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

PRESTAR RESOURCES BERHAD (123066-A)

Annual Report **2008**

TOWARDS HIGHER VALUE CHAIN

PRESTAR RESOURCES BERHAD

(123066-A)

Annual Report
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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth 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 Thursday, 11 June 2009 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and the Auditors thereon.

2. To approve the declaration of the Final Tax Exempt Dividend of 3.0% (1.5 sen per share) for the financial year ended 31 December 2008. **Resolution 1**

3. To sanction the payment of Directors' Fees for the financial year ended 31 December 2008. **Resolution 2**

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

   (a) Mr. Toh Yew Seng **Resolution 3**
   (b) Encik Md. Nahar Bin Noordin **Resolution 4**

5. To re-elect the Director, Mr. Lou Swee You, who retire pursuant to Article 112 of the Company's Articles of Association, and being eligible, have offered himself for re-election. **Resolution 5**

6. 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**

7. As Special Business :

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

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

   "**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution 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 RM60.0 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 2008 of RM10,961,021.00 and RM1,686,905.00 respectively;

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

Notice of Annual General Meeting (cont'd)

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such 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 20 May 2009 subject further to the following:-

(i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day-to-day operations and are on terms not more favourable than those generally available to the public; and

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

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

(b) the expiration of the period within which the next AGM 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**

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

Notice of Annual General Meeting (cont'd)

NOTICE OF DIVIDEND ENTITLEMENTS

NOTICE IS HEREBY GIVEN THAT the Final Tax Exempt Dividend of 3.0% (1.5 sen per share) will be payable on 8 September 2009 to depositors who are registered in the Record of Depositors at the close of business on 17 August 2009, if approved by members at the forthcoming Twenty-Fourth 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 17 August 2009 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: 20 May 2009

* Ms. Toh Poh Khuan retires pursuant to Article 105 of the Articles of Association of the Company.

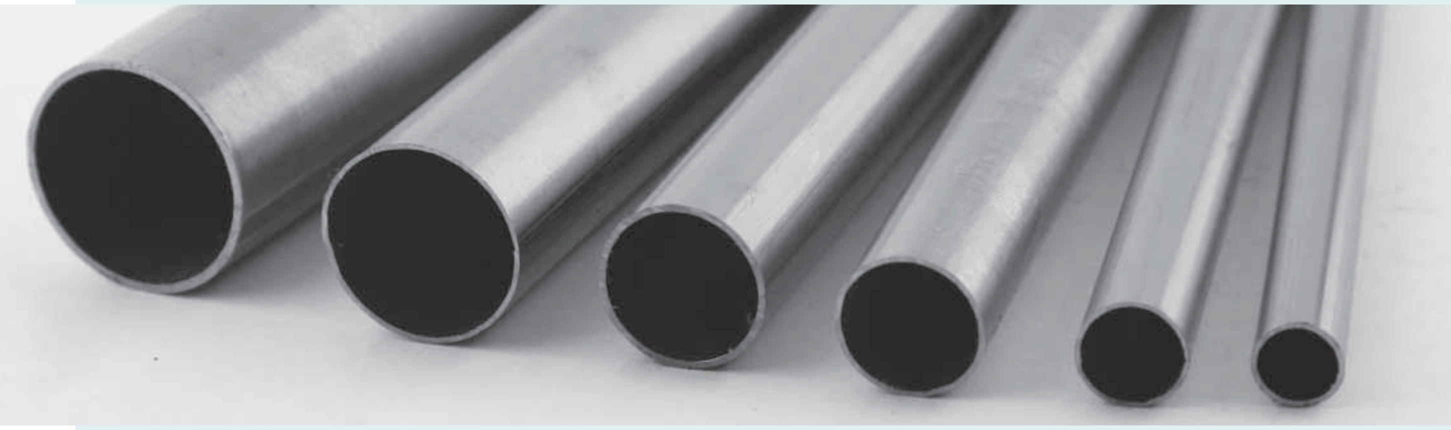
Explanatory Note to Special Business:

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-Third Annual General Meeting held on 8 May 2008. The proposed renewal will allow the Board of Directors to exercise the power of the Company to purchase not more than 10% of the issued and paid-up share capital of the Company at any time within the time period stipulated in 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-Third Annual General Meeting held on 8 May 2008. The proposed renewal of the Shareholders' Mandate will enable the Group to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Further information on the Proposed Renewal of Share Buy-Back Authority and Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions are set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2008 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 4 June 2009. Only a depositor whose name appears on the Record of Depositors as at 4 June 2009 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint not more than two (2) proxies to attend and vote instead of him and the provisions of Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.

4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

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

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

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-Fourth Annual General Meeting of the Company are as follows:-

Mr. Toh Yew Seng	Resolution 3
Encik Md. Nahar Bin Noordin	Resolution 4
Mr. Lou Swee You	Resolution 5

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

2. Details of Attendance of Directors at Board Meetings

The Board of Directors met four (4) times during the financial year ended 31 December 2008. Details of each Director's attendance are as follows:-

Name of Director	No. of meetings attended
Mr. Toh Yew Keat	4/4
Dato' Toh Yew Peng	4/4
Mr. Toh Yew Seng	4/4
Mr. Toh Yew Kar	4/4
Ms. Toh Poh Khuan	4/4
Encik Md. Nahar Bin Noordin	4/4
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	4/4
Mr. Lou Swee You *	3/3
Mr. Lim Cheang Nyok	4/4

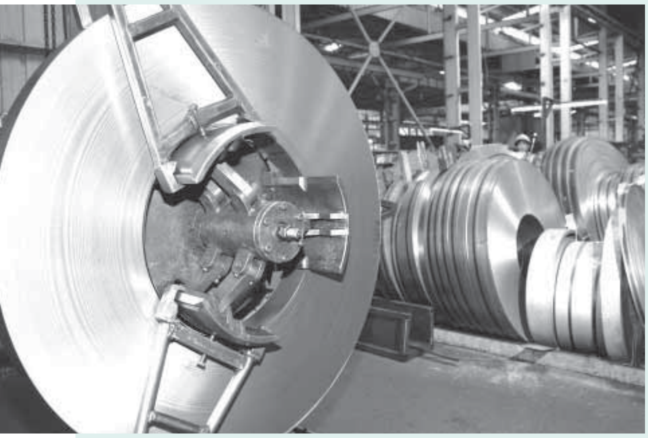
* Mr Lou Swee You was appointed on 9th May 2008

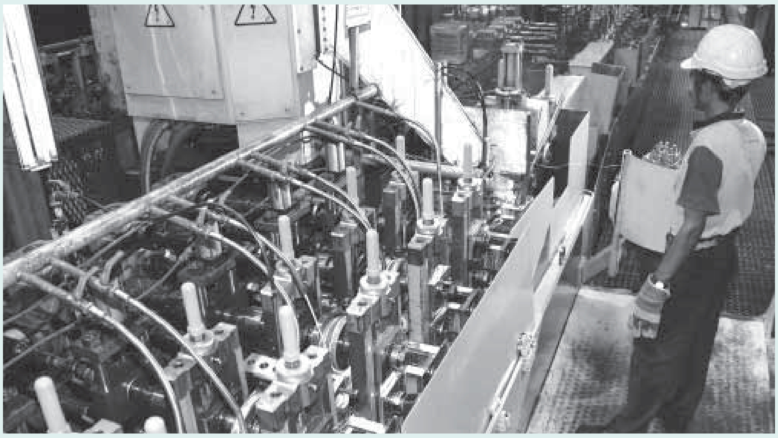
3. Shareholdings of Directors who are standing for re-election

Shareholdings of Directors standing for re-election as at 23 April 2009 are as follows:-

Directors	Nationality	-----Direct Interest----- No. of shares held	%	---Indirect Interest---- No. of shares held	%
Mr. Toh Yew Seng	Malaysian	480,000	0.28	*62,003,000	35.62
Encik Md. Nahar Bin Noordin	Malaysian	8,000,000	4.60	Nil	Nil
Mr. Lou Swee You	Malaysian	Nil	Nil	Nil	Nil

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

Toh Yew Keat	Group Executive Chairman
Dato' Toh Yew Peng	Group Managing Director
Toh Yew Kar	Group Executive Director
Toh Yew Seng	Group Executive Director
Toh Poh Khuan	Group Executive Director
Md. Nahar Bin Noordin	Independent Non-Executive Director
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Independent Non-Executive Director
Lou Swee You	Independent Non-Executive Director
Lim Cheang Nyok	Independent Non-Executive Director

COMPANY SECRETARIES

Chua Siew Chuan (MAICSA 0777689)
Chin Mun Yee (MAICSA 7019243)

AUDITORS

BDO Binder
Chartered Accountants
Kuala Lumpur
Tel. No. : 03-2616 2888

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

PRINCIPAL BANKERS

CIMB Bank Bhd
RHB Bank Berhad
United Overseas Bank Bhd
AmBank Bhd
RHB Investment Bank Bhd

WEBSITE & E-MAIL

Website : www.prestar.com.my
E-mail : info@prestar.com.my

SOLICITORS

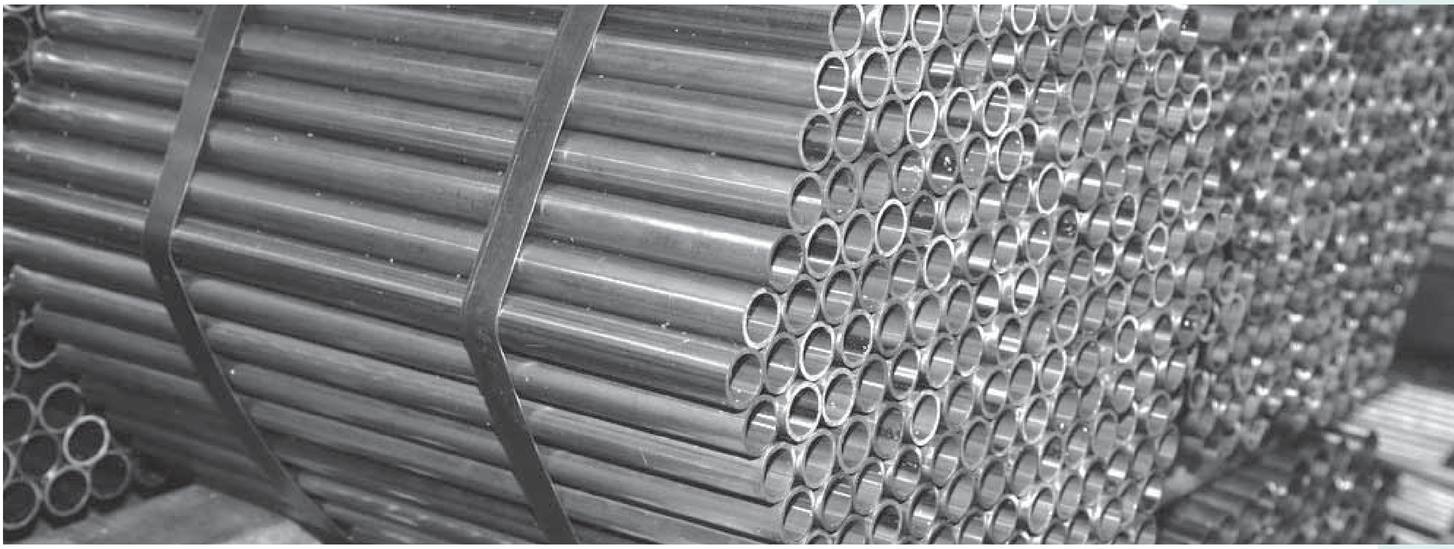
SKRINE
Lim & Yeoh

REGISTRAR

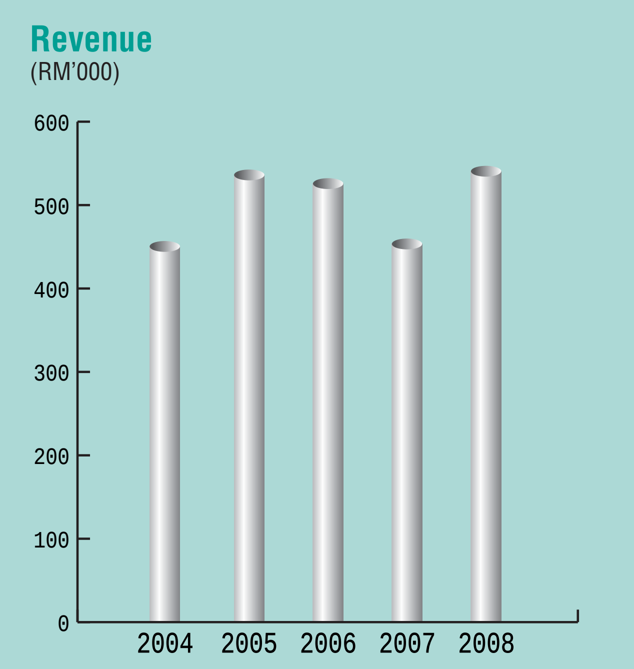
Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur
Tel. No. : 03-2084 9000
Fax No. : 03- 2094 9940 / 2095 0292

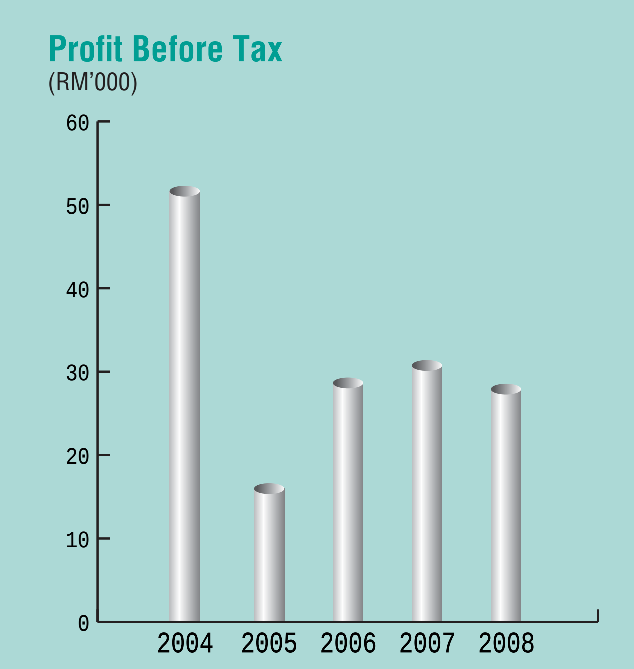
STOCK EXCHANGE LISTING

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

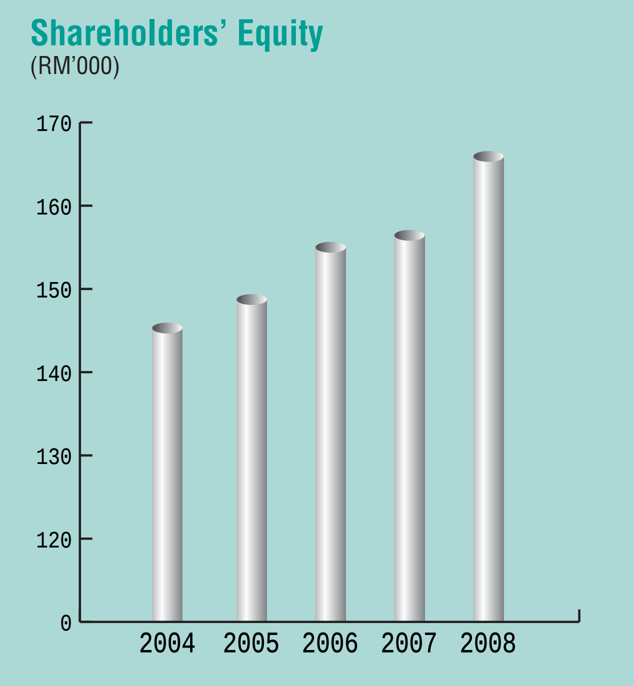


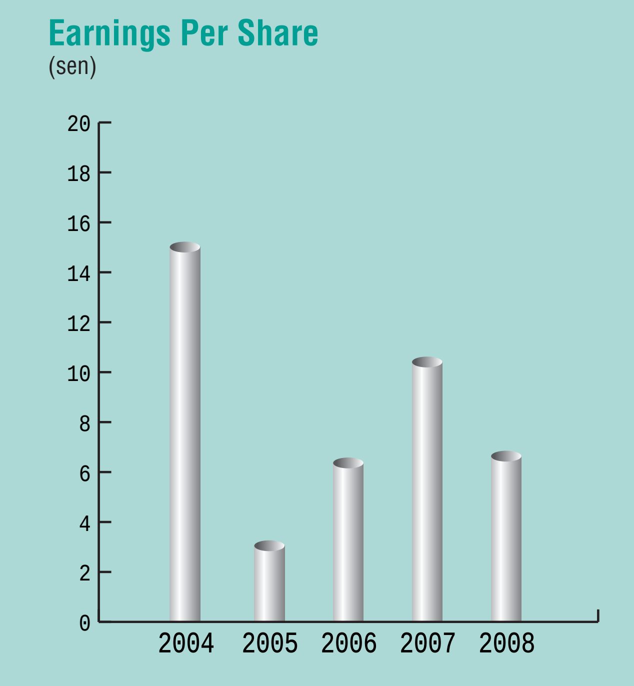
Group Financial Highlights





(RM'000)	2004	2005	2006	2007	2008
Revenue	454,688	533,636	527,443	455,759	536,225
Profit before tax	52,698	16,547	29,474	31,095	28,218
Profit attributable to Equity Holders of the Company	26,285	5,574	11,227	18,215	11,291
Total Assets	429,456	425,173	461,243	447,101	478,202
Shareholders' Equity	146,290	149,001	156,441	157,707	166,254
Net assets per share attributable to Equity Holders (RM)	0.84	0.85	0.90	0.91	0.96
Earnings per share attributable to Equity Holders (Sen)	15.1	3.2	6.4	10.5	6.5





Corporate Structure

PRESTAR RESOURCES BERHAD

(123066-A)

STEEL PROCESSING UNIT (SPU)

Prestar Steel Pipes Sdn Bhd
100%

Prestar Precision Tube Sdn Bhd
100%

Tashin Steel Sdn Bhd
51%

Dai Dong Steel Sdn Bhd
70%

POSCO-MKPC Sdn Bhd
(formerly known as
Posmmit Steel Centre Sdn Bhd)
30%

Prestar Steel (S) Pte. Ltd.
25%

PRODUCT MANUFACTURING UNIT (PMU)

Prestar Manufacturing Sdn Bhd
100%

Prestar Tooling Sdn Bhd
95%

Prestar Storage System Sdn Bhd
100%

Prestar Engineering Sdn Bhd
75%

Prestar Galvanising Sdn Bhd
100%

Prestar Marketing Sdn Bhd
100%

Tashin Hardware Sdn Bhd
51%

Prestar Industries (Vietnam) Co., Ltd
100%

INVESTMENT HOLDING UNIT

Prestar Ventures Sdn Bhd
100%

Excelpath Sdn Bhd
100%

Chairman's Statement

Dear Fellow Investors,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2008.

INDUSTRY TREND AND OVERVIEW

Year 2008 was a very special and crucial year for many, including the steel industry. Indeed it experienced "the best of times and the worst of times" within the year under review. During the last quarter of the financial year, the steel industry experienced an unprecedented abrupt and steep drop in the prices and demand in tandem with the global financial turmoil and slowdown in our economy. The sub prime issue triggered in the United States since last year has badly hit the confidence of consumers and the world economy, which has resulted in the nose-dive of steel prices in the fourth quarter of 2008 after it reached historical high in third quarter of 2008. The impact was great and hard with most steel players in the industry having to substantially write-down its inventory value in line with the steep plunge in prices, thus suffered big drop in bottom-line performance.

Though the Government has announced two stimulus packages, the near-term impact on the steel industry is yet to be felt. This is also partly due to the fact that the Country's economy has been very much export dependent for decades and any structural shift and changes will take a longer time to see the effects.

Overall, the performance of the Group for the year under review was commendable in view of the volatility of the raw material prices and market conditions which could not be avoided. On the other hand, we have seen good progress in the development of the new pipe manufacturing facility in our Vietnam subsidiary, where the Group is prepared to make its presence felt in the local pipe industry.

FINANCIAL PERFORMANCE

The Group's revenue for the financial year ended 31 December 2008 were RM536.2 million, registering an increase of 18% over the previous financial year's revenue of RM455.7 million. However, the Group recorded a slight decrease in the profit after tax of RM22.3 million as compared with the preceding year profit after tax of RM23.5 million. This was mainly due to the abrupt drop in the steel prices and demand in the market during the last quarter of 2008 as a result of the severe global financial crisis.

In addition to that, the Group also recorded an impairment loss to its inventory value through a written down in value of RM25.1 million for the financial year ended 31 December 2008. Notwithstanding that, the Group still managed to report a net profit of RM11.2 million for the whole financial year due to the strong performance recorded during the first three quarters of the year.

Earnings per share for the financial year under review was 6.49 sen as compared to 10.50 sen last year while net assets per share attributable to ordinary equity holder of the Company rose slightly to 0.95 sen per share. The Group's financial position remained healthy with shareholders' fund improved to RM166.3 million.

Chairman's Statement (cont'd)

PROSPECTS

According to the forecast of various economic and financial institutions, our economy will be contracting by approximately 1% to 2.2% for the year 2009. Hence, the Board reckoned that it will be difficult for the Group to maintain its current year's performance acknowledging of the fact that the stormy and uncertain business conditions would remain very challenging in this coming financial year.

Nevertheless, the Board, together with the management team will continue to take cautious and prudent actions in steering the Group through this economy downturn. Improvement actions taken earlier in optimizing supply chain management, productivity enhancement programs and cost cutting exercises will be continued and further intensified. Thus, the Board looks forward to setting a good foundation and competitive edge for the Group to pick up quickly once the market and business conditions improves in the year 2010 as predicted by various economic and financial institutions.

DIVIDEND

The Board is pleased to recommend a final tax-exempt dividend of 3% (1.5 sen per ordinary share), amounting to RM2,610,915.00 in respect of the financial year ended 31 December 2008, which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

ACKNOWLEDGEMENT AND APPRECIATION

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

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

Toh Yew Keat
Group Executive Chairman

Board of Directors' Profile

Toh Yew Keat

Age: 62, 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 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.

Dato' Toh Yew Peng

Age: 57, Malaysian
Group Managing Director
Appointed to the Board on 12 July 1984

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

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

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

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

Toh Yew Kar

Age: 51, 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 is a substantial shareholder 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.

Board of Directors' Profile (cont'd)

Toh Yew Seng

Age : 48, Malaysian
Group Executive Director
Appointed to the Board on 31 January 1986

Mr Toh Yew Seng was the General Manager of Prestar Resources Berhad from 1984 to 1985 prior to his appointment as 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 is a substantial shareholder 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.

Toh Poh Khuan

Age : 61, 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 is a substantial shareholder 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.

Md Nahar bin Noordin

Age : 52, Malaysian
Independent Non-Executive Director
Member of Remuneration Committee
Appointed to the Board on 18 June 1994

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

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

Besides Prestar Resources Berhad, he also sits on the Board of ISS Consulting Solutions Berhad and several private limited companies.

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

Board of Directors' Profile (cont'd)

Tuan Haji Fadzlullah Shuhaimi bin Salleh

Age : 52, 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. Upon completing his studies he taught at Universiti Sains Malaysia, Penang and subsequently worked at Sime Darby Berhad, Island & Peninsular Berhad and Shapadu Corporation Sdn Berhad. He was also the Deputy President of Digital Equipment Corporation Users Society, Malaysia from 1991 to 1992.

Currently, he sits on the board of several private limited companies.

Tuan Haji Shuhaimi does not have any family relationship with any Director and / or major shareholder of the Company.

Lou Swee You

Age: 66, Malaysian
Independent Non- Executive Director
Chairman of Audit Committee
Member of Remuneration Committee
Member of Nomination Committee
Appointed to the Board on 9 May 2008

Mr Lou Swee You is a graduate of Nanyang University, Singapore with a B. Com. (Accountancy) degree and holds a Master of Business Administration degree from Strathclyde Graduate Business School, Glasgow, Scotland. Besides being a Certified Internal Auditor, he is also a CFIIA, FCCS, PNA, CFP, RFP and member of MID, MICG and MIM.

He had spent more than 30 years with a public listed company and had headed various functions including finance, secretarial practices, information system, human resource and internal auditing. He was the officer / director primarily responsible for the financial management of that company for more than 20 years.

Actively involved in internal audit activities, he was a board member of The Institute of Internal Auditors Malaysia from 1998 to 2006. Positions held include Treasurer, Secretary and Vice President. One of the trainers for Internal Audit Diploma of Malaysian Institute of Management.

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

Lim Cheang Nyok

Aged : 41, Malaysian
Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit Committee
Appointed to the Board on 28 March 2002

Mr Lim Cheang Nyok is an advocate and solicitor, and senior partner of 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.

Mr Lim does not have any family relationship with any Director / or major shareholder of the company.

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

Conflict of Interest
None of the Directors of the Company has any conflict of interest with the Company.

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

Statement on Corporate Governance

The Board of Directors ("the Board") recognises the importance of good corporate governance and is committed in implementing the principles and best practices prescribed by the Malaysian Code on Corporate Governance ("the Code") within the Group.

The Board is pleased to 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 strategic directions and objectives, formulating the policies and carving out the strategic action plans. The Board regularly review the Group's business operations and maintains full and effective control over the management of the Group. The roles and duties of the Group Executive Chairman, Group Managing Director and Group Executive Directors are clearly identified and separated to ensure effective operation of the Group. All the Independent Directors are independent of management and are free from any relationship that could materially interfere with the exercise of their independent judgement.

(i) Composition of the Board

The Board presently has nine (9) members and comprises five (5) Executive Directors and four (4) Independent Non-Executive Directors which fulfils the prescribed requirement for one-third (1/3) of the Board to be independent as stated in paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

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

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

(iii) Board Meetings and Supply of Information

There were four (4) 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, quarterly financial report, significant financial and corporate issues, internal audit report, risk management committee progress report, minutes of all Board Committees, summary of all announcements, summary of Directors' dealings and any other matters requiring the Board's approval.

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

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

(iv) Re-election of Directors

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

Directors who are appointed by the Board to fill a casual vacancy shall hold office until the next following 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.

Statement on Corporate Governance (cont'd)

(v) Board Committees

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

a) Audit Committee

The Audit Committee of the Company now consists of three (3) Independent Non-Executive Directors to be in line with the revision of the Code whereby the Audit Committee shall only consists of 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 Audit Committee Report in this Annual Report.

b) Nomination Committee

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

Members of the Committee are as follows:

Mr. Lim Cheang Nyok	Chairman
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member
Mr. Lou Swee You	Member

(c) Remuneration Committee

The primary objective of the Committee is to assist the Board in assessing the remuneration packages of the Executive Directors with a view to ensure that a competitive remuneration package is offered to attract and retain Directors of the necessary calibre and experiences to manage the Company successfully. Currently, there are three (3) members in this Committee as follows:

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

The Committee was dissolved subsequently since the ESOS II was expired on 30 September 2008.

(e) Group Risk Management Committee

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

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

Statement on Corporate Governance (cont'd)

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 2008 are as follows: -

(i) Aggregate remuneration categorised into appropriate components:

RM ('000)	Executive Directors	Non-Executive Directors
Fees	348	106
Salaries	1,830	-
Bonus & Others	456	-
Benefits-in-kind	98	-
EPF and SOCSO	275	-

(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 250, 001 to RM 300, 000	1	-
RM 550 001 to RM 600 000	1	
RM 650, 001 to RM 700, 000	2	-
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 position. The Board is assisted by the Audit Committee to review and assess the accuracy and adequacy of all the information to be disclosed and to ensure its compliance with the requirements of the rules and regulations of the authorities and approved accounting standards.

The Statement of Directors' Responsibility pursuant to 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.

(ii) Internal Control and Risk Management

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

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

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

(iii) Relationship with Auditors

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

Statement on Corporate Governance (cont'd)

D. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

(i) Communication and dissemination of information

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

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

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.

E. COMPLIANCE STATEMENT

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

F. CORPORATE SOCIAL RESPONSIBILITY

The Group recognises its social obligation to the society and is striving for a balanced approach in fulfilling its key business objectives and the expectations of stakeholders / shareholders.

Below are the activities or practices undertaken by the Group

(i) The Workplace

The Group has an Occupational Safety and Health Committee to develop policies and guidelines to provide and maintain a safe and healthy workplace for all its employees, contractors and visitors. Regular meetings and inspections are carried out to continuously monitor the safety and hygiene conditions of the workplace.

The Group continues to provide various levels of insurance coverage on medical and hospitalisation benefits and as well as critical illness with term life and personal accident insurance to its employees. This is to ensure all employees would receive some form of financial supports towards the medical expenses in the event of untoward incidents.

In addition, the Group also provide accommodation to all the foreign workers as well as some out-station staff through well maintained and equipped hostels. The Group Human Resources department will always ensures that the hostels are in good condition.

(ii) The Environment

The Group recognizes the important of environmental conservation. For instance, all industrial wastes from the Group's operations are properly handle in accordance with the preset procedures, guidelines and regulations. All industries wastes are strictly disposed off to licensed parties authorised by the relevant environmental authority.

(iii) Community

The Group continuously contributes towards the needs of the less fortunate groups through the sponsorship of other organizations. During the financial year under review, the Group has contributed funds to less fortunate groups through Metal Dealers' Association Selangor and Kuala Lumpur and Fund for earthquake in the Sichuan Province of China through Yayasan Nanyang Press.

This Statement is made in accordance with a Directors' Circular Resolution passed on 31 March 2009.

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 RM14,850.00

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

8. **Profit Guarantee**
   During the financial year, there was no profit guarantee given by the Company.

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

10. **Revaluation Policy**
    The Company does not have a revaluation policy on its landed properties.

11. **Recurrent related party transactions of a revenue or trading nature ("RRPT")**
    The information on RRPT for the financial year is presented in the Audited Financial Statements in this Annual Report.

Statement on Internal Control

INTRODUCTION

The Board of Directors ("Board") is pleased to provide the following Statement on Internal Control pursuant to paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). Using the best practices of the Malaysian Code on Corporate Governance as the benchmark, the Board is committed to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the Group's system of internal control to safeguard shareholders' investments and the Group's assets. The system of internal controls covers not only financial controls but risk management, organizational, operational, fraud prevention and compliance controls. The Board ensures the effectiveness of the system through regular reviews and monitoring. However, such a system is designed to manage the Group's risks within an acceptable risk profile rather than eliminate the risk of failure in order to achieve the goals and objectives of the Group. Hence, the system of internal control can only provide reasonable but not absolute assurance against material misstatement, fraud and 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. The Group is constantly improving such a system through various management actions and reviews.

RISK MANAGEMENT FRAMEWORK

There is a risk management framework to promote effective risk management in managing significant risks faced by the Group from time to time. A Group Risk Management Committee ("GRMC") has been established and is supported by various Risk Management Units ("RMU") of its subsidiaries. The tasks of GRMC and RMU include identifying, evaluating and managing the principal risks faced by the Company and its subsidiaries. All significant risks, its relevant risk controls, and mitigation plans taken by management are documented in the risk management reports. These reports are prepared twice a year and tabled to the Board at the Board of Directors' Meeting through GRMC for deliberation.

INTERNAL AUDIT FUNCTION

The Group has put in place an internal audit department ("IAD") to carry out the internal audit functions. The IAD is independent of the day-to-day operations and report directly to the Audit Committee. During the year, the Group has also engaged an external consultant to review the internal control of certain operations of the Group.

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 or Senior Management.

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, effectiveness and integrity of the system of internal controls. Such controls include:

- A budgeting process where budgets are prepared by the operating business units for subsequent monitoring and tracking of variances and performance.
- Documented production and quality control system accredited by various ISO certification bodies on 5 subsidiaries.
- Quarterly review of financial results and operational matters by the Board and Audit Committee.
- Policies and standard procedures of various operating units within the Group are well documented for operational guidance and compliance. These policies and procedures are reviewed regularly and updated when necessary.
- Corporate finance, treasury and legal matters are controlled centrally and monitored on weekly, monthly and/or quarterly basis.
- Monthly management report on key business indicators and performance results on each subsidiary is reported to management and the Directors. These allow the management and the Directors to review the performance of each subsidiary against budgets on monthly basis and act accordingly when there are any significant variances.

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

Audit Committee Report

The Board of Directors ("Board") of Prestar Resources Berhad is pleased to present the following report on the Audit Committee and its activities during the financial year ended 31 December 2008.

1. COMPOSITION OF THE AUDIT COMMITTEE AND MEETINGS

During the financial year ended 31 December 2008, the Audit Committee held a total of four (4) meetings. The members of the Audit Committee together with their attendance are set out below:-

Name	Designation	Attendance
Mr. Lou Swee You (Appointed on 9.5.2008)	Chairman / Independent, Non-Executive Director	3/3
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member / Independent, Non-Executive Director	4/4
Lim Cheang Nyok	Member / Independent, Non-Executive Director	4/4
Mr. Yee Chee Seng @ Yee Yen (Retired on 8.5.2008)	Chairman / Independent, Non-Executive Director	1/1

2. TERMS OF REFERENCE

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

3. SUMMARY OF KEY ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year ended 31 December 2008, the main activities undertaken by the Audit Committee were as follows:

a) Reviewed the unaudited quarterly financial statements with the management and recommend the same to the Board before release to Bursa Malaysia Securities Berhad.

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 twice a year without the presence of any executive officer / Directors to discuss the audit strategy and scope of audit plan prior to commencement of annual audit and the audit issues and recommendations raised by them after the audit.

d) Reviewed the audit reports of the External Auditors and management letters in relation to audit including management's 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 report on significant related party transactions to ensure the transactions entered into were made on arm's length basis and no conflict of interest within the Group.

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 and ensure that appropriate corrective actions are taken by management.

j) Reviewed the performance of internal audit department.

k) Reported to the Board on any significant issues and concerns.

Audit Committee Report (cont'd)

INTERNAL AUDIT FUNCTION

The internal audit function is carried out by the Internal Audit Department ("IAD") which reports directly to the Audit Committee. The IAD adopts a risk-based audit approach when establishing its audit plan. The audit plan is approved by the Audit Committee and is reviewed from time to time in view of the fast changing business environment and risks.

The main objective of IAD is to provide reasonable assurance to the Audit Committee that the internal control systems within the Group is operated satisfactorily and effectively. The IAD also acts on suggestions and instructions made by the Audit Committee and senior management on concerns over operations and control.

All internal audit reports including the audit findings, recommended action plans, and management's response were presented to the Audit Committee for deliberation. The IAD would follow-up closely on the implementation progress of the corrective actions and to obtain assurance that all major risks and control issues have been addressed by management within the required time frame.

TERMS OF REFERENCE

1. Composition of Members

The Board shall elect the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive Directors. The majority of the Audit Committee members shall be independent Directors.

In this respect, the Board adopts the definition of "independent Director" as defined under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

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

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

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

- i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
- ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

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

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

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms and reference.

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.

2. Chairman

The members of the Audit Committee shall elect a Chairman from amongst their members who shall be an independent Director.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be independent Director to chair the meeting.

3. Secretary

The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

Audit Committee Report (cont'd)

4. Meetings

The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.

Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman, the Chief Executive Officer, the Finance Director, the head of internal audit and the external auditors in order to kept informed of matters affecting the Company.

The Finance Director, the head of internal audit and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors without executive Board members present at least twice a year and whenever necessary.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

5. Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board.

The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

6. Quorum

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

7. Objectives

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:

a) evaluate the quality of the audits performed by the internal and external auditors;

b) provide assurance that the financial information presented by management is relevant, reliable and timely;

c) oversee compliance with laws and regulations and observance of a proper code of conduct; and

d) determine the quality, adequacy and effectiveness of the Group's control environment.

8. Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

a) have explicit authority to investigate any matter within terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.

b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.

c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.

d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).

e) Where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

Audit Committee Report (cont'd)

9. Duties and Responsibilities

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

Risk Management and Internal Control

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

Financial Reporting

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

a) going concern assumption;

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

c) any changes in accounting policies and practices;

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

e) major judgmental areas.

Audit Process

To do the following in relation to the internal audit function:-

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

b) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;

c) review internal audit plan, consider the audit reports and findings of internal audit, fraud investigations and actions and steps taken by management in response to audit findings;

d) review any appraisal or assessment of the performance of members of the internal audit function;

e) approve any appointment or termination of senior staff members of the internal audit function; and

f) take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal.

To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.

To review with the external auditors their evaluation of the system of internal controls and the audit report.

To discuss problems and reservations arising from the interim and final audits, and any matter the auditor wish to discuss (in the absence of management, where necessary).

To review the external auditor's management letter and management's response.

To report its findings on the financial and management performance, and other material matters to the Board.

To consider the major findings of internal investigations and management's response.

To determine the remit of the internal audit function.

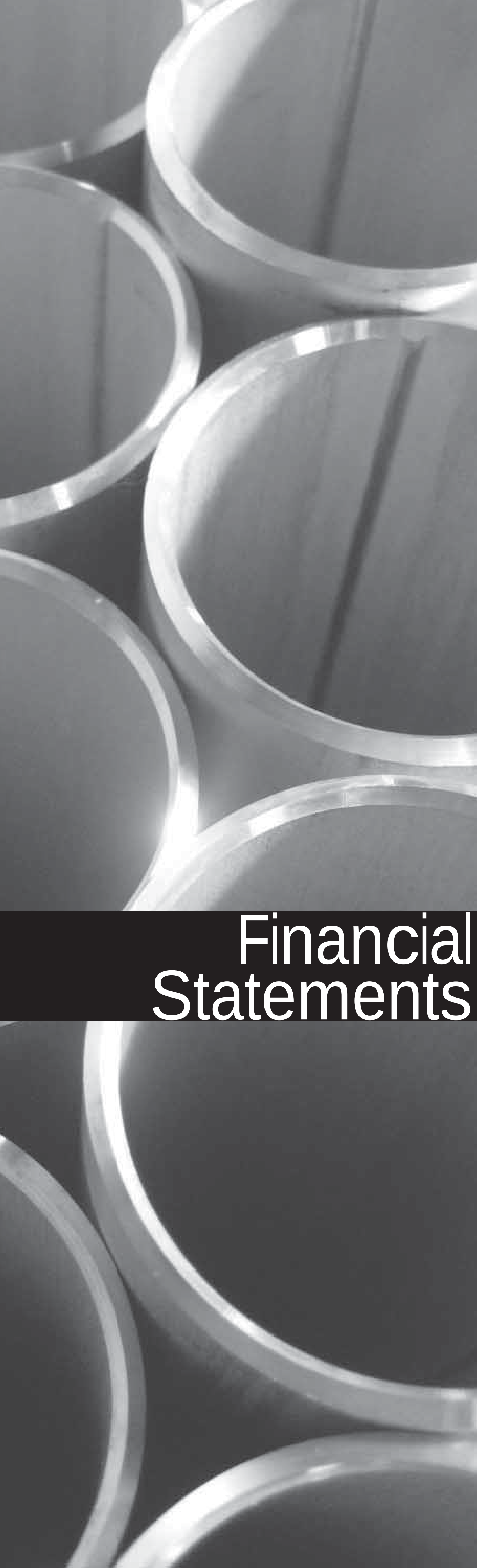
Other Responsibilities and Duties

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

To verify the allocation of Employees' Share option Scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any.

To consider other topic as defined by the Board.

To consider and examine such other matters as the Audit Committee considers appropriate.



Financial Statements

STATEMENT OF DIRECTORS' RESPONSIBILITY
IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS.

The Directors are required by the Companies Act, 1965 (the "Act") to lay before the Company's shareholders at its Annual General Meeting, audited financial statements (which include the consolidated balance sheet and the consolidated income statement of the Group) for each financial year, made out in accordance with the applicable approved Financial Reporting Standards in Malaysia issued by the Malaysian Accounting Standards Board, 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 2008 are set out from pages 27 to 90 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 2008, 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 31 March 2009.

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 2008.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Profit for the financial year	22,378,953	7,760,094
Attributable to:		
Equity holders of the Company	11,290,975	7,760,094
Minority interest	11,087,978	-
	22,378,953	7,760,094

DIVIDENDS

As approved by the shareholders at the Annual General Meeting held on 8 May 2008, a final dividend of 3% (1.5 sen per share), tax exempt, amounting to RM2,610,915 in respect of the previous financial year was paid on 2 July 2008.

The Directors proposed a final dividend of 3% (1.5 sen per share), tax exempt, amounting to RM2,610,915 in respect of the financial year ended 31 December 2008, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

Warrants 2005/2011

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

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

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

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

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

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

(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.

DIRECTORS' REPORT (cont'd)

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. This scheme is known as the "Prestar Resources Berhad Employees' Share Option Scheme II" ("ESOS II"). The ESOS had expired on 30 September 2008 and 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 five (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 five (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 a 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.

On 27 February 2007, the Committee agreed that the employees of POSCO-MKPC Sdn. Bhd. (formerly known as Posmmit Steel Centre Sdn. Bhd.) ("POSCO-MKPC") who have been granted share options under ESOS II in years 2003 and 2004 be entitled to continue to exercise all their unexercised share options within the period from the date POSCO-MKPC ceased to be a subsidiary of the Company until the expiry of the Option Period of the existing ESOS II.

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

Date of offer	Option price	Number of options over ordinary shares of RM0.50 each Balance as at 1.1.2008	Granted	Exercised	Lapsed *	Balance as at 31.12.2008
3 December 2003	RM0.750	7,565,300	-	-	(7,565,300)	-
23 March 2004	RM0.695	156,000	-	-	(156,000)	-
		7,721,300	-	-	(7,721,300)	-

** Due to expiry of ESOS on 30 September 2008.*

DIRECTORS' REPORT (cont'd)

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
Lim Cheang Nyok
Lou Swee You (appointed on 9 May 2008)
Yee Chee Seng @ Yee Yen (retired on 8 May 2008)

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

In accordance with Article 112 of the Company's Article of Association, Lou Swee You retires by casual vacancy from the Board at the forthcoming Annual General Meeting, and being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2008 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965 were as follows:

	---------- Number of ordinary shares of RM0.50 each ----------			
	Balance as at 1.1.2008	**Bought**	**Sold**	**Balance as at 31.12.2008**
Shares in the Company				
Direct interests				
Toh Yew Keat	11,889,404	-	-	11,889,404
Dato' Toh Yew Peng	877,596	-	-	877,596
Toh Yew Kar	744,000	-	-	744,000
Md. Nahar Bin Noordin	8,000,000	-	-	8,000,000
Toh Yew Seng	480,000	-	-	480,000
Toh Poh Khuan	480,000	-	-	480,000
Deemed interests				
Toh Yew Keat	62,003,000	-	-	62,003,000
Dato' Toh Yew Peng	62,003,000	-	-	62,003,000
Toh Yew Kar	62,003,000	-	-	62,003,000
Toh Yew Seng	62,003,000	-	-	62,003,000
Toh Poh Khuan	62,003,000	-	-	62,003,000

	---------- Number of ordinary shares of RM1.00 each ----------			
	Balance as at 1.1.2008	**Bought**	**Sold**	**Balance as at 31.12.2008**
Shares in the subsidiaries				
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' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd)

	---------- Number of ordinary shares of RM1.00 each ----------			
	Balance as at 1.1.2008	**Bought**	**Sold**	**Balance as at 31.12.2008**
Shares in the subsidiaries (cont'd)				
Deemed interests (cont'd)				
Prestar Storage System Sdn. Bhd.				
Toh Yew Keat	3,400,000	1,600,000	-	5,000,000
Toh Yew Seng	3,400,000	1,600,000	-	5,000,000
Toh Yew Kar	3,400,000	1,600,000	-	5,000,000
Prestar Engineering Sdn. Bhd.				
Toh Yew Kar	1,500,000	-	-	1,500,000
Toh Yew Seng	1,500,000	-	-	1,500,000
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 interests in the ordinary shares of the Company, all the Directors except for Md. Nahar Bin Noordin, Tuan Haji Fadzlullah Shuhaimi Bin Salleh, Lim Cheang Nyok and Lou Swee You are also deemed to be interested in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

The Directors' options over ordinary shares 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 1.1.2008**	**Granted**	**Exercised**	**Lapsed ***	**Balance as at 31.12.2008**
Share options in the Company						
Toh Yew Keat	RM0.750	120,000	-	-	(120,000)	-
Dato' Toh Yew Peng	RM0.750	120,000	-	-	(120,000)	-
Toh Yew Kar	RM0.750	120,000	-	-	(120,000)	-
Toh Yew Seng	RM0.750	120,000	-	-	(120,000)	-
Toh Poh Khuan	RM0.750	120,000	-	-	(120,000)	-

** Due to expiry of ESOS on 30 September 2008.*

The Directors' warrant holdings according to the Register of Directors' Shareholdings are as follows:

	--------------------- Number of Warrants ---------------------			
	Balance as at 1.1.2008	**Bought**	**Sold**	**Balance as at 31.12.2008**
Warrants in the Company				
Direct interests				
Toh Yew Keat	499,702	-	-	499,702
Dato' Toh Yew Peng	318,798	-	-	318,798
Toh Yew Kar	252,000	-	-	252,000
Toh Yew Seng	120,000	-	-	120,000
Toh Poh Khuan	120,000	-	-	120,000

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (cont'd)

	Number of Warrants			
	Balance as at 1.1.2008	Bought	Sold	Balance as at 31.12.2008
Warrants in the Company (cont'd)				
Deemed interests				
Toh Yew Keat	26,051,500	-	-	26,051,500
Dato' Toh Yew Peng	26,051,500	-	-	26,051,500
Toh Yew Kar	26,051,500	-	-	26,051,500
Toh Yew Seng	26,051,500	-	-	26,051,500
Toh Poh Khuan	26,051,500	-	-	26,051,500

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (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 36 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 other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from the inventories write down resulting in a decrease in the Group's profit for the financial year by RM14,073,518 as disclosed in Note 27 to the financial statements.

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

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

(i) which would render the amounts written off for bad debts or the amount of 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.

DIRECTORS' REPORT (cont'd)

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

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

(d) In the opinion of the Directors:

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

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

(III) AS AT THE DATE OF THIS REPORT

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

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

(g) The Directors are not aware of any circumstances not otherwise dealt with in 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) During the financial year, the Company participated in the Rights Issue of its 30% owned associate, POSCO-MKPC Sdn. Bhd. (formerly known as Posmmit Steel Centre Sdn. Bhd.) ("POSCO-MKPC") by subscribing to two (2) tranches of Rights Issue on 26 March 2008 and 18 November 2008 respectively. The amount for first (1) tranche was RM6,023,429 for 1,149,510 new ordinary shares of RM1.00 each in POSCO-MKPC and the second (2) tranche was RM6,741,630 for 2,459,731 new ordinary shares of RM1.00 each in POSCO-MKPC.

(b) On 30 December 2008, a wholly-owned subsidiary of the Company, Prestar Storage System Sdn. Bhd. ("PSSSB") capitalised part of the amount owing to the Company amounted to RM1,600,000 by way of an allotment of 1,600,000 ordinary shares of RM1.00 each in PSSSB at par value and such shares when issued to the Company, shall be credited as fully paid-up ordinary shares.

(c) On 30 December 2008, a subsidiary of the Company, Excelpath Sdn. Bhd. ("ESB") increased its authorised capital from RM100,000 to RM5,000,000 by the creation of additional 4,900,000 ordinary shares of RM1.00 each in ESB. ESB also increased its paid-up capital from RM2 to RM1,500,000 comprising of 1,500,000 ordinary shares of RM1.00 each by the issuance of 1,499,998 new ordinary shares of RM1.00 each in ESB at par value, which were fully subscribed by the Company by way of capitalising part of the amount owing to the Company by ESB.

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
17 April 2009

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

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 35 to 90 have been 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 the state of affairs of Group and of the Company as at 31 December 2008 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Dato' Toh Yew Peng
Director

Toh Yew Seng
Director

Kuala Lumpur
17 April 2009

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 35 to 90 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)
17 April 2009)

KOAY KAH EE

Before me:
No. W451
S. Ideraju
Pesuruhanjaya Sumpah
(Commissioner for Oaths)
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRESTAR RESOURCES BERHAD

Report on the Financial Statements

We have audited the financial statements of Prestar Resources Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 90.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act 1965 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 2008 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 11 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO Binder
AF: 0206
Chartered Accountants

Law Kian Huat
2855/07/10 (J)
Partner

Kuala Lumpur
17 April 2009

BALANCE SHEETS AS AT 31 DECEMBER 2008

	NOTE	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
ASSETS					
Non-current assets					
Property, plant and equipment	8	154,474,414	122,473,424	50,158,451	51,110,332
Investment properties	9	563,111	749,552	-	-
Prepaid lease payments for land	10	8,863,070	9,241,050	-	-
Investments in subsidiaries	11	-	-	55,829,741	52,729,743
Investments in associates	12	35,422,508	17,390,220	17,020,647	4,255,588
Other investments	13	361,815	361,094	-	-
Intangible assets	14	2,087,173	2,146,037	-	-
		201,772,091	152,361,377	123,008,839	108,095,663
Current assets					
Inventories	16	157,027,234	132,294,005	-	-
Trade receivables	17	90,777,468	132,699,060	-	-
Other receivables, deposits and prepayments	18	10,345,395	10,669,093	922,426	625,355
Amounts owing by subsidiaries	19	-	-	69,106,707	61,303,197
Current tax asset		1,983,748	1,253,151	65,332	373,687
Fixed deposits with licensed banks	20	1,053,644	1,379,931	1,053,644	779,931
Cash and bank balances		15,242,708	16,444,073	287,898	49,616
		276,430,197	294,739,313	71,436,007	63,131,786
TOTAL ASSETS		478,202,288	447,100,690	194,444,846	171,227,449
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	21	90,490,450	90,490,450	90,490,450	90,490,450
Reserves	22	75,763,688	67,216,553	17,590,876	12,441,697
		166,254,138	157,707,003	108,081,326	102,932,147
Minority interest		47,025,619	38,822,641	-	-
TOTAL EQUITY		213,279,757	196,529,644	108,081,326	102,932,147
Non-current liabilities					
Borrowings	23	33,500,068	7,471,747	8,422,159	359,041
Deferred tax liabilities	15	2,203,717	4,568,702	1,070,721	1,086,787
		35,703,785	12,040,449	9,492,880	1,445,828
Current liabilities					
Trade payables	24	9,339,605	31,264,622	-	-
Other payables and accruals	25	16,124,448	12,418,461	1,118,338	1,230,311
Amount owing to a subsidiary	19	-	-	1,739,511	1,940,374
Borrowings	23	202,981,796	193,724,588	74,012,791	63,678,789
Current tax payable		772,897	1,122,926	-	-
		229,218,746	238,530,597	76,870,640	66,849,474
TOTAL LIABILITIES		264,922,531	250,571,046	86,363,520	68,295,302
TOTAL EQUITY AND LIABILITIES		478,202,288	447,100,690	194,444,846	171,227,449

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

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		Group		Company	
		2008	2007	2008	2007
	NOTE	RM	RM	RM	RM
Revenue	26	536,224,935	455,758,789	14,781,000	10,166,767
Cost of sales		(466,806,171)	(402,607,184)	(1,154,937)	(1,128,419)
Gross profit		69,418,764	53,151,605	13,626,063	9,038,348
Other income		11,445,767	19,170,650	324,000	24,390,935
Selling and distribution expenses		(8,447,827)	(7,253,226)	-	-
Administrative expenses		(30,215,650)	(24,100,548)	(2,914,030)	(2,811,129)
Other expenses		(6,372,283)	(3,115,670)	(138,809)	(8,103,281)
Finance costs		(12,995,818)	(9,262,322)	(4,344,536)	(3,017,606)
Interest income		118,182	154,090	3,521,588	2,569,226
Share of profit of associates		5,267,229	2,350,033	-	-
Profit before tax	27	28,218,364	31,094,612	10,074,276	22,066,493
Tax expense	28	(5,839,411)	(7,549,475)	(2,314,182)	(1,523,906)
Profit for the financial year		22,378,953	23,545,137	7,760,094	20,542,587
Attributable to:					
Equity holders of the Company		11,290,975	18,215,249	7,760,094	20,542,587
Minority interest		11,087,978	5,329,888	-	-
		22,378,953	23,545,137	7,760,094	20,542,587
Earnings per ordinary share (sen):	30				
- Basic		6.49	10.50		
- Diluted		-	-		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	---- Attributable to equity holders of the Company ----									
Group	Ordinary share capital RM	Share premium RM	Revaluation reserve RM	Foreign currency translation reserve RM	Warrant reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
Balance as at 1 January 2008	90,490,450	1,686,905	1,109,441	(432,951)	3,862,266	(5,853,697)	66,844,589	157,707,003	38,822,641	196,529,644
Currency translation differences	-	-	-	(132,925)	-	-	-	(132,925)	-	(132,925)
Loss recognised directly in equity	-	-	-	(132,925)	-	-	-	(132,925)	-	(132,925)
Profit for the financial year	-	-	-	-	-	-	11,290,975	11,290,975	11,087,978	22,378,953
Total recognised income and expense for the financial year	-	-	-	(132,925)	-	-	11,290,975	11,158,050	11,087,978	22,246,028
Realisation of revaluation reserve	-	-	(28,757)	-	-	-	28,757	-	-	-
Dividends:										
- Final dividend of the Company in respect of the financial year ended 31 December 2007 (Note 29)	-	-	-	-	-	-	(2,610,915)	(2,610,915)	-	(2,610,915)
- Interim dividend of subsidiaries in respect of the financial year ended 31 December 2008	-	-	-	-	-	-	-	-	(2,885,000)	(2,885,000)
Balance as at 31 December 2008	90,490,450	1,686,905	1,080,684	(565,876)	3,862,266	(5,853,697)	75,553,406	166,254,138	47,025,619	213,279,757

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

Group	Ordinary share capital RM	Share premium RM	Revaluation reserve RM	Foreign currency translation reserve RM	Warrant reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
	---------- Attributable to equity holders of the Company ----------									
Balance as at 1 January 2007	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
Currency translation differences	-	-	-	(432,951)	-	-	-	(432,951)	-	(432,951)
Effect of changes in tax rate on deferred tax (Note 15)	-	-	37,691	-	-	-	-	37,691	-	37,691
Profit/(Loss) recognised directly in equity	-	-	37,691	(432,951)	-	-	-	(395,260)	-	(395,260)
Profit for the financial year	-	-	-	-	-	-	18,215,249	18,215,249	5,329,888	23,545,137
Total recognised income and expense for the financial year	-	-	37,691	(432,951)	-	-	18,215,249	17,819,989	5,329,888	23,149,877
Issue of new ordinary shares (Note 21)	1,689,650	828,435	-	-	-	-	-	2,518,085	-	2,518,085
Repurchase of ordinary shares	-	-	-	-	-	(1,931,157)	-	(1,931,157)	-	(1,931,157)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(16,515,695)	(16,515,695)
Realisation of revaluation reserve	-	-	(29,224)	-	-	-	29,224	-	-	-
Dividends:										
- Final dividend of the Company in respect of the financial year ended 31 December 2006 (Note 29)	-	-	-	-	-	-	(3,174,303)	(3,174,303)	-	(3,174,303)
- Final dividend of subsidiaries in respect of the financial year ended 31 December 2006	-	-	-	-	-	-	-	-	(1,900,000)	(1,900,000)
- Interim dividend of the Company in respect of the financial year ended 31 December 2007 (Note 29)	-	-	-	-	-	-	(13,966,933)	(13,966,933)	-	(13,966,933)
Balance as at 31 December 2007	90,490,450	1,686,905	1,109,441	(432,951)	3,862,266	(5,853,697)	66,844,589	157,707,003	38,822,641	196,529,644

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

Company	Ordinary share capital RM	Share premium RM	Revaluation reserve RM	Warrant reserve RM	Treasury shares RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2008	90,490,450	1,686,905	1,109,441	3,862,266	(5,853,697)	11,636,782	102,932,147
Profit for the financial year	-	-	-	-	-	7,760,094	7,760,094
Total recognised income and expense for the financial year	-	-	-	-	-	7,760,094	7,760,094
Realisation of revaluation reserve	-	-	(28,757)	-	-	28,757	-
Dividends (Note 29):							
- Final dividend in respect of the financial year ended 31 December 2007	-	-	-	-	-	(2,610,915)	(2,610,915)
Balance as at 31 December 2008	90,490,450	1,686,905	1,080,684	3,862,266	(5,853,697)	16,814,718	108,081,326
Balance as at 1 January 2007	88,800,800	858,470	1,100,974	3,862,266	(3,922,540)	8,206,207	98,906,177
Effect of changes in tax rate on deferred tax (Note 15)	-	-	37,691	-	-	-	37,691
Profit for the financial year	-	-	-	-	-	20,542,587	20,542,587
Total recognised income and expense for the financial year	-	-	37,691	-	-	20,542,587	20,580,278
Realisation of revaluation reserve	-	-	(29,224)	-	-	29,224	-
Issue of new ordinary shares (Note 21)	1,689,650	828,435	-	-	-	-	2,518,085
Repurchase of ordinary shares	-	-	-	-	(1,931,157)	-	(1,931,157)
Dividends (Note 29):							
- Final dividend in respect of the financial year ended 31 December 2006	-	-	-	-	-	(3,174,303)	(3,174,303)
- Interim dividend in respect of the financial year ended 31 December 2007	-	-	-	-	-	(13,966,933)	(13,966,933)
Balance as at 31 December 2007	90,490,450	1,686,905	1,109,441	3,862,266	(5,853,697)	11,636,782	102,932,147

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

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		Group		Company	
		2008	2007	2008	2007
	NOTE	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		28,218,364	31,094,612	10,074,276	22,066,493
Adjustments for:					
Allowance for diminution in value of investments		-	-	-	8,000,000
Allowance for doubtful debts		1,270,995	532,282	-	-
Allowance for doubtful debts no longer required		(282,600)	(942,633)	-	-
Amortisation of development costs	14	58,864	58,864	-	-
Amortisation of prepaid lease payments for land	10	198,652	177,399	-	-
Depreciation of investment properties	9	18,441	18,786	-	-
Depreciation of property, plant and equipment	8	6,989,241	6,281,445	1,063,640	1,039,141
Dividend income		(24,075)	(23,525)	(11,130,404)	(6,523,972)
Gain on dilution of interest in a subsidiary to that of an associate		-	(10,272,538)	-	(23,950,367)
Impairment loss on investment properties	9	168,000	-	-	-
Impairment loss on property, plant and equipment	8	704,020	1,005,075	-	-
Impairment loss on goodwill	14	-	379,054	-	-
Interest expenses		12,995,818	9,262,322	4,344,536	3,017,606
Interest income		(118,182)	(154,090)	(3,521,588)	(2,569,226)
Inventories write down		14,073,518	769,541	-	-
Inventories write down no longer required		-	(365,150)	-	-
(Gain)/Loss on disposal of property, plant and equipment		(611,559)	40,586	-	39,284
Loss on foreign exchange		-	16,733	-	-
Property, plant and equipment written off		52,245	15,875	-	-
Share of profit of associates		(5,267,229)	(2,350,033)	-	-
Operating profit before working capital changes		58,444,513	35,544,605	830,460	1,118,959
Increase in inventories		(38,806,747)	(38,897,823)	-	-
Decrease/(Increase) in trade receivables		40,933,197	(46,599,953)	-	-
Decrease/(Increase) in other receivables, deposits and prepayments		270,313	(7,006,960)	(297,071)	75,033
(Decrease)/Increase in trade payables		(21,925,017)	16,542,482	-	-
Increase/(Decrease) in other payables and accruals		3,705,904	79,498	(111,973)	441,082
Cash generated from/(used in) operations		42,622,163	(40,338,151)	421,416	1,635,074
Tax refunded		400,272	89,926	400,272	-
Tax paid		(9,680,794)	(5,996,662)	(106,761)	(126,541)
Net cash from/(used in) operating activities		33,341,641	(46,244,887)	714,927	1,508,533

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (cont'd)

		Group		Company	
	NOTE	2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Addition of intangible assets	14	-	(301,320)	-	-
Advances to subsidiaries		-	-	(11,104,371)	(29,165,941)
Disposal of a subsidiary-net proceeds	33	-	26,279,794	-	29,250,367
Dividend received, net		19,575	23,525	8,815,000	5,100,000
Interest received		118,182	154,090	3,521,588	2,569,226
Investment in an associate		(12,765,059)	-	(12,765,059)	-
Purchase of other investments		(721)	-	-	-
Purchase of property, plant and equipment	31	(31,181,896)	(7,804,110)	(111,759)	(158,143)
Addition of prepaid lease payments for land	10	-	(4,485,175)	-	-
Proceeds from disposal of property, plant and equipment		1,862,319	469,390	-	206,625
Net cash (used in)/from investing activities		(41,947,600)	14,336,194	(11,644,601)	7,802,134
CASH FLOWS FROM FINANCING ACTIVITIES					
Fixed deposits pledged		(273,713)	130,447	(273,713)	(23,528)
Interest paid		(12,995,818)	(9,262,322)	(4,344,536)	(3,017,606)
Proceeds from issue of shares	21	-	2,518,085	-	2,518,085
Repayment of hire purchase liabilities		(2,866,517)	(4,790,837)	(92,345)	(44,415)
Repurchase of shares		-	(1,931,157)	-	(1,931,157)
Drawdown of term loans		23,453,915	-	9,600,000	-
Drawdown of short term loan		8,000,000	11,000,000	8,000,000	11,000,000
(Repayments of)/Drawdown of other bank borrowings		(2,284,271)	61,763,960	1,000,000	(500,000)
Dividends paid	29	(2,610,915)	(17,141,236)	(2,610,915)	(17,141,236)
Dividends paid to minority interests		(2,885,000)	(1,900,000)	-	-
Net cash from/(used in) financing activities		7,537,681	40,386,940	11,278,491	(9,139,857)
Net (decrease)/increase in cash and cash equivalents		(1,068,278)	8,478,247	348,817	170,810
Effects of exchange rate difference		154,970	(435,555)	-	-
Cash and cash equivalents at beginning of financial year		13,584,590	5,541,898	(536,828)	(707,638)
Cash and cash equivalents at end of financial year	32	12,671,282	13,584,590	(188,011)	(536,828)

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

1. CORPORATE INFORMATION

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

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

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

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

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 17 April 2009.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose itself to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to create 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 risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by subsidiaries in currencies other than their functional currency. The Group engages in foreign currency hedging on its foreign currency exposures and the management 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 the 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 subsidiaries 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 significant changes in the nature of these activities during the financial year.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ('FRSs') in Malaysia and the provisions of the Companies Act 1965.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

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 except as otherwise stated in the financial statements.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 7 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

5.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any cost directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 5.7.1 to the financial statements on goodwill). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and

(b) recognise immediately in the income statement any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently or convertible exercisable are taken into consideration.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.2 Basis of consolidation (cont'd)

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the financial year between minority interest and equity holders of the Company.

Transactions with minority interest are treated as transactions with parties external to the Group. Disposals to minority interest result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interest result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary.

5.3 Property, plant and equipment and depreciation

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

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

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

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

The freehold land and buildings are stated at valuation, the surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit will be charged to the income statement. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Freehold land and buildings of the Group have not been revalued since they were first revalued in 1994. The valuations were only adopted by the Directors in 1995 and the revaluation surplus arising from the valuation has been credited to the revaluation reserve. The Directors have not adopted a policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of the MASB Approved Accounting Standard IAS 16 (Revised): Property, plant and equipment, these assets continue to be stated at their 1995 valuation less accumulated depreciation and impairment losses.

Freehold land is not depreciated. Capital work-in-progress represents machinery under installation and renovation-in-progress and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods are as follows:

Buildings	50 years
Plant and machinery	20 years
Office equipment	5 – 10 years
Furniture, fittings and renovations	5 – 10 years
Motor vehicles and forklifts	5 – 6 years
Moulds, tools and equipment	7 years

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 5.10 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in the income statement and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

5.4 Investment properties

Investment properties are properties which are held initially to earn rentals yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, which includes transaction costs. After the initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses from the retirement or disposal of an investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in the income statement in the period of the retirement or disposal.

5.5 Lease of land and building

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

The lump-sum upfront payments made on entering into or acquiring leasehold land are accounted for as prepaid lease payments and are amortised over the lease term on a straight line basis. The amortisation period of leasehold land range from 49 to 52 years.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

5.6 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 recognised in the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining hire purchase liabilities.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.7 Intangible assets

5.7.1 Goodwill

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the Group's share of the net fair value of net assets of the associates' identifiable assets, liability and contingent liabilities at the date of acquisition.

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

5.7.2 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 they will probably generate economic benefits exceeding costs beyond one (1) year, are recognised as intangible assets. Direct costs include costs of employee benefits and fees to register a legal right.

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

5.8 Inventories

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

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

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

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

5.9 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.9 Investments (cont'd)

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the Company's separate financial statements, an investment in an associate is stated at cost less impairment losses, if any.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated balance sheet is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investments.

The interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the Group's net interest in the associate.

The Group's share of the profit or loss of the associate during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's income statement. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of these changes are recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the reporting dates of the financial statements are not coterminious, the share of results is arrived at using the latest audited financial statements for which the difference in reporting dates is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening period.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

(c) Other investments

Non-current investments other than investments in subsidiaries and associates are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

All current investments are stated at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is recognised in the income statement.

5.10 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries and associates), 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Goodwill and intangible assets that have indefinite useful lives are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

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

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the income statement when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

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

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in the income statement except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

5.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

5.11.1 Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in the income statement. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.11 Financial instruments (cont'd)

5.11.1 Financial instruments recognised on the balance sheets (cont'd)

(a) Receivables

Trade receivables and other receivables, including amounts owing by associates and related parties, are classified as loans and receivables under FRS 132 Financial Instruments: Disclosure and Presentation.

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.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

(c) Payables

Liabilities for trade and other amounts payable, including amounts owing to associates and related parties are initially recognised at fair value of the consideration to be paid in the future for goods and services received.

(d) Interest bearing loans and borrowings

All loans and borrowings are recorded at the amount of proceeds received, net of transaction cost. Borrowing costs are reported as financial costs in the income statement.

(e) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

The Group is a party to financial instruments that comprise foreign currency forward contracts. This instrument is not recognised in the financial statements on inception.

Foreign currency forward contracts are used to hedge foreign exposures as a result of receipts and payments in foreign currency. Any gains or losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the dates of such transactions at which time they are included in the measurement of such transactions.

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.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.13 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

5.14 Employee benefits

5.14.1 Short term employee benefits

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

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

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

5.14.2 Defined contribution plan

The Company and its subsidiaries make contributions to the statutory provident funds and the contributions are recognised as a liability after deducting contributions already paid and as an expense in the financial year in which the employees render their services.

5.14.3 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 expense with a corresponding increase in the share options 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.

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 options 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 earnings.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.15 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes in the financial statements for the financial year comprises current tax and deferred tax.

5.15.1 Current tax

Current tax is amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the balance sheet date.

5.15.2 Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

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

Deferred tax will be recognised as income or expense and included in the income statement for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

5.16 Foreign currencies

5.16.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

5.16.2 Foreign currency transactions and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.16 Foreign currencies (cont'd)

5.16.3 Foreign operations

Financial statements of foreign operations are translated at financial year end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are recognised as a separate component of equity.

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

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the balance sheet date.

5.17 Revenue recognition

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

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

(a) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and services and acceptance by customers.

(b) Rental income

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

(c) Dividend income

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

(d) Interest income

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

5.18 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments. 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.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single element.

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 ten (10) percent or more of all the segments is reported separately.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

5.18 Segment reporting (cont'd)

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 Borrowing costs

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged the income statement. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost are recognised in the income statement in the period in which they are incurred.

6. ADOPTION OF NEW FRSs AND AMENDMENT TO FRS

6.1 Amendment to FRS and new FRSs adopted

(a) Amendment to FRS 121 *The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation* is mandatory for annual periods beginning on or after 1 July 2007.

This amendment results in exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and if whether the monetary item results from a transaction with the Company or any of its subsidiaries. Previously, exchange differences arising from such transactions between the Company and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item.

The adoption of this amendment does not have any impact on the consolidated financial statements.

(b) The following FRSs are mandatory for annual periods beginning on or after 1 July 2007:

FRS 107	*Cash Flow Statements*
FRS 111	*Construction Contracts*
FRS 112	*Income Taxes*
FRS 118	*Revenue*
FRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*
FRS 134	*Interim Financial Reporting*
FRS 137	*Provisions, Contingent Liabilities and Contingent Assets*

These FRSs align the Malaysian Accounting Standards Board ('MASB') FRSs with the equivalent International Accounting Standards ('IASs'), both in terms of form and content. The adoption of these Standards will only impact the form and content of disclosures presented in the financial statements.

FRS 120 is not relevant to the Group's operations.

(c) IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* is mandatory for financial year beginning on 1 July 2007.

This IC interpretation addresses the effects of events that changes the measurement of an existing decommissioning, restoration or similar liability, namely a change in the estimated outflow of resources embodying economic benefits required to settle the obligation, a change in the current market-based discount rate as defined in paragraph 47 of FRS 137 and an increase that reflects the passage of time.

The adoption of this IC Interpretation has no impact on the provisions in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

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

6.1 Amendment to FRS and new FRSs adopted (cont'd)

(d) The following IC Interpretations are mandatory for annual periods beginning on or after 1 July 2007:

IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*
IC Interpretation 5	*Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
IC Interpretation 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*
IC Interpretation 7	*Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies*

These IC Interpretations are not relevant to the Group's operations.

(e) IC Interpretation 8 *Scope of FRS 2* is mandatory for financial year beginning on or after 1 July 2007.

This IC Interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in excess of the identifiable goods or services received, the entire fair value of the share-based payment will be charged to the income statement.

The adoption of this IC Interpretation has no impact on the share-based payment recognition and measurement in the financial statements.

(f) *Framework for the Preparation and Presentation of Financial Statements* ('Framework') is effective for annual periods beginning on or after 1 July 2007.

The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not a MASB approved FRS as defined in paragraph 11 of FRS 101 Presentation of Financial Statements and hence, does not define standards for any particular measurement or disclosure issue.

6.2 New FRSs not adopted

(a) FRS 8 *Operating Segments* and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for disclosure of information on an entity's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this standard are based on the information about the components of the entity that management uses to make decisions about operating matters. The standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

The standard also requires the amount reported for each operating segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. Segment information for prior years that is reported as comparative information for the initial year of application would be restated to conform to the requirements of this standard.

(b) FRS 4 *Insurance Contracts* and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202_{2004} *General Insurance Business* and FRS 203_{2004} *Life Insurance Business*.

The standard applies to all insurance contracts, including reinsurance contracts that an entity issues and to reinsurance contracts that it holds. The standard prohibits provisions for potential claims under contracts that are not in existence at the reporting date, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. The standard also requires an insurer to keep insurance liabilities in its balance sheet until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

FRS 4 is not relevant to the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

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

6.2 New FRSs not adopted (cont'd)

(c) FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation*.

The standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance.

The standard requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures describe the management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information on the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

(d) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

The standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

(e) IC Interpretation 9 Reassessment of Embedded Derivatives is mandatory for annual financial periods beginning on or after 1 January 2010.

This IC Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

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

(f) IC Interpretation 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This IC Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

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

7. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

7.1 Critical judgements made in applying accounting policies

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.

7.2 Key sources of estimation uncertainty

The following are 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.

(i) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value in use of the subsidiaries to which goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 14(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

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

7.2 Key sources of estimation uncertainty (cont'd)

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within five (5) to twenty (20) years. These are common life expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits will be available against which the losses and capital allowances can be utilised. Significant management 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.

(iv) Income taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates 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.

(v) Impairment of property, plant and equipment

During the current financial year, the Group has recognised impairment losses in respect of certain subsidiaries' 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 are disclosed in Note 8(e) to the financial statements.

(vi) 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.

(vii) Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of allowance for doubtful debts. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(viii) Write down for inventories

The Group writes down its inventories based on assessment of their estimated net selling price. Inventories are written down where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(ix) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

8. PROPERTY, PLANT AND EQUIPMENT

Group 2008	Balance as at 1.1.2008 RM	Additions RM	Disposals RM	Written off RM	Reclassifi-cation RM	Foreign currency translation difference RM	Balance as at 31.12.2008 RM
At cost/valuation							
Freehold land:							
- at cost	15,679,744	-	-	-	-	-	15,679,744
- at valuation	3,542,999	-	-	-	-	-	3,542,999
Buildings:							
- at cost	45,649,220	1,786,741	-	-	18,267,077	-	65,703,038
- at valuation	6,004,614	-	-	-	-	-	6,004,614
Plant and machinery	77,915,749	6,919,493	(1,107,433)	(360,458)	1,354,452	-	84,721,803
Office equipment	4,635,894	441,240	(114,204)	(123,691)	47,285	-	4,886,524
Furniture, fittings and renovations	4,283,519	582,688	(9,037)	-	-	-	4,857,170
Motor vehicles and forklifts	9,179,886	2,686,804	(1,587,073)	-	-	-	10,279,617
Moulds, tools and equipment	10,765,797	1,505,089	(371,410)	(555,457)	(304,601)	-	11,039,418
Capital work-in-progress	5,971,343	27,130,300	-	-	(19,364,213)	(60,927)	13,676,503
	183,628,765	41,052,355	(3,189,157)	(1,039,606)	-	(60,927)	220,391,430

	Balance as at 1.1.2008 RM	Charge for the financial year RM	Disposals RM	Written off RM	Reclassifi-cation RM	Foreign currency translation difference RM	Balance as at 31.12.2008 RM
Accumulated depreciation							
Freehold land	-	-	-	-	-	-	-
Buildings:							
- at cost	5,200,084	1,122,587	-	-	-	(2,526)	6,320,145
- at valuation	1,559,318	98,306	-	-	-	-	1,657,624
Plant and machinery	32,683,671	2,907,284	(346,852)	(312,340)	80,602	(3,083)	35,009,282
Office equipment	3,236,348	410,151	(107,539)	(123,036)	-	(219)	3,415,705
Furniture, fittings and renovations	2,699,951	422,461	(8,101)	-	-	-	3,114,311
Motor vehicles and forklifts	4,595,835	1,287,174	(1,327,849)	-	-	-	4,555,160
Moulds, tools and equipment	8,116,059	741,278	(148,056)	(532,486)	-	-	8,176,795
Capital work-in-progress	-	-	-	-	-	-	-
	58,091,266	6,989,241	(1,938,397)	(967,862)	80,602	(5,828)	62,249,022

	Balance as at 1.1.2008 RM	Addition RM	Written off RM	Reclassifi-cation RM	Balance as at 31.12.2008 RM
Impairment losses					
Plant and machinery	2,801,465	570,775	-	(80,602)	3,291,638
Moulds, tools and equipment	262,610	133,245	(19,499)	-	376,356
	3,064,075	704,020	(19,499)	(80,602)	3,667,994

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

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

Group 2007	**Balance as at 1.1.2007 RM**	**Additions RM**	**Disposals RM**	**Written off RM**	**Reclassification RM**	**Balance as at 31.12.2007 RM**
At cost/valuation						
Freehold land:						
- at cost	15,679,744	-	-	-	-	15,679,744
- at valuation	3,542,999	-	-	-	-	3,542,999
Buildings:						
- at cost	44,972,380	15,329	-	-	661,511	45,649,220
- at valuation	6,004,614	-	-	-	-	6,004,614
Plant and machinery	83,816,857	3,521,177	(22,023,544)	-	12,601,259	77,915,749
Office equipment	5,469,785	428,740	(1,151,520)	(132,111)	21,000	4,635,894
Furniture, fittings and renovations	5,151,299	461,873	(1,330,712)	-	1,059	4,283,519
Motor vehicles and forklifts	9,483,087	1,712,041	(2,015,242)	-	-	9,179,886
Moulds, tools and equipment	10,188,106	705,939	(987,964)	(29,713)	889,429	10,765,797
Capital work-in-progress	8,326,193	11,895,408	(76,000)	-	(14,174,258)	5,971,343
	192,635,064	18,740,507	(27,584,982)	(161,824)	-	183,628,765

	Balance as at 1.1.2007 RM	**Charge for the financial year RM**	**Disposals RM**	**Written off RM**	**Balance as at 31.12.2007 RM**
Accumulated depreciation					
Freehold land	-	-	-	-	-
Buildings:					
- at cost	4,172,744	1,027,340	-	-	5,200,084
- at valuation	1,559,318	-	-	-	1,559,318
Plant and machinery	40,909,329	2,408,008	(10,633,666)	-	32,683,671
Office equipment	3,705,956	402,337	(749,960)	(121,985)	3,236,348
Furniture, fittings and renovations	3,337,409	450,431	(1,087,889)	-	2,699,951
Motor vehicles and forklifts	4,531,048	1,237,332	(1,172,545)	-	4,595,835
Moulds, tools and equipment	8,158,237	755,997	(774,211)	(23,964)	8,116,059
Capital work-in-progress	-	-	-	-	-
	66,374,041	6,281,445	(14,418,271)	(145,949)	58,091,266

	Balance as at 1.1.2007 RM	**Addition RM**	**Balance as at 31.12.2007 RM**
Impairment losses			
Plant and machinery	2,059,000	742,465	2,801,465
Moulds, tools and equipment	-	262,610	262,610
	2,059,000	1,005,075	3,064,075

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

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

Company 2008	Balance as at 1.1.2008 RM	Additions RM	Balance as at 31.12.2008 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	32,212,936	-	32,212,936
- at valuation	4,915,291	-	4,915,291
Office equipment	200,998	40,635	241,633
Furniture, fittings and renovations	1,159,799	13,950	1,173,749
Motor vehicles	1,039,962	57,174	1,097,136
	56,988,730	111,759	57,100,489

	Balance as at 1.1.2008 RM	Charge for the financial year RM	Balance as at 31.12.2008 RM
Accumulated depreciation			
Freehold land	-	-	-
Buildings:			
- at cost	3,735,145	644,258	4,379,403
- at valuation	1,284,489	98,305	1,382,794
Office equipment	121,801	18,698	140,499
Furniture, fittings and renovations	487,378	163,344	650,722
Motor vehicles	249,585	139,035	388,620
	5,878,398	1,063,640	6,942,038

Company 2007	Balance as at 1.1.2007 RM	Additions RM	Disposal RM	Transfer RM	Balance as at 31.12.2007 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	32,212,936	-	-	-	32,212,936
- at valuation	4,915,291	-	-	-	4,915,291
Office equipment	191,054	9,944	-	-	200,998
Furniture, fittings and renovations	1,084,442	82,038	(6,681)	-	1,159,799
Motor vehicles	746,101	561,961	(303,881)	35,781	1,039,962
	56,609,568	653,943	(310,562)	35,781	56,988,730

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

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

Company 2007	Balance as at 1.1.2007 RM	Charge for the financial year RM	Disposal RM	Transfer RM	Balance as at 31.12.2007 RM
Accumulated depreciation					
Freehold land	-	-	-	-	-
Buildings:					
- at cost	3,090,887	644,258	-	-	3,735,145
- at valuation	1,186,183	98,306	-	-	1,284,489
Office equipment	104,810	16,991	-	-	121,801
Furniture, fittings and renovations	338,104	149,330	(56)	-	487,378
Motor vehicles	171,523	130,256	(64,597)	12,403	249,585
	4,891,507	1,039,141	(64,653)	12,403	5,878,398

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Net book 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
Buildings:				
- at cost	59,382,893	40,449,136	27,833,533	28,477,791
- at valuation	4,346,990	4,445,296	3,532,497	3,630,802
Plant and machinery	46,420,883	42,430,613	-	-
Office equipment	1,470,819	1,399,546	101,134	79,197
Furniture, fittings and renovations	1,742,859	1,583,568	523,027	672,421
Motor vehicles and forklifts	5,724,457	4,584,051	708,516	790,377
Moulds, tools and equipment	2,486,267	2,387,128	-	-
Capital work-in-progress	13,676,503	5,971,343	-	-
	154,474,414	122,473,424	50,158,451	51,110,332

(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	
	2008 RM	2007 RM	2008 RM	2007 RM
Freehold land	2,551,407	2,551,407	1,376,176	1,376,176
Buildings	2,194,033	2,260,608	1,751,045	1,802,040
	4,745,440	4,812,015	3,127,221	3,178,216

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

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

(c) The plant and machinery, freehold land and certain buildings of the Group and of the Company with net book values amounting to RM36,516,008 (2007: RM16,005,629) and RM6,991,595 (2007: RM7,125,432) respectively have been charged as securities for banking facilities granted to the Company and its subsidiaries as disclosed in Note 23 to the financial statements.

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Plant and machinery	11,117,876	16,465,136	-	-
Motor vehicles and forklifts	2,784,555	2,612,415	437,367	521,661
Moulds, tools and equipment	-	38,850	-	-
Capital work-in-progress	1,863,226	-	-	-
	15,765,657	19,116,401	437,367	521,661

(e) The management of Prestar Manufacturing Sdn. Bhd. ("PMSB") and Prestar Galvanising Sdn. Bhd. ("PGSB"), subsidiaries of the Company within the manufacturing segment, carried out a review of the recoverable amounts of their property, plant and equipment during the current financial year. The review has led to the recognition of an impairment loss of RM397,020 (2007: RM1,005,075) and RM307,000 (2007: RM Nil) in respect of the property, plant and equipment of PMSB and PGSB respectively 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 subsidiaries. In determining the value in use for the CGU, the cash flows were discounted at a rate of 4.49% and 4.62% for PMSB and PGSB respectively on a pre-tax basis. The discounted rate was based on the weighted average cost of capital of the subsidiaries.

9. INVESTMENT PROPERTIES

	Group	
	2008 RM	2007 RM
At cost		
Balance as at 1 January	922,410	1,125,410
Disposal of a subsidiary	-	(203,000)
Balance as at 31 December	922,410	922,410
Accumulated depreciation		
Balance as at 1 January	108,048	118,020
Disposal of a subsidiary	-	(28,758)
Depreciation for the financial year (Note 27)	18,441	18,786
Balance as at 31 December	(126,489)	(108,048)
Accumulated impairment losses		
Balance as at 1 January	64,810	64,810
Impairment loss for the financial year	168,000	-
Balance as at 31 December	(232,810)	(64,810)
Net carrying amount as at 31 December	563,111	749,552
Market value as at 31 December	665,000	785,000

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

10. PREPAID LEASE PAYMENTS FOR LAND

Group	Balance as at 1.1.2008 RM	Amortisation charge for the financial year RM	Foreign currency translation difference RM	Balance as at 31.12.2008 RM
Carrying amount				
Short-term leasehold land	9,241,050	(198,652)	(179,328)	8,863,070

	At 31.12.2008		
	Cost RM	Accumulated amortisation and impairment RM	Carrying amount RM
Short-term leasehold land	9,818,233	(955,163)	8,863,070

Group	Balance as at 1.1.2007 RM	Additions RM	Amortisation charge for the financial year RM	Foreign currency translation difference RM	Balance as at 31.12.2007 RM
Carrying amount					
Short-term leasehold land	4,930,671	4,485,175	(177,399)	2,603	9,241,050

	At 31.12.2007		
	Cost RM	Accumulated amortisation and impairment RM	Carrying amount RM
Short-term leasehold land	9,818,233	(577,183)	9,241,050

The short-term leasehold land of the Group with net book value amounting to RM6,386,412 (2007:RM2,289,370) have been charged as securities for banking facilities granted to the subsidiaries of the Group as disclosed in Note 23 to the financial statements.

11. INVESTMENTS IN SUBSIDIARIES

	Company 2008 RM	Company 2007 RM
At cost		
Unquoted shares	63,829,741	60,729,743
Less: Impairment loss	(8,000,000)	(8,000,000)
	55,829,741	52,729,743

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

11. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of company	Effective equity interest 2008 %	2007 %	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.
Prestar Steel Pipes Sdn. Bhd.	100	100	Manufacture and supply of carbon steel pipes and related products.
Prestar Precision Tube Sdn. Bhd.	100	100	Manufacture precision steel pipes and tubes.
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.
Excelpath Sdn. Bhd.	100	-	Investment holding.
Subsidiaries of Prestar Manufacturing Sdn. Bhd.			
Excelpath Sdn. Bhd.	-	100	Investment holding.
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.
Prestar Industries (Vietnam) Co., Ltd. *#	100	100	Manufacture and process all kind of steel products such as material handling equipment, highway guardrails and building materials and other steel processed products.
Subsidiary of Excelpath Sdn. Bhd.			
Prestar Storage System Sdn. Bhd.	100	100	Manufacture and installation of all kinds of material handling equipment, structural steel works and pallet racking system.
Subsidiary of Tashin Steel Sdn. Bhd.			
Tashin Hardware Sdn. Bhd.	51	51	Trading of steel material and general hardware products.

* *Subsidiary audited by member firm of BDO International*
\# *Incorporated in Vietnam*

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

11. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) On 30 December 2008, the Company acquired 1,499,998 ordinary shares of RM1.00 each in Excelpath Sdn. Bhd. ("ESB"). ESB was formerly a subsidiary of Prestar Manufacturing Sdn. Bhd. and as a result of this acquisition, it has become a direct subsidiary of the Company in this financial year.

The effect of this acquisition has no material impact to the financial statements of the Group.

(b) In previous financial year, the management recognised an impairment loss of RM8,000,000 in the Company's income statement (included in the other operating expenses) on its investment in the subsidiary, Prestar Manufacturing Sdn. Bhd. due to the carrying amount of the investment in subsidiary having exceeded its recoverable amount as at the balance sheet date. The recoverable amount of the investment in subsidiary is determined based on the net tangible assets of the subsidiary.

This impairment loss has no impact on the results and financial position of the Group.

12. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unquoted equity shares, at cost	17,020,647	4,255,588	17,020,647	4,255,588
Share of post acquisition reserves, net of dividends received	18,401,861	13,134,632	-	-
	35,422,508	17,390,220	17,020,647	4,255,588

The details of the associates are as follows:

Name of company	Effective equity interest 2008 %	Effective equity interest 2007 %	Principal activities
Prestar Steel (S) Pte. Ltd.* (Incorporated in Singapore)	25	25	Marketing and distributing steel related products.
POSCO-MKPC Sdn. Bhd. (formerly known as Posmmit Steel Centre Sdn. Bhd.)	30	30	Slitting, shearing and sales of steel sheets and coils.

* *Associate not audited by member firms of BDO International*

The results of the associates have been accounted for based on the audited financial statements for the financial year ended 31 December 2008.

The summarised financial information of the associates are as follows:

	2008 RM	2007 RM
Assets and liabilities		
Current assets	215,432,428	154,143,096
Non-current assets	39,508,053	14,118,753
Total assets	254,940,481	168,261,849
Current liabilities	134,115,183	107,004,893
Non-current liabilities	2,414,670	2,953,037
Total liabilities	136,529,853	109,957,930
Results		
Revenue	369,125,506	244,954,222
Profit for the financial year	17,555,374	8,603,505

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

13. OTHER INVESTMENTS

	Group 2008 RM	Group 2007 RM
At cost		
Quoted shares in Malaysia	560,525	559,804
Less: Allowance for diminution in value	(198,710)	(198,710)
	361,815	361,094
At market value		
Quoted shares in Malaysia	387,799	427,169

14. INTANGIBLE ASSETS

Group

	Goodwill RM	Development costs RM	Total RM
Balance as at 1 January 2007	1,833,328	529,776	2,363,104
Addition	301,320	-	301,320
Disposal of a subsidiary	(80,469)	-	(80,469)
Impairment loss for the financial year	(379,054)	-	(379,054)
Amortisation for the financial year	-	(58,864)	(58,864)
Balance as at 31 December 2007	1,675,125	470,912	2,146,037
Amortisation for the financial year	-	(58,864)	(58,864)
Balance as at 31 December 2008	1,675,125	412,048	2,087,173

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

(b) Goodwill

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

	Group 2008 RM	Group 2007 RM
Manufacturing – CGU 1	1,131,318	1,131,318
Trading – CGU 2	543,807	543,807
	1,675,125	1,675,125

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 discounted 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

14. INTANGIBLE ASSETS (cont'd)

(b) Goodwill (cont'd)

Impairment test on CGU 1 and CGU 2 (cont'd)

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

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

(ii) Pre-tax discount rates range from 4.62% (2007: 4.84%) for CGU 1 and 4.74% (2007: 4.71%) for CGU 2 were applied in determining the recoverable amounts of CGU 1 and 2. These discount rates were estimated based on the respective CGU's weighted average cost of capital.

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 amounts of the units to materially exceed their recoverable amounts.

15. DEFERRED TAX LIABILITIES

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Balance as at 1 January	4,568,702	4,698,545	1,086,787	1,145,209
Disposal of a subsidiary	-	(2,398,999)	-	-
Recognised in equity	-	(37,691)	-	(37,691)
Recognised in the income statement (Note 28)	(2,364,985)	2,306,847	(16,066)	(20,731)
Balance as at 31 December	2,203,717	4,568,702	1,070,721	1,086,787
Presented after appropriate offsetting:				
Deferred tax liabilities, net	6,465,467	6,723,419	1,070,721	1,086,787
Deferred tax assets, net	(4,261,750)	(2,154,717)	-	-
	2,203,717	4,568,702	1,070,721	1,086,787

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Revaluation reserve RM	Total RM
At 1 January 2008	6,254,980	468,439	6,723,419
Recognised in the income statement	(230,232)	(27,720)	(257,952)
At 31 December 2008	6,024,748	440,719	6,465,467
At 1 January 2007	8,578,655	531,890	9,110,545
Recognised in the income statement	75,324	(25,760)	49,564
Disposal of a subsidiary	(2,398,999)	-	(2,398,999)
Recognised in equity	-	(37,691)	(37,691)
At 31 December 2007	6,254,980	468,439	6,723,419

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

15. DEFERRED TAX LIABILITIES (cont'd)

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

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Revaluation reserve RM	Total RM
At 1 January 2008	618,348	468,439	1,086,787
Recognised in the income statement	11,654	(27,720)	(16,066)
At 31 December 2008	630,002	440,719	1,070,721
At 1 January 2007	613,319	531,890	1,145,209
Recognised in the income statement	5,029	(25,760)	(20,731)
Recognised in equity	-	(37,691)	(37,691)
At 31 December 2007	618,348	468,439	1,086,787

Deferred tax assets of the Group

	Provisions RM	Unused tax losses and unabsorbed capital allowances RM	Total RM
At 1 January 2008	964,085	1,190,632	2,154,717
Recognised in the income statement	2,336,568	(229,535)	2,107,033
At 31 December 2008	3,300,653	961,097	4,261,750
At 1 January 2007	1,481,000	2,931,000	4,412,000
Recognised in the income statement	(516,915)	(1,740,368)	(2,257,283)
At 31 December 2007	964,085	1,190,632	2,154,717

(c) The components of temporary differences for which no deferred tax asset has been recognised in the balance sheet are as follows:

	Group	
	2008 RM	2007 RM
Other temporary differences	9,722,000	1,034,000
Unused tax losses	13,133,000	12,138,000
Unabsorbed capital allowances	13,808,000	15,934,000
	36,663,000	29,106,000

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

16. INVENTORIES

	Group 2008 RM	Group 2007 RM
At cost		
Raw materials	30,690,481	71,791,025
Work-in-progress	9,113,325	7,167,499
Manufacturing and trading inventories	32,900,910	39,337,150
Tools and consumables	32,380	15,417
	72,737,096	118,311,091
At net realisable value		
Raw materials	62,441,645	327,594
Work-in-progress	127,053	47,223
Manufacturing and trading inventories	21,721,440	13,608,097
	84,290,138	13,982,914
	157,027,234	132,294,005

17. TRADE RECEIVABLES

	Group 2008 RM	Group 2007 RM
Trade receivables	93,238,693	138,530,010
Less: Allowance for doubtful debts	(2,461,225)	(5,830,950)
	90,777,468	132,699,060

(a) The allowance for doubtful debts is net of bad debts written off of RM4,358,120 (2007: RM1,111,050).

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

(c) Included in trade receivables is an amount of RM69,577 (2007: RM71,832) owing by an associate of the Company.

(d) Included in trade receivables is an amount of RM602,347 (2007: RM1,629,065) owing by certain companies in which certain Directors have financial interests.

(e) The currency exposure profile of trade receivables are as follows:

	Group 2008 RM	Group 2007 RM
Ringgit Malaysia	86,279,398	127,439,407
US Dollar	3,458,583	4,098,824
Singapore Dollar	1,039,487	1,160,829
	90,777,468	132,699,060

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Other receivables	4,782,607	5,943,598	17,987	-
Deposits	1,783,910	1,733,161	20,750	21,250
Prepayments	3,272,676	2,983,523	883,689	604,105
Amount due from an associate	506,202	8,811	-	-
	10,345,395	10,669,093	922,426	625,355

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

(a) security deposits paid to suppliers of RM1,500,000 (2007: RM700,000) for the purchase of raw materials.

(b) rebate receivable from a supplier of RM Nil (2007: RM1,152,092) for the purchase of raw materials.

(c) The currency exposure profile of other receivables, deposits and prepayments are as follows:

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Ringgit Malaysia	9,570,032	9,366,928	922,426	625,355
US Dollar	405,455	552	-	-
Vietnamese Dong	369,908	1,301,613	-	-
	10,345,395	10,669,093	922,426	625,355

19. AMOUNTS OWING BY/(TO) SUBSIDIARIES

Company

The amounts owing by subsidiaries represent advances and payments made on behalf which are unsecured, payable upon demand and interest-free except for advances of RM59,812,439 (2007: RM61,303,197) which bear interests ranged from 3.50% to 8.50% (2007: 3.50% to 7.42%) per annum.

The amount owing to a subsidiary represents advances and payments made on behalf which are unsecured, payable upon demand and interest-free except for advances of RM1,700,000 (2007: RM1,940,374) which bear interest at 3.30% (2007: 3.3% to 3.75%) 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 2008 have maturity periods ranging from one (1) month to three (3) months.

Included in the fixed deposits of the Group and of the Company are amounts of RM1,053,644 (2007: RM779,931) and RM1,053,644 (2007: RM779,931) respectively pledged to licensed banks for commercial papers pertaining to Debt Service Reserve Account as security for banking facilities granted to the Group and the Company as disclosed in Note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

21. SHARE CAPITAL

	Group and Company		
	Number of ordinary shares	Par value	RM
Authorised:			
2008			
Balance as at 1 January/31 December	400,000,000	0.50	200,000,000
2007			
Balance as at 1 January/31 December	400,000,000	0.50	200,000,000
Issued and fully paid:			
2008			
Balance as at 1 January/31 December	180,980,900	0.50	90,490,450
2007			
Balance as at 1 January	177,601,600	0.50	88,800,800
Issued during the financial year	3,379,300	0.50	1,689,650
Balance as at 31 December	180,980,900	0.50	90,490,450

In the previous financial year, the Company issued 3,379,300 new ordinary shares of RM0.50 each for cash at option prices of RM0.695 and RM0.75 per share arising from the exercise of options granted under the Company's Employees' Share Option Scheme ("ESOS"). The ESOS had expired on 30 September 2008.

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 five (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 five (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	---------------- Percentage of options exercisable (%) ----------------				
of options granted	**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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

21. SHARE CAPITAL (cont'd)

(f) The options granted may be exercised in full or in a 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.

On 27 February 2007, the Committee agreed that the employees of POSCO-MKPC Sdn. Bhd. (formerly known as Posmmit Steel Centre Sdn. Bhd.) ("POSCO-MKPC") who have been granted share options under ESOS II in years 2003 and 2004 be entitled to continue to exercise all their unexercised share options within the period from the date POSCO-MKPC ceased to be a subsidiary of the Company until the expiry of the Option Period of the existing ESOS II.

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

		----------------- Number of options over ordinary shares of RM0.50 each -----------------				
Date of offer	**Option price**	**Balance as at 1.1.2008**	**Granted**	**Exercised**	**Lapsed ***	**Balance As at** 31.12.2008
3 December 2003	RM0.750	7,565,300	-	-	(7,565,300)	-
23 March 2004	RM0.695	156,000	-	-	(156,000)	-
		7,721,300	-	-	(7,721,300)	-

** Due to expiry of ESOS on 30 September 2008.*

The details of the share options exercised in the previous financial year and the fair value of shares issued at the exercise date are as follows:

				Fair value of shares issued	
Exercise date	**Number of share issued**	**Option price RM**	**Consideration RM**	**Per share RM**	**Total RM**
2007					
April	2,974,700	0.750	2,231,025	0.970	2,885,459
April	278,000	0.695	193,210	0.970	269,660
May	45,600	0.750	34,200	0.990	45,144
Jun	5,000	0.750	3,750	0.800	4,000
July	10,000	0.695	6,950	0.810	8,100
July	52,000	0.750	39,000	0.810	42,120
August	4,000	0.750	3,000	0.730	2,920
August	10,000	0.695	6,950	0.730	7,300
	3,379,300		2,518,085		3,264,703

	RM
Ordinary share capital - at par	1,689,650
Share premium	828,435
	2,518,085

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

22. RESERVES

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Non-distributable				
Share premium	1,686,905	1,686,905	1,686,905	1,686,905
Revaluation reserve	1,080,684	1,109,441	1,080,684	1,109,441
Warrant reserve	3,862,266	3,862,266	3,862,266	3,862,266
Foreign currency translation reserve	(565,876)	(432,951)	-	-
Treasury shares, at cost	(5,853,697)	(5,853,697)	(5,853,697)	(5,853,697)
	210,282	371,964	776,158	804,915
Distributable				
Retained earnings	75,553,406	66,844,589	16,814,718	11,636,782
	75,763,688	67,216,553	17,590,876	12,441,697

(a) Treasury shares, at cost

The shareholders of the Company, by an ordinary resolution passed in the Annual General Meeting held on 26 June 2003, approved the Company's plan to repurchase its own shares and the approval had been renewed in the subsequent Annual General Meeting. 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.

In previous financial year, the Company repurchased 2,469,000 of its issued share capital from open market at an average price of RM0.78 per share using internal generated funds.

Of the total 180,980,900 (2007: 180,980,900) issued and fully paid ordinary shares as at 31 December 2008, 6,919,900 (2007: 6,919,900) are held as treasury shares by the Company. As at 31 December 2008, the number of outstanding ordinary shares in issue net of treasury shares is 174,061,000 (2007: 174,061,000) 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 six (6)-year Warrants 2005/2011 ("Warrants").

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

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

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

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

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

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

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

(c) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

22. RESERVES (cont'd)

(d) Retained earnings

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

The Company has not made this election. Subject to the agreement of the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and balance in the tax exempt account to frank the payment of dividends out of its entire retained earnings as at 31 December 2008.

23. BORROWINGS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current liabilities				
Secured				
Bank overdrafts	265,728	458,609	245,564	458,609
Trade financing	15,384,000	21,936,000	-	-
Short term loan (Note 23.1)	70,000,000	62,000,000	70,000,000	62,000,000
Hire purchase liabilities (Note 23.2)	3,030,335	3,152,774	96,882	92,345
Revolving credits	2,000,000	1,000,000	2,000,000	1,000,000
Term loans	3,111,975	-	-	-
Unsecured				
Bank overdrafts	2,305,698	3,000,874	230,345	127,835
Term loan	1,440,000	-	1,440,000	-
Trade financing	105,444,060	102,176,331	-	-
	202,981,796	193,724,588	74,012,791	63,678,789
Non-current liabilities				
Secured				
Term loans	17,250,123	-	-	-
Hire purchase liabilities (Note 23.2)	8,089,945	7,471,747	262,159	359,041
Unsecured				
Term loan	8,160,000	-	8,160,000	-
	33,500,068	7,471,747	8,422,159	359,041
Total borrowings				
Secured				
Bank overdrafts	265,728	458,609	245,564	458,609
Trade financing	15,384,000	21,936,000	-	-
Short term loan (Note 23.1)	70,000,000	62,000,000	70,000,000	62,000,000
Hire purchase liabilities (Note 23.2)	11,120,280	10,624,521	359,041	451,386
Revolving credits	2,000,000	1,000,000	2,000,000	1,000,000
Term loans	20,362,098	-	-	-
Unsecured				
Bank overdrafts	2,305,698	3,000,874	230,345	127,835
Trade financing	105,444,060	102,176,331	-	-
Term loan	9,600,000	-	9,600,000	-
	236,481,864	201,196,335	82,434,950	64,037,830

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

23. BORROWINGS (cont'd)

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	221,927,949	201,196,336	82,434,950	64,037,830
US Dollar	13,325,314	-	-	-
Vietnamese Dong	1,228,601	-	-	-
	236,481,864	201,196,336	82,434,950	64,037,830

(b) The maturity profile and exposure to the interest rate risk of the borrowings of the Group and of the Company are disclosed in Note 35 to the financial statements.

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 to the financial statements) are secured by means of:

(a) first and third party registered legal charge over the Group's plant and machinery, freehold land and certain buildings, and leasehold land as disclosed in Note 8(c) and Note 10 to the financial statements; and

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

(c) pledged against fixed deposits of the Group and of the Company as disclosed in Note 20 to the financial statements.

Company

The Company's bank borrowings are secured by the first legal charge over the Company's freehold land and buildings as disclosed in Note 8(c) to the financial statements.

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 seven (7) years. During its seven (7)-year tenure, the Company may issue commercial papers with maturities of between one (1) to twelve (12) months.

The CP Programme is divided into two (2) separate tranches of RM80 million (Tranche 1) and RM40 million (Tranche 2) respectively. The commercial papers shall be utilised to refinance part of the Group's existing term loans and hire purchase facilities for capital expenditure and working capital purposes.

The commercial papers pertaining to the Debt Service Reserve Account are secured by a pledge of fixed deposits of the Company as disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

23. BORROWINGS (cont'd)

23.2 HIRE PURCHASE LIABILITIES - SECURED

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Minimum hire purchase payments:				
- Not later than one (1) year	3,619,407	4,193,310	110,711	110,712
- Later than one (1) year and not later than five (5) years	8,773,060	7,803,158	277,013	387,725
- Later than five (5) years	12,085	-	-	-
	12,404,552	11,996,468	387,724	498,437
Less: Future interest charges	(1,284,272)	(1,371,947)	(28,683)	(47,051)
Present value of hire purchase liabilities	11,120,280	10,624,521	359,041	451,386
Repayable as follows:				
- Current liabilities	3,030,335	3,152,774	96,882	92,345
- Non-current liabilities	8,089,945	7,471,747	262,159	359,041
	11,120,280	10,624,521	359,041	451,386

24. TRADE PAYABLES

Group

(a) The credit terms available to the Group in respect of trade payables range from 30 to 120 days from date of invoice.

(b) Included in trade payables is an amount of RM702,000 (2007:RM7,299,859) owing to an associate of the Company.

(c) Included in trade payables is an amount of RM736,323 (2007: RM586,285) owing to companies in which certain Directors have interests.

(d) The currency exposure profile of trade payables are as follows:

	Group	
	2008	2007
Ringgit Malaysia	7,280,248	30,449,677
US Dollar	1,548,468	401,659
Singapore Dollar	124,303	413,286
Japanese Yen	386,586	-
	9,339,605	31,264,622

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other payables	8,589,531	4,181,148	45,975	618,162
Accruals	7,125,196	8,197,185	679,207	599,630
Amount owing to an associate	409,721	40,128	393,156	12,519
	16,124,448	12,418,461	1,118,338	1,230,311

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

25. OTHER PAYABLES AND ACCRUALS (cont'd)

(a) Included in other payables of the Group is RM12,988 (2007: RM21,201) owing to certain companies in which certain Directors have financial interests. This amount is unsecured, interest-free and payable upon demand.

(b) The currency exposure profile of other payables and accruals are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	12,369,261	12,042,821	1,118,338	1,230,311
US Dollar	3,097,859	373,626	-	-
Vietnamese Dong	657,328	2,014	-	-
	16,124,448	12,418,461	1,118,338	1,230,311

26. REVENUE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sale of goods	534,439,198	454,130,834	6,781	5,749
Dividend income	-	-	11,130,404	6,523,972
Rental income	1,785,737	1,627,955	3,643,815	3,637,046
	536,224,935	455,758,789	14,781,000	10,166,767

27. PROFIT BEFORE TAX

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before tax is arrived at after charging:				
Allowance for diminution in value of investments	-	-	-	8,000,000
Allowance for doubtful debts	1,270,995	532,282	-	-
Amortisation of development costs (Note 14)	58,864	58,864	-	-
Amortisation of prepaid lease payments for land (Note 10)	198,652	177,399	-	-
Auditors' remuneration:				
- Current financial year	145,226	134,700	18,000	18,000
- Over provision in prior years	(900)	(10,377)	-	(1,000)
Depreciation of investment properties (Note 9)	18,441	18,786	-	-
Depreciation of property, plant and equipment (Note 8)	6,989,241	6,281,445	1,063,640	1,039,141
Directors' remuneration:				
- Fees	608,000	613,000	183,000	183,000
- Emoluments other than fees	4,342,636	3,807,391	684,442	635,137
Impairment loss on goodwill	-	379,054	-	-
Impairment loss on investment properties (Note 9)	168,000	-	-	-
Impairment loss on property, plant and equipment (Note 8)	704,020	1,005,075	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

27. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Interest expenses on:				
- Trade financing	7,160,200	5,546,319	-	-
- Short term loan	4,269,152	2,856,942	3,860,062	2,856,942
- Revolving credits	60,565	67,029	60,565	67,029
- Bank overdrafts	133,170	203,347	7,096	14,061
- Term loans	472,471	-	335,609	-
- Hire purchase	594,506	588,685	18,368	10,614
- Subsidiary	-	-	62,836	68,960
- Others	305,754	-	-	-
Inventories write down	14,073,518	769,541	-	-
Loss on disposal of property, plant and equipment	-	149,455	-	39,284
Loss on foreign exchange	-	16,733	-	-
Professional fee paid to a Director	54,500	70,000	-	-
Property, plant and equipment written off	52,245	15,875	-	-
Rental of equipment	273,980	260,662	-	-
Rental of premises	464,520	470,676	-	-
Royalty fees	319,200	304,000	-	-
And crediting:				
Allowance for doubtful debts no longer required	282,600	942,633	-	-
Gain on disposal of property, plant and equipment	611,559	108,869	-	-
Gain on disposal of other investments	-	1,283	-	1,283
Gain on dilution of interest in a subsidiary to that of an associate	-	10,272,538	-	23,950,367
Gain on foreign exchange	138,802	368,042	-	-
Gross dividend income:				
- Subsidiaries	-	-	11,130,404	6,523,972
- Other investments	24,075	23,525	-	-
Interest income	118,182	154,090	3,521,588	2,569,226
Inventories write down no longer required	-	365,150	-	-
Management fees charged to an associate	-	-	-	145,336
Outsourcing services charged to an associate	324,000	269,949	324,000	269,949
Rental income	1,828,518	1,659,594	3,643,815	3,637,046

The estimated monetary value of benefits-in-kind received or receivable by the Directors of the Group and of the Company amounted to RM147,350 (2007: RM124,388) and RM23,950 (2007: RM21,767) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

28. TAX EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax expense based on profit for the financial year				
- income tax	8,284,929	5,301,624	2,323,395	1,704,306
(Over)/Under provision in prior years				
- income tax	(80,533)	(58,996)	6,853	(159,669)
	8,204,396	5,242,628	2,330,248	1,544,637
Deferred tax (Note 15)				
Relating to originating and reversal of temporary differences	(1,827,297)	2,593,545	35,183	28,851
Relating to changes in tax rate	(87,949)	(168,162)	(42,829)	(60,283)
Revaluation reserve	(11,674)	(12,608)	(11,674)	(12,608)
(Over)/Under provision in prior years	(438,065)	(105,928)	3,254	23,309
	(2,364,985)	2,306,847	(16,066)	(20,731)
	5,839,411	7,549,475	2,314,182	1,523,906

The Malaysian income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated taxable profits for the fiscal year. The Malaysian statutory tax rate has been reduced to 26%, from previous financial year's rate of 27%, for the fiscal year of assessment 2008 and to 25% for the fiscal year of assessment 2009 onwards. The computation of deferred tax as at 31 December 2008 has reflected these changes.

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

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before tax	28,218,364	31,094,612	10,074,276	22,066,493
Taxation at Malaysia statutory rate of 26% (2007: 27%)	7,336,775	8,395,545	2,619,312	5,957,953
Tax effects in respect of:				
- Non-allowable expenses	1,220,185	3,481,210	235,308	2,571,824
- Non-taxable income	(1,182,257)	(5,673,802)	(578,500)	(6,812,478)
- Tax incentives and allowances	(1,909,457)	(1,051,365)	-	-
- Deferred tax assets not recognised	1,329,303	3,530,533	-	-
- Reduction in deferred taxes as a result of reduction in tax rate	(87,949)	(168,162)	(42,829)	(60,283)
- Others	(348,591)	(799,560)	70,784	3,250
	6,358,009	7,714,399	2,304,075	1,660,266
(Over)/Under provision of tax expense in prior years	(80,533)	(58,996)	6,853	(159,669)
(Over)/Under provision of deferred tax in prior years	(438,065)	(105,928)	3,254	23,309
Effective tax expense	5,839,411	7,549,475	2,314,182	1,523,906

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

28. TAX EXPENSE (cont'd)

Subject to agreement of the Inland Revenue Board, the subsidiaries have unabsorbed capital allowances and unused tax losses of approximately RM15,905,000 (2007: RM17,774,000) and RM15,368,000 (2007: RM14,820,000) respectively which are available for offset against their future taxable profits.

29. DIVIDENDS

	Group and Company			
	2008		2007	
	Tax exempt dividend per share sen	Amount of dividend RM	Gross dividend per share sen	Amount of dividend net of tax RM
Final dividend in respect of financial year ended 31 December 2006	-	-	2.5	3,174,303
Interim dividend in respect of financial year ended 31 December 2007	-	-	11.0	13,966,933
Final dividend in respect of financial year ended 31 December 2007	1.5	2,610,915	-	-
	1.5	2,610,915	13.5	17,141,236

As approved by the shareholders at the Annual General Meeting held on 8 May 2008, a final dividend of 3% (1.5 sen per share), tax exempt, amounting to RM2,610,915 in respect of the previous financial year was paid on 2 July 2008.

The Directors proposed a final dividend of 3% (1.5 sen per share), tax exempt, amounting to RM2,610,915 in respect of the financial year ended 31 December 2008, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

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 interest divided by the weighted average number of ordinary shares outstanding during the financial year after deducting the treasury shares.

	Group	
	2008	2007
Profit after tax and minority interest (RM)	11,290,975	18,215,249
Weighted average number of ordinary shares outstanding	174,061,000	173,404,241
Basic earnings per ordinary share (sen)	6.49	10.50

(b) Diluted earnings per ordinary share

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

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	
	2008 RM	2007 RM	2008 RM	2007 RM
Purchase of property, plant and equipment (Note 8)	41,052,355	18,740,507	111,759	653,943
Financed by hire purchase arrangement	(3,362,276)	(10,936,397)	-	(495,800)
Financed by term loan	(6,508,183)	-	-	-
Cash payments on purchase of property, plant and equipment	31,181,896	7,804,110	111,759	158,143

32. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Fixed deposits with licensed banks	1,053,644	1,379,931	1,053,644	779,931
Cash and bank balances	15,242,708	16,444,073	287,898	49,616
	16,296,352	17,824,004	1,341,542	829,547

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	13,802,804	16,241,627	1,341,542	829,547
US Dollar	1,906,101	-	-	-
Vietnamese Dong	587,447	1,582,377	-	-
	16,296,352	17,824,004	1,341,542	829,547

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Fixed deposits with licensed banks	1,053,644	1,379,931	1,053,644	779,931
Cash and bank balances	15,242,708	16,444,073	287,898	49,616
Bank overdrafts (Note 23)	(2,571,426)	(3,459,483)	(475,909)	(586,444)
	13,724,926	14,364,521	865,633	243,103
Less: Fixed deposits pledged to licensed banks (Note 20)	(1,053,644)	(779,931)	(1,053,644)	(779,931)
	12,671,282	13,584,590	(188,011)	(536,828)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

33. DISPOSAL OF A SUBSIDIARY

In the previous financial year, the Group disposed of 5,300,000 ordinary shares of RM1.00 each in a subsidiary, POSCO-MKPC Sdn. Bhd. (formerly known as Posmmit Steel Centre Sdn. Bhd.) for a total consideration of RM29,505,767. The effects of this disposal on the date of disposal to the Group's cash flows are as follows:

	2007 RM
Property, plant and equipment	12,830,978
Quoted investments	122,060
Inventories	71,773,099
Trade and other receivables	50,642,619
Amount due from holding company	153,722
Amounts due from related companies	8,049,899
Cash and bank balances	2,970,573
Trade and other payables	(11,125,203)
Bank borrowings	(81,922,700)
Tax liabilities	(3,042,964)
	50,452,083
Share of net assets disposed (38%)	18,932,936
Less: Goodwill	44,893
Gain on disposal of a subsidiary	10,272,538
	29,250,367
Less: Cash and bank balances of the subsidiary disposed	(2,970,573)
Cash flow on disposal, net of cash disposed	26,279,794

34. 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	:	Investment holding, long term investment in quoted shares and property investment
Trading	:	Sales of hardware and steel related products
Manufacturing	:	Manufacturing of steel related products

2008	Investment RM	Trading RM	Manufacturing RM	Elimination RM	Total RM
Revenue					
External segment revenue	1,792,518	121,910,291	412,522,126	-	536,224,935
Inter-segment revenue	13,086,882	230,208	75,663,427	(88,980,517)	-
	14,879,400	122,140,499	488,185,553	(88,980,517)	536,224,935

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

34. SEGMENT REPORTING (cont'd)

(a) Business segments (cont'd)

2008	Investment RM	Trading RM	Manufacturing RM	Elimination RM	Total RM
Results					
Segment results	10,957,246	5,117,235	32,957,541	(13,203,251)	35,828,771
Finance costs					(12,995,818)
Interest income					118,182
Share of profit of associates					5,267,229
Profit before tax					28,218,364
Tax expense					(5,839,411)
Profit for the financial year					22,378,953
Assets					
Segment assets	163,687,261	52,521,452	372,151,063	(149,238,869)	439,120,907
Investments in associates	35,422,508	-	-	-	35,422,508
Current tax asset					1,983,748
Unallocated asset					1,675,125
Total assets					478,202,288
Liabilities					
Segment liabilities	89,624,217	28,533,302	245,504,605	(101,716,207)	261,945,917
Deferred tax liabilities					2,203,717
Current tax payable					772,897
Total liabilities					264,922,531
Other segment information					
Capital expenditure	111,760	1,035,276	40,741,888	(836,569)	41,052,355
Amortisation	-	-	257,516	-	257,516
Depreciation	1,089,138	433,672	5,484,872	-	7,007,682
Impairment losses	-	-	872,020	-	872,020
Other non-cash expenses	-	2,552,612	12,844,146	-	15,396,758
Other non-cash income	-	217,230	676,929	-	894,159

2007	Investment RM	Trading RM	Manufacturing RM	Elimination RM	Total RM
Revenue					
External segment revenue	1,627,954	116,420,493	337,710,342	-	455,758,789
Inter-segment revenue	8,637,213	630,376	44,719,845	(53,987,434)	-
	10,265,167	117,050,869	382,430,187	(53,987,434)	455,758,789

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

34. SEGMENT REPORTING (cont'd)

(a) Business segments (cont'd)

2007	Investment RM	Trading RM	Manufacturing RM	Elimination RM	Total RM
Results					
Segment results	22,267,985	5,994,067	21,414,070	(11,823,311)	37,852,811
Finance costs					(9,262,322)
Interest income					154,090
Share of profit of associates					2,350,033
Profit before tax					31,094,612
Tax expense					(7,549,475)
Profit for the financial year					23,545,137
Assets					
Segment assets	155,967,388	67,740,749	354,642,429	(151,568,372)	426,782,194
Investments in associates	17,390,220	-	-	-	17,390,220
Current tax asset					1,253,151
Unallocated asset					1,675,125
Total assets					447,100,690
Liabilities					
Segment liabilities	70,833,858	40,845,715	238,096,586	(104,896,741)	244,879,418
Deferred tax liabilities					4,568,702
Current tax payable					1,122,926
Total liabilities					250,571,046
Other segment information					
Capital expenditure	653,943	468,792	17,339,581	278,191	18,740,507
Amortisation	-	-	236,263	-	236,263
Depreciation	1,064,809	438,774	4,796,648	-	6,300,231
Impairment losses	-	-	1,005,075	-	1,005,075
Other non-cash expenses	39,284	391,396	1,036,473	-	1,467,153
Other non-cash income	10,273,821	93,919	1,322,733	-	11,690,473

(b) Geographical segments

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

35. 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 2008	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								
Fixed deposits with licensed banks	3.00	1,053,644	-	-	-	-	-	1,053,644
Hire purchase liabilities	5.85	(3,030,335)	(3,081,780)	(2,988,389)	(1,441,622)	(566,160)	(11,994)	(11,120,280)
Term loans	6.48	(4,551,975)	(8,235,406)	(6,341,630)	(6,341,630)	(3,729,493)	(761,964)	(29,962,098)
Floating rate								
Bank overdrafts	7.15	(2,571,426)	-	-	-	-	-	(2,571,426)
Revolving credits	5.36	(2,000,000)	-	-	-	-	-	(2,000,000)
Short term loan	5.94	(70,000,000)	-	-	-	-	-	(70,000,000)
Trade financing	4.83	(120,828,060)	-	-	-	-	-	(120,828,060)
Company								
Fixed rate								
Fixed deposits with licensed banks	3.00	1,053,644	-	-	-	-	-	1,053,644
Hire-purchase liabilities	4.47	(96,882)	(101,419)	(105,957)	(54,783)	-	-	(359,041)
Term loan	8.00	(1,440,000)	(1,920,000)	(1,920,000)	(1,920,000)	(1,920,000)	(480,000)	(9,600,000)
Amounts owing by subsidiaries	7.43	59,812,439	-	-	-	-	-	59,812,439
Amount owing to a subsidiary	3.30	(1,700,000)	-	-	-	-	-	(1,700,000)
Floating rate								
Bank overdrafts	8.00	(475,909)	-	-	-	-	-	(475,909)
Revolving credits	5.36	(2,000,000)	-	-	-	-	-	(2,000,000)
Short term loan	5.94	(70,000,000)	-	-	-	-	-	(70,000,000)
As at 31 December 2007								
Group								
Fixed rate								
Fixed deposits with licensed banks	2.91	1,379,931	-	-	-	-	-	1,379,931
Hire purchase liabilities	5.83	(3,152,774)	(2,300,605)	(2,318,271)	(1,978,890)	(873,981)	-	(10,624,521)
Floating rate								
Bank overdrafts	8.25	(3,459,483)	-	-	-	-	-	(3,459,483)
Revolving credits	4.39	(1,000,000)	-	-	-	-	-	(1,000,000)
Short term loan	5.53	(62,000,000)	-	-	-	-	-	(62,000,000)
Trade financing	4.48	(124,112,331)	-	-	-	-	-	(124,112,331)
Company								
Fixed rate								
Fixed deposits with licensed banks	3.00	779,931	-	-	-	-	-	779,931
Hire-purchase liabilities	4.42	(92,345)	(96,882)	(101,419)	(105,957)	(54,783)	-	(451,386)
Amounts owing by subsidiaries	4.89	61,303,197	-	-	-	-	-	61,303,197
Amount owing to a subsidiary	3.75	(1,940,374)	-	-	-	-	-	(1,940,374)
Floating rate								
Bank overdrafts	8.00	(586,444)	-	-	-	-	-	(586,444)
Short term loan	5.53	(62,000,000)	-	-	-	-	-	(62,000,000)
Revolving credits	5.35	(1,000,000)	-	-	-	-	-	(1,000,000)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

(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, trade payables 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:

	Currency	Contract amount in foreign currency	RM Equivalent	Maturities
31 December 2008				
Forward contracts used to hedge trade receivables	USD	2,440,295	8,129,548	1 – 5 months
	Singapore Dollar ('SGD')	260,882	618,259	1- 4 months
Forward contracts used to hedge trade payables	USD	125,388	448,790	1 – 6 months
	USD	900,000	3,201,600	4 – 6 months
31 December 2007				
Forward contracts used to hedge trade receivables	USD	1,524,930	5,278,725	1 – 6 months
	USD	642,245	2,136,286	2 – 10 months
	SGD	191,600	433,204	2 – 10 months
	Brunei Dollar ('BND')	34,341	77,542	2 – 10 months

The unrecognised (loss)/gain as at 31 December 2008 on forward foreign exchange contracts amounting to (RM431,776) (2007: RM241,728) 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 2008 RM	Group 2007 RM
Trade receivables:		
- US Dollar	2,476,611	1,731,690
- Singapore Dollar	531,579	1,158,078
	3,008,190	2,889,768
Other receivables, deposits and prepayments:		
- US Dollar	405,455	552
- Vietnamese Dong	369,908	1,301,613
	775,363	1,302,165
Trade payables:		
- US Dollar	1,091,716	401,659
- Singapore Dollar	124,303	413,286
- Japanese Yen	386,586	-
	1,602,605	814,945
Other payables and accruals:		
- US Dollar	3,097,859	373,626
- Vietnamese Dong	657,328	2,014
	3,755,187	375,640

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

(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 due to the relatively short term maturity of these financial instruments except as set out below:

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
At 31 December 2008				
Recognised				
Hire purchase liabilities	11,120,280	11,090,826	359,041	354,605
Other investments	361,815	387,799	-	-
Unrecognised				
Forward foreign exchange contracts	-	(431,776)	-	-
At 31 December 2007				
Recognised				
Hire purchase liabilities	10,624,521	9,543,230	451,386	442,626
Other investments	361,094	427,169	-	-
Unrecognised				
Forward foreign exchange contracts	-	241,728	-	-

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

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

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

(iii) The fair value of forward foreign exchange contracts is the amount that would be payable or receivable upon termination of the outstanding position and is determined by reference to the difference between the contracted rate and the forward exchange rate as applicable to a contract of similar amount and maturity profile at the balance sheet date.

The carrying amounts of term loans approximate their fair values as the current rates offered to the Group approximate the market rates for the similar borrowings of the same remaining maturities.

(d) Credit risk

As at 31 December 2008, the Group has trade receivables amounting to RM15,436,873 (2007: RM12,141,899) 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 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

36. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

The Company has related party relationships with its direct, indirect subsidiaries, and its associates. In addition, the Company also has related party relationships with the following parties:

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

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

("collectively known as "Substantial Shareholders").

(ii) Companies in which the Substantial Shareholders have financial interests as defined in item (i) above are as follows:-

Related parties	**Relationships**
Chiho Hardware Sdn. Bhd.	Related by common Directors, Toh Poh Khuan, Dato' Toh Yew Peng, Toh Yew Seng, Toh Yew Keat, Toh Yew Kar and a company in which certain Directors have financial interests, YK Toh (M) Sdn. Bhd.
Logam Indah Sdn. Bhd.	Related by a common Director, Dato' Toh Yew Peng and companies in which certain Directors have financial interests, YK Toh (M) Sdn. Bhd. and Syarikat Kwong Nam Hing Sdn. Bhd.
Wei Giap Hardware Sdn. Bhd.	Related by common Directors, Dato' Toh Yew Peng, Toh Yew Keat and Toh Yew Kar
Wei Sheng Hardware Sdn. Bhd.	Related by common Directors, Toh Yew Kar and a company in which certain Directors have financial interests, Wei Giap Hardware Sdn. Bhd.
YK Toh (M) Sdn. Bhd.	Related by common Directors, Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Seng and Toh Poh Khuan

(iii) Lim & Yeoh Advocates & Solicitors, a firm in which Lim Cheang Nyok is a partner

(b) Significant related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Company	
	2008	**2007**
	RM	**RM**
(i) Transactions with subsidiaries:		
Gross dividend income	(11,130,404)	(6,523,972)
Interest paid	62,836	68,960
Interest income	(3,477,474)	(2,474,401)
Rental income	(1,863,297)	(2,021,092)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

36. RELATED PARTY DISCLOSURES (cont'd)

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

	Group 2008 RM	Group 2007 RM
(ii) Transactions with an associate:		
POSCO-MKPC Sdn. Bhd. *(formerly known as Posmmit Steel Centre Sdn. Bhd.)*		
Sales of goods	(1,995,637)	(6,773,276)
Purchase of goods	13,072,665	3,294,065
Rental receivables	(1,780,518)	(1,615,954)
Outsourcing fees receivables	(324,000)	(269,949)
Transfer or property, plant and equipment	3,230	5,348
Commission income	(587,812)	(600,696)
Interest paid	19,633	29,475
Management fee receivable	-	(145,336)
(iii) Transactions with companies in which the Substantial Shareholders have financial interests:		
Chiho Hardware Sdn. Bhd.		
Sales of goods	(804,424)	(428,522)
Purchases	265,460	225,011
Logam Indah Sdn. Bhd.		
Sales of goods	(5,000)	(1,493)
Wei Giap Hardware Sdn. Bhd.		
Sales of goods	(151,761)	(162,660)
Purchases	158,771	197,881
Wei Sheng Hardware Sdn. Bhd.		
Sales of goods	(71,602)	(120,465)
YK Toh (M) Sdn. Bhd.		
Rental received	(18,000)	(18,000)
Commission expenses	138,118	78,261
(iv) Transactions with a company in which Toh Yew Keat and Dato' Toh Yew Peng have financial interests:		
Syarikat Kwong Nam Hing Sdn. Bhd.		
Sales of goods	(159,718)	(154,194)
(v) Transactions with companies in which Toh Yew Keong and Toh Yew Chin have financial interests:		
YK Toh Marketing (S) Pte. Ltd.		
Sales of goods	(4,836,092)	(3,493,757)
Purchases	2,026,921	1,986,492
Diager SG Pte. Ltd.		
Purchases	309,450	107,976
(vi) Transaction with a firm in which Lim Cheang Nyok is a partner:		
Lim & Yeoh Advocates & Solicitors		
Legal fees	33,917	4,500
(viii) Transaction with a Director:		
Toh Yew Chin		
Professional fees paid	54,500	70,000

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

36. RELATED PARTY DISCLOSURES (cont'd)

(c) Compensation of key management personnel

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Short term employee benefits	5,246,855	4,622,358	895,772	838,687
Contributions to defined contribution plan	602,346	545,687	106,176	99,384
	5,849,201	5,168,045	1,001,948	938,071

37. CAPITAL COMMITMENTS

	Group	
	2008 RM	2007 RM
Capital expenditure in respect of purchase of property, plant and equipment		
- Approved and contracted	7,691,000	12,385,000
- Approved but not contracted	2,682,000	-
	10,373,000	12,385,000

38. CONTINGENT LIABILITIES

	Company	
	2008 RM	2007 RM
Unsecured:		
- Guarantees to financial institutions for credit facilities granted to subsidiaries	297,460,000	210,337,000

39. EMPLOYEE BENEFITS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Wages, salaries and bonuses	25,553,839	21,762,777	1,433,552	1,308,871
Contributions to defined contribution plan	2,210,185	1,933,222	153,804	137,130
Other benefits	1,346,421	1,525,569	26,378	39,639
	29,110,445	25,221,568	1,613,734	1,485,640

Included in the employee benefits of the Group and of the Company are Directors' emoluments amounting to RM4,342,636 (2007: RM3,807,391) and RM684,442 (2007: RM635,137) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008 (cont'd)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) During the financial year, the Company participated in the Rights Issue of its 30% owned associate, POSCO-MKPC Sdn. Bhd. (formerly known as Posmmit Steel Centre Sdn. Bhd.) ("POSCO-MKPC") by subscribing to two (2) tranches of Rights Issue on 26 March 2008 and 18 November 2008 respectively. The amount for first (1) tranche was RM6,023,429 for 1,149,510 new ordinary shares of RM1.00 each in POSCO-MKPC and the second (2) tranche was RM6,741,630 for 2,459,731 new ordinary shares of RM1.00 each in POSCO-MKPC.

(b) On 30 December 2008, a wholly-owned subsidiary of the Company, Prestar Storage System Sdn. Bhd. ("PSSSB") capitalised part of the amount owing to the Company amounted to RM1,600,000 by way of an allotment of 1,600,000 ordinary shares of RM1.00 each in PSSSB at par value and such shares when issued to the Company, shall be credited as fully paid-up ordinary shares.

(c) On 30 December 2008, a subsidiary of the Company, Excelpath Sdn. Bhd. ("ESB") increased its authorised capital from RM100,000 to RM5,000,000 by the creation of additional 4,900,000 ordinary shares of RM1.00 each in ESB. ESB also increased its paid-up capital from RM2 to RM1,500,000 comprising of 1,500,000 ordinary shares of RM1.00 each by the issuance of 1,499,998 new ordinary shares of RM1.00 each in ESB at par value, which were fully subscribed by the Company by way of capitalising part of the amount owing to the Company by ESB.

41. COMPARATIVE FIGURES

The following comparative figures in the financial statements have been reclassified in order to conform with the current year's presentation:

	As previously stated RM	Reclassification RM	As restated RM
Cost of sales	404,320,275	(1,713,091)	402,607,184
Selling and distribution expenses	5,540,135	1,713,091	7,253,226

List of Properties
for Year Ended 31 December 2008

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	501,948 sq ft	nil	Corporate office cum manufacturing site for subsidiaries	46,408	13	5 April 2001
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	7,025	15	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	2,085	21	20 May 1994
4	Lot 1113, 65A, Jalan Perak, 10150 Penang	Freehold	2,904 sq ft	nil	Office cum warehouse	998	46	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	502	16	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	62	10	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	@ 168	8	4 Feb 2004
8	Plot 40, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (43 years)	152,835 sq ft	2052	Manufacturing site for Tashin Steel Sdn Bhd	8,856	10	8 Aug 2000
9	Plot 39, Lrg Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (43 years)	127,872 sq ft	2052	Manufacturing site for Tashin Steel Sdn Bhd	15,663	1	17 Aug 2005
10	Lot CN7 - 1,2,3 adjacent to Road N5, Song Than III Industrial Zone, Tan Vinh Hiep commune, Tan Uyen District, Binh Duong Province Vietnam	49 yrs Lease *(47 years)	Land area (48,290 m2)	2055	Manufacturing site cum office for Prestar Industries (Vietnam) Co. Ltd	10,731	1	12 April 2007
11	F 01-08, Taman Pelangi, Bukit Tengah, 13600 Perai, Penang	99 yrs Leasehold *(92 years)	500 sq ft	2092	Hostel	49	7	23 Apr 2008

** Balance of Leasehold Tenure*
 # Acquired through Debt settlement arrangement from various delinquent trade debtors
@ This amount has been fully impaired in view of ownership claim unresolved

STATISTICS OF SHAREHOLDINGS
AS AT 23 APRIL 2009

Authorised Share Capital	:	RM200,000,000.00
Issued and Paid-Up Share Capital	:	RM90,490,450.00 comprising 180,980,900 ordinary shares of RM0.50 each
Class of Shares	:	Ordinary shares of RM0.50 each
Number of Shareholders	:	4,785
Voting Rights	:	One (1) vote per shareholder on a show of hands One (1) vote per ordinary share on a poll

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held			
Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
Fabulous Essence Sdn. Bhd.	50,610,000	29.08	-	-
Toh Yew Keat	11,889,404	6.83	(1)62,003,000	35.62
Dato' Toh Yew Peng	877,596	0.50	(1)62,003,000	35.62
Toh Yew Kar	744,000	0.43	(1)62,003,000	35.62
Toh Yew Chin	-	-	(1)62,003,000	35.62
Toh Yew Keong	-	-	(1)62,003,000	35.62
Toh Yew Seng	480,000	0.28	(1)62,003,000	35.62
Toh Poh Khuan	480,000	0.28	(1)62,003,000	35.62
Y. K. Toh Property Sdn. Bhd.	11,393,000	6.55	-	-
Sok Tik Siew	10,917,700	6.27	-	-
Andy Toh Jin Hong	-	-	(1)62,003,000	35.62
Ian Toh Jin Hu	-	-	(1)62,003,000	35.62

Note:

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

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 – 99	18	0.38	556	0.00
100 – 1,000	269	5.62	243,560	0.14
1,001 – 10,000	3,312	69.22	16,829,748	9.67
10,001 –100,000	1,092	22.82	32,274,436	18.54
100,001 - 8,703,049 (*)	90	1.88	42,302,596	24.30
8,703,050 and above (**)	4	0.08	82,410,104	47.35
Total	4,785	100.00	174,061,000	100.00

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

STATISTICS OF SHAREHOLDINGS
AS AT 23 APRIL 2009 (cont'd)

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		------Direct Interest------		------ Indirect Interest------	
Directors	**Nationality**	**No. of shares held**	**%**	**No. of shares held**	**%**
Toh Yew Keat	Malaysian	11,889,404	6.83	*62,003,000	35.62
Dato' Toh Yew Peng	Malaysian	877,596	0.50	*62,003,000	35.62
Toh Yew Kar	Malaysian	744,000	0.43	*62,003,000	35.62
Toh Yew Seng	Malaysian	480,000	0.28	*62,003,000	35.62
Toh Poh Khuan	Malaysian	480,000	0.28	*62,003,000	35.62
Md. Nahar Bin Noordin	Malaysian	8,000,000	4.60	0	0
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Malaysian	0	0	0	0
Lou Swee You	Malaysian	0	0	0	0
Lim Cheang Nyok	Malaysian	0	0	0	0

Note:

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

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares Held	Percentage (%)
1.	FABULOUS ESSENCE SDN BHD	48,210,000	27.70
2.	TOH YEW KEAT	11,889,404	6.83
3.	Y K TOH PROPERTY SDN BHD	11,393,000	6.55
4.	SOH TIK SIEW	10,917,700	6.27
5.	MD NAHAR BIN NOORDIN	8,000,000	4.60
6.	LIM MEI WHA	3,188,700	1.83
7.	SOO CHEE MENG	2,650,900	1.52
8.	FABULOUS ESSENCE SDN BHD	2,400,000	1.38
9.	LIM MEI WHA	2,112,800	1.21
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *(PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND)*	1,525,200	0.88
11.	TAN BEE LIEN	998,200	0.57
12.	DATO' TOH YEW PENG	877,596	0.50
13.	CITIGROUP NOMINEES (ASING) SDN BHD *(EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED)*	852,000	0.49
14.	TOH YEW KAR	744,000	0.43
15.	NG TENG SONG	710,800	0.41
16.	TEE BON PENG	607,800	0.35
17.	TEH CHOONG WENG	600,000	0.34
18.	ONG HONG CHOO	584,000	0.34
19.	FAM KEAT HONG	506,000	0.29
20.	AZMAN BIN AHMAD	500,000	0.29
21.	LIM CHOON TEIK	489,300	0.28
22.	TOH POH KHUAN	480,000	0.28
23.	TOH YEW SENG	480,000	0.28
24.	WEST MAH INDUSTRIAL & AUTO SUPPLY SDN BHD	447,300	0.26
25.	YEOH AH KEOW	432,600	0.25
26.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD *(PLEDGED SECURITIES ACCOUNT FOR LEE HOONG SENG)*	430,000	0.25
27.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *(PLEDGED SECURITIES ACCOUNT FOR NORAZLAN BIN MOHAMAD NORDIN)*	378,000	0.22
28.	OOI KOK WAN	375,000	0.22
29.	KOH KIN LIP	360,000	0.21
30.	HLB NOMINEES (TEMPATAN) SDN BHD *(PLEDGED SECURITIES ACCOUNT FOR LAM KIM CHIAP)*	357,600	0.21

Note : The analysis of shareholdings is based on the issued and paid-up capital of the Company after deducting 6,919,900 ordinary shares bought back by the Company and held as Treasury Shares as at 23 April 2009.

STATISTICS OF WARRANT HOLDINGS
AS AT 23 APRIL 2009

STATISTICS OF WARRANT HOLDINGS AS AT 23 APRIL 2009

Number of Warrant Holders	:	1,825
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	109	5.97	94,100	0.11
1,001 – 10,000	946	51.84	5,817,204	6.64
10,001 –100,000	665	36.44	23,712,000	27.09
100,001 - 4,377,189 (*)	102	5.59	33,815,400	38.63
4,377,190 and above (**)	1	0.05	24,105,000	27.53
Total	1,825	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	*26,051,500	29.76
Dato' Toh Yew Peng	Malaysian	318,798	0.36	*26,051,500	29.76
Toh Yew Kar	Malaysian	252,000	0.29	*26,051,500	29.76
Toh Yew Seng	Malaysian	120,000	0.14	*26,051,500	29.76
Toh Poh Khuan	Malaysian	120,000	0.14	*26,051,500	29.76
Md. Nahar Bin Noordin	Malaysian	0	0	0	0
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Malaysian	0	0	0	0
Lou Swee You	Malaysian	0	0	0	0
Lim Cheang Nyok	Malaysian	0	0	0	0

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
AS AT 23 APRIL 2009 (cont'd)

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	4,000,000	4.57
3.	Y K TOH PROPERTY SDN BHD	1,946,500	2.22
4.	HDM NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LIM KAM SENG)	1,740,000	1.99
5.	TEE BON PENG	1,139,900	1.30
6.	WONG KAR SENG	1,124,600	1.28
7.	LIM MEI WHA	1,000,000	1.14
8.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR HENG POH SUAN)	700,000	0.80
9.	ALLIANCEGROUP NOMINEES (ASING) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LEE CHIN WENG)	651,000	0.74
10.	SOH TIK SIEW	565,000	0.65
11.	LEE KIM SENG	560,000	0.64
12.	TAN BEE LIEN	547,000	0.62
13.	AMSEC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR KHOO CHING THYE)	523,700	0.60
14.	MAK NGIA NGIA @ MAK YOKE LUM	523,200	0.60
15.	TAN BOOK SOON	500,000	0.57
16.	KHOO CHOON HOE	499,900	0.57
17.	TOH YEW KEAT	499,702	0.57
18.	ONG MIN HONG	470,400	0.54
19.	GAN LAY HAR	470,000	0.54
20.	CITIGROUP NOMINEES (ASING) SDN BHD (EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED)	406,000	0.46
21.	MAK NGIA NGIA @ MAK YOKE LUM	391,800	0.45
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR ONG CHIN SEAN)	390,000	0.45
23.	RHB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR NG AH KET)	383,400	0.44
24.	LOW TECK HENG	364,200	0.42
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR OOI MAY FONG)	359,100	0.41
26.	TAN PHEE MUN @ TAN PHUI MUN	345,200	0.39
27.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR LEE SOON HENG)	330,000	0.38
28.	DATO' TOH YEW PENG	318,798	0.36
29.	CHAN LAM SANG @ CHAN LAM	315,000	0.36
30.	LOO HONG KIAT	270,000	0.31

PRESTAR RESOURCES BHD
(Company No. 123066 -A)
(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

FORM OF PROXY

*I/We, ...
(FULL NAME IN BLOCK CAPITALS)

of .... being
(FULL ADDRESS)

a *member/members of PRESTAR RESOURCES BHD, hereby appoint ....
(FULL NAME IN BLOCK CAPITALS)

of ....
(FULL ADDRESS)

or failing *him/her, ...of ....
(FULL NAME IN BLOCK CAPITALS) (FULL ADDRESS)

.... or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 11 June 2009 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 2008 together with the Reports of the Directors and the Auditors thereon.		
No.	**Resolutions**	**For**	**Against**
2.	To approve the declaration of the Final Tax Exempt Dividend of 3%. (Resolution 1)		
3.	To sanction the payment of Directors' Fees. (Resolution 2)		
4.(a)	To re-elect Mr. Toh Yew Seng in accordance with Article 105 of the Company's Articles of Association. (Resolution 3)		
4.(b)	To re-elect Encik Md. Nahar Bin Noordin in accordance with Article 105 of the Company's Articles of Association. (Resolution 4)		
5.	To re-elect Mr. Lou Swee You in accordance with Article 105 of the Company's Articles of Association. (Resolution 5)		
6.	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 :		
7.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965. (Resolution 7)		
7.	Authority to renew the purchase of the Company's own shares. (Resolution 8)		
7.	Authority to renew the Shareholders' Mandate for Recurrent Related Party Transactions Of A Revenue Or Trading Nature. (Resolution 9)		

* Strike out whichever not applicable.

Signed this .... day of 2009

....
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 4 June 2009. Only a depositor whose name appears on the Record of Depositors as at 4 June 2009 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint not more than two (2) proxies to attend and vote instead of him and the provisions of Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

FOLD THIS FLAP FOR SEALING

FOLD HERE

Affix stamp

The Company Secretary
PRESTAR RESOURCES BERHAD
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia

FOLD HERE