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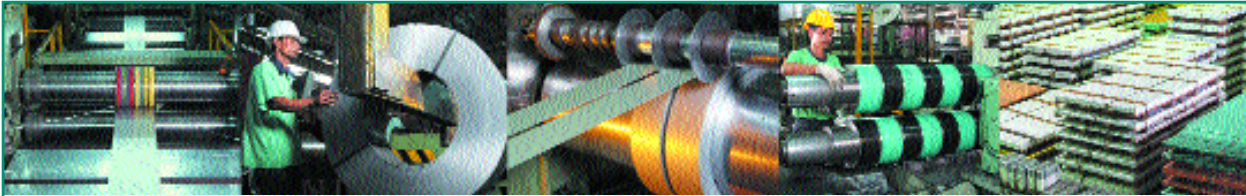
2002

annual report • laporan tahunan



PRESTAR RESOURCES BERHAD

(123066-A)



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of Prestar Resources Bhd will be held at Johore Room, Lower Lobby, Shangri-La Hotel, Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 26 June 2003 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2002 together with the Auditors' Report thereon. **(Resolution 1)**
2. To approve the declaration of the Final Dividend of 3.5% less 28% Malaysian Income Tax for the financial year ended 31 December 2002. **(Resolution 2)**
3. To approve the declaration of the Special Tax Exempt Dividend of 5% for the financial year ended 31 December 2002. **(Resolution 3)**
4. To sanction the payment of Directors' Fees for the financial year ended 31 December 2002. **(Resolution 4)**
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 Seng **(Resolution 5)**
 - (b) Ms. Toh Poh Khuan **(Resolution 6)**
 - (c) Encik Md. Nahar Bin Noordin **(Resolution 7)**
6. To re-appoint Messrs. KPMG 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 8)**
7. As Special Business:

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

ORDINARY RESOLUTION NO. 1

- AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange; **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 9)

ORDINARY RESOLUTION NO. 2

- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"**THAT**, subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of the Kuala Lumpur Stock Exchange ("KLSE") and any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up share capital through the KLSE subject further to the following:-

1. the maximum number of ordinary shares of RM1.00 each in Prestar ("Shares") which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up share capital for the time being of the Company, subject to a restriction that the issued and paid-up share capital of Prestar does not fall below RM40 million pursuant to the repurchase of Shares, if any;



2. the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits and the share premium of the Company based on the audited financial statements for the financial year ended 31 December 2002 of RM20,998,584.00 and RM25,989,772.00, respectively;
3. the authority conferred by this Resolution will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-
 - (a) the conclusion of the first annual general meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

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

4. upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:-
 - (i) cancel the Shares so purchased; or
 - (ii) retain the Shares so purchased as treasury shares; or
 - (iii) retain part of the Shares so purchased as treasury shares and cancel the remainder; the treasury shares of which may be distributed as dividends to shareholders, and/or resold on the KLSE, and/or subsequently cancelled;and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the KLSE and any other relevant authorities for the time being in force;

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

(Resolution 10)

ORDINARY RESOLUTION NO. 3

- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH WEI GIAP HARDWARE SDN. BHD., CHIHO HARDWARE SDN. BHD., Y.K. TOH MARKETING (S) PTE. LTD., WEI SHENG HARDWARE SDN. BHD., SYARIKAT KWONG NAM HING SDN. BHD., LOGAM INDAH SDN. BHD. AND Y.K TOH (M) SDN. BHD.

"**THAT**, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Kuala Lumpur Stock Exchange, approval be and is hereby given to the Company's subsidiaries to enter into the Recurrent Related Party Transactions with Wei Giap Hardware Sdn. Bhd., Chiho Hardware Sdn. Bhd., Y. K. Toh Marketing (S) Pte. Ltd., Wei Sheng Hardware Sdn. Bhd., Syarikat Kwong Nam Hing Sdn. Bhd., Logam Indah Sdn. Bhd. and Y. K. Toh (M) Sdn. Bhd., as described in Section 3.2 of the Circular to Shareholders dated 4 June 2003 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



Notice of Annual General Meeting (continued)

- (ii) disclosure is made in the annual report 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 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 annual general meeting after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting;whichever is earlier.
- (iii) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(Resolution 11)

**ORDINARY RESOLUTION NO. 4
- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH LIM & YEOH**

"**THAT**, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Kuala Lumpur Stock Exchange, approval be and is hereby given to the Company's subsidiaries to enter into the Recurrent Related Party Transactions with Lim & Yeoh, as described in Section 3.2 of the Circular to Shareholders dated 4 June 2003 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 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 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 annual general meeting after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting;whichever is earlier.
- (iii) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(Resolution 12)



ORDINARY RESOLUTION NO. 5

- PROPOSED ADDITIONAL SHAREHOLDERS' MANDATE FOR PRESTAR STORAGE SYSTEM SDN. BHD. AND PRESTAR TOOLING SDN. BHD. TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH Y. K. TOH MARKETING (S) PTE. LTD.

"**THAT**, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Kuala Lumpur Stock Exchange, approval be and is hereby given to the Company's subsidiaries, Prestar Storage System Sdn. Bhd. and Prestar Tooling Sdn. Bhd. to enter into the Recurrent Related Party Transactions with Y.K. Toh Marketing (S) Pte. Ltd. as described in Section 3.2 of the Circular to Shareholders dated 4 June 2003 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 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 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 annual general meeting after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting; whichever is earlier.
- (iii) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(Resolution 13)

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

NOTICE OF DIVIDENDS ENTITLEMENTS

NOTICE IS HEREBY GIVEN that the Final Dividend of 3.5% less 28% Malaysian Income Tax and the Special Tax Exempt Dividend of 5% will be payable on 22 July 2003 to depositors who are registered in the Record of Depositors at the close of business on 15 July 2003, if approved by members at the forthcoming Eighteenth Annual General Meeting.

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

- a. Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 15 July 2003 in respect of ordinary transfers; and
- b. Shares bought on Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD

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

Kuala Lumpur
Dated: 4 June 2003



Notice of Annual General Meeting (continued)

Explanatory Notes on Special Business:

1. Authority pursuant to Section 132D of the Companies Act, 1965
The proposed adoption of the Ordinary Resolution No. 1 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting.
2. Authority to renew the purchase of the Company's own shares
The proposed adoption of the Ordinary Resolution No. 2 is to renew the authority granted by the shareholders of the Company at the Seventeenth Annual General Meeting held on 28 June 2002. The proposed renewal will allow the Board of Directors to exercise the power of the Company to purchase the Company's shares up to ten per centum (10%) of the issued and paid-up share capital of the Company any time within the time period stipulated in the Listing Requirements of Kuala Lumpur Stock Exchange.
3. Authority to renew the shareholders' mandate for recurrent related party transactions of a revenue or trading nature
The proposed adoption of the Ordinary Resolutions Nos. 3 and 4 are to renew the Shareholders' Mandate granted by the shareholders of the Company at the Seventeenth Annual General Meeting held on 28 June 2002. The proposed renewal of the Shareholders' Mandate will enable the Group to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group day to day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.
4. Authority to obtain the additional shareholders' mandate for Prestar Storage System Sdn. Bhd. and Prestar Tooling Sdn. Bhd. to enter into recurrent related party transactions of a revenue or trading nature
The proposed adoption of the Ordinary Resolution No. 5 is to enable the Group to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group day to day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Further information on the Proposed Renewal of Shares Buy Back, Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed additional Shareholders' Mandate for Recurrent Related Party Transactions are set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2002 Annual Report.

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) to (d) of the Companies Act, 1965 shall not apply to the Company.

Shareholders' attention is hereby drawn to the Listing Requirements of Kuala Lumpur Stock Exchange which came into force on 1 June 2001 which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depository) Act 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
2. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.



Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Kuala Lumpur Stock Exchange (KLSE)

1. Directors Standing For Re-Election

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

Mr Toh Yew Seng	Article 105	Resolution 5
Ms Toh Poh Khuan	Article 105	Resolution 6
Encik Md. Nahar Bin Noordin	Article 105	Resolution 7

2. Details of Attendance of Directors at Board Meetings

The Board of Directors met five times during the financial year ended 31 December 2002. Details of each Director's attendance are as follows:-

Name of Director	Date of Appointment	No. of Meetings Attended
Mr Toh Yew Peng	12.07.1984	4/5
Mr Toh Yew Seng	31.01.1986	5/5
Mr Toh Yew Keat	12.07.1984	5/5
Mr Toh Yew Kar	12.07.1984	5/5
Ms Toh Poh Khuan	30.09.1989	5/5
Encik Md. Nahar Bin Noordin	18.06.1994	5/5
Encik Fadzlullah Shuhaimi Bin Salleh	18.03.1995	5/5
Mr Yee Chee Seng @ Yee Yen	27.11.2001	4/5
Mr Lim Cheang Nyok	28.03.2002	4/4

* The number of meetings attended by each director may vary according to their dates of appointment.

3. Details of Annual General Meeting

The Eighteenth Annual General Meeting of the Company will be held at Johore Room, Lower Lobby, Shangri-La Hotel, Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur on 26 June at 10.00 a.m.

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

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

Shareholdings of Directors standing for re-election, as at 30 April 2003 are as follows:-

Directors	Nationality	----- Direct Interest -----		----- Indirect Interest -----	
		No. of shares held	%	No. of shares held	%
Toh Yew Seng	Malaysian	0	0	*15,825,750	38.42
Toh Poh Khuan	Malaysian	0	0	*15,825,750	38.42
Md. Nahar Bin Noordin	Malaysian	3,261,000	7.92	0	0

Note :

* Deemed interest through respective shareholdings in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd.



Corporate Information

Board of Directors

Toh Yew Keat (*Group Executive Chairman*)

Toh Yew Peng (*Group Managing Director*)

Toh Yew Kar (*Group Executive Director*)

Toh Yew Seng (*Group Executive Director*)

Toh Poh Khuan (*Group Executive Director*)

Md. Nahar Bin Noordin

Fadzlullah Shuhaimi Bin Salleh

Yee Chee Seng @ Yee Yen

Lim Cheang Nyok

Company Secretary

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. : 03-2095 7077

Fax No. : 03-2094 9940

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. : 03-2095 7077

Fax No. : 03-2094 9940

Auditors

KPMG

Chartered Accountants

Kuala Lumpur

Principal Bankers

Bumiputra Commerce Bank Bhd

United Overseas Bank Bhd

RHB Bank Berhad

Affin Bank Berhad

Solicitors

SKRINE

Amin Tan & Co

Stock Exchange Listing

Second Board of Kuala Lumpur Stock Exchange

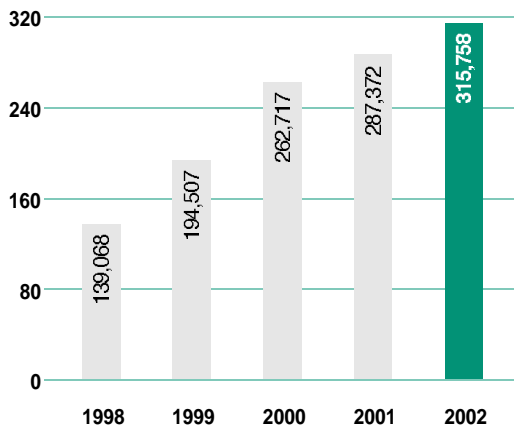
Stock code : 9873



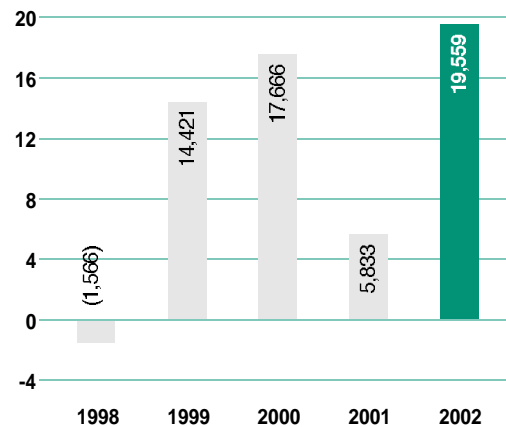
Group Financial Highlights

	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Revenue	139,068	194,507	262,717	287,372	315,758
Profit/(Loss) Before Taxation	(1,566)	14,421	17,666	5,833	19,559
Net Profit	(3,615)	13,080	12,091	2,040	11,836
Total Assets Employed	131,837	185,444	236,949	273,693	330,040
Shareholders' Funds	34,595	46,616	58,207	99,617	111,563
Net Tangible Assets	33,340	45,421	55,583	97,145	109,242
Net Tangible Assets Per Share (RM)	1.64	2.23	2.73	2.36	2.63
Earnings Per Share (Sen)	(17.8)	64.3	40.4	5.1	28.9

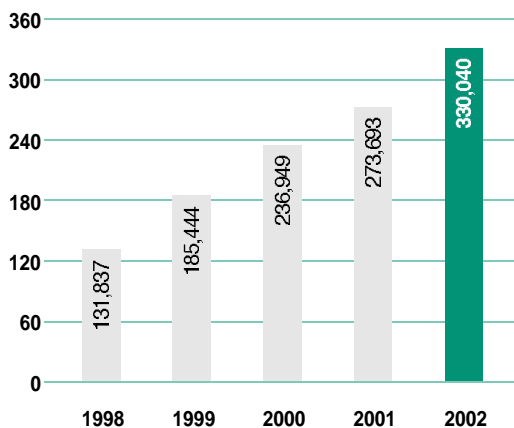
REVENUE (RM'000)



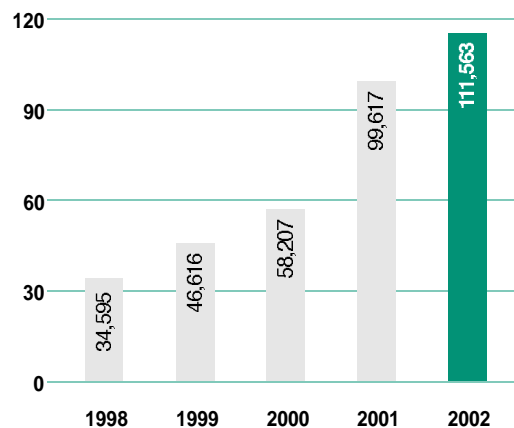
PROFIT/(LOSS) BEFORE TAXATION (RM'000)



TOTAL ASSETS EMPLOYED (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



Chairman's Statement



On behalf of the Board of Directors of Prestar Resources Berhad, it gives me great pleasure to present the Annual Report and the Audited Financial Statements of our Group for the year ended 31st December 2002.

During the year under review, the Group traded under pessimistic global business conditions and facing situations of tight supplies on major raw materials as well as continuous rising trends in its prices until the end of the financial year. Nevertheless, the Group was able to generate satisfactory results for the year as a consequence of prudent management strategies and improved scale of operations and efficiencies. The Group will continue to lay the path of consolidating its resources through focusing principally on our steel-based range of manufactured products. This will enable us to attain higher growth in the future and produce better financial bottom lines for the shareholders.

PERFORMANCE FOR THE YEAR 2002

For the year under review, the Prestar Group continued to set record sales with a turnover of RM315 million against RM287 million in the preceding year. Net profit for the year also increased from RM2.04 million from the previous year to RM11.8 million. In relation to this, basic earnings per share has also improved to 28.88 sen compared to only 5.12 sen in the preceding year. The improvement in net profits for the year reflected a 478% surge in bottom line performance when compared to the prior year's figure.

MAJOR EVENTS AND DEVELOPMENT OF THE GROUP

On the forefront of market development, our manufacturing divisions have adopted strategic plans to further explore and expose our range of Material Handling Products, Highway Guardrails and Accessories to Europe, North America and Middle Eastern countries and are now embarking on furthering inroads to other Asian markets like Japan, Taiwan, as well as other Asean countries. We have reaped fruitful results with our continuous overseas trips and exhibitions. These practices are ongoing and will enhance our future overall business performance.

Besides the above business endeavours, one of the major successes for the year under review was the teaming up of one of our steel-based subsidiaries with one of the world's largest steel company, POSCO* of Korea. The Group divested 30% of the equity of Posmmit Steel Centre Sdn. Bhd. (formerly known as Summit Steel Centre Sdn. Bhd.) to POSCO through a Share Sale Agreement and a Shareholders' Agreement thus forming a strategic alliance to forge ahead in the local steel industry.



The Signing Ceremony of Share Sale Agreement & Shareholders Agreement between Prestar and POSCO, Korea

PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The current financial year remains very challenging and competitive in view of various uncertainties such as the post-Iraq war scenario, SARS outbreaks and the downgrade of the current year GDP forecasts by various institutions and government agencies. Nevertheless, we shall continue to excel with perseverance and hard work. We are confident that the Prestar Group will continue to deliver encouraging results for year 2003, barring any unforeseen circumstances.

DIVIDENDS

For the financial year ended 31st December 2002, the Board of Directors is pleased to recommend the payment of a First and Final Dividend of 3.5% per share less 28% income tax as well as a Special Dividend of 5% per share, tax-exempted. The proposed dividends will be subjected to the approval of the shareholders at the forthcoming Annual General Meeting to be held on 26th June 2003.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, let me once again express our gratitude to the management team, and staff of the Group for their firm commitment, valuable co-operation and contributions. We look forward to their continuous initiatives and dedication as well as their professionalism enhancement. I would also like to take this opportunity to thank all our valuable customers, business partners, bankers and the relevant government authorities for their support and cooperation throughout year 2002.

Last but not least, I hereby extend my appreciation to all my fellow directors for their contributions as well as shareholders for having unfaltering confidence in us.

TOH YEW KEAT

Group Executive Chairman

* (POSCO is one of the world's largest and most competitive steel producer with crude-steel production capacity of approximately 28 million MT annually. It is listed on the Korean, New York and London Stock Exchanges).



Profile of Board of Directors

TOH YEW KEAT
GROUP EXECUTIVE CHAIRMAN

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

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

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

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

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

TOH YEW PENG
GROUP MANAGING DIRECTOR

Age: 51, Malaysian
Member of Audit Committee
Appointed to the Board on 12 July 1984

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

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

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

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

TOH YEW KAR
GROUP EXECUTIVE DIRECTOR

Age: 45, Malaysian
Appointed to the Board on 12 July 1984

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

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

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

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



TOH YEW SENG
GROUP EXECUTIVE DIRECTOR

Aged 42, Malaysian
Appointed to the Board on 31 January 1986

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

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

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

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

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

TOH POH KHUAN
GROUP EXECUTIVE DIRECTOR

Aged 55, Malaysian
Appointed to the Board on 30 September 1989

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

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

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

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

MD. NAHAR BIN NOORDIN
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Aged 46, Malaysian
Member of Remuneration Committee
Appointed to the Board on 18 June 1994

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

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

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

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



Profile of Board of Directors (continued)

FADZLULLAH SHUHAIMI BIN SALLEH
INDEPENDENTNON-EXECUTIVE DIRECTOR

Age: 46, Malaysian
Member of Audit Committee
Chairman of Remuneration Committee
Member of Nomination Committee
Appointed to the Board on 18 March 1995

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

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

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

YEE CHEE SENG @ YEE YEN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Age: 63, Malaysian
Chairman of Audit Committee
Member of Remuneration Committee
Member of Nomination Committee
Appointed to the Board on 27 November 2001

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

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

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

LIM CHEANG NYOK
INDEPENDENT NON-EXECUTIVE DIRECTOR

Age: 35, Malaysian
Appointed to the Board on 28 March 2002
Chairman of Nomination Committee

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

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

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

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

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

Conflict of interest

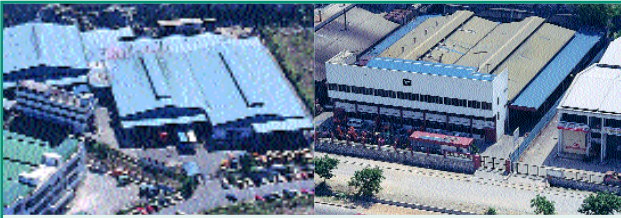
NONE of the Directors of the Company has any conflict of interest with the Company.

List of convictions for offences within past 10 years other than traffic offences

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



Corporate Structure



Prestar Manufacturing Sdn. Bhd. Rawang Industrial Estate, Selangor
Prestar Marketing Sdn. Bhd. Selangor Industrial Estate, Selangor



Tashin Steel Sdn. Bhd. Prai, Pulau Pinang
Prestar Marketing Sdn. Bhd. Pulau Pinang



PRESTAR RESOURCES BERHAD

(123066-A)

INVESTMENT HOLDING DIVISION

100% Prestar Ventures Sdn. Bhd.

MANUFACTURING DIVISION

- 100% Prestar Manufacturing Sdn. Bhd.
- 100%
 - Excelpath Sdn. Bhd.
 - 79% Prestar Storage System Sdn. Bhd.*
- 85% Prestar Tooling Sdn. Bhd.
- 75% Prestar Engineering Sdn. Bhd.
- 68% Posmmit Steel Centre Sdn. Bhd. (formerly known as Summit Steel Centre Sdn. Bhd.)
- 97% Prestar Steel Pipes Sdn. Bhd.
- 51% Tashin Steel Sdn. Bhd.
- 100% Prestar Galvanising Sdn. Bhd.

TRADING DIVISION

- 100% Prestar Marketing Sdn. Bhd.
- 70% Dai Dong Steel Sdn. Bhd.

* 30% through 100% owned subsidiary Excelpath Sdn. Bhd.



Audit Committee Report

MEMBERS

Audit committee consists of the following members:-

Mr Yee Chee Seng @ Yee Yen *Chairman of Audit Committee, Independent Non-Executive Director*

Encik Fadzlullah Shuhaimi Bin Salleh *Independent Non-Executive Director*

Mr Toh Yew Peng *Group Managing Director*

JOINT SECRETARIES

Ms Chua Siew Chuan *(MAICSA 0777679)*

Ms Chin Mun Yee *(MAICSA 7019243)*

(A) TERMS OF REFERENCE

1. Composition of members

1.1 The Board shall elect the Audit Committee members from amongst themselves, comprising no fewer than three (3) directors, where the majority shall be independent directors. The term of office of the audit committee is 2 years and may be re-nominated and appointed by the Board of Directors.

In this respect, the Board adopts the definition of "independent director" as defined under the Kuala Lumpur Stock Exchange ("KLSE") Listing Requirements.

1.2 At least one member of the Audit Committee must be:-

- (a) a member of the Malaysian Institute of Accountant ("MIA"); or
- (b) if he is not a member of MIA, he must have at least 3 years of working experience and:
 - i. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (c) fulfils such other requirements as prescribed by the Exchange.

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

Retirement and resignation

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

2. Chairman

2.1 The Chairman of the Audit Committee, elected from amongst the Audit Committee members, shall be an independent director. The Chairman of the Committee shall be approved by the Board of Directors.

3. Secretary

3.1 The Secretary of the Audit Committee shall be the Company Secretary.

3.2 The Secretary shall be responsible for drawing up the agenda with concurrence of the Chairman and circulating it, supported by explanatory documentation to members of the Audit Committee prior to each meeting.

3.3 The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, circulating them to members of the Audit Committee and to the other members of the Board of Directors and for following up outstanding matters.



4. Meetings

- 4.1 The Audit Committee meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.
- 4.2 In the absence of the Chairman, the other independent director shall be the Chairman for that meeting.
- 4.3 The members of the Audit Committee, General Manager (Corporate Affairs, Finance and Administration), Finance Manager and the head of internal audit will normally be in attendance at the meetings. Representatives of the external auditors are to be in attendance at meeting where matters relating to the audit of the statutory accounts and/or external auditors are to be discussed.
- 4.4 Other directors, officers and employees of the Company and/or Group may be invited to attend, except for those portions of the meetings where their presence is considered inappropriate, as determined by the Audit Committee. However, at least once a year the Audit Committee shall meet with the external auditors without any executive board member present.
- 4.5 Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and also to the other members of the Board of Directors. The Audit Committee Chairman shall report on each meeting to the Board of Directors.

5. Quorum

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

6. Reporting

- 6.1 The Audit Committee shall report to the Board of Directors, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.
- 6.2 The Audit Committee shall report to the Board of Directors on any specific matters referred to it by the Board for investigation and report.

7. Objectives

- 7.1 The principal objectives of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:-
 - (a) evaluate the quality of the audits performed by the internal and external auditors;
 - (b) provide assurance that the financial information presented by management is relevant, reliable and timely;
 - (c) oversee compliance with laws and regulations and observance of a proper code of conduct; and
 - (d) determine the quality, adequacy and effectiveness of the Group's control environment.

8. Authority

- 8.1 The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the expense of the Company,
 - (a) authorise to investigate any activity within its terms of reference. All employees shall be directed to co-operate as requested by members of the Audit Committee.
 - (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.
 - (c) obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.
 - (d) be able to convene meetings with the external auditors, without the attendance of the executive members of the Audit Committee, whenever deemed necessary.
 - (e) be able to make relevant reports when necessary to the relevant authorities if a breach of the Listing Requirements occurred.



9. Duties and Responsibilities

The duties and responsibilities of the Audit Committee shall be:-

- 9.1 To review the quarterly announcements to the Kuala Lumpur Stock Exchange and year end annual financial statements before submission to the Board, focussing on:-
 - (a) going concern assumption;
 - (b) compliance with accounting standards and regulatory requirements which include the KLSE listing rules and SC guidelines;
 - (c) any changes in accounting policies and practices;
 - (d) significant and unusual issues arising from the audit; and
 - (e) major judgmental areas.
- 9.2 To review with the external auditors the following:-
 - (a) the audit plan;
 - (b) the maintenance and control of an effective accounting system;
 - (c) his evaluation of the system of internal controls;
 - (d) his audit reports and findings;
 - (e) problems and reservations arising from their interim and final audits; and
 - (f) the assistance given by the employees of the company or group to the external auditor.
- 9.3 To review the internal audit functions on the following:-
 - (a) adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work;
 - (b) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (c) internal audit plan, consider the audit reports and findings of internal audit, fraud investigations and actions and steps taken by management in response to audit findings.
- 9.4 To assess the adequacy and effectiveness of the systems of internal control and accounting control procedures of the Company and the Group by reviewing the external auditors' management letters and management response.
- 9.5 To assist the Board on the appointment and resignation of the external auditors, to recommend the nomination of external auditors and negotiate on the auditor fee.
- 9.6 To monitor Related Party Transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity such as the basis of transactions are of arms-length terms and terms are not disadvantageous to the Group.
- 9.7 To undertake such other responsibilities as may be agreed to by the Committee and the Board.
- 9.8 To report to the Board its activities, significant results and findings.



(B) SUMMARY OF ACTIVITIES OF THE COMMITTEE

The activities of the Audit Committee for the financial year were summarised as follows:-

1. The Audit Committee met five times during the financial year 2002. The attendance record of each director is as follows:

Name of Committee Member	No. of Meetings Held During Directors' Tenure in Office	No. of Meetings Attended by Directors
Mr Yee Chee Seng @ Yee Yen	5	5
Encik Fadzlullah Shuhaimi B. Salleh	5	4
Encik Meer Sadik Bin Habib Mohamed <i>-resigned on 18 March 2002</i>	2	1
Mr Toh Yew Peng	5	4

2. Reviewed quarterly financial results announcements and year end audited financial statements for the Group prior to the Board of Directors' approval. The review would ensure the financial statements would be in compliance with the listing requirements of KLSE and in accordance with applicable approved accounting standards.
3. Reviewed with the external auditor the audit plan and the audit reports and discussed the audit issues and recommendations raised by them.
4. Reviewed the internal audit plan and internal audit reports and discussed the audit issues and recommendations with regard to system and control weaknesses noted in the course of audit and management response thereto.
5. Reviewed the risk management reports for the Group with risks identified and evaluated the risk areas prior to submission to the Board.

(C) INTERNAL AUDIT FUNCTIONS

1. The Internal Audit Department ("IAD") was established in January 2002. Its principal responsibility is to assist the Company in accomplishing its objectives by bringing systematic, disciplined audit approach to evaluate and improve the effectiveness of risk management, control and governance processes.
2. The IAD is to assist the Board, Audit Committee and Management in the effective discharge of their responsibilities in established cost-effective controls, assessing risks, recommending measures to mitigate those risks and assuring proper governance process. As an integral part of the management process, the IAD furnish Management with independent analysis, appraisals, consultation, and information on the activities review.
3. The internal audit activities that were carried out by the IAD during the period under review were:
 - a) Reviewed with Management the operational activities and ensure the principal objectivities are aligned to overall company's objectives.
 - b) Identified all auditable activities and relevant risk factors, and assessed their significance.
 - c) Analysed and examined to ensure that operations are effective.
 - d) Provided assurance on compliance to statutory requirements, laws, company policies and guidelines.
 - e) Recommended appropriate controls to overcome deficiencies and to enhance company operations.
 - f) Evaluated procedures in place to safeguard company assets.
 - g) Assisted Management in establishing a proper risk management framework, assessed risks and monitored the effectiveness of the risk management programme and ensured the adequacy of internal control system.
4. The IAD reports directly to the Audit Committee and its findings and recommendations are communicated to the Board.



Corporate Governance Statement

The Board of Directors is committed to the implementation of principles and best practices in corporate governance within the Group as concrete steps to enhance its transparency, accountability and corporate performance while achieving an optimal governance framework.

The Board is pleased to provide the following statement, which outlines the main corporate governance practices that were in place during the financial year.

A . THE BOARD OF DIRECTORS

The Board takes full responsibility for the overall performance of the Group by setting the directions and objectives, formulating the policies, strategic action plans and stewardship of the Group's resources. The Board regularly review the Group's business operations and maintains full and effective control over the management of the Group. The Chairman, Group Managing Director and Executive Directors' roles and functions are clearly identified, distinct and separated to ensure effective running of the Group.

All the independent directors are independent of Management and are free from any relationship that could materially interfere with the exercise of their independent judgement.

(i) Composition of the Board

The Board has nine (9) members and comprises five (5) Executive Directors and four (4) Non-Executive Directors, out of which, three (3) are independent.

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

Changes to Board during the year under review and up to the date of this statement are as follows:-

a) Resignation

Encik Meer Sadik Bin Habib Mohamed, resigned as Non-Executive Director on 18 March 2002.

b) Appointment

Mr Lim Cheang Nyok was appointed as Independent Non-Executive Director on 28 March 2002 and a member of the Nomination Committee on 20 May 2002. He was subsequently appointed Chairman of the Nomination Committee on 26 February 2003.

A brief profile of each Director is presented on pages 12 to 14 of the annual report.

The company has fulfilled the requirement for Independent Directors as required under the Listing Requirement and all the Directors have attended the Mandatory Accreditation Training Program (MAP) prescribed by the Kuala Lumpur Stock Exchange (KLSE). Apart from the MAP for Directors of Public Listed Companies advocated by the KLSE, the Company encourages its Directors to attend training programmes on a continuous basis to enhance their understanding of the Group's business and to keep abreast with current developments.

(ii) Board Meetings and Supply of Information

There were five (5) Board Meetings during the year under review. Effective from year 2002, the Board will meet at least once in every quarter. Details of each Director's attendance at the Board Meetings are set out in the Statement Accompanying the Notice of Annual General Meeting.

All Directors are provided with the agenda and information necessary for them to deal with prior to the Board Meeting. Senior Management staff were invited to attend Board Meeting to provide the Board with detailed explanations and clarifications on certain matters that are tabled to the Board. Directors have direct access to the advices and services of the Company Secretary as well as access to the information within the Group, whether as a full Board or in their individual capacity for discharging their duties.

(iii) Re-election

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

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

Information of the Directors seeking for re-election at the forthcoming Annual General Meeting are set out in the Statement Accompanying the Notice of Annual General Meeting.



(iv) Board Committees

The Board has established the following Board Committees to assist the Board in executing its responsibilities:-

a) Audit Committee

Since the establishment of the Audit Committee in August 1995, it has discharged its duties and responsibilities satisfactorily. For detailed information about the Audit Committee as with regards to its composition and terms of reference together with its report, please refer to the section on Audit Committee Report.

b) Remuneration Committee

The Remuneration Committee was established on 27 November 2001. Its members composed wholly of non-executive directors. The primary objective of the Committee is to assist the Board of Directors in their responsibilities in assessing the remuneration packages of the Executive Directors.

The process of deciding on the remuneration is transparent and Directors in the Committee refrain from participating in the review of their own remuneration. Directors' fees are approved by the shareholders together with the Audited Financial Statements of the Company at the Annual General Meeting.

Members of the Committee are as follows:-

- Encik Fadzlullah Shuhaimi Bin Salleh (Chairman, Independent Non-Executive Director)
- Encik Md. Nahar Bin Noordin (Member, Non-Executive Director)
- Mr Yee Chee Seng (Member, Independent Non-Executive Director)

The terms of reference of the Committee stipulates that it meets at least once a year. The Committee has met three times since its establishment.

c) Nomination Committee

The Nomination Committee was established on 27 November 2001. Its members composed exclusively of independent non-executive directors. The primary objective of the committee is to assist the Board of Directors in their responsibilities in nomination new nominees to the Board of Directors.

Members of the Committee are as follows:-

- Mr Lim Cheang Nyok (appointed as Chairman on 26 February 2003, Independent Non-Executive Director)
- Encik Fadzlullah Shuhaimi Bin Salleh (Member (resigned as Chairman on 26 February 2003), Independent Non-Executive Director)
- Mr Yee Chee Seng (Member, Independent Non-Executive Director)

The terms of reference of the Committee stipulates that it meets at least once a year. The Committee has met three times since its establishment.

B. DIRECTORS' REMUNERATION

The Board recognises the need to have a competitive remuneration package to attract and retain Directors of the necessary calibre to run the company successfully. This is in line with the recommendations stipulated in The Code.

The details of the remuneration for Directors of the Company comprising remuneration received / receivable from the Group and subsidiary companies during the financial year ended 31 December 2002 are as follows:-

(i) Aggregate remuneration categorised into appropriate components:

RM ('000)	Executive Directors	Non-Executive Directors
Fees	203	76
Salaries	1,027	
Bonus	352	
Benefits-in-kind	62	
EPF and Socso	130	

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

	Executive Directors	Non-Executive Directors
Below RM50,000		4
RM 200,001 to RM 250,000	1	
RM 250,001 to RM 300,000	1	
RM 300,001 to RM 350,000	1	
RM 400,001 to RM 450,000	1	
RM 450,001 to RM 500,000	1	



C. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Board has endeavoured to ensure that the annual audited financial statements and quarterly announcements of the Group's results always present a balanced and understandable assessment of the Group's position and prospects. These financial reports also undergo a review process by the Audit Committee prior to approval by the Board.

The Statement of Directors' Responsibility pursuant to para 15.27(a) of the Listing Requirements of KLSE on its responsibilities in preparing the financial statements is set out on page 23 of this Annual Report.

(ii) Internal Control

The Directors are responsible for the Group's system of internal control that aims to safeguard shareholders' investment and the Group's assets during its course of business.

The Statement of Internal Control furnished on page 24 of the annual report provides an overview on the state of internal controls within the Group.

(iii) Relationship with Auditors

The Company and the Board, through the Audit Committee has always maintained a close and transparent relationship with its External Auditors in seeking professional advice and ensuring compliance with approved accounting standards in Malaysia. The Audit Committee has also held meeting with the External Auditors, without the presence of Executive Board Members regarding audit planning and other relevant issues.

A summary of the activities of the Audit Committee during the year is set out in the Audit Committee Report.

D. RELATIONSHIP AND COMMUNICATION WITH SHAREHOLDERS

(i) Communication and dissemination of information

The Board recognises the importance of communication and proper dissemination of information to its shareholders and investors. In this respect, the Company reaches out to its shareholders and investors through its Annual Report and timely announcement through KLSE of material information, corporate proposals and quarterly financial results.

The Company has a website at www.prestar.com.my where shareholders and investors can conveniently access for information.

(ii) Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of Annual General Meeting and related circular are sent out to the shareholders at least 21 days before the date of the meeting.

Shareholders' participation at the Annual General Meeting are encouraged. For better communication and clarification, in cases of questions raised by the shareholders, the Board is supported by the auditors and other legal/financial advisers, where applicable, who are also present at the Annual General Meeting.

E. COMPLIANCES STATEMENT

The Board has taken steps to ensure that the Group has implemented as far as possible the Best Practices as set out in The Code. Apart from the following, the Board considers that all other Best Practices have been substantially implemented in accordance with The Code:

- (i) Appointment of a Senior Independent Non-Executive Director has not been made. This is in view of the current composition of the Board which reflects a strong independent element and the separation of the roles of Chairman and Group Managing Director (CEO), the Board does not consider it necessary at this juncture to nominate a Senior Independent Non-Executive Director.
- (ii) The adoption of a formal procedure to enable the full Board or in their individual capacity to take independent professional advice at Group's expense in furtherance of their duties has not been made. The Board reckoned that the wide experiences of the members are sufficient to carry out their duties. Besides, if such necessity arises, it can be brought to the Board for discussion and approval.
- (iii) Remuneration of each member of the Board of Directors is not shown in detail individually as the Directors are of the opinion that there was necessity to safeguard the physical security of the Directors and members of their family, besides the amount paid to individual directors is not individually material, hence no separate disclosure.



Additional Compliance Information

Required by the Listing Requirements of Kuala Lumpur Stock Exchange

1. UTILISATION OF PROCEEDS

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

2. SHARE BUY-BACK

The information on share buy-back for the financial year is presented in the Financial Statements.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

A total of 850,000 options were exercised during the financial year pursuant to the Company's ESOS. The Company has not issued any warrants, or convertible securities up to this point of time.

4. AMERICAN DEPOSITORY RECEIPT ('ADR') OR GLOBAL DEPOSITORY RECEIPT ('GDR') PROGRAMME.

During the financial year, the Company did not sponsor any ADR or GDR programme.

5. IMPOSITION OF SANCTIONS AND PENALTIES

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

6. NON-AUDIT FEE

The amount of non-audit fees paid to the external auditors by the Group for the financial year were RM182,920.

7. PROFIT ESTIMATES/FORECAST PROJECTION/UNAUDITED RESULTS

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

8. PROFIT GUARANTEE

During the financial year, there were no profit guarantees given by the Company.

9. MATERIAL CONTRACTS

There were no material contracts made by the Company and its subsidiaries involving Directors' interests and major shareholders' interest during the financial year ended 31 December 2002.

10. REVALUATION POLICY

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

11. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

Please refer to the Note 25 of the Financial Statements.

Directors' Responsibility Statement

Directors' responsibility in respect of the preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of their profit or loss and cashflows for the period then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

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

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



Statement on Internal Control

INTRODUCTION

The Board recognises its responsibilities to ensure a sound system of internal controls encompassing all its financial and operating activities exist within the Group. The Board also views as of paramount importance to ensure the system of internal control is effectively maintained in order to safeguard the Group's assets and shareholder's value.

In relation to this objective and responsibilities, the Board is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the year.

BOARD RESPONSIBILITY

The Board of Directors recognises the importance of sound internal controls and risk management practices for good corporate governance. The Board accepts its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy, integrity and effectiveness of those systems. However, due to the limitations that are inherent in any system of internal controls, such systems are designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. Therefore, the systems can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board affirms that the Group had in place an on-going process for identifying, evaluation, monitoring and managing the significant risks affecting the achievement of its business objectives since the second half of the year under review and up to the date of this report. This process is regularly reviewed by the Board via Group Risk Management Committee and Audit Committee.

RISK MANAGEMENT FRAMEWORK

In April 2002, the Board established a Group Risk Management Committee. The Group Risk Management Committee is chaired by the Group Managing Director and includes the Group's Executive Directors, Group Financial Controller and Internal Audit Manager. The Group Risk Management Committee further incorporates Risk Management Units at various subsidiaries to delegate the process of risks identification, evaluating, monitoring and managing significant risks at the various business levels. The Group Risk Management Committee remains responsible for the overall Group's Risk Management process, monitoring and reporting, while the Group's Internal Audit Manager acts as the management facilitator in the Risk Management control process.

In addition to that, the Board has during the year under review also engaged the services of external consultants to review the risk management framework covering the key processes of the company and operating subsidiaries. Arising from the review the current risk management practices would be further enhanced.

This risk management function had enabled the management within the group to be more aware of the risk identification, evaluation, control and on going monitoring of the risk process.

INTERNAL AUDIT FUNCTION

The Group has established the Internal Audit function since the beginning of the period under review to assist the Audit Committee in discharging their duties and provides the Board with the assurance it requires on the adequacy and integrity of the system of internal controls.

The internal audit function which includes the review of risk identification procedures and control processes is performed according to the audit plan approved by the Audit Committee to which the internal audit department reports. There were no material control weaknesses identified during the year, which had a material impact on the company's financial performance or operations.

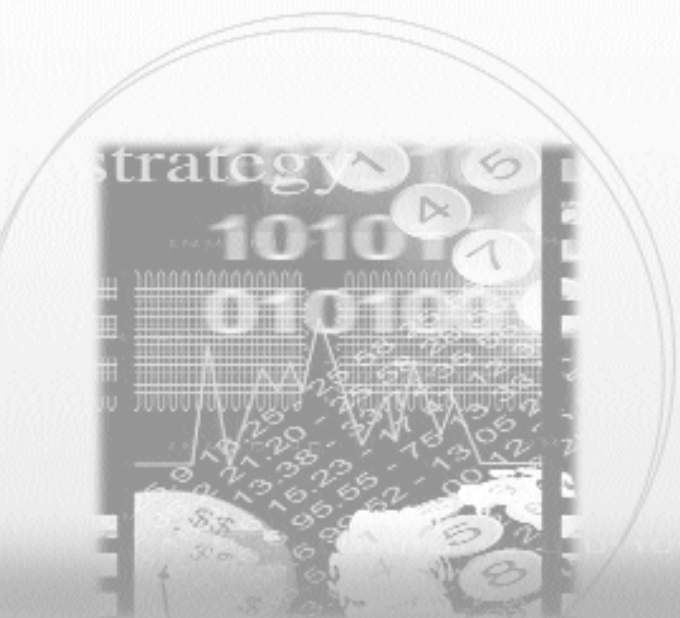
OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES

Apart from risk management and internal audit, the Group has in place an organisational structure with defined lines of responsibility, delegation of authority and an effective management reporting system.

Other salient features of the Group's Internal Control systems includes the following:-

- a detail budgeting process where budgets are prepared by the operating business units for subsequent monitoring and tracking of variances and performance.
- documented production operation and quality control system accredited by various ISO certification bodies on 4 subsidiaries.
- Formalised recruitment and staff performance appraisal policy and system and well planned regular training sessions for various level of employees.
- Board meetings with a set schedule of matters for discussion thus ensuring that it maintains effective supervision and control.
- Quarterly review of financial results and operational matters by the Board and Audit Committee.

Based on the above, the Board is of the opinion that there exists within the Group a reasonably effective and efficient system of internal controls.



Financial Statements

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Directors' Report for the year ended 31 December 2002

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2002.

Principal activities

The principal activities of the Company consist of rental of properties, investment holding and indent trading.

The principal activities of the subsidiaries are stated in Note 3 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Net profit for the year	<u>11,836,369</u>	<u>3,634,193</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid a final dividend of 3.5% less tax totalling RM1,028,034 in respect of the year ended 31 December 2001 on 14 August 2002.

The dividends recommended by the Directors in respect of the year ended 31 December 2002 are final dividend of 3.5% less tax totalling RM1,042,448 and special tax exempt dividend of 5% totaling RM2,068,350.

Directors of the Company

Directors who served since the date of the last report are:

- Toh Yew Keat
- Toh Yew Peng
- Toh Yew Kar
- Toh Yew Seng
- Toh Poh Khuan
- Md. Nahar Bin Noordin
- Fadzlullah Shuhaimi B. Salleh
- Yee Chee Seng @ Yee Yen
- Lim Cheang Nyok

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' shareholdings are as follows:

	Number of ordinary shares of RM1.00 each			
	Balance at 1.1.2002	Bought	Sold	Balance at 31.12.2002
Shareholdings in which Directors have direct interest				
<u>The Company</u>				
Toh Yew Keat	6,652,851	-	-	6,652,851
Toh Yew Peng	1,250,399	-	-	1,250,399
Md. Nahar Bin Noordin	3,261,000	-	-	3,261,000

**Directors of the Company (continued)**

	Number of ordinary shares of RM1.00 each			Balance at 31.12.2002
	Balance at 1.1.2002	Bought	Sold	
Shareholding in which Directors have deemed interest				
<u>The Company</u>				
Toh Yew Keat	14,152,500	1,850,000	(2,650,000)	13,352,500
Toh Yew Peng	14,152,500	1,850,000	(2,650,000)	13,352,500
Toh Yew Kar	14,152,500	1,850,000	(2,650,000)	13,352,500
Toh Yew Seng	14,152,500	1,850,000	(2,650,000)	13,352,500
Toh Poh Khuan	14,152,500	1,850,000	(2,650,000)	13,352,500

	Number of ordinary shares of RM1.00 each			Balance at 31.12.2002
	Balance at 1.1.2002	Bought	Sold	
<u>Subsidiaries</u>				
Prestar Tooling Sdn. Bhd.				
Toh Yew Seng	425,000	-	-	425,000
Toh Yew Kar	425,000	-	-	425,000
Prestar Storage System Sdn. Bhd.				
Toh Yew Keat	350,000	210,000	-	560,000
Toh Yew Seng	350,000	210,000	-	560,000
Toh Yew Kar	350,000	210,000	-	560,000
Prestar Engineering Sdn. Bhd.				
Toh Yew Kar	750,000	-	-	750,000
Toh Yew Seng	750,000	-	-	750,000
Posmmit Steel Centre Sdn. Bhd. (formerly known as Summit Steel Centre Sdn. Bhd.)				
Toh Yew Peng	6,200,000	5,250,000	(1,950,000)	9,500,000
Toh Yew Seng	6,200,000	5,250,000	(1,950,000)	9,500,000
Prestar Steel Pipes Sdn. Bhd.				
Toh Yew Kar	6,300,000	-	-	6,300,000
Toh Yew Seng	6,300,000	-	-	6,300,000
Dai Dong Steel Sdn. Bhd.				
Toh Yew Seng	350,000	-	-	350,000
Tashin Steel Sdn. Bhd.				
Toh Yew Peng	9,388,000	812,000	-	10,200,000
Toh Yew Seng	9,388,000	812,000	-	10,200,000

By virtue of their interest in shares in the Company, the Directors are also deemed to have an interest in the shares of the subsidiaries to the extent that the Company had an interest.



Directors of the Company (continued)

The options granted to the Directors in respect of the acquisition of shares pursuant to the Employees' Share Option Scheme ("ESOS") are set out below:

	Number of options over ordinary shares of RM1.00 each			Balance at 31.12.2002
	Balance at 1.1.2002	Granted	Exercised	
<u>Share options in the Company</u>				
Toh Yew Keat	265,000	-	-	265,000
Toh Yew Peng	265,000	-	-	265,000
Toh Yew Kar	159,000	-	-	159,000
Toh Yew Seng	159,000	-	-	159,000
Toh Poh Khuan	159,000	-	-	159,000

None of the other Directors holding office at 31 December 2002 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) 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 certain Directors who may be deemed to derive a benefit by virtue of those transactions conducted between the Company and companies in which the Directors have interests as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the Employees' Share Option Scheme.

Issue of shares and debentures

During the financial year, the Company issued the following shares:

CLASS OF SHARES	Number of shares	Terms of issue	Purpose of issue
Ordinary shares of RM1 each	850,000	Cash	Subscription of Employees' Share Option Scheme ("ESOS")

The ESOS were issued at a price of RM1.96 per share.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

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

The Company's ESOS of not more than 10% of the issued share capital of the Company at the point of time when an offer is made was approved by the shareholders of the Company at an Extraordinary General Meeting held on 20 October 2000 and was effected on 26 December 2000.



Options granted over unissued shares (continued)

The options offered to take up unissued ordinary shares of RM1.00 each and the option price are as follows:

Date of offer	Option price	Balance at 1.1.2002	Number of options over ordinary shares of RM1 each			Balance at 31.12.2002
			Granted	Lapsed due to resignation	Exercised	
31.01.2001	RM1.96	3,826,000	-	(169,000)	(850,000)	2,807,000

The salient features of the scheme are as follows:

- a) Eligible Employees comprise any employee who has attained the age of eighteen (18) years and who is a Malaysian Citizen employed by and on the payroll of any company comprised in the Group and who are monthly paid employees and is confirmed and has been in the employment of the Group for at least one (1) year prior to or up to the Date of Offer.
- b) The option is personal to the grantee and is non-assignable.
- c) The Option Price shall be determined based on a discount of not more than 10% of the 5 day weighted average market price of the Shares at the date the Option is granted, subject to the minimum price of RM1.00, being the par value of the Shares.
- d) The options granted may be exercised according to the following scale in respect of a maximum of the following:

Number of Shares in respect of Options granted	Percentage of options exercisable (%)				
	Year 1	Year 2	Year 3	Year 4	Year 5
Less than 20,000	50	50			
20,000 to 100,000	30	30	40		
More than 100,000	20	20	20	20	20

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

- e) The options granted may be exercised at any time within a period of five years from the date of the last approval subject to any extension as shall be approved by the shareholders and the relevant authorities.
- f) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 1,000 shares.

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

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

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings.



Significant events during the year

- a) Disposal and subscription of shares in a subsidiary - Posmmit Steel Centre Sdn. Bhd. (formerly known as Summit Steel Centre Sdn. Bhd.).

During the year, the Company disposed of 1,950,000 ordinary shares of RM1.00 each in Posmmit Steel Centre Sdn. Bhd., constituting 30% equity interest of the Company for a cash consideration of RM4,989,000 to POSCO. Subsequently, the total issued and paid up capital of Posmmit Steel Centre Sdn. Bhd. has increased from RM6,500,000 to RM14,000,000 by the issuance of 7,500,000 new ordinary shares of RM1.00 each.

The Company has then subscribed additional 5,250,000 ordinary shares of RM1.00 each for a cash consideration of RM5,250,000. As a result of the additional subscription of 5,250,000 ordinary shares during the year, the Company holds 9,500,000 ordinary shares in Posmmit Steel Centre Sdn. Bhd. constituting 68% equity interest of the Company as at year end.

- b) Subscription of shares in a subsidiary - Prestar Manufacturing Sdn. Bhd.

During the year, the Company subscribed 1,354,999 ordinary shares of RM1.00 each in Prestar Manufacturing Sdn. Bhd. at a consideration to be set off against part of the amount owing to the Company. The equity interest of the Company remains unchanged after the subscription of shares.

- c) Subscription of shares in a subsidiary - Prestar Marketing Sdn. Bhd.

During the year, the Company subscribed 1,318,650 ordinary shares of RM1.00 each in Prestar Marketing Sdn. Bhd. for a consideration of RM1,318,650 satisfied by cash. The equity interest of the Company remains unchanged after the subscription of shares.

- d) Subscription of shares in a subsidiary - Prestar Galvanising Sdn. Bhd.

During the year, the Company subscribed 2,000,000 ordinary shares in Prestar Galvanising Sdn. Bhd. at a consideration to be set off against part of the amount owing to the Company. The equity interest of the Company remains unchanged after the subscription of shares.

- e) Subscription of shares in a subsidiary - Tashin Steel Sdn. Bhd.

During the year, the Company subscribed 812,000 ordinary shares of RM1.00 each in Tashin Steel Sdn. Bhd. for a consideration of RM812,000 satisfied by cash. The equity interest of the Company remains unchanged after the subscription of shares.

Significant event after balance sheet date

On 26 July 2002, a subsidiary entered into a conditional sale and purchase agreement with Standard Central Sdn. Bhd. pursuant to which the subsidiary is to dispose off a parcel of leasehold land and building in Segambut, Kuala Lumpur for a cash consideration of RM1,730,000. The disposal is expected to give rise to a gain on disposal by approximately RM510,000 to the Group. The transaction was completed in February 2003.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or



Other statutory information (continued)

- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, other than the gain on sale of shares in a subsidiary as disclosed in Note 17 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2002 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

.....
Toh Yew Peng

.....
Toh Yew Kar

Kuala Lumpur,

Date: 26 March 2003



Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 34 to 67, are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2002 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

.....
Toh Yew Peng

.....
Toh Yew Kar

Kuala Lumpur,

Date: 26 March 2003

Statutory Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Toh Yew Peng**, the Director primarily responsible for the financial management of Prestar Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 67, 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 in Kuala Lumpur on 26 March 2003.

.....
Toh Yew Peng

Before me:

No. W202
Barathan A/L Sinniah @ Chinniah
AMN, PJK

Pesuruhjaya Sumpah
(Commissioner for Oaths)
Kuala Lumpur



Report of the Auditors to the Members of Prestar Resources Berhad

We have audited the financial statements set out on pages 34 to 67. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 December 2002 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiary in respect of which we have not acted as auditor is identified in Note 3 to the financial statements and we have considered its financial statements and the auditor's report thereon.

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

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG
Firm Number: AF 0758
Chartered Accountants

Lim Hun Soon @ David Lim
Partner
Approval Number: 1514/05/04(J)

Kuala Lumpur,

Date: 26 March 2003



Group Balance Sheet at 31 December 2002

	Note	2002 RM	2001 RM
Property, plant and equipment	2	107,798,088	104,754,411
Intangible assets	4	2,320,221	2,472,296
Quoted investments	5	379,985	374,585
Current assets			
Inventories	6	123,556,703	64,911,439
Trade receivables	7	85,365,110	86,890,143
Other receivables, deposits and prepayments		7,143,969	8,804,078
Cash and cash equivalents	9	3,476,362	5,486,237
		219,542,144	166,091,897
Current liabilities			
Trade payables	10	27,732,896	21,613,602
Other payables and accruals	11	14,019,965	7,782,306
Hire purchase liabilities	12	783,177	479,114
Bank borrowings	13	130,478,148	102,942,845
Taxation		950,184	2,601,328
		173,964,370	135,419,195
Net current assets		45,577,774	30,672,702
		156,076,068	138,273,994
Financed by:			
Capital and reserves			
Share capital	14	41,560,000	40,710,000
Reserves		70,531,603	58,907,268
Treasury shares	14	(529,017)	-
		111,562,586	99,617,268
Minority shareholders' interests	16	26,102,392	14,586,689
Long term and deferred liabilities			
Bank borrowings	13	13,678,507	20,130,139
Hire purchase liabilities	12	1,358,583	995,898
Deferred taxation	20	3,374,000	2,944,000
		18,411,090	24,070,037
		156,076,068	138,273,994

The financial statements were approved and authorised for issue by the Board of Directors on 26 March 2003.



Group Income Statement for the year ended 31 December 2002



	Note	2002 RM	2001 RM
Revenue		315,758,493	287,372,339
Operating profit	17	26,129,289	12,613,049
Financing costs	19	(6,587,459)	(6,935,668)
Interest income		17,572	155,590
Profit before taxation		19,559,402	5,832,971
Tax expense	20	(3,839,135)	(2,068,583)
Profit after taxation		15,720,267	3,764,388
Less: Minority interests		(3,883,898)	(1,723,904)
Net profit for the year		11,836,369	2,040,484
Basic earnings per share (sen)	21	28.88	5.12
Diluted earnings per share (sen)	21	28.58	5.10
Gross dividend per share (sen)	22	8.5	3.5



Group Statement of Changes in Equity for the year ended 31 December 2002

	Non-distributable				Distributable		Total RM
	Share capital RM	Share premium RM	Revaluation reserve RM	Foreign exchange reserve RM	Retained profits RM	Treasury shares RM	
At 1 January 2001	20,350,000	5,672,251	2,142,628	(20,933)	30,576,024	-	58,719,970
<i>Net gain/loss not recognised in the income statement</i>							
Currency translation differences	-	-	-	289,748	-	-	289,748
Net profit for the year	-	-	-	-	2,040,484	-	2,040,484
Dividends							
- 2000 final (Note 22)	-	-	-	-	(1,025,640)	-	(1,025,640)
Increase in issued share capital through							
- rights issue	20,350,000	20,350,000	-	-	-	-	40,700,000
- ESOS	10,000	9,600	-	-	-	-	19,600
Rights issue expenses	-	(858,079)	-	-	-	-	(858,079)
Disposal of a subsidiary	-	-	-	(268,815)	-	-	(268,815)
At 31 December 2001	40,710,000	25,173,772	2,142,628	-	31,590,868	-	99,617,268
At 1 January 2002	40,710,000	25,173,772	2,142,628	-	31,590,868	-	99,617,268
Net profit for the year	-	-	-	-	11,836,369	-	11,836,369
Dividends							
- 2001 final (Note 22)	-	-	-	-	(1,028,034)	-	(1,028,034)
Increase in issued share capital through							
- ESOS	850,000	816,000	-	-	-	-	1,666,000
Shares bought back	-	-	-	-	-	(529,017)	(529,017)
At 31 December 2002	41,560,000	25,989,772	2,142,628	-	42,399,203	(529,017)	111,562,586
	Note 14					Note 14	

**Group Cash Flow Statement** for the year ended 31 December 2002

	2002 RM	2001 RM
Cash flows from operating activities		
Profit before taxation after minority interests	15,675,504	4,109,067
Adjustments for:		
Allowance for doubtful debts	2,747,359	1,334,000
Amortisation of goodwill	152,075	152,075
Bad debts written off	667,593	196,906
Depreciation	8,072,541	7,303,083
Dividend income	(550)	(450)
Gain on disposal of subsidiary	-	(483,886)
Gain on disposal of shares in a subsidiary	(130,754)	-
Interest expense	6,587,459	6,935,668
Interest income	(17,572)	(155,590)
Inventories written down	1,078,419	-
Minority interest in retained profit	3,883,898	1,723,904
Net gain on disposal of property, plant and equipment	(525,511)	(92,020)
Reversal of inventories write down	-	(195,870)
Property, plant and equipment written off	14,708	9,740
Operating profit before working capital changes	38,205,169	20,836,627
(Increase)/Decrease in working capital:		
Inventories	(59,723,683)	10,716,099
Trade and other receivables	(1,231,785)	(7,374,484)
Trade and other payables	12,356,953	4,082,911
Cash (used in)/generated from operations	(10,393,346)	28,261,153
Income taxes paid	(4,058,302)	(2,440,805)
Net cash (used in)/generated from operating activities	(14,451,648)	25,820,348
Cash flows from investing activities		
Dividend received	550	450
Interest received	17,572	155,590
Minority interest in additional shares subscribed	3,030,000	5,670,000
Proceeds from disposal of property, plant and equipment	619,053	122,100
Proceeds from sale of shares in a subsidiary	4,882,559	-
Purchase of property, plant and equipment (i)	(9,913,470)	(49,266,863)
Purchase of quoted investments	(5,400)	-
Net cash outflow from disposal of subsidiary (ii)	-	(66,973)
Net cash used in investing activities	(1,369,136)	(43,385,696)



	2002 RM	2001 RM
Cash flows from financing activities		
Interest paid	(6,587,459)	(6,935,668)
Dividend paid to shareholders of the Company	(1,028,034)	(1,025,640)
Dividend paid to minority shareholders	(150,000)	(400,000)
Payments of hire purchase liabilities	(644,252)	(5,563,779)
Proceeds from term loan	-	19,000,000
Proceeds from borrowings	22,619,935	-
Purchase of own shares	(529,017)	-
Repayment of term loan	(6,044,640)	(1,927,146)
Repayment of borrowings	-	(21,235,775)
Proceeds from rights issue	-	40,700,000
Proceeds from ESOS	1,666,000	19,600
Payments of rights issue expenses	-	(858,079)
Net cash generated from financing activities	9,302,533	21,773,513
Net (decrease)/increase in cash and cash equivalents	(6,518,251)	4,208,165
Cash and cash equivalents at beginning of year	2,598,965	(1,898,948)
Foreign exchange differences on opening balance	-	289,748
Cash and cash equivalents at end of year	(iii) (3,919,286)	2,598,965

(i) Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM11,224,470 (2001 - RM50,535,883) of which RM1,311,000 (2001 - RM1,269,020) was acquired by means of hire purchase.

(ii) Disposal of a subsidiary - net of cash disposed

In the previous year, the Group disposed of Prestar Europe bvba. The value of assets and liabilities disposed of were as follows:

	Group 2001 RM
Property, plant and equipment	105,203
Current assets	2,934,365
Cash and cash equivalents	67,795
Current liabilities	(3,337,075)
Minority interest	6,929
Foreign exchange reserve	(260,281)
Share of net assets disposed	(483,064)
Gain on disposal	483,886
Proceeds on disposal	822
Less: Cash and cash equivalents	(67,795)
Net of cash disposed	(66,973)



(iii) Cash and cash equivalents

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

	2002 RM	2001 RM
Cash and bank balances	3,476,362	5,486,237
Bank overdrafts	(7,395,648)	(2,887,272)
	(3,919,286)	2,598,965

(iv) Acquisition of a subsidiary

In the previous year, the Group acquired a subsidiary, Prestar Storage System Sdn. Bhd. The fair values of assets acquired and liabilities assumed were as follows:

	2001 RM
Net assets acquired:	
Cash and bank balances	2
Less: Cash and bank balances of subsidiary acquired	(2)
	-
Cash flow on acquisition, net of cash acquired	-



Company Balance Sheet at 31 December 2002

	Note	2002 RM	2001 RM
Property, plant and equipment	2	45,753,758	46,188,062
Investment in subsidiaries	3	43,829,743	35,044,096
Current assets			
Other receivables, deposits and prepayments		404,002	1,803,138
Amount due from subsidiaries	8	22,941,091	32,011,773
Cash and cash equivalents	9	1,318	1,932
		23,346,411	33,816,843
Current liabilities			
Other payables and accruals	11	563,264	362,555
Amount due to subsidiaries	8	627,364	3,712,048
Bank borrowings	13	10,733,000	7,018,847
Taxation		-	1,303,317
		11,923,628	12,396,767
Net current assets		11,422,783	21,420,076
		101,006,284	102,652,234
Financed by:			
Capital and reserves			
Share capital	14	41,560,000	40,710,000
Reserves	15	49,130,984	45,708,825
Treasury shares	14	(529,017)	-
Shareholders' funds		90,161,967	86,418,825
Long term and deferred liabilities			
Bank borrowings	13	10,165,317	15,713,409
Deferred taxation	20	679,000	520,000
		10,844,317	16,233,409
		101,006,284	102,652,234

The financial statements were approved and authorised for issue by the Board of Directors on 26 March 2003.



Company Income Statement for the year ended 31 December 2002



	Note	2002 RM	2001 RM
Revenue		4,107,115	5,130,489
Operating profit	17	4,468,408	1,897,237
Financing costs	19	(1,337,021)	(1,526,778)
Interest income		1,105,917	1,543,696
Profit before taxation		4,237,304	1,914,155
Tax expense	20	(603,111)	(747,778)
Net profit for the year		3,634,193	1,166,377
Gross dividend per share (sen)	22	8.5	3.5



Company Statement of Changes in Equity for the year ended 31 December 2002

	Share capital RM	___ Non-distributable ___		Distributable		Treasury shares RM	Total RM
		Share premium RM	Revaluation reserve RM	Retained profits RM			
At 1 January 2001	20,350,000	5,672,251	2,142,628	18,251,688	-	-	46,416,567
Net profit for the year	-	-	-	1,166,377	-	-	1,166,377
Dividends							
- 2000 final (Note 22)	-	-	-	(1,025,640)	-	-	(1,025,640)
Increase in issued share capital through							
- rights issue	20,350,000	20,350,000	-	-	-	-	40,700,000
- ESOS	10,000	9,600	-	-	-	-	19,600
Rights issue expenses	-	(858,079)	-	-	-	-	(858,079)
At 31 December 2001	40,710,000	25,173,772	2,142,628	18,392,425	-	-	86,418,825
At 1 January 2002	40,710,000	25,173,772	2,142,628	18,392,425	-	-	86,418,825
Net profit for the year	-	-	-	3,634,193	-	-	3,634,193
Dividends							
- 2001 final (Note 22)	-	-	-	(1,028,034)	-	-	(1,028,034)
Increase in issued share capital through							
- ESOS	850,000	816,000	-	-	-	-	1,666,000
Shares bought back	-	-	-	-	(529,017)	-	(529,017)
At 31 December 2002	41,560,000	25,989,772	2,142,628	20,998,584	(529,017)	-	90,161,967
	Note 14				Note 14		



Company Cash Flow Statement for the year ended 31 December 2002



	2002 RM	2001 RM
Cash flows from operating activities		
Profit before taxation	4,237,304	1,914,155
Adjustments for:		
Bad debts written off	-	86,165
Depreciation	677,451	643,298
Dividend income	(486,111)	(1,527,778)
Gain on sale of shares in a subsidiary	(2,932,559)	-
Gain on disposal of a subsidiary	-	(822)
(Gain)/Loss on disposal of property, plant and equipment	(55,788)	735
Interest expense	1,337,021	1,526,778
Interest income	(1,105,917)	(1,543,696)
Operating profit before working capital changes	1,671,401	1,098,835
(Increase)/Decrease in working capital:		
Other receivables	47,166	4,683,941
Other payables	200,709	(1,629,662)
Subsidiaries	5,985,998	(19,606,578)
Cash generated from/(used in) operations	7,905,274	(15,453,464)
Income tax paid	(259,347)	(384,085)
Net cash generated from/(used in) operating activities	7,645,927	(15,837,549)
Cash flows from investing activities		
Dividend received	350,000	8,500,000
Interest received	1,105,917	1,543,696
Proceeds from disposal of property, plant and equipment	62,500	500
Proceeds from sale of shares in a subsidiary	4,882,559	-
Proceeds from disposal of a subsidiary	2	822
Purchase of property, plant and equipment	(249,859)	(38,414,476)
Subscription of shares in subsidiaries	(10,735,649)	(5,743,000)
Net cash used in investing activities	(4,584,530)	(34,112,458)
Cash flows from financing activities		
Interest paid	(1,337,021)	(1,526,778)
Dividend paid	(1,028,034)	(1,025,640)
Payments of hire purchase liabilities	-	(78,843)
Proceeds from/(repayments of) bank borrowings	2,832,000	(5,425,000)
(Repayment of)/proceeds from term loan	(5,140,740)	17,656,164
Proceeds from rights issue	-	40,700,000
Proceeds from ESOS	1,666,000	19,600
Payment of rights issue expenses	-	(858,079)
Purchase of own shares	(529,017)	-
Net cash (used in)/generated from financing activities	(3,536,812)	49,461,424
Net decrease in cash and cash equivalents	(475,415)	(488,583)
Cash and cash equivalents at beginning of year	(884,160)	(395,577)
Cash and cash equivalents at end of year	(1,359,575)	(884,160)
(i) Cash and cash equivalents		
Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:		
	2002 RM	2001 RM
Cash and bank balances	1,318	1,932
Bank overdrafts	(1,360,893)	(886,092)
	(1,359,575)	(884,160)

The notes set out on pages 44 to 67 form an integral part of, and, should be read in conjunction with, these financial statements.



Notes to the Financial Statements

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years except for the adoption of the following:

- (i) MASB 19, Events After Balance Sheet Date (see Note 22 and Note 30) whereby the comparative figures have been restated to reflect the impact of the non-recognition of dividends proposed after the balance sheet date;
- (ii) MASB 21, Business Combination (See Note 1(b)), which are applied prospectively;
- (iii) MASB 23, Impairment of Assets which is applied prospectively;
- (iv) MASB 24, Financial Instruments: Disclosure and Presentation, which has been adopted prospectively.

The adoption of MASB 21 and MASB 23 during the year does not have a material effect on the financial statements of the Group and the Company.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared in compliance with applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly and indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting except for certain subsidiaries which are consolidated using the merger method of accounting.

The subsidiaries, Prestar Marketing Sdn. Bhd. and Prestar Ventures Sdn. Bhd. are consolidated under the merger method of accounting. The Group has chosen to adopt the MASB 21 prospectively as allowed by the transitional provision of the standard, therefore comparative figures have not been restated.

Under the merger method of accounting, the results of the subsidiaries are presented as if the companies had been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital and reserves of the merged subsidiaries is taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences).

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition costs and the fair values of the subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless costs cannot be recovered.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost/valuation less accumulated depreciation.

Surplus arising from revaluation are dealt with in the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

It is the Group's policy to state property, plant and equipment at cost. Revaluation of certain properties in 1995 was carried out primarily for the purpose of listing to the Second Board of Kuala Lumpur Stock Exchange then and was not intended to effect a change in the accounting policy to one of revaluation of properties.



1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment (continued)

Hence, in accordance with the transitional provisions issued by the Malaysian Accounting Standards Board ("MASB") the revaluation of these properties have not been updated and they continue to be stated at their existing carrying amounts less accumulated depreciation.

The Directors are of the opinion that the current market values of the revalued properties are not less than their net book values as at 31 December 2002.

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net realisable value.

(d) Depreciation

Freehold land and capital work-in-progress are not depreciated. Leasehold land is amortised in equal instalments over the period of the respective leases which from 60 to 67 years while buildings are depreciated on a straight-line basis over 50 years.

Depreciation on other property, plant and equipment is calculated using the straight-line basis so as to write off the cost of the property, plant and equipment over their estimated useful lives. The principal annual rates used are as follows:

Buildings	2%
Furniture, fittings and renovations	10% - 20%
Motor vehicles and forklifts	20%
Moulds, tools and equipment	10% - 15%
Office equipment	10% - 20%
Plant and machinery	8% - 12.5%

(e) Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation.

Goodwill is amortised from the date of initial recognition over its estimated useful life of not more than twenty years.

(f) Investments

i) Investments in subsidiaries

Investments in subsidiaries are stated at cost and allowance for diminution in value is made where there is a diminution in their value which is other than temporary.

ii) Quoted investments

Long term investments are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

(g) Inventories

Tools and consumables are stated at cost based on weighted average method. Raw materials, work-in-progress and manufactured inventories are stated at the lower of cost and net realisable value with weighted average cost being the basis for cost.

For work-in-progress and manufactured inventories, cost consists of materials, direct labour and an appropriate proportion of fixed and variable production overheads.



1. Summary of significant accounting policies (continued)

(h) Trade receivables and other receivables

Trade receivables and other receivables are stated at cost less allowance for doubtful debts.

(i) Liabilities

Trade and other payables are stated at cost.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(k) Impairment

The carrying amount of the Group's assets, other than inventories (refer note 1(g)) and financial assets (other than investments in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(l) Repurchase of shares

When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are reclassified as treasury shares and presented as a deduction from total equity.

(m) Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter.

Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.



1. Summary of significant accounting policies (continued)

(n) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

1AUD	RM2.15	(2001: 1AUD	RM1.93)
1BND	RM2.17	(2001: 1BND	N/A)
1EURO	RM3.83	(2001: 1EURO	RM3.34)
1SGD	RM2.17	(2001: 1SGD	RM2.05)
1USD	RM3.80	(2001: 1USD	RM3.80)
100BAHT	RM8.81	(2001: 100BAHT	N/A)
100BEF	N/A	(2001: 100BEF	RM8.10)

(o) Derivative financial instruments

The Group uses derivative financial instruments being forward foreign exchange contracts to hedge its exposure to foreign exchange arising from operational activities. Any profit or loss were material is recognised in the income statement.

(p) Revenue

i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and represents invoiced value of sales less returns, discounts and sales tax and rental income receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

ii) Dividend income

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

iii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(q) Financing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred.

(r) Hire purchase plan

Plant and equipment acquired under hire purchase plan are capitalised in the balance sheet and depreciated over their useful lives as stated in Note 1(d). The interest element of the hire purchase instalment is charged to the income statement over the period of the plan and accounted for on the sum of digits method.



2. Property, plant and equipment

<i>Group</i>	Freehold land	Short term leasehold land	Building	Furniture, fittings and renovations	Motor vehicles and forklifts	Moulds, tools and equipment	Office equipment	Plant and machinery	Capital work-in-progress	Total
<i>Cost/Valuation</i>	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2002	19,222,743	3,748,833	38,729,969	2,646,569	6,523,936	6,405,245	3,472,144	54,644,355	838,526	136,232,320
Additions	-	-	162,638	586,628	2,489,510	661,406	576,570	3,306,545	3,441,173	11,224,470
Disposals	-	-	-	-	(1,262,768)	(460)	(215,956)	(194,200)	-	(1,673,384)
Reclassification	-	-	(29,300)	29,300	-	-	-	-	-	-
Transfers	-	-	110,744	110,435	66,286	13,968	48,032	671,544	(1,021,009)	-
Write off	-	-	-	-	-	-	-	-	(14,708)	(14,708)
At 31 December 2002	19,222,743	3,748,833	38,974,051	3,372,932	7,816,964	7,080,159	3,880,790	58,428,244	3,243,982	145,768,698
Representing items at:										
Cost	15,679,744	2,668,063	32,549,437	3,372,932	7,816,964	7,080,159	3,880,790	58,428,244	3,243,982	134,720,315
Directors' valuation - 1995	3,542,999	1,080,770	6,424,614	-	-	-	-	-	-	11,048,383
At 31 December 2002	19,222,743	3,748,833	38,974,051	3,372,932	7,816,964	7,080,159	3,880,790	58,428,244	3,243,982	145,768,698
Accumulated depreciation										
At 1 January 2002	-	259,590	1,936,403	1,662,684	4,066,063	4,095,810	1,992,274	17,465,085	-	31,477,909
Charge for the year	-	72,424	756,825	347,173	925,745	754,264	430,365	4,785,745	-	8,072,541
Disposals	-	-	-	-	(1,172,543)	(15)	(213,089)	(194,193)	-	(1,579,840)
Transfers	-	-	(1,757)	1,757	-	-	-	-	-	-
At 31 December 2002	-	332,014	2,691,471	2,011,614	3,819,265	4,850,059	2,209,550	22,056,637	-	37,970,610
Net book value										
At 31 December 2002	19,222,743	3,416,819	36,282,580	1,361,318	3,997,699	2,230,100	1,671,240	36,371,607	3,243,982	107,798,088
At 31 December 2001	19,222,743	3,489,143	36,793,566	983,885	2,457,873	2,309,435	1,479,870	37,179,270	838,526	104,754,411
Depreciation charge for the year ended 31 December 2001	-	72,424	639,529	343,121	913,866	714,245	416,049	4,203,849	-	7,303,083

<i>Company</i>	Freehold land	Buildings	Furniture, fittings and renovations	Motor vehicles	Office equipment	Capital work-in-progress	Total
<i>Cost/Valuation</i>	RM	RM	RM	RM	RM	RM	RM
At 1 January 2002	17,459,744	29,691,013	318,983	855,945	59,633	110,744	48,496,062
Additions	-	132,358	41,047	-	76,454	-	249,859
Disposals	-	-	-	(160,690)	(660)	-	(161,350)
Transfers	-	110,744	-	-	-	(110,744)	-
At 31 December 2002	17,459,744	29,934,115	360,030	695,255	135,427	-	48,584,571



2. Property, plant and equipment (continued)

<i>Company</i>	Freehold land	Buildings	Furniture, fittings and renovations	Motor vehicles	Office equipment	Capital work-in progress	Total
<i>Cost/Valuation</i>	RM	RM	RM	RM	RM	RM	RM
Representing items at:							
Cost	15,329,744	25,018,824	360,030	695,255	135,427	-	41,539,280
Directors' valuation - 1995	2,130,000	4,915,291	-	-	-	-	7,045,291
At 31 December 2002	17,459,744	29,934,115	360,030	695,255	135,427	-	48,584,571
Accumulated depreciation							
At 1 January 2002	-	1,274,906	255,095	749,027	28,972	-	2,308,000
Charge for the year	-	595,442	23,653	45,852	12,504	-	677,451
Disposals	-	-	-	(154,467)	(171)	-	(154,638)
At 31 December 2002	-	1,870,348	278,748	640,412	41,305	-	2,830,813
Net book value							
At 31 December 2002	17,459,744	28,063,767	81,282	54,843	94,122	-	45,753,758
At 31 December 2001	17,459,744	28,416,107	63,888	106,918	30,661	110,744	46,188,062
Depreciation charge for the year ended 31 December 2001	-	478,825	24,694	130,107	9,672	-	643,298

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

The freehold and leasehold land and buildings of the Group and the Company with net book value amounting to RM57,680,730 (2001 - RM58,230,324) and RM45,523,511 (2001 - RM45,875,850) have been charged as securities for banking facilities granted to the Company and its subsidiaries (see Note 13).

Net book value of assets acquired under hire purchase are as follows:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Motor vehicles and forklifts	1,899,906	1,095,451	-	-
Plant and machinery	1,462,535	1,243,623	-	-
	3,362,441	2,339,074	-	-



2. Property, plant and equipment (continued)

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Leasehold land	628,201	643,586	-	-
Freehold land	2,551,407	2,551,407	1,376,176	1,376,176
Buildings	3,034,701	3,112,710	2,057,015	2,108,010
	6,214,309	6,307,703	3,433,191	3,484,186

3. Investment in subsidiaries

	Company	
	2002 RM	2001 RM
Unquoted shares, at cost	43,829,743	35,044,096

The principal activities of the subsidiaries in the Group, their places of incorporation and the interest of Prestar Resources Berhad are shown below:

Name of Subsidiaries	Effective Interest		Country of Incorporation	Principal Activities
	2002	2001		
Prestar Manufacturing Sdn. Bhd.	100%	100%	Malaysia	Manufacture and export of material handling equipment such as wheelbarrows, hand trucks, industrial castors, wheels and pallet meshes.
Subsidiaries of Prestar Manufacturing Sdn. Bhd.				
→ Prestar Tooling Sdn. Bhd.	85%	85%	Malaysia	Moulds and dies fabrication, maintenance and installation of machinery and manufacture of plastic products, industrial castors and pallet meshes.
→ Prestar Storage System Sdn. Bhd.	79%	70%	Malaysia	Manufacture and installation of all kinds of material handling equipment, structural steel works and pallet racking system.
→ Excelpath Sdn. Bhd.	100%	-	Malaysia	Investment holding.
Prestar Marketing Sdn. Bhd.	100%	100%	Malaysia	Importer and distributor of general hardwares, tools and material handling equipment.
Prestar Ventures Sdn. Bhd.	100%	100%	Malaysia	Renting of building and office premises.
Prestar Engineering Sdn. Bhd.	75%	75%	Malaysia	Manufacture and supply of guardrails, trading of building, material and related products.



3. Investment in subsidiaries (continued)

Name of Subsidiaries	Effective Interest		Country of Incorporation	Principal Activities
	2002	2001		
Posmmit Steel Centre Sdn. Bhd. (formerly known as Summit Steel Centre Sdn. Bhd.)	68%	95%	Malaysia	Slitting, shearing and sales of steel sheets and coils.
Prestar Steel Pipes Sdn. Bhd.	97%	97%	Malaysia	Manufacture and supply of carbon steel pipes and related products.
Dai Dong Steel Sdn. Bhd.	70%	70%	Malaysia	Import and trading of steel materials and general hardware products.
Tashin Steel Sdn. Bhd.	51%	51%	Malaysia	Manufacture, reprocess and trading of steel related products.
Prestar Galvanising Sdn. Bhd.	100%	100%	Malaysia	General hot dip galvanizing on metal products and threaded items.

Audited by another firm of auditors

4. Intangible assets

Group Cost	Goodwill on consolidation RM
At 1 January 2002/31 December 2002	3,041,514
Accumulated amortisation	
At 1 January 2002	569,218
Amortisation charge for the year	152,075
At 31 December 2002	721,293
Net book value	
At 31 December 2002	2,320,221
At 31 December 2001	2,472,296
Amortisation charge for the year ended 31 December 2001	152,075

5. Quoted investments

	Group	
	2002 RM	2001 RM
Quoted shares in Malaysia, at cost	576,985	571,585
Less: Allowance for diminution in value of quoted investments	(197,000)	(197,000)
	379,985	374,585
Market value	312,859	269,647

No further allowance for diminution in value has been made as the quoted investments are held for long term purposes.



6. Inventories

	Group	
	2002 RM	2001 RM
Tools and consumables	51,655	41,546
Raw materials	90,906,974	38,300,358
Work-in-progress	3,387,048	3,156,241
Manufactured inventories	29,211,026	23,413,294
	123,556,703	64,911,439
The inventories stated at net realisable value are:		
Raw materials	2,415,913	231,955
Manufactured inventories	2,341,973	1,709,862
	4,757,886	1,941,817

7. Trade receivables

	Group	
	2002 RM	2001 RM
Included in trade receivables is:		
Amount due from companies in which certain Directors have interests	340,050	413,175

8. Amount due from/(to) subsidiaries

	Company	
	2002 RM	2001 RM
Due from:		
Trade	7,350,828	4,982,311
Non-trade	121,169	6,740,000
Advances	15,469,094	20,289,462
	22,941,091	32,011,773

Amounts due from subsidiaries in respect of trade and non-trade are unsecured, interest free and have no fixed terms of repayment. Advances due from subsidiaries are unsecured, bear interest ranging from 4.98% to 6.85% (2001 - 6.85% to 8.50%) per annum and have no fixed terms of repayment.

	Company	
	2002 RM	2001 RM
Due to:		
Trade	(627,364)	(448,066)
Non-trade	-	(13,982)
Advances	-	(3,250,000)
	(627,364)	(3,712,048)

Amounts due to subsidiaries are unsecured, interest free and has no fixed terms of repayment.

9. Cash and cash equivalents

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash and bank balances	3,476,362	5,486,237	1,318	1,932



10. Trade payables

	Group	
	2002 RM	2001 RM
Included in trade payables is:		
Amount due to companies in which certain Directors have interests	563,838	284,354

The amount due to companies in which certain Directors have interests is unsecured, interest free and has no fixed term of repayment.

11. Other payables and accruals

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Included in other payables and accruals is:				
Rental deposits received from companies in which certain Directors have interests	2,000	3,000	-	-

The amount due to companies in which certain Directors have interests is unsecured, interest free and has no fixed term of repayment.

12. Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Payments RM	Interest RM	Principal RM
Group			
2002			
Less than one year	928,677	(145,500)	783,177
Between one and five years	1,480,652	(122,069)	1,358,583
	2,409,329	(267,569)	2,141,760
2001			
Less than one year	602,306	(123,192)	479,114
Between one and five years	1,116,505	(120,607)	995,898
	1,718,811	(243,799)	1,475,012

The hire purchase of the Group bears interest ranging from 3.4% to 7.9% (2001 - 4.8% to 5.5%) per annum.

13. Bank borrowings

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Current:				
Secured:				
Bankers' acceptances and trust receipts	22,552,000	14,350,000	4,215,000	1,055,000
Bank overdrafts	552,061	522,024	401,380	328,019
Revolving credits	1,000,000	-	1,000,000	-
Term loans	3,349,707	2,942,715	2,350,107	1,942,755
	27,453,768	17,814,739	7,966,487	3,325,774



13. Bank borrowings (continued)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Unsecured:				
Bankers' acceptances and trust receipts	96,180,793	79,762,858	1,807,000	3,135,000
Bank overdrafts	6,843,587	2,365,248	959,513	558,073
Revolving credits	-	3,000,000	-	-
	<u>103,024,380</u>	<u>85,128,106</u>	<u>2,766,513</u>	<u>3,693,073</u>
	<u>130,478,148</u>	<u>102,942,845</u>	<u>10,733,000</u>	<u>7,018,847</u>
Long term:				
Term loans (secured)	<u>13,678,507</u>	<u>20,130,139</u>	<u>10,165,317</u>	<u>15,713,409</u>
Group	Total RM	Under 1 year RM	1- 2 years RM	2 - 5 years RM
Term loans	<u>17,028,214</u>	<u>3,349,707</u>	<u>3,533,763</u>	<u>10,144,744</u>
Company				
Term loans	<u>12,515,424</u>	<u>2,350,107</u>	<u>2,534,163</u>	<u>7,631,154</u>

The bankers' acceptances and trust receipts of the Group and of the Company are subject to interest rates ranging from 3.15% to 5.05% and 3.25% to 5.00% (2001 - 3.05% to 8.55% and 3.35% to 5.80%) per annum.

The overdrafts of the Group and of the Company are subject to interest rates ranging from 7.65% to 8.40% and 7.65% to 8.15% (2001 - 7.65% to 9.30% and 7.65% to 8.80%) per annum.

The revolving credits of the Group and of the Company are subject to interest rates ranging from 7.65% to 7.90% (2001 - 6.25% to 8.30%) per annum.

The first term loan of RM12,515,424 bears interest at a rate of 1.25% (2001 - 1.25%) per annum above the base lending rate and is repayable in 77 equal monthly installments commencing April 2001.

The second term loan of RM4,512,790 bears interest at a rate of 1.50% (2001 - 1.50%) per annum above the base lending rate and is repayable in 72 equal monthly installments commencing July 2001.

The bank borrowings are secured by the following:

- i) first and third party registered legal charge over the Company and its subsidiaries' freehold and leasehold land and buildings;
- ii) legal assignment of rental proceeds from a subsidiary's freehold land and building;
- iii) by a corporate guarantee issued by the Company and personal guarantee by certain Directors of the subsidiaries.



13. Bank borrowings (continued)

Term loan covenant

Company

The Company agrees herewith not to perform the following throughout the tenure of the above term loan without the prior written consent of the Bank:

- i) Change in its Control, Ownership, Shareholders, Director or Corporate Structure and/or undertake a scheme of reconstruction or merger, which would affect the Borrower's business, assets and/or condition.
- ii) Execute any further charge, debenture and/or guarantee in relation to borrowing obtained from financial institutions for the borrower or by any third party.

Subsidiary

- i) The Borrower shall not declare dividends from the Company's distributable profits without prior written approval from the Bank. The Bank will not unreasonably withhold consent to declare these dividends;
- ii) The Borrower shall not incur additional indebtedness or guarantee any indebtedness except in the ordinary course of business (e.g. hire purchase and leasing arrangements) without prior written consent of the Bank which will not be unreasonably withheld;
- iii) The Borrower's leverage ratio is to be maintained at a certain amount as defined as the ratio of total liabilities to tangible net worth as per its audited financial statements.

14. Share capital

	Group and Company	
	2002	2001
	RM	RM
Ordinary shares of RM1.00 each		
Authorised:		
Balance at 1 January/31 December	100,000,000	100,000,000
Issued and fully paid:		
Balance at 1 January	40,710,000	20,350,000
Addition during the year - rights issue	-	20,350,000
- ESOS	850,000	10,000
Balance at 31 December	41,560,000	40,710,000

The shareholders of the Company, via an ordinary resolution passed in the annual general meeting held on 28 June 2002, approved the Company's plan to purchase its own shares.

During the year, the Company purchased 193,000 (2001 - Nil) of its issued shares from the open market. The repurchase transactions were financed by internal funds. The repurchased shares are held as treasury shares and carried at cost. The number of outstanding shares in issue after deducting treasury shares held is 41,367,000 ordinary shares of RM1.00 each. Treasury shares have no rights to voting, dividends and participation in other distribution.

The details of the shares bought back during the financial year were as follows:

Month	Number of shares bought back	Highest price paid RM	Lowest price paid RM	Average price paid RM	Total consideration RM
August	11,000	3.12	3.00	3.08	33,864
September	101,000	3.06	2.80	2.95	298,110
October	20,000	2.61	2.42	2.55	50,948
November	28,000	2.40	2.35	2.40	67,174
December	33,000	2.40	2.35	2.39	78,921
	193,000				529,017



14. Share capital (continued)

The options offered to take up unissued ordinary shares of RM1.00 each and the option price are as follows:

Date of offer	Option price	Number of options over ordinary shares of RM1 each				Balance at 31.12.2002
		Balance at 1.1.2002	Granted	Lapsed due to resignation	Exercised	
31.01.2001	RM1.96	3,826,000	-	(169,000)	(850,000)	2,807,000

15. Reserves

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax exempt income and Section 108 tax credit to distribute approximately RM20,000,000 of its retained profits at 31 December 2002, if paid out as dividends.

16. Minority shareholders' interests

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries, net of their share of subsidiary's goodwill on consolidation and amortisation of goodwill charged to the minority shareholders.

17. Operating profit

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Revenue - Dividend	-	-	486,111	1,527,778
- Rental	14,000	18,000	3,575,276	3,526,914
- Sales	315,744,493	287,354,339	45,728	75,797
	315,758,493	287,372,339	4,107,115	5,130,489
Cost of sales	(265,104,686)	(253,909,099)	(818,524)	(1,473,771)
Gross profit	50,653,807	33,463,240	3,288,591	3,656,718
Distribution costs	(5,989,908)	(6,032,543)	-	-
Administrative expenses	(20,016,662)	(15,818,518)	(1,654,299)	(1,692,836)
Other operating expenses	(907,519)	(915,429)	(246,457)	(329,236)
Other operating income	2,389,571	1,916,299	3,080,573	262,591
Operating profit	26,129,289	12,613,049	4,468,408	1,897,237
Operating profit is arrived at after charging:				
Allowance for doubtful debts	3,166,382	1,404,000	-	-
Amortisation of goodwill	152,075	152,075	-	-
Auditors' remuneration				
- Holding company auditors	122,000	122,000	18,000	18,000
- Others auditors	300	300	-	-
Bad debts written off	306,384	196,906	-	86,165
Depreciation	8,072,541	7,303,083	677,451	643,298
Company's Directors:				
- fees	368,000	207,000	118,000	55,000
- other emoluments	2,150,654	1,453,288	640,414	643,640
Inventories written down	1,078,419	82,466	-	-
Loss on disposal of property, plant and equipment	1,138	735	-	735
Property, plant and equipment written off	14,708	9,740	-	-
Realised loss on foreign exchange	26,216	46,324	-	-
Rental of premises	212,970	1,190,341	-	795,342



17. Operating profit (continued)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
and crediting:				
Gross dividend income				
- subsidiaries	-	-	486,111	1,527,778
- shares quoted in Malaysia	550	450	-	-
Realised gain on foreign exchange	163,746	120,037	-	-
Gain on disposal of property, plant and equipment	526,649	92,755	55,788	-
Exceptional item:				
Gain on sale of shares in a subsidiary	130,754	-	2,932,559	-
Gain on disposal of a subsidiary	-	483,866	-	822
Reversal of inventories written down	-	278,336	-	-
Rental income	48,240	152,300	3,575,276	3,526,914
Write back of allowance for doubtful debts	57,814	70,000	-	-

The estimated monetary value of Directors' benefit-in-kind for Group and Company are RM99,763 (2001 - RM63,508) and RM13,325 (2001 - RM15,575) respectively.

18. Employee information

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Staff costs	22,215,815	19,249,176	1,203,866	1,179,890

The number of employees of the Group and of the Company (including Directors) at the end of the year was 820 and 8 (2001 - 816 and 11) respectively.

19. Financing costs

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Interest payable:				
Bankers' acceptance and trust receipts	4,317,203	4,316,761	-	-
Bank overdrafts	458,462	449,638	66,789	72,001
Hire purchase	142,538	208,741	-	1,753
Revolving credits	84,844	284,165	84,844	284,165
Term loans	1,584,412	1,676,132	1,185,388	1,148,457
Others	-	231	-	20,402
	6,587,459	6,935,668	1,337,021	1,526,778

20. Tax expense

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Current tax expense				
- Current year charge	3,371,244	2,030,714	444,111	811,778
- Under/(over)provision in prior year	37,891	(10,131)	-	-
	3,409,135	2,020,583	444,111	811,778
Deferred tax expense				
- Current year charge/(written back)	430,000	48,000	159,000	(64,000)
	3,839,135	2,068,583	603,111	747,778



20. Tax expense (continued)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Deferred taxation				
At 1 January	2,944,000	2,896,000	520,000	584,000
Transfer to/(from) income statement	430,000	48,000	159,000	(64,000)
At 31 December	<u>3,374,000</u>	<u>2,944,000</u>	<u>679,000</u>	<u>520,000</u>

The Group's effective tax rate in the current year is lower than the statutory tax rate due to the utilisation of reinvestment allowances.

In 2001, the Group's effective tax rate is higher than the statutory tax rate due to the absence of group relief as profits of certain subsidiaries cannot be set-off against losses of other subsidiaries for tax purposes.

The Company's effective tax rate in the current year is lower than the statutory tax rate as certain gains are not subjected to tax purposes.

In 2001, the Company's effective tax rate is higher than the statutory tax rate as certain expenses are not deductible for tax purposes.

The cumulative deferred taxation liabilities recognised in the financial statements are due to timing differences on property, plant and equipment.

Deferred taxation of RM145,000 (2001 - RM145,000) at the Group level and RM107,000 (2001 - RM107,000) at the Company level is not provided on the surplus arising from the revaluation of property, plant and equipment as it is not the intention of the Directors to dispose of these property, plant and equipment.

21. Basic earnings per share - Group

Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of RM11,836,369 (2001 - RM2,040,484) and the weighted average number of ordinary shares outstanding during the year of 40,989,110 (2001 - 39,890,619).

Net profit attributable to ordinary shareholders is calculated as follows:

	2002 RM	2001 RM
Net profit attributable to ordinary shareholders	<u>11,836,369</u>	<u>2,040,484</u>

Weighted average number of ordinary shares

	2002	2001
Issued ordinary shares at beginning of the year	40,710,000	20,350,000
Effect of rights issue in February 2001	-	19,538,230
Effect of options exercised	319,921	2,389
Effect of purchase of own shares	(40,811)	-
Weighted average number of ordinary shares	<u>40,989,110</u>	<u>39,890,619</u>

Diluted earnings per share

The calculation of diluted earnings per share is based on the net profit attributable to ordinary shareholders of RM11,836,369 (2001 - RM2,106,841) and the weighted average number of ordinary shares outstanding during the year of 41,412,110 (2001 - 41,309,804) calculated as follows:



21. Basic earnings per share - Group (continued)

Net profit attributable to ordinary shareholders (diluted)

	2002 RM	2001 RM
Net profit attributable to ordinary shareholders	11,836,369	2,040,484
After tax effect of notional interest savings	-	66,357
Net profit attributable to ordinary shareholders (diluted)	<u>11,836,369</u>	<u>2,106,841</u>

Weighted average number of ordinary shares (diluted)

	2002	2001
Weighted average number of ordinary shares as above	40,989,110	39,890,619
Effect of share options	423,000	1,419,185
Weighted average number of ordinary shares (diluted)	<u>41,412,110</u>	<u>41,309,804</u>

22. Dividends

i) Proposed dividends for the financial year ended 31 December

Dividends per ordinary share as disclosed in the income statement is computed as follows:

	Group and Company 2002	2001
Proposed:		
3.5% per share less tax (2001 - 3.5% per share less tax)	3.5 sen	3.5 sen
5.0% special tax exempt per share (2001 - N/A)	5.0 sen	-
	<u>8.5 sen</u>	<u>3.5 sen</u>

ii) Dividends accounted for in the financial statements

	Group and Company 2002 RM	2001 RM
Ordinary Final paid: 2001 - 3.5% per share less tax (2000 - 3.5% per share less tax)	<u>1,028,034</u>	<u>1,025,640</u>

The proposed final dividend of 3.5% less tax totalling RM1,042,448 (2001 - 3.5% less tax totalling RM1,028,034) and special tax exempt dividend of 5% totalling RM2,068,350 (2001 - Nil) have not been accounted for in the financial statements in accordance with MASB 19.

Included in the final dividend paid in 2001 is RM512,820 being the additional dividend paid in respect of the year 2000's proposed dividend for the 20,350,000 new shares issued during 2001 which rank pari passu in all respect with existing shares of the Company.

23. Contingent liabilities - unsecured

	Company	
	2002 RM	2001 RM
Guarantees to third party for the supply of materials to a subsidiary	-	1,000,000
Guarantees to financial institutions for credit facilities granted to subsidiaries	210,526,000	206,471,000
	<u>210,526,000</u>	<u>207,471,000</u>



24. Capital commitments

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Property, plant and equipment: Authorised and contracted for	7,163,143	144,669	-	-

25. Significant transactions with related parties

Related parties

Controlling related party relationships are as follows:

- i) Its subsidiaries as disclosed in Note 3.
- ii) The substantial shareholders of the company, which consist of Toh Yew Keat, Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin, Toh Yew Seng and Toh Yew Hoe, through their beneficial shareholdings in Fabulous Essence Sdn. Bhd.

	Company	
	2002 RM	2001 RM
Transactions		
With subsidiaries		
Gross dividend received	(486,111)	(1,527,778)
Interest received	(1,095,686)	(1,406,167)
Management fee received	(92,226)	(262,504)
Rental received	(3,575,276)	(3,526,914)
Disposal of a subsidiary	(2)	-

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Transactions				
With companies in which Toh Yew Keat, Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin, Toh Yew Seng, Toh Yew Hoe, have interests:				
(i) Chiho Hardware Sdn. Bhd.				
Sales	(88,478)	(103,646)	-	-
Purchases	258,616	274,994	-	-
Rental received	(2,000)	(6,000)	-	-
(ii) Logam Indah Sdn. Bhd.				
Sales	(3,576)	(4,218)	-	-
(iii) Wei Giap Hardware Sdn. Bhd.				
Sales	(225,676)	(256,302)	-	-
Purchases	282,655	212,129	-	-
(iv) Wei Sheng Hardware Sdn. Bhd.				
Sales	(118,951)	(87,331)	-	-
Purchases	471	219	-	-



25. Significant transactions with related parties (continued)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
(v) Y K Toh (M) Sdn. Bhd.				
Commission expenses	137,351	123,314	-	-
Purchases	-	36,440	-	-
Rental received	(18,000)	(18,000)	-	-
Management fee received	-	(3,500)	-	-
(vi) Y K Toh Property Sdn. Bhd.				
Rental paid	-	985,397	-	795,342
With company in which Toh Yew Keat and Toh Yew Peng, have interests:				
Syarikat Kwong Nam Hing Sdn. Bhd.				
Sales	(142,565)	(107,189)	-	-
Purchases	1,124	7,731	-	-
With company in which Toh Yew Keong and Toh Yew Chin, have interest:				
Y K Toh Marketing (S) Pte. Ltd.				
Sales	(856,059)	(821,102)	-	-
Purchases	1,909,475	1,549,229	-	-
With firm in which Lim Cheang Nyok, has interest:				
Lim & Yeoh				
Legal fees	51,906	-	-	-
Balances in respect of non-trade transactions with companies in which certain Directors have interests:				
With companies in which Toh Yew Keat, Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin, Toh Yew Seng, Toh Yew Hoe, have interests:				
(i) Chiho Hardware Sdn. Bhd.				
Rental deposit	-	(1,000)	-	-
(iii) Y K Toh (M) Sdn. Bhd.				
Rental deposit	(2,000)	(2,000)	-	-

The above transactions have been entered into in the normal course of business and have been established under negotiated terms.



26. Financial instruments

Financial risk management objectives and policies

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

Foreign currency exchange risk

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

Interest rate risk

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

Credit risk

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

Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, 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.

Effective interest rates and repricing analysis

In respect of interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the years in which they reprice or mature, whichever is earlier.

	Note	Effective interest rate %	Total RM	Within 1 year RM	1-5 years RM	After 5 years RM
2002 Group						
Financial liabilities						
Secured term loan	13	7.72	(17,028,214)	(3,349,707)	(13,678,507)	-
Bank overdrafts	13	8.03	(7,395,648)	(7,395,648)	-	-
Hire purchase liabilities	12	8.70	(2,141,760)	(783,177)	(1,358,583)	-
Bankers' acceptances and trust receipts	13	4.30	(118,732,793)	(118,732,793)	-	-
Revolving credits	13	7.65	(1,000,000)	(1,000,000)	-	-
Company						
Financial liabilities						
Secured term loan	13	7.65	(12,515,424)	(2,350,107)	(10,165,317)	-
Bank overdrafts	13	7.90	(1,360,893)	(1,360,893)	-	-
Revolving credits	13	7.65	(1,000,000)	(1,000,000)	-	-
Bankers' acceptances and trust receipts	13	4.13	(6,022,000)	(6,022,000)	-	-



26. Financial instruments (continued)

	Note	Effective interest rate %	Total RM	Within 1 year RM	1-5 years RM	After 5 years RM
2001 Group						
Financial liabilities						
Secured term loans	13	7.78	(23,072,854)	(2,942,715)	(13,433,765)	(6,696,374)
Bank overdrafts	13	8.48	(2,887,272)	(2,887,272)	-	-
Hire purchase liabilities	12	11.70	(1,475,012)	(479,114)	(995,898)	-
Bankers' acceptances and trust receipts	13	5.80	(94,112,858)	(94,112,858)	-	-
Revolving credits	13	7.28	(3,000,000)	(3,000,000)	-	-

Company

Financial liabilities						
Secured term loan	13	7.76	(17,656,164)	(1,942,755)	(9,433,925)	(6,279,484)
Bank overdrafts	13	8.23	(886,092)	(886,092)	-	-
Bankers' acceptances and trust receipts	13	4.58	(4,190,000)	(4,190,000)	-	-

Fair values

Recognised financial instruments

The fair values of financial assets and liabilities of the Group and the Company carried on the balance sheet as at 31 December approximated their fair values except as set out below:

Group	Note	2002 Carrying amount RM	2002 Fair value RM	2001 Carrying amount RM	2001 Fair value RM
Financial assets					
Quoted investments	5	379,985	312,859	374,585	269,647

The fair value of quoted investment is based on quoted market prices at the balance sheet date.

The carrying amount for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 December are:

Group	2002 Contracted amount RM	2002 Fair value RM	2001 Contracted amount RM	2001 Fair value RM
Forward foreign exchange contracts	1,160,200	1,159,000	463,760	463,600



26. Financial instruments (continued)

Group	2002 Contracted amount RM	2002 Within 1 year RM	2001 Contracted amount RM	2001 Within 1 year RM
Forward foreign exchange contracts	1,160,200	1,160,200	463,760	463,760

27. Segmental information

Segment information is presented in respect of the Group's business segments.

No analysis by geographical segments is presented as the Group operates principally within Malaysia.

Inter-segment pricing is determined based on arms length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenues, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

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 period.

Business segments

The Group comprises the following main business segments:

Investment	The long term investment in quoted shares and property investment.
Trading	The sales of hardware and steel-related products.
Manufacturing	The manufacturing of steel-related products.

2002	Trading RM	Manufacturing RM	Investment RM	Eliminations RM	Consolidated RM
Business Segments					
Revenue from external customers	74,095,523	241,648,970	14,000	-	315,758,493
Inter-segment revenue	1,660,669	44,969,445	4,193,515	(50,823,629)	-
Total revenue	75,756,192	286,618,415	4,207,515	(50,823,629)	315,758,493
Segment result	6,095,548	19,205,813	1,583,544	(886,370)	25,998,535
Financing costs					(6,587,459)
Interest income					17,572
Gain on sale of shares in a subsidiary					130,754
Profit before taxation					19,559,402
Tax expense					(3,839,135)
Minority interests					(3,883,898)
Net profit for the year					11,836,369
Segment assets	41,108,723	266,783,418	115,779,209	(93,630,912)	330,040,438
Total assets					330,040,438



27. Segmental information (continued)

	Trading RM	Manufacturing RM	Investment RM	Eliminations RM	Consolidated RM
Segment liabilities	(11,090,715)	(79,502,269)	(1,816,270)	50,656,393	(41,752,861)
Bank borrowings					(144,156,655)
Hire purchase liability					(2,141,760)
Taxation					(950,184)
Deferred taxation					(3,374,000)
Total liabilities					(192,375,460)
Capital expenditure	1,364,093	9,634,089	286,946	(60,658)	11,224,470
Depreciation	(461,340)	(6,910,463)	(700,738)	-	(8,072,541)
2001					
Business Segments					
Revenue from external customers	73,291,420	214,071,968	18,000	(9,049)	287,372,339
Inter-segment revenue	1,106,715	50,482,325	5,246,889	(56,835,929)	-
Total revenue	74,398,135	264,554,293	5,264,889	(56,844,978)	287,372,339
Segment result	4,419,612	7,244,771	2,451,571	(1,502,905)	12,613,049
Financing costs					(6,935,668)
Interest income					155,590
Profit before taxation					5,832,971
Tax expense					(2,068,583)
Minority interests					(1,723,904)
Net profit for the year					2,040,484
Segment assets	35,739,231	210,239,818	120,795,166	(89,973,662)	276,800,553
Disposal of subsidiary					(3,107,364)
Total assets					273,693,189
Segment liabilities	(14,129,253)	(67,050,444)	(8,602,522)	56,379,236	(33,402,983)
Bank borrowings					(123,072,984)
Hire purchase liability					(1,475,012)
Taxation					(2,601,328)
Deferred taxation					(2,944,000)
Disposal of subsidiary					4,007,075
Total liabilities					(159,489,232)
Capital expenditure	280,727	11,915,886	38,414,476	(75,206)	50,535,883
Depreciation	(448,131)	(6,163,975)	(690,977)	-	(7,303,083)



28. Significant events during the year

- a) Disposal and subscription of shares in a subsidiary - Posmmit Steel Centre Sdn. Bhd. (formerly known as Summit Steel Centre Sdn. Bhd.).

During the year, the Company disposed of 1,950,000 ordinary shares of RM1.00 each in Posmmit Steel Centre Sdn. Bhd., constituting 30% equity interest of the Company for a cash consideration of RM4,989,000 to POSCO. Subsequently, the total issued and paid up capital of Posmmit Steel Centre Sdn. Bhd. has increased from RM6,500,000 to RM14,000,000 by the issuance of 7,500,000 new ordinary shares of RM1.00 each.

The Company has then subscribed additional 5,250,000 ordinary shares of RM1.00 each for a cash consideration of RM5,250,000. As a result of the additional subscription of 5,250,000 ordinary shares during the year, the Company holds 9,500,000 ordinary shares in Posmmit Steel Centre Sdn. Bhd. constituting 68% equity interest of the Company as at year end.

- b) Subscription of shares in a subsidiary - Prestar Manufacturing Sdn. Bhd.

During the year, the Company subscribed 1,354,999 ordinary shares of RM1.00 each in Prestar Manufacturing Sdn. Bhd. at a consideration to be set off against part of the amount owing to the Company. The equity interest of the Company remains unchanged after the subscription of shares.

- c) Subscription of shares in a subsidiary - Prestar Marketing Sdn. Bhd.

During the year, the Company subscribed 1,318,650 ordinary shares of RM1.00 each in Prestar Marketing Sdn. Bhd. for a consideration of RM1,318,650 satisfied by cash. The equity interest of the Company remains unchanged after the subscription of shares.

- d) Subscription of shares in a subsidiary - Prestar Galvanising Sdn. Bhd.

During the year, the Company subscribed 2,000,000 ordinary shares in Prestar Galvanising Sdn. Bhd. at a consideration to be set off against part of the amount owing to the Company. The equity interest of the Company remains unchanged after the subscription of shares.

- e) Subscription of shares in a subsidiary - Tashin Steel Sdn. Bhd.

During the year, the Company subscribed 812,000 ordinary shares of RM1.00 each in Tashin Steel Sdn. Bhd. for a consideration of RM812,000 satisfied by cash. The equity interest of the Company remains unchanged after the subscription of shares.

29. Significant event after balance sheet date

On 26 July 2002, a subsidiary entered into a conditional sale and purchase agreement with Standard Central Sdn. Bhd. pursuant to which the subsidiary is to dispose off a parcel of leasehold land and building in Segambut, Kuala Lumpur for a cash consideration of RM1,730,000. The disposal is expected to give rise to a gain on disposal by approximately RM510,000 to the Group. The transactions was completed in February 2003.



30. Comparative figures

In previous years, dividends were accrued as a liability when proposed by directors. The Group has now changed this accounting policy to recognise dividends in shareholders' equity as an appropriation of retained profits in the period in which the obligation to pay is established in accordance with MASB 19. Therefore, final dividends are now accrued as a liability after approval by shareholders at the Annual General Meeting.

This change in accounting policy has been accounted for retrospectively, and the comparative figures are restated as follows:

	Group		Company	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
Balance sheets				
Proposed dividends	-	1,025,892	-	1,025,892
Reserves	58,907,268	57,881,376	45,708,825	44,682,933
Statements of changes in equity				
Retained profits at 1 January 2001	30,576,024	30,063,204	18,251,688	17,738,868
Retained profits at 31 December 2001	31,590,868	30,564,976	18,392,425	17,366,533
Proposed dividends	-	(1,025,892)	-	(1,025,892)
Dividends				
- 2000 final	(1,025,640)	(512,820)	(1,025,640)	(512,820)
- 2001 final	(1,028,034)	-	(1,028,034)	-



List of Properties for Year Ended 31st December 2002

No.	Location	Tenure	Built-up Area (sq ft)	Year of Expiry	Description /Existing Use	Net Book Value (000's)	Age of Building (years)	Date of Acquisition/ Revaluation
1	GM 4895, Lot 1298 Mukim of Rawang District of Gombak, Selangor Darul Ehsan	Freehold	303,340 sq ft	nil	Corporate office cum manufacturing site for subsidiaries	37,729	7	5 April 2001
2	H.S. (D) 28255 PTNo. 10327 Mukim of Rawang, District of Gombak Selangor Darul Ehsan	Freehold	80,384 sq ft	nil	Manufacturing site for Prestar Manufacturing Sdn. Bhd.	7,878	9	26 May 1994
3	Lot 17494, 8 1/2 Miles, Jalan Ipoh, Selayang Industrial Estate, 68100 Batu Caves, Selangor Darul Ehsan	Freehold	35,263 sq ft	nil	Corporate office cum warehouse	2,216	15	20 May 1994
4	Lot 1113, 65A, Jalan Perak, 10150 Penang	Freehold	2,904 sq ft	nil	Office cum warehouse	1,110	40	29 Dec 1993
5	Lot 43 (PT1164), HS(D) 63884, District of Petaling State of Selangor, Jalan Teras Jemang 27/8, 40000 Shah Alam ^Δ	Freehold	3,088 sq ft	nil	Vacant	640	10	23 Nov 2000
6	Parcel No. 05, Storey 17 of Building A1, Vista Komanwel Condominium, H. S. (D) 80618, P.T. No. 4787 Petaling Jaya ^Δ	Freehold	1,224 sq ft	nil	Vacant	228	5	23 Nov 2001
7	PD Perdana Condominium Parcel 808, Held under Master Title H.S. (D) 14950, PD No. 99, Pekan Telok Kemang, Daerah Port Dickson, Negeri Sembilan ^Δ	Freehold	746 sq ft	nil	Vacant	100	4	5 June 2000
8	PT 4028, Batu 8, Jalan IPPKepong, Mukim Batu ^Δ	99 yrs Leasehold * (88 years)	1,650 sq ft	2090	Tenanted	191	15	1 Dec 1998
9	Plot 40, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (49 years)	124,474 sq ft	2052	Manufacturing site for Tashin Steel Sdn. Bhd.	7,642	4	8 Aug 2000
10	No. 32, Jalan Segambut, Lot No. 40022 Mukim Batu, District of Federal Territory, Federal Territory	66 yrs Leasehold * (42 years)	9,500 sq ft	2044	Tenanted	1,189	24	30 May 1994

* **Balance of Leasehold Tenure.**

^Δ **Acquired through Debt settlement arrangement from various delinquent trade debtors**



Statistics of Shareholdings as at 30 April 2003



Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-Up Share Capital	:	RM41,623,000.00 comprising 41,623,000 shares of RM1.00 each
Class of Shares	:	Ordinary Shares of RM1.00 each
Number of Shareholders	:	944
Voting Rights	:	One vote per ordinary share

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2003

Substantial Shareholders	Direct		Number of Shares held		%
		%	Indirect	%	
Fabulous Essence Sdn. Bhd.	13,352,500	32.42	-	-	
Toh Yew Keat	6,652,851	16.15	⁽¹⁾ 15,825,750	38.42	
Toh Yew Peng	1,250,399	3.04	⁽¹⁾ 15,825,750	38.42	
Toh Yew Kar	-	-	⁽¹⁾ 15,825,750	38.42	
Toh Yew Chin	-	-	⁽¹⁾ 15,825,750	38.42	
Toh Yew Keong	-	-	⁽¹⁾ 15,825,750	38.42	
Toh Yew Seng	-	-	⁽¹⁾ 15,825,750	38.42	
Toh Poh Khuan	-	-	⁽¹⁾ 15,825,750	38.42	
Toh Yew Hoe	-	-	⁽¹⁾ 15,825,750	38.42	
Md. Nahar Bin Noordin	3,261,000	7.92	-	-	
Soh Tik Siew	2,064,000	5.01	⁽²⁾ 626,000	1.52	
Y. K. Toh Property Sdn. Bhd.	2,473,250	6.00	-	-	

Notes:-

- (1) Deemed interest by virtue of their respective direct shareholdings in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd.
 (2) Deemed interest by virtue of his spouse's shareholdings.

ANALYSIS OF SHAREHOLDINGS AS AT 30 APRIL 2003

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 99	2	0.21	80	0.00
100 - 1,000	363	38.45	361,950	0.88
1,001 - 10,000	478	50.64	1,628,302	3.95
10,001 - 100,000	73	7.73	1,973,034	4.79
100,001 - 2,059,499 (*)	22	2.33	12,234,884	29.70
2,059,500 and above (**)	6	0.64	24,991,750	60.67
Total	944	100.00	41,190,000	100.00

Remarks:

- * Less than 5% of Issued Shares
 ** 5% and above of Issues Shares

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2003

Directors	Nationality	Direct Interest		Indirect Interest	
		No. of shares held	%	No. of shares held	%
Toh Yew Keat	Malaysian	6,652,851	16.15	*15,825,750	38.42
Toh Yew Peng	Malaysian	1,250,399	3.04	*15,825,750	38.42
Toh Yew Kar	Malaysian	0	0	*15,825,750	38.42
Toh Yew Seng	Malaysian	0	0	*15,825,750	38.42
Toh Poh Khuan	Malaysian	0	0	*15,825,750	38.42
Md. Nahar Bin Noordin	Malaysian	3,261,000	7.92	0	0
Fadzlullah Shuhaimi B. Salleh	Malaysian	0	0	0	0
Yee Chee Seng @ Yee Yen	Malaysian	0	0	0	0
Lim Cheang Nyok	Malaysian	0	0	0	0

Note:-

- * Deemed interest through respective shareholdings in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd.



Statistics of Shareholdings as at 30 April 2003 (continued)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 30 APRIL 2003

No.	Shareholders	No. of Shares held	Percentage (%)
1.	Fabulous Essence Sdn. Bhd.	6,507,500	15.80
2.	UOBM Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account for Fabulous Essence Sdn. Bhd.)</i>	5,995,000	14.55
3.	PAB Nominee (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account for Toh Yew Keat)</i>	5,430,000	13.18
4.	Mayfin Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account for Md Nahar Bin Noordin)</i>	2,522,000	6.12
5.	HLB Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account for Y. K. Toh Property Sdn. Bhd.)</i>	2,473,250	6.00
6.	Soh Tik Siew	2,064,000	5.01
7.	HLB Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account for Toh Yew Peng)</i>	1,250,399	3.04
8.	HLB Nominees (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account for Toh Yew Keat)</i>	1,222,851	2.97
9.	Malaysia National Insurance Berhad	1,206,000	2.93
10.	PAB Nominee (Tempatan) Sdn. Bhd. <i>(Pledged Securities Account for Fabulous Essence Sdn. Bhd.)</i>	850,000	2.06
11.	Melissa Shireen Munshir	825,664	2.00
12.	Soh Teck Ghee	800,000	1.94
13.	Md Nahar Bin Noordin	739,000	1.79
14.	Lim Mei Wha	720,000	1.75
15.	Mayban Nominees (Tempatan) Sdn. Bhd. <i>(Mayban Trustees Berhad for Avenue Syariahextra Fund)</i>	675,000	1.64
16.	S'ng Soo Eng	626,000	1.52
17.	AMMB Nominees (Tempatan) Sdn. Bhd. <i>(Amtrustee Berhad for BHLB Pacific Dana Al-Ihsan)</i>	550,000	1.34
18.	Perbadanan Nasional Berhad	500,000	1.21
19.	Perbadanan Nasional Berhad	500,000	1.21
20.	Teh Choong Weng	300,000	0.73
21.	Soo Kat Leng	243,970	0.59
22.	TCL Nominees (Asing) Sdn. Bhd. <i>(OCBC Securities Private Limited for Goh Kok Chen)</i>	229,000	0.56
23.	Takaful Nasional Sdn. Berhad	200,000	0.49
24.	Takaful Nasional Sdn. Berhad	196,000	0.48
25.	BIMSEC Nominees (Tempatan) Sdn. Bhd. <i>(Syarikat Takaful Malaysia Berhad)</i>	195,000	0.47
26.	Toh Swee Kheng	147,000	0.36
27.	Universal Trustee (Malaysia) Berhad <i>(BHLB Pacific Dana Al-Mizan)</i>	143,000	0.35
28.	BIMSEC Nominees (Tempatan) Sdn. Bhd. <i>(Syarikat Takaful Malaysia Berhad [General Takaful 1])</i>	116,000	0.28
29.	Ong Hong Choo	100,000	0.24
30.	Universal Trustee (Malaysia) Berhad <i>(BHLB Pacific HGF Sequel Fund)</i>	71,000	0.17
		37,397,634	90.78

Note : The analysis of shareholdings is based on the issued and paid-up capital of the Company after deducting 433,000 ordinary shares bought back by the Company and held as Treasury Shares as at 30 April 2003.



Form of Proxy

No. of Shares Held

I/We, (FULLNAME IN BLOCK CAPITALS)

of (FULLADDRESS) being

a member/members of PRESTAR RESOURCES BHD, hereby appoint

..... Of (ADDRESS)

..... or failing

him/her, of (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 Eighteenth Annual General Meeting of the Company to be held at Johore Room, Lower Lobby, Shangri-La Hotel, Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 26 June 2003 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):

	RESOLUTIONS	FOR	AGAINST
Resolution 1	To receive the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2002 together with the Auditors' Report thereon.		
Resolution 2	To approve the declaration of the final dividend of 3.5% less 28% Malaysian Income Tax.		
Resolution 3	To approve the declaration of the Special Tax Exempt Dividend of 5%.		
Resolution 4	To sanction the payment of Directors' fees.		
Resolution 5	To re-elect the following Directors in accordance with Article 105 of the Company's Articles of Association:-		
Resolution 6	(a) Mr. Toh Yew Seng		
Resolution 7	(b) Ms. Toh Poh Khuan		
Resolution 8	(c) Encik Md. Nahar Bin Noordin		
Resolution 8	To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	As Special Business:		
Resolution 9	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
Resolution 10	Authority to renew the purchase of the Company's own shares.		
Resolution 11	Authority to renew the Shareholders' Mandate for Recurrent Related Party Transactions Of A Revenue Or Trading Nature with Wei Giap Hardware Sdn. Bhd., Chiho Hardware Sdn. Bhd., Y. K. Toh Marketing (S) Pte. Ltd., Wei Sheng Hardware Sdn. Bhd., Syarikat Kwong Nam Hing Sdn. Bhd., Logam Indah Sdn. Bhd. and Y. K. Toh (M) Sdn. Bhd.		
Resolution 12	Authority to renew the Shareholders' Mandate for Recurrent Related Party Transactions Of A Revenue Or Trading Nature with Lim & Yeoh.		
Resolution 13	Authority to obtain additional Shareholders' Mandate for Prestar Storage System Sdn. Bhd. and Prestar Tooling Sdn. Bhd. to enter into Recurrent Related Party Transactions Of A Revenue Or Trading Nature with Y. K. Toh Marketing (S) Pte. Ltd.		

Signed this day of 2003

Signature/Seal

Notes:

- A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) to (d) of the Companies Act, 1965 shall not apply to the Company. Shareholders' attention is hereby drawn to the Listing Requirements of Kuala Lumpur Stock Exchange which came into force on 1 June 2001 which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depository) Act 1991 to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

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STAMP

The Company Secretary

PRESTAR RESOURCES BERHAD (123066-A)

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

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