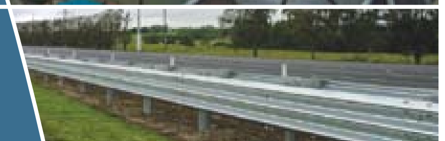
PRESTAR RESOURCES BERHAD (123066-A)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 03 2084 9000
Fax : 03 2094 9940 / 2095 0292
Webite : **www.prestar.com.my**



PRESTAR RESOURCES BERHAD (123066-A)

ANNUAL REPORT **2006** LAPORAN TAHUNAN

ANNUAL REPORT 2006 LAPORAN TAHUNAN

PRESTAR RESOURCES BERHAD

(123066-A)

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NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting of Prestar Resources Bhd will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 4 May 2007 at 10.00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2006 together with the Reports of the Directors and the Auditors thereon.

2. To approve the declaration of the First and Final Dividend of 5.0% less 27% Malaysian Income Tax for the financial year ended 31 December 2006. (Resolution 1)

3. To sanction the payment of Directors' Fees for the financial year ended 31 December 2006. (Resolution 2)

4. To re-elect the following Directors who retire pursuant to Article 105 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:
   (a) Dato' Toh Yew Peng (Resolution 3)
   (b) Tuan Haji Fadzlullah Shuhaimi Bin Salleh (Resolution 4)
   (c) Mr. Lim Cheang Nyok (Resolution 5)

5. To re-appoint Messrs. BDO Binder as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

6. As Special Business:

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

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

"**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 7)

ORDINARY RESOLUTION NO. 2
- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"**THAT**, subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up share capital through Bursa Securities subject further to the following:

1. the maximum number of ordinary shares of RM0.50 each in Prestar ("Shares") which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up share capital for the time being of the Company, subject to a restriction that the issued and paid-up share capital of Prestar does not fall below RM60 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 2006 of RM8,206,207.00 and RM858,470.00 respectively;

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

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

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

   (b) the expiration of the period within which the next AGM after that date is required by law to be held; or

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

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

4. upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:

   (i) cancel the Shares so purchased; or

   (ii) retain the Shares so purchased as treasury shares; or

   (iii) retain part of the Shares so purchased as treasury shares and cancel the remainder;

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

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

   AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares." (Resolution 8)

ORDINARY RESOLUTION NO. 3
- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH WEI GIAP HARDWARE SDN. BHD., CHIHO HARDWARE SDN. BHD., Y.K. TOH MARKETING (S) PTE. LTD., WEI SHENG HARDWARE SDN. BHD., SYARIKAT KWONG NAM HING SDN. BHD., LOGAM INDAH SDN. BHD., Y.K. TOH (M) SDN. BHD. AND DIAGER SG PTE. LTD.

"**THAT**, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company's subsidiaries to enter into the Recurrent Related Party Transactions with Wei Giap Hardware Sdn. Bhd., Chiho Hardware Sdn. Bhd., Y.K. Toh Marketing (S) Pte. Ltd., Wei Sheng Hardware Sdn. Bhd., Syarikat Kwong Nam Hing Sdn. Bhd., Logam Indah Sdn. Bhd., Y.K. Toh (M) Sdn. Bhd. and Diager SG Pte. Ltd. as described in Section 2.2 of Part B of the Circular to Shareholders dated 12 April 2007 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

ORDINARY RESOLUTION NO. 3 (cont'd)
- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH WEI GIAP HARDWARE SDN. BHD., CHIHO HARDWARE SDN. BHD., Y.K. TOH MARKETING (S) PTE. LTD., WEI SHENG HARDWARE SDN. BHD., SYARIKAT KWONG NAM HING SDN. BHD., LOGAM INDAH SDN. BHD., Y.K. TOH (M) SDN. BHD. AND DIAGER SG PTE. LTD.

(ii) disclosure is made in the annual report breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall, commence immediately upon the passing of this ordinary resolution and continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it 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 of the Company in general meeting,

whichever is the 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 9)

SPECIAL RESOLUTION
- PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

"**THAT** the alteration, modifications, deletions and/or additions to the Articles of Association of the Company as set out in Appendix I of Part C of the Circular to Shareholders dated 12 April 2007 be and are hereby approved;

AND THAT the Directors of the Company be and are hereby authorised to assent to any condition, modification, variation and/or amendment as may be required by Bursa Malaysia Securities Berhad;

AND THAT the Directors and Secretaries of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the amendments as set out in Appendix I of Part C of the Circular to Shareholders." (Resolution 10)

NOTICE OF DIVIDEND ENTITLEMENTS

NOTICE IS HEREBY GIVEN THAT the First and Final Dividend of 5.0% less 27% Malaysian Income Tax will be payable on 18 May 2007 to depositors who are registered in the Record of Depositors at the close of business on 11 May 2007, if approved by members at the forthcoming Twenty-Second 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 11 May 2007 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

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

Kuala Lumpur
Dated: 12 April 2007

Explanatory Note to Special Business:

1. Authority pursuant to Section 132D of the Companies Act, 1965

   The proposed adoption of the Ordinary Resolution No. 1 is 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 Twenty-First Annual General Meeting held on 29 May 2006. The proposed renewal will allow the Board of Directors to exercise the power of the Company to purchase not more than 10% of the issued and paid-up share capital of the Company any time within the time period stipulated in the Listing Requirements of Bursa Malaysia Securities Berhad.

3. Authority to renew the shareholders' mandate for recurrent related party transactions of a revenue or trading nature

   The proposed adoption of the Ordinary Resolution No. 3 is to renew the Shareholders' Mandate granted by the shareholders of the Company at the Twenty-First Annual General Meeting held on 29 May 2006. 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. Proposed Amendments to the Articles of Association

   The proposed adoption of the Special Resolution is to enable the Company to streamline the existing Articles of Association with current developments under the Listing Requirements of Bursa Malaysia Securities Berhad and provide clarity in the Articles of Association.

Further information on the Proposed Renewal of Share Buy-Back Authority, Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed Amendments to the Articles of Association are set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2006 Annual Report.

notice of annual general meeting (cont'd)

Notes:

1. For the purpose of determining a member who shall entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 67B of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 27 April 2007. Only a depositor whose name appears on the Record of Depositors as at 27 April 2007 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.

4. 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.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

statement accompanying
notice of annual general meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

1. Directors Standing For Re-Election

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

Dato' Toh Yew Peng	Resolution 3
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Resolution 4
Mr. Lim Cheang Nyok	Resolution 5

2. Details of Attendance of Directors at Board Meetings

The Board of Directors met five (5) times during the financial year ended 31 December 2006. Details of each Director's attendance are as follows:

Name of Director	No. of meetings attended
Dato' Toh Yew Peng	4/5
Mr. Toh Yew Seng	4/5
Mr. Toh Yew Keat	5/5
Mr. Toh Yew Kar	5/5
Ms. Toh Poh Khuan	4/5
Encik Md Nahar Bin Noordin	4/5
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	4/5
Mr. Yee Chee Seng @ Yee Yen	5/5
Mr. Lim Cheang Nyok	5/5

3. Details of Annual General Meeting

The Twenty-Second Annual General Meeting of the Company will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 4 May 2007 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 19 March 2007 are as follows:

Directors	Nationality	--Direct Interest-- No. of shares held	%	-----Indirect Interest----- No. of shares held	%
Dato' Toh Yew Peng	Malaysian	637,596	0.37	*60,503,000	35.43
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Malaysian	0	0.00	0	0.00
Mr. Lim Cheang Nyok	Malaysian	0	0.00	0	0.00

Notes:

* *Deemed interested by virtue of his shareholdings in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd.*

corporate information

board of directors

Group Executive Chairman	Toh Yew Keat
Group Managing Director	Dato' Toh Yew Peng
Group Executive Director	Toh Yew Kar
Group Executive Director	Toh Yew Seng
Group Executive Director	Toh Poh Khuan
Non Independent Non Executive Director	Md. Nahar Bin Noordin
Independent Non Executive Director	Tuan Haji Fadzlullah Shuhaimi Bin Salleh
Independent Non Executive Director	Yee Chee Seng @ Yee Yen
Independent Non Executive Director	Lim Cheang Nyok

company secretaries

Chua Siew Chuan (MAICSA 0777689)

Chin Mun Yee (MAICSA 7019243)

registered office

Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur
Tel. No. : 03-2084 9000
Fax No. : 03-2094 9940 / 2095 0292
Website : www.prestar.com.my
E-mail : info@prestar.com.my

registrar

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur
Tel. No. : 03-2084 9000
Fax No. : 03-2094 9940 / 2095 0292

auditors

BDO Binder
Chartered Accountants
Kuala Lumpur

principal bankers

CIMB Bank Berhad
RHB Bank Berhad
United Overseas Bank Bhd

solicitors

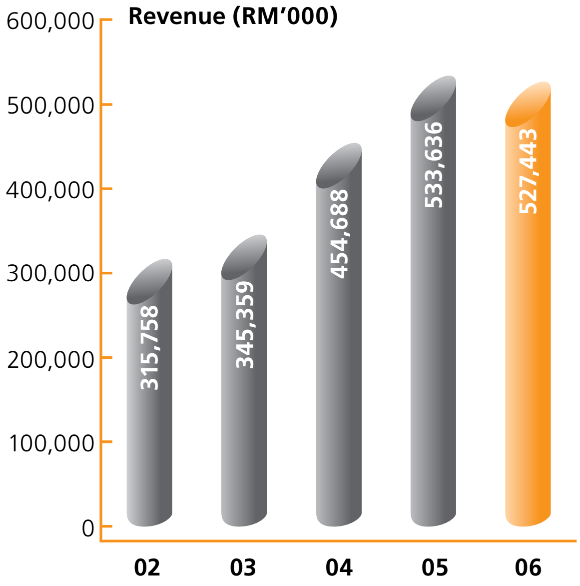
SKRINE
Amin Tan & Co

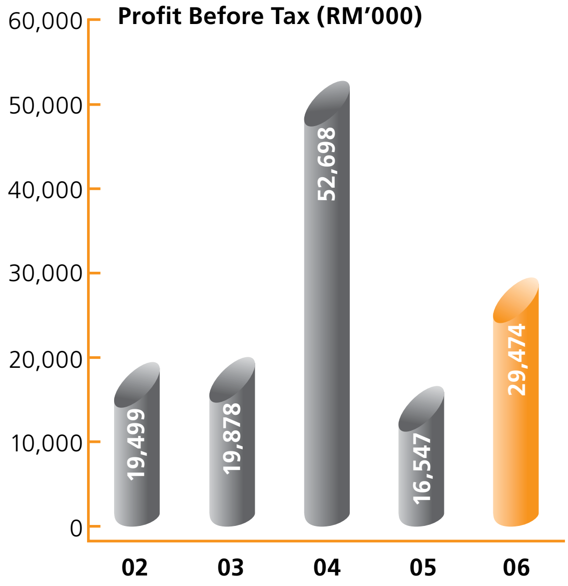
stock exchange listing

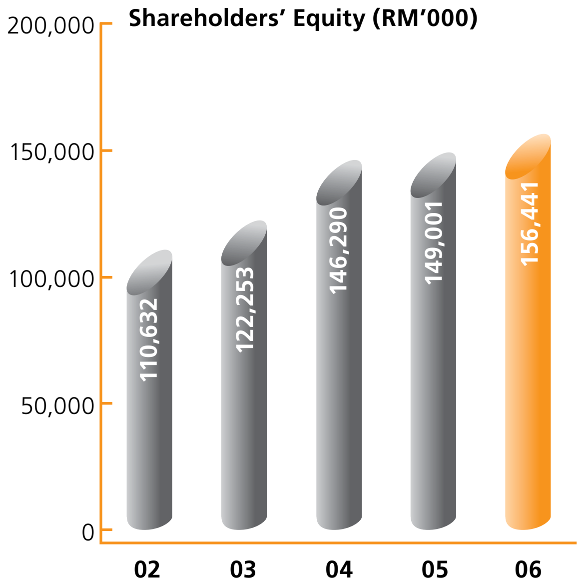
Main Board of Bursa Malaysia Securities Berhad
Stock Code : 9873
Warrant Code : 9873W

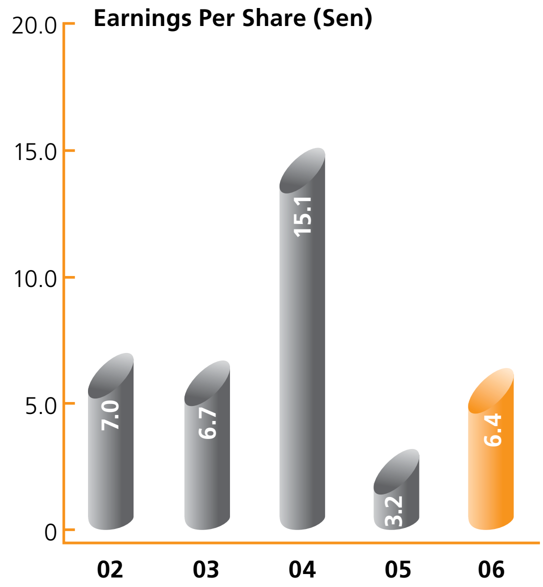
group financial highlights

(RM ' 000)	2002	2003	2004	2005	2006
Revenue	315,758	345,359	454,688	533,636	527,443
Profit before taxation	19,499	19,878	52,698	16,547	29,474
Profit attributable to Equity Holders of the Company	11,789	11,423	26,285	5,574	11,227
Total Assets	330,040	329,243	429,456	425,173	461,243
Shareholders' Equity	110,632	122,253	146,290	149,001	156,441
Net assets per share attributable to Equity Holders (RM)	0.67	0.70	0.84	0.85	0.90
Earnings per share attributable to Equity Holders (Sen)	7.0	6.7	15.1	3.2	6.4









chairman's statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2006.

OVERVIEW

The financial year under review was indeed a challenging year with escalating fuel prices, inflation index and interest rates at the early part of the year causing quite a stir and concern in the market. These were however stabilized in the later part of the year and thus pacified the market sentiment. Prestar was not spared of the turbulences but managed to sail through unscathed with better financial performance for the year. This was possible for Prestar Group as it continues to adapt to market changes as well as adopting fresh business strategies to meet new challenges. In fact, Prestar Group is constantly looking at various ventures to seek opportunities to expand both locally and overseas. At the home front, we have added new machineries and a new block of factory is ready for commissioning our stainless steel range of products soon. Besides that, realignment plan of the steel centre and new business venture in Vietnam for our product manufacturing unit were proposed and both plans were firmed up with the signing of affirmative agreements with the relevant parties. Overall, the year 2006 was well received with better results and we strive to further increase the value of your shareholdings.

FINANCIAL PERFORMANCE

Against the backdrop of volatile market environment for the year under review, Prestar Group has generated a better financial result as compared to the same period of last year. Though Group revenue for the year was RM527.4 million, about the same level of revenue as last year, profit before tax jumped from RM16.6 million to RM29.5 million, an impressive improvement of approximately 78%. The improvement in profit before tax for the period under review was mainly attributed to higher sales margin, especially during the earlier part of the year, successful on-going costs cutting exercises and improvement in operational efficiencies.

Financial position of the Group remained healthy with borrowing level remained approximately the same as last year while shareholders' fund has strengthened to RM156 million notwithstanding the fact that there was an impairment loss of assets of a subsidiary in line with the requirements of the new Financial Reporting Standards. Last but not least earnings per share has improved to 6.42 sen as compared to only 3.19 sen last year.

CORPORATE DEVELOPMENT

The following is the recap of some of the various events and exercises which have taken place during the year under review:

- **Strategic Realignment of Prestar's Investment**

  On 24 May 2006, the Company entered into a Memorandum of Understanding with POSCO and POSCO Steel Service and Sales Co. Ltd. ("Posteel") to dispose of the Company's 5,300,000 shares in its subsidiary company, namely Posmmit Steel Centre Sdn. Bhd. ("Posmmit") to Posteel ("Proposed Disposal"), subject to a definitive agreement to be negotiated and entered into between the parties thereto. Upon completion of the Proposed Disposal, the Company's interest in Posmmit will be reduced from 68% to 30%.

  Subsequently on 22 December 2006, the Company entered into a conditional Sale and Purchase Agreement ("SPA") in relation to the Proposed Disposal for a cash consideration of RM29,505,785. Simultaneously with the execution of the SPA, the Company, POSCO, Posteel and Posmmit have entered into a conditional Shareholders' Agreement to regulate their relationship inter se as shareholders in Posmmit .

  The Proposed Disposal was completed on 13 February 2007.

- **Prestar expands its wings to Vietnam**

  On 14 November 2006, the Company announced that its wholly-owned subsidiary, namely Prestar Manufacturing Sdn. Bhd. ("PMSB") proposed to set-up a new company in Vietnam to acquire a piece of industrial land which is located at Song Than III Industrial Park, Binh Duong Province, Ho Chi Minh, Vietnam for setting up a manufacturing plant for the purpose of manufacturing wide range of steel related products. The new company shall have an initial authorised legal capital of USD3,000,000 divided into 3,000,000 legal capital of par value of USD1.00.

  PMSB had on 5 March 2007 received an Investment License pertaining to the registration of the new company, Prestar Industries (Vietnam) Co., Ltd.

PROSPECTS

Moving forward into year 2007, it will be another demanding year but very promising for Prestar Group. In the economic and business environment of which Prestar is operating, the market is abounded with favourable news of growing domestic demand in line with the implementation of the Ninth Malaysian Plan and various mega projects. Within Prestar Group, the up coming new business venture in Vietnam amidst the completion of the realignment disposal of 38% equity in Posmmit will generate interesting new frontier for Prestar. Whilst the new Vietnam venture will have to take sometime to come to fruition, the enhanced strategic alliance with POSCO is expected to bring forth the benefits not too far distance away. In addition to that, the imminent rolling out of Prestar's own stainless steel pipes will also enhance the business profile of Prestar substantially as well as its bottom line. All these augurs well for Prestar's prospects for year 2007 and barring any unforeseen circumstances, the Board expects the performance for 2007 to be better.

DIVIDENDS

The Board is pleased to recommend a final dividend of 5% less 27% tax, amounting to RM3,160,000 in respect of the financial year ended 31 December 2006, which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

ACKNOWLEDGEMENT AND APPRECIATION

I wish to take this opportunity to express my sincere gratitude to the members of the Board of Directors who has played an invaluable role in guiding and advising the Company's Management despite competitive market conditions. My special thanks also goes to all the staff for their continued contributions and dedication towards the Group. Last but not least on behalf of the Board, I also wish to extend our thanks to our valuable shareholders, customers, business associates, investors as well as banking institutions and relevant authorities for their continued support, guidance and confidence in Prestar Group.

Toh Yew Keat
Group Executive Chairman

corporate structure

PRESTAR RESOURCES BERHAD
(123066-A)

PRODUCT MANUFACTURING UNIT (PMU)

- 100%
  Prestar Manufacturing Sdn Bhd
- 95%
  Prestar Tooling Sdn Bhd
- 96%
  Prestar Storage System Sdn Bhd
- 75%
  Prestar Engineering Sdn Bhd
- 100%
  Prestar Galvanising Sdn Bhd
- 100%
  Prestar Marketing Sdn Bhd
- 51%
  Tashin Hardware Sdn Bhd
- ° 100%
  Prestar Industries (Vietnam) Co., Ltd @

STEEL PROCESSING UNIT (SPU)

- 100%
  Prestar Steel Pipes Sdn Bhd
- 100%
  Prestar Precision Tube Sdn Bhd
- 51%
  Tashin Steel Sdn Bhd
- 70%
  Dai Dong Steel Sdn Bhd
- 30%
  Posmmit Steel Centre Sdn Bhd #
- 25%
  Prestar Steel (S) Pte. Ltd. *

INVESTMENT HOLDING UNIT

- 100%
  Prestar Ventures Sdn Bhd
- 100%
  Excelpath Sdn Bhd

Posmmit Steel Centre Sdn Bhd (PSC) became an associated company of Prestar upon completion of the disposal of 37.86% equity interest in PSC to POSCO Steel Service & Sales Co Ltd on 13 February 2007

* Associated company

@ Prestar had on 5 March 2007 received an Investment License pertaining to the registration of Prestar Industries (Vietnam) Co., Ltd

board of directors' profile

TOH YEW KEAT

Age : 60, Malaysian
Group Executive Chairman
Appointed to the Board on 12 July 1984

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

Mr Toh is actively involved in formulating and implementing the Group's business policies and corporate strategies and contributes to the continued growth and profitability of the Group by identifying new business ventures. He sits on the Board of Directors of Prestar Resources Berhad's subsidiaries and several other private limited companies. He does not have any directorships in other public companies.

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

He is a brother of Dato' Toh Yew Peng, the Group Managing Director; Mr Toh Yew Kar, Group Executive Director; Mr Toh Yew Seng, Group Executive Director and Ms Toh Poh Khuan, Group Executive Director of Prestar Resources Berhad. He is also a brother of Mr Toh Yew Chin, Mr Toh Yew Hoe and Mr Toh Yew Keong, the major shareholders of Prestar Resources Berhad.

DATO' TOH YEW PENG

Age : 55, Malaysian
Group Managing Director
Member of Audit Committee / Chairman of Esos II Committee
Appointed to the Board on 12 July 1984

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

He travels extensively to keep abreast with the latest developments in the industry and constantly assesses new market prospects and opportunity for the Group. He sits on the Board of Prestar Resources Berhad's subsidiaries and several other private limited companies. He does not have any directorships in other public companies.

He is deemed interested in the Company by virtue of his direct and indirect interests.

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

TOH YEW KAR

Age : 49, Malaysian
Group Executive Director
Appointed to the Board on 12 July 1984

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

He is responsible for the marketing affairs of Prestar Resources Berhad and is actively involved in the implementation of marketing strategies and development of new products and markets. He sits on the Board of Prestar Resources Berhad's subsidiaries and several other private limited companies. He does not have any directorships in other public companies.

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

He is a brother of Mr Toh Yew Keat, the Group Executive Chairman; Dato' Toh Yew Peng, Group Managing Director; Mr Toh Yew Seng, Group Executive Director and Ms Toh Poh Khuan, Group Executive Director of Prestar Resources Berhad. He is also a brother of Mr Toh Yew Chin, Mr Toh Yew Hoe and Mr Toh Yew Keong, the major shareholders of Prestar Resources Berhad.

board of directors' profile (cont'd)

TOH YEW SENG

Age : 46, Malaysian
Group Executive Director / Member of Esos II Committee
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 Group 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 does not have any directorships in other public companies.

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

He is a brother of Mr Toh Yew Keat, the Group Executive Chairman; Dato' Toh Yew Peng, Group Managing Director; Mr Toh Yew Kar, Group Executive Director and Ms Toh Poh Khuan, Group Executive Director of Prestar Resources Berhad. He is also a brother of Mr Toh Yew Chin, Mr Toh Yew Hoe and Mr Toh Yew Keong, the major shareholders of Prestar Resources Berhad.

TOH POH KHUAN

Age : 59, Malaysian
Group Executive Director
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 does not have any directorships in other public companies.

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

She is a sister of Mr Toh Yew Keat, the Group Executive Chairman; Dato' Toh Yew Peng, Group Managing Director; Mr Toh Yew Kar, Group Executive Director and Mr Toh Yew Seng, Group Executive Director of Prestar Resources Berhad. She is also a sister of Mr Toh Yew Chin, Mr Toh Yew Hoe and Mr Toh Yew Keong, the major shareholders of Prestar Resources Berhad.

MD NAHAR BIN NOORDIN

Age : 50, Malaysian
Non-Independent Non-Executive Director / Member of Remuneration Committee
Appointed to the Board on 18 June 1994

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

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

En Md. Nahar is a major shareholder of the Company by virtue of his direct interest. Besides Prestar, he also sits on the Board of ISS Consulting Solutions Berhad, a company listed on the Mesdaq of Bursa Malaysia Securities Berhad and several private limited companies.

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

board of directors' profile (cont'd)

TUAN HAJI FADZLULLAH SHUHAIMI BIN SALLEH

Age : 50, Malaysian
Independent Non-Executive Director / Member of Audit Committee
Chairman of Remuneration Committee / Member of Nomination Committee
Appointed to the Board on 18 March 1995

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

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. He does not have any directorships in other public companies.

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

YEE CHEE SENG @ YEE YEN

Age : 67, Malaysian
Independent Non-Executive Director / 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 several subsidiary companies of FELDA.

He does not have any directorships in other public companies.

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

Aged : 39, Malaysian
Independent Non-Executive Director / Chairman of Nomination Committee / Member of Esos II Committee
Member of Audit Committee
Appointed to the Board on 28 March 2002

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

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

Besides legal practice, Mr Lim has been involved in various areas of business including IT, mining and real property and sits on the Board of several private limited companies. He does not have any directorships in other public 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 governance statement

The Board of Directors ("the Board") is committed in implementing the principles and best practices prescribed by the Malaysian Code on Corporate Governance ("the Code") within the Group. The Board has taken steps to enhance the Group's transparency and accountability in its operations and reporting systems to achieve an optimal governance framework in its pursuit for sustainable good corporate results.

The Board is pleased to provide the following statement, which outline how the Group has applied the principles and the extent of compliance with the best practices as set out in the Code during the financial year:

A. THE BOARD OF DIRECTORS

The Board takes full responsibility for the overall performance of the Group by setting the directions and objectives, formulating the policies and strategic action plans as well as being responsible for the allocation 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 roles and duties of the Group Executive Chairman, Group Managing Director and Group Executive Directors are clearly identified, distinguished 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 presently 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 a wide range of business and entrepreneur skills as well as legal, finance, commercial and technical experiences to the Company.

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

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

(ii) Directors' Training

All Directors have attended the Mandatory Accreditation Programme (" MAP ") and have met the requirements of the Continuing Education Programme ("CEP ") as stipulated by Bursa Malaysia Securities Berhad ("Bursa Securities"). Directors are also encouraged to attend training programmes on a continual basis to enhance their knowledge and keep abreast with the latest technological market and recent developments in regulations and business practices.

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

(iii) Board Meetings and Supply of Information

There were five (5) Board Meetings held during the year under review. Details of each Director's attendance at the Board Meetings are set out in the Statement Accompanying the Notice of Annual General Meeting ("AGM").

All Directors are provided with the agenda and information necessary for them to deal with prior to each Board Meeting. Senior Management staff were invited to attend Board Meetings to provide the Board with detailed explanations and clarifications on certain matters that were tabled to the Board. The Board papers include, amongst others, the following:

i. Quarterly financial report and a report on the Group's cash and borrowing position;
ii. Significant financial and corporate issues; Internal Audit Report and Risk Management Committee Progress Report;
iii. Updates of Group performances; and
iv. Any other matters requiring Board's approval.

In addition, there is a schedule of matters reserved specifically for the Board's decision. This includes strategic and key policy issues, major investments and financial decisions, and approval of corporate plans.

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

A. THE BOARD OF DIRECTORS (cont'd)

(iv) Re-election of Directors

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 once in each three (3) years but shall be eligible for re-election (Article 105).

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

Information of the Directors seeking for re-election at the forthcoming AGM is set out in the Statement Accompanying the Notice of AGM.

(v) Board Committees

The Board has in place the following Committees to assist the Board in discharging its duties and responsibilities and in order to enhance the overall effectiveness of the Board, these Committees have well written Terms of Reference which clearly outline their objectives, duties and authorities:

(a) Audit Committee

The Audit Committee consists of four (4) members with a majority of Independent Non-Executive Directors. For detailed information on the Audit Committee with regards to its composition and terms of reference together with its report, please refer to the Report of the Audit Committee in this Annual Report.

(b) Nomination Committee

The Nomination Committee consists of three (3) members, all of which are Independent Non-Executive Directors. The primary objective of the Committee is to assist the Board of Directors in their responsibilities of nomination of new nominees to the Board of Directors and to assess the performance of the Directors of the Company on an on-going basis. However, the Board makes all decisions on appointments after considering those recommendations.

Members of the Committee are as follows:

Mr. Lim Cheang Nyok	*Chairman*
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	*Member*
Mr. Yee Chee Seng @ Yee Yen	*Member*

(c) Remuneration Committee

In line with the recommendation of the Code, the Board established the Remuneration Committee in November 2001. The Remuneration Committee comprises wholly of Non-Executive Directors. The primary objective of the Committee is to assist the Board in assessing the remuneration packages of the Executive Directors with a view to ensure that a competitive remuneration package is offered to attract and retain Directors of the necessary calibre to run the Company successfully.

Members of the Committee are as follows:

Tuan Haji Fadzlullah Shuhaimi Bin Salleh	*Chairman*
Encik Md. Nahar Bin Noordin	*Member*
Mr. Yee Chee Seng @ Yee Yen	*Member*

(d) ESOS II Option Committee

In line with the implementation of the Employees' Share Option Scheme II ("the ESOS II") on 1 October 2003, an ESOS II Option Committee was established by the Board to oversee the administration as well as to ensure proper implementation of the ESOS II in accordance with the By-laws of the scheme.

The members of the ESOS II Committee are as follows:

Dato' Toh Yew Peng	*Chairman*
Mr. Toh Yew Seng	*Member*
Mr. Lim Cheang Nyok	*Member*
Mr. Koay Kah Ee	*Member*

A. THE BOARD OF DIRECTORS (cont'd)

(v) Board Committees(cont'd)

(e) Group Risk Management Committee

The Board acknowledged that there are inherent risks associated with the business carried out by the Group. The Group Risk Management Committee assists the Board to continuously review the activities of the Group to identify key business and operational risks and where possible, implement policies and procedures to address such risks.

All subsidiaries have their own Risk Management Unit to review, monitor and assess risk portfolio composition of significant activities within each subsidiary. The Risk Management Unit provides the Group Risk Management Committee with periodical reports on the status of risk management in individual subsidiary. The Group Risk Management Committee reviews the Group's overall objectives by assessing the adequacy and effectiveness of risk portfolio composition and risk mitigation controls to determine the desired exposures of each major area of risk on a periodic basis.

B. DIRECTORS' REMUNERATION

Details of the remuneration for Directors of the Company comprising remuneration received/receivable from the Company and its subsidiary companies during the financial year ended 31 December 2006 are as follows:

(i) Aggregate remuneration categorised into appropriate components:

RM ('000)	Executive Directors	Non-Executive Directors
Fees	338	86
Salaries	1 859	-
Bonus	479	-
Benefits-in-kind	82	-
EPF and SOCSO	274	-

(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 300, 001 to RM 350, 000	1	-
RM 600 001 to RM 650 000	2	
RM 650, 001 to RM 700, 000	1	-
RM 750, 001 to RM 800, 000	1	

Remuneration of each member of the Board of Directors is not shown in detail individually as the Directors are of the opinion that there is 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.

C. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board has ensured that the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates so that the financial statements represent a true and fair assessment of the Company and Group's financial positions and prospects. The Board is assisted by the Audit Committee to review and assess the accuracy and adequacy of all the information to be disclosed and to ensure its compliance with the requirements of the rules and regulations of the authority and approved accounting standards.

The Statement of Directors' Responsibility pursuant to paragraph 15.27(a) of the Listing Requirements of Bursa Securities on its responsibilities in preparing the financial statements is set out in another section of this Annual Report.

C. ACCOUNTABILITY AND AUDIT (cont'd)

(ii) Internal Control and Risk Management

The Board acknowledges its responsibility for establishing a sound system of internal control and risk management that aims to safeguard shareholders' investment and the Group's assets during its course of business. While the internal control system is devised to cater for particular needs of the Group as well as risk management, such controls by their nature could only provide reasonable assurance but not absolute assurance against material mis-statement or loss.

The Group has an internal audit department to assist the Audit Committee in discharging their duties and responsibilities. Both the internal and external auditors report their findings and recommendations to the Audit Committee.

The Internal Control Statement in this Annual Report provides an overview on the state of internal controls within the Group.

(iii) Relationship with Auditors

The Board, through the Audit Committee maintains a formal and transparent relationship with its external auditors in seeking professional advices. The Audit Committee meets with the external auditors without the presence of the Executive Board members, at least once a year regarding audit planning and other relevant audit and accounting issues.

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

D. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

(i) Communication and dissemination of information

The Board recognises the importance of an effective communications channel between the Board, shareholders, investors and general public.

The Annual Report of the Company is an important channel of communication to reach shareholders and investors. In view thereof, effort has been taken to enhance the contents of the Annual Report in line with the best practices of the Corporate Governance.

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

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

(ii) Annual General Meeting ("AGM")

The AGM represents the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's business and corporate development. There is always a healthy dialogue and interaction with shareholders, which is greatly encouraged. Adequate Notice of the AGM of not less than 21 days are communicated to the shareholders concerned. The Board is supported by the external auditors, Company Secretaries, legal and financial advisers and Senior Management staff, where applicable, who are also present at the AGM to communicate with the shareholders, investors and media and also respond to the queries raised.

COMPLIANCE STATEMENT

The Board has taken steps to ensure that the Group has implemented as far as possible the Best Practices as set out in the Code. Save for the appointment of a Senior Independent Non-Executive Director, the Board considers that all other Best Practices have been substantially implemented in accordance with the Code.

This Statement is made in accordance with a Directors' Circular Resolution passed on 26 March 2007.

additional compliance information

The following information is provided in compliance with Paragraph 9.25 of Bursa Malaysia Securities Berhad's (Bursa Securities) Listing Requirements.

1. Utilisation of Proceeds

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

2. Share Buy-Backs

The information on share buy-backs for the financial year is presented in the Audited Financial Statements in this Annual Report.

3. Options, Warrants or Convertible Securities exercised

There were no options exercised pursuant to the Company's Employees' Share Option Scheme and warrants conversion during the financial year.

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 Fees

The amount of non-audit fees paid to the External Auditors by the Group for the financial year were RM 16 900

7. Profit estimate / Forecast projection / Unaudited results

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

8. Profit Guarantee

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

9. Material Contracts involving Directors' interests and major shareholders' interests

There were no material contracts entered into by the Company and its subsidiaries involving Directors' interests and major shareholders' interests during the financial year.

10. Revaluation Policy

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

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

The information on RRPT for the financial year is presented in the Audited Financial Statements in this Annual Report.

report of the audit committee

The Board of Directors of Prestar Resources Berhad is pleased to present the following report on the Audit Committee and its activities during the financial year ended 31 December 2006.

1. MEMBERS AND MEETINGS

The Audit Committee comprises the following members and the attendance of each member at the Audit Committee meetings are as follows:

Composition of Audit Committee and Number of Audit Committee Meetings Attended / Held

Name	Designation	Attendance
Mr. Yee Chee Seng @ Yee Yen	Chairman / Independent, Non-Executive Director	4/4
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member / Independent, Non-Executive Director	3/4
Dato' Toh Yew Peng	Member / Non-Independent, Group Managing Director	4/4
Lim Cheang Nyok (Appointed on 27 November 2006)	Member / Independent, Non-Executive Director	1/1

2. TERMS OF REFERENCE

The Audit Committee was established to act as a Committee of the Board of Directors with the terms of reference as set out on pages 22 to 24.

3. SUMMARY OF KEY ACTIVITIES FOR THE FINANCIAL YEAR

The activities undertaken by the Audit Committee during the financial year included the following:

a) Reviewed the unaudited quarterly financial results announcement for the Group and the Company prior to submission to the Board for consideration and approval.

b) Reviewed the audited year-end financial statements of the Group prior to submission to the Board for consideration and approval.

c) Met with the External Auditors once without the presence of any executive Board member to discuss the audit issues and recommendations raised by them and reviewed the audit strategy and scope of the audit plan prior to commencement of annual audit.

d) Reviewed the audit reports of the External Auditors and management letters in relation to audit including Management's response arising from the audit.

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

f) Considered the application of corporate governance principles and the extent of the Group's compliance with the best practices and also reviewed the Audit Committee report and the statement of internal control and recommended the same to the Board for inclusion in the annual report.

g) Reviewed internal audit reports on significant related party transactions to ensure the transactions entered into were made on arms-length basis and on normal commercial terms.

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

i) Reviewed the internal audit reports of the Group prepared by the Internal Audit Department ("IAD") and corrective actions taken by Management in addressing and resolving issues raised by the IAD.

j) Ensured that the recommendations and improvements proposed by the IAD and External Auditors on the internal control of the Group were implemented by Management.

It was reported that there were no allocation of Employees' Share Option Scheme to the eligible employees during the financial year.

4. INTERNAL AUDIT FUNCTION

The Company has an adequately resourced IAD which adopts a risk-based audit approach when establishing its audit plan. The IAD also performs other engagements as directed by the Audit Committee and Senior Management. The IAD's main role is to provide reasonable assurance that the internal control systems continue to operate satisfactorily and effectively within the Group operations.

During the year, the IAD had undertaken independent and objective reviews of the system of internal controls of major areas within the Group operations. All audit reports including the recommended action plans, Management's response and its implementation status were presented to the Audit Committee. The IAD would follow up closely on the implementation progress of the corrective actions and to obtain assurance that all major risks and control issues have been addressed by Management within the required time frame.

The IAD reports directly to the Audit Committee.

TERMS OF REFERENCE

1. Objectives

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 audit 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.

2. Composition of Members

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 two (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 Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements.

At least one (1) member of the Audit Committee must be:

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

b) if he is not member of MIA, he must have at least three (3) years of working experience and;

   i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

   ii) he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

   iii) fulfils such other requirements as prescribed by the Exchange.

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

Retirement and resignation

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

Chairman

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.

TERMS OF REFERENCE (cont'd)

2. Composition of Members (cont'd)

Secretary

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

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.

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.

3. Meetings

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.

In absence of the Chairman, the other independent Director shall be the Chairman for that meeting.

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.

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.

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.

4. Quorum

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

5. Reporting

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.

The Audit Committee shall report to the Board of Directors on any specific matters referred to it by the Board for investigation and report.

6. Authority

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 the 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 deem necessary.

e) be able to make relevant reports when necessary to the relevant authorities if a breach of the Listing Requirements occurred.

7. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Audit Committee shall be:

a) Risk Management and Internal Control

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

b) Financial Reporting

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

i) going concern assumption;

ii) compliance with accounting standards and regulatory requirements which include the Listing Requirements of Bursa Securities and Securities Commission's guidelines;

iii) any changes in accounting policies and practices;

iv) significant and unusual issues arising from the audit; and

v) major judgmental areas.

c) Audit Process

To review with the External Auditors the following:

i) the audit plan;

ii) the maintenance and control of an effective accounting system;

iii) the evaluation of the system of internal controls;

iv) the audit reports and findings;

v) problems and reservations arising from their interim and final audits; and

vi) the assistance given by the employees of the Company or Group to the External Auditors.

To review the internal audit functions on the following:

i) adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work;

ii) 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; and

iii) 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.

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's response.

To assist the Board on the appointment and resignation of External Auditors, to recommend the nomination of External Auditors and negotiate on the auditors' fees.

d) Other Responsibilities and Duties

To monitor recurrent related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity such as the basis of transactions are of arms-length terms are not disadvantageous to the Group.

To undertake such other responsibilities as may be agreed to by the Committee and the Board.

To report to the Board its activities, significant results and findings.

To verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the By-laws of ESOS of the Company.

internal control statement

INTRODUCTION

The Malaysian Code on Corporate Governance ("Code") requires the Board of Directors ("Board") of listed company to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") requires the Board to include a statement in the Company's annual report on the status of their internal controls. Set out below is the Board's internal control statement.

BOARD RESPONSIBILITY

The Board of Directors ("Board") recognizes the importance of good practice of corporate governance and is committed to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The system of internal control covers not only financial controls but risk management, organizational, operational, and compliance controls. The Board ensures the effectiveness of the system through regular reviews. Nevertheless, the system is designed to manage rather than eliminate the risk of failure to meet the Group's business objective. Hence, the system of internal control can only provide reasonable but not absolute assurance against material misstatement, fraud and loss.

The Board affirms that the Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period.

RISK MANAGEMENT FRAMEWORK

Risk management is regarded by the Board as an integral part of the business operations. Therefore, the Group has set up a risk management framework to promote effective risk management to manage significant risks faced by the Group from time to time.

The Group has established a Group Risk Management Committee ("GRMC") supported by various Risk Management Units ("RMU") to assist the Board in managing the principal risks faced by the Company and its subsidiaries respectively. The tasks of GRMC and RMU includes identifying, evaluating and managing the principal risks faced by the Company and its subsidiaries. All possible risks with significant impact that can affect the achievement of the Group's objectives as well as its relevant risk control and mitigation plan taken by management are documented in the risk management reports. These reports are prepared twice a year and tabled to the Board for deliberation.

INTERNAL AUDIT FUNCTION

The Group has in place an adequately resourced internal audit department ("IAD"). The IAD is independent of the day-to-day operations and report directly to the Audit Committee.

The IAD adopts a risk-based approach and prepares its annual audit plan based on the risk profiles of the principal risks identified in the risk management reports. The IAD also carries out audit engagement in unscheduled areas upon request by the Audit Committee and Senior Management whenever it is received

The Audit Committee meets quarterly to review the internal audit findings and discuss the corrective action plans to ensure that the control weaknesses highlighted in the internal audit report are appropriately addressed by Management.

OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES

In addition to risk management and internal audit, the Group has established various controls to review the adequacy and integrity of the system of internal control. Such controls include:

- A budgeting process where budgets are prepared by the operating business units for subsequent monitoring and tracking of variances and performance.
- Documented production and quality control system accredited by various ISO certification bodies on 6 subsidiaries.
- Quarterly review of financial results and operational matters by the Board and Audit Committee.

Based on the above, the Board is satisfied that there is an on-going process of reviewing, evaluating and monitoring to ensure the effectiveness and adequacy of the system of internal control within the Group.

statement of directors' responsibility

in respect of the preparation of the annual audited financial statements

The Directors are required by the Companies Act, 1965 (the "Act") to lay before the Company's shareholders at its Annual General Meeting, audited financial statements (which include the consolidated balance sheet and the consolidated income statement of the Group) for each financial year, made out in accordance with the applicable accounting standards in Malaysia, the provisions of the Act and the Listing Requirements of Bursa Malaysia Securities Berhad. The audited financial statements of the Company and the Group for the financial year ended 31 December 2006 are set out from pages 28 to 82 of this Annual Report.

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006, and of the results of their operations and cash flows for the year ended on that date.

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

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

This Statement is made in accordance with a Directors' Circular Resolution passed on 26 March 2007.

financial statements

directors' report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the rental of properties, investment holding and indent activity. The principal activities of the subsidiary companies are mainly involved in the manufacturing of steel related products and the details are set out in Note 11 to the financial statements. There have been no signifidant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the financial year	19,981,043	5,453,420
Attributable to:		
Equity holders of the Company	11,227,267	5,453,420
Minority interests	8,753,776	-
	19,981,043	5,453,420

DIVIDENDS

As approved by the shareholders at the Annual General Meeting held on 29 May 2006, a final dividend of 3% per share, tax exempt, amounting to RM2,623,857 in respect of the previous financial year was paid on 5 July 2006.

The Directors proposed a final dividend of 5% per share, less 27% tax, amounting to RM3,160,000 in respect of the financial year ended 31 December 2006, which is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

Warrants 2005/2011

Pursuant to a deed poll dated 17 March 2005 ("Deed Poll"), the Company has a renounceable rights issue of 95,721,500 6-year Warrants 2005/2011 ("Warrants").

The Warrants were issued to the entitled shareholders of the Company at an offer price of RM0.05 per Warrant on the basis of one (1) Warrant for every 2 existing ordinary shares of RM0.50 held in the Company.

The salient features of the Warrants as per the Deed Poll are as follows:

(a) Each Warrant entitles the registered holders at any time during the exercise period to subscribe for one (1) new ordinary share of RM0.50 each in the Company at an exercise price of RM0.75 per ordinary share;

(b) The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the conditions provided in the Deed Poll;

(c) The Warrants shall be exercisable at any time within the period commencing from and including the date of issue of the Warrants and ending on the date preceding the 6th anniversary of the date of issuance of the Warrants; and

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

The Warrants were granted for listing and quotation with effect from 19 July 2005.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") of not more than 10% of the issued and paid-up share capital of the Company was approved by its shareholders at an Extraordinary General Meeting held on 21 July 2003 and came into effect on 1 October 2003. The salient features of the ESOS are as follows:

(a) Eligible employees comprise any employee who has attained the age of 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 the date of offer.

(b) The option is personal to the grantee and is non-assignable.

(c) The option price of each ordinary share under the ESOS shall be determined by the Board upon the recommendation of the ESOS committee, which is at a discount of not more than 10% of the 5 days weighted average market price of the shares at the date the option is granted, subject to the minimum price of RM1.00 each or at RM0.50 each after share split, being the par value of the shares, whichever is higher.

(d) The options granted may be exercised within a period of 5 years from the date of the last approval subject to any extension as shall be approved by the shareholders and the relevant authorities.

(e) 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	30	30	40	-	-
20,000 to 100,000	25	25	25	25	-
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.

(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 100 shares.

(g) 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.

(h) 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 within the Group.

The movement of the options over unissued shares of the Company granted under the ESOS during the financial year are as follows:

		Number of options over ordinary shares of RM0.50 each				
Date of offer	Option price	Balance as at 1.1.2006	Granted	Exercised	Lapsed	Balance as at 31.12.2006
3 December 2003	RM0.750	11,566,800	-	-	(427,400)	11,139,400
23 March 2004	RM0.695	454,000	-	-	-	454,000
		12,020,800	-	-	(427,400)	11,593,400

DIRECTORS

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

Toh Yew Keat
Dato' Toh Yew Peng
Toh Yew Kar
Toh Yew Seng
Toh Poh Khuan
Md. Nahar Bin Noordin
Tuan Haji Fadzlullah Shuhaimi Bin Salleh
Yee Chee Seng @ Yee Yen
Lim Cheang Nyok

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

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and its related corporations during the financial year ended 31 December 2006 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:

	---- Number of ordinary shares of RM0.50 each ----			
	Balance as at 1.1.2006	**Bought**	**Sold**	**Balance as at 31.12.2006**
SHARES IN THE COMPANY				
Direct interests				
Toh Yew Keat	22,599,404	-	(10,950,000)	11,649,404
Dato' Toh Yew Peng	637,596	-	-	637,596
Toh Yew Kar	504,000	-	-	504,000
Md. Nahar Bin Noordin	10,000,000	-	-	10,000,000
Toh Yew Seng	240,000	-	-	240,000
Toh Poh Khuan	240,000	-	-	240,000
Deemed interests				
Toh Yew Keat	60,503,000	-	-	60,503,000
Dato' Toh Yew Peng	60,503,000	-	-	60,503,000
Toh Yew Kar	60,503,000	-	-	60,503,000
Toh Yew Seng	60,503,000	-	-	60,503,000
Toh Poh Khuan	60,503,000	-	-	60,503,000
SHARES IN THE SUBSIDIARY COMPANIES				
Deemed interests				
Prestar Tooling Sdn. Bhd.				
Toh Yew Seng	1,425,000	-	-	1,425,000
Toh Yew Kar	1,425,000	-	-	1,425,000

DIRECTORS' INTERESTS (cont'd)

	---- Number of ordinary shares of RM0.50 each ----			
	Balance as at 1.1.2006	Bought	Sold	Balance as at 31.12.2006
Prestar Storage System Sdn. Bhd.				
Toh Yew Keat	3,250,000	-	-	3,250,000
Toh Yew Seng	3,250,000	-	-	3,250,000
Toh Yew Kar	3,250,000	-	-	3,250,000
Prestar Engineering Sdn. Bhd.				
Toh Yew Kar	1,500,000	-	-	1,500,000
Toh Yew Seng	1,500,000	-	-	1,500,000
Posmmit Steel Centre Sdn. Bhd.				
Dato' Toh Yew Peng	9,500,000	-	-	9,500,000
Toh Yew Seng	9,500,000	-	-	9,500,000
Dai Dong Steel Sdn. Bhd.				
Toh Yew Seng	1,050,000	-	-	1,050,000
Tashin Steel Sdn. Bhd.				
Dato' Toh Yew Peng	10,200,000	-	-	10,200,000
Toh Yew Seng	10,200,000	-	-	10,200,000
Tashin Hardware Sdn. Bhd.				
Dato' Toh Yew Peng	255,000	-	-	255,000
Toh Yew Seng	255,000	-	-	255,000

By virtue of their interest in the shares of the Company, all the Directors except for Md. Nahar Bin Noordin, Tuan Haji Fadzlullah Shuhaimi Bin Salleh, Yee Chee Seng @ Yee Yen and Lim Cheang Nyok, are also deemed to have an interest in the shares of the wholly-owned subsidiary companies in which they are also the directors to the extent that the Company had an interest.

The Directors' option in the Company by virtue of the options offered to them under the ESOS are as follows:

	--- Number of options over ordinary shares of RM0.50 each ---				
	Option price	Balance as at 1.1.2006	Granted	Exercised	Balance as at 31.12.2006
SHARE OPTIONS IN THE COMPANY					
Toh Yew Keat	RM0.750	360,000	-	-	360,000
Dato' Toh Yew Peng	RM0.750	360,000	-	-	360,000
Toh Yew Kar	RM0.750	360,000	-	-	360,000
Toh Yew Seng	RM0.750	360,000	-	-	360,000
Toh Poh Khuan	RM0.750	360,000	-	-	360,000

DIRECTORS' INTERESTS (cont'd)

The Directors' warrant holdings according to the Register of Directors' shareholdings are as follows;

	Number of Warrants			
	Balance as at 1.1.2006	Bought	Sold	Balance as at 31.12.2006
WARRANTS IN THE COMPANY				
Direct interests				
Toh Yew Keat	11,299,702	-	-	11,299,702
Dato' Toh Yew Peng	318,798	-	-	318,798
Toh Yew Kar	252,000	-	-	252,000
Md. Nahar Bin Nordin	5,000,000	-	(5,000,000)	-
Toh Yew Seng	120,000	-	-	120,000
Toh Poh Khuan	120,000	-	-	120,000
Deemed interests				
Toh Yew Keat	30,251,500	-	-	30,251,500
Dato' Toh Yew Peng	30,251,500	-	-	30,251,500
Toh Yew Kar	30,251,500	-	-	30,251,500
Toh Yew Seng	30,251,500	-	-	30,251,500
Toh Poh Khuan	30,251,500	-	-	30,251,500

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have arisen from the transactions disclosed in Note 35 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted to Directors of the Company pursuant to the Company's ESOS.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the change in estimates of residual values and useful lives of certain property, plant and equipment as disclosure in Note 7.4 to the financial statements.

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

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

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

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

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

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

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

(III) AS AT THE DATE OF THIS REPORT

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

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

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 24 May 2006, the Company announced that the Company has entered into a Memorandum of Understanding ("MOU") with POSCO and POSCO Steel Service and Sales Co. Ltd. ("Posteel") to dispose of the Company's 5,300,000 shares in a subsidiary company, namely Posmmit Steel Centre Sdn. Bhd. ("Posmmit") to Posteel (collectively known as "Proposed Disposal"), subject to the completion of a due diligence review on Posmmit by Posteel and subject to a definitive agreement to be negotiated and entered into between the parties thereto.

Upon completion of the Proposed Disposal, the Company's interest in Posmmit will be reduced from 68% to 30%.

(b) On 13 October 2006, the Company announced that the Proposed Disposal was approved by the Ministry of International Trade and Industry on 11 October 2006.

(c) On 14 November 2006, the Company announced that its wholly-owned subsidiary company, namely Prestar Manufacturing Sdn. Bhd. proposed to set-up a new company in Vietnam to acquire a piece of industrial land which is located at Song Than III Industrial Park, Binh Duong Province, Ho Chi Minh, Vietnam for setting up a manufacturing plant for the purpose of manufacturing wide range of steel related products. The proposal is subject to the approvals from the relevant authorities of Vietnam.

The new company shall have an initial authorised legal capital of USD3,000,000 divided into 3,000,000 legal capital of par value of USD1.00 each.

(d) On 22 December 2006, the Company entered into a conditional sale and purchase agreement ("SPA") in relation to the Proposed Disposal for a cash consideration of RM29,505,785.

Simultaneously with the execution of the SPA, the Company, POSCO, Posteel and Posmmit have entered into a conditional shareholders agreement to regulate their relationship inter se as shareholders in Posmmit ("Shareholders Agreement"). The Shareholders Agreement will replace the previous shareholders agreement dated 8 July 2002 entered into between the Company and POSCO, which shall be terminated upon completion of the Proposed Disposal.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

(a) The Proposed Disposal was approved by the Company's shareholders at an Extraordinary General Meeting held on 6 February 2007 and was completed on 13 February 2007.

(b) On 5 March 2007, Prestar Manufacturing Sdn. Bhd. received an investment license pertaining to the registration of its new wholly-owned subsidiary company in Vietnam, namely Prestar Industries (Vietnam) Co., Ltd.

AUDITORS

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

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

DATO' TOH YEW PENG
Director

TOH YEW SENG
Director

Kuala Lumpur
20 March 2007

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 37 to 82 have been drawn up in accordance with applicable approved Financial Reporting 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 as at 31 December 2006 and of their results for the financial year then ended; and

(ii) the cash flows of the Group and of the Company for the financial year ended 31 December 2006.

On behalf of the Board,

DATO' TOH YEW PENG
Director

TOH YEW SENG
Director

Kuala Lumpur
20 March 2007

statutory declaration

pursuant to section 169(16) of the companies act, 1965

I, Koay Kah Ee, being the officer primarily responsible for the financial management of Prestar Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 37 to 82 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
20 March 2007)

KOAY KAH EE

Before me:
No. W240
A.T. Velu
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 37 to 82.

These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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 reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:

   (i) 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

   (ii) the state of affairs of the Group and of the Company as at 31 December 2006 and of their results and cash flows for the financial year then ended;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the said Act.

   We are satisfied that the financial statements of the subsidiary companies that are 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.

Our auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

BDO Binder
AF: 0206
Chartered Accountants

JAMES CHAN KUAN CHEE
2271/10/07 (J)
Partner

Kuala Lumpur
20 March 2007

balance sheets
as at 31 December 2006

	NOTE	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	9	129,132,694	115,586,061	51,718,061	51,493,595
Investment properties	10	942,580	965,084	-	-
Investment in subsidiary companies	11	-	-	60,229,743	47,729,743
Investment in an associated company	12	1,153	17,204	55,588	55,588
Other investments	13	483,154	431,283	-	-
Intangible assets	14	2,363,104	2,358,523	-	-
Deferred tax assets	15	1,271,000	1,719,000	-	-
		134,193,685	121,077,155	112,003,392	99,278,926
CURRENT ASSETS					
Inventories	16	165,573,672	147,606,165	-	-
Trade receivables	17	134,762,875	129,840,218	-	-
Other receivables, deposits and prepayments	18	13,435,992	9,881,551	700,388	1,755,495
Amounts owing by subsidiary companies	19	-	-	42,158,565	56,183,887
Tax recoverable		1,284,443	2,170,441	367,810	154,076
Fixed deposits with licensed banks	20	2,110,378	2,296,151	756,403	446,151
Cash and bank balances		9,882,186	12,300,957	41,505	623,831
		327,049,546	304,095,483	44,024,671	59,163,440
TOTAL ASSETS		461,243,231	425,172,638	156,028,063	158,442,366
EQUITY AND LIABILITIES					
Share capital	21	88,800,800	88,800,800	88,800,800	88,800,800
Reserves	22	67,640,522	60,200,486	10,105,377	8,502,633
Shareholders' equity		156,441,322	149,001,286	98,906,177	97,303,433
Minority interests		51,908,448	45,293,601		-
TOTAL EQUITY		208,349,770	194,294,887	98,906,177	97,303,433
NON-CURRENT LIABILITIES					
Borrowings	23	2,426,542	3,919,679	-	54,772
Deferred tax liabilities	15	5,969,545	4,666,148	1,145,209	873,030
		8,396,087	8,585,827	1,145,209	927,802
CURRENT LIABILITIES					
Trade payables	24	24,451,626	20,111,647	-	-
Other payables and accruals	25	13,734,680	12,692,472	789,229	423,428
Amounts owing to subsidiary companies	19	-	-	1,938,305	2,304,744
Borrowings	23	203,863,778	189,078,470	53,249,143	57,482,959
Tax liabilities		2,447,290	409,335	-	-
		244,497,374	222,291,924	55,976,677	60,211,131
TOTAL LIABILITIES		252,893,461	230,877,751	57,121,886	61,138,933
TOTAL EQUITY AND LIABILITIES		461,243,231	425,172,638	156,028,063	158,442,366

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

income statements

for the financial year ended 31 December 2006

	NOTE	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Revenue	26	527,442,854	533,635,838	10,183,857	9,382,047
Cost of sales		(459,538,324)	(484,091,744)	(872,530)	(828,802)
Gross profit		67,904,530	49,544,094	9,311,327	8,553,245
Other operating income		6,489,403	8,616,052	332,177	284,773
Selling and distribution expenses		(7,915,865)	(7,251,393)	-	-
Administration expenses		(25,164,456)	(22,954,896)	(2,162,613)	(2,127,866)
Other operating expenses		(2,402,696)	(1,056,600)	(129,481)	(141,172)
Operating profit		38,910,916	26,897,257	7,351,410	6,568,980
Finance costs		(9,496,681)	(10,352,789)	(2,860,576)	(1,434,216)
Interest income		75,329	28,294	2,401,110	1,381,020
Share of loss in an associated company		(16,051)	(25,831)	-	-
Profit before tax	27	29,473,513	16,546,931	6,891,944	6,515,784
Tax expense	28	(9,492,470)	(5,197,024)	(1,438,524)	(1,623,872)
Net profit for the financial year		19,981,043	11,349,907	5,453,420	4,891,912
Attributable to:					
Equity holders of the Company		11,227,267	5,573,998	5,453,420	4,891,912
Minority interests		8,753,776	5,775,909	-	-
		19,981,043	11,349,907	5,453,420	4,891,912
Gross dividends per ordinary share (sen)	29	2.5	2.5	2.5	2.5
Earnings per ordinary share (sen):	30				
- Basic		6.42	3.19		
- Diluted		-	-		

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

statements of changes in equity

for the financial year ended 31 December 2006

Group	Ordinary share capital RM	Share premium RM	Revaluation reserve RM	Warrant reserve RM	Treasury shares RM	Retained profits RM	Total RM	Minority interests RM	Total equity RM
	Attributable to equity holders of the Company								
		Non-distributable				Distributable			
Balance as at 1 January 2005	87,662,000	293,195	1,168,214	-	(1,305,025)	58,471,781	146,290,165	41,222,692	187,512,857
Realisation of revaluation reserve	-	-	(33,621)	-	-	33,621	-	-	-
Net profit for the financial year	-	-	-	-	-	5,573,998	5,573,998	5,775,909	11,349,907
Issued of new ordinary shares	1,138,800	565,275	-	-	-	-	1,704,075	-	1,704,075
Repurchase of ordinary shares	-	-	-	-	(1,390,696)	-	(1,390,696)	-	(1,390,696)
Rights issue of warrants	-	-	-	3,862,266	-	-	3,862,266	-	3,862,266
Dividends:									
- Final and special dividends of the Company in respect of financial year ended 31 December 2004	-	-	-	-	-	(5,777,891)	(5,777,891)	-	(5,777,891)
- Final and special dividends in respect of financial year ended 31 December 2004	-	-	-	-	-	-	-	(1,705,000)	(1,705,000)
- Interim dividend of the Company in respect of financial year ended 31 December 2005 (Note 29)	-	-	-	-	-	(1,260,631)	(1,260,631)	-	(1,260,631)
Balance as at 31 December 2005	88,800,800	858,470	1,134,593	3,862,266	(2,695,721)	57,040,878	149,001,286	45,293,601	194,294,887
Balance as at 31 December 2005	88,800,800	858,470	1,134,593	3,862,266	(2,695,721)	57,040,878	149,001,286	45,293,601	194,294,887
Effect of adopting FRS 3 (Note 7.1(ii))	-	-	-	-	-	63,445	63,445	-	63,445
Realisation of revaluation reserve	-	-	(33,619)	-	-	33,619	-	-	-
Net profit for the financial year	-	-	-	-	-	11,227,267	11,227,267	8,753,776	19,981,043
Repurchase of ordinary shares	-	-	-	-	(1,226,819)	-	(1,226,819)	-	(1,226,819)
Dividends:									
- Final dividend of the Company in respect financial year ended 31 December 2005 (Note 29)	-	-	-	-	-	(2,623,857)	(2,623,857)	-	(2,623,857)
- Final dividend of subsidiary companies in respect of financial year ended 31 December 2005	-	-	-	-	-	-	-	(2,138,929)	(2,138,929)
Balance as at 31 December 2006	88,800,800	858,470	1,100,974	3,862,266	(3,922,540)	65,741,352	156,441,322	51,908,448	208,349,770

statements of changes in equity (cont'd)

for the financial year ended 31 December 2006

Company	Ordinary share capital RM	Share premium RM	Revaluation reserve RM	Warrant reserve RM	Treasury shares RM	Retained profits RM	Total RM
		---- Non-distributable ----				Distributable	
Balance as at 1 January 2005	87,662,000	293,195	1,168,214	-	(1,305,025)	7,456,014	95,274,398
Realisation of revaluation reserve	-	-	(33,621)	-	-	33,621	-
Net profit for the financial year	-	-	-	-	-	4,891,912	4,891,912
Issued of new ordinary shares	1,138,800	565,275	-	-	-	-	1,704,075
Repurchase of ordinary shares	-	-	-	-	(1,390,696)	-	(1,390,696)
Rights issue of warrants	-	-	-	3,862,266	-	-	3,862,266
Dividends:							
- Final and special dividends in respect of financial year ended 31 December 2004	-	-	-	-	-	(5,777,891)	(5,777,891)
- Interim dividend in respect of financial year ended 31 December 2005 (Note 29)	-	-	-	-	-	(1,260,631)	(1,260,631)
Balance as at 31 December 2005	88,800,800	858,470	1,134,593	3,862,266	(2,695,721)	5,343,025	97,303,433
Balance as at 31 December 2005	88,800,800	858,470	1,134,593	3,862,266	(2,695,721)	5,343,025	97,303,433
Realisation of revaluation reserve	-	-	(33,619)	-	-	33,619	-
Net profit for the financial year	-	-	-	-	-	5,453,420	5,453,420
Repurchase of ordinary shares	-	-	-	-	(1,226,819)	-	(1,226,819)
Dividends:							
- Final dividend in respect of financial year ended 31 December 2005 (Note 29)	-	-	-	-	-	(2,623,857)	(2,623,857)
Balance as at 31 December 2006	88,800,800	858,470	1,100,974	3,862,266	(3,922,540)	8,206,207	98,906,177

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

cash flow statements

for the financial year ended 31 December 2006

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	29,473,513	16,546,931	6,891,944	6,515,784
Adjustments for:				
Allowance for diminution in value of other investments no longer required	(57,760)	-	-	-
Allowance for diminution in value of investments	1,710	121,500	-	-
Allowance for doubtful debts	238,637	118,487	-	-
Allowance for doubtful debts no longer required	(343,553)	(689,250)	-	-
Allowance for inventories written down	360,100	824,738	-	-
Allowance for inventories written down no longer required	(570,180)	(64,024)	-	-
Allowance for slow moving inventories	728,744	-	-	-
Amortisation of goodwill	-	147,056	-	-
Amortisation of development cost	58,864	-	-	-
Bad debts written off	-	12,402	-	-
Depreciation of investment properties	22,504	75,212	-	-
Depreciation of property, plant and equipment	5,445,526	10,294,332	675,671	748,113
Dividend income	(35,600)	(1,630)	(5,915,375)	(5,921,110)
Gain on disposal of other investments	-	-	(3,479)	-
Impairment loss on property, plant and equipment	1,159,000	-	-	-
Interest expenses	9,496,681	10,352,789	2,860,576	1,434,216
Interest income	(75,329)	(28,294)	(2,401,110)	(1,381,020)
Loss on disposal of other investments	9,197	-	-	-
Gain on disposal of property, plant and equipment	(327,975)	(369,218)	(44,975)	-
Property, plant and equipment written off	9,864	166,959	-	-
Share of loss of an associated company	16,051	25,831	-	-
Operating profit before working capital changes	45,609,994	37,533,821	2,063,252	1,395,983
(Increase)/Decrease in inventories	(18,486,171)	36,056,802	-	-
Increase in trade receivables	(4,817,741)	(19,528,250)	-	-
(Increase)/Decrease in other receivables, deposits and prepayments	(3,554,441)	839,945	1,055,107	(1,513,745)
Increase/(Decrease) in trade payables	4,339,979	(2,973,513)	-	-
Increase/(Decrease) in other payables and accruals	751,208	(1,627,164)	365,801	(850,607)
Cash generated from/(used in) operations	23,842,828	50,301,641	3,484,160	(968,369)
Tax refunded	148,084	-	-	-
Tax paid	(4,965,205)	(10,729,417)	(395,774)	(239,758)
Net cash from/(used in) operating activities	19,025,707	39,572,224	3,088,386	(1,208,127)
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition of intangible assets (Note 14)	-	(588,640)	-	-
Repayment from/(Advances to) subsidiary companies	-	-	5,620,913	(29,546,527)
Dividend received, net	35,600	1,630	4,511,071	4,595,000
Interest received	75,329	28,294	2,401,110	1,381,020
Purchase of other investments	(5,212,712)	-	(4,820,000)	-
Purchase of property, plant and equipment (Note 31)	(18,395,477)	(17,342,903)	(5,235,193)	(7,268,615)
Proceeds from disposal of other investments	5,207,694	-	4,823,479	-
Proceeds from disposal of property, plant and equipment	824,726	665,055	338,000	-
Net cash from/(used in) investing activities	(17,464,840)	(17,236,564)	7,639,380	(30,839,122)

cash flow statements (cont'd)

for the financial year ended 31 December 2006

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Fixed deposits pledged	(314,227)	(596,151)	(310,252)	(446,151)
Interest paid	(9,496,681)	(10,352,789)	(2,860,576)	(1,434,216)
Proceeds from issue of shares	-	1,704,075	-	1,704,075
Repayment of hire purchase liabilities	(2,808,351)	(4,095,802)	(180,760)	(118,159)
Drawdown of term loans	-	2,000,000	-	-
Repayment of term loans	(4,774,557)	(4,095,706)	(2,422,972)	(2,933,702)
Repurchase of shares	(1,226,819)	(1,390,696)	(1,226,818)	(1,390,696)
(Repayment for)/Drawdown from short term loan	(1,000,000)	52,000,000	(1,000,000)	52,000,000
Drawdown from/(Repayments for) other bank borrowings	16,983,644	(49,668,594)	(1,434,000)	(10,874,000)
Proceeds from issuance of warrants	-	3,862,266	-	3,862,266
Dividends paid	(2,623,857)	(7,038,522)	(2,623,857)	(7,038,522)
Dividends paid to minority interests	(1,847,929)	(1,704,999)	-	-
Net cash (used in)/from financing activities	(7,108,777)	(19,376,918)	(12,059,235)	33,330,895
Net (decrease)/increase in cash and cash equivalents	(5,547,910)	2,958,742	(1,331,469)	1,283,646
Cash and cash equivalents at beginning of financial year	11,089,808	8,131,066	623,831	(659,815)
Cash and cash equivalents at end of financial year (Note 32)	5,541,898	11,089,808	(707,638)	623,831

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

1. GENERAL INFORMATION

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

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at Lot 1298, 16½ Miles, Jalan Ipoh, Rawang Industrial Estate, 48000 Rawang, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia (RM), which is the functional currency of the Company.

2. 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, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ascertain 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 the Group's financial risk management policies. The Board regularly reviews these risks and approves such policies that cover the management of these risks.

(a) Foreign currency exchange risk

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

(b) Interest rate risk

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

(c) Credit risk

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

(d) Liquidity and cash flow risk

Prudent liquidity risk management is applied by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining the flexibility in funding by keeping committed credit lines available.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the rental of properties, investment holding and indent activity. The principal activities of the subsidiary companies are mainly involved in the manufacturing of steel related products and the details are set out in Note 11. There have been no significant changes in the nature of these activities during the financial year.

4. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965. At the beginning of the current financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") which are mandatory for financial period beginning on or after 1 January 2006 as described in Note 6.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention (as modified by the revaluation of certain freehold land and buildings) unless otherwise indicated in the significant accounting policies.

The preparation of financial statements in conformity with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5.2 Basis of consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and all its subsidiary companies made up to the balance sheet date using the acquisition method of accounting. The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, all intercompany balances and transactions are eliminated in full and the consolidated financial statements reflect external transactions only. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisition of subsidiary companies is accounted for using the purchase method. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the acquistion.

Goodwill arising on acquisition is recognised as an asset and is initially measured at cost, being the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities exceeds the cost of acquisition, the excess is recognised immediately in the income statement.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. It is measured at the minorities' share of the fair value of the subsidiary companies identifiable assets and liabilities at the acquisition date and minorities' share of changes in the subsidiary companies' equity since then.

Losses applicable to the minority interests in excess of their interest in the subsidiary company's equity are allocated against the interest of the Group except to the extent that the minority interest has a binding obligation and is able to make an additional investment to cover the losses.

5.3 Property, plant and equipment and depreciation

The gross carrying amounts of property, plant and equipment are initially measured at cost. Freehold land and buildings which have been subsequently revalued, are stated at valuation less accumulated depreciation and any impairment losses. All other property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Freehold land and buildings of the Group have not been revalued since they were first revalued in 1995. The Directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of the MASB Approved Accounting Standard IAS 16 (Revised): Property, plant and equipment, these assets continue to be stated at their 1995 valuation less accumulated depreciation and impairment losses.

The surplus arising from such valuation is credited to shareholders' equity as a revaluation reserve and any subsequent deficit is charged against such surplus to the extent that the decrease offsets any increase. In all other cases, the deficit will be charge to the income statement.

Upon disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the revaluation reserve related to those assets, if any, is transferred directly to retained profits.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.3 Property, plant and equipment and depreciation (cont't)

Freehold land and capital work-in-progress are not amortised. Depreciation on other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Short term leasehold land	52 years
Buildings	50 years
Plant and machinery	20 years
Office equipment	5 – 10 years
Furniture, fittings and renovations	5 – 10 years
Motor vehicles and forklifts	5 – 7 years
Moulds, tools and equipment	7 years

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

5.4 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured at cost, including transaction costs. Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on a straight line basis to write off the cost of investment properties over their estimated useful lives of 50 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year in which they arise.

5.5 Assets acquired under hire purchase arrangements

Assets acquired under hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining hire purchase liabilities.

5.6 Intangible assets

5.6.1 Goodwill

Goodwill acquired in business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition.

Following the initial recognition, goodwill is measure at cost less any accumulated impairment losses. Goodwill is not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

5.6.2 Development costs

Costs associated with developing a new product are recognised as an expense as and when incurred. Cost that are directly associated with the production of identifiable and unique products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one (1) year, are recognised as intangible assets. Direct costs include costs of employee benefits and fees to register a legal right.

Development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight line basis over the commercial lives of the underlying products not exceeding 10 years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.7 Inventories

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

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

The cost of work-in-progress and finished goods includes cost of raw materials, direct labour, other direct costs and appropriate proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

5.8 Receivables

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

5.9 Investments

(a) Subsidiary companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies which are eliminated on consolidation are stated at cost less any accumulated impairment losses.

(b) Associated company

An associated company is a company in which the Group and the Company have a long term equity interest and where the Group and the Company is in a position to exercise significant influence over the financial and operating policies of the investee company.

The Company's investment in an associated company is stated at cost less any accumulated impairment losses.

Investment in an associated company is accounted for in the consolidated financial statements using the equity method of accounting. The Group's interest in an associated company is stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associated company.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

The most recent available audited financial statements of the associated company are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminious with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

(c) Other investments

Marketable securities are carried at the lower of cost and market value, determined by individual investment basis. Increases or decreases in the carrying amount of marketable securities are recognised in the income statements. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

Investments in shares, bonds and debentures held as long term investments are stated at cost less any accumulated impairment losses.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.10 Impairment of assets

The carrying amounts of the Group's and the Company's assets, other than financial assets (exclude investment in associated company and subsidiary companies), investment properties, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the income statement immediately whenever the recoverable amount is less than the carrying amount of the asset.

For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, impairment is tested annually or more frequently when there is an evidence of impairment.

An impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same assets with the excess of the impairment loss charged to the income statement.

Reversal of an impairment loss is recognised as income immediately in the income statement except for the reversal of an impairment loss on revalued assets where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, an impairment loss recognised for goodwill is not reversed in a subsequent period.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

5.11 Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

5.12 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

5.13 Employee benefits

5.13.1 Short term employee benefits

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

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

5.13.2 Defined contribution plans

The Company and its subsidiary companies make contributions to a statutory provident fund and recognise the contributions payable:

(a) after deducting contributions already paid as a liability; and
(b) as an expense in the financial year in which the employees render their services.

5.13.3 Share-based compensation

The Company's Employees' Share Option Scheme ("ESOS"), an equity settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.13 Employee benefits (cont'd)

5.13.3 Share-based compensation (cont'd)

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

In accordance with the transitional provision of FRS 2, the share options granted by the Company before 31 December 2004 were not recognised as an expense in the income statement. The proceeds received upon exercise of such share options in the prior financial years had been credited to the share capital and share premium accounts.

5.14 Income tax

Income tax in the financial statements for the financial year comprises current tax expense and deferred tax.

5.14.1 Current tax expense

Current tax expense is expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

5.14.2 Deferred tax

Deferred tax, which includes deferred tax liabilities and assets, is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and the deferred tax liabilities relate to the same taxation authority.

5.15 Foreign currency transactions and translations

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the rates of exchange ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the approximate rates of exchange at the balance sheet date except where there are related or matching forward contracts in respect of trading transactions, in which case, the rates of exchange specified in those contracts are used.

All gains or losses arising from the settlement of foreign currency transactions and from translating foreign monetary assets and liabilities are taken up in the income statement.

5.16 Revenue recognition

Revenue from sales of goods is recognised in the income statement upon delivery of goods and customer's acceptance.

Rental income is recognised on an accrual basis unless collectibility is in doubt.

Dividend income is recognised when the Group's and Company's right to receive payment is established.

Interest income is recognised on an accrual basis, taking into account the effective yield on the asset.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.17 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments which are readily convertible to cash and are subject to insignificant risk of changes in value.

5.18 Segment information

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting segment information is in respect of business segments as the Group's risk and returns are affected predominantly by differences in the products it produces, while secondary information is reported geographically.

A segment with a majority of operating income earned from providing product or services to external clients and whose operating income, results or assets are 10 percent or more of all the segments is reported separately.

Segment results, assets and liabilities include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one (1) period.

5.19 Financial instruments

5.19.1 Financial instruments recognised on the balance sheets

(a) Ordinary shares

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise, they are charged to the income statement.

Where the Company purchases its equity share capital, the consideration paid, including any attributable transaction costs is deducted from shareholders' equity as treasury shares until they are cancelled. Where such shares are reissued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

Dividends to shareholders are recognised in equity when the shareholder's right to receive payment is established.

(b) Other financial instruments

The accounting policies for other financial instruments recognised on the balance sheets are disclosed in the individual policy associated with each item.

5.19.2 Financial instruments not recognised on the balance sheets

Derivative financial instruments are not recognised in the financial statements.

5.20 Borrowings

All interest bearing borrowings are recorded at the amount of proceeds received, net of transaction cost. Borrowings costs are reported as finance costs in the income statement.

6. ADOPTION OF NEW AND REVISED FRSs

(a) On 1 January 2006, the Group and the Company adopted the following FRSs which are applicable to the Group and the Company mandatory for financial period beginning on or after 1 January 2006:

FRS 2	:	Share-based payment
FRS 3	:	Business combinations
FRS 5	:	Non-current assets held for sale and discontinued operations
FRS 101	:	Presentation of financial statements
FRS 102	:	Inventories
FRS 108	:	Accounting policies, changes in accounting estimates and errors
FRS 110	:	Events after the balance sheet date
FRS 116	:	Property, plant and equipment
FRS 121	:	The effects of changes in foreign exchange rates
FRS 127	:	Consolidated and separate financial statements
FRS 128	:	Investments in associates
FRS 131	:	Interest in joint ventures
FRS 132	:	Financial instruments: disclosure and presentation
FRS 133	:	Earnings per share
FRS 136	:	Impairment of assets
FRS 138	:	Intangible assets
FRS 140	:	Investment property

The effect of adopting the new and revised FRSs are set out in Note 7.

(b) At the date of authorisation of these financial statements, the following FRSs were in issue. The Company has not elected to early adopt the said FRSs:

- FRS 117: Leases (effective for annual period beginning on or after 1 October 2006)
- FRS 124: Related party disclosures (effective for annual period beginning on or after 1 October 2006)
- Amendment to FRS 119: Employee benefits – actuarial gains and losses, group plans and disclosure (effective for annual period beginning on or after 1 January 2007)
- FRS 6: Exploration for and evaluation of mineral resources (effective for annual period beginning on or after 1 January 2007)
- FRS 139: Financial instruments: recognition and measurement (effective date is yet to be determined)

By virtue of the exemption clauses on paragraph 67B of FRS 117, paragraph 22A of FRS 124 and paragraph 103AB of FRS 139, the possible impact of applying FRS 117, FRS 124 and FRS 139 is not disclosed.

The Amendment to FRS 119 and FRS 6 are not applicable to the Group and the Company and hence, no further disclosure on the possible impact on these FRSs is warranted.

7. EFFECTS OF ADOPTION OF NEW AND REVISED FRSs

There is no effect on the adoption of FRS 5 and FRS 131 as they are not applicable to the Group's operations.

The adoption of other new and revised FRSs during the current financial year has no material impact on the Group's and Company's financial statements as the existing accounting policies are consistent with the requirements under these new standards except as summarised below:

7.1 FRS 3 : Business combinations and FRS 136: Impairment of assets

The new FRS 3 has resulted in consequential amendment to FRS 136. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

(i) Goodwill

Prior to 1 January 2006, goodwill was amortised on a straight line basis over its estimated useful life of 20 years and is subject to impairment test. The adoption of FRS 3 and the revised FRS 136 has resulted in the Group ceasing annual goodwill amortisation. Goodwill is now carried at cost less any accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 January 2006. The transitional provisions of FRS 3 also required the Group to eliminate the carrying amount of the accumulated amortisation at 1 January 2006 amounting to RM1,171,244 against the carrying amount of goodwill. The net carrying amount of goodwill as at 1 January 2006 of RM1,833,328 ceased to be amortised thereafter.

7. EFFECTS OF ADOPTION OF NEW AND REVISED FRSs (cont'd)

7.1 FRS 3 : Business combinations and FRS 136: Impairment of assets (cont'd)

(i) Goodwill (cont'd)

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for the effect on the balance sheet as disclosed in Note 14(a) and there was no amortisation charge of RM147,056 for the current financial year or prior periods. This change has no impact on the Company's financial statements.

(ii) Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)

Prior to 1 January 2006, negative goodwill had been off-set against goodwill and was amortised on a straight line basis over its estimated useful life of 20 years. In accordance with transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM63,445 was derecognised with a corresponding increase in retained profits as disclosed in the consolidated statement of changes in equity.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods. The effect on the balance sheet is disclosed in Note 14(a). This change has no impact on the Company's financial statements.

7.2 FRS 101 : Presentation of financial statements

Prior to 1 January 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 requires disclosure, on the face of the consolidated statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 January 2006, the Group's share of taxation of associated company accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of an associated company accounted for using the equity method are now included in the share of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

These changes in presentation have been applied retrospectively. The comparatives on the financial statements for the financial year ended 31 December 2006 have been restated. These changes in presentation have no impact on the Company's financial statements.

7.3 FRS 140 : Investment property

Investment properties which are stated at cost less accumulated depreciation and any impairment losses are consistent with the accounting policy for "Property, plant and equipment" as disclosed in Note 5.3.

Prior to 1 January 2006, the investment properties were included in property, plant and equipment and were not classified separately. Following the adoption of FRS 140, investment properties with carrying amount at 1 January 2006 amounting to RM965,084 are now classified separately on the balance sheet as disclosed in Note 10. The Group has applied FRS 140 retrospectively in accordance with its transitional provisions.

7.4 FRS 116 : Property, plant and equipment

The revised FRS 116: Property, plant and equipment requires a review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group and the Company have revised the residual values and the estimated useful lives of certain motor vehicles and plant and machineries from 5 to 7 years and 12.5 to 20 years respectively with effect from 1 January 2006. These revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group and of the Company for the current financial year have been reduced by RM5,415,253 and RM82,034 respectively.

8. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical judgement made in applying accounting policy

There are no critical judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amount recognised in these financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment on goodwill

The Group test goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this necessary.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the Cash Generating Units ("CGU") to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Further details of the estimates used are disclosed in Note 14(b).

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iii) Income taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for incomes taxes. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the period in which the outcome is known.

(iv) Impairment of property, plant and equipment

During the current financial year, the Group has recognised impairment losses in respect of a subsidiary company's property, plant and equipment. The Group carried out an impairment test based on a variety of estimation on the value-in-use of the CGU to which the property, plant and equipment is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The details of the impairment losses recognised is disclosed in Note 9(e).

(v) Fair value of investment properties

Investment properties are carried at cost and depreciated on a straight line basis over the assets' useful lives. For disclosure purposes, the Directors have estimated the fair value of the investment properties based on Directors' assessment of available market prices.

9. PROPERTY, PLANT AND EQUIPMENT

Group 2006	Balance as at 1.1.2006 RM	Additions RM	Disposals RM	Written off RM	Reclassifi-cation RM	Balance as at 31.12.2006 RM
At cost/valuation						
Freehold land:						
- at cost	15,679,744	-	-	-	-	15,679,744
- at valuation	3,542,999	-	-	-	-	3,542,999
Short term leasehold land	5,333,059	-	-	-	-	5,333,059
Buildings:						
- at cost	33,250,223	494,414	-	-	11,227,743	44,972,380
- at valuation	6,004,614	-	-	-	-	6,004,614
Plant and machinery	78,656,011	2,610,778	(238,592)	(97,000)	2,885,660	83,816,857
Office equipment	4,828,385	558,088	(71,197)	(36,131)	190,640	5,469,785
Furniture, fittings and renovations	4,272,543	220,738	(42,900)	(11,519)	712,437	5,151,299
Motor vehicles and forklifts	8,920,780	1,948,925	(1,468,327)	(17,500)	99,209	9,483,087
Moulds, tools and equipment	9,437,333	625,873	-	(15,400)	140,300	10,188,106
Capital work-in-progress	9,383,224	14,198,958	-	-	(15,255,989)	8,326,193
	179,308,915	20,657,774	(1,821,016)	(177,550)	-	197,968,123

Group 2006	Balance as at 1.1.2006 RM	Charge for the financial year (Note 27) RM	Disposals RM	Written off RM	Balance as at 31.12.2006 RM
Accumulated depreciation					
Freehold land	-	-	-	-	-
Short term leasehold land	294,247	108,141	-	-	402,388
Buildings:					
- at cost	3,474,525	698,219	-	-	4,172,744
- at valuation	1,437,253	122,065	-	-	1,559,318
Plant and machinery	38,794,914	2,420,584	(209,170)	(96,999)	40,909,329
Office equipment	3,314,658	469,029	(44,459)	(33,272)	3,705,956
Furniture, fittings and renovations	3,002,491	389,140	(42,719)	(11,503)	3,337,409
Motor vehicles and forklifts	5,180,945	395,520	(1,027,917)	(17,500)	4,531,048
Moulds, tools and equipment	7,323,821	842,828	-	(8,412)	8,158,237
Capital work-in-progress	-	-	-	-	-
	62,822,854	5,445,526	(1,324,265)	(167,686)	66,776,429

	Balance as at 1.1.2006 RM	Addition RM	Balance as at 31.12.2006 RM
Impairment losses			
Plant and machinery	900,000	1,159,000	2,059,000

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

Group 2005	Balance as at 1.1.2005 RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	Balance as at 31.12.2005 RM
At cost/valuation						
Freehold land:						
- at cost	15,679,744	-	-	-	-	15,679,744
- at valuation	3,542,999	-	-	-	-	3,542,999
Short term leasehold land	2,668,063	2,664,996	-	-	-	5,333,059
Buildings:						
- at cost	34,193,033	182,600	-	-	(1,125,410)*	33,250,223
- at valuation	6,004,614	-	-	-	-	6,004,614
Plant and machinery	75,415,642	3,969,866	(891,659)	(400,674)	562,836	78,656,011
Office equipment	4,659,720	420,356	(178,436)	(81,055)	7,800	4,828,385
Furniture, fittings and renovations	4,180,261	289,898	(105,279)	(92,337)	-	4,272,543
Motor vehicles and forklifts	8,090,442	1,883,687	(1,063,814)	-	10,465	8,920,780
Moulds, tools and equipment	8,753,212	690,151	(6,030)	-	-	9,437,333
Capital work-in-progress	883,810	9,080,515	-	-	(581,101)	9,383,224
	164,071,540	19,182,069	(2,245,218)	(574,066)	(1,125,410)	179,308,915

* Reclassified to investment properties to conform with the current financial year' presentation.

Group 2005	Balance as at 1.1.2005 RM	Charge for the financial year (Note 27) RM	Disposals RM	Written off RM	Reclassification RM	Balance as at 31.12.2005 RM
Accumulated depreciation						
Freehold land	-	-	-	-	-	-
Short term leasehold land	223,773	70,474	-	-	-	294,247
Buildings:						
- at cost	2,828,995	665,834	-	-	(20,304)*	3,474,525
- at valuation	1,317,990	119,263	-	-	-	1,437,253
Plant and machinery	33,472,881	6,458,278	(882,464)	(253,781)	-	38,794,914
Office equipment	3,095,297	470,726	(173,369)	(77,996)	-	3,314,658
Furniture, fittings and renovations	2,805,673	368,591	(96,443)	(75,330)		3,002,491
Motor vehicles and forklifts	4,694,607	1,277,746	(791,408)	-	-	5,180,945
Moulds, tools and equipment	6,466,098	863,420	(5,697)	-	-	7,323,821
Capital work-in-progress	-	-	-	-	-	-
	54,905,314	10,294,332	(1,949,381)	(407,107)	(20,304)	62,822,854

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

	Balance as at 1.1.2005 RM	Reclassification RM	Balance as at 31.12.2005 RM
Impairment losses			
Buildings – at cost	64,810	(64,810)*	-
Plant and machinery	900,000	-	900,000
	964,810	(64,810)	900,000

* Reclassified to investment properties to conform with the current financial year' presentation.

Company 2006	Balance as at 1.1.2006 RM	Additions RM	Disposal RM	Reclassification RM	Balance as at 31.12.2006 RM
At cost/valuation					
Freehold land:					
- at cost	15,329,744	-	-	-	15,329,744
- at valuation	2,130,000	-	-	-	2,130,000
Buildings:					
- at cost	25,018,824	8,400	-	7,185,712	32,212,936
- at valuation	4,915,291	-	-	-	4,915,291
Office equipment	154,872	6,289	-	29,893	191,054
Furniture, fittings and renovations	366,398	7,647	-	710,397	1,084,442
Motor vehicles	781,251	609,213	(644,363)	-	746,101
Capital work-in-progress	7,364,389	4,603,644	-	(11,968,033)	-
	56,060,769	5,235,193	(644,363)	(4,042,031)	56,609,568

	Balance as at 1.1.2006 RM	Charge for the financial year (Note 27) RM	Disposal RM	Balance as at 31.12.2006 RM
Accumulated depreciation				
Freehold land	-	-	-	-
Buildings:				
- at cost	2,580,488	510,399	-	3,090,887
- at valuation	1,085,908	100,275	-	1,186,183
Office equipment	89,525	15,285	-	104,810
Furniture, fittings and renovations	326,735	11,369	-	338,104
Motor vehicles	484,518	38,343	(351,338)	171,523
Capital work-in-progress	-	-	-	-
	4,567,174	675,671	(351,338)	4,891,507

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

Company 2005	**Balance as at 1.1.2005 RM**	**Additions RM**	**Balance as at 31.12.2005 RM**
At cost/valuation			
Freehold land:			
- at cost	15,329,744	-	15,329,744
- at valuation	2,130,000	-	2,130,000
Buildings:			
- at cost	25,018,824	-	25,018,824
- at valuation	4,915,291	-	4,915,291
Office equipment	150,802	4,070	154,872
Furniture, fittings and renovations	361,098	5,300	366,398
Motor vehicles	781,251	-	781,251
Capital work-in-progress	105,144	7,259,245	7,364,389
	48,792,154	7,268,615	56,060,769

	Balance as at 1.1.2005 RM	**Charge for the financial year (Note 27) RM**	**Balance as at 31.12.2005 RM**
Accumulated depreciation			
Freehold land	-	-	-
Buildings:			
- at cost	2,079,282	501,206	2,580,488
- at valuation	988,431	97,477	1,085,908
Office equipment	74,312	15,213	89,525
Furniture, fittings and renovations	313,757	12,978	326,735
Motor vehicles	363,279	121,239	484,518
Capital work-in-progress	-	-	-
	3,819,061	748,113	4,567,174

	Group		**Company**	
	2006 RM	**2005 RM**	**2006 RM**	**2005 RM**
Net book value/Net carrying value				
Freehold land:				
- at cost	15,679,744	15,679,744	15,329,744	15,329,744
- at valuation	3,542,999	3,542,999	2,130,000	2,130,000
Short term leasehold land	4,930,671	5,038,812	-	-
Buildings:				
- at cost	40,799,636	29,775,698	29,122,049	22,438,336
- at valuation	4,445,296	4,567,361	3,729,108	3,829,383
Plant and machinery	40,848,528	38,961,097	-	-
Office equipment	1,763,829	1,513,727	86,244	65,347
Furniture, fittings and renovations	1,813,890	1,270,052	746,338	39,663
Motor vehicles and forklifts	4,952,039	3,739,835	574,578	296,733
Moulds, tools and equipment	2,029,869	2,113,512	-	-
Capital work-in-progress	8,326,193	9,383,224	-	7,364,389
	129,132,694	115,586,061	51,718,061	51,493,595

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

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

These assets have not been revalued since then. The Directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of the MASB Approved Accounting Standard IAS 16 (Revised): Property, plant and equipment, these assets continue to be stated at their 1995 valuation less accumulated depreciation and impairment losses.

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Freehold land	2,551,407	2,551,407	1,376,176	1,376,176
Buildings	2,327,183	2,393,756	1,853,035	1,904,030
	4,878,590	4,945,163	3,229,211	3,280,206

(c) The freehold land and leasehold land and certain buildings of the Group and of the Company with net book values amounting to RM64,298,465 (2005: RM57,513,842) and RM50,310,902 (2005: RM43,727,463) respectively have been charged as securities for banking facilities granted to the Company and its subsidiary companies as disclosed in Note 23.

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Plant and machinery	4,355,316	7,568,352	-	-
Motor vehicles and forklifts	4,618,326	1,819,388	-	296,733
Moulds, tools and equipment	142,429	181,657	-	-
	9,116,071	9,569,397	-	296,733

(e) The management of Prestar Storage System Sdn. Bhd., a subsidiary company within the manufacturing segment, carried out a review of the recoverable amount of its property, plant and equipment during the current financial year. The review has led to the recognition of an impairment loss of RM1,159,000 due to lower future cash flows projected from the assets. The recoverable amount was based on value-in-use and was determined at the CGU which consists of mould and plant and machinery of the subsidiary company. In determining the value-in-use for the CGU, the cash flows were discounted at a rate of 4.50% on a pre-tax basis the discounted rate was based on the weighted average cost of capital of the advances given by the Company to the subsidiary company.

10. INVESTMENT PROPERTIES

	Group 2006 RM	Group 2005 RM
At cost		
Balance as at 1 January	1,125,410	-
Reclassified from property, plant and equipment (Note 9)	-	1,125,410
Balance as at 31 December	1,125,410	1,125,410
Accumulated depreciation		
Balance as at 1 January	95,516	-
Reclassified from property, plant and equipment (Note 9)	-	20,304
Depreciation for the financial year (Note 27)	22,504	75,212
Balance as at 31 December	(118,020)	(95,516)
Accumulated impairment losses		
Balance as at 1 January	64,810	-
Reclassified from property, plant and equipment (Note 9)	-	64,810
Balance as at 31 December	(64,810)	(64,810)
Net carrying value as at 31 December	942,580	965,084
Market value as at 31 December	1,016,000	1,073,000

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

11. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2006 RM	Company 2005 RM
At cost		
Unquoted shares	60,229,743	47,729,743

The details of the subsidiary companies, all incorporated in Malaysia, are as follows:

Name of company	Effective equity interest 2006 %	Effective equity interest 2005 %	Principal activities
Prestar Manufacturing Sdn. Bhd.	100	100	Manufacture and export of material handling equipment such as wheelbarrows and hand trucks.
Prestar Marketing Sdn. Bhd.	100	100	Importer and distributor of general hardware, tools and material handling equipment.
Prestar Ventures Sdn. Bhd.	100	100	Renting of building and office premises.
Prestar Engineering Sdn. Bhd.	75	75	Manufacture and supply of guardrails and related products.

11. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name of company	Effective equity interest 2006 %	2005 %	Principal activities
Posmmit Steel Centre Sdn. Bhd.	68	68	Slitting, shearing and sales of steel sheets and coils.
Prestar Steel Pipes Sdn. Bhd.	100	100	Manufacture and supply of carbon steel pipes and related products.
Dai Dong Steel Sdn. Bhd.	70	70	Import and trading of steel materials and general hardware products.
Tashin Steel Sdn. Bhd.	51	51	Manufacture, reprocess and trading of steel related products.
Prestar Galvanising Sdn. Bhd.	100	100	General hot-dip galvanising and coating of metal products and threaded items.
Subsidiary companies of Prestar Manufacturing Sdn. Bhd.			
Prestar Tooling Sdn. Bhd.	95	95	Moulds and dies fabrication, maintenance and installation of machinery and manufacture of plastic products, industrial castors and pallet meshes.
Excelpath Sdn. Bhd.	100	100	Investment holding.
Subsidiary company of Excelpath Sdn. Bhd.			
Prestar Storage System Sdn. Bhd.	96	96	Manufacture and installation of all kinds of material handling equipment, structural steel works and pallet racking system.
Subsidiary company of Prestar Steel Pipes Sdn. Bhd.			
Prestar Precision Tube Sdn. Bhd.	100	100	Manufacture precision steel pipes and tubes.
Subsidiary company of Tashin Steel Sdn. Bhd.			
Tashin Hardware Sdn. Bhd.	51	51	Trading of steel material and general hardware products.

During the current financial year, the Company's investment in subsidiary companies has been increased from RM47,729,743 to RM60,229,743 as follows:

(a) Subscription of the entire 8,500,000 new ordinary shares of RM1.00 each issued by the subsidiary company, namely Prestar Precision Tube Sdn. Bhd. for a consideration of RM8,500,000 to be set-off against part of the amount owing by the said subsidiary company to the Company; and

(b) Subscription of the entire 4,000,000 new ordinary shares of RM1.00 each issued by the subsidiary company, namely Prestar Manufacturing Sdn. Bhd. for a consideration of RM4,000,000 to be set-off against part of the amount owing by the said subsidiary company to the Company.

There are no effects on these subscriptions on the financial results and position of the Group.

12. INVESTMENT IN AN ASSOCIATED COMPANY

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Unquoted shares, at cost	55,588	55,588	55,588	55,588
Share of loss	(54,435)	(38,384)	-	-
	1,153	17,204	55,588	55,588

Represented by:

	Group 2006 RM	Group 2005 RM
Group's share of net assets	1,153	17,204

The details of the associated company, incorporated in Singapore, are as follows:

Name of company	Effective equity interest 2006 %	Effective equity interest 2005 %	Principal activities
Prestar Steel (S) Pte. Ltd.	25	25	Marketing and distributing steel related products.

The results of the associated company have been accounted for based on the audited financial statements for the financial year ended 31 December 2006.

13. OTHER INVESTMENTS

	Group 2006 RM	Group 2005 RM
At cost		
Quoted shares in Malaysia	745,604	749,783
Less: Allowance for diminution in value	(262,450)	(318,500)
	483,154	431,283
At market value		
Quoted shares in Malaysia	501,423	451,287

14. INTANGIBLE ASSETS

(a)

	Goodwill RM	Negative goodwill RM	Development costs RM	Total RM
Group				
Balance as at 1 January 2005	1,916,939	-	-	1,916,939
Reclassification	63,445	(63,445)	-	-
As restated	1,980,384	(63,445)	-	1,916,939

14. INTANGIBLE ASSETS (cont'd)

(a)

	Goodwill RM	Negative goodwill RM	Development costs RM	Total RM
As restated	1,980,384	(63,445)	-	1,916,939
Addition	-	-	588,640	588,640
Amortisation for the financial year (Note 27)	(147,056)	-	-	(147,056)
Balance as at 31 December 2005	1,833,328	(63,445)	588,640	2,358,523
Effect of adopting FRS 3 (Note 7.1(i))	-	63,445	-	63,445
Amortisation for the financial year (Note 27)	-	-	(58,864)	(58,864)
Balance as at 31 December 2006	1,833,328	-	529,776	2,363,104

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

Represented as follows:

	Goodwill RM	Negative goodwill RM	Development costs RM	Total RM
As at 31 December 2006				
Cost	1,833,328	-	588,640	2,421,968
Accumulated amortisation	-	-	(58,864)	(58,864)
Net book value	1,833,328	-	529,776	2,363,104
As at 31 December 2005				
Cost	3,004,572	(63,445)	588,640	3,529,767
Accumulated amortisation	(1,171,244)	-	-	(1,171,244)
Net book value	1,833,328	(63,445)	588,640	2,358,523

(b) Goodwill

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

	Group 2006 RM	2005 RM
Manufacturing – CGU 1	1,289,521	1,289,521
Trading – CGU 2	543,807	543,807
	1,833,328	1,833,328

Impairment test on CGU 1 and CGU 2

The recoverable amounts of CGU 1 and 2 were determined based on value-in-use calculations using cash flow projections. Based on the calculations, there were no impairment losses on CGU 1 and 2 as the recoverable amounts of CGU 1 and 2 were higher than their carrying amounts as at the balance sheet date.

Value-in-use of CGU 1 and 2 was determined by discounting the future cash flows generated from the continuing use of CGU 1 and 2 based on the following assumptions:

(i) Pre-tax cash flow projections based on the most recent financial budgets approved by the Directors covering a 5-years period.

(ii) Pre-tax discount rates range from 5.04% - 5.52% for CGU 1 and 4.58% for CGU 2 were applied determining the recoverable amounts of CGU 1 and 2. These discount rates were estimated based on the respective CGU's weighted average cost of capital.

With regard to the assessment of value-in-use of CGU 1 and 2, management believe that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

15. DEFERRED TAX

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

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Balance as at 1 January	2,947,148	2,482,951	873,030	858,951
Recognised in the income statement (Note 28):				
- Current financial year	1,984,623	308,272	295,269	27,154
- (Over)/Under provision in prior years	(220,151)	169,000	(10,015)	-
- Realisation on revaluation reserve	(13,075)	(13,075)	(13,075)	(13,075)
	1,751,397	464,197	272,179	14,079
Balance as at 31 December	4,698,545	2,947,148	1,145,209	873,030
Presented after appropriate offsetting:				
Deferred tax assets, net	(1,271,000)	(1,719,000)	-	-
Deferred tax liabilities, net	5,969,545	4,666,148	1,145,209	873,030
	4,698,545	2,947,148	1,145,209	873,030

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

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Deferred tax assets				
Balance as at 1 January	4,806,882	4,271,568	-	-
Recognised in the income statement:				
- Other temporary differences	255,118	11,314	-	-
- Unabsorbed tax losses	(34,000)	2,000	-	-
- Unutilised capital allowances	(616,000)	522,000	-	-
	(394,882)	535,314	-	-
Balance as at 31 December	4,412,000	4,806,882	-	-
Deferred tax liabilities				
Balance as at 1 January	7,754,030	6,754,519	873,030	858,951
Recognised in the income statement:				
- Excess of capital allowances over corresponding depreciation	1,369,590	1,012,586	285,254	27,154
- Revaluation reserve	(13,075)	(13,075)	(13,075)	(13,075)
	1,356,515	999,511	272,179	14,079
Balance as at 31 December	9,110,545	7,754,030	1,145,209	873,030

15. DEFERRED TAX (cont'd)

(c) The components of deferred tax assets and liabilities as at the end of the financial year comprise tax effect of:

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Deferred tax assets				
Other temporary differences	1,507,000	1,225,882	-	-
Unabsorbed tax losses	2,571,000	1,715,000	-	-
Unutilised capital allowances	334,000	1,866,000	-	-
	4,412,000	4,806,882	-	-
Deferred tax liabilities				
Excess of capital allowances over corresponding depreciation	8,555,305	7,185,780	589,969	304,715
Revaluation reserve	555,240	568,250	555,240	568,315
	9,110,545	7,754,030	1,145,209	873,030

(d) The deferred tax assets which have not been recognised in the balance sheet are as follows:

	Group 2006 RM	Group 2005 RM
Other temporary differences	491,000	57,000
Unabsorbed tax losses	1,176,000	1,230,000
Unutilised capital allowances	2,624,000	1,047,000
	4,291,000	2,334,000

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

16. INVENTORIES

	Group 2006 RM	Group 2005 RM
At cost		
Raw materials	112,146,174	95,112,618
Work-in-progress	6,273,391	6,436,421
Manufacturing and trading inventories	43,694,216	40,320,568
Tools and consumables	52,640	24,234
	162,166,421	141,893,841
At net realisable value		
Raw materials	75,150	1,705,287
Work-in-progress	-	244,703
Manufacturing and trading inventories	3,332,101	3,762,334
	3,407,251	5,712,324
	165,573,672	147,606,165

17. TRADE RECEIVABLES

	Group 2006 RM	Group 2005 RM
Trade receivables	142,115,226	138,666,570
Less: Allowance for doubtful debts	(7,352,351)	(8,826,352)
	134,762,875	129,840,218

The allowance for doubtful debts is net of bad debts written off as follows:

	Group 2006 RM	Group 2005 RM
Bad debts written off	1,369,085	190,671

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

Included in trade receivables is an amount of RM644,566 (2005: RM332,298) owing by certain companies in which certain Directors have interests.

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Other receivables	3,975,726	4,765,809	64,903	1,320,913
Deposits	3,868,609	3,577,299	21,250	15,750
Prepayments	5,591,657	1,538,443	614,235	418,832
	13,435,992	9,881,551	700,388	1,755,495

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

(a) security deposits paid to suppliers of RM3,000,000 (2005: RM3,105,900) for the purchase of raw materials and property, plant and equipment; and

(b) rebate receivable from a supplier of RM1,216,927 (2005: RM1,271,399) for the purchase of raw materials.

19. AMOUNTS OWING BY/(TO) SUBSIDIARY COMPANIES

Company

The amounts owing by subsidiary companies represent advances and payments made on behalf which are unsecured, repayable on demand and interest-free except for advances of RM38,356,966 (2005: RM49,133,000) which bear interests range from 1.80% to 7.05% (2005: 2.70% to 6.75%) per annum.

The amounts owing to subsidiary companies represent advances and payments made on behalf which are unsecured, repayable on demand and interest-free except for advances of RM1,900,000 (2005: RM1,700,000) which bear interest of 3.70% (2005: 3.25%) per annum.

20. FIXED DEPOSITS WITH LICENSED BANKS

Group and Company

The fixed deposits of the Group and of the Company as at 31 December 2006 have maturity periods ranging from 1 month to 6 months.

Included in the fixed deposits of the Group and of the Company are RM910,378 (2005: RM596,151) and RM756,403 (2005: RM446,151) respectively pledged to licensed banks as security for banking facilities granted to the Group and the Company as disclosed in Note 23.

21. SHARE CAPITAL

	Group and Company		
	Number of ordinary shares	Par value	RM
Authorised:			
2006			
Balance as at 1 January/31 December	400,000,000	0.50	200,000,000
2005			
Balance as at 1 January	200,000,000	1.00	200,000,000
Share split of 1 : 1	200,000,000	0.50	-
Balance as at 31 December	400,000,000	0.50	200,000,000
Issued and fully paid:			
2006			
Balance as at 1 January/31 December	177,601,600	0.50	88,800,800
2005			
Balance as at 1 January	87,662,000	1.00	87,662,000
Issued during the financial year	476,300	1.00	476,300
Balance before share split	88,138,300	1.00	88,138,300
Share split of 1 : 1	88,138,300	0.50	-
	176,276,600	0.50	88,138,300
Issued during the financial year	1,325,000	0.50	662,500
Balance as at 31 December	177,601,600	0.50	88,800,800

In the last financial year, the Company issued 476,300 new ordinary shares of RM1.00 each for cash at option prices of RM1.39 and RM1.50 per share arising from the exercise of options granted under the Company's Employees' Share Option Scheme ("ESOS") prior to the implementation of the share split.

On 14 March 2005, the Company completed a share split involving the split of one (1) ordinary share of RM1.00 each into 2 ordinary shares of RM0.50 each. Subsequently, the Company issued 1,325,000 new ordinary shares of RM0.50 each for cash at option prices of RM0.695 and RM0.750 per share arising from the exercise of options under the Company's ESOS.

All the new ordinary shares issued rank pari passu in all respect with the then existing ordinary shares of the Company.

The Company implemented the ESOS on 1 October 2003. The salient features of the ESOS are as follows:

(a) Eligible employees comprise any employee who has attained the age of 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 the date of offer.

(b) The option is personal to the grantee and is non-assignable.

(c) The option price of each ordinary share under the ESOS shall be determined by the Board upon the recommendation of the ESOS committee, which is at a discount of not more than 10% of the 5 days weighted average market price of the shares at the date the option is granted, subject to the minimum price of RM1.00 each or at RM0.50 each after share split, being the par value of the shares, whichever is higher.

(d) The options granted may be exercised within a period of 5 years from the date of the last approval subject to any extension as shall be approved by the shareholders and the relevant authorities.

21. SHARE CAPITAL (cont'd)

(e) 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	30	30	40	-	-
20,000 to 100,000	25	25	25	25	-
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.

(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 100 shares.

(g) 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.

(h) 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 within the Group.

The movement of the options over unissued shares of the Company granted under the ESOS during the financial year are as follows:

		Number of options over ordinary shares of RM0.50 each				
Date of offer	Option price	Balance as at 1.1.2006	Granted	Exercised	Lapsed	Balance as at 31.12.2006
3 December 2003	RM0.750	11,566,800	-	-	(427,400)	11,139,400
23 March 2004	RM0.695	454,000	-	-	-	454,000
		12,020,800	-	-	(427,400)	11,593,400

There was no option exercised during the current financial year. The details of the share options exercised in the last financial year and the fair value of shares issued at the exercise date are as follow:

Exercise date	Number of share issued	Option exercise price RM	Consideration RM	Fair value of shares issued Per share RM	Total RM
2005					
January	183,100	1.500	274,650	1.81 – 1.91	347,041
January	16,500	1.390	22,935	1.91	31,515
February	264,700	1.500	397,050	1.84 – 1.85	487,098
February	12,000	1.390	16,680	1.84 – 1.85	22,150
March	1,289,600	0.750	967,200	0.86	1,109,056
March	18,000	0.695	12,510	0.86	15,480
April	17,400	0.750	13,050	0.76	13,224
			1,704,075		2,025,564

	RM
Ordinary share capital - at par	1,138,800
Share premium	565,275
	1,704,075

22. RESERVES

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Non-distributable				
Share premium	858,470	858,470	858,470	858,470
Revaluation reserve	1,100,974	1,134,593	1,100,974	1,134,593
Warrant reserve	3,862,266	3,862,266	3,862,266	3,862,266
Treasury shares, at cost	(3,922,540)	(2,695,721)	(3,922,540)	(2,695,721)
	1,899,170	3,159,608	1,899,170	3,159,608
Distributable				
Retained profits	65,741,352	57,040,878	8,206,207	5,343,025
	67,640,522	60,200,486	10,105,377	8,502,633

(a) Treasury shares, at cost

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 26 June 2003, approved the Company's plan to repurchase its own shares. The Directors are committed to enhancing the value of the Company to its shareholders and believed that the repurchase plan is in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 1,936,900 of its issued share capital from open market at an average price of RM0.63 per share using internal generated funds.

In the last financial year, the Company repurchased 719,900 (before share split) of its issued share capital from the open market at an average price of RM1.92 per share using internal generated funds. The shares repurchased are measured at cost and held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

Of the total 177,601,600 (2005: 177,601,600) issued and fully paid ordinary shares as at 31 December 2006, 4,450,900 (2005: 2,514,000) are held as treasury shares by the Company. As at 31 December 2006, the number of outstanding ordinary shares in issue after the set-off is 173,150,700 (2005: 175,087,600) ordinary shares of RM0.50 each.

(b) Warrants 2005/2011

Pursuant to a deed poll dated 17 March 2005 ("Deed Poll"), the Company has a renounceable rights issue of 95,721,500 6-year Warrants 2005/2011 ("Warrants").

The Warrants were issued to the entitled shareholders of the Company at an offer price of RM0.05 per Warrant on the basis of one (1) Warrant for every 2 existing ordinary shares of RM0.50 held in the Company.

The salient features of the Warrants as per the Deed Poll are as follows:

(i) Each Warrant entitles the registered holders at any time during the exercise period to subscribe for one (1) new ordinary share of RM0.50 each in the Company at an exercise price of RM0.75 per ordinary share;

(ii) The exercise price and the number of Warrants are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the conditions provided in the Deed Poll;

(iii) The Warrants shall be exercisable at any time within the period commencing from and including the date of issue of the Warrants and ending on the date preceding the 6th anniversary of the date of issuance of the Warrants; and

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

The Warrants were granted for listing and quotation with effect from 19 July 2005.

(c) Retained profits

(i) The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt account to frank the payment of dividends out of its entire retained profits as at 31 December 2006.

(ii) The Company and certain subsidiary companies have tax exempt account amounting to approximately RM5,003,000 (2005: RM7,627,000) and RM23,031,000 (2005: RM25,031,000) respectively available for distribution of tax exempt dividends.

23. BORROWINGS

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Current liabilities				
Secured				
Bank overdrafts	537,185	-	230,763	-
Trade financing	11,258,000	11,395,000	-	598,000
Short term loan (Note 23.1)	51,000,000	52,000,000	51,000,000	52,000,000
Hire purchase liabilities (Note 23.2)	2,052,420	2,597,965	-	125,988
Revolving credits	1,500,000	-	1,500,000	-
Term loans (Note 23.3)	-	3,281,929	-	2,422,971
Unsecured				
Bank overdrafts	5,003,103	2,911,149	518,380	-
Trade financing	132,513,070	116,892,427	-	2,336,000
	203,863,778	189,078,470	53,249,143	57,482,959
Non-current liabilities				
Secured				
Hire purchase liabilities (Note 23.2)	2,426,542	2,427,051	-	54,772
Term loans (Note 23.3)	-	1,492,628	-	-
	2,426,542	3,919,679	-	54,772
Total borrowings				
Secured				
Bank overdrafts	537,185	-	230,763	-
Trade financing	11,258,000	11,395,000	-	598,000
Short term loan	51,000,000	52,000,000	51,000,000	52,000,000
Hire purchase liabilities	4,478,962	5,025,016	-	180,760
Revolving credits	1,500,000	-	1,500,000	-
Term loans	-	4,774,557	-	2,422,971
Unsecured				
Bank overdrafts	5,003,103	2,911,149	518,380	-
Trade financing	132,513,070	116,892,427	-	2,336,000
	206,290,320	192,998,149	53,249,143	57,537,731

The maturity profile and exposure to the interest rate risk of the borrowings of the Group and of the Company (excluding hire purchase liabilities) are disclosed in Note 34.

Group

The Group's bank borrowings (other than short term loan and hire purchase liabilities as further disclosed in Notes 23.1 and 23.2) below are secured by means of:

(a) first and third party registered legal charge over the Group's freehold and leasehold land and certain buildings as disclosed in Note 9(c);

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

(c) pledged against fixed deposits of the subsidiary company as disclosed in Note 20.

23. BORROWINGS (cont'd)

Company

The Company's bank borrowings (other than short term loan and hire purchase liabilities as further disclosed in Notes 23.1 and 23.2 below) are secured by the first legal charge over the Company's freehold land and buildings as disclosed in Note 9(c).

23.1 SHORT TERM LOAN - SECURED

Group and Company

The Company has entered into a RM120 million Commercial Papers Programme ("CP Programme") with a tenure of up to 7 years. During its 7-year tenure, the Company may issue commercial papers with maturities of between 1 to 12 months.

The CP Programme is divided into 2 separate tranches of RM100 million (Tranche 1) and RM20 million (Tranche 2) respectively. The commercial papers shall be utilised to refinance part of the Group's existing term loans and hire purchase facilities, for capital expenditure and working capital purposes.

The commercial papers are secured by a pledge of fixed deposits of the Company as disclosed in Note 20.

23.2 HIRE PURCHASE CREDITORS - SECURED

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Minimum hire-purchase payments:				
-not later than one (1) year	2,267,900	2,924,452	-	133,488
- later than one (1) year and not later than 5 years	2,627,767	2,503,811	-	55,588
	4,895,667	5,428,263	-	189,076
Less: Future interest charges	(416,705)	(403,247)	-	(8,316)
Present value of hire purchase liabilities	4,478,962	5,025,016	-	180,760
Repayable as follows:				
- Current liabilities	2,052,420	2,597,965	-	125,988
- Non-current liabilities	2,426,542	2,427,051	-	54,772
	4,478,962	5,025,016	-	180,760

23.3 TERM LOANS - SECURED

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Term loan I repayable by 5 equal monthly instalments of RM273,541 and 91 equal monthly instalments of RM268,844 commencing April 2001	-	2,422,971	-	2,422,971
Term loan II repayable by 71 equal monthly instalments of RM83,330 and final instalment of RM83,570 commencing July 2001	-	513,990	-	-
Term loan III repayable by 60 equal monthly instalments of RM38,899 commencing July 2006	-	1,837,596	-	-
	-	4,774,557	-	2,422,971
Repayable as follows:				
- Current liabilities	-	3,281,929	-	2,422,971
- Non-current liabilities	-	1,492,628	-	-
	-	4,774,557	-	2,422,971

24. TRADE PAYABLES

Group

The credit terms available to the Group in respect of trade payables range from 30 to 90 days from date of invoice.

Included in trade payables is an amount of RM216,175 (2005: RM218,261) owing to companies in which certain Directors have interests.

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other payables	6,485,413	5,895,130	290,265	15,482
Accruals	7,249,267	6,797,342	498,964	407,946
	13,734,680	12,692,472	789,229	423,428

Included in other payables of the Group is RM452 (2005: RM34,535) owing to certain companies in which certain Directors have interests. This amount is unsecured, interest-free and repayable on demand.

Included in other payables is an amount of RM895,336 (2005: RM895,336) owing to the former holding company of a subsidiary company which is unsecured, interest-free and repayable on demand.

26. REVENUE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sale of goods	527,430,854	533,623,838	-	78,991
Dividend income	-	-	5,915,375	5,921,110
Rental income	12,000	12,000	4,268,482	3,381,946
	527,442,854	533,635,838	10,183,857	9,382,047

27. PROFIT BEFORE TAX

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Profit before tax is arrived at after charging:				
Allowance for diminution in value of investments	1,710	121,500	-	-
Allowance for doubtful debts	238,637	118,487	-	-
Allowance for inventories written down	360,100	824,738	-	-
Allowance for slow moving inventories	728,744	-	-	-
Amortisation of development cost (Note 14(a))	58,864	-	-	-
Amortisation of goodwill (Note 14(a))	-	147,056	-	-
Auditors' remuneration:				
- Current financial year	122,000	117,000	17,000	15,000
- Under provision in prior year	1,214	8,618	-	-
Bad debts written off	-	12,402	-	-
Depreciation of investment properties (Note 10)	22,504	75,212	-	-
Depreciation of property, plant and equipment (Note 9)	5,445,526	10,294,332	675,671	748,113
Directors' remuneration:				
- Fees	543,000	473,000	138,000	138,000
- Emoluments other than fees	4,228,913	3,576,142	596,825	544,186
Impairment loss of property, plant and equipment (Note 9)	1,159,000	-	-	-
Interest expenses on:				
- Trade financing	6,109,862	8,089,428	-	-
- Short term loan	2,631,925	504,670	2,631,925	504,670
- Revolving credits	33,772	584,567	33,772	584,567
- Bank overdrafts	159,611	176,377	22,240	26,616
- Term loans	204,956	453,766	80,935	292,426
- Hire purchase	288,711	513,208	4,344	15,328
- Subsidiary companies	-	-	87,360	10,609
- Others	6,461	30,773	-	-
Loss on disposal of other investments	9,197	-	-	-
Loss on disposal of property, plant and equipment	-	14,962	-	-
Loss on foreign exchange	81,014	9,181	-	-
Property, plant and equipment written off	9,864	166,959	-	-
Rental of equipment	243,879	276,502	-	-
Rental of premises	82,814	508,740	-	-
Royalty fees	304,000	-	-	-
And crediting:				
Allowance for diminution in value of investments no longer required	57,760	-	-	-
Allowance for inventories written down no longer required	570,180	64,024	-	-
Allowance for doubtful debts no longer required	343,553	689,250	-	-
Gain on disposal of property, plant and equipment	327,975	384,180	44,975	-
Gain on disposal of other investments	-	-	3,479	-
Gain on foreign exchange	90,901	209,549	-	-

27. PROFIT BEFORE TAX (cont'd)

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Gross dividend income:				
- Subsidiary companies	-	-	5,915,375	5,921,110
- Other investments	35,600	1,630	-	-
Interest income	75,329	28,294	2,401,110	1,381,020
Management fees charged to subsidiary companies	-	-	283,723	284,773
Rental income	53,040	37,680	4,268,482	3,381,946

The estimated monetary value of benefits-in-kind received or receivable by the Directors of the Group and of the Company amounted to RM220,175 (2005: RM206,633) and RM21,817 (2005: RM28,000) respectively.

The number of Directors of the Company whose total remuneration during the financial year fall within the following bands is analysed below:

	Number of Directors 2006 Executive Directors	2006 Non-Executive Directors	2005 Executive Directors	2005 Non-Executive Directors
Below RM50,000	4	4	4	4
RM200,001 – RM300,000	-	-	-	-
RM300,001 – RM400,000	-	-	-	-
RM400,001 – RM500,000	-	-	-	-
RM500,001 – RM600,000	-	-	1	-
RM600,001 – RM700,000	1	-	-	-

28. TAX EXPENSE

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Current tax expense based on profit for the financial year	7,749,971	4,769,852	1,123,219	1,609,793
Deferred tax (Note 15)	1,984,623	308,272	295,269	27,154
Deferred tax arising from realisation of revaluation reserve (Note 15)	(13,075)	(13,075)	(13,075)	(13,075)
	9,721,519	5,065,049	1,405,412	1,623,872
Under/(Over) provision in prior years:				
-Current tax expense	(8,898)	(37,025)	43,126	-
-Deferred tax (Note 15)	(220,151)	169,000	(10,015)	-
	(229,049)	131,975	33,111	-
	9,492,470	5,197,024	1,438,524	1,623,872

Current tax expense is calculated at the statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the financial year. The statutory tax rate of 28% will be reduced to 27% and 26% for years of assessment 2007 and 2008 respectively. The deferred tax balance as at 31 December 2006 has reflected these changes.

28. TAX EXPENSE (cont'd)

The numerical reconciliation between the effective tax expense and the applicable tax expense of the Group and of the Company are as follows:

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Profit before tax	29,473,513	16,546,931	6,891,944	6,515,784
Taxation at Malaysia statutory rate of 28% (2005: 28%)	8,252,584	4,633,141	1,929,744	1,824,420
Tax effects in respect of:				
- Non-allowable expenses	2,524,634	752,322	982,636	131,252
- Non taxable income	(1,706,616)	(219,291)	(1,461,075)	(331,800)
- Tax incentives and allowances	(1,021,823)	(882,016)	-	-
- Deferred tax not recognised	1,193,651	1,014,328	-	-
- Utilisation of deferred tax	(124,367)	-	-	-
- Deferred tax adjustment resulting from reduction in tax rate	(194,660)	-	(45,893)	-
- Others	798,116	(233,435)	-	-
	9,721,519	5,065,049	1,405,413	1,623,872
(Over)/Under provision in prior years	(229,049)	131,975	33,111	-
Effective tax expense	9,492,470	5,197,024	1,438,523	1,623,872

Subject to the agreement of the Inland Revenue Board, the subsidiary companies have unutilised capital allowances and unabsorbed tax losses of approximately RM10,955,000 (2005: RM10,405,000) and RM13,877,000 (2005: RM10,519,000) respectively which are available for offset against their future taxable profits.

29. DIVIDENDS

	Group and Company 2006 Gross dividend per share sen	2006 Amount of dividend RM	2005 Gross dividend per share sen	2005 Amount of dividend RM
Interim dividend, less tax	-	-	1.0	1,260,631
Final dividend proposed, less tax (2005: tax exempt)	2.5	3,160,000	1.5	2,623,857
	2.5	3,160,000	2.5	3,884,488

As approved by the shareholders at the Annual General Meeting held on 29 May 2006, a final dividend of 1.5 sen per share, tax exempt, amounting to RM2,623,857 in respect of the previous financial year was paid on 5 July 2006.

A final dividend of 2.5 sen per ordinary share of RM0.50 each, less 27% tax, amounting to RM3,160,000 in respect of the financial year ended 31 December 2006 has been proposed by the Directors after the balance sheet date for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by the Company's shareholders, will be accounted for as an appropriation of retained profits in the financial year ending 31 December 2007.

30. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per share

The basic earnings per share for the financial year has been calculated based on the consolidated profit after tax and minority interests divided by the weighted average number of ordinary shares outstanding during the financial year after deducting the treasury shares.

	Group	
	2006	2005
Consolidated profit after tax and minority interests (RM)	11,227,267	5,573,998
Weighted average number of ordinary shares outstanding	174,781,653	174,791,738
Basic earnings per ordinary share (sen)	6.42	3.19

(b) Diluted earnings per ordinary share

The diluted earnings per ordinary share are not presented as the market value of the Company's shares is lower than the exercise prices of the ESOS and Warrants.

31. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Purchase of property, plant and equipment (Note 9)	20,657,774	19,182,069	5,235,193	7,268,615
Financed by hire purchase arrangement	(2,262,297)	(1,839,166)	-	-
Cash payments on purchase of property, plant and equipment	18,395,477	17,342,903	5,235,193	7,268,615

32. CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Fixed deposits with licensed banks	2,110,378	2,296,151	756,403	446,151
Cash and bank balances	9,882,186	12,300,957	41,505	623,831
Bank overdrafts (Note 23)	(5,540,288)	(2,911,149)	(749,143)	-
	6,452,276	11,685,959	48,765	1,069,982
Less: Fixed deposits pledged to licensed banks	(910,378)	(596,151)	(756,403)	(446,151)
	5,541,898	11,089,808	(707,638)	623,831

33. SEGMENT REPORTING

(a) Business segments

Inter-segment pricing is determined based on an arms length basis in a manner similar to transactions with third parties.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated item comprises goodwill.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one (1) period.

The Group's operations comprise the following business segments:

Investment : Long term investment in quoted shares and property investment

Trading : Sales of hardware and steel related products

Manufacturing : Manufacturing of steel related products

2006	Investment RM	Trading RM	Manufacturing RM	Elimination RM	Total RM
Revenue					
External segment revenue	12,000	94,663,804	432,767,050	-	527,442,854
Inter-segment revenue	10,270,258	960,296	52,618,095	(63,848,649)	-
	10,282,258	95,624,100	485,385,145	(63,848,649)	527,442,854
Results					
Segment results	4,490,639	6,502,983	30,628,035	(2,710,741)	38,910,916
Finance costs					(9,496,681)
Interest income					75,329
Share of loss in an associated company					(16,051)
Profit before tax					29,473,513
Tax expense					(9,492,470)
Profit after tax					19,981,043
Other information					
Segment assets	157,838,423	46,083,334	392,348,541	(139,900,145)	456,370,153
Investment in an associated company					1,153
Other investments					483,154
Deferred tax assets					1,271,000
Tax recoverable					1,284,443
Unallocated corporate asset					1,833,328
Total assets					461,243,231
Segment liabilities	6,098,712	14,151,903	93,447,732	(75,512,041)	38,186,306
Deferred tax liabilities					5,969,545
Tax liabilities					2,447,290
Borrowings					206,290,320
Total liabilities					252,893,461

33. SEGMENT REPORTING (cont'd)

(a) Business segments (cont'd)

2006	**Investment RM**	**Trading RM**	**Manufacturing RM**	**Elimination RM**	**Total RM**
Capital expenditure	1,193,158	502,764	18,977,332	(15,480)	20,657,774
Amortisation	-	-	58,864	-	58,864
Depreciation	701,589	201,593	4,564,848	-	5,468,030
Impairment losses	-	-	1,159,000	-	1,159,000
Non-cash expenses other than depreciation and amortisation	9,197	353,837	985,218	-	1,348,252
Revenue					
External segment revenue	12,000	90,862,272	442,761,566	-	533,635,838
Inter-segment revenue	9,468,447	1,459,102	48,479,898	(59,407,447)	-
	9,480,447	92,321,374	491,241,464	(59,407,447)	533,635,838
Results					
Segment results	6,614,243	1,896,940	24,331,526	(5,945,452)	26,897,257
Finance costs					(10,352,789)
Interest income					28,294
Share of loss in an associated company					(25,831)
Profit before tax					16,546,931
Tax expense					(5,197,024)
Profit after tax					11,349,907
Other information					
Segment assets	163,385,487	43,516,053	371,311,266	(159,211,424)	419,001,382
Investment in an associated company					17,204
Other investments					431,283
Deferred tax assets					1,719,000
Tax recoverable					2,170,441
Unallocated corporate asset					1,833,328
Total assets					425,172,638
Segment liabilities	6,140,647	14,669,259	116,128,954	(104,134,741)	32,804,119
Deferred tax liabilities					4,666,148
Tax liabilities					409,335
Borrowings					192,998,149
Total liabilities					230,877,751
Capital expenditure	7,268,615	805,540	11,337,201	(229,287)	19,182,069
Amortisation	-	-	147,056	-	147,056
Depreciation	774,026	537,702	9,057,816	-	10,369,544
Non-cash expenses other than depreciation and amortisation	-	-	1,259,048	-	1,259,048

(b) Geographical segments

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

34. FINANCIAL INSTRUMENTS

(a) Interest rate risk

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

As at 31 December 2006	WAEIR %	Within 1 year RM	1 - 2 years RM	2 -3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Group								
Fixed rate								
Hire purchase liabilities	6.80	(2,052,420)	(1,428,589)	(755,938)	(148,824)	(89,166)	(4,025)	(4,478,962)
Floating rate								
Bank overdrafts	7.98	(5,540,288)	-	-	-	-	-	(5,540,288)
Fixed deposits with licensed banks	3.31	2,110,378	-	-	-	-	-	2,110,378
Revolving credits	5.74	(1,500,000)	-	-	-	-	-	(1,500,000)
Short term loan	5.30	(51,000,000)	-	-	-	-	-	(51,000,000)
Trade financing	4.67	(143,771,070)	-	-	-	-	-	(143,771,070)
Company								
Fixed rate								
Amounts owing by subsidiary companies	4.58	38,356,966	-	-	-	-	-	38,356,966
Amounts owing to subsidiary companies	3.75	(1,900,000)	-	-	-	-	-	(1,900,000)
Floating rate								
Bank overdrafts	8.00	(749,143)	-	-	-	-	-	(749,143)
Fixed deposits with licensed banks	3.10	756,403	-	-	-	-	-	756,403
Short term loan	5.30	(51,000,000)	-	-	-	-	-	(51,000,000)
Revolving credits	5.74	(1,500,000)	-	-	-	-	-	(1,500,000)
As at 31 December 2005								
Group								
Fixed rate								
Hire purchase liabilities	6.83	(2,597,965)	(1,590,920)	(649,502)	(160,646)	(25,983)	-	(5,025,016)
Floating rate								
Bank overdrafts	7.82	(2,911,149)	-	-	-	-	-	(2,911,149)
Fixed deposits with licensed banks	2.61	2,296,151	-	-	-	-	-	2,296,151
Short term loan	4.46	(52,000,000)	-	-	-	-	-	(52,000,000)
Term loans	7.53	(4,774,557)	-	-	-	-	-	(4,774,557)
Trade financing	4.20	(128,287,427)	-	-	-	-	-	(128,287,427)
Company								
Fixed rate								
Amounts owing by subsidiary companies	4.72	49,133,000	-	-	-	-	-	49,133,000
Amounts owing to subsidiary companies	3.25	(1,700,000)	-	-	-	-	-	(1,700,000)
Hire purchase liabilities	6.40	(125,988)	(54,772)	-	-	-	-	(180,760)

34. FINANCIAL INSTRUMENTS (cont'd)

(a) Interest rate risk (cont'd)

As at 31 December 2005	WAEIR %	Within 1 year RM	1 - 2 years RM	2 -3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Company								
Floating rate								
Fixed deposits with licensed banks	2.45	446,151	-	-	-	-	-	446,151
Short term loan	4.46	(52,000,000)	-	-	-	-	-	(52,000,000)
Term loans	7.50	(2,422,971)	-	-	-	-	-	(2,422,971)
Trade financing	4.06	(2,934,000)	-	-	-	-	-	(2,934,000)

(b) Foreign currency risk

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

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

31 December 2006	Currency	Contract amount in foreign currency	Total notional amount RM	Maturities
Forward used to hedge trade receivables	US Dollar ("USD")	4,170,259	14,567,795	1 – 6 months
Forward used to hedge trade receivables	USD	420,671	1,510,780	2 – 10 months
31 December 2005				
Forward used to hedge trade receivables	USD	3,414,868	12,719,508	1 – 6 months
Forward used to hedge trade receivables	Singapore Dollar	85,432	192,126	1 – 3 months
Forward used to hedge bank borrowings	USD	326,241	1,225,864	1 – 3 months

The unrecognised gain as at 31 December 2006 on forward foreign exchange contracts amounting to RM196,301 (2005: RM123,810) are deferred and will be recognised when they are transacted, at which time they are included in the measurement of the transactions. The expected timing of recognising the expenses is within one (1) year.

The net unhedged financial assets and liabilities of the Group that are denominated in foreign currencies are as follows:

	Group 2006 RM	2005 RM
Trade receivables:		
- Brunei Dollar	-	225,342
- Singapore Dollar	688,411	326,460
	688,411	551,802

34. FINANCIAL INSTRUMENTS (cont'd)

(b) Foreign currency risk (cont'd)

	Group 2006 RM	Group 2005 RM
Trade payables:		
- US Dollar	188,773	530,989
- Singapore Dollar	628,200	37,941
	816,973	568,930
Borrowings:		
- US Dollar	-	605,060

(c) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company as at balance sheet date approximate their fair values.

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

(i) The carrying amounts of the financial assets and liabilities of the Group and of the Company maturing within 12 months approximate their fair values due to relatively short term maturity of these financial instruments.

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

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

(d) Credit risk

As at 31 December 2006, the Group has trade receivables amounting to RM9,636,694 (2005: RM6,238,359) which have been outstanding for more than their respective credit terms granted. The Directors believe that any material loss in the event of non-performance by these counter parties is to be unlikely.

In respect of the deposits, cash and bank balances placed with major financial institutions, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Other than as mentioned, the Group has no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

35. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

(i) The Company has controlling related party relationships with its direct and indirect subsidiary companies.

(ii) The substantial shareholders of the Company through their beneficial shareholdings in Fabulous Essence Sdn. Bhd. and YK Toh Property Sdn. Bhd. are Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin, Toh Yew Seng and Toh Yew Hoe; and

The substantial shareholders of the Company who are also the Directors of the Company are Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan and Toh Yew Seng

("collectively known as "Substantial Shareholders").

(iii) POSCO, a corporate shareholder of a subsidiary company who has a significant influence.

(iv) Companies in which the Substantial Shareholders have interests as defined in item (ii).

(b) Significant related party transactions

In the normal course of business, the Group undertakes transactions with certain related parties. Set out below are the significant related party transactions for the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements). The related party transactions described below were carried out on terms and conditions not materially different from those obtainable in transactions with unrelated parties.

35. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

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

	Company 2006 RM	Company 2005 RM
(i) Transactions with subsidiary companies:		
Gross dividend income	(5,915,375)	(5,921,110)
Interest paid	87,360	10,609
Interest income	(2,365,759)	(1,374,090)
Management fees charged	(283,723)	(284,773)
Rental income	(4,268,482)	(3,381,946)
(ii) Transactions with the associate company in which Toh Yew Keong and Toh Yew Chin have interests:		
Prestar Steel (S) Pte. Ltd.		
Sales of goods	(273,162)	(434,562)
(iii) Transactions with companies in which the Substantial Shareholders have interests:		
Chiho Hardware Sdn. Bhd.		
Sales of goods	(187,595)	(142,036)
Purchases	196,240	184,299
Logam Indah Sdn. Bhd.		
Sales of goods	(2,455)	(3,996)
Wei Giap Hardware Sdn. Bhd.		
Sales of goods	(150,160)	(149,051)
Purchases	197,049	140,555
Wei Sheng Hardware Sdn. Bhd		
Sales of goods	(115,925)	(106,873)
Purchases	-	40
YK Toh (M) Sdn. Bhd.		
Commission expenses	68,693	52,312
Rental received	(18,000)	(18,000)
(iv) Transactions with a company in which Toh Yew Keat and Dato' Toh Yew Peng have interests:		
Syarikat Kwong Nam Hing Sdn. Bhd.		
Sales of goods	(161,619)	(90,250)
(v) Transactions with companies in which Toh Yew Keong and Toh Yew Chin have interests:		
YK Toh Marketing (S) Pte.Ltd.		
Sales of goods	(2,568,738)	(1,820,030)
Purchases	2,097,114	725,976
Diager SG Pte. Ltd.		
Purchases	120,782	194,784
(vi) Transactions with a firm in which Lim Cheang Nyok has interest:		
Lim & Yeoh		
Legal fees	4,564	8,661
(vii) Transactions with POSCO and its' subsidiary company:		
Purchases	15,656,470	41,505,484

36. CAPITAL COMMITMENTS

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Capital expenditure in respect of purchase of property, plant and equipment:				
- Approved and contracted	4,333,000	11,339,000	-	4,791,000
- Approved but not contracted	2,415,000	7,550,000	-	-
	6,748,000	18,889,000	-	4,791,000

37. CONTINGENT LIABILITIES

	Company 2006 RM	Company 2005 RM
Guarantees to financial institutions for credit facilities granted to subsidiary companies	316,970,000	308,050,000

38. STAFF COSTS

The total staff costs recognised in the income statements are as follows:

	Group 2006 RM	Group 2005 RM	Company 2006 RM	Company 2005 RM
Salaries, wages and allowances	24,180,778	22,139,771	1,177,416	979,912
Defined contribution plan	2,097,934	1,972,385	43,422	47,684
Other employee benefits	4,053,316	2,987,000	148,042	218,027
	30,332,028	27,099,156	1,368,880	1,245,623

39. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current financial years' presentation.

	As previously reported RM	Reclassification RM	As restated RM
Group			
Balance sheet			
Property, plant and equipment	116,551,145	(965,084)	115,586,061
Investment properties	-	965,084	965,084
Income statement			
Depreciation of property, plant and equipment	10,369,544	(75,212)	10,294,332
Depreciation of investment properties	-	75,212	75,212
Share of loss in an associated company	(23,254)	(2,577)	(25,831)
Tax expense	(5,199,601)	2,577	(5,197,024)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 24 May 2006, the Company announced that the Company has entered into a Memorandum of Understanding ("MOU") with POSCO and POSCO Steel Service and Sales Co. Ltd. ("Posteel") to dispose of the Company's 5,300,000 shares in a subsidiary company, namely Posmmit Steel Centre Sdn. Bhd. ("Posmmit") to Posteel (collectively known as "Proposed Disposal"), subject to the completion of a due diligence review on Posmmit by Posteel and subject to a definitive agreement to be negotiated and entered into between the parties thereto.

Upon completion of the Proposed Disposal, the Company's interest in Posmmit will be reduced from 68% to 30%.

(b) On 13 October 2006, the Company announced that the Proposed Disposal was approved by the Ministry of International Trade and Industry on 11 October 2006.

(c) On 14 November 2006, the Company announced that its wholly-owned subsidiary company, namely Prestar Manufacturing Sdn. Bhd. proposed to set-up a new company in Vietnam to acquire a piece of industrial land which is located at Song Than III Industrial Park, Binh Duong Province, Ho Chi Minh, Vietnam for setting up a manufacturing plant for the purpose of manufacturing wide range of steel related products. The proposal is subject to the approvals from the relevant authorities of Vietnam.

The new company shall have an initial authorised legal capital of USD3,000,000 divided into 3,000,000 legal capital of par value of USD1.00 each.

(d) On 22 December 2006, the Company entered into a conditional sale and purchase agreement ("SPA") in relation to the Proposed Disposal for a cash consideration of RM29,505,785.

Simultaneously with the execution of the SPA, the Company, POSCO, Posteel and Posmmit have entered into a conditional shareholders agreement to regulate their relationship inter se as shareholders in Posmmit ("Shareholders Agreement"). The Shareholders Agreement will replace the previous shareholders agreement dated 8 July 2002 entered into between the Company and POSCO, which shall be terminated upon completion of the Proposed Disposal.

41. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

(a) The Proposed Disposal was approved by the Company's shareholders at an Extraordinary General Meeting held on 6 February 2007 and was completed on 13 February 2007.

(b) On 5 March 2007, Prestar Manufacturing Sdn. Bhd. received an investment license pertaining to the registration of its new wholly-owned subsidiary company in Vietnam, namely Prestar Industries (Vietnam) Co., Ltd.

42. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 20 March 2007.

list of properties

No.	Location	Tenure	Built-up Area (sq ft)	Year of Expiry	Description/ Existing Use	Net Book Value (RM'000)	Age of Building (years)	Date of Acquisition/ Revaluation
1.	GM 4895, Lot 1298 Mukim of Rawang District of Gombak Selangor Darul Ehsan	Freehold	303,340 sq ft (Phase I)	nil	Corporate office cum manufacturing site for subsidiaries	35,905	11	5 April 2001
			198,608 sq ft (Phase II)			11,211	1	30 Nov 2006
2.	H.S. (D) 28255, PT No. 10327 Mukim of Rawang District of Gombak Selangor Darul Ehsan	Freehold	80,384 sq ft	nil	Manufacturing site for Prestar Manufacturing Sdn Bhd	7,259	13	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	2,129	19	20 May 1994
4.	Lot 1113, 65A, Jalan Perak, 10150 Penang	Freehold	2,904 sq ft	nil	Office cum warehouse	1,036	44	29 Dec 1993
5.	# Lot 43 (PT1164), HS(D) 63884, District of Petaling State of Selangor, Jalan Teras Jemang 27/8, 40000 Shah Alam	Freehold	3,088 sq ft	nil	Tenanted	527	14	23 Nov 2000
6.	# PD Perdana Condominium Parcel 808, Held under Master Title H.S. (D) 14950, PD No. 99, Pekan Telok Kemang, Daerah Port Dickson, Negeri Sembilan	Freehold	750 sq ft	nil	Vacant	66	8	5 June 2000
7.	# Parcel No. M2-L2-1D, Tuanku Jaafar Golf & Country Resort under Master Title H.S.(D) 99111 for PT No. 18519, Mukim of Ampangan, District of Seremban, State of Negeri Sembilan	Freehold	898 sq ft	nil	Vacant	175	6	4 Feb 2004
8.	#PT 4028, Batu 8, Jalan IPP Kepong, Mukim Batu	99 yrs Leasehold * (84 years)	1,650 sq ft	2090	Tenanted	175	19	1 Dec 1998
9.	Plot 40, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (45 years)	124,474 sq ft	2052	Manufacturing site for Tashin Steel Sdn Bhd	9,269	8	8 Aug 2000
10.	Plot 39, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (45 years)	197,626 sq ft	2052	Vacant Land	2,590	N/A	17 Aug 2005

Balance of Leasehold Tenure
Acquired through Debt settlement arrangement from various delinquent trade debtors

statistics of shareholdings

as at 19 March 2007

Authorised Share Capital	:	RM200,000,000.00
Issued and Paid-Up Share Capital	:	RM88,800,800.00 comprising 177,601,600 ordinary shares of RM0.50 each
Class of Shares	:	Ordinary shares of RM0.50 each
Number of Shareholders	:	3,500
Voting Rights	:	One (1) vote per shareholder on a show of hands One (1) vote per ordinary share on a poll

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held			
Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
Fabulous Essence Sdn. Bhd.	50,610,000	29.63	-	-
Toh Yew Keat	11,649,404	6.82	(1)60,503,000	35.43
Dato' Toh Yew Peng	637,596	0.37	(1)60,503,000	35.43
Md. Nahar Bin Noordin	10,000,000	5.86	-	-
Toh Yew Kar	504,000	0.30	(1)60,503,000	35.43
Toh Yew Chin	-	-	(1)60,503,000	35.43
Toh Yew Keong	-	-	(1)60,503,000	35.43
Toh Yew Seng	240,000	0.14	(1)60,503,000	35.43
Toh Poh Khuan	240,000	0.14	(1)60,503,000	35.43
Toh Yew Hoe	-	-	(1)60,503,000	35.43
Y. K. Toh Property Sdn. Bhd.	9,893,000	5.79	-	-

Note:

(1) Deemed interested by virtue of their respective substantial shareholdings in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 – 99	15	0.43	400	0.00
100 – 1,000	140	4.00	120,460	0.07
1,001 – 10,000	2,381	68.03	11,932,048	6.99
10,001 –100,000	869	24.83	26,218,800	15.35
100,001 - 8,539,034 (*)	91	2.60	52,756,588	30.89
8,539,035 and above (**)	4	0.11	79,752,404	46.70
Total	3,500	100.00	170,780,700	100.00

Remarks:

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

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		-----------Direct Interest-----------		----------Indirect Interest-----------	
Directors	**Nationality**	**No. of shares held**	**%**	**No. of shares held**	**%**
Toh Yew Keat	Malaysian	11,649,404	6.82	*60,503,000	35.43
Dato' Toh Yew Peng	Malaysian	637,596	0.37	*60,503,000	35.43
Toh Yew Kar	Malaysian	504,000	0.30	*60,503,000	35.43
Toh Yew Seng	Malaysian	240,000	0.14	*60,503,000	35.43
Toh Poh Khuan	Malaysian	240,000	0.14	*60,503,000	35.43
Md. Nahar Bin Noordin	Malaysian	10,000,000	5.86	0	0
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Malaysian	0	0	0	0
Yee Chee Seng @ Yee Yen	Malaysian	0	0	0	0
Lim Cheang Nyok	Malaysian	0	0	0	0

Notes:

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

Share Options Held under the Employees' Share Option Scheme of the Company

Directors	No. of Share Options Held	Option Price (RM)
Toh Yew Keat	360,000	0.75
Dato' Toh Yew Peng	360,000	0.75
Toh Yew Kar	360,000	0.75
Toh Yew Seng	360,000	0.75
Toh Poh Khuan	360,000	0.75

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares Held	Percentage (%)
1.	Fabulous Essence Sdn. Bhd.	48,210,000	28.23
2.	Toh Yew Keat	11,649,404	6.82
3.	Md. Nahar Bin Noordin	10,000,000	5.86
4.	Y. K. Toh Property Sdn. Bhd.	9,893,000	5.79
5.	Soh Tik Siew	8,301,400	4.86
6.	Soo Chee Meng	7,700,000	4.51
7.	Lim Mei Wha	5,292,000	3.10
8.	Soh Teck Ghee	2,510,400	1.47
9.	Fabulous Essence Sdn. Bhd.	2,400,000	1.41
10.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. (Pheim Asset Management Sdn Bhd for Employees Provident Fund)	1,800,800	1.05
11.	Citigroup Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Noor Azman @ Noor Hizam Bin Mohd Nurdin)	1,600,000	0.94
12.	Melissa Shireen Munshir	995,456	0.58
13.	HSBC Nominees (Asing) Sdn. Bhd. (Winshire Capital Inc.)	991,100	0.58
14.	Munshir Bin Abdullah	813,500	0.48
15.	Azman Bin Ahmad	812,000	0.48
16.	TCL Nominees (Asing) Sdn. Bhd. (OCBC Securities Private Limited for Goh Kok Chen)	700,000	0.41
17.	HLB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Lee Chiah Cheang)	690,000	0.40
18.	RHB Capital Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Sin Huan Kwang)	651,000	0.38
19.	Dato' Toh Yew Peng	637,596	0.37
20.	Tee Bon Peng	607,800	0.36
21.	Lim Choon Teik	604,800	0.35
22.	Teh Choong Weng	600,000	0.35
23.	Ong Hong Choo	584,000	0.34
24.	Low Teck Heng	539,900	0.32
25.	Toh Yew Kar	504,000	0.30
26.	Lim Mei Wha	464,000	0.27
27.	CIMSEC Nominees (Tempatan) Sdn. Bhd. (CIMB Bank for Wong Thiam Chai)	430,000	0.25
28.	Fam Keat Hong	400,000	0.23
29.	Koh Kin Lip	360,000	0.21
30.	Yap Ming @ Yap Chi Ming	350,000	0.20

Note : The analysis of shareholdings is based on the issued and paid-up capital of the Company after deducting 6,820,900 ordinary shares bought back by the Company and held as Treasury Shares as at 19 March 2007.

statistics of warrant holdings

as at 19 March 2007

Number of Warrant Holders	:	1,781
Voting Rights at meetings of Warrant Holders	:	One (1) vote per warrant holder on a show of hands One (1) vote per warrant on a poll

ANALYSIS OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants Held	% of Issued Warrants
1 – 99	2	0.11	96	0.00
100 – 1,000	123	6.91	112,300	0.13
1,001 – 10,000	936	52.55	5,540,704	6.33
10,001 –100,000	626	35.15	21,080,700	24.08
100,001 - 4,377,189 (*)	93	5.22	36,705,000	41.93
4,377,190 and above (**)	1	0.06	24,105,000	27.53
Total	1,781	100.00	87,543,800	100.00

Remarks:

* Less than 5% of Issued Warrants
** 5% and above of Issued Warrants

DIRECTORS' WARRANT HOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		-------Direct Interest-------		-------Indirect Interest-------	
Directors	Nationality	No. of warrants held	%	No. of warrants held	%
Toh Yew Keat	Malaysian	499,702	0.57	*30,251,500	34.56
Dato' Toh Yew Peng	Malaysian	318,798	0.36	*30,251,500	34.56
Toh Yew Kar	Malaysian	252,000	0.29	*30,251,500	34.56
Toh Yew Seng	Malaysian	120,000	0.14	*30,251,500	34.56
Toh Poh Khuan	Malaysian	120,000	0.14	*30,251,500	34.56
Md. Nahar Bin Noordin	Malaysian	0	0	0	0
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Malaysian	0	0	0	0
Yee Chee Seng @ Yee Yen	Malaysian	0	0	0	0
Lim Cheang Nyok	Malaysian	0	0	0	0

Notes:

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

statistics of warrant holdings (cont'd)

as at 19 March 2007

THIRTY (30) LARGEST WARRANT HOLDERS

No.	Warrant Holders	No. of Warrants Held	Percentage (%)
1.	Fabulous Essence Sdn. Bhd.	24,105,000	27.53
2.	Soo Chee Meng	4,200,000	4.80
3.	Lim Mei Wha	4,070,000	4.65
4.	Low Teck Heng	3,333,000	3.81
5.	Y. K. Toh Property Sdn. Bhd.	1,946,500	2.22
6.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Looi Lee Yee)	1,100,000	1.26
7.	Citigroup Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Noor Azman @ Noor Hizam Bin Mohd Nurdin)	800,000	0.91
8.	Chee Kwee Eng	715,100	0.82
9.	Fong Ah Chai	680,000	0.78
10.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Lye Yunn Hao)	650,000	0.74
11.	Mak Ngia Ngia @ Mak Yoke Lum	601,700	0.69
12.	Tan Book Soon	600,000	0.69
13.	Ngoi Leong Ee	560,000	0.64
14.	Lee Kim Seng	560,000	0.64
15.	Tee Bon Peng	533,900	0.61
16.	Toh Yew Keat	499,702	0.57
17.	RHB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Ng Ah Ket)	450,000	0.51
18.	AIBB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Tiong Har Hua)	400,000	0.46
19.	Ting Huong Tek	392,600	0.45
20.	Amsec Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account for Lam Chung Ming)	392,200	0.45
21.	Soh Tik Siew	375,000	0.43
22.	Cimsec Nominees (Tempatan) Sdn. Bhd. (CIMB Bank for Yang Boo Ta @ Yang Yuh Pang)	371,500	0.42
23.	TCL Nominees (Asing) Sdn. Bhd. (OCBC Securities Private Limited for Goh Kok Chen)	350,000	0.40
24.	Lim Phee Lin	350,000	0.40
25.	Lee Kim Koo	341,000	0.39
26.	Gan Lay Har	330,000	0.38
27.	Teo Thin Kui	320,000	0.37
28.	Dato' Toh Yew Peng	318,798	0.36
29.	Kua Kee Hock	310,000	0.35
30.	Seow Mun Hon	300,000	0.34

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FORM OF PROXY

PRESTAR RESOURCES BERHAD
(123066-A)

*I/We, ______________________________ (FULL NAME IN BLOCK CAPITAL) of ______________________________ (FULL ADDRESS) being a *member/members of PRESTAR RESOURCES BHD, hereby appoint ______________________________ (FULL NAME IN BLOCK CAPITAL) of ______________________________ (FULL ADDRESS) or failing *him/her, ______________________________ (FULL NAME IN BLOCK CAPITAL) of ______________________________ (FULL ADDRESS)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-Second Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 4 May 2007 at 10.00 a.m. or at any adjournment thereof. The proxy is to vote on the business before the Meeting as indicated below (if no indication is given, the proxy will vote as he/she thinks fit or abstain from voting):

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2006 together with the Reports of the Directors and the Auditors thereon.		
No.	**Resolutions**	**For**	**Against**
2.	To approve the declaration of the First and Final Dividend of 5% less 27% Malaysian Income Tax. (Resolution 1)		
3.	To sanction the payment of Directors' Fees. (Resolution 2)		
4.	To re-elect Dato' Toh Yew Peng in accordance with Article 105 of the Company's Articles of Association. (Resolution 3)		
5.	To re-elect Tuan Haji Fadzlullah Shuhaimi Bin Salleh in accordance with Article 105 of the Company's Articles of Association. (Resolution 4)		
6.	To re-elect Mr. Lim Cheang Nyok in accordance with Article 105 of the Company's Articles of Association. (Resolution 5)		
7.	To re-appoint Messrs. BDO Binder as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)		
	As Special Business :		
8.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965. (Resolution 7)		
9.	Authority to renew the purchase of the Company's own shares. (Resolution 8)		
10.	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., Y.K. Toh (M) Sdn. Bhd. and Diager SG Pte. Ltd. (Resolution 9)		
11.	Proposed Amendments to the Articles of Association of the Company (Resolution 10)		

* Strike out whichever not applicable.

Signed this ____________________ day of ____________________2007

No. of Shares Held	CDS Account No.

____
Signature of Member/Common Seal

Notes:

1. *For the purpose of determining a member who shall entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 67B of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 27 April 2007. Only a depositor whose name appears on the Record of Depositors as at 27 April 2007 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

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

3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds which is credited with ordinary shares of the Company.*

4. *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.*

5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.*

6. *The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*

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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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