine and new TMS roll forming machine. In addition, the CAPEX of RM1.3 million was incurred for the replacement and renewal of the existing obsolete machineries, buildings and related facilities and installation of racking system and renovation works done at Kampung Baru factory. Furthermore, the CAPEX of RM3.6 million was spent on purchasing of new motor vehicles, delivery lorries, new forklifts and trucks for rental business. The CAPEX of RM7.0 million was paid for the deposit, stamp duty and legal fees for the leasehold land at Kampung Baru Subang, and further incurred RM0.8 million on panel installation and construction works done for the manufacturing facilities at Prai.

The Group had also incurred approximately RM0.75 million during the FYE 2018 in maintaining and upgrading of ICT hardware and software as well as information technology ("IT") human capital costs.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

MANAGING KEY RISKS

The Group faces several key risks that are relevant and related to the Group's operations. Although the Group had put in place the mitigation measures to tackle the business risks, it must be acknowledged that there are some inherent business and operational risks that are beyond the Group's control. The key risks noted are as follows:

(i) Credit risks arise primarily from trade and other receivables as the coverage of the industries are wide and in depth with the number of customers running in thousands for the whole Group. In order to mitigate the aforesaid risks, each subsidiary had established a sound credit appraisal system and to review the daily operating procedure with well written standard operating procedure. The Debtors' Aging Report is available through each subsidiary's computerised information system. It is being monitored closely to ensure appropriate and timely actions are taken as an effort to mitigate the credit risks. In addition, the Headquarter is also monitoring the overdue accounts regularly to keep minimal impact of credit risks on the Group.

(ii) Other major risks at the Group level are the fire perils and fluctuations of foreign exchange ("FOREX") where most of our subsidiaries are encountering the aforesaid risks. The Group had put in place adequate insurance coverage to mitigate the risk of fire perils. The Group had also over the years, developed and implemented various action plans and protection measures to monitor and protect our facilities against fire perils. In addition, the audit and surveillance check on fire fighting equipment are also carried out regularly during the year 2018. Currency hedging techniques and policy as well as regular monitoring and reporting actions were also implemented to mitigate the risk on FOREX fluctuations. Detailed report on the risk management and internal control of the Group is presented in other section of this Annual Report.

OUTLOOK

FYE 2018 was a challenging year with many eventful political and economic developments and changes. During the FYE 2018, the global steel prices were dropping gradually from the beginning of the year and accelerated in its fall during the second half of the year, mainly driven by weak market demand and ample supply amid trade war tension between United States of America and China. The implementation of SST with effect from 1 September 2018, as well as cancellation and/or deferment of some major infrastructure projects in Malaysia and volatile FOREX had further affected the sentiment of the domestic market demand.

In the financial year 2019, the Group will continue its cautious and pragmatic strategy in view that steel prices are not expected to recover quickly and is anticipated to remain flat for the first half of the year 2019. Nevertheless, the Group is working to gain inroads into supplying and/or installing the products and services to a few mega projects which are in the pipeline of the government planning, both in West and East Peninsula Malaysia, through its subsidiaries.

Moving forward, the Group will continue adopting Kaizen practices in its production operations, consolidating existing resources and gear for organic growth within the Group. Thus, we are constantly improving our manufacturing facilities, IT facilities and other relevant infrastructures required for the business operations through proper planned CAPEX to keep the Group's competitiveness and sustainability. The Group will continue to focus on its core businesses in both local market and overseas market such as South East Asia region and Middle East region.

Barring any unforeseen circumstances, the Group is cautiously optimistic to achieve higher profitability for the coming year.

BOARD OF DIRECTORS' PROFILE

TOH YEW KEAT
Group Executive Chairman

Aged : 71, Male, Malaysian
Appointed to the Board on 12 July 1984

Mr. Toh Yew Keat is one of the founders of Prestar Resources Berhad Group ("the Group" or "Prestar Group"). Mr. Toh has ventured into business after completing his secondary education. He has more than forty-five (45) years of experience in importation and distribution of material handling equipment, hardware products and building materials.

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.

Mr. Toh does not sit on the Board of other public companies and public listed companies. He is currently the Director of Prestar Resources Berhad's subsidiaries and several other private limited companies.

Mr. Toh is the brother of Dato' Toh Yew Peng, the Group Managing Director, Mr. Toh Yew Kar, Group Executive Director, Mr. Toh Yew Seng, Group Executive Director and Mr. Toh Yew Chin, Executive Director of the Company. Dato' Toh Yew Peng is also the major shareholder of the Company.

DATO' TOH YEW PENG
Group Managing Director

Aged : 66, Male, Malaysian
Appointed to the Board on 12 July 1984
Member : Employees' Share Option Scheme ("**ESOS**") Committee

Dato' Toh Yew Peng is one of the founders of the Group. Dato' Toh has ventured into business after completing his secondary education. Dato' Toh has been the Group Managing Director of the Company 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' Toh sits on the Board of Tall Group Berhad, a public company, and Tashin Holdings Berhad, a public company that is proposed to be listed on the ACE Market of Bursa Malaysia Securities Berhad. He is also the Director of Prestar Resources Berhad's subsidiaries and several other private limited companies.

Dato' Toh is the brother of Mr. Toh Yew Keat, the Group Executive Chairman, Mr. Toh Yew Kar, Group Executive Director, Mr. Toh Yew Seng, Group Executive Director and Mr. Toh Yew Chin, Executive Director of the Company. Mr. Toh Yew Keat is also the major shareholder of the Company.

TOH YEW KAR
Group Executive Director

Aged : 60, Male, Malaysian
Appointed to the Board on 12 July 1984

Mr. Toh Yew Kar has been the Marketing Director of the Company since 1984. Mr. Toh has ventured into business after completing his Pre-University studies at Taylor's College. 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.

Mr. Toh is responsible for the marketing affairs of the Company and is actively involved in the implementation of marketing strategies and development of new products and markets.

Mr. Toh does not sit on the Board of other public companies and public listed companies. He is currently the Director of Prestar Resources Berhad's subsidiaries and several other private limited companies.

Mr. Toh is the brother of Mr. Toh Yew Keat, the Group Executive Chairman, Dato' Toh Yew Peng, Group Managing Director, Mr. Toh Yew Seng, Group Executive Director and Mr. Toh Yew Chin, Executive Director of the Company. Mr. Toh Yew Keat and Dato' Toh Yew Peng are also the major shareholders of the Company.

BOARD OF DIRECTORS' PROFILE (cont'd)

TOH YEW SENG
Group Executive Director

Aged : 57, Male, Malaysian
Appointed to the Board on 31 January 1986
Member : ESOS Committee

Mr. Toh Yew Seng, was appointed as the Group Executive Director of the Company in 1986 and prior to that, he was the General Manager of the Company from 1984 to 1985. He obtained his Bachelor of Arts majoring in Business Administration from Tunghai University, Taiwan. He has more than thirty (30) years of experience in various operation areas which covers sales and marketing, operation and production, administration and project management.

Currently, Mr. Toh is mainly involved in overseeing and managing the manufacturing activities of the Group at Rawang's production complex, where he is responsible for the overall planning and formulating of operation and manufacturing strategies as well as supply chain management.

Mr. Toh sits on the Board of Tashin Holdings Berhad, a public company that is proposed to be listed on the ACE Market of Bursa Malaysia Securities Berhad. He is also the Director of Prestar Resources Berhad's subsidiaries and several other private limited companies.

Mr. Toh is the brother of Mr. Toh Yew Keat, the Group Executive Chairman, Dato' Toh Yew Peng, Group Managing Director, Mr. Toh Yew Kar, Group Executive Director and Mr. Toh Yew Chin, Executive Director of the Company. Mr. Toh Yew Keat and Dato' Toh Yew Peng are also the major shareholders of the Company.

TOH YEW CHIN
Executive Director

Aged : 55, Male, Singaporean
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. Mr. Toh has ventured into business after completing his secondary education.

Currently, Mr. Toh is responsible for the overall business planning and development of Prestar Marketing Sdn. Bhd. and YKTM.

Mr. Toh does not sit on the Board of other public companies and public listed companies.

Mr. Toh is the brother of Mr. Toh Yew Keat, the Group Executive Chairman, Dato' Toh Yew Peng, Group Managing Director, Mr. Toh Yew Kar, Group Executive Director and Mr. Toh Yew Seng, Group Executive Director of the Company. Mr. Toh Yew Keat and Dato' Toh Yew Peng are also the major shareholders of the Company.

TUAN HAJI FADZLULLAH SHUHAIMI BIN SALLEH
Independent Non-Executive Director

Aged : 61, Male, Malaysian
Appointed to the Board on 18 March 1995
Chairman : Remuneration Committee
Member : Audit Committee & Nomination Committee

Tuan Haji Fadzlullah Shuhaimi Bin Salleh obtained his Master in Computer Science from the University of Michigan, Ann Arbor, United States of America ("**U.S.A.**") 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 has worked with Sime Darby Berhad, I & P Berhad and Shapadu Corporation Berhad, which he was primarily involved in the Information Technology department. Recently, he is lecturing Islamic Finance in Iowa, U.S.A. and Beirut, Lebanon.

Tuan Haji Fadzlullah Shuhaimi does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of other public companies and public listed companies.

BOARD OF DIRECTORS' PROFILE (cont'd)

MD. NAHAR BIN NOORDIN
Independent Non-Executive Director

Aged : 61, Male, Malaysian
Appointed to the Board on 18 June 1994
Member : Remuneration Committee

Encik Md. Nahar Bin Noordin obtained his Master in Business Administration (Finance) from California State University, U.S.A. in 1985 after having obtained a Bachelor of Science (Finance) from University of Pacific, U.S.A. in 1984.

Encik Nahar started his career in Citibank N.A. ("Citibank"), 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 Metacorp Berhad and assisted in the flotation of Metacorp Berhad 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.

Encik Nahar does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of other public companies and public listed companies. He is a Director of several private limited companies.

DATO' LIM CHEANG NYOK
Independent Non-Executive Director

Aged : 50, Male, Malaysian
Appointed to the Board on 28 March 2002
Chairman : ESOS Committee & Nomination Committee
Member : Audit Committee

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' Lim was called to the Malaysian Bar in 1992. Dato' Lim commenced his legal profession handling banking and commercial litigation matters.

Besides legal practice, Dato' Lim has been involved in various areas of business including information technology, mining and real property.

Dato' Lim does not have any family relationship with any Director and/or major shareholder of the Company. He sits on the Board of SBC Corporation Berhad and several private limited companies.

LOU SWEE YOU
Independent Non-Executive Director

Aged : 75, Male, Malaysian
Appointed to the Board on 9 May 2008
Chairman : Audit Committee
Member : Remuneration Committee & Nomination Committee

Mr. Lou Swee You graduated from Nanyang University, Singapore with a Bachelor of Commerce (Accountancy) Degree and holds a Master of Business Administration Degree from Strathclyde Graduate Business School, Glasgow, Scotland. Besides being a Certified Internal Auditor, he is also a CFIIA, FIPA and FFA.

Mr. Lou has spent more than thirty (30) 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 (20) 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. During those years, he held several positions included treasurer, secretary and vice president.

Mr. Lou does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of other public companies and public listed companies.

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 five (5) years and public sanction or penalty imposed by the relevant regulatory bodies
None of the Directors of the Company has been convicted for offences within the past five (5) years, other than traffic offence, if any nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

PROFILE OF KEY SENIOR MANAGEMENT

- **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**
  Executive Director

The above key senior management are also members of the Board. Their profiles are set out on pages 15 and 16 of this Annual Report.

TOH POH KHUAN

Executive Director, Prestar Marketing Sdn. Bhd. ("PMktg")
Aged: 70, Female, Malaysian

Ms. Toh Poh Khuan ventured into business after completing her secondary education. She has been the Finance cum Executive Director of PMktg since 1981, and is responsible for the day-to-day operations of PMktg in Northern region of Peninsular Malaysia. She was appointed as the Executive Director of PMktg on 20 September 1985.

Ms. Toh is the sister of Mr. Toh Yew Keat, the Group Executive Chairman; Dato' Toh Yew Peng, Group Managing Director; Mr. Toh Yew Kar, Group Executive Director; Mr. Toh Yew Seng, Group Executive Director and Mr. Toh Yew Chin, Executive Director of the Company. Mr. Toh Yew Keat and Dato' Toh Yew Peng are major shareholders of the Company. She sits on the Board of several other private limited companies. She does not sit on the Board of public companies and public listed companies.

KOAY KAH EE

Group Finance Director, Prestar Resources Berhad ("Prestar")
Aged: 60, Male, Malaysian

Mr. Koay Kah Ee holds a Master in Business Administration (MBA) from University of Strathclyde, United Kingdom ("UK"). He is a fellow member of Chartered Institute of Management Accountants (CIMA), UK, fellow member of the Australia Certified Practicing Accountants (CPA Australia), Chartered Accountant (CA) of the Malaysian Institute of Accountants, member of Chartered Global Management Accountants (CGMA), member of the SOCSO Appellate Board (JRKS) of Ministry of Human Resources Malaysia and a CIMA Global Membership Assessor. He has more than thirty-six (36) years of experience in finance, accounting and corporate affairs and has been working in various industries such as plantation, trading, services and manufacturing with local companies and subsidiaries of multinational company.

Mr. Koay joined Prestar Resources Berhad Group ("Prestar Group") in 1994 as the Group Finance and Administrative Manager. He is responsible for all the finance, accounting and corporate affairs of Prestar Group and was appointed as the Group Finance Director on 1 September 2008. He sits on the Board of Prestar Manufacturing Sdn. Bhd. ("PMSB"), Prestar Engineering Sdn. Bhd., Prestar Steel Pipes Sdn. Bhd., Dai Dong Steel Sdn. Bhd. ("DDSSB") and Tashin Holdings Berhad ("THS"), a public company that is proposed to be listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also the Senior Independent Non-Executive Director of Ajinomoto (Malaysia) Berhad, a public company listed on the Main Market of Bursa Securities and JF Technology Berhad, a public company listed on the ACE Market of Bursa Securities.

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

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

KENNY TOH JIN TAT

Executive Director, Prestar Precision Tube Sdn. Bhd. ("PPTSB")
Aged: 43, Male, Malaysian

Mr. Kenny Toh Jin Tat holds a Bachelor in Business Administration, University of Texas A&M, United States of America ("USA"). Mr. Kenny Toh previously managed the export and operation functions of PMSB for eight (8) years since 1999 prior to his secondment to Prestar Industries (Vietnam) Co. Ltd. ("Prestar Vietnam"). He was the General Manager/Director of Prestar Vietnam from 2008 to 2011 to spearhead the manufacturing activities of Prestar Vietnam.

Mr. Kenny Toh was appointed as the Executive Director of PPTSB on 3 January 2012. He is currently responsible for the overall management and profitability of PPTSB – Carbon Steel Pipes division.

Mr. Kenny Toh is the son of Mr. Toh Yew Keat, the Group Executive Chairman and major shareholder of the Company. He does not sit on the Board of public companies and public listed companies.

ALAN TOH JIN JOO

Executive Director, of PPTSB and DDSSB
Aged: 42, Male, Malaysian

Mr. Alan Toh Jin Joo holds a Bachelor Degree of Science, University of Texas A&M, USA. Mr. Alan Toh started his work as an Information Technology Manager of Prestar Group in year 2003. He was subsequently attached to the production and sales department of PPTSB - Stainless Steel division. He was appointed as the Executive Director of PPTSB and DDSSB on 1 December 2014. He is currently responsible for the sales activities of both companies.

Mr. Alan Toh is the son of Dato' Toh Yew Peng, the Group Managing Director and major shareholder of the Company. He does not sit on the Board of public companies and public listed companies.

ANDY TOH JIN HONG

Sales Director, Prestar Storage System Sdn. Bhd. ("PSSSB")
Aged: 41, Male, Malaysian

Mr. Andy Toh Jin Hong holds a Bachelor in Business Administration, University of Texas A&M, USA. Mr. Andy Toh began his career with Chiho Hardware Sdn. Bhd. overseeing the business operation in Penang. He has more than seventeen (17) years of business experience dealing in household hardware and storage system. He joined PSSSB in 2008 as Assistant Production Manager and promoted to Sales Manager in 2012. He was appointed as the Sales Director of PSSSB on 1 June 2016. He is currently responsible for the sales and administrative, shipping, export, design and engineering department of PSSSB.

Mr. Andy Toh does not have immediate family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of public companies and public listed companies.

JASON TOH JIN HIN

Sales Director, PPTSB
Aged: 37, Male, Malaysian

Mr. Jason Toh Jin Hin ventured into business after completing his secondary education. He joined Prestar Group in 2002 and was formerly attached to POSCO-MKPC Sdn. Bhd., a 30%-owned associate company of the Company. He has vast experience in the field of sales and marketing. He was appointed as the Executive Director of PPTSB on 1 December 2014 and is currently responsible for the sales and marketing activities of PPTSB – Carbon Steel Pipes division.

Mr. Jason Toh is the son of Mr. Toh Yew Keat, the Group Executive Chairman and major shareholder of the Company. He does not sit on the Board of public companies and public listed companies.

PROFILE OF KEY SENIOR MANAGEMENT (cont'd)

LIM CHOON TEIK

Managing Director, Tashin Steel Sdn. Bhd. ("TSSB") and Tashin Hardware Sdn. Bhd. ("THSB") ("Tashin Group")
Aged: 66, Male, Malaysian

Mr. Lim Choon Teik ventured into business after completing his secondary education. He serves as an Advisor to the Penang Hardware and Machinery Merchants' Association.

Mr. Lim was appointed as an Executive Director of THSB and TSSB on 2 March 2004 and 18 October 2004 respectively. He was re-designated to Managing Director of TSSB on 21 July 2017. He has extensive experience in the field of sales and marketing in hardware and machinery. He is responsible for the overall business development and formulation of all marketing plans and strategies for Tashin Group.

Mr. Lim does not have any family relationship with any Director and/or major shareholder of the Company. He is also a Director of several private limited companies. He sits on the Board of Tashin Holdings Berhad, a public company that is proposed to be listed on the ACE Market of Bursa Securities.

LIM FONG KAN

Director, Prestar Galvanising Sdn. Bhd. ("PGSB")
Aged: 53, Male, Malaysian

Mr. Lim Fong Kan ventured into business after completing his secondary education. He joined PMSB in 1995 as Engineering Manager. Prior to joining the Company, he was attached to T & G Engineering Works and Magnum Engineering Works, involved in moulds and dies design and fabrication. He has more than twenty (20) years of experience in the areas of mould and dies, fabrication and engineering. He was appointed as Director of PGSB on 4 November 2009. He is responsible for the entire tooling division of PGSB on moulds and dies fabrication as well as maintenance and installation of machineries.

Mr. Lim does not have any family relationship with any Director and/or major shareholder of the Company. He does not sit on the Board of public companies and public listed companies.

FOONG KOK CHUIN

Chief Financial Officer, Tashin Group
Aged: 51, Male, Malaysian

Mr. Foong Kok Chuin graduated from University of Malaya with a Bachelor Degree in Accountancy. He is a Chartered Accountant of the Malaysian Institute of Accountants and Certified Member of the Financial Planning Association of Malaysia. He joined TSSB in 1999 and appointed as the General Manager on 1 January 2015. He was appointed as the Chief Financial Officer of Tashin Group in 2018. He has more than twenty (20) years of experience in the field of accounting and finance and is currently responsible for all the finance, accounting and administration functions of Tashin Group.

Mr. Foong does not have any family relationship with any Director and/or major shareholder of the Company. He sits on the Board of Tashin Holdings Berhad, a public company that is proposed to be listed on the ACE Market of Bursa Securities.

THEN KWEE HONG

Assistant General Manager, Group Human Resources and Administration, Prestar Resources Berhad
Aged: 54, Female, Malaysian

Ms. Then Kwee Hong holds a Diploma in Human Resource Management from University Malaya. She joined Prestar Group in 2001 and appointed as the Assistant General Manager, Group Human Resources and Administration on 1 May 2016. She has more than twenty (20) years of experience in Human Resource Management and is currently responsible for the human resource, administration and safety and security affairs of the Prestar Group.

Ms. Then does not have any family relationship with any Director and/or major shareholder of the Company. She does not sit on the Board of public companies and public listed companies.

Save as disclosed above, none of the key senior management has:

(a) any conflict of interest with the Company;
(b) any conviction for offences (other than traffic offences, if any) within the past five (5) years; and
(c) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

SUSTAINABILITY STATEMENT

CREATING SUSTAINABLE VALUE

Prestar Resources Berhad ("Prestar" or "the Company") operates in a dynamic and competitive market. In response, sustainability forms part of our strategic imperative to achieve our long-term value. Prestar leverages on this sustainable development report to improve our stakeholders' engagement and for better respond to stakeholders' concerns, including emerging issues and risks.

This is our second year of sustainability reporting in accordance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements. We have enhanced our sustainability reporting this year by incorporating Global Reporting Initiative ("GRI") frameworks and standards. Although we are not in full compliance with the GRI standards, our significant efforts are underway to meet the core principles of the GRI standards.

Our sustainability reporting period covers from 1 January 2018 to 31 December 2018 and the scope of this statement includes all our subsidiaries ("the Group") excluding our subsidiary in Indonesia and representative office in Thailand as their contributions are minimal. This statement also excludes our 51%-owned subsidiary in Penang, Tashin Steel Sdn. Bhd. ("TSSB") and its subsidiary, Tashin Hardware Sdn. Bhd. ("THSB"), since TSSB will be listed on the ACE Market of Bursa Securities through the listing vehicle, Tashin Holdings Berhad. The data disclosed in this statement has not been verified by an independent third party.

SUSTAINABILITY GOVERNANCE

We have been communicating our corporate social responsibility ("CSR") activities through our annual reports since financial year ended ("FYE") 2007. In year 2015, Bursa Securities had introduced a formalised sustainability reporting framework and we have intensified our efforts in meeting these requirements. As part of these efforts, Prestar's Management Committee has included sustainability as one (1) of their agenda.

The Management Committee is chaired by Dato' Toh Yew Peng, the Group Managing Director and supported by the representatives from various divisions, to consolidate, develop and coordinate our sustainability initiatives across the Group.

Key stakeholders

We identify our stakeholders through a workshop held with the participation of key senior management. We actively solicited on the issues affecting our stakeholders and to have regular communications with stakeholders to enable us to identify emerging trends, issues and concerns. The following table describes our stakeholders and how do we engage them:

SUSTAINABILITY STATEMENT (cont'd)

Key stakeholders (cont'd)

No.	Stakeholders	Description	How do we engage them
1	Shareholders/ investors	Investors provide the Group with the financial capacity for business operation and growth. The key to engage with the shareholders continuously is to ensure they understand the Group's operations, strategies and business growth.	· Annual general meetings · Extraordinary general meetings · Corporate announcements · Media releases
2	Customers	Our customers vary significantly as our products cater for many industries which include construction companies, manufacturers and factories, traders and wholesalers.	· Daily engagements · Briefings · Site visits · Advertisements and media releases
3	Suppliers	Our suppliers are mainly raw materials suppliers such as steel, chemicals, manufacturing consumables, factories and administration supplies.	· Tenders · Advertisements · Regular briefings · Visits
4	Financiers/ banks/ analysts	Providers of funds and information.	· Corporate announcements · Media
5	Local authorities / municipalities/ regulators/ Government Ministries	Our operations are governed by local authorities, municipalities and regulators of a few Ministries at Federal level.	· Compliance efforts, i.e. submission of reports · Regular visits · Events, i.e. corporate, government and conferences · Media releases
6	Local community/ Non-governmental organisations ("NGOs")/ Industry associations	The Group works together with various community entities, NGOs and industry associations for the betterment of our societies.	· CSR activities · Industry associations · Sponsorships and donations · Media releases
7	Employees	The key to our operations is our people. They help us to achieve our corporate and business objectives.	· Performance evaluation · Trainings and developments · Compensations and benefits · Corporate and community activities

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

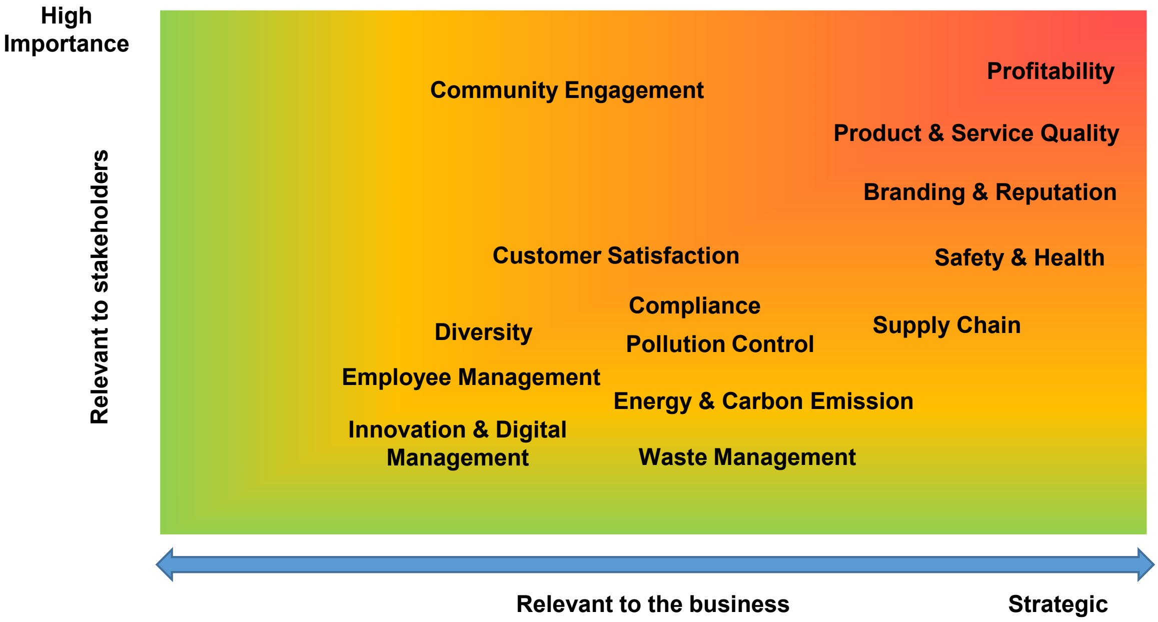
Prestar conducted a materiality assessment workshop in October 2018 to identify and prioritise the key sustainability matters. The workshop was held with the participation of top key senior management. The materiality assessment also included a desktop review on the Group's business operations and risk areas and also the input from senior management and the Board of Directors. Through this assessment activities, the following fourteen (14) key sustainability matters were identified.

SUSTAINABILITY STATEMENT (cont'd)

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS (cont'd)

Details of each of the sustainability material matters are described as below:-

Sustainability Materiality Profile



1. ECONOMIC

Profitability

The Group's core competencies allow us to serve diverse customers with comprehensive and customised products. We will continue to invest and develop new capabilities in the future in addition to pursuing innovation and technology initiatives. Profitability of the Group is explained in details in the Management Discussion and Analysis in another section of this Annual Report.

Anti-bribery and corruption

The Group has a zero-tolerance policy against all forms of bribery and corruption. Our policy on bribery and corruption includes all of our dealings with internal and external stakeholders but not limited to third-party service providers and vendors. We believe that an effective corporate governance and internal controls would enable strong prevention to bribery and corruption.

Whistle-blowing policy

Our Whistle-blowing policy is designed to uphold the Group's efforts and commitments in doing business with honesty and integrity, thus, enable us to provide a transparent and confidential process in handling any whistle-blowing reports. We expect the highest standard of integrity from all our employees, Management and Directors. The policy is structured to facilitate employees and external parties to report suspicious or actual misconducts, wrongdoing, corruption, fraud and abuse of rules and regulations without fear of retaliation.

The Code of Conduct and Ethics for Directors is available on our website at www.prestar.com.my. The similar code applied to our employees is Employees' Discipline & Conduct and is available in the Employees Handbook when they commence their employment contract with the Group.

Branding and reputation

We seek our customers' feedback on our branding and reputation. In response to these feedbacks, we continuously identify programmes and activities to ensure our brand name are well known in the market place. Our sales and marketing activities promote our products and services to potential customers worldwide with focus on South East Asia region.

SUSTAINABILITY STATEMENT (cont'd)

2. ENVIRONMENTAL

We operate our production responsibly to minimise the environmental impact to our businesses. We are aware of the need to protect the environment and are committed to maintain high standard of environmental management in all our operations, and to comply with the environmental rules and regulations that govern our businesses.

To achieve this goal, the Group has actively promoted efficient use of energy and natural resources and adoption of environmental friendly means of waste management.

This policy is communicated across our business units and support divisions to propagate environmental awareness to all persons working for and on behalf of the Group.

Pollution control

We strictly comply with the requirements of Department of Environment ("DoE") under the Ministry of Energy, Science, Technology, Environment & Climate Change and are aware of the regulatory requirements to protect the human and environment. While the operations involve in releasing a by-product gas to the environment during our production processes, we ensure that a tight controlled process and tests are conducted regularly to prevent the leakage of harmful gas to the surrounding population.

The DoE had conducted site visits regularly to our factories to inspect the process and measure the toxicity level of the gases released are within the safe limits.

Other efforts include installing Air Pollution Control system such as scrubber system to prevent emission of acid fumes prior to gas release to the environment and a dust collector to filter particulate matter.

Energy and carbon emission

The Group is committed to monitor the electricity usage in the production activities in both factories and workshops and to implement improvement initiatives throughout the Group towards reducing the energy consumption.

During the FYE 2018, the Group consumed a total amount of 8,795,395 kilowatt per hour. The consumption trends have been increasing. Through the energy reduction initiatives and innovation of new production technologies, we are expecting the electricity consumption would be reduced within the next three (3) years.

Waste management

Our operations generated scheduled wastes from cleaning activities during the production processes. These waste by-products are disposed through a proper and licenced disposal contractor in accordance with the requirements by the DoE. For the FYE 2018, we have produced and disposed a total of 457.38 metric tonne of scheduled wastes.

Emphasis is placed on monitoring the waste management on our premises. We have been continuously identified relevant courses for our employees to be certified in the Certification of Environmental Professional in Scheduled Waste Management in order to ensure that scheduled wastes on our premises are managed in accordance with the legal requirements.

Compliance with environmental laws and regulations

We are pleased to inform that Prestar has not been penalised or fined by the authorities for the FYE 2018. We are in compliance with most of the environmental laws and regulations and take proactive steps to address any issues related to our environment. We have continuously and regularly engaged with DoE in ensuring any issues raised by DoE were addressed and steps were taken to mitigate the issues or reduce it to a minimal risk.

3. SOCIAL

Significant benefits can be generated for both Prestar and its employees when an organisation's activity promotes diversity and equality at workplace. These benefits also flow through to society in general, as greater equality promotes social stability and supports further economic development. Therefore, employees are one of the most important assets to Prestar and we strive to provide the best working conditions to all employees regardless of their nationality, race, or gender.

SUSTAINABILITY STATEMENT (cont'd)

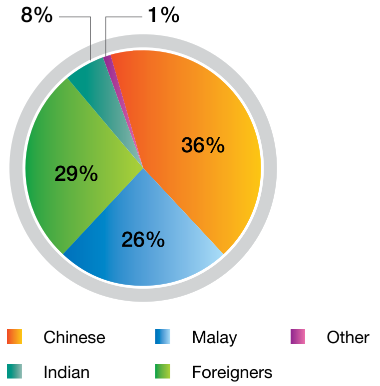
3. SOCIAL (cont'd)

Diversity and equal opportunity

We embrace diversity and our employees' composition includes all major races in Malaysia. We have a total of 585 employees comprising both Malaysian and foreign workers. We appreciate that in a dynamic business environment, a diversified workforce and an open and transparent corporate culture are key success factors to achieving our corporate objectives. We want to create an inclusive working environment that fosters all dimensions of diversity. We pursue a holistic approach, which includes personal characteristics as well as experience, knowledge, and skills.

Our employees composition based on races and nationality is depicted in the chart.

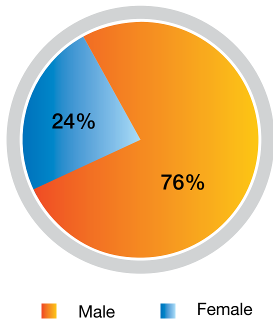
Prestar Group Employees Profile FY2018



Gender percentage

Our objective is to continual balance the share of female representation at all levels of the Group. We employ based on merit without gender consideration. We are supportive with the career development of women at all Management levels. In FYE 2018, the proportion of women in our employment was around twenty-four per centum (24%). There are certain challenges in the manufacturing sector to attract and retain women employees including to develop an approach to allow employees to work flexible in manufacturing sector. We are considering various ways to encourage women participation through flexible policies adapted to fit various manufacturing workplaces and attractive compensation and benefits for women.

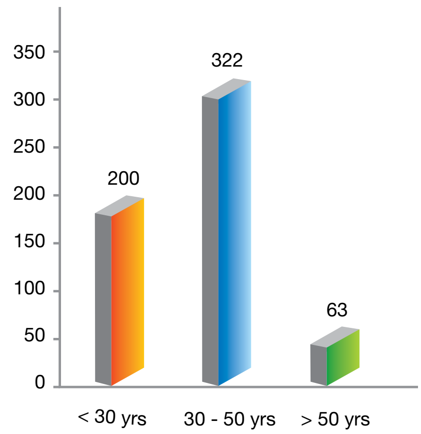
Gender Percentage FY2018



Age diversity

Our employees are distinct based on their education, career paths and social relationships in different life stages. Malaysia is set to become an ageing nation in just a few decades and its citizens may face a future of slower growth, higher cost of living and the need to save more for a longer post-retirement life. We appreciate our senior employees and most of our employees aged more than 50 years are highly experienced and provide guidance and trainings to the younger ones.

Prestar Employee Age Profile FY2018



Employee management

Employee compensation and benefits

Our employees are an important element of our corporate structure and enable us to ensure our long-term and sustainable business success. For this reason, it is imperative to recognise our people's performance through appropriate remuneration in line with the market. Our performance-based compensation is used to reward individual contributions and the compensation systems for our non-managerial employees is based on local requirements and the existing labour agreements.

There is no difference between the compensation received by male and female employees. In addition to the fixed and performance-based salary, our remuneration system also includes benefits-in-kind and social security components in accordance with labour regulation.

Employee training

We are committed to ensure our employees continue to develop their competencies and skills. All employees will have access to training and development to enable them to acquire the knowledge, skills and attitudes necessary to develop their needs and potential on the job and contribute towards the Company's future growth.

SUSTAINABILITY STATEMENT (cont'd)

3. SOCIAL (cont'd)

Employee training (cont'd)

In FYE 2018, the Group had continued providing its employees with various training programmes which cover both internal and external trainings. These trainings clocked almost 2,425 of training and development hours and we anticipate these trainings to benefit our employees by providing the avenue for them to enhance their skills and ultimately, productivity of the Group.

Customer satisfaction, product and service quality

Prestar aims to provide quality products at a reasonable and competitive pricing to our customers. We continuously engage with our customers to understand their requirements and customise our solutions in order to meet their needs. In future, we will assess our customers through a survey to better understand and respond to their needs timely.

With rapid emerging technology, changing economic and jurisdictional factors, competition and consumer demand, Prestar aspires to be innovative and be the pioneer in embracing new business models and adopting automation to support our operations and regulatory obligations. As we pursue greater agility and resiliency, we might consider expanding the use of advanced data analytics, artificial intelligence and innovative technologies in areas including production processes and consumer protections.

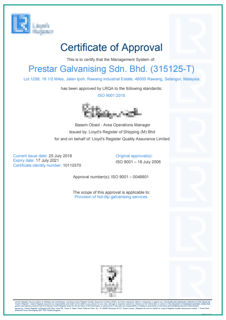
Supply chain

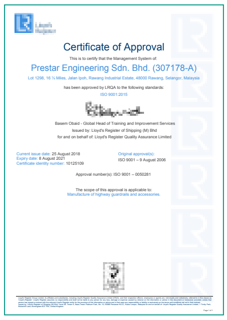
Our contractors, vendors and suppliers are our most important resources and they have significantly influenced our environmental footprint. In order to accommodate with the increasingly competitive value chains and more complex procurement activities, we are working to improve our engagement with our contractors, vendors and suppliers in future.

Safety, health and environment aspects became more crucial as they take their place alongside with the key commercial and operating indicators. Our target for FYE 2019 is to work with our partners to improve the working conditions of our employees in our supply chains.

We had established certain performance indicators in a manner consistent with our sustainability requirements. In selecting and working with our business partners, we also consider their performance in regard to the safety, health, environment, social standards and fair business practices. We are continuously improving our dealings with our contractors, vendors and suppliers to achieve our business objectives.

Most of our contractors, vendors and suppliers are local companies and we purchase locally from them.





SUSTAINABILITY STATEMENT (cont'd)

Community engagement

CSR is an integral part of our corporate culture ever since the Company was listed on the Main Market of Bursa Securities on 20 September 1995. Our commitment to social involvement goes beyond direct business interests and it is evident through our social engagement.

During the reporting year, we embarked on several initiatives, as part of our efforts to promote social inclusion of communities, irrespective of people's background and economic status.

Our Social Care Committee ("SCC") held corporate programmes for our employees including open houses during three (3) major festive seasons in Malaysia, i.e. Hari Raya, Chinese New Year and Deepavali.

We also provided support to education, social initiatives and health. These projects are selected according to our corporate standard for donations, memberships and sponsorships. We took children from orphanages to visit the National Science Centre in Kuala Lumpur. We believe in inspiring the scientist in every child from young age can create a positive influence on the children's interest in science. We will continue our efforts to empower and enrich the lives of communities around us. We have a proud history of co-sponsoring the 10th Rawang Open Badminton Tournament to support the healthy living, organised jointly by the Rawang Badminton Club, Pusat Khidmat Masyarakat DUN Rawang, and Pejabat Ahli Parlimen Selayang, held from 14 September 2018 to 16 September 2018, with the main objective to create a platform for social interaction and to enhance our branding image of the Group.

In addition to the above, it has become an annual affair for SCC to initiate a blood donation campaign every year, since year 2016 at our headquarter in Rawang. On 29 August 2018, SCC again collaborated with the National Blood Centre to hold a blood donation campaign and was concluded with an overwhelming participation from our employees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") is committed in ensuring that good corporate governance based on the practices and guidance as set out in the Malaysian Code on Corporate Governance ("MCCG") are practiced throughout the Company and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities and for the purpose of safeguarding the interests of its shareholders and stakeholders as well as the assets of the Group. In line with this, the Board is committed to the Company's policy of managing the affairs of the Group with transparency, integrity and accountability by ensuring that a sound framework of the best corporate practices is in place at all levels of the Group's businesses and thus discharging its principal responsibility towards protecting and enhancing long-term shareholders' value and stakeholders' interest. The ensuing paragraphs in this Corporate Governance Overview Statement ("CG Overview Statement") describe the extent of how the Group has applied and complied with the practices and guidance as set out in the MCCG for the financial year ended 31 December 2018 ("FYE 2018").

This CG Overview Statement is made pursuant to Paragraph 15.25(1) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") with guidance from the Practice Note 9 of Bursa Securities MMLR and the Corporate Governance Guide (3rd Edition) issued by Bursa Securities.

The detailed application for each practice and guidance as set out in the MCCG is disclosed in the Corporate Governance Report ("CG Report") which is available on the Company's corporate website at www.prestar.com.my and through the announcement published on the website of Bursa Securities. The CG Report is based on a prescribed format as outlined under Paragraph 15.25(2) of Bursa Securities MMLR.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Part I : Board responsibilities

1) Clear functions, roles and responsibilities of the Board and Management

i) 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 identified and separated to ensure effective operations of the Group.

The Board has also delegated certain responsibilities to other Board Committees which operate within clearly defined terms of reference. The standing Board Committees include the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Employees' Share Option Scheme ("ESOS") Committee. It is the general policy of the Group that all major decisions be considered by the Board.

ii) The Board reviewed the sustainability, effectiveness and implementation of the strategic plans for the year and provided guidance and input to Management. In order to ensure the effective discharge of its functions and duties, the principal responsibilities of the Board include, among others, the following:-

- Review and adopt strategic business continuity plans for the Company and the Group;
- Oversee and monitor the conduct of the Group's businesses and financial performance;
- Review and adopt the budgets and financial results of the Company and the Group as well as monitor the compliance with applicable accounting standards and the integrity and adequacy of financial information disclosure;
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- Review the adequacy and integrity of the Company's and the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines; and
- Establish authority control parameters for the top management and Executive Directors of the Group for control and planning so as to safeguard the interests of the Group, and to facilitate the functioning of the Group's operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part I : Board responsibilities (cont'd)

1) Clear functions, roles and responsibilities of the Board and Management (cont'd)

iii) Role of Company Secretaries

The Board is assisted by two (2) professional Chartered Company Secretaries (outsourced) who carry out the responsibilities of the company secretarial function for the Group. The main duties of the Company Secretaries, among others, are as follows:-

- Ensure compliance of the Listing Requirements of Bursa Securities and related statutory obligations and requirements as well as updating the Board regularly on all relevant changes to the Listing Requirements of Bursa Securities and statutory requirements;
- Attend Board Meetings, Board Committees Meetings and General Meetings, and ensure the proper recording of proceedings as well as follow-up on matters arising from the aforesaid Meetings;
- Ensure proper upkeep of statutory registers and records and maintain a secured retrieval system which stores meeting papers and Minutes of Meetings; and
- Assist the Chairman in the preparation for and conduct of various Meetings of the Company.

Both Company Secretaries have the requisite credentials and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016.

iv) Access to information and advice

All Directors are provided with the agenda and information necessary for them to deal with prior to each Board Meeting. Senior Management team was invited to attend Board Meetings to provide the Board with detailed explanations and clarifications on certain matters that were tabled to the Board. The meeting papers include, amongst others, Quarterly Financial Report, Internal Audit Report, significant financial data and corporate issues, Risk Management Committee Progress Report, Minutes of all Board Committees Meetings, list of all announcements made, summary of Directors' dealings, list of all Board Circular Resolutions passed and any other matters requiring the Board's approval.

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

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.

2) Demarcation of responsibilities

i) 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. The Board Charter was adopted by the Board on 25 April 2013 and the last review of the Board Charter was on 10 April 2018.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities. Any subsequent amendment to the Board Charter can only be approved by the Board.

The Board Charter is available on the Company's corporate website at www.prestar.com.my.

3) Good business conduct and corporate culture

i) Code of Conduct and Ethics

The Board has established a Code of Conduct and Ethics which provides ethical guides on the standards of behaviour expected from all Directors of the Group, during the conduct of business for the Group. For all intents and purposes, all Directors shall always observe and ensure compliance with all applicable laws and regulations to which they are bound to observe in discharging their duties and responsibilities. The Code of Conduct and Ethics is available on the Company's corporate website at www.prestar.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part I : Board responsibilities (cont'd)

3) Good business conduct and corporate culture (cont'd)

ii) Whistle Blowing Policy

The Board has established a Whistle Blowing Policy to uphold the Group's effort and commitment in doing business with ethics of honesty and integrity, henceforth providing a transparent and confidential process in handling the whistle-blowing reports. The Whistle Blowing Policy will serve as an avenue for all employees and members of the public to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interests of the stakeholders. The Whistle Blowing Policy is available on the Company's corporate website at www.prestar.com.my.

Part II: Board composition

4) Board's objectivity

i) Composition of the Board

The Board presently has nine (9) members and comprises five (5) Executive Directors including the Chairman of the Board and four (4) Independent Non-Executive Directors, which fulfils the prescribed requirement of one-third (1/3rd) of the Board to be independent as stated in Paragraph 15.02 of Bursa Securities MMLR. However, the Board took note of the requirement of Practice 4.1 of the MCCG which requires at least half of the Board comprises Independent Non-Executive Directors.

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

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

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

ii) Independent Non-Executive Directors, Board diversity and key Management

a) Tenure of Independent Non-Executive Director

At the time of writing this Statement, Tuan Haji Fadzlullah Shuhaimi Bin Salleh and Dato' Lim Cheang Nyok had served the Board as the Independent Non-Executive Directors of the Company for more than twelve (12) years while Encik Md. Nahar Bin Noordin had served the Board for eleven (11) years and Mr. Lou Swee You had served the Board for almost eleven (11) years. During their tenure, they have continued to exercise their independence and carried out their professional duties in the best interests of the Company and shareholders.

b) Policy of Independent Non-Executive Director's tenure

The Company does not have a policy which limits the tenure of its Independent Non-Executive Directors to nine (9) years. The shareholders' approval is sought at every Annual General Meeting ("AGM") to retain the Independent Non-Executive Directors of the Company who have served the Board for more than nine (9) years. The Independent Non-Executive Directors who served more than twelve (12) years will be tabled to the shareholders for approval at every AGM through two (2)-tier voting process according to Practice 4.2 of the MCCG.

The NC has assessed and determined that the Independent Non-Executive Directors of the Company who have served the Board for more than nine (9) years remained objective and independent. Based on the aforesaid assessment, the NC then recommended to the Board that the aforesaid Independent Non-Executive Directors should be retained as Independent Non-Executive Directors and the same be tabled to the shareholders for approval at the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition (cont'd)

4) Board's objectivity (cont'd)

ii) Independent Non-Executive Directors, Board diversity and key Management (cont'd)

c) Diverse Board and Senior Management team

Appointment of Board and Senior Management are based on objective criteria, merit and due regard for diversity in skills, experience, age, cultural background and gender. Please refer to the Profile of Directors and the Management team in other sections of this Annual Report, respectively for further information.

d) Gender Diversity Policy

The Board acknowledges the importance of Boardroom diversity, including gender diversity, to the effective functioning of the Board. As such, female representation on the Board will be considered when vacancies arise or suitable candidates are identified in line with the Group's strategic objectives.

The Board has established a Gender Diversity Policy and would ensure that there is no discrimination based on, 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. The Gender Diversity Policy is available on the Company's corporate website at www.prestar.com.my.

e) New candidates for Board's appointment

There is no candidate to be appointed to the Board during the FYE 2018. Any potential shortlisted candidate, whom is not known to the existing Board members, would be interviewed by the NC and thereafter, to meet with the Board for endorsement of appointment.

iii) NC

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

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

a) To identify new candidates for the Board after assessing the suitability of candidates based on the criteria adopted;
b) To consider and recommend to the Board, candidates for directorship, proposed by the Group Managing Director, any Senior Management, any Director or any shareholder;
c) To recommend the nominees to fill the seat on the Board Committees;
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.

The main activities of the NC during the FYE 2018 include the following:-

a) Reviewed the required mix of skills, experience and other qualities of the Board;
b) Assessed the effectiveness of the Board as a whole and the Board Committees including the AC;
c) Assessed the contribution and performance of each individual Director and AC member;
d) Assessed the independency of the Independent Non-Executive Directors;

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition (cont'd)

4) Board's objectivity (cont'd)

iii) NC (cont'd)

e) Reviewed and recommended to the Board, the re-election of the Directors who shall retire at the AGM of the Company; and
f) Reviewed and recommended to the Board, the retention of the Independent Non-Executive Directors in accordance with the MCCG.

The full terms of reference of the NC, outlining the NC's objectives, composition, retirement and resignation, proceeding of Meetings, authority and duties and responsibilities, is available on the Company's corporate website at www.prestar.com.my.

Reinforce independence: Annual assessment of independence of Directors

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

The Board considers that its Independent Non-Executive Directors provide an objective and independent views on various issues dealt with at the Board and Board Committees level. All the Independent Non-Executive Directors are independent of management and are free from any relationship that could materially interfere with the exercise of their independent judgement.

As for the non-compliance of Practice 4.1 of the MCCG where the Board shall comprise at least half of the Independent Non-Executive Directors, the Board is of the view that the current composition of Independent Non-Executive Directors fairly reflects the interest of minority shareholders of the Company through the Board's representation. The Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

Re-election of Directors

In accordance with Article 105 of the Company's Articles of Association ("AA'"), at least one-third (1/3rd) of the Directors, or the number nearest to one-third (1/3rd) 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 105 of the Company's AA.

iv) ESOS Committee

In line with the implementation of the 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 members of the ESOS Committee are as follows:

Dato' Lim Cheang Nyok	Chairman (Independent Non-Executive Director)
Dato' Toh Yew Peng	Member (Group Managing Director)
Mr. Toh Yew Seng	Member (Group Executive Director)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition (cont'd)

5) Overall Board effectiveness

i) Annual evaluation of the Board

The Board had through the NC undertakes the following assessments annually:-

(a) Effectiveness of the Board as a whole and the Committees of the Board;
(b) Contribution and performance of the AC and each individual AC member;
(c) Contribution and performance of each individual Director; and
(d) Independence of the Independent Non-Executive Directors.

The outcome of the abovementioned annual assessments is disclosed in CG Report which is available on the Company's corporate website at www.prestar.com.my.

ii) Board Meetings

The Board intends to meet at least four (4) times a year, with additional Meetings to be convened where necessary.

During the FYE 2018, a total of four (4) Board Meetings were held and the details of each Director's attendance at the Board Meetings are as follows:-

Name of Directors	No. of Meetings attended	% of attendance
Mr. Toh Yew Keat	4 / 4	100
Dato' Toh Yew Peng	4 / 4	100
Mr. Toh Yew Kar	4 / 4	100
Mr. Toh Yew Seng	4 / 4	100
Mr. Toh Yew Chin	4 / 4	100
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	4 / 4	100
Encik Md. Nahar Bin Noordin	4 / 4	100
Dato' Lim Cheang Nyok	3 / 4	75
Mr. Lou Swee You	4 / 4	100

In the intervals between the Board Meetings, the Board's approvals are obtained via circular resolutions for exceptional matters requiring urgent Board's decisions which are supported by the relevant information in order to form an informed decision. In order to facilitate the Directors' planning and time management, an annual meeting calendar is prepared and given to the Directors before the beginning of each financial year.

The Board is satisfied with the time commitment given by the Directors. All of the Directors do not hold more than five (5) directorships in the public listed companies as stipulated under Paragraph 15.06 of Bursa Securities MMLR. If any Director wishes to accept a new directorship in the public listed companies, the Chairman will be informed beforehand together with indication of time that will be spent on new appointment.

iii) Directors' training

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

The Board 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 businesses and operations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part II: Board composition (cont'd)

5) Overall Board effectiveness (cont'd)

iii) Directors' training (cont'd)

During the FYE 2018, the Directors had attended various talks and seminars organised by Bursa Securities and other local training organisations as follows:-

Attended by	Seminars/Programmes
Dato' Toh Yew Peng	• Sales and Services Tax Implementation Seminar • CG Briefing Sessions: MCCG Reporting and CG Guide
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	• Sales & Service Tax Implementation Seminar • CG Briefing Sessions: MCCG Reporting and CG Guide
Dato' Lim Cheang Nyok	• Anti-Money Laundering, Anti-Terrorism Financing and Process of Unlawful Activities Act 2001 • Sales and Services Tax Implementation Seminar
Mr. Toh Yew Keat Mr. Toh Yew Kar Mr. Toh Yew Seng Encik Md. Nahar Bin Noordin Mr. Lou Swee You	• Sales and Services Tax Implementation Seminar

In addition, the Company Secretaries and the External Auditors also update the Board on a regular basis the respective changes and amendments to regulatory requirements, laws and accounting standards to assist the Board to keep abreast of such developments.

Part III: Remuneration

6) Remuneration Policy

The objective of the Group's Remuneration Policy is to attract and retain the Directors and Senior Management that could lead the Group to achieve its long-term goals and enhance shareholders' value.

In the case of Executive Directors and Senior Management, the components of the remuneration packages are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities.

7) RC

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 Executive Directors.

The RC reviews the Directors' fees and benefits and proposed to the Board for approval and recommendation to the shareholders for approval at the AGM.

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	2/2
Encik Md. Nahar Bin Noordin	Member	2/2
Mr. Lou Swee You	Member	2/2

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part III: Remuneration (cont'd)

7) RC (cont'd)

The full terms of reference of the RC, outlining the RC's objectives, composition, retirement and resignation, proceeding of Meetings, authority and duties and responsibilities, is available on the Company's corporate website at www.prestar.com.my.

8) Directors' remuneration

The information of the remuneration of the Directors of the Company comprising remuneration received/receivable from the Company and its subsidiary companies during the FYE 2018 is listed below:-

i) Aggregate remuneration categorised into the appropriate components is as follows:-

(a) Group

RM ('000)	Executive Directors	Non-Executive Directors
Fees	118	138
Salaries	3,666	-
Bonus and others	847	10
Benefits-in-kind	120	6
EPF and SOCSO	830	-

(b) Company

RM ('000)	Executive Directors	Non-Executive Directors
Fees	82	138
Salaries	978	-
Bonus and others	146	10
Benefits-in-kind	36	6
EPF and SOCSO	198	-

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

(a) Group

	Executive Directors	Non-Executive Directors
Below RM50,000	-	4
RM450,001 to RM500,000	1	-
RM700,001 to RM750,000	1	-
RM850,001 to RM900,000	1	-
RM1,600,001 to RM1,650,000	1	-
RM1,850,001 to RM1,900,000	1	-

(b) Company

	Executive Directors	Non-Executive Directors
Below RM50,000	4	4
RM1,350,001 to RM1,400,000	1	-

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Part III: Remuneration (cont'd)

8) Directors' remuneration (cont'd)

Detail remuneration of the Directors is not disclosed as the Board considered the information is sensitive and proprietary, besides the issue of personal security is also taken into consideration and may be wrongly used or quoted by certain parties. The transparency and accountability aspects of corporate governance applicable to the remuneration of these Directors are deemed appropriately served by the above disclosures.

9) Remuneration of top five (5) Senior Management staff

The remuneration of the top five (5) Senior Management staff of the Group in a RM50,000/- band are as follows:-

Range of Remuneration (RM)	No. of person
350,001 - 400,000	1
400,001 - 450,000	1
450,001 - 500,000	-
500,001 - 550,000	1
550,001 - 600,000	-
600,001 - 650,000	1
650 001 - 700,000	1

Details remuneration of the top five (5) key Management team is not disclosed as the Board considered the information is sensitive and proprietary, and the information may be wrongly used or quoted by certain parties. The transparency and accountability aspects of corporate governance applicable to the remuneration of these staff are deemed appropriately served by the above disclosures.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

10) AC

The AC consists of three (3) Independent Non-Executive Directors, which complied with Paragraph 15.09(1)(c) of Bursa Securities MMLR whereby the AC shall only consist of Non-Executive Directors and majority of whom are Independent Non-Executive Directors. In line with Practice 8.1 and Step-Up Practice 8.4 of MCCG, the AC of the Company comprised solely of Independent Non-Executive Directors and the Chairman of the AC, Mr. Lou Swee You, is not the Chairman of the Board. For detailed information on the AC with regards to its composition, activities and its report, please refer to the AC Report in this Annual Report.

None of the AC members was a former key audit partner of the Company. In line with the MCCG, the Board has adopted the revised terms of reference of the AC that no former key audit partner could be appointed as a member of the AC before aborting a cooling-off period of at least two (2) years.

All members of the AC have the relevant accounting, finance and/or related financial experience and expertise to effectively discharge their duties. The qualification and experience of the individual AC member are disclosed in the Directors' Profile in this Annual Report.

11) Suitability, objectivity and independence of the External Auditors

The Board, through the AC maintains a formal and transparent relationship with its External Auditors in seeking professional advice. The AC meets with the External Auditors without the presence of the Executive Board members and Management staff at least twice a year regarding audit planning, adequacy of controls, and other relevant audit and accounting issues.

The AC is assigned to assess, review and supervise the performance, suitability and independence of the External Auditors. Evaluation of the External Auditors is carried out on a yearly basis to determine its' continuance suitability and independence via a formal assessment form. The AC remains confident that the objectivity and independence of the External Auditors are not in any way impaired by reason of the non-audit services provided to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

11) Suitability, objectivity and independence of the External Auditors (cont'd)

The External Auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accounts' By-Law (on Professional Ethics, Conduct and Practice).

12) Group Risk Management Committee ("GRMC")

The Board acknowledges that there are inherent risks associated with the business carried out by the Group. The GRMC 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 GRMC with periodical reports on the status of risk management in individual subsidiary. The GRMC 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 Committee Progress Reports are further presented to the AC and thereafter to the Board for their deliberations.

13) Sound Risk Management and Internal Audit Function

The Board acknowledges its responsibility for establishing a sound system of internal control and risk management framework and practices which encompasses financial, operational and compliance control that aims to safeguard shareholders' investment and the Group's assets during its course of business.

The Group has outsourced its internal audit function to assist the AC in discharging their duties and responsibilities. On-going reviews are performed on quarterly basis to identify, evaluate, monitor and manage significant risks affecting the businesses and ensure that adequate and effective controls are in place. The Internal Auditors report their findings and recommendations to the AC during the quarterly AC Meeting.

The Risk Management Unit of each subsidiary is actively identifying, assessing and monitoring the key business risks to safeguard shareholders' investments and the Group's assets by monitoring the internal control in place with the assistance of the AC.

The GRMC assists the AC and the Board by reviewing the Risk Management Reports of all subsidiaries of the Company. The Board is updated on the Group's internal control system which encompasses risk management practices as well as financial, operational and compliance control on a quarterly basis.

While the internal control system is devised to cater for the 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. Information on the Company's risk management framework and internal control system within the Group is presented in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

14) Corporate reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board is committed to provide a balanced, fair and comprehensive assessment of the Company's state of affairs in relation to its financial performance. In order to achieve the above, adequate financial processes are in place, aimed at keeping the Group's accounting records and transactions in accordance with accepted accounting standards. This also helps to safeguard the preparation of annual financial statements which present a true and fair view of the state of affairs of the Group at the reporting dates.

The AC assists the Board by reviewing the financial statements with Management and the External Auditors (when reviewing the yearly financial statements) to ensure the accuracy and adequacy of all the information to be disclosed as well as to ensure its compliance with the requirements of the rules and regulations of the authorities and approved accounting standards. The Group Finance Director also presented to the AC and the Board detailed presentations on the financial results, including performance against targets/budget.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

14) Corporate reporting (cont'd)

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

15) Communication with stakeholders

The Board recognises the importance of an effective communication channel between the Board, shareholders, investors and general public. The Annual Reports, press releases, quarterly results and timely announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance and also form an important channel of communication to reach shareholders and investors. In view thereof, effort has been taken to enhance the contents of the Annual Report in line with the MCCG and Bursa Securities MMLR.

The Group Managing Director is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board.

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.

16) Encourage shareholder participation at General Meetings

The AGM represents the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issue and to have a better understanding of the Group's businesses and corporate developments. Adequate notice period for the AGM of not less than twenty-eight (28) days is communicated to all the shareholders.

Before the commencement of the AGM, the Group Managing Director will provide a slide presentation to the shareholders on issues relating to the performance of the Group for the financial year under review as well as the outlook of the Group on its future performance and opportunities.

Healthy dialogues and interactions with the shareholders are greatly encouraged and no time limitation for shareholders to raise 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 as well as to respond to the queries raised.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. Utilisation of proceeds

The Company did not raise funds through any corporate proposal during the financial year under review.

2. Audit and non-audit fees

During the financial year ended 31 December 2018, Messrs. BDO PLT, the External Auditors have rendered audit and non-audit services to the Company and its subsidiaries ("the Group"). A breakdown of the fees payable to the External Auditors are as follows:-

	Audit fee (RM)	Non-audit fee (RM)
Company	32,000	4,400
Group		
- Continuing operations	179,100	4,400
- Disposal group operations	41,200	10,000

3. Material contracts involving Directors', Chief Executive's and major shareholders' interests

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

4. Recurrent related party transactions of a revenue or trading nature ("RRPT")

The information on RRPT for the financial year under review is disclosed under Note 31 of the Audited Financial Statements in this Annual Report.

5. Employees' Share Option Scheme ("ESOS")

The ESOS was approved by the 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 2018, a total of 167,500 ESOS were exercised at an issue price of RM0.53 each and a total of 37,000 ESOS were exercised at an issue price of RM0.83 each. Details of the ESOS of the Company are disclosed under Note 30 of the Audited Financial Statements in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Prestar Resources Berhad ("Board") acknowledges the importance of maintaining a sound risk management and internal control system within the Company and its subsidiaries ("the Group") and is pleased to provide the following Statement on Risk Management and Internal Control of the Group, which has been prepared in accordance with the *Statement on Risk Management and Internal Control Guidelines: Guidelines for Directors of Listed Issuers* issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities Berhad ("Bursa Securities") as well as Part II of Principle B, Intended Outcome 9.0, Practices 9.1 and 9.2 and Guidance 9.1 and 9.2 of the Malaysian Code on Corporate Governance and Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements of Bursa Securities ("MMLR of Bursa Securities").

BOARD RESPONSIBILITY

The Board is committed and acknowledges its overall responsibility for maintaining a sound risk management and internal control systems and for reviewing their adequacy and effectiveness continually so as to safeguard all its stakeholders' interests and protect 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 of identifying, evaluating, monitoring and managing the principal risks affecting the achievement of its business objectives throughout the financial year under review. The Board has delegated the review of adequacy and effectiveness of the internal control system to the Audit Committee ("the AC"), which in turn delegated the tasks to the Group Risk Management Committee ("GRMC"). Hence, through the AC, the Board is kept informed of all significant control issues brought to the attention of the AC by Management, the internal audit function and also the external auditors. The Board is working closely with the AC in reviewing and improving the internal controls as well as addressing the potential risks of the Group from time to time.

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 for identifying, evaluating and managing significant risks faced by the Group systematically during the financial year under review.

As mentioned above, the responsibility to oversee the risk management framework is delegated to the GRMC which is responsible to ensure that 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 of its subsidiaries. The GRMC reports to the AC 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 are documented in the risk management progress reports and the same be compiled and tabled to the AC and the Board for deliberations.

INTERNAL AUDIT FUNCTION

The internal audit function ("IAF") is carried out by external professional firm based on the internal audit plan and ad-hoc assignments approved by the AC.

The scope of works 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 cause significant impact to the business operations of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

INTERNAL AUDIT FUNCTION (cont'd)

- 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 AC.
- Conduct follow-up visits to ensure that all agreed corrective action plans are satisfactorily implemented by Management and reports the same to the AC.
- Highlight any irregularities to the AC.

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

OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES

In addition to the 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 five (5) subsidiaries' quality management system on various manufacturing and trading activities.
- Quarterly review of financial results and operational matters by the AC 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.
- Formal authorisation limit for various level of personnel is established 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 under review, 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 for POSCO-MKPC Sdn. Bhd., which is an associate company of the Company.

The Board has received assurance from the Group Managing Director and Group 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 MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. AAPG 3 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 and the review adopted by the Board on 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 dated 27 February 2019.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") of Prestar Resources Berhad ("Prestar" or "Company") is pleased to present the following report on the Audit Committee ("AC" or "Committee") and its activities during the financial year ended 31 December 2018 ("FYE 2018").

The Board has approved this AC Report by a resolution dated 27 February 2019.

1. CONSTITUTION

The AC of Prestar has been established since 16 August 1995.

2. COMPOSITION OF THE AC AND MEETINGS

The Committee comprises three (3) members, which consist of all Independent Non-Executive Directors. This meet the requirements of Paragraphs 15.09(1)(a) and (b) of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

During the FYE 2018, the AC held a total of five (5) meetings. The members of the AC and their attendance at the meetings are set out below:

Name	Designation	Attendance	Percentage
Lou Swee You	Chairman / Independent Non-Executive Director	5/5	100%
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member / Independent Non-Executive Director	5/5	100%
Dato' Lim Cheang Nyok	Member / Independent Non-Executive Director	4/5	80%

3. SUMMARY OF KEY ACTIVITIES FOR THE FYE 2018

During the FYE 2018, the main activities undertaken by the AC were as follows:

a) Reviewed the unaudited quarterly financial results of the Company and its Group of Companies and thereafter, submitted to the Board for approval and release to Bursa Securities.

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

c) Met twice with the external auditors in the absence of the Executive Directors and Management to discuss on the audit strategy and scope of audit plan prior to the commencement of annual audit and also the audit issues and recommendations raised by them after the audit.

d) Reviewed the audit reports of the external auditors and management letters in relation to the audit including Management's responses arising from the audit.

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

f) Reviewed the AC Report and the Statement on Risk Management and Internal Control and, thereafter recommended the same to the Board for inclusion in the annual report.

g) 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 ("RRPTs") and Proposed New Shareholders' Mandate for RRPTs and thereafter, recommended the same to the Board for approval.

h) Reviewed the related party transactions and recurrent related party transactions on a quarterly basis.

i) Reviewed the performance of the internal audit function ("IAF"), annual internal audit plan and internal audit reports presented by the internal auditors and considered the major findings highlighted by the internal auditors and the responses from Management.

j) Reviewed the suitability and independence of the external auditors vide a formalised external auditors evaluation form and upon reviewed and being satisfied with the results of the said assessment, the same had been recommended to the Board for approval.

AUDIT COMMITTEE REPORT (cont'd)

4. TERM OF REFERENCE

The full Term of Reference of the AC, outlining the AC's objectives, composition, retirement and resignation, proceeding of meeting, authority and duties and responsibilities, is available at the Company's website at www.prestar.com.my.

5. STATEMENT ON IAF

The IAF is outsourced and undertaken by an external professional firm i.e., Axcelasia Columbus Sdn. Bhd. to conduct regular reviews and assessments on the adequacy, efficiency, and effectiveness of the Company and its subsidiaries' internal control system. The IAF reports directly to the AC. The IAF is responsible to conduct reviews in accordance with the internal audit plan or other ad-hoc assignments which are approved by the AC.

The AC 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 carries out follow-up visits to ensure that all agreed corrective action plans are satisfactorily implemented by Management. The progression status of the corrective action plans is reported to the AC on a quarterly basis.

For the FYE 2018, the IAF has successfully conducted the following audits in accordance with their Internal Audit Plan 2018 which was approved by the AC and agreed on the timing, frequency and scope of internal audit services to be rendered:

Audit activities	Audit entity/area
Review of production planning and control management, plant maintenance and information technology system	Prestar Precision Tube Sdn. Bhd.
Review of inventory management, credit control and order processing system	Prestar Marketing Sdn. Bhd.
Review of inventory and production management	Prestar Storage System Sdn. Bhd.
Review of inventory, warehousing management and procurement and payment function	Prestar Manufacturing Sdn. Bhd

The cost incurred in maintaining the IAF for the FYE 2018 was approximately RM69,000.

STATEMENT OF DIRECTORS' RESPONSIBILITY

In respect of the preparation of the Audited Financial Statements of Prestar Resources Berhad ("the Company") for the financial year ended 31 December 2018 ("FYE 2018")

The Directors are required by the Companies Act 2016 ("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 the Company and its subsidiaries ("the Group") for each financial year, prepared in accordance with the 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 2018 are set out from pages 54 to 136 of this Annual Report.

The Directors are responsible for ensuring that the Audited Financial Statements of the Group are prepared in accordance with 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 2018, and of the results of their operations and cash flows for the year ended on that date.

In preparing the Audited Financial Statements for the FYE 2018, the Directors have reviewed and consistently applied the suitable accounting policies throughout the financial year. In the cases where judgements and estimations were made, they were based on reasonableness and prudence assumptions.

The Directors also have a general responsibility for taking such steps that are 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 Directors' Resolution in Writing, dated 10 April 2019.

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 2018.

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 6 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 from continuing operations	6,686	2,194
Profit for the financial year from disposal group operations	11,223	-
	17,909	2,194
Profit for the financial year attributable to:		
Owners of the Company:		
- from continuing operations	6,886	2,194
- from disposal group operations	5,724	-
	12,610	2,194
Non-controlling interests	5,299	-
	17,909	2,194

DIVIDENDS

Dividends proposed, declared or paid since the end of the previous financial year were as follows:

(a) Final single tier cash dividend of 3.0 sen per share, amounting to approximately RM5,896,000 in respect of the previous financial year paid on 28 June 2018.

(b) Interim single tier cash dividend of 1.0 sen per share, amounting to approximately RM1,957,000 in respect of the current financial year paid on 30 January 2019.

The Directors propose a final single tier cash dividend of 0.50 sen per share, amounting to approximately RM979,000 in respect of the financial year ended 31 December 2018, 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 204,626,000 to 204,831,000 by way of issuance of 205,000 new ordinary shares pursuant to the 205,000 options exercised under the Employees' Share Option Scheme ("ESOS") at exercise prices ranging from RM0.53 to RM0.83 per ordinary share for cash.

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

The Company did not issue any debentures during the financial year.

DIRECTORS' REPORT (cont'd)

EMPLOYEES' SHARE OPTION SCHEME

The Company implements an ESOS, which is 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 2018 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:

		[---------------------- Number of options over ordinary shares					----------------------]
		Outstanding as at	Movements during the [-----------financial year------------]			Outstanding as at	Exercisable as at
	Option price RM	1.1.2018 '000	Granted '000	Exercised '000	Lapsed '000	31.12.2018 '000	31.12.2018 '000
Date of offer							
2014 options	0.53/0.83	1,855	-	(205)	(50)	1,600	1,600

DIRECTORS

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

<u>Prestar Resources Berhad</u>

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

<u>Subsidiaries of Prestar Resources Berhad</u>

Alan Toh Jin Joo
Andy Toh Jin Hong
Jason Toh Jin Hin
Kenny Toh Jin Tat
Koay Kah Ee
Lim Choon Teik
Lim Fong Kan
Toh Poh Khuan

DIRECTORS' REPORT (cont'd)

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 of the Company and of its related corporations during the financial year ended 31 December 2018 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	[-------------------- Number of ordinary shares			--------------------]
Shares in the Company	**Balance as at 1.1.2018**	**Bought**	**Sold**	**Balance as at 31.12.2018**
Direct interests				
Toh Yew Keat	4,386,717	-	-	4,386,717
Dato' Toh Yew Peng	7,000,000	835,600	-	7,835,600
Toh Yew Kar	2,672,276	-	-	2,672,276
Toh Yew Seng	3,356,252	-	-	3,356,252
Toh Yew Chin	2,697,276	-	-	2,697,276
Md. Nahar Bin Noordin	1,288,000	468,000	(40,000)	1,716,000
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	135,000	-	-	135,000
Dato' Lim Cheang Nyok	120,500	73,500	-	194,000
Lou Swee You	189,000	-	-	189,000
Indirect interests				
Toh Yew Keat*	72,750,500	-	(190,000)	72,560,500
Dato' Toh Yew Peng**	72,650,500	-	-	72,650,500

	[----------- Number of options over ordinary shares			-----------]
Share options in the Company	**Balance as at 1.1.2018**	**Granted**	**Exercised**	**Balance as at 31.12.2018**
Toh Yew Kar	250,000	-	-	250,000
Dato' Lim Cheang Nyok	73,500	-	(73,500)	-

* Indirect interest by virtue of his interests in Fabulous Essence Sdn. Bhd., Y.K. Toh Property Sdn. Bhd., Jason Toh Jin Hin, Kenny Toh Jin Tat and Janice Toh Mei Ling.

** Indirect interest by virtue of his interests in Fabulous Essence Sdn. Bhd., Y.K. Toh Property Sdn. Bhd. and Alan Toh Jin Joo.

By virtue of their interests in the ordinary shares of the Company, all the Directors except for Toh Yew Kar, Toh Yew Seng, Toh Yew Chin, Tuan Haji Fadzlullah Shuhaimi Bin Salleh, Md. Nahar Bin Noordin, Dato' Lim Cheang Nyok and Lou Swee You are deemed to have interest in the 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 interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

(i) Directors' fees and other emoluments as disclosed in Note 25 to the financial statements; and

(ii) Deemed benefits arising from related party transactions as disclosed in Note 31 to the financial statements.

There were no arrangements made 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 as mentioned in Note 30 to the financial statements.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 25 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Group and the Company for the financial year ended 31 December 2018 was RM8,900.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, 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 had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

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

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

 (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.

DIRECTORS' REPORT (cont'd)

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

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

(d) In the opinion of the Directors:

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

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

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

(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 this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 35 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2018 are disclosed in Note 24 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

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
10 April 2019

STATEMENT BY DIRECTORS/STATUTORY DECLARATION

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 54 to 136 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Toh Yew Peng
Director

Toh Yew Seng
Director

Kuala Lumpur
10 April 2019

STATUTORY DECLARATION

I, Koay Kah Ee (CA 4167), 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 54 to 136 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)
10 April 2019)

Koay Kah Ee

Before me:

No. W663
Baloo A/L T. Pichai
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRESTAR RESOURCES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Prestar Resources Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 54 to 136.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Impairment of trade receivables

Trade receivables as at 31 December 2018 of the Group as disclosed in Note 12 to the financial statements amounted to approximately RM127.3 million. The determination of whether trade receivables are recoverable involved significant management judgement in determining the probability of default by trade receivables, appropriate forward looking information and significant increase in credit risk.

Audit response

Our audit responses to address the assessed risk on past due trade receivables were as follows:

a) Inquired of management for the basis of the shared risk characteristics used to classify receivables;

b) Inquired of management for the type of model used to measure historical losses and probability of default;

c) Inquired of management for the basis of determining the most relevant macroeconomic variable to estimate the expected loss; and

d) Traced the input used by management to the source documents to measure the historical losses.

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRESTAR RESOURCES BERHAD (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRESTAR RESOURCES BERHAD (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd) :

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

Other Matters

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

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Lee Wee Hoong
03316/07/2019 J
Chartered Accountant

Kuala Lumpur
10 April 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	121,402	155,637	50,415	44,287
Investment properties	5	1	1	-	-
Other receivables	12	-	-	850	-
Investments in subsidiaries	6	-	-	82,782	92,982
Investment in an associate	7	44,691	44,456	16,965	16,965
Intangible assets	8	1,675	1,675	-	-
Deferred tax assets	9	-	20	-	-
		167,769	201,789	151,012	154,234
Current assets					
Inventories	10	140,976	208,130	-	-
Derivative assets	11	-	60	-	-
Trade and other receivables	12	149,762	208,037	633	167
Current tax assets		1,707	319	-	-
Cash and bank balances	13	18,867	78,758	1,002	20,741
		311,312	495,304	1,635	20,908
Assets of disposal groups classified as held for sale	20, 6	174,762	-	10,200	-
TOTAL ASSETS		653,843	697,093	162,847	175,142
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	14	106,608	103,411	106,608	103,411
Treasury shares	14	(7,720)	(5,873)	(7,720)	(5,873)
Reserves	15	181,337	180,834	21,365	30,102
		280,225	278,372	120,253	127,640
Non-controlling interests	6	66,007	60,859	-	-
TOTAL EQUITY		346,232	339,231	120,253	127,640

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018 (cont'd)

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
LIABILITIES					
Non-current liabilities					
Borrowings	16	9,360	10,081	399	1,116
Deferred tax liabilities	9	8,036	10,339	1,096	1,059
Retirement benefit obligations	18	3,798	3,554	1,304	1,231
		21,194	23,974	2,799	3,406
Current liabilities					
Trade and other payables	19	29,810	93,063	4,573	3,319
Derivative liabilities	11	245	100	-	-
Borrowings	16	215,515	235,343	35,146	40,638
Current tax liabilities		268	5,382	76	139
		245,838	333,888	39,795	44,096
Liabilities of disposal groups classified as held for sale	20	40,579	-	-	-
TOTAL LIABILITIES		307,611	357,862	42,594	47,502
TOTAL EQUITY AND LIABILITIES		653,843	697,093	162,847	175,142

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 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Continuing operations					
Revenue	23	508,124	484,154	9,050	11,763
Cost of sales		(458,174)	(414,059)	(1,332)	(1,169)
Gross profit		49,950	70,095	7,718	10,594
Other income		5,882	22,923	114	9,604
Selling and distribution expenses		(2,854)	(3,036)	-	-
Administrative expenses		(31,163)	(35,530)	(3,369)	(4,605)
Other expenses		(2,263)	(3,278)	(156)	(296)
Finance costs		(10,838)	(11,272)	(1,746)	(2,951)
Interest income		518	1,039	-	-
Share of profit of an associate, net of tax	7(e)	1,437	5,182	-	-
Profit before tax	24	10,669	46,123	2,561	12,346
Tax expense	26	(3,983)	(11,131)	(367)	(474)
Profit for the financial year from continuing operations		6,686	34,992	2,194	11,872
Disposal group operations					
Profit for the financial year from disposal group operations, net of tax	20(c)	11,223	15,737	-	-
Profit for the financial year		17,909	50,729	2,194	11,872
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Continuing operations					
Foreign currency translations		31	(6,955)	-	-
Reclassification adjustment relating to winding up of a subsidiary		-	2,389	-	-
Total other comprehensive income/ (loss), net of tax		31	(4,566)	-	-
Total comprehensive income		17,940	46,163	2,194	11,872
Profit attributable to:					
Owners of the parent					
Continuing operations		6,886	35,041	2,194	11,872
Disposal group operations		5,724	8,085	-	-
		12,610	43,126	2,194	11,872

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Continuing operations (cont'd)					
Non-controlling interests					
Continuing operations		(200)	(49)	-	-
Disposal group operations		5,499	7,652	-	-
		5,299	7,603	-	-
		17,909	50,729	2,194	11,872
Total comprehensive income attributable to:					
Owners of the parent					
Continuing operations		6,917	30,475	2,194	11,872
Disposal group operations		5,724	8,085	-	-
		12,641	38,560	2,194	11,872
Non-controlling interests					
Continuing operations	6	(200)	(49)	-	-
Disposal group operations	6	5,499	7,652	-	-
		5,299	7,603	-	-
		17,940	46,163	2,194	11,872

		Group	
	Note	2018 RM'000	2017 RM'000
Earnings per ordinary share attributable to equity holders of the Company (sen)			
Basic:			
Continuing operations	28	3.51	18.17
Disposal group operations	28	2.91	4.19
		6.42	22.36
Diluted:			
Continuing operations	28	3.51	18.10
Disposal group operations	28	2.91	4.18
		6.42	22.28

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	[------------------	------------------	Non-distributable	------------------	------------------]	Distributable			
Group	Share capital RM'000	Share premium RM'000	Exchange 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	Total equity RM'000
Balance as at 1 January 2018	103,411	3,058	(33)	1,212	(5,873)	176,597	278,372	60,859	339,231
Adjustment on initial application of MRFS 9 (Note 37.1)	-	-	-	-	-	(1,207)	(1,207)	(151)	(1,358)
Balance as at 1 January 2018, as restated	103,411	3,058	(33)	1,212	(5,873)	175,390	277,165	60,708	337,873
Profit for the financial year	-	-	-	-	-	12,610	12,610	5,299	17,909
Other comprehensive loss, net of tax	-	-	31	-	-	-	31	-	31
Total comprehensive income	-	-	31	-	-	12,610	12,641	5,299	17,940
Transactions with owners									
Shares buy-back	-	-	-	-	(1,847)	-	(1,847)	-	(1,847)
Dividends to owners of the Company (Note 27)	-	-	-	-	-	(7,853)	(7,853)	-	(7,853)
Dividends to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-
Ordinary shares issued pursuant to ESOS (Note 14)	139	-	-	(20)	-	-	119	-	119
Total transactions with owners	139	-	-	(20)	(1,847)	(7,853)	(9,581)	-	(9,581)
Transfer pursuant to Companies Act 2016*	3,058	(3,058)	-	-	-	-	-	-	-
Balance as at 31 December 2018	106,608	-	(2)	1,192	(7,720)	180,147	280,225	66,007	346,232

* Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

Group	[------Non-distributable			------]	Distributable			
	Share capital RM'000	Share premium RM'000	Exchange 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	Total equity RM'000
Balance as at 1 January 2017	93,115	2,245	4,533	1,375	(5,854)	141,318	236,732	63,595	300,327
Profit for the financial year	-	-	-	-	-	43,126	43,126	7,603	50,729
Other comprehensive loss, net of tax	-	-	(4,566)	-	-	-	(4,566)	-	(4,566)
Total comprehensive income	-	-	(4,566)	-	-	43,126	38,560	7,603	46,163
Transactions with owners:									
Shares buy-back	-	-	-	-	(19)	-	(19)	-	(19)
Dividends to owners of the Company (Note 27)	-	-	-	-	-	(7,847)	(7,847)	-	(7,847)
Dividends to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(3,920)	(3,920)
Ordinary shares issued pursuant to ESOS (Note 14)	10,296	813	-	(611)	-	-	10,498	-	10,498
Acquisition of additional interest from non-controlling interest	-	-	-	-	-	-	-	(6,419)	(6,419)
Share options granted under ESOS	-	-	-	448	-	-	448	-	448
Total transactions with owners	10,296	813	-	(163)	(19)	(7,847)	3,080	(10,339)	(7,259)
Balance as at 31 December 2017	103,411	3,058	(33)	1,212	(5,873)	176,597	278,372	60,859	339,231

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	[------Non-distributable			------]	Distributable	
Company	**Share capital RM'000**	**Share premium RM'000**	**Treasury shares RM'000**	**Share options reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Balance as at 1 January 2018	103,411	3,058	(5,873)	1,212	25,832	127,640
Profit for the financial year	-	-	-	-	2,194	2,194
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	2,194	2,194
Transactions with owners:						
Dividends (Note 27)	-	-	-	-	(7,853)	(7,853)
Ordinary shares issued pursuant to ESOS (Note 14)	139	-	-	(20)	-	119
Shares buy-back	-	-	(1,847)	-	-	(1,847)
Total transactions with owners	139	-	(1,847)	(20)	(7,853)	(9,581)
Transfer pursuant to Companies Act 2016*	3,058	(3,058)	-	-	-	-
Balance as at 31 December 2018	106,608	-	(7,720)	1,192	20,173	120,253

* Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

	[----Non-distributable			----]	Distributable	
Company	**Share capital RM'000**	**Share premium RM'000**	**Treasury shares RM'000**	**Share options reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Balance as at 1 January 2017	93,115	2,245	(5,854)	1,375	21,807	112,688
Profit for the financial year	-	-	-	-	11,872	11,872
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	11,872	11,872
Transactions with owners:						
Dividends (Note 27)	-	-	-	-	(7,847)	(7,847)
Ordinary shares issued pursuant to ESOS (Note 14)	10,296	813	-	(611)	-	10,498
Share options granted under ESOS	-	-	-	448	-	448
Shares buy-back	-	-	(19)	-	-	(19)
Total transactions with owners	10,296	813	(19)	(163)	(7,847)	3,080
Balance as at 31 December 2017	103,411	3,058	(5,873)	1,212	25,832	127,640

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax from:					
- Continuing operations		10,669	46,123	2,561	12,346
- Disposal group operations		14,973	21,693	-	-
Adjustments for:					
Bad debt written off	12(k)	(28)	-	-	-
Depreciation of investment properties	5	-	1	-	-
Depreciation of property, plant and equipment	4	11,437	11,303	1,173	1,101
Fair value adjustment on derivative instruments	11(c)	331	484	-	-
Gain on disposal of property, plant and equipment		(108)	(12,794)	(47)	(28)
Gross dividend income from subsidiaries	23	-	-	(4,110)	(7,080)
Gross dividend income from an associate	23	-	-	(777)	(450)
Impairment losses on amount owing by a subsidiary	12(l)	-	-	25	-
Impairment losses on investment property	5	-	47	-	-
Impairment losses on trade and other receivables	12(k)	740	720	-	-
Interest expense		13,727	13,506	1,746	2,951
Interest income		(708)	(1,208)	(39)	-
Inventories written down	10(b)	2,377	51	-	-
Bargain purchase arising from acquisition of additional interest in a subsidiary	6(d)(i)	-	(1,919)	-	-
Net gain on disposal of a subsidiary	6(d)(ii)	-	-	-	(4,046)
Net gain on winding up of a subsidiary	6(d)(iii)	-	(2,389)	-	(5,384)
Property, plant and equipment written off	4	59	16	-	-
Retirement benefit obligations	18	244	3,554	73	1,231
Reversal of impairment losses on property, plant and equipment	4	-	(774)	-	-
Reversal of impairment losses on trade and other receivables	12(k)	(424)	(1,063)	-	-
Reversal of write down of inventories	10(c)	(36)	(938)	-	-
Share options expenses		-	448	-	74
Share of profit of an associate, net of tax	7(e)	(1,437)	(5,182)	-	-
Unrealised gain on foreign exchange		(336)	(33)	-	-
Operating profit before changes in working capital		51,480	71,646	605	715

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)					
Operating profit before changes in working capital (cont'd)		51,480	71,646	605	715
Increase in inventories		(24)	(27,821)	-	-
Decrease/(Increase) in trade and other receivables		7,298	(15,077)	(90)	(28)
(Decrease)/Increase in trade and other payables		(46,989)	23,431	(719)	(1,962)
Cash generated from/(used in) operations		11,765	52,179	(204)	(1,275)
Tax refunded		-	877	-	-
Tax paid		(12,206)	(16,121)	(393)	(378)
Net cash (used in)/from operating activities		(441)	36,935	(597)	(1,653)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of additional interest in a subsidiary		-	(4,500)	-	(6,016)
(Advances to)/Repayments from subsidiaries		-	-	(1,235)	201
Dividend received, from subsidiaries		-	-	4,110	7,080
Dividend received, from associate		777	450	777	450
Interest received		708	1,208	39	-
Proceeds from disposal of investment in subsidiaries		-	-	-	2,108
Proceeds from winding up of a subsidiary		-	-	-	27,616
Proceeds from disposal of property, plant and equipment		395	23,015	74	132
Purchase of property, plant and equipment	4(f)	(17,453)	(11,613)	(7,328)	(599)
Net cash (used in)/from investing activities		(15,573)	8,560	(3,563)	30,972

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(13,727)	(13,506)	(1,746)	(2,951)
Net repayments of hire purchase liabilities		(3,810)	(3,973)	(140)	(65)
Net repayments of term loans		(7,615)	(7,842)	(6,069)	(5,144)
Net proceeds from issuance of ordinary shares		119	10,498	119	10,498
Drawdown of other borrowings		18,705	36,804	-	-
Repayments of other borrowings		(14,265)	(20,267)	-	(4,000)
Dividends paid		(5,896)	(9,708)	(5,896)	(9,708)
Dividends paid to non-controlling interests		-	(3,920)	-	-
Shares buy-back		(1,847)	(19)	(1,847)	(19)
Net cash used in financing activities		(28,336)	(11,933)	(15,579)	(11,389)
Net (decrease)/increase in cash and cash equivalents		(44,350)	33,562	(19,739)	17,930
Effects of exchange rate differences		(22)	(494)	-	-
Cash and cash equivalents at beginning of financial year		76,939	43,871	20,741	2,811
Cash and cash equivalents at end of financial year	13(d)	32,567	76,939	1,002	20,741
Cash and cash equivalents transferred to disposal group operations		(14,823)	(24,556)	-	-
		17,744	52,383	1,002	20,741

Reconciliation of liabilities arising from financing activities

Group

	1.1.2018 RM'000	Cash flows RM'000	Non-cash changes Financed by hire purchase arrangement RM'000	31.12.2018 RM'000
Term loans	11,199	(7,615)	-	3,584
Hire purchase liabilities	9,344	(3,810)	5,345	10,879
Other borrowings *	223,062	4,440	-	227,502
Total borrowings *	243,605	(6,985)	5,345	241,965

	1.1.2017 RM'000	Cash flows RM'000	Non-cash changes Financed by hire purchase arrangement RM'000	31.12.2017 RM'000
Term loans	19,041	(7,842)	-	11,199
Hire purchase liabilities	11,567	(3,973)	1,750	9,344
Other borrowings *	206,525	16,537	-	223,062
Total borrowings *	237,133	4,722	1,750	243,605

* Other borrowings and total borrowings exclude bank overdrafts.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

Reconciliation of liabilities arising from financing activities (cont'd)

Company

	1.1.2018 RM'000	Cash flows RM'000	Non-cash changes Financed by hire purchase arrangement RM'000	31.12.2018 RM'000
Term loans	6,069	(6,069)	-	-
Hire purchase liabilities	685	(140)	-	545
Other borrowings	35,000	-	-	35,000
Total borrowings	41,754	(6,209)	-	35,545

	1.1.2017 RM'000	Cash flows RM'000	Non-cash changes Financed by hire purchase arrangement RM'000	31.12.2017 RM'000
Term loans	11,213	(5,144)	-	6,069
Hire purchase liabilities	-	(65)	750	685
Other borrowings	39,000	(4,000)	-	35,000
Total borrowings	50,213	(9,209)	750	41,754

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

1. CORPORATE INFORMATION

Prestar Resources Berhad ("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 2018 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 10 April 2019.

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 6 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 54 to 136 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 37 to the financial statements.

The Group and the Company applied MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* for the first time during the current financial year, using the cumulative effect method as at 1 January 2018. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2018 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Reclassification RM'000	Reclassification of asset held for sale (Note 20) RM'000	Balance as at 31.12.2018 RM'000
Carrying amount								
Freehold land	21,238	-	-	-	-	-	-	21,238
Buildings	50,204	270	-	-	(1,854)	-	(18,985)	29,635
Leasehold land	3,587	-	-	-	(477)	-	(3,110)	-
Plant and machinery	59,020	2,457	(11)	(59)	(3,964)	5,506	(19,718)	43,231
Office equipment	846	571	(2)	-	(273)	-	(199)	943
Furniture, fittings and renovations	1,866	462	(7)	-	(706)	236	(102)	1,749
Motor vehicles and forklifts	14,789	3,603	(267)	-	(3,698)	-	(2,195)	12,232
Moulds, tools and equipment	1,536	636	-	-	(465)	56	(189)	1,574
Construction-in-progress	2,551	14,799	-	-	-	(5,798)	(752)	10,800
	155,637	22,798	(287)	(59)	(11,437)	-	(45,250)	121,402

	<------------ As at 31 December 2018 ------------>		
	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	21,238	-	21,238
Buildings	41,634	(11,999)	29,635
Leasehold land	-	-	-
Plant and machinery	85,116	(41,885)	43,231
Office equipment	4,334	(3,391)	943
Furniture, fittings and renovations	8,767	(7,018)	1,749
Motor vehicles and forklifts	27,956	(15,724)	12,232
Moulds, tools and equipment	8,514	(6,940)	1,574
Construction-in-progress	11,360	(560)	10,800
	208,919	(87,517)	121,402

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

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

Group	Balance as at 1.1.2017 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Reversal of impairment loss RM'000	Transfer to inventories RM'000	Reclassification RM'000	Foreign currency translation difference RM'000	Balance as at 31.12.2017 RM'000
Carrying amount										
Freehold land	21,238	-	-	-	-	-	-	-	-	21,238
Buildings	57,128	-	(4,689)	-	(1,683)	-	-	-	(552)	50,204
Leasehold land	7,272	-	(3,051)	-	(298)	-	-	-	(336)	3,587
Plant and machinery	61,214	2,420	(1,941)	-	(4,196)	774	(138)	1,972	(1,085)	59,020
Office equipment	961	210	-	(1)	(265)	-	-	-	(59)	846
Furniture, fittings and renovations	1,582	871	-	(15)	(624)	-	-	-	52	1,866
Motor vehicles and forklifts	13,967	5,285	(540)	-	(3,776)	-	(148)	-	1	14,789
Moulds, tools and equipment	849	535	-	-	(461)	-	-	-	613	1,536
Construction-in-progress	484	4,042	-	-	-	-	-	(1,972)	(3)	2,551
	164,695	13,363	(10,221)	(16)	(11,303)	774	(286)	-	(1,369)	155,637

	<------------ As at 31 December 2017 ------------>		
	Cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	21,238	-	21,238
Buildings	66,750	(16,546)	50,204
Leasehold land	5,333	(1,746)	3,587
Plant and machinery	112,897	(53,877)	59,020
Office equipment	4,762	(3,916)	846
Furniture, fittings and renovations	8,448	(6,582)	1,866
Motor vehicles and forklifts	31,962	(17,173)	14,789
Moulds, tools and equipment	9,111	(7,575)	1,536
Construction-in-progress	3,110	(559)	2,551
	263,611	(107,974)	155,637

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

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

Company	Balance as at 1.1.2018 RM'000	Additions RM'000	Disposal RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.12.2018 RM'000
Carrying amount						
Freehold land	15,293	-	-	-	-	15,293
Buildings	27,306	-	-	-	(750)	26,556
Office equipment	127	35	-	-	(35)	127
Furniture, fittings and renovations	623	315	-	-*	(238)	700
Motor vehicles	938	-	(27)	-	(150)	761
Construction-in-progress	-	6,978	-	-	-	6,978
	44,287	7,328	(27)	-	(1,173)	50,415

	<------------ As at 31 December 2018 --------->		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	15,293	-	15,293
Buildings	37,481	(10,925)	26,556
Office equipment	483	(356)	127
Furniture, fittings and renovations	2,510	(1,810)	700
Motor vehicles	1,004	(243)	761
Construction-in-progress	6,978	-	6,978
	63,749	(13,334)	50,415

* *Amount is immaterial to disclose*

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

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

Company	Balance as at 1.1.2017 RM'000	Additions RM'000	Disposal RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.12.2017 RM'000
Carrying amount						
Freehold land	15,293	-	-	-	-	15,293
Buildings	28,056	-	-	-	(750)	27,306
Office equipment	155	11	-	-*	(39)	127
Furniture, fittings and renovations	398	393	-	-	(168)	623
Motor vehicles	241	945	(104)	-	(144)	938
	44,143	1,349	(104)	-	(1,101)	44,287

	<------------ As at 31 December 2017 --------->		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	15,293	-	15,293
Buildings	37,481	(10,175)	27,306
Office equipment	448	(321)	127
Furniture, fittings and renovations	2,238	(1,615)	623
Motor vehicles	1,268	(330)	938
	56,728	(12,441)	44,287

* *Amount is immaterial to disclose*

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset 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.

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

Depreciation is calculated to write down 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.

(c) 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.

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.

(d) The Group has assessed and classified land use rights as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.

(e) As at the end of the reporting period, freehold land, certain buildings and leasehold land of the Group with a carrying amount of RM51,599,000 (2017: RM59,849,000) and freehold land and buildings of the Company with a carrying amount of RM41,849,000 (2017: RM42,599,000) have been charged as securities for banking facilities granted to the Group and the Company as disclosed in Note 16(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

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

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Purchase of property, plant and equipment	22,798	13,363	7,328	1,349
Financed by hire purchase and lease arrangements	(5,345)	(1,750)	-	(750)
Cash payments on purchase of property, plant and equipment	17,453	11,613	7,328	599

(g) The carrying amount of the property, plant and equipment of the Group and of the Company under hire purchase and finance leases at the end of the reporting period is as follows:

	Group		Company	
Carrying amount	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Plant and machinery	9,287	5,958	-	-
Motor vehicles and forklifts	8,765	9,499	734	876
	18,052	15,457	734	876

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 17 to the financial statements.

(h) The carrying amount of the property, plant and equipment of the Group and of the Company under term loan facilities at the end of the reporting period is as follows:

	Group		Company	
Carrying amount	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Buildings	31,276	35,941	26,556	27,307
Plant and machinery	-	4,493	-	-
	31,276	40,434	26,556	27,307

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

5. INVESTMENT PROPERTIES

	Group	
	2018 RM'000	2017 RM'000
At cost		
Balance as at 1 January/31 December	283	283
Accumulated depreciation		
Balance as at 1 January	(42)	(41)
Depreciation charge for the financial year	-	(1)
Balance as at 31 December	(42)	(42)
Accumulated impairment losses		
Balance as at 1 January	(240)	(193)
Impairment for the financial year	-	(47)
Balance as at 31 December	(240)	(240)
Net carrying amount as at 31 December	1	1

(a) 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.

(b) 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.

(c) 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.

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 estimate.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

5. INVESTMENT PROPERTIES (cont'd)

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

	Group	
	2018 RM'000	**2017 RM'000**
Quit rent and assessment	-*	-*

** Amount is immaterial to disclose*

(f) 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**
2018				
Freehold land and buildings	-	-	49	49
2017				
Freehold land and buildings	-	-	49	49

(i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 December 2018 and 31 December 2017.

(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 external valuation report and of previous sales of similar properties in the vicinity on a price per square foot basis.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RM'000	**2017 RM'000**
At cost		
Unquoted shares	93,033	103,233
Less: Accumulated impairment losses	(10,251)	(10,251)
	82,782	92,982

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of company	Effective equity interest 2018 %	Effective equity interest 2017 %	Principal activities
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")	100	100	Manufacture, supply and install 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. * ("DDSB")	100	100	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 Storage System Sdn. Bhd. * ("PSSSB")	100	100	Manufacture and installation of all kinds of material handling equipment, structural steel works and pallet racking systems.
Subsidiary of Prestar Precision Tube Sdn. Bhd			
PT Prestar Precision Tube **^@ ("PTPPT") (in the process of winding-up)	75	75	Dormant.
Subsidiary of Prestar Engineering Sdn. Bhd.			
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.
Subsidiary of Tashin Steel Sdn. Bhd.			
Tashin Hardware Sdn. Bhd. * ("THSB")	51	51	Trading of steel material and general hardware products.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) Details of the subsidiaries, of which all are incorporated in Malaysia unless otherwise stated, are as follows (cont'd):

Name of company	Effective equity interest 2018 %	Effective equity interest 2017 %	Principal activities
Subsidiary of Prestar Manufacturing Sdn. Bhd.			
PT Prestar MHE **^@ ("PTMHE")	90	90	Importing and trading of wheelbarrow and other material handling equipment products.
Subsidiary of Prestar Storage System Sdn. Bhd.			
PT Prestar MHE **^@ ("PTMHE")	10	10	Importing and trading of wheelbarrow and other material handling equipment products.

* *Audited by BDO Malaysia.*
** *Consolidated using management financial statements.*
^ *Not required to be audited under the local legislation.*
@ *Incorporated in Indonesia.*

(b) Investments in subsidiaries are stated in the separate financial statements at cost less accumulated impairment losses.

For each business combination, the Group measures at the acquisition date components of non-controlling interest in the acquire that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

(c) During the financial year ended 31 December 2018, the cost of investment in TSSB of RM10,200,000 is classified as assets held for sale pursuant to the proposed listing as described in Note 35 to the financial statements.

(d) In the previous financial year:

(i) On 19 May 2017, the Company acquired the remaining 25% equity interest in PESB representing 750,000 ordinary shares for a consideration of RM4,500,000. PESB became a wholly-owned subsidiary of the Company. The acquisition resulted in bargain purchase of RM1,919,000 to the Group.

(ii) On 17 November 2017, the Company disposed the entire equity interest in PGSB to a subsidiary, PESB.

The gain on disposal of the subsidiary was amounted to RM4,046,000.

(iii) On 15 May 2017, the Company had acquired additional interest in PIVCL for a consideration of RM1,516,000. On 12 December 2017, PIVCL has completed member's voluntary winding up.

The gain on winding up of the subsidiary of the Group and the Company was amounted to RM2,389,000 and RM5,384,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

	PESB	TSSB	THSB	PGSB	PTPPT	TOTAL
2018						
NCI percentage of ownership interest and voting interest	-	49%	49%	5%	25%	
Carrying amount of NCI (RM'000)	-	58,331	7,487	180	9	66,007
Profit/(Loss) allocated to NCI (RM'000)	-	2,994	2,505	(200)	-	5,299
2017						
NCI percentage of ownership interest and voting interest	-	49%	49%	5%	25%	
Carrying amount of NCI (RM'000)	-	55,461	5,012	377	9	60,859
(Loss)/Profit allocated to NCI (RM'000)	(16)	5,809	1,843	(33)	-	7,603

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

6. **INVESTMENTS IN SUBSIDIARIES (cont'd)**

(f) 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:

	TSSB RM'000	THSB RM'000	PGSB RM'000	PTPPT RM'000	TOTAL RM'000
2018					
Assets and liabilities					
Non-current assets	72,416	3,482	9,570	-	85,468
Current assets	114,615	20,791	6,143	15	141,564
Non-current liabilities	(9,788)	(440)	(2,245)	-	(12,473)
Current liabilities	(34,940)	(7,651)	(9,290)	-	(51,881)
Net assets	142,303	16,182	4,178	15	162,678
Results					
Revenue	238,451	73,883	13,883	-	326,217
Profit/(Loss) for the financial year	6,310	5,109	(3,714)	-	7,705
Total comprehensive income/(loss)	6,310	5,109	(3,714)	-	7,705
Cash flows from/(used in) operating activities	19,630	7,813	(2,100)	-	25,343
Cash flows from/(used in) investing activities	2,350	(3,469)	3,203	-	2,084
Cash flows used in financing activities	(28,669)	(7,388)	(942)	-	(36,999)
Net (decrease)/increase in cash and cash equivalents	(6,689)	(3,044)	161	-	(9,572)
Dividends paid to NCI	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

(f) 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	TSSB RM'000	THSB RM'000	PGSB RM'000	PTPPT RM'000	TOTAL RM'000
2017						
Assets and liabilities						
Non-current assets	-	74,642	3,624	7,295	-	85,561
Current assets	-	138,284	31,086	6,382	36	175,788
Non-current liabilities	-	(9,675)	(364)	(503)	-	(10,542)
Current liabilities	-	(90,065)	(24,117)	(5,634)	-	(119,816)
Net assets	-	113,186	10,229	7,540	36	130,991
Results						
Revenue	12,037	224,260	59,725	19,119	-	315,141
(Loss)/Profit for the financial year	(65)	12,855	3,762	(659)	-	15,893
Total comprehensive (loss)/income	(65)	12,855	3,762	(659)	-	15,893
Cash flows from operating activities	-	15,612	3,868	74	-	19,554
Cash flows used in investing activities	-	(7,087)	-	(1,776)	-	(8,863)
Cash flows from financing activities	-	2,263	1,483	1,581	-	5,327
Net increase/(decrease) in cash and cash equivalents	-	10,788	5,351	(121)	-	16,018
Dividends paid to NCI	-	(3,920)	-	-	-	(3,920)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

6. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

	2018 RM'000	2017 RM'000
Cash and cash equivalents	5,151	33,481
Buildings	5,243	10,970
Freehold land	13,428	13,428
Leasehold land	-	1,773
	23,822	59,652

The above restrictions arose from bank covenants as follows:

(i) A covenant of banking facilities undertaken by PESB, a subsidiary of the Company, restricts the ability of the subsidiary to declare dividends to its shareholders if the subsidiary 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.

(ii) A covenant of banking facilities undertaken 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.

(iii) The covenant of banking facilities undertaken by PSSSB and PMktgSB, restricts the ability of the subsidiaries to dispose or transfer the ownership of their freehold land and building.

7. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At cost:				
Unquoted equity shares	16,965	16,965	16,965	16,965
Share of post acquisition reserves, net of dividends received	27,726	27,491	-	-
	44,691	44,456	16,965	16,965

(a) Investment in an associate is measured at cost less impairment losses, if any, in the separate financial statements of the Company and accounted for using the equity method in the consolidated financial statements.

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

Name of company	Effective equity interest 2018 %	Effective equity interest 2017 %	Principal activities
POSCO-MKPC Sdn. Bhd. * (Incorporated in Malaysia)	30	30	Slitting, shearing and sales of steel sheets and coils.

* *Not audited by BDO Malaysia.*

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

7. INVESTMENT IN AN ASSOCIATE (cont'd)

(c) The financial statements of the above associate is coterminous with those of the Group, which is 31 December 2018.

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

	2018 RM'000	2017 RM'000
Assets and liabilities		
Non-current assets	71,692	73,814
Current assets	350,406	369,044
Non-current liabilities	(2,478)	(7,088)
Current liabilities	(270,327)	(287,262)
Net assets	149,293	148,508
Results		
Revenue	672,075	625,502
Profit for the financial year	4,789	17,273
Total comprehensive income	4,789	17,273
Cash flows (used in)/from operating activities	(45,599)	87,259
Cash flows (used in)/from investing activities	(412)	9
Cash flows used in financing activities	(7,670)	(78,354)
Net (decrease)/increase in cash and cash equivalents	(53,681)	8,914

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

	2018 RM'000	2017 RM'000
As at 31 December		
The Group's share of net assets	44,691	44,456
Elimination of unrealised profits	-	-
Carrying amount in the statements of financial position	44,691	44,456
Share of results of the Group for the financial year		
The Group's share of profit/other comprehensive income	1,437	5,182

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

8. INTANGIBLE ASSETS

2018	Balance as at 1.1.2018 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2018 RM'000
Group			
Carrying amount			
Goodwill	1,675	-	1,675

	<--------- As at 31 December 2018 --------->		
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Goodwill	2,803	(1,128)	1,675
Development costs	589	(589)	-
	3,392	(1,717)	1,675

2017	Balance as at 1.1.2017 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2017 RM'000
Group			
Carrying amount			
Goodwill	1,675	-	1,675

	<--------- As at 31 December 2017 --------->		
	Cost RM'000	Accumulated amortisation and impairment RM'000	Carrying amount RM'000
Goodwill	2,803	(1,128)	1,675
Development costs	589	(589)	-
	3,392	(1,717)	1,675

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

8. INTANGIBLE ASSETS (cont'd)

(a) 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.

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.

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 losses	(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 (5) year period are as follows:

	CGU 1		CGU 2	
	2018 %	2017 %	2018 %	2017 %
Growth rates	5.0	4.0 – 5.0	12.0	4.0 – 5.0
Pre-tax discount rates	5.8	6.1	5.3	6.1

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

8. INTANGIBLE ASSETS (cont'd)

(a) Goodwill (cont'd)

A reasonable change in the above assumptions 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 CGUs 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.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

9. DEFERRED TAX

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Balance as at 1 January	10,319	10,233	1,059	988
Recognised in profit or loss:				
- Continuing operations (Note 26)	813	(214)	37	71
- Disposal group operations	599	300	-	-
Reclassification to disposal groups held for sale (Note 20)	(3,695)	-	-	-
Balance as at 31 December	8,036	10,319	1,096	1,059
Presented after appropriate offsetting:				
Deferred tax liabilities, net	8,036	10,339	1,096	1,059
Deferred tax assets, net	-	(20)	-	-
	8,036	10,319	1,096	1,059

(a) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

9. 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:

Deferred tax liabilities of the Group	**Property, plant and equipment RM'000**
At 1 January 2018	10,339
Recognised in profit or loss	
- Continuing operations	(813)
- Disposal group operations	(1,490)
At 31 December 2018	8,036
At 1 January 2017	10,341
Recognised in profit or loss	(2)
At 31 December 2017	10,339

Deferred tax assets of the Group	**Unused tax losses RM'000**	**Total RM'000**
At 1 January 2018	20	20
Recognised in profit or loss	(20)	(20)
At 31 December 2018	-	-
At 1 January 2017	108	108
Recognised in profit or loss	(88)	(88)
At 31 December 2017	20	20

Deferred tax liabilities of the Company	**Property, plant and equipment RM'000**
At 1 January 2018	1,059
Recognised in profit or loss	37
At 31 December 2018	1,096
At 1 January 2017	988
Recognised in profit or loss	71
At 31 December 2017	1,059

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

9. DEFERRED TAX (cont'd)

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

	Group	
	2018 RM'000	2017 RM'000
Unused tax losses	2,610	1,221
Unabsorbed capital allowances	3,830	3,145
	6,440	4,366

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

For the Malaysian entities, the unabsorbed tax losses up to the year of assessment 2018 shall be deductible until year of assessment 2025. The unabsorbed tax losses for the year of assessment 2019 onwards will expire in 7 years. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

10. INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
At cost		
Raw materials	56,627	120,508
Work-in-progress	23,589	12,414
Manufacturing and trading inventories	49,560	60,943
	129,776	193,865
At net realisable value		
Raw materials	7,638	9,375
Work-in-progress	246	243
Manufacturing and trading inventories	3,316	4,647
	11,200	14,265
	140,976	208,130

(a) Cost of inventories is determined on the weighted average basis. The cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and manufacturing and trading inventories include the cost of raw materials, direct labour and a proportion of production overheads based on normal operating capacity of the production facilities.

(b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM404,844,000 (2017: RM634,458,000). In addition, the amounts recognised in cost of sales include inventories written down of RM852,000 (2017: RM51,000) for continuing operations and RM1,525,000 for disposal group operations.

(c) The Group reversed RM36,000 (2017: RM938,000) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

11. DERIVATIVE FINANCIAL INSTRUMENTS

Group 2018	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
Forward currency contracts	41,477	-	(245)
2017			
Forward currency contracts	12,691	60	(100)

(a) Derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.

(b) 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 (2017: five (5) 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 period.

(c) During the financial year, the Group recognised net loss of RM331,000 (2017: RM484,000) 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 33 to the financial statements.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current				
Non-trade				
Amount owing by a subsidiary	-	-	850	-
Current				
Trade				
- Third parties	128,722	192,773	-	-
- Associate	83	20	-	-
- Related parties	-	944	-	-
	128,805	193,737	-	-
Less: Impairment losses	(1,511)	(1,255)	-	-
	127,294	192,482	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

12. TRADE AND OTHER RECEIVABLES (cont'd)

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-trade				
Other receivables	14,886	8,928	239	152
Deposits	252	356	13	13
Amount owing by a subsidiary	-	-	400	-
	15,138	9,284	652	165
Less: Impairment losses	-	-	(25)	-
	15,138	9,284	627	165
Total current receivables	142,432	201,766	627	165
Prepayments	7,330	6,271	6	2
	149,762	208,037	633	167
Total receivables, net of prepayment	142,432	201,766	1,477	165

(a) Trade and other receivables (excluding prepayments) are classified as financial assets measured at amortised cost.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 120 days (2017: 30 to 120 days) from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

(d) The amount owing by an associate is subject to normal trade credit terms.

(e) Amount owing by a subsidiary represent advances bearing interest rate of 3.95% per annum and repayable within 3 years.

(f) Included in prepayments of the Group is an amount of RM3,029,000 (2017: RM3,190,000) made to suppliers for purchase of raw materials.

(g) The currency exposure profile of trade and other receivables (net of prepayments) are as follows:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Ringgit Malaysia	135,942	197,310	1,477	165
US Dollar	4,919	3,708	-	-
Euro	392	202	-	-
Sterling Pound	-	113	-	-
Singapore Dollar	-	110	-	-
Thai Baht	-	6	-	-
Indonesian Rupiah	1,179	317	-	-
	142,432	201,766	1,477	165

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

12. TRADE AND OTHER RECEIVABLES (cont'd)

(h) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

(i) The Group use an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the average historical bad debts write-offs rate and general rate based on the length of time invoices are overdue.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

(j) It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate expected loss rates.

Lifetime expected loss provision for trade receivables as at 31 December 2018 are as follows:

Group	**Gross carrying amount RM'000**	**Loss allowance RM'000**	**Net Balance RM'000**
2018			
Current (not past due)	99,362	226	99,136
1-30 days past due	10,879	75	10,804
31-60 past due	5,254	38	5,216
61-90 past due	8,176	119	8,057
	123,671	458	123,213
Credit impaired			
More than 90 days past due	1,373	21	1,352
Individually impaired	3,761	1,032	2,729
	128,805	1,511	127,294

Individually impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	Group 2018 RM'000	**Group 2017 RM'000**
Maximum exposure	127,294	192,482
Collateral obtained	95,135	80,420
Net exposure to credit risk	32,159	112,062

The above collaterals are credit insurance obtained by the Group.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

12. TRADE AND OTHER RECEIVABLES (cont'd)

(k) The reconciliation of movements in the impairment losses are as follows:

	Group	
	2018 **RM'000**	**2017** **RM'000**
Trade receivables		
At 1 January under MFRS 139	1,255	1,890
Restated through opening retained earnings (Note 37.1)	934	-
Opening impairment loss of trade receivables in accordance with MFRS 9	2,189	1,890
Receivable on disposal group operations	(966)	-
Charge for the financial year	740	720
Reversal of impairment losses	(424)	(805)
Written off	(28)	(550)
	1,511	1,255
Other receivables		
At 1 January	-	258
Charge for the financial year	-	-
Reversal of impairment losses	-	(258)
	-	-
At 31 December	1,511	1,255

(l) Impairment for receivables from subsidiary is recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Company assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by the subsidiary is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the subsidiary.

It requires management to exercise significant judgement in determining the probability of default by subsidiary, appropriate forward looking information and significant increase in credit risk.

Lifetime expected loss provision for amount owing by a subsidiary as at 31 December 2018 are as follows:

Company	**Gross carrying amount RM'000**	**Loss allowance RM'000**	**Net Balance RM'000**
2018			
Low credit risk	1,250	25	1,225

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

12. TRADE AND OTHER RECEIVABLES (cont'd)

(l) Movements in the impairment allowance for amount owing by a subsidiary are as follows:

	Company 2018 RM'000
Amount owing by a subsidiary	
At 1 January	-
Charge for the financial year	25
At 31 December	25

(m) No expected credit loss is recognised arising from other receivables as it is negligible.

(n) Information on financial risks of trade and other receivables is disclosed in Note 34 to the financial statements.

13. CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	18,367	78,258	1,002	20,741
Fixed deposits with licensed banks	500	500	-	-
	18,867	78,758	1,002	20,741

(a) Cash and bank balances are classified as financial assets measured at amortised cost.

(b) Foreign currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Ringgit Malaysia	18,269	65,741	1,002	8,720
US Dollar	23	12,620	-	12,021
Thai Baht	53	-	-	-
Indonesian Rupiah	522	397	-	-
	18,867	78,758	1,002	20,741

(c) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

13. CASH AND BANK BALANCES (cont'd)

(d) 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	18,367	78,258	1,002	20,741
Fixed deposits with licensed banks	500	500	-	-
Bank overdrafts (Note 16)	(1,123)	(1,819)	-	-
Cash and cash equivalent classified as held for sale (Note 20)	14,823	-	-	-
As reported in statements of cash flows	32,567	76,939	1,002	20,741

(e) The fixed deposits of the Group have maturity period of one (1) month (2017: one (1) month) which bear interest of 3.20% (2017: 3%).

(f) Information on financial risks of cash and bank balances is disclosed in Note 34 to the financial statements.

14. SHARE CAPITAL

	Group and Company			
	2018		2017	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid				
Balance as at 1 January	204,626	103,411	186,230	93,115
Issued pursuant to the employee share options scheme	205	139	18,396	10,296
Transfer from share premium account pursuant to the Companies Act 2016	-	3,058	-	-
Balance as at 31 December	204,831	106,608	204,626	103,411

(a) Ordinary shares are classified as equity instruments and recorded at the nominal value.

(b) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 204,626,000 ordinary shares to 204,831,000 ordinary shares by way of issuance of 205,000 new ordinary shares at exercise prices ranging from RM0.53 to RM0.83 each for cash pursuant to the exercise of employee share options.

(c) In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 186,230,000 ordinary shares to 204,626,000 ordinary shares by way of issuance of 18,396,000 new ordinary shares at exercise prices ranging from RM0.53 to RM0.83 each for cash pursuant to the exercise of employee share options.

(d) 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.

(e) With the introduction of the Companies Act 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. During the year, balance within the share premium account of RM3,058,000 was transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

14. SHARE CAPITAL (cont'd)

(f) Treasury shares

(i) 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 Companies Act 2016 in Malaysia.

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.

(ii) 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 204,831,000 (2017: 204,626,000) issued and fully paid ordinary shares as at 31 December 2018, 9,127,000 (2017: 6,938,000) amounting to RM7,720,000 (2017: RM5,873,000) are held as treasury shares by the Company. As at 31 December 2018, the number of outstanding ordinary shares in issue net of treasury shares is 195,704,000 (2017: 197,688,000) ordinary shares.

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distributions.

15. RESERVES

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Non-distributable				
Share premium	-	3,058	-	3,058
Exchange translation reserve	(2)	(33)	-	-
Share options reserve	1,192	1,212	1,192	1,212
	1,190	4,237	1,192	4,270
Distributable				
Retained earnings	180,147	176,597	20,173	25,832
	181,337	180,834	21,365	30,102

(a) Share premium

With the introduction of the Companies Act 2016 effective 31 January 2017, the balance within the share premium account has been transferred to the share capital account as disclosed in note 14(e) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

15. RESERVES (cont'd)

(b) Exchange translation reserve

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 in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) 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.

16. BORROWINGS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current liabilities				
Secured				
Trade financing	7,430	33,211	-	-
Revolving credits	35,000	34,000	32,000	31,000
Hire purchase liabilities (Note 17)	3,976	3,417	146	140
Term loans	857	7,045	-	5,498
Unsecured				
Bank overdrafts	1,123	1,819	-	-
Trade financing	148,629	139,351	-	-
Revolving credit	18,500	16,500	3,000	4,000
	215,515	235,343	35,146	40,638
Non-current liabilities				
Secured				
Hire purchase liabilities (Note 17)	6,789	5,927	399	545
Term loans	2,571	4,154	-	571
	9,360	10,081	399	1,116
Total borrowings				
Secured				
Trade financing	7,430	33,211	-	-
Revolving credits	35,000	34,000	32,000	31,000
Hire purchase liabilities (Note 17)	10,765	9,344	545	685
Term loans	3,428	11,199	-	6,069
Unsecured				
Bank overdrafts (Note 13(d))	1,123	1,819	-	-
Trade financing	148,629	139,351	-	-
Revolving credit	18,500	16,500	3,000	4,000
	224,875	245,424	35,545	41,754

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

16. BORROWINGS (cont'd)

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) All borrowings are denominated in RM.

(c) The bank borrowings of the Group and of the Company (other than hire purchase liabilities as further disclosed in Note 17 to the financial statements) are secured by means of:

Group

(i) first and third party registered legal charge over the Group's freehold land, certain buildings and leasehold land as disclosed in Note 4(e) to the financial statements; and

(ii) corporate guarantee issued by the Company and personal guarantee by certain Directors of the subsidiaries.

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 4(e) to the financial statements.

(d) Information on financial risks of borrowings of the Group and of the Company is disclosed in Note 34 to the financial statements.

17. HIRE PURCHASE LIABILITIES - SECURED

The hire purchase liabilities are repayable over the following periods:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Minimum hire purchase payments:				
- Not later than one (1) year	4,545	3,888	167	168
- Later than one (1) year and not later than five (5) years	7,269	6,384	422	589
	11,814	10,272	589	757
Less: Future interest charges	(1,049)	(928)	(44)	(72)
Present value of hire purchase liabilities	10,765	9,344	545	685
Repayable as follows:				
- Current liabilities (Note 16)	3,976	3,417	146	140
- Non-current liabilities (Note 16)	6,789	5,927	399	545
	10,765	9,344	545	685

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

18. RETIREMENT BENEFIT OBLIGATIONS

The amounts recognised in the statements of financial position are determined as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Present value of unfunded defined benefit obligations	3,798	3,554	1,304	1,231

The movements during the financial year in the amounts recognised in the statements of financial position in respect of the retirement benefit obligations are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Balance as at 1 January	3,554	-	1,231	-
Past service costs recognised in profit or loss	244	3,554	73	1,231
Balance as at 31 December	3,798	3,554	1,304	1,231

The principal actuarial assumptions used are as follows:

	2018	2017
Discount rate	5.10%	5.10%
Salary increment rate	5.00%	5.00%

The impact on changes of each significant actuarial assumption while holding all other assumptions constant as at the end of the reporting period are as follows:

	2018 RM'000	2017 RM'000
Discount rate increase by 1%	-144	-163
Discount rate decrease by 1%	+157	+178
Salary increment rate increase by 1%	+139	+130
Salary increment rate decrease by 1%	-131	-123

(a) The Company operates an unfunded defined benefit plan for eligible employees of the Company. The benefits payable on retirement are generally based on the length of service and basic monthly salary of the eligible employee. The first valuation was carried out on 21 November 2017 and subsequently updated on 26 January 2018.

(b) The amount recognised as a liability in respect of defined benefit plan is the present value of the defined benefit obligations at the reporting date.

(c) The defined benefit obligation is measured using the projected unit credit actuarial cost method.

(d) The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

(e) The net changes in the defined benefit liabilities are recognised as a cost of defined benefit plan.

(f) Settlement of defined benefit schemes are recognised in the period when the settlement occurs.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

19. TRADE AND OTHER PAYABLES

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Trade payables				
Third parties	13,080	54,991	-	-
Associate	3,239	16,662	-	-
Related parties	-	457	-	-
	16,319	72,110	-	-
Other payables				
Third parties	3,676	6,327	85	337
Amounts owing to subsidiaries	-	-	1,423	1,407
Associate	324	324	324	324
Related parties	-	11	-	-
Accruals	9,491	14,291	2,741	1,251
	13,491	20,953	4,573	3,319
	29,810	93,063	4,573	3,319

(a) Trade and other payables are classified as financial liabilities measured at amortised cost.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days (2017: 30 to 120 days) from date of invoice.

(c) 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.

(d) The amount owing to an associate company (trade) is subject to normal trade credit terms.

(e) Amounts owing to subsidiaries, associate (non-trade) 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.

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

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Ringgit Malaysia	28,429	91,304	4,573	3,319
Thai Baht	85	1,057	-	-
US Dollar	802	371	-	-
Singapore Dollar	438	260	-	-
Japanese Yen	-	50	-	-
Indonesian Rupiah	56	21	-	-
	29,810	93,063	4,573	3,319

(g) Information on financial risks of trade and other payables is disclosed in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

20. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) During its extraordinary general meeting held on 20 March 2019, the shareholders of the Company had approved the proposed listing of Tashin Steels Sdn. Bhd. and its subsidiary (collectively known as "Tashin Group") on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") (collectively, "Proposed Listing"). Bursa securities had vide its letter dated 12 December 2018 approved the admission to the Official List and listing of and quotation of the entire enlarged share capital of the Tashin Group. Details of the proposed listing are described in Note 35 to the financial statements.

Accordingly, the assets and liabilities of Tashin Group are classified as disposal group held for sale and the financial results of Tashin Group are classified as disposal group operations.

(b) The assets and associated liabilities held for sale as at 31 December 2018 are as follows:

	Note	Tashin Group RM'000
Assets held for sale		
Property, plant and equipment	4	45,250
Inventories		64,809
Trade and other receivables		49,880
Cash and bank balances	13	14,823
		174,762
Liabilities associated with assets held for sale		
Borrowings		18,213
Deferred tax liabilities	9	3,695
Trade and other payables		17,928
Derivative liabilities		125
Current tax liabilities		618
		40,579

(c) Analysis of the results of the disposal group operations are as follows:

	2018 RM'000	2017 RM'000
Statements of Profit or Loss and Other Comprehensive Income		
Revenue	260,545	257,701
Cost of sales	(235,283)	(221,568)
Gross profit	25,262	36,133
Other operating income	5,419	2,202
Selling and distribution expenses	(2,846)	(3,419)
General and administrative expenses	(9,057)	(9,102)
Other expenses	(1,106)	(2,056)
Finance cost	(2,889)	(2,234)
Interest income	190	169
Profit before tax	14,973	21,693
Tax expense	(3,750)	(5,956)
Total comprehensive income	11,223	15,737

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

20. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (cont'd)

(d) An analysis of the results of the disposal group operations are as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Profit before tax is arrived at after charging:		
Auditors' remuneration	41	38
Interest expenses on:		
- trade financing	2,731	2,104
- revolving credits	112	-
- term loans	25	81
- hire purchase	21	49
Loss on disposal of property, plant and equipment	7	-
Rental of:		
- equipment	2	2
- premises	116	87
- forklifts	36	5
Unrealised loss on foreign exchange	-	7
And crediting:		
Gain on disposal of property, plant and equipment	-	23
Interest income	190	169
Realised gain on foreign exchange	9	27
Unrealised gain on foreign exchange	4	-

(e) Analysis of the cash flows of the disposal group operations are as follows:

	2018	**2017**
	RM'000	**RM'000**
Statements of Cash Flows		
Net cash from operating activities	27,437	15,235
Net cash used in investing activities	(1,118)	(6,944)
Net cash (used in)/from financing activities	(36,052)	7,848
Net (decrease)/increase in cash and cash equivalents	(9,733)	16,139
Cash and cash equivalents at beginning of the financial year	24,556	8,417
Cash and cash equivalents at end of the financial year	14,823	24,556

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

21. COMMITMENTS (cont'd)

(a) Operating lease commitments (cont'd)

(i) The Group as lessee (cont'd)

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 2018	Continuing operations RM'000	Disposal group operations RM'000	Total RM'000
Not later than one (1) year	163	62	225
Later than one (1) year and not later than five (5) years	77	4	81
	240	66	306

Group 2017	Continuing operations RM'000	Disposal group operations RM'000	Total RM'000
Not later than one (1) year	134	56	190
Later than one (1) year and not later than five (5) years	77	8	85
	211	64	275

(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:

	Continuing operations	
Group	2018 RM'000	2017 RM'000
Not later than one (1) year	2,959	3,478
Later than one (1) year and not later than five (5) years	3,144	4,799
Later than five (5) years	-	259
	6,103	8,536

(b) Capital commitments

	Continuing operations	
Group	2018 RM'000	2017 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	26,790	1,392

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

22. CONTINGENT LIABILITIES

	Company 2018 RM'000	Company 2017 RM'000
Unsecured:		
- Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	403,999	382,424

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

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.

(a) Contingent liabilities and assets are not recognised, but disclosed in the financial statements.

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.

23. REVENUE

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue from contracts with customers				
Sale of goods	501,029	476,911	-	-
Other revenue:				
Gross dividend income from:				
- subsidiaries	-	-	4,110	7,080
- an associate	-	-	777	450
Rental income	7,095	7,243	4,163	4,233
	508,124	484,154	9,050	11,763

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

23. REVENUE (cont'd)

(a) Sale of goods

Revenue from sale of goods is recognised at a point in time when the products has been transferred to the customer and coincides with the delivery of products and acceptance by customers.

Some contracts for the sale of goods provide customers with a right of return the goods within a specified period. Under MFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group uses the expected value method to estimate goods that will not be returned.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve months.

(b) Dividend income

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

(c) 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.

(d) Disaggregation of revenue from contract with customers has been presented in the operating segments, Note 32 to the financial statements. No revenue was recognised over time.

24. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
- current year	179	167	32	30
- under provision in prior year	-	1	-	-
Interest expenses on:				
- trade financing	7,365	6,678	-	-
- revolving credits	2,293	2,934	1,421	2,069
- bank overdrafts	175	199	58	93
- term loans	419	829	217	583
- hire purchase	586	632	28	16
- subsidiary	-	-	22	190
Rental of:				
- equipment	9	11	-	-
- premises	326	423	-	-
- forklifts	53	58	-	-
Realised loss on foreign exchange	293	-	-	-
Retirement benefit obligations	224	3,554	73	1,231

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

24. PROFIT BEFORE TAX (cont'd)

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax (cont'd):

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
And crediting:				
Bargain purchase arising from acquisition of additional interest in a subsidiary	-	1,919	-	-
Gain on disposal of property, plant and equipment	115	12,771	47	28
Net gain on disposal of a subsidiary	-	-	-	4,046
Net gain on winding up of a subsidiary	-	2,389	-	5,384
Interest income:				
- deposits with licensed banks	518	1,039	-	-
- subsidiaries	-	-	39	-
Realised gain on foreign exchange	-	35	-	-
Rental income:				
- subsidiaries	-	-	2,556	2,626
- related party	1,607	1,607	1,607	1,607
- others	5,488	5,636	-	-
Unrealised gain on foreign exchange	332	40	-	-

(a) Interest income

Interest income is recognised as it accrues, using the effective interest method.

25. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive:				
Fees	82	1,342	82	82
Emoluments other than fees	7,482	7,468	1,322	1,217
Share options granted under share options scheme	-	78	-	14
Non-executive:				
Fees	138	138	138	138
Emoluments other than fees	10	10	10	10
Share options granted under share options scheme	-	12	-	12
	7,712	9,048	1,552	1,473

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 RM165,000 (2017: RM647,000) and RM42,000 (2017: RM238,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

26. TAX EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Continuing operations				
Current tax expense based on profit for the financial year:				
- income tax	4,258	11,861	340	420
- over provision in prior years	(1,088)	(516)	(10)	(17)
	3,170	11,345	330	403
Deferred tax (Note 9)				
Relating to origination and reversal of temporary differences	488	80	37	71
Under/(Over) provision in prior years	325	(294)	-	-
	813	(214)	37	71
	3,983	11,131	367	474

	Group	
	2018 RM'000	2017 RM'000
Disposal group operations		
Current tax expense based on profit for the financial year:		
- income tax	3,357	5,612
- (over)/under provision in prior years	(205)	44
	3,152	5,656
Deferred tax:		
Relating to origination and reversal of temporary differences	619	245
(Over)/Under provision in prior years	(21)	55
	598	300
	3,750	5,956

(a) Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2017: twenty-four percent (24%)) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

26. TAX EXPENSE (cont'd)

(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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax	10,669	46,123	2,561	12,346
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	2,561	11,070	615	2,963
Tax effects in respect of:				
- Non-allowable expenses	1,687	892	950	1,622
- Non-taxable income	-	(33)	(1,188)	(4,094)
- Deferred tax assets not recognised	498	12	-	-
	4,746	11,941	377	491
Over provision of tax expensesin prior year	(1,088)	(516)	(10)	(17)
Under/(Over) provision of deferred tax in prior years	325	(294)	-	-
	3,983	11,131	367	474

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

	Group					
	2018			2017		
	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	31	-	31	(4,566)	-	(4,566)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

27. DIVIDENDS

	Group and Company			
	2018		2017	
	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
In respect of financial year ended 31 December 2016				
- Final cash dividend	-	-	2.0	3,894
In respect of financial year ended 31 December 2017				
- Interim cash dividend	-	-	2.0	3,953
- Final cash dividend	3.0	5,896	-	-
In respect of financial year ended 31 December 2018				
- Interim cash dividend	1.0	1,957	-	-
	4.0	7,853	4.0	7,847

(a) 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.

(b) As approved by shareholders at an Annual General Meeting held on 31 May 2018, a final single tier dividend of 3.0 sen per share, amounting to approximately RM5,896,000 in respect of financial year ended 31 December 2017 was paid on 28 June 2018.

As approved by the Directors at the Board of Directors' Meeting held on 27 November 2018, an interim single tier dividend of 1.0 sen per share, amounting to approximately RM1,957,000 in respect of the financial year ended 31 December 2018 paid on 30 January 2019.

A final single tier dividend in respect of the financial year ended 31 December 2018 of 0.5 sen per ordinary share, amounting to approximately RM979,000 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 2019.

28. 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 2018 (cont'd)

28. EARNINGS PER SHARE (cont'd)

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

The following table reflects the profit and share data used in the computation of basic earnings per ordinary share:

	Group 2018	Group 2017
Profit attributable to equity holders of the parent (RM'000)		
- Continuing operations	6,886	35,041
- Disposal group operations	5,724	8,085
	12,610	43,126
Weighted average number of ordinary shares outstanding (adjusted for treasury shares) ('000)	196,559	192,879
Basic earnings per ordinary share (sen)		
- Continuing operations	3.51	18.17
- Disposal group operations	2.91	4.19
	6.42	22.36

(b) Diluted earnings per share

Diluted 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 treasury shares and adjusted for the number of ordinary shares that could have been issued under the Employees' Share Option Scheme ("ESOS"). The details of ESOS are disclosed in Note 30 to the financial statements.

The following table reflects the profit and share data used in the computation of diluted earnings per ordinary share:

	Group 2018	Group 2017
Profit attributable to equity holders of the parent (RM'000)		
- Continuing operations	6,886	35,041
- Disposal group operations	5,724	8,085
	12,610	43,126
Weighted average number of ordinary shares used in the calculation of basic earnings per ordinary share ('000)	196,559	192,879
Effects of dilution due to the ESOS ('000)	-	666
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	196,559	193,545
Diluted earnings per ordinary share (sen)		
- Continuing operations	3.51	18.10
- Disposal group operations	2.91	4.18
	6.42	22.28

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

29. EMPLOYEE BENEFITS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Salaries, wages and bonuses	33,620	34,243	2,218	2,119
Defined contribution plan	3,490	3,654	346	325
Defined benefit plan	244	3,554	74	1,231
Other employee benefits	1,844	2,091	16	93
Share options granted under share options scheme	-	401	-	74
	39,198	43,943	2,654	3,842

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM7,492,000 (2017: RM7,434,000) and RM1,332,000 (2017: RM1,253,000) respectively.

30. EMPLOYEES SHARE OPTION SCHEME ("ESOS")

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.

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 equity, with the introduction of the Companies Act 2016 effective 31 January 2017.

The Employees Share Options 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 2018 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

30. EMPLOYEES SHARE OPTION SCHEME ("ESOS") (cont'd)

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

	Number of options over ordinary shares					
	Outstanding as at 1.1.2018	Movement during the financial year: Granted	Exercised	Lapsed	Outstanding as at 31.12.2018	Exercisable as at 31.12.2018
2018						
2014 options ('000)	1,855	-	(205)	(50)	1,600	1,600
Weighted average exercise prices (RM)	0.57	-	0.58	0.53	0.68	0.68
Weighted average remaining contractual life (months)	76					64

	Number of options over ordinary shares					
	Outstanding as at 1.1.2017	Movement during the financial year: Granted	Exercised	Lapsed	Outstanding as at 31.12.2017	Exercisable as at 31.12.2017
2017						
2014 options ('000)	16,958	3,342	(18,396)	(49)	1,855	1,855
Weighted average exercise prices (RM)	0.53	0.83	0.57	0.53	0.57	0.57
Weighted average remaining contractual life (months)	88					76

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

	Weighted average exercise price 2018 RM	Weighted average exercise price 2017 RM	Exercise period
2014 options	0.58	0.57	9.5.2014 - 20.4.2024

Share options exercised during the financial year resulted in the issuance of 205,000 ordinary shares at an average price of RM0.58. The related weighted average ordinary share price at the date of exercise was RM0.58.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

30. EMPLOYEES SHARE OPTION SCHEME ("ESOS") (cont'd)

The fair value of share options granted during the previous 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 – 0.57
Expected volatility (%)	28.73
Expected life (years)	10
Risk free rate (%)	3.17
Expected dividend yield (%)	3.45

31. 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.

The Group also has related party relationships with the following parties:

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 2018 (cont'd)

31. 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	
	2018 RM'000	**2017 RM'000**
Transactions with subsidiaries:		
Gross dividend income	(4,110)	(7,080)
Interest paid	22	190
Rental income	(2,556)	(2,626)
Interest income	(39)	-
Transactions with an associate:		
POSCO-MKPC Sdn. Bhd.		
Rental income	(1,607)	(1,607)
Dividend income	(777)	(450)

	Group	
	2018 RM'000	**2017 RM'000**
Transactions with an associate:		
POSCO-MKPC Sdn. Bhd.		
Sales of goods	(431)	(100)
Purchase of goods	79,636	85,186
Rental income	(1,607)	(1,607)
Transactions with companies in which the substantial shareholders have financial interests:		
Chiho Hardware Sdn. Bhd.		
Sales of goods	(802)	(725)
Purchases	10	20
Wei Giap Hardware Sdn. Bhd.		
Sales of goods	(58)	(74)
Purchases	58	101
Wei Sheng Hardware Sdn. Bhd.		
Sales of goods	(52)	(89)
YK Toh (M) Sdn. Bhd.		
Rental paid	33	33
Transactions with a company in which Toh Yew Keat and Dato' Toh Yew Peng have financial interests:		
Syarikat Kwong Nam Hing Sdn. Bhd.		
Sales of goods	(38)	(35)
Transactions with companies in which Toh Yew Chin has financial interests:		
YK Toh Marketing (S) Pte. Ltd.		
Sales of goods	(5,485)	(7,659)
Purchases	2,666	2,984

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

31. RELATED PARTIES TRANSACTIONS (cont'd)

(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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Short term employee benefits	7,344	9,595	1,604	1,545
Contributions to defined contribution plan	1,338	1,402	242	217
Share options granted under share options scheme	-	113	-	35
	8,682	11,110	1,846	1,797

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

	Group		Company	
	2018 '000	**2017 '000**	**2018 '000**	**2017 '000**
As at 1 January	615	6,721	324	4,932
Grant	-	690	-	336
Exercised	(97)	(6,466)	(74)	(4,944)
Lapsed	-	(330)	-	-
As at 31 December	518	615	250	324

The terms and conditions of the share options are detailed in Note 30 to the financial statements.

32. 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 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 2018 (cont'd)

32. OPERATING SEGMENTS (cont'd)

2018

	Investment RM'000	Trading RM'000	Manufacturing RM'000	Continuing operations Total RM'000	Disposal group operations Total RM'000	Total RM'000
Revenue						
Total revenue	9,050	176,886	400,524	586,460	312,333	898,793
Inter-segment revenue	(7,443)	(7,313)	(63,580)	(78,336)	(51,788)	(130,124)
Revenue from external customers	1,607	169,573	336,944	508,124	260,545	768,669
Finance costs	(1,707)	(3,253)	(5,878)	(10,838)	(2,889)	(13,727)
Interest income	-	36	482	518	190	708
Net finance expense	(1,707)	(3,217)	(5,396)	(10,320)	(2,699)	(13,019)
Depreciation	1,173	2,777	3,817	7,767	3,670	11,437
Segment profit before income tax	**2,561**	**2,150**	**9,190**	**13,901**	**14,973**	**28,874**
Share of profit of an associate	1,437	-	-	1,437	-	1,437
Tax expenses	(367)	(838)	(2,778)	(3,983)	(3,750)	(7,733)
Other material non-cash items:						
Impairment losses on trade and other receivables	-	19	695	714	26	740
Reversal of impairment losses on trade and other receivables	-	(113)	(203)	(316)	(108)	(424)
Reversal of write down of inventories	-	-	-	(36)	-	(36)
(Loss)/Gain on disposal of property, plant and equipment	(47)	(50)	(18)	(115)	7	(108)
Inventories written down	-	229	623	852	1,525	2,377
Unrealised loss/(gain) on foreign exchange	-	(1)	(332)	(333)	(3)	(336)
Capital expenditure	7,327	2,363	11,674	21,364	1,434	22,798
Segment assets	**96,366**	**111,509**	**267,824**	**475,699**	**174,762**	**650,461**
Segment liabilities	**41,421**	**68,653**	**148,654**	**258,728**	**40,579**	**299,307**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

32. OPERATING SEGMENTS (cont'd)

2017

	Investment RM'000	Trading RM'000	Manufacturing RM'000	Continuing operations Total RM'000	Disposal group operations Total RM'000	Total RM'000
Revenue						
Total revenue	11,763	177,001	386,429	575,193	283,985	859,178
Inter-segment revenue	(10,156)	(14,302)	(66,581)	(91,039)	(26,284)	(117,323)
Revenue from external customers	1,607	162,699	319,848	484,154	257,701	741,855
Finance costs	(2,951)	(2,490)	(5,831)	(11,272)	(2,234)	(13,506)
Interest income	-	39	1,000	1,039	169	1,208
Net finance expense	(2,951)	(2,451)	(4,831)	(10,233)	(2,065)	(12,298)
Depreciation	1,101	2,838	4,159	8,098	3,205	11,303
Segment profit before income tax	**12,792**	**8,246**	**33,967**	**55,005**	**21,693**	**76,698**
Share of profit of an associate	5,182	-	-	-	-	5,182
Tax expenses	(474)	(2,664)	(7,993)	(11,131)	(5,956)	(17,087)
Other material non-cash items:						
Impairment losses on trade and other receivables	-	184	-	184	536	720
Property, plant and equipment written off	-	1	15	16	-	16
Reversal of impairment losses on property, plant and equipment	-	-	(766)	(766)	(8)	(774)
Reversal of impairment losses on trade and other receivables	-	-	(1,063)	(1,063)	-	(1,063)
Reversal of write down of inventories	-	(76)	(609)	(685)	(253)	(938)
Gain on disposal of property, plant and equipment	(28)	(11)	(12,732)	(12,771)	(23)	(12,794)
Net gain on winding up of a subsidiary	(2,389)	-	-	-	-	(2,389)
Inventories written down	-	24	27	51	-	51
Bargain purchase arising from acquisition of additional interest in a subsidiary	(1,919)	-	-	-	-	(1,919)
Unrealised loss/ (gain) on foreign exchange	-	1	(41)	(40)	7	(33)
Capital expenditure	1,349	2,270	8,321	11,940	1,423	13,363
Segment assets	**108,661**	**114,490**	**239,603**	**462,754**	**232,325**	**695,079**
Segment liabilities	**44,759**	**64,692**	**128,715**	**238,166**	**103,975**	**342,141**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

32. 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:

	2018 RM'000	2017 RM'000
Revenue		
Total revenue for reportable segments	898,793	859,178
Elimination of inter-segmental revenues	(130,124)	(117,323)
	768,669	741,855
Less: Revenue from disposal groups operations	(260,545)	(257,701)
Revenue of the Group per statements of profit or loss and other comprehensive income	508,124	484,154
Profit for the financial year		
Total profit or loss for reportable segments	28,874	76,698
Share options granted under share options scheme	-	(448)
Elimination of inter-segment profits	(3,232)	(8,434)
Profit before tax	25,642	67,816
Tax expenses	(7,733)	(17,087)
Profit for the financial year of the Group per statements of profit or loss and other comprehensive income	17,909	50,729
Assets		
Total assets for reportable segments	475,699	695,079
Tax assets	1,707	339
Goodwill	1,675	1,675
Assets held for sale	174,762	-
Assets of the Group per statements of financial position	653,843	697,093
Liabilities		
Total liabilities for reportable segments	258,728	342,141
Tax liabilities	8,304	15,721
Liabilities held for sale	40,579	-
Liabilities of the Group per statements of financial position	307,611	357,862

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 2018 (cont'd)

33. 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 2018 and 31 December 2017.

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 and net deferred tax.

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Borrowings	224,875	245,424	35,545	41,754
Shareholders' funds (excluding non-controlling interests)	280,225	278,372	120,253	127,640
Less: Intangible assets	(1,675)	(1,675)	-	-
Add: Net deferred tax	8,036	10,319	1,096	1,059
Net tangible assets	286,586	287,016	121,349	128,699
Gearing ratio	0.78	0.86	0.29	0.32

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 2018.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments

Group 2018	Amortised cost RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial assets			
Trade and other receivables, net of prepayments	142,432	-	142,432
Cash and bank balances	18,867	-	18,867
	161,299	-	161,299

	Amortised cost RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Borrowings	224,875	-	224,875
Trade and other payables	29,810	-	29,810
Derivative liabilities	-	245	245
	254,685	245	254,930

Group 2017	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial assets			
Trade and other receivables, net of prepayments	201,766	-	201,766
Derivative assets	-	60	60
Cash and bank balances	78,758	-	78,758
	280,524	60	280,584

	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Borrowings	245,424	-	245,424
Trade and other payables	93,063	-	93,063
Derivative liabilities	-	100	100
	338,487	100	338,587

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial instruments (cont'd)

Company	**2018 RM'000 Amortised cost**	**2017 RM'000 Loan and receivables**
Financial assets		
Trade and other receivables, net of prepayments	1,477	165
Cash and bank balances	1,002	20,741
	2,479	20,906

Company	**2018 RM'000 Amortised cost**	**2017 RM'000 Other financial liabilities**
Financial liabilities		
Borrowings	35,545	41,754
Trade and other payables	4,573	3,319
	40,118	45,073

(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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

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

(iii) Derivatives

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

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.

(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).

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

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 2018 (cont'd)

33. 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**					
	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**	**Total fair value RM'000**	**Carrying amount RM'000**
2018										
Group										
Financial assets										
Financial assets at fair value through profit or loss										
- Forward currency contracts	-	-	-	-	-	-	-	-	-	-
2017										
Group										
Financial assets										
Financial assets at fair value through profit or loss										
- Forward currency contracts	-	-	60	60	-	-	-	-	60	60

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

33. 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					
	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	Total fair value RM'000	Carrying amount RM'000
2018										
Group										
Financial liabilities										
Financial liabilities at fair value through profit or loss										
- Forward currency contracts	-	-	245	245	-	-	-	-	245	245
Other financial liabilities										
- Hire purchase liabilities	-	-	-	-	-	8,791	-	8,791	8,791	10,765
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 2018 (cont'd)

33. 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					
	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**	**Total fair value RM'000**	**Carrying amount RM'000**
2017										
Group										
Financial liabilities										
Financial liabilities at fair value through profit or loss										
- Forward currency contracts	-	-	100	100	-	-	-	-	100	100
Other financial liabilities										
- Hire purchase liabilities	-	-	-	-	-	8,535	-	8,535	8,535	9,344
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 2018 (cont'd)

33. 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					
	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	Total fair value RM'000	Carrying amount RM'000
2018										
Company										
Financial liabilities										
Other financial liabilities										
- Hire purchase liabilities	-	-	-	-	-	493	-	493	493	545
Unrecognised financial liabilities										
- Contingent liabilities	-	-	-	-	-	-	#	#	#	-
2017										
Company										
Financial liabilities										
Other financial liabilities										
- Hire purchase liabilities	-	-	-	-	-	606	-	606	606	685
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 2018 (cont'd)

33. FINANCIAL INSTRUMENTS (cont'd)

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

	Group	
	2018	**2017**
	RM'000	**RM'000**
Financial assets		
Balance as at 1 January	60	499
Gains and losses recognised in profit or loss		
- Other expenses (unrealised)	-	60
- Other expenses (realised)	(60)	(499)
Balance as at 31 December	-	60
Financial liabilities		
Balance as at 1 January	100	55
Gains and losses recognised in profit or loss		
- Other expenses (unrealised)	245	100
- Other expenses (realised)	(100)	(55)
Balance as at 31 December	245	100

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

	Group	
	2018	**2017**
	RM'000	**RM'000**
Profit after tax		
Foreign currency rate		
- Increase by 3% (2017: 3%)	946	155
- Decrease by 3% (2017: 3%)	(946)	(155)

34. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

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

(i) Credit risk (cont'd)

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 12 to the financial statements. The Group does not have any significant concentration of credit risk related to any individual customers or counterparty.

(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.

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

2018 **Group**	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Financial liabilities				
Borrowings	216,084	9,840	-	225,924
Trade and other payables	29,810	-	-	29,810
Derivatives liabilities	245	-	-	245
Total undiscounted financial liabilities	246,139	9,840	-	255,979
Company				
Financial liabilities				
Borrowings	35,190	399	-	35,589
Trade and other payables	4,573	-	-	4,573
Total undiscounted financial liabilities	39,763	399	-	40,162

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

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

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

2017 Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities				
Borrowings	236,284	10,824	-	247,108
Trade and other payables	93,063	-	-	93,063
Derivatives liabilities	100	-	-	100
Total undiscounted financial liabilities	329,447	10,824	-	340,271
Company				
Financial liabilities				
Borrowings	40,907	1,159	-	42,066
Trade and other payables	3,319	-	-	3,319
Total undiscounted financial liabilities	44,226	1,159	-	45,385

(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.

Sensitivity analysis for fixed rate borrowings at the end of the reporting period is not presented as it is not affected by changes in interest rates.

Sensitivity analysis for interest rate risk

Group

As at 31 December 2018, 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 RM1,022,000 (2017: RM1,795,000) 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 RM1,022,000 (2017: RM1,795,000) 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 2018, 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 RM35,000 (2017: RM312,000) 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 RM35,000 (2017: RM312,000) 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 2018 (cont'd)

34. 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 2018 **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	3.17	500	-	-	-	-	-	500
Hire purchase liabilities	5.50	(3,976)	(3,619)	(2,005)	(851)	(314)	-	(10,765)
Floating rate								
Bank overdrafts	8.25	(1,123)	-	-	-	-	-	(1,123)
Trade financing	5.13	(156,059)	-	-	-	-	-	(156,059)
Revolving credits	5.20	(53,500)	-	-	-	-	-	(53,500)
Term loans	5.49	(857)	(857)	(857)	(857)	-	-	(3,428)
Company								
Fixed rate								
Hire purchase liabilities	4.45	(146)	(153)	(160)	(86)	-	-	(545)
Floating rate								
Revolving credits	5.57	(35,000)	-	-	-	-	-	(35,000)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

34. 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 2017 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	3.00	500	-	-	-	-	-	500
Hire purchase liabilities	5.65	(3,417)	(2,910)	(2,233)	(556)	(228)	-	(9,344)
Floating rate								
Bank overdrafts	7.28	(1,819)	-	-	-	-	-	(1,819)
Trade financing	4.76	(172,562)	-	-	-	-	-	(172,562)
Revolving credits	5.29	(50,500)	-	-	-	-	-	(50,500)
Term loans	5.83	(7,045)	(1,582)	(857)	(857)	(858)	-	(11,199)
Company								
Fixed rate								
Hire purchase liabilities	4.45	(140)	(147)	(153)	(160)	(85)	-	(685)
Floating rate								
Revolving credits	5.31	(35,000)	-	-	-	-	-	(35,000)
Term loan	6.90	(5,498)	(571)	-	-	-	-	(6,069)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

34. 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 currency of the operating entity.

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 amounted to RM545,000 (2017: RM13,017,000) for the Group.

Transactional currency exposures of the Group mainly arise from transactions entered into by subsidiaries in currencies other than their functional currency. 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 2018 and 31 December 2017 are as follows:

2018	Currency	Contract amount in foreign currency '000	RM'000 equivalent	Maturities Within
Forward contracts used to hedge trade receivables	USD	356	1,451	3 months
Forward contracts used to hedge trade receivables	EURO	84	398	3 months
Forward contracts used to hedge trade payables	USD	9,496	39,628	3 months
2017				
Forward contracts used to hedge trade receivables	USD	627	2,662	5 months
Forward contracts used to hedge trade receivables	SGD	31	96	2 months
Forward contracts used to hedge trade receivables	EURO	42	204	4 months
Forward contracts used to hedge trade payables	USD	2,116	8,703	4 months
Forward contracts used to hedge trade payables	THB	7,338	976	3 months
Forward contracts used to hedge trade payables	JPY	1,375	50	3 months

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

34. 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"), Thai Baht ("THB"), Indonesian Rupiah ("IDR"), Euro ("EUR"), Sterling Pound ("GBP"), Singapore Dollar ("SGD") and Japanese Yen ("YEN") exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2018 RM'000	**2017 RM'000**
Profit after tax			
USD	- strengthen by 3%	-770	+89
	- weaken by 3%	+770	-89
THB	- strengthen by 3%	-	-24
	- weaken by 3%	-	+24
IDR	- strengthen by 3%	-	+9
	- weaken by 3%	-	-9
EUR	- strengthen by 3%	+18	+5
	- weaken by 3%	-18	-5
GBP	- strengthen by 3%	-	+3
	- weaken by 3%	-	-3
SGD	- strengthen by 3%	-10	-2
	- weaken by 3%	+10	+2
YEN	- strengthen by 3%	-	-1
	- weaken by 3%	-	+1

35. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

(a) Proposed acquisition

On 14 August 2017, Tashin Holdings Berhad ("Tashin Holdings") was incorporated as a special purpose vehicle to facilitate the Proposed Listing of Tashin Holdings on the ACE Market (collectively "Proposed Listing").

In preparation for the Proposed Listing, Tashin Holdings entered into the share sale agreement on 9 January 2018 for the proposed acquisition of 100% equity interest in TSSB from the Company and Formula Naga Sdn. Bhd. ("Formula Naga") for an aggregate consideration of RM144,830,999 to be satisfied via the issuance of 289,661,998 new shares to the shareholders.

Upon completion of the Proposed Acquisition, TSSB and its subsidiary ("Tashin Group") shall become a direct wholly-owned subsidiary of Tashin Holdings.

(b) Propose Initial Public Offering ("IPO")

Upon completion of the Proposed Acquisition, Tashin Holdings shall undertake an IPO involving:

(i) the Proposed Public Issue of 59,329,000 Issue Shares, representing 17.00% of the enlarged share capital of Tashin Holdings; and
(ii) the Proposed Offer for Sale by the Company and Formula Naga of 55,489,000 Offer Shares, representing 15.90% of the enlarged share capital of Tashin Holdings.

(c) Proposed Public Issue

The Proposed Public Issue comprises the public issue of 59,329,000 new Shares, representing approximately 17.00% of the enlarged share capital of Tashin Holdings.

Bursa securities had vide its letter dated 12 December 2018 approved the admission to the Official List and listing of and quotation of the entire enlarged share capital of the Tashin Group comprising 348,991,000 shares on ACE Market of Bursa Securities.

The proposed acquisition, proposed IPO, and proposed Public Issue is not completed on the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

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

During its extraordinary general meeting held on 20 March 2019, the shareholders of the Company had approved the Proposed Listing of Tashin Group on the ACE Market of Bursa Malaysia.

On 9 April 2019, the share sale agreement is deemed completed following the issuance of 289,661,998 new Tashin Holdings Shares to the Company and Formula Naga at an issue price of RM0.50 per Tashin Holdings Share.

37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

37.1 New MFRSs adopted during the 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 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9* Financial Instruments with MFRS 4 Insurance Contracts	See MFRS 4 Paragraphs 46 and 48

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 9 described in the following section.

(a) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

(i) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (cont'd)

37.1 New MFRSs adopted during the financial year (cont'd)

(a) MFRS 9 *Financial Instruments* (cont'd)

(i) Classification of financial assets and financial liabilities (cont'd)

The following summarises the key changes:

- The Available-For-Sale (AFS), Held-To-Maturity (HTM) and Loans and Receivables (L&R) financial asset categories were removed.
- A new financial asset category measured at Amortised Cost (AC) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income (FVTOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for receivables from related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (cont'd)

37.1 New MFRSs adopted during the financial year (cont'd)

(a) MFRS 9 *Financial Instruments* (cont'd)

(iii) Classification and measurement

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Group and of the Company as at 1 January 2018:

Group	Classification Existing under MFRS 139	Classification New under MFRS 9	Carrying amount Existing under MFRS 139 RM'000	Carrying amount New under MFRS 9 RM'000
Financial assets				
Trade and other receivables, net of prepayments	L&R	AC	201,766	200,832
Derivatives assets	FVTPL	FVTPL	60	60
Cash and bank balances	L&R	AC	78,758	78,758
Financial liabilities				
Trade and other payables	OFL	AC	93,063	93,063
Derivatives liabilities	FVTPL	FVTPL	100	100
Borrowings	OFL	AC	245,424	245,424

Company	Classification Existing under MFRS 139	Classification New under MFRS 9	Carrying amount Existing under MFRS 139 RM'000	Carrying amount New under MFRS 9 RM'000
Financial assets				
Trade and other receivables, net of prepayments	L&R	AC	165	165
Cash and bank balances	L&R	AC	20,741	20,741
Financial liabilities				
Trade and other payables	AC	AC	3,319	3,319
Borrowings	AC	AC	41,754	41,754

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (cont'd)

37.1 New MFRSs adopted during the financial year (cont'd)

(a) MFRS 9 *Financial Instruments* (cont'd)

(iii) Classification and measurement

The following table are reconciliations of the carrying amount of the statement of financial position of the Group from MFRS 139 to MFRS 9 as at 1 January 2018:

Group	**Existing under MFRS 139 Carrying amount as at 31 December 2017 RM**	**Remeasurement RM**	**New under MFRS 9 Carrying amount as at 1 January 2018 RM**
Trade and other receivables:			
Opening balance	208,037	-	208,037
Increase in impairment loss	-	(934)	(934)
Total trade and other receivables	208,037	(934)	207,103
Investment in an associate:			
Opening balance	44,456	-	44,456
Share of loss of an associate	-	(424)	(424)
	44,456	(424)	44,032

Group	**Existing under MFRS 139 Carrying amount as at 31 December 2017 RM**	**Remeasurement RM**	**New under MFRS 9 Carrying amount as at 1 January 2018 RM**
Retained earnings:			
Opening balance	176,597	-	176,597
Share of loss of an associate	-	(424)	(424)
Increase in impairment loss for trade and other receivables	-	(934)	(934)
Non-controlling interests	-	151	151
Total retained earnings	176,597	(1,207)	175,390
Non-controlling interests:			
Opening balance	60,859	-	60,859
Impact of MFRS 9	-	(151)	(151)
Total non-controlling interests	60,859	(151)	60,708

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018 (cont'd)

37. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (cont'd)

37.2 New MFRSs have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	**Effective Date**
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to *References to the Conceptual Framework in MFRS Standards*	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 *and MFRS 108 Definition of Material*	1 January 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

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

LIST OF PROPERTIES
FOR YEAR ENDED 31 DECEMBER 2018

	Location	Tenure	Built-up Area	Year of Expiry	Description /Existing Use	Carrying Amount (RM'000)	Age of Building (years)	Date of Acquisition/ Revaluation
	PRESTAR RESOURCES BERHAD							
1	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	41,851	12 to 23	5 April 2001
	PRESTAR STORAGE SYSTEM SDN BHD							
1	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	14,745	25	17 Aug 2015
	PRESTAR MARKETING SDN BHD							
1	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	3,952	30	18 Nov 2009
2	Lot 1113, 65A, Jalan Perak, 10150 Penang	Freehold	2,904 sq ft	nil	Office cum warehouse	812	56	29 Dec 1993
	PRESTAR ENGINEERING SDN BHD							
1	# 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	1	20	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	18	4 Feb 2004
	TASHIN STEEL SDN BHD							
1	Plot 40, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai, Penang	60 yrs Leasehold * (33 years)	152,835 sq ft	2052	Office cum manufacturing site	26,999	20	31 July 2017
2	Plot 39, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai, Penang	60 yrs Leasehold * (33 years)	132,552 sq ft	2052	Manufacturing site	23,143	11	31 July 2017
3	F 01-08, Taman Pelangi, Bukit Tengah, 13600 Perai, Penang	99 yrs Leasehold *(73 years)	500 sq ft	2092	Hostel	43	18	23 Apr 2008
4	V 03-16, Taman Pelangi, Bukit Tengah, 13600 Perai, Penang	99 yrs Leasehold *(73 years)	500 sq ft	2092	Hostel	59	18	2 Mar 2016

* 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

Note :

1. Kampung Baru Subang property : Acquired Leasehold Land and Building by Prestar Resources Berhad, completed on 9th January 2019.

STATISTICS OF SHAREHOLDINGS
AS AT 29 MARCH 2019

Total number of issued shares	:	204,830,530 ordinary shares
Class of Shares	:	Ordinary shares
Number of Shareholders	:	4,023
Voting Rights	:	One (1) vote per ordinary share on a poll

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	[------------------------ No. of Shares Held ----------------------]			
Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
Fabulous Essence Sdn. Bhd.	52,592,200	26.87	-	-
Y.K. Toh Property Sdn. Bhd.	20,599,200	10.53	-	-
Toh Yew Keat	4,386,717	2.24	(1) 73,191,400	37.40
Dato' Toh Yew Peng	7,835,600	4.00	(1) 73,191,400	37.40
Soh Tik Siew	10,917,700	5.58	-	-

Note:

(1) Deemed interested by virtue of Section 8(4) of the Companies Act 2016 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	27	0.67	772	0.00
100 - 1,000	348	8.65	256,760	0.13
1,001 - 10,000	2,419	60.13	12,958,458	6.62
10,001 - 100,000	1,114	27.69	33,883,400	17.31
100,001 - 9,785,185 (*)	112	2.78	74,951,440	38.30
9,785,186 and above (**)	3	0.07	73,652,900	37.63
Total	4,023	100.00	195,703,730	100.00

Remarks:
* Less than 5% of issued shares
** 5% and above of issued shares

STATISTICS OF SHAREHOLDINGS
AS AT 29 MARCH 2019 (cont'd)

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		[------ Direct Interest ------]		[---- Indirect Interest ----]	
Directors	**Nationality**	**No. of shares held**	**%**	**No. of shares held**	**%**
Toh Yew Keat	Malaysian	4,386,717	2.24	*73,261,400	37.44
Dato' Toh Yew Peng	Malaysian	7,835,600	4.00	@73,351,400	37.48
Toh Yew Kar	Malaysian	2,672,276	1.37	0	0
Toh Yew Seng	Malaysian	3,356,252	1.71	0	0
Toh Yew Chin	Malaysian	2,697,276	1.38	0	0
Md. Nahar Bin Noordin	Malaysian	1,616,000	0.83	0	0
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Malaysian	135,000	0.07	0	0
Dato' Lim Cheang Nyok	Malaysian	194,000	0.10	0	0
Lou Swee You	Malaysian	189,000	0.10	0	0

Notes:

* Deemed interested in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd. by virtue of Section 8(4) of the Companies Act 2016 and the shareholdings of his daughter, Ms. Janice Toh Mei Ling in Prestar Resources Berhad pursuant to Section 59(11) of the Companies Act 2016.

@ Deemed interested in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd. by virtue of Section 8(4) of the Companies Act 2016 and the shareholdings of his son, Mr. Alan Toh Jin Joo in Prestar Resources Berhad pursuant to Section 59(11) of the Companies Act 2016.

The Directors' shares options held under the Employees' Share Option Scheme ("ESOS") of the Company are as follows:-

Directors	**Number of ESOS held**
Toh Yew Keat	0
Dato' Toh Yew Peng	0
Toh Yew Kar	250,000
Toh Yew Seng	0
Toh Yew Chin	0
Md. Nahar Bin Noordin	0
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	0
Dato' Lim Cheang Nyok	0
Lou Swee You	0

STATISTICS OF SHAREHOLDINGS
AS AT 29 MARCH 2019 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares Held	Percentage (%)
1.	FABULOUS ESSENCE SDN. BHD.	50,192,200	25.65
2.	Y.K. TOH PROPERTY SDN. BHD.	12,543,000	6.41
3.	SOH TIK SIEW	10,917,700	5.58
4.	Y.K. TOH PROPERTY SDN. BHD.	8,056,200	4.12
5.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. *(PLEDGED SECURITIES ACCOUNT FOR DATO' TOH YEW PENG)*	6,320,000	3.23
6.	TOH YEW KEAT	4,386,717	2.24
7.	TOH YEW SENG	3,356,252	1.71
8.	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. *(EXEMPT AN FOR UOB KAY HIAN PTE LTD [A/C CLIENTS])*	3,285,000	1.68
9.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *(DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND)*	3,235,500	1.65
10.	TOH YEW CHIN	2,697,276	1.38
11.	TOH YEW KEONG	2,525,799	1.29
12.	FABULOUS ESSENCE SDN. BHD.	2,400,000	1.23
13.	TOH POH KHUAN	2,390,230	1.22
14.	TOH YEW HOE	2,266,254	1.16
15.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *(DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS DANA AL-ILHAM)*	2,074,300	1.06
16.	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. *(PHUA SIN MO)*	1,988,400	1.02
17.	TOH YEW KAR	1,728,276	0.88
18.	MD NAHAR BIN NOORDIN	1,616,000	0.83
19.	RHB NOMINEES (TEMPATAN) SDN. BHD. *(PLEDGED SECURITIES ACCOUNT FOR DATO' TOH YEW PENG)*	1,515,600	0.77
20.	SEOW MUN HON	1,424,000	0.73
21.	CITIGROUP NOMINEES (TEMPATAN) SENDIRIAN BERHAD *(KUMPULAN WANG PERSARAAN [DIPERBADANKAN] [ESPG IV SCE])*	1,291,500	0.66
22.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *(DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS DANA DINAMIK)*	1,243,100	0.64
23.	HLB NOMINEES (TEMPATAN) SDN. BHD. *(PLEDGED SECURITIES ACCOUNT FOR YEE WAI LENG)*	1,045,000	0.53
24.	TAY YING LIM @ TAY ENG LIM	1,007,800	0.51
25.	TOH YEW KAR	944,000	0.48
26.	NG WEE TIEW @ NG WEE CHIEW	856,300	0.44
27.	FAM KEAT HONG	749,100	0.38
28.	HENG KOK PUAN @ HENG KOK PWAN	553,000	0.28
29.	CITIGROUP NOMINEES (ASING) SDN. BHD. *(EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED [CLIENT A/C-NR])*	504,000	0.26
30.	PUBLIC NOMINEES (ASING) SDN. BHD. *(PLEDGED SECURITIES ACCOUNT FOR PHUA LAM HUAT [E-TMI])*	400,000	0.20

Note : The analysis of shareholdings is based on the total number of issued shares of the Company after deducting 9,126,800 ordinary shares bought back by the Company and held as treasury shares as at 29 March 2019.

No. of Shares Held	CDS Account No.

PRESTAR RESOURCES BERHAD

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

FORM OF PROXY

*I/We,..NRIC/Passport No./Company
(FULL NAME IN BLOCK CAPITALS)

No...of..

....
(FULL ADDRESS)

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

.... NRIC/Passport No. ....
(FULL NAME IN BLOCK CAPITALS)

of...

....
(FULL ADDRESS)

or failing *him/her, ... NRIC/Passport No. ....
(FULL NAME IN BLOCK CAPITALS)

of...
(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 Thirty-Fourth 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 Thursday, 30 May 2019 at 10:00 a.m. or at any adjournment thereof.

The proxy is to vote on the business before the Meeting as indicated below (if no indication is given, the proxy will vote as he/she thinks fit or abstain from voting):

AGENDA

No.	Resolutions	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon.		
2.	To approve the payment of the single-tier final dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2018. (Resolution 1)		
3.	To approve the payment of Directors' fees amounting to RM220,000 for the financial year ended 31 December 2018. (Resolution 2)		
4.	To approve an amount of up to RM30,000 as benefits payable to the Non-Executive Directors from 31 May 2019 to the next Annual General Meeting of the Company held in 2020. (Resolution 3)		
5.(a)	To re-elect Mr. Toh Yew Keat in accordance with Article 105 of the Company's Articles of Association. (Resolution 4)		
5.(b)	To re-elect Dato' Lim Cheang Nyok in accordance with Article 105 of the Company's Articles of Association. (Resolution 5)		
5.(c)	To re-elect Mr. Toh Yew Chin in accordance with Article 105 of the Company's Articles of Association. (Resolution 6)		
6.	To re-appoint Messrs. BDO PLT 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 Businesses :			
7.(a)	Ordinary Resolution No. 1 - Authority to Issue Shares pursuant to the Companies Act 2016 (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 Mr. Lou Swee You as an Independent Non-Executive Director (Resolution 12)		
7.(f)	Ordinary Resolution No. 6 - Retention of Encik Md Nahar Bin Noordin as an Independent Non-Executive Director (Resolution 13)		
7.(g)	Ordinary Resolution No. 7 - Retention of Tuan Haji Fadzlullah Shuhaimi Bin Salleh as an Independent Non-Executive Director (Resolution 14)		
7.(h)	Ordinary Resolution No. 8 - Retention of Dato' Lim Cheang Nyok as an Independent Non-Executive Director (Resolution 15)		
7.(i)	Special Resolution - Proposed Adoption of New Constitution of the Company (Resolution 16)		

* Strike out whichever not applicable.

Signed this .... day of 2019

....
Signature of Member/Common Seal

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 May 2019 (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). 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. 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 (1) 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 forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.

FOLD THIS FLAP FOR SEALING

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Affix
stamp

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

FOLD HERE

PRESTAR RESOURCES BERHAD

(123066-A)

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