PRESTAR RESOURCES BERHAD

(123066-A)

2012

Annual Report • Laporan Tahunan

Contents

Financial Statements

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth 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 Tuesday, 18 June 2013 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and the Auditors thereon.

2. To approve the declaration of the Final Tax Exempt Dividend of 1.2% (0.6 sen per share) for the financial year ended 31 December 2012. **Resolution 1**

3. To sanction the payment of Directors' Fees for the financial year ended 31 December 2012. **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) Tuan Haji Fadzlullah Shuhaimi Bin Salleh **Resolution 3**
   (b) Mr. Lim Cheang Nyok **Resolution 4**
   (c) Mr. Toh Yew Chin **Resolution 5**

5. To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-

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

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

7. As Special Business:

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

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

   "**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; **AND THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 8**

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

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

1. the maximum number of ordinary shares of RM0.50 each in the Company ("Shares") which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up share capital for the time being of the Company;
2. the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits or the share premium of the Company based on the audited financial statements for the financial year ended 31 December 2012 of RM19,490,170.00 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:-
   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
   (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
   (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

   whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and
4. upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:-
   (i) cancel the Shares so purchased; or
   (ii) retain the Shares so purchased as treasury shares; or
   (iii) retain part of the Shares so purchased as treasury shares and cancel the remainder;

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

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

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares." **Resolution 9**

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

"**THAT**, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company's subsidiaries to enter into the Recurrent Related Party Transactions with Wei Giap Hardware Sdn. Bhd., Chiho Hardware Sdn. Bhd., Y.K. Toh Marketing (S) Pte. Ltd., Wei Sheng Hardware Sdn. Bhd., Syarikat Kwong Nam Hing Sdn. Bhd., Logam Indah Sdn. Bhd. and Y.K. Toh (M) Sdn. Bhd., as described in Section 2.2 of the Circular to Shareholders dated 23 May 2013 subject further to the following:-

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

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

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

(b) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

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

whichever is the earlier,

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Resolution 10**

(d) ORDINARY RESOLUTION NO. 4
- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

To retain Tuan Haji Fadzlullah Shuhaimi Bin Salleh as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012. **Resolution 11**

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

To retain Mr. Lim Cheang Nyok as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012. **Resolution 12**

(f) **SPECIAL RESOLUTION**
- PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"**THAT**, the Proposed Amendments to the Articles of Association of the Company as set out in Part C of the Circular to Shareholders dated 23 May 2013 be and are hereby approved and adopted; **AND THAT** the Board of Directors and Secretaries of the Company be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments to the Company's Articles of Association." **Resolution 13**

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the Final Tax Exempt Dividend of 1.2% (0.6 sen per share) in respect of the financial year ended 31 December 2012 will be payable on 9 September 2013 to depositors who are registered in the Record of Depositors at the close of business on 16 August 2013, if approved by members at the forthcoming Twenty-Eighth Annual General Meeting on 18 June 2013.

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 16 August 2013 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: 23 May 2013

Explanatory Note to Special Business:

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

   The proposed adoption of the Ordinary Resolution No. 1 is for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Section 132D of the Companies Act, 1965, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   The General Mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities for the purpose of funding future investment project(s), working capital and/or acquisition(s).

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Twenty-Seventh Annual General Meeting held on 12 June 2012 and which will lapse at the conclusion of the Twenty-Eighth Annual 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-Seventh Annual General Meeting held on 12 June 2012. 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements.

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-Seventh Annual General Meeting held on 12 June 2012. The proposed renewal of the Shareholders' Mandate will enable the Group to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

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

   (a) Tuan Haji Fadzlullah Shuhaimi Bin Salleh

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

   (b) Mr. Lim Cheang Nyok

   Mr. Lim Cheang Nyok was appointed as an Independent Non-Executive Director of the Company on 28 March 2002, and has, therefore served for more than nine (9) years. As at the date of the notice of the Annual General Meeting, he has served the Company for 11 years. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board, therefore, considers him to be independent and recommends that he should be retained as an Independent Non-Executive Director.

Explanatory Note to Special Business: (cont'd)

5. Proposed Amendments to the Articles of Association

   The proposed adoption of the Special Resolution is to streamline the Articles of Association of the Company with the recent amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Further information on the Proposed Renewal of Share Buy-Back Authority, Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed Amendments to the Articles of Association are set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2012 Annual Report.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 11 June 2013 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead [subject always to a maximum of two (2) proxies of each Meeting]. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Toh Yew Keat	Group Executive Chairman
Dato' Toh Yew Peng	Group Managing Director
Toh Yew Kar	Group Executive Director
Toh Yew Seng	Group Executive Director
Toh Yew Chin	Non-Independent Non-Executive Director
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)

REGISTERED OFFICE
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur
Tel. No. : 03-2084 9000
Fax No. : 03-2094 9940/2095 0292

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

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

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

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

SOLICITORS
SKRINE
Lim & Yeoh

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

GROUP FINANCIAL HIGHLIGHTS

(RM'000)	2008	2009	2010	2011	2012
Revenue	536,225	459,881	553,633	534,999	587,675
Profit before tax	28,218	19,167	14,808	16,263	10,693
Profit attributable to owners of the parent	11,291	4,203	6,120	8,080	7,701
Total Assets	478,532	491,997	508,101	510,907	548,083
Equity attributable to owners of the parent	166,254	167,375	170,169	176,436	181,933
EBIDTA#	48,479	38,610	36,484	38,913	32,726

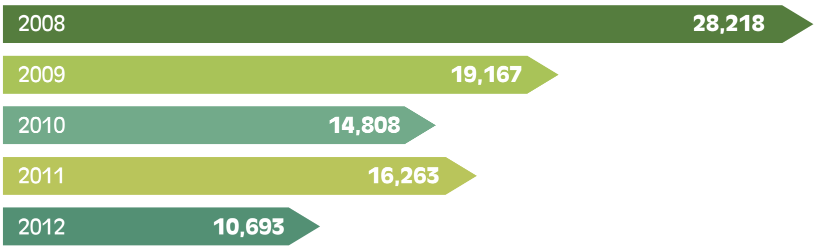
#Earnings before interests, depreciation, tax and amortisation

Net assets per share* (RM)	0.96	0.96	0.98	1.01	1.05
Earnings per share* (sen)	6.5	2.4	3.5	4.6	4.4

***attributable to owners of the Company**

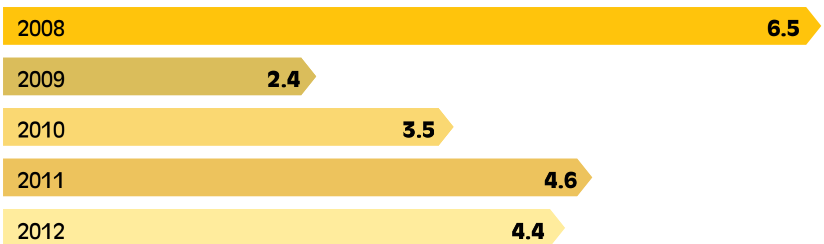
Revenue
(RM'000)

Profit Before Tax
(RM'000)



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

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



PRESTAR RESOURCES BERHAD

(123066-A)

Steel Processing Unit (SPU)

Prestar Steel Pipes Sdn Bhd (375196-W) — **100%**

Prestar Precision Tube Sdn Bhd (643193-X) — **100%**

Tashin Steel Sdn Bhd (471094-P) — **51%**

Dai Dong Steel Sdn Bhd (287846-W) — **70%**

PT Prestar Precision Tube, Indonesia — **75%**

Posco-MKPC Sdn Bhd (372824-A) — **30%**

Prestar Steel (S) Pte Ltd — **25%**

Product Manufacturing Unit (PMU)

Prestar Manufacturing Sdn Bhd (170341-A) — **100%**

Prestar Storage System Sdn Bhd (538520-A) — **100%**

Prestar Marketing Sdn Bhd (76838-X) — **100%**

Prestar Engineering Sdn Bhd (307178-A) — **75%**

Prestar Galvanising Sdn Bhd (315125-T) — **95%**

Tashin Hardware Sdn Bhd (642549-V) — **51%**

Prestar Industries (Vietnam) Co., Ltd — **100%**

PT Prestar MHE, Indonesia — **100%**

** Corporate Structure updated to 9 May 2013*

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report 2012 and Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2012.

OVERVIEW AND CORPORATE DEVELOPMENT

Year 2012 was a year where volatility of steel prices continued to be a key determinant of the performance. Steel industry remained challenging with over supplies and keen competitions around. Most of the steel players were vulnerable to depressing steel prices and experiencing margin squeeze for most parts of the period under review. Nonetheless, steel prices started to recover slightly towards the end of the year, and remains reasonably stable till the time of writing this report.

Notwithstanding that the Group continued to forge ahead on various operational improvement programs through on-going practice of Kaizen activities and vigorous cost-cutting exercises to further enhance the yield and reduce the wastage. The Group also witnessed a full year operation of a new production line added at the end of the previous year to further increase the scale of production and lowering down the fixed costs.

On the aspect of corporate development, the Group had fully repaid all the outstanding amount under the RM120 million Commercial Papers and the programme was cancelled in the earlier part of the year with a smaller refinancing from the other financial institution.

Towards the end of the year under review, the Group also endeavour to incorporate a wholly-owned subsidiary in Indonesia to distribute the material handling equipment (MHE) products manufactured by subsidiaries of the Group. The company was officially incorporated in February 2013 and will commence operation once all licenses and permits are obtained in the middle of the new financial year.

Benchmarking against other steel players in the industry, the Group has performed reasonably satisfactory for the financial year ended 31 December 2012. The Board, together with Management team, will continue to take cautious and pragmatic actions in sustaining the Group's competitiveness and further improve bottom line performance.

FINANCIAL PERFORMANCE

Group revenue for the year under review was RM587.7 million, 9.8% higher than the same period of last year. However the profit for the period was lower at RM9.9 million, the decline in year-to-date bottom line performance was mainly due to lower margin on sales during the first half of the year as a result of unfavourable steel prices. Nevertheless, there were some improvements in selling prices and margin towards the end of the year, thus boosted the overall performance of the year.

Earnings per share for the financial year under review was 4.42 sen as compared to 4.64 sen last year while net assets per share attributable to ordinary equity holders of the Company rose slightly to RM1.05 per share. The Group financial position remains healthy as total equity improved from RM232.3 million at last financial year end to RM238.1 million this financial year end.

PROSPECTS

Going forward, despite a lackluster year of 2012, the new financial year witness some positive developments in global economic issues such as the scale-down of Euro debt crisis, the resolution of the financial cliff in USA and the bottomed-up of China's economic slow down. Domestically, Malaysia economy remains resilient with potential of growth in the Asean region, and estimated growth in gross domestic product by Central Bank at around 5% - 6% for year 2013.

On this backdrop, barring any unforeseen circumstances, the Board expects the Group to generate better performance for the new financial year but will continue to adopt cautious approach as uncertainties and volatility of steel industry and macro economic issues remained.

DIVIDEND

The Board is pleased to recommend a final tax-exempt dividend of 1.2% (0.6 sen per ordinary share), amounting to RM1,044,366.00 in respect of the financial year ended 31 December 2012, which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

APPRECIATION

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

Chairman of the Board

TOH YEW KEAT

Age : 66, Malaysian
Group Executive Chairman
Appointed to the Board on 12 July 1984

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

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

He is a substantial shareholder 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 Mr Toh Yew Chin, Non-Independent Non-Executive Director of Prestar Resources Berhad.

DATO' TOH YEW PENG

Age : 61, 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 Mr Toh Yew Chin, Non-Independent Non-Executive Director of Prestar Resources Berhad.

TOH YEW KAR

Age : 55, Malaysian
Group Executive Director
Appointed to the Board on 12 July 1984

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

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

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

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 Mr Toh Yew Chin, Non-Independent Non-Executive Director of Prestar Resources Berhad.

TOH YEW SENG

Age : 52, Malaysian
Group Executive Director
Appointed to the Board on 31 January 1986

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

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

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

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

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 Mr Toh Yew Chin, Non-Independent Non-Executive Director of Prestar Resources Berhad.

TOH YEW CHIN

Age : 50 , Malaysian
Non-Independent Non-Executive Director
Appointed to the Board on 18 September 2009

Mr Toh Yew Chin is the Director of Y K Toh Marketing (S) Pte. Ltd. (YKTM) and Prestar Marketing Sdn. Bhd.

He was responsible for the sales and marketing of Prestar Marketing Sdn. Bhd. before transferring to Singapore in 1984 to set up YKTM and responsible for the overall business planning and development of YKTM.

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

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 Mr Toh Yew Seng, Group Executive Director of Prestar Resources Berhad.

MD. NAHAR BIN NOORDIN

Age : 56, 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 Bursa Malaysia Securities Berhad. He resigned as Deputy Managing Director of Metacorp Berhad in 1993 to venture into his own trading and investment holding businesses.

Besides Prestar Resources Berhad, he also sits on the board of several private limited companies.

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

TUAN HAJI FADZLULLAH SHUHAIMI BIN SALLEH

Age : 56, Malaysian
Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit Committee
Member of Nomination Committee
Appointed to the Board on 18 March 1995

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

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

LOU SWEE YOU

Age : 70, 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, FIPA, CFP, RFP and member of audit committee of Malaysian Institute of Management.

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

Mr Lou was actively involved in internal audit activities and was a board member of The Institute of Internal Auditors Malaysia from 1998 to 2006. Positions held include Treasurer, Secretary and Vice President. He was also 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

Age : 45, 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 Messrs. 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 information technology, 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 and / or major shareholder of the Company.

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

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

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

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

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

A. 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 executing the key strategic action plans. The Board regularly review the Group's business operations and maintains full and effective control over the management of the Group. Appended below are the highlights of key information related to the Board.

i. Board Charter

The Board Charter sets out the roles, duties and responsibilities of the Board and the application of principles and practices of good corporate governance. It is available at the Company's website.

ii. Composition of the Board

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

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

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.

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

All the Independent Directors are independent of management and are free from any relationship that could materially interfere with the exercise of their independent judgement.

The 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 into account the interest of the Group, and all the other stakeholders.

At the time of writing this statement, two of the Independent Directors had served the Group for more than nine (9) years. Pursuant to the recommendations of the MCCG 2012, the Nomination Committee had assessed and determined that the two Independent Directors remain objective and independent. The Nomination Committee then further recommended to the Board that the Company should further seek shareholders' approval at the forthcoming Annual General Meeting ("AGM") to retain them as Independent Directors.

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

iii. Directors' Training

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

The Board 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. Directors' Training (cont'd)

During the financial year ended 31 December 2012, the Directors had attended various talks and seminars organised by Bursa Securities and other local training organisations on:

i. Get Malaysian Business Online Seminar by Matrade

ii. BURSA Malaysia - Advocacy Sessions on Corporate Disclosure for CEOs & CFOs

iii. Workshop on Financing Innovation: Enabling Venture Capital in APEC

iv. FMM National Manufacturing Conference 2012 "Emerging Trends and Technologies – Its Impact on Business"

v. Managing Corporate Risk and Achieving Internal Control Through Statutory Compliance

vi. Corporate Governance Blueprint and MCCG 2012

vii. Team Building - Achieving Peak Performance

iv. Board Meetings and Supply of Information

The Board of Directors met four (4) times during the financial year ended 31 December 2012. Details of each Director's attendance at the Board Meetings are as follows:

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

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, 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 / notation.

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

The Board is regularly updated and apprised by the Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities.

v. 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 AGM (Article 112).

vi. 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 consists of three (3) Independent Non-Executive Directors to be in line with the MCCG 2012 and the MMLR whereby the Audit Committee shall only consists of Non-Executive Directors and majority of whom are Independent 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 and members of the Board Committees 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 Remuneration 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 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.

Members of the Committee are as follows:

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

d. Group Risk Management Committee

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

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

B. DIRECTORS' REMUNERATION

Details of the remuneration for the Directors of the Company comprising remuneration received/receivable from the Company and its subsidiary companies during the financial year ended 31 December 2012 are as follows:

i. Aggregate remuneration categorised into appropriate components:

RM ('000)	Executive Directors	Non-Executive Directors
Fees	388	126
Salaries	2,286	-
Bonus & Others	515	-
Benefits-in-kind	86	-
EPF and SOCSO	335	-

B. DIRECTORS' REMUNERATION (cont'd)

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

	Executive Directors	Non-Executive Directors
Below RM50 000	-	5
RM650,001 to RM700,000	1	-
RM700,001 to RM750,000	1	-
RM1,000,001 to RM1,050,000	1	-
RM1,150,001 to RM1,200,000	1	-

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

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 adopted appropriate accounting policies consistently, as well as applying 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 Bursa Securities MMLR 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 misstatement or loss.

The Group has outsourced its internal audit functions 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 Statement on Risk Management and Internal Control in this Annual Report provides an overview on the state of internal controls and risk management practices 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.

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 principles and recommendations of the MCCG 2012 and Bursa Securities MMLR.

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

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

D. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS (cont'd)

ii. 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 all the shareholders. 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 principles and recommendations as set out in the MCCG 2012. Save for the appointment of a Senior Independent Non-Executive Director as well as the Board does not comprise a majority of Independent Directors despite having an Executive Chairman, the Board considers that all other principles and recommendations as outlined in the MCCG 2012 have been substantially implemented.

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 as well as critical illness with term life and personal accident insurance to various levels of employees. This is to ensure that all employees 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 non-local staff through well-maintained and furnished hostels. The Group Human Resources department will always ensure that the hostels are in good and hygiene condition.

ii. The Environment

The Group recognises the importance of environmental conservation. For instance, all industrial wastes from the Group's operations are properly handled in accordance with the pre-set procedures, guidelines and regulations. All industrial wastes are strictly disposed 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 organisations. During the financial year under review, the Group has contributed funds to less fortunate groups through various non-governmental organisations. Our Social Care Committee has also organised visitation trips to two centres, namely Pusat Pemulihan Dalam Komuniti at Kampung Kenanga, Rawang (A day care / training center for down syndrome children & Physiotherapy for disabled children) and Home for the aged handicapped & the underprivileged, Ulu Yam Baru, Batang Kali. During the visits, we presented gifts in the form of food, daily household products, gift for the children and cash donation to the Management of both centres. Our staff and senior management also participated and mingle around with the children and other inmates of the Homes to show our affections and care. We will carry out such activities on yearly basis.

ADDITIONAL COMPLIANCE INFORMATION

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

1. **Utilisation of Proceeds**
   The Company did not raise funds through any corporate proposal during the financial year.

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 or Convertible Securities**
   There were no options exercised or warrants conversion during the financial year.

4. **Depository Receipt Programme**
   During the financial year, the Company did not sponsor any Depository Receipt Programme.

5. **Imposition of sanctions and penalties**
   There were no sanctions or penalties imposed on the Company and its subsidiaries, 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 RM6,500.00.

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. **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.





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 2012.

1. COMPOSITION OF THE AUDIT COMMITTEE AND MEETINGS

During the financial year ended 31 December 2012, the Audit Committee held a total of five (5) meetings. The members of the Audit Committee together with their attendance are set out below:-

Name	Designation	Attendance
Lou Swee You	Chairman / Independent, Non-Executive Director	5/5
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member / Independent, Non-Executive Director	5/5
Lim Cheang Nyok	Member / Independent, Non-Executive Director	4/5

2. SUMMARY OF KEY ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year ended 31 December 2012, the main activities undertaken by the Audit Committee were as follows:-

a. Reviewed the unaudited quarterly financial results of the Group and thereafter, submitted to the Board for approval and release to Bursa Malaysia Securities Berhad ("Bursa Securities").
b. Reviewed the audited year-end financial statements of the Group and Company and thereafter, submitted to the Board for consideration and approval.
c. Met with the External Auditors twice a year in the absence of the Executive Directors and Management 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 responses arising from the audit.
e. Reviewed the principal risks and the risk management actions reported by the Group Risk Management Committee and the Subsidiary Risk Management Unit.
f. Considered the application of corporate governance principles and the extent of the Group's compliance with the principles and recommendations and also reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control and thereafter recommended the same to the Board for inclusion in the annual report.
g. Reviewed the performance of Internal Audit Function, the annual internal audit plan and reports generated by the Internal Auditors which included:-
   - Quarterly internal audit reports of the Group and ensure that appropriate corrective actions are taken by Management.
   - Internal audit reports on recurrent related party transactions to ensure that the transactions entered into were made at arm's length basis and no conflict of interest within the Group.

3. SUMMARY OF KEY TERMS OF REFERENCE

3.1 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 as defined under Bursa Securities Main Market Listing Requirements ("MMLR").

All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must fulfilled the conditions as set out under paragraph 15.09(1)(c) of MMLR.

In addition, 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 member shall be reviewed by the Board at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

Retirement and resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated in paragraph 3.1 above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

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

3.2 Chairman

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

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

3.3 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. Besides, the Audit Committee shall meet with the external auditors without executive Board members present at least twice a year and whenever necessary.

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

3.4 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.

3.5 Authority

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

a. have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.
b. have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.
c. obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.
d. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).
e. where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of MMLR, the Audit Committee shall promptly report such matter to Bursa Securities.

3.6 Duties and Responsibilities

3.6.1 Risk Management and Internal Control

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

3.6.2 Financial Reporting

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

a. going concern assumption;
b. compliance with accounting standards and other legal requirements which include the MMLR of Bursa Securities and Securities Commission guidelines;

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

3.6 Duties and Responsibilities (cont'd)

3.6.2 Financial Reporting (cont'd)

c. any changes in accounting policies and practices;
d. significant adjustments and unusual issues arising from the audit;
e. major judgemental areas; and
f. external auditors' management letter and management's response.

3.6.3 Audit Process

i. To carry out the following in relation to the internal audit function:-

a. review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
b. review the internal audit programme, processes and results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
c. review internal audit plan, consider the audit reports and findings of internal audit, fraud investigations and actions and steps taken by Management in response to audit findings;
d. review any appraisal or assessment of the performance of members of the internal audit function; and
e. approve any appointment or termination of senior staff members of the internal audit function.

ii. To carry out the following in relation to the external auditors:-

a. To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal.
b. 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.
c. To review with the external auditor his evaluation of the system of internal controls and his audit report.
d. 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).
e. To review the external auditor's management letter and management's response.
f. To report its findings on the financial and management performance, and other material matters to the Board.

3.6.4 Responsibilities and Duties in relation to Related Party Transactions

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.

4. STATEMENT ON INTERNAL AUDIT FUNCTION

The internal audit function (IAF) is an integral part of the assurance framework and its main objective is to provide assurance on the adequacy and effectiveness of the internal control processes, risk management processes and governance framework within the Group.

The Audit Committee is supported by an IAF which is outsourced to an external professional firm. The Internal Auditors reports directly to the Audit Committee to maintain the independence and objectivity of the IAF. The Internal Auditors carries out audit assignment based on an audit plan that was reviewed and approved by the Audit Committee.

All internal audit reports including the audit findings, recommended action plans, and Management's responses were presented to the Audit Committee for deliberation. The Internal Auditors 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 stipulated time frame.

Further details of the activities of the IAF are set out under the Statement on Risk Management and Internal Control section of this Annual Report.

INTRODUCTION

The Board of Directors ("Board") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Securities"). In accordance with Recommendation 6.1 of the Malaysian Code on Corporate Governance 2012 as the benchmark, the Board is committed to establish a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

BOARD RESPONSIBILITY

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

The Board affirms that the Group has in place an on-going process for identifying, evaluating, monitoring and managing the 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

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

The Group Risk Management Committee ("GRMC") is responsible to ensure all the major risks of the Group are properly addressed and managed within its acceptable level. The GRMC is supported by various Risk Management Units ("RMU") of its subsidiaries. All significant risks, its relevant controls and mitigation plans taken by management are documented in the risk management reports. These reports are tabled to the Audit Committee and the Board of Directors for deliberations.

INTERNAL AUDIT FUNCTION

The Internal Audit Function (IAF) is outsourced to external professional firm to assist the Audit Committee by providing independent review and assessment on the adequacy, efficiency, and effectiveness of the Group's internal control system. The outsourced IAF conducted review based on an internal audit plan approved by the Audit Committee.

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. In addition, the IAF carried out follow-up visits to ensure that all agreed corrective action plans are satisfactorily implemented by the respective management. The status of corrective action plans are reported to the Audit Committee on a quarterly basis.

The fee incurred in maintaining the outsourced IAF for the financial year ended 31 December 2012 amounted to RM60,000.

OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES

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

- A budgeting process where budgets are prepared by the operating business units for subsequent monitoring and tracking of variances and performance.
- Documented Quality Management System accredited by various ISO certification bodies on four subsidiaries' manufacturing system.
- Quarterly review of financial results and operational matters by the Audit Committee and Board.
- Policies and standard procedures of various operating units within the Group are properly documented for operational guidance and compliance. These policies and procedures are reviewed and updated when necessary to maintain its effectiveness at all times.
- Corporate finance and treasury matters are controlled centrally and monitored on a weekly, monthly and quarterly basis.

OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES (cont'd)

- Setting formal authorisation limit for various level of personnel in order to minimise the risk of unauthorised transactions.
- Monthly management report on key business indicators and performance results on each subsidiary is reported to management and the Executive Directors. These would enable the Management and the Directors to review the performance of each subsidiary on a monthly basis.

During the financial year, there were no material losses incurred as a result of weaknesses in the internal control and the Board is satisfied that the on-going process of regular reviewing, evaluating and monitoring the risk management and internal control systems are reasonably effective and adequate within the Group, except on Posco-MKPC Sdn Bhd, which is an associate company of the Group.

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

Pursuant to paragraph 15.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants (MIA). Based on their review, the external auditors have reported to the Board that nothing has come to their attention that cause them to believe that this Statement is inconsistent with their understanding of the process as the Board has adopted in the review of the adequacy and integrity of the risk management and internal control of the Group.

The Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 25 April 2013.

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 statement of financial position and the consolidated statement of comprehensive income of the Group) for each financial year, made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Act and Bursa Malaysia Securities Berhad Main Market Listing Requirements. The audited financial statements of the Company and the Group for the financial year ended 31 December 2012 are set out from pages 28 to 114 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 2012, 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 resolution of the Board of Directors dated 25 April 2013.

Financial Statements

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of renting out properties and investment holding. The principal activities of the subsidiaries are mainly the manufacturing of steel related products, the details of which are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	9,904	1,506
Attributable to:		
Owners of the parent	7,701	1,506
Non-controlling interests	2,203	-
	9,904	1,506

DIVIDENDS

As approved by the shareholders at the Annual General Meeting held on 20 June 2012, a final dividend of 2% (1.0 sen per share), tax exempt, amounting to RM1,740,610 in respect of the financial year ended 31 December 2011 was paid on 15 September 2012.

The Directors propose a final dividend of 1.2% (0.6 sen per share), tax exempt, amounting to RM1,044,366 in respect of the financial year ended 31 December 2012, 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 new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

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

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

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

DIRECTORS (cont'd)

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

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares in the Company and of its related corporations during the financial year, 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 1.1.2012	**Bought**	**Sold**	**Balance as at 31.12.2012**
Shares in the Company				
Direct interests				
Toh Yew Keat	5,562,971	-	(2,266,254)	3,296,717
Dato' Toh Yew Peng	5,188,896	-	-	5,188,896
Toh Yew Kar	2,472,276	-	-	2,472,276
Toh Yew Seng	2,266,252	-	-	2,266,252
Toh Yew Chin	2,472,276	-	-	2,472,276
Md. Nahar Bin Noordin	8,000,000	-	-	8,000,000
Indirect interests				
Toh Yew Keat	62,003,000	1,150,000	-	63,153,000
Dato' Toh Yew Peng	62,003,000	1,150,000	-	63,153,000
Toh Yew Kar	62,003,000	1,150,000	-	63,153,000
Toh Yew Seng	62,003,000	1,150,000	-	63,153,000
Toh Yew Chin	62,003,000	1,150,000	-	63,153,000

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

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

DIRECTORS' BENEFITS

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

i. director's fees and other emoluments as disclosed in Note 23 to the financial statements; and
ii. deemed benefits arising from related party transactions as disclosed in Note 30 to the financial statements.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

I. AS AT THE END OF THE FINANCIAL YEAR

a. Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
   i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and 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 operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

II. FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

c. The Directors are not aware of any circumstances:
   i. which would render the amounts written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
   ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
   iii. which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

d. In the opinion of the Directors:
   i. there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
   ii. no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

III. AS AT THE DATE OF THIS REPORT

e. There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
f. There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
g. The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

IV. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF REPORTING PERIOD

On 28 January 2013, Prestar Manufacturing Sdn. Bhd. ("PMSB") and Prestar Storage System Sdn. Bhd. ("PSSSB"), both wholly-owned subsidiaries of the Company, incorporated a company in Indonesia, namely PT Prestar MHE.

The intended principal activity of PT Prestar MHE is distribution of MHE products manufactured by the Group.

AUDITORS

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

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

Dato' Toh Yew Peng
Director

Toh Yew Seng
Director

Kuala Lumpur
22 April 2013

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 34 to 114 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 36 on page 115 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dato' Toh Yew Peng Director	Toh Yew Seng Director

Kuala Lumpur
22 April 2013

STATUTORY DECLARATION

I, Koay Kah Ee, being the officer primarily responsible for the financial management of Prestar Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 115 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)
22 April 2013) Koay Kah Ee

Before me:

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRESTAR RESOURCES BERHAD

Report on the Financial Statements

We have audited the financial statements of Prestar Resources Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 34 to 114.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

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

b. We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.

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

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

Other Reporting Responsibilities

The supplementary information set out in Note 36 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

As stated in Note 3 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These Standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

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

BDO
AF: 0206
Chartered Accountants

Ooi Thiam Poh
2495/01/14 (J)
Chartered Accountant

Kuala Lumpur
22 April 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

		Group		
	NOTE	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	161,636	161,981	162,136
Investment properties	8	4,822	4,824	915
Investments in associates	10	40,591	40,695	38,991
Intangible assets	11	1,852	1,910	1,969
Deferred tax assets	12	2,150	119	6
		211,051	209,529	204,017
Current assets				
Inventories	13	148,841	135,088	142,097
Derivative assets	14	21	173	61
Trade and other receivables	15	169,161	144,065	136,108
Current tax assets		1,210	938	1,945
Cash and cash equivalents	16	17,799	19,687	23,873
		337,032	299,951	304,084
Non-current asset held for sale	17	-	1,427	-
TOTAL ASSETS		548,083	510,907	508,101
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	18	90,490	90,490	90,490
Treasury shares		(5,854)	(5,854)	(5,854)
Reserves	19	97,297	91,800	85,533
		181,933	176,436	170,169
Non-controlling interests		56,168	55,815	54,577
TOTAL EQUITY		238,101	232,251	224,746
Non-current liabilities				
Borrowings	20	30,777	9,561	18,051
Deferred tax liabilities	12	4,903	4,111	4,279
		35,680	13,672	22,330
Current liabilities				
Trade and other payables	21	47,089	38,971	36,129
Derivative liabilities	14	25	26	35
Borrowings	20	226,982	225,301	224,141
Current tax liabilities		206	686	720
		274,302	264,984	261,025
TOTAL LIABILITIES		309,982	278,656	283,355
TOTAL EQUITY AND LIABILITIES		548,083	510,907	508,101

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	NOTE	Company 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	54,168	48,717	48,719
Investment properties	8	-	-	857
Investments in subsidiaries	9	114,097	115,760	113,950
Investments in associates	10	16,968	16,968	16,968
		185,233	181,445	180,494
Current assets				
Trade and other receivables	15	2,771	15,870	25,680
Current tax assets		620	519	352
Cash and cash equivalents	16	2,565	3,530	3,492
		5,956	19,919	29,524
TOTAL ASSETS		191,189	201,364	210,018
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	18	90,490	90,490	90,490
Treasury shares		(5,854)	(5,854)	(5,854)
Reserves	19	27,031	27,266	26,546
TOTAL EQUITY		111,667	111,902	111,182
Non-current liabilities				
Borrowings	20	25,483	5,787	10,300
Deferred tax liabilities	12	1,619	1,170	1,146
		27,102	6,957	11,446
Current liabilities				
Trade and other payables	21	11,215	14,726	11,014
Borrowings	20	41,205	67,779	76,376
		52,420	82,505	87,390
TOTAL LIABILITIES		79,522	89,462	98,836
TOTAL EQUITY AND LIABILITIES		191,189	201,364	210,018

The accompanying notes form an integral part of the financial statements

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	22	587,675	534,999	12,341	14,341
Cost of sales		(534,251)	(480,339)	(1,060)	(1,157)
Gross profit		53,424	54,660	11,281	13,184
Other income		8,451	10,691	32	20
Selling and distribution expenses		(3,650)	(3,931)	-	-
Administrative expenses		(30,273)	(29,449)	(3,021)	(3,267)
Other expenses		(5,128)	(4,336)	(1,765)	(2,790)
Finance costs		(12,613)	(13,329)	(4,577)	(4,689)
Interest income		394	253	718	1,470
Share of profit of associates		88	1,704	-	-
Profit before tax	23	10,693	16,263	2,668	3,928
Tax expense	24	(789)	(4,182)	(1,162)	(1,467)
Profit for the financial year		9,904	12,081	1,506	2,461
Other comprehensive income:					
Foreign currency translations		(463)	(72)	-	-
Other comprehensive income, net of tax		(463)	(72)	-	-
Total comprehensive income		9,441	12,009	1,506	2,461
Profit attributable to:					
Owners of the parent		7,701	8,080	1,506	2,461
Non-controlling interests		2,203	4,001	-	-
		9,904	12,081	1,506	2,461
Total comprehensive income attributable to:					
Owners of the parent		7,238	8,008	1,506	2,461
Non-controlling interests		2,203	4,001	-	-
		9,441	12,009	1,506	2,461
Earnings per ordinary share attributable to equity holders of the Company:					
- Basic (sen):	26	4.42	4.64		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Group	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2012	90,490	1,687	(72)	(5,854)	90,185	176,436	55,815	232,251
Total comprehensive income	-	-	(463)	-	7,701	7,238	2,203	9,441
Transactions with owners:								
Dividends paid (Note 25)	-	-	-	-	(1,741)	(1,741)	-	(1,741)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(1,850)	(1,850)
Total transactions with owners	-	-	-	-	(1,741)	(1,741)	(1,850)	(3,591)
Balance as at 31 December 2012	90,490	1,687	(535)	(5,854)	96,145	181,933	56,168	238,101

Group	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Warrants reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2011	90,490	1,687	(1,875)	1,016	3,862	(5,854)	80,843	170,169	54,577	224,746
Effect of adoption of MFRS 1 (Note 35)	-	-	1,875	(1,016)	-	-	(859)	-	-	-
Restated balance as at 1 January 2011	90,490	1,687	-	-	3,862	(5,854)	79,984	170,169	54,577	224,746
Total comprehensive income	-	-	(72)	-	-	-	8,080	8,008	4,001	12,009
Expiry of warrants	-	-	-	-	(3,862)	-	3,862	-	-	-
Transactions with owners:										
Dividends paid (Note 25)	-	-	-	-	-	-	(1,741)	(1,741)	-	(1,741)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(2,810)	(2,810)
Ordinary shares contributed by non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	47	47
Total transactions with owners	-	-	-	-	-	-	(1,741)	(1,741)	(2,763)	(4,504)
Balance as at 31 December 2011	90,490	1,687	(72)	-	-	(5,854)	90,185	176,436	55,815	232,251

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Company	Ordinary share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Warrants reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2011	90,490	1,687	1,016	3,862	(5,854)	19,981	111,182
Effect of adoption of MFRS 1 (Note 35)	-	-	(1,016)	-	-	1,016	-
Restated balance as at 1 January 2011	90,490	1,687	-	3,862	(5,854)	20,997	111,182
Total comprehensive income	-	-	-	-	-	2,461	2,461
Expiry of warrants	-	-	-	(3,862)	-	3,862	-
Transactions with owners: Dividends paid (Note 25)	-	-	-	-	-	(1,741)	(1,741)
Balance as at 31 December 2011	90,490	1,687	-	-	(5,854)	25,579	111,902
Total comprehensive income	-	-	-	-	-	1,506	1,506
Transactions with owners: Dividends paid (Note 25)	-	-	-	-	-	(1,741)	(1,741)
Balance as at 31 December 2012	90,490	1,687	-	-	(5,854)	25,344	111,667

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		10,693	16,263	2,668	3,928
Adjustments for:					
Impairment loss on investment in subsidiaries	9	-	-	1,663	2,117
Impairment loss on trade and other receivables	15(g)	646	1,025	-	-
Amortisation of development costs	11	58	59	-	-
Inventories written down		442	236	-	-
Depreciation on investment properties	8	2	12	-	11
Depreciation on property, plant and equipment	7	9,360	9,250	1,130	1,108
Dividend income (gross)		-	-	(8,039)	(10,503)
Impairment loss on property, plant and equipment	7	3,227	650	-	-
Interest expenses		12,613	13,329	4,577	4,689
Interest income		(394)	(253)	(718)	(1,470)
Inventories written down no longer required	13	(248)	(988)	-	-
(Gain)/Loss on disposal of property, plant and equipment	23	(180)	(151)	(32)	15
Loss on disposal of an investment property	23	-	46	-	46
Gain on disposal of non-current asset held for sale	17	(1,394)	-	-	-
Deficit on liquidation of a subsidiary	23	-	-	-	45
Property, plant and equipment written off	7	443	473	-	1
Reversal of impairment loss on trade receivables	15(g)	(155)	(1,296)	-	-
Fair value adjustment on derivative instruments	14	151	(121)	-	-
Unrealised (gain)/loss on foreign exchange	23	(241)	269	-	-
Share of profit of associates		(88)	(1,704)	-	-
Operating profit/(loss) before changes in working capital		34,935	37,099	1,249	(13)
(Increase)/Decrease in inventories		(14,015)	7,423	-	-
(Increase)/Decrease in trade and other receivables		(25,639)	(7,799)	307	717
Increase/(Decrease) in trade and other payables		8,376	2,561	376	(148)
Cash generated from operations		3,657	39,284	1,932	556
Tax refunded		-	196	17	132
Tax paid		(2,780)	(3,686)	(133)	(30)
Net cash from operating activities		877	35,794	1,816	658

		Group		Company	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Repayment from subsidiaries		-	-	8,905	12,953
Dividend received, net		192	-	7,341	8,790
Interest received		394	253	718	1,470
Acquisition of additional interest in subsidiaries		-	-	-	(6,000)
Fixed deposit pledged		946	150	946	150
Purchase of property, plant and equipment	7(b)	(9,326)	(11,310)	(6,606)	(642)
Purchase of investment property	8	-	(6,194)	-	-
Proceeds from disposal of property, plant and equipment		631	1,221	57	120
Proceeds from disposal of an investment property	8	-	800	-	800
Proceeds from disposal of non-current asset held for sale	17	2,821	-	-	-
Proceeds from liquidation of a subsidiary		-	-	-	2,029
Net cash (used in)/from investing activities		(4,342)	(15,080)	11,361	19,670
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(12,613)	(13,329)	(4,577)	(4,689)
Proceeds from issue of shares to non-controlling interests		-	47	-	-
Repayment of hire purchase liabilities		(2,000)	(4,674)	(141)	(154)
Drawdown of/(Repayments of) term loans		21,741	(6,557)	23,531	(4,770)
Repayments of commercial papers		(40,000)	(30,000)	(40,000)	(30,000)
Drawdown of/(Repayments of) other bank borrowings		38,418	33,951	9,100	21,214
Dividends paid	25	(1,741)	(1,741)	(1,741)	(1,741)
Dividends paid to non-controlling interests		(1,850)	(2,810)	-	-
Net cash from/(used in) financing activities		1,955	(25,113)	(13,828)	(20,140)
Net (decrease)/increase in cash and cash equivalents		(1,510)	(4,399)	(651)	188
Effects of exchange rate difference		(77)	669	-	-
Cash and cash equivalents at beginning of financial year		16,889	20,619	2,479	2,291
Cash and cash equivalents at end of financial year	16(b)	15,302	16,889	1,828	2,479

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

1. CORPORATE INFORMATION

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

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

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

The consolidated financial statements for the financial year ended 31 December 2012 comprise the Company and its subsidiaries and the Group's interest in associates. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 22 April 2013.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of renting out properties and investment holding. The principal activities of the subsidiaries are mainly manufacturing of steel related products, the details of which are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act 1965 in Malaysia. This MFRSs framework was introduced by the Malaysian Accounting Standards Board ("MASB") in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the IFRSs framework established by the International Accounting Standards Board ("IASB"). Accordingly any reference made on MFRSs are also equivalent to corresponding IFRSs.

These are the Group and the Company's first financial statements prepared in accordance with MFRSs and accordingly MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ('FRSs') in Malaysia.

The Group and the Company have consistently applied the same accounting policies in its opening MFRSs statements of financial position as at 1 January 2011 and throughout all financial years presented, as if these policies had always been in effect. Comparative figures for the financial year ended 31 December 2011 in these financial statements have been restated to give effect to these changes, and Note 35 to the financial statements discloses the impact of the transition to MFRSs on the Group and the Company's reported financial position, financial performance and cash flows for the financial year then ended.

Note 36 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, so as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

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

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

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

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

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

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

i. the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (cont'd):

ii. the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

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

4.3 Business combinations

Business combinations from 1 January 2011 onwards

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

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

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

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

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

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

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 Business combinations (cont'd)

Business combinations before 1 January 2011

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill represents the amount recognised under the previous FRS Framework in respect of acquisitions prior to 1 January 2011.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost less accumulated depreciation and any accumulated impairment losses. 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 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 profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

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

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

Buildings	20 - 50 years
Short term leasehold land	48 - 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

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

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Leases and hire purchase

a. Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

b. Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

c. Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

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

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

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

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 off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 Investments

a. Subsidiaries

A subsidiary is an entity in which the Group and the Company have the 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 accumulated impairment losses, if any. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

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

b. Associates

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

In the 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 statement of financial position 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 an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the Group's net investment 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 could 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 profit or loss. 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 to the extent that there is no impairment.

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 end of reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in end of the reporting periods is no more than three (3) months.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 Investments (cont'd)

b. Associates (cont'd)

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 profit or loss.

4.8 Intangible assets

4.8.1 Goodwill

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

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions significant lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

4.8.2 Other intangible assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 Intangible assets (cont'd)

4.8.2 Other intangible assets (cont'd)

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

Development costs

Costs associated with the development of a new product are recognised as an expense as and when incurred. Costs 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 end of each reporting periods.

Development assets are tested for impairment annually.

4.9 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries and associates), inventories, deferred tax assets and non-current assets held for sale, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

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

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the 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.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

4.10 Inventories

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

The cost of raw materials is determined on the weighted average basis and comprises 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 a proportion of production overheads based on normal operating capacity of the production facilities.

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

4.11 Financial instruments

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

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

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

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

4.11.1 Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

a. **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

4.11.1 Financial assets (cont'd)

a. Financial assets at fair value through profit or loss (cont'd)

Net gains or losses on financial assets classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

b. Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

c. Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

d. Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

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.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

4.11.1 Financial assets (cont'd)

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

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

4.11.2 Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

a. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

b. Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

4.11.3 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

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

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

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

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

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

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

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

4.12 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable or investee, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 Impairment of financial assets (cont'd)

(a) Loans and receivables (cont'd)

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed to profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4.13 Borrowing costs

All borrowing costs are recognised to profit or loss in the period in which they are incurred.

4.14 Income taxes

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

Taxes in the statements of comprehensive income comprise current tax and deferred tax.

4.14.1 Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

4.14.2 Deferred tax

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits 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 the end of each reporting period. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.14 Income taxes (cont'd)

4.14.2 Deferred tax (cont'd)

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 income taxes relate to the same taxation authority on either:

i. the same taxable entity; or

ii. different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 end of the reporting period.

4.15 Provisions

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

If the effect of the time value of money is material, the amount of a provision 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 the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits 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.

4.16 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 a contingent asset but discloses its existence where the 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.17 Employee benefits

4.17.1 Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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

4.17.2 Defined contribution plan

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

4.18 Foreign currencies

4.18.1 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.

4.18.2 Foreign currency translations and balances

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

4.18.3 Foreign operations

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 Foreign currencies (cont'd)

4.18.3 Foreign operations (cont'd)

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

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

4.19 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 the significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group retains no continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.

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

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

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

4.20 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets shall be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. The probability of shareholders' approval (if required in the jurisdiction) is considered as part of the assessment of whether the sale is highly probable.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets.

Immediately before the initial classification as held for sale, the carrying amounts of the non-current assets are measured in accordance with applicable MFRSs. On initial classification as held for sale, non-current assets are measured at the lower of carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.20 Non-current assets held for sale (cont'd)

The Group measures a non-current asset classified as held for distribution to owners at the lower of its carrying amount and fair value less costs to distribute.

Non-current assets held for sale are classified as current assets in the statement of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset classified as held for sale is presented separately.

If the Group has classified an asset as held for sale but subsequently the criteria for classification is no longer met, the Group ceases to classify the asset as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

(i) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale; and

(ii) its recoverable amount at the date of the subsequent decision not to sell.

4.21 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

    (i) The combined reported profit of all operating segments that did not report a loss; and

    (ii) The combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.22 Earnings per share

a. Basic

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

b. Diluted

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

4.23 Warrant reserve

Proceeds from issuance of warrants, net of issue costs, are credited to warrant reserve which is non-distributable. Warrant reserve will be transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the current financial year

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

Title	Effective Date
MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*	1 January 2012
MFRS 2 *Share-based Payment*	1 January 2012
MFRS 3 *Business Combinations*	1 January 2012
MFRS 4 *Insurance Contracts*	1 January 2012
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6 *Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7 *Financial Instruments: Disclosures*	1 January 2012
MFRS 8 *Operating Segments*	1 January 2012
MFRS 101 *Presentation of Financial Statements*	1 January 2012
MFRS 102 *Inventories*	1 January 2012
MFRS 107 *Statement of Cash Flows*	1 January 2012
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110 *Events After the Reporting Period*	1 January 2012
MFRS 111 *Construction Contacts*	1 January 2012
MFRS 112 *Income Taxes*	1 January 2012
MFRS 116 *Property, Plant and Equipment*	1 January 2012
MFRS 117 *Leases*	1 January 2012
MFRS 118 *Revenue*	1 January 2012
MFRS 119 *Employee Benefits*	1 January 2012

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (cont'd)

5.1 New MFRSs adopted during the current financial year (cont'd)

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

Title	Effective Date
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123 *Borrowing Costs*	1 January 2012
MFRS 124 *Related Party Disclosures*	1 January 2012
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127 *Consolidated and Separate Financial Statements*	1 January 2012
MFRS 128 *Investments in Associates*	1 January 2012
MFRS 129 *Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131 *Interests in Joint Ventures*	1 January 2012
MFRS 132 *Financial Instruments: Presentation*	1 January 2012
MFRS 133 *Earnings Per Share*	1 January 2012
MFRS 134 *Interim Financial Reporting*	1 January 2012
MFRS 136 *Impairment of Assets*	1 January 2012
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138 *Intangible Assets*	1 January 2012
MFRS 139 *Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140 *Investment Property*	1 January 2012
MFRS 141 *Agriculture*	1 January 2012
Improvements to MFRSs (2008)	1 January 2012
Improvements to MFRSs (2009)	1 January 2012
Improvements to MFRSs (2010)	1 January 2012
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*	1 January 2012
IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10 *Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12 *Service Concession Arrangements*	1 January 2012
IC Interpretation 13 *Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14 MFRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15 *Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 January 2012

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (cont'd)

5.1 New MFRSs adopted during the current financial year (cont'd)

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

Title	Effective Date
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18 *Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 107 *Introduction of the Euro*	1 January 2012
IC Interpretation 110 *Government Assistance – No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112 *Consolidation – Special Purposes Entites*	1 January 2012
IC Interpretation 113 *Jointly Controlled Entities – Non – Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115 *Operating Leases – Incentives*	1 January 2012
IC Interpretation 125 *Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 129 *Service Concession Arrangements: Disclosures*	1 January 2012
IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132 *Intangible Assets – Web Site Costs*	1 January 2012

a. Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* are mandatory for annual periods beginning on or after 1 January 2013.

   The Company has early adopted Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* in conjunction with the application of MFRS 101. These Amendments clarify that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, these Amendments clarify that the related notes to the opening statement of financial position need not be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 January 2011.

b. Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* are mandatory for annual periods beginning on or after 1 January 2013.

   The Company has early adopted Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in conjunction with the application of MFRS 1. These Amendments clarify that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (cont'd)

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been adopted by the Group and the Company.

Title	Effective Date
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*	1 July 2012
MFRS 10 *Consolidated Financial Statements*	1 January 2013
MFRS 11 *Joint Arrangements*	1 January 2013
MFRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13 *Fair Value Measurement*	1 January 2013
MFRS 119 *Employee Benefits (revised)*	1 January 2013
MFRS 127 *Separate Financial Statements*	1 January 2013
MFRS 128 *Investments in Associates and Joint Ventures*	1 January 2013
Amendments to MFRS 1 *Government Loans*	1 January 2013
Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRSs *Annual Improvements 2009 – 2011 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
MFRS 3 *Business Combinations* (as issued by the International Accounting Standards Board ("IASB") in March 2004)	1 January 2013
MFRS 127 *Consolidated and Separate Financial Statements* (as issued by the IASB in December 2003)	1 January 2013
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
MFRS 9 *Financial Instruments*	1 January 2015

The Group and the Company are in the process of assessing the impact of implementing these accounting standards, amendments and interpretations as the effects would only be observable in the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

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

6.2 Critical judgements made in applying accounting policies

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

Contingent liabilities on corporate guarantees

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

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

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis in accordance with its accounting policy. (See accounting policy Note 4.9 to the financial statements on impairment of goodwill).

For the purposes of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of goodwill. The key assumptions used are disclosed in Note 11(b) to the financial statements.

ii. Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within five (5) to fifty (50) years, which are common life expectancies applied in the steel 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, and therefore future depreciation charges could be revised.

iii. Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses based on the interpretation of the tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

iv. Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that 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.

v. Impairment of property, plant and equipment

The Directors review the impairment of the Group's property, plant and equipment when there is an indication of impairment. The Group carried out an impairment test based on a variety of estimation on the value in use of the cash generating unit ('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.

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

6.3 Key sources of estimation uncertainty (cont'd)

vi. Impairment of receivables

The Group carried out an assessment of the recoverability of receivables and impairment is made to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, receivables' concentrations, receivables' creditworthiness, current economic trends and changes in receivables' payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

vii. Impairment of investments in subsidiaries and amounts owing by subsidiaries

The Company reviews the investments in subsidiaries for impairment when there is indication of impairment and assesses the impairment of receivables on the amounts owing by subsidiaries when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and amounts owing by subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the business of the subsidiaries.

viii. Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on an assessment of their estimated net selling price. Inventories are written down where events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate adequacy of the write down for obsolete or slow moving 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. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 29 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2012	Additions	Disposals	Write off	Depreciation charges for the financial year	Impairment losses for the financial year	Reclassification	Foreign currency translation difference	Balance as at 31.12.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amount									
Freehold land	21,238	-	-	-	-	-	-	-	21,238
Buildings	59,620	86	-	-	(1,521)	-	421	(141)	58,465
Short-term leasehold land	7,350	-	-	-	(174)	-	-	(83)	7,093
Plant and machinery	56,239	1,729	-	(290)	(3,958)	(2,871)	1,864	(105)	52,608
Office equipment	1,096	317	(5)	(1)	(362)	-	-	(2)	1,043
Furniture, fittings and renovations	1,213	486	-	(3)	(466)	-	-	(3)	1,227
Motor vehicles and forklifts	7,019	6,532	(446)	(145)	(2,062)	-	366	-	11,264
Moulds, tools and equipment	3,337	496	-	(4)	(817)	(70)	-	-	2,942
Capital work-in-progress	4,869	3,824	-	-	-	(286)	(2,651)	-	5,756
	161,981	13,470	(451)	(443)	(9,360)	(3,227)	-	(334)	161,636

	Cost	Accumulated depreciation and impairment	Carrying amount
	<--------------At 31 December 2012		------------>
	RM'000	RM'000	RM'000
Freehold land	21,238	-	21,238
Buildings	71,427	(12,962)	58,465
Short-term leasehold land	8,519	(1,426)	7,093
Plant and machinery	91,995	(39,387)	52,608
Office equipment	4,691	(3,648)	1,043
Furniture, fittings and renovations	5,424	(4,197)	1,227
Motor vehicles and forklifts	19,175	(7,911)	11,264
Moulds, tools and equipment	10,378	(7,436)	2,942
Capital work-in-progress	6,266	(510)	5,756
	239,113	(77,477)	161,636

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

Group	Balance as at 1.1.2011	Additions	Disposals	Write off	Depreciation charges for the financial year	Impairment losses for the financial year	Reclassifi-cation	Foreign currency translation difference	Balance as at 31.12.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amount									
Freehold land	19,223	2,015	-	-	-	-	-	-	21,238
Buildings	60,694	97	-	-	(1,501)	-	585	(255)	59,620
Short-term leasehold land	7,672	-	-	-	(175)	-	-	(147)	7,350
Plant and machinery	61,181	1,450	(212)	(363)	(4,054)	(426)	(745)	(592)	56,239
Office equipment	1,179	312	(2)	(3)	(382)	-	-	(8)	1,096
Furniture, fittings and renovations	1,800	314	-	(3)	(582)	-	(296)	(20)	1,213
Motor vehicles and forklifts	5,305	3,728	(308)	-	(1,706)	-	-	-	7,019
Moulds, tools and equipment	3,223	962	-	-	(850)	-	2	-	3,337
Capital work-in-progress	1,859	3,432	(548)	(104)	-	(224)	454	-	4,869
	162,136	12,310	(1,070)	(473)	(9,250)	(650)	-	(1,022)	161,981

	<--------------At 31 December 2011 ------------>		
	Cost	Accumulated depreciation and impairment	Carrying amount
	RM'000	RM'000	RM'000
Freehold land	21,238	-	21,238
Buildings	71,607	(11,987)	59,620
Short-term leasehold land	8,612	(1,262)	7,350
Plant and machinery	92,340	(36,101)	56,239
Office equipment	4,438	(3,342)	1,096
Furniture, fittings and renovations	4,955	(3,742)	1,213
Motor vehicles and forklifts	13,598	(6,579)	7,019
Moulds, tools and equipment	10,952	(7,615)	3,337
Capital work-in-progress	5,093	(224)	4,869
	232,833	(70,852)	161,981

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

Company	Balance as at 1.1.2012	Additions	Disposal	Depreciation charge for the financial year	Transfer from related companies	Balance as at 31.12.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amount						
Freehold land	17,460	-	-	-	-	17,460
Buildings	30,033	73	-	(831)	6,070	35,345
Office equipment	108	68	-	(33)	-	143
Furniture, fittings and renovations	87	322	-	(63)	-	346
Motor vehicles	1,029	73	(25)	(203)	-	874
	48,717	536	(25)	(1,130)	6,070	54,168

	<--------------At 31 December 2012------------>		
	Cost	Accumulated depreciation	Carrying amount
	RM'000	RM'000	RM'000
Freehold land	17,460	-	17,460
Buildings	44,173	(8,828)	35,345
Office equipment	334	(191)	143
Furniture, fittings and renovations	1,566	(1,220)	346
Motor vehicles	1,416	(542)	874
	64,949	(10,781)	54,168

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

Company	Balance as at 1.1.2011	Additions	Disposal	Written off	Depreciation charge for the financial year	Reclassifi-cation	Balance as at 31.12.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amount							
Freehold land	17,460	-	-	-	-	-	17,460
Buildings	30,197	-	-	-	(749)	585	30,033
Office equipment	110	29	-	(1)	(30)	-	108
Furniture, fittings and renovations	224	34	-	-	(171)	-	87
Motor vehicles	419	903	(135)	-	(158)	-	1,029
Capital work-in-progress	309	276	-	-	-	(585)	-
	48,719	1,242	(135)	(1)	(1,108)	-	48,717

	<--------------At 31 December 2011		------------>
	Cost	Accumulated depreciation	Carrying amount
	RM'000	RM'000	RM'000
Freehold land	17,460	-	17,460
Buildings	38,029	(7,996)	30,033
Office equipment	266	(158)	108
Furniture, fittings and renovations	1,245	(1,158)	87
Motor vehicles	1,479	(450)	1,029
	58,479	(9,762)	48,717

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

a. The plant and machinery, freehold land, short term leasehold land and certain buildings of the Group and of the Company with a carrying amount of RM86,828,000 (2011: RM83,731,000) and RM52,805,000 (2011: RM47,493,000) respectively have been charged as securities for banking facilities granted to the Company and its subsidiaries as disclosed in Note 20 to the financial statements.

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Purchase of property, plant and equipment	13,470	12,310	6,606	1,242
Financed by hire purchase arrangements	(4,144)	(1,000)	-	(600)
Cash payments on purchase of property, plant and equipment	9,326	11,310	6,606	642

c. Included in property, plant and equipment are the following assets acquired under hire purchase arrangements:

	Group		Company	
Carrying amount	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Plant and machinery	3,357	5,959	-	-
Motor vehicles and forklifts	4,697	1,469	739	938
Capital work-in-progress	551	381	-	-
	8,605	7,809	739	938

d. The useful life of leasehold land of the Group range from 48 to 50 years.

8. INVESTMENT PROPERTIES

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
At cost				
Balance as at 1 January	5,049	1,156	-	874
Additions	-	6,194	-	-
Disposal	-	(874)	-	(874)
Transfer to non-current assets held for sale (Note 17)	-	(1,427)	-	-
Balance as at 31 December	5,049	5,049	-	-
Accumulated depreciation				
Balance as at 1 January	32	48	-	17
Depreciation charge for the financial year	2	12	-	11
Disposal	-	(28)	-	(28)
Balance as at 31 December	(34)	(32)	-	-
Accumulated impairment losses				
Balance as at 1 January	193	193	-	-
Disposal	-	-	-	-
Balance as at 31 December	(193)	(193)	-	-
Net carrying amount as at 31 December	4,822	4,824	-	-
Market value as at 31 December	4,875	4,875	-	-

The fair value of the investment properties were estimated by the Directors by reference to the market value of similar properties available at end of the reporting period.

In 2011, the Company disposed off an investment property with a carrying amount of RM846,000 for a total cash consideration of RM800,000.

The following income and expenses have been recognised in the statements of comprehensive income in respect of investment properties:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Rental income	-	33	-	33
Direct operating expenses incurred on:				
- income generating investment properties	-	6	-	6
- non-income generating investment properties	3	3	-	-

9. INVESTMENTS IN SUBSIDIARIES

	Company 2012 RM'000	Company 2011 RM'000
At cost		
Unquoted shares	133,549	133,549
Less: Impairment loss	(19,452)	(17,789)
	114,097	115,760

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

Name of company	Effective equity interest 2012 %	Effective equity interest 2011 %	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 Engineering Sdn. Bhd. *	75	75	Manufacture and supply of guardrails and related products.
Prestar Steel Pipes Sdn. Bhd. *	100	100	Manufacture wide range of steel pipes and tubes.
Prestar Precision Tube Sdn. Bhd. *	100	100	Manufacture wide range of 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. *	95	95	General hot-dip galvanising and coating of metal products and threaded items.
Prestar Storage System Sdn. Bhd. *	100	100	Manufacture and installation of all kinds of material handling equipment, structural steel works and pallet racking system.
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 Prestar Precision Tube Sdn. Bhd.			
PT Prestar Precision Tube @	75	75	Importing and trading of carbon steel pipes
Subsidiary of Tashin Steel Sdn. Bhd.			
Tashin Hardware Sdn. Bhd. *	51	51	Trading of steel material and general hardware products.

* *Audited by BDO Malaysia.* ** *Audited by BDO Member Firm.*
\# *Incorporated in Vietnam.* @ *Incorporated in Indonesia.*

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

a. An impairment loss on investments in subsidiary amounting to RM1,077,000 (2011: RM2,117,000) relating to a subsidiary, Prestar Industries (Vietnam) Co., Ltd. ('PIV'), had been recognised during the financial year. The recoverable amount was determined based on a value-in-use calculation using cash flow projections derived from financial budgets approved by management covering a five (5)-year period. The discount rate applied to the cash flow projections was 4.76% based on the weighted average cost of capital of the Company.

b. An impairment loss on investments in subsidiary amounting to RM586,000 relating to a subsidiary, Prestar Steel Pipes Sdn. Bhd. ('PSP'), had been recognised during the financial year. The recoverable amount was determined based on a value-in-use calculation using cash flow projections derived from financial budgets approved by management covering a five (5)-year period. The discount rate applied to the cash flow projections was 4.76% based on the weighted average cost of capital of the Company.

10. INVESTMENT IN ASSOCIATES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted equity shares, at cost	17,021	17,021	17,021	17,021
Less: Impairment loss	-	-	(53)	(53)
Share of post acquisition reserves, net of dividends received	23,570	23,674	-	-
	40,591	40,695	16,968	16,968

Details of the associates are as follows:

Name of company	Effective equity interest 2012 %	Effective equity interest 2011 %	Principal activities
Prestar Steel (S) Pte. Ltd. ** (Incorporated in Singapore)	25	25	Dormant
POSCO-MKPC Sdn. Bhd. * (Incorporated in Malaysia)	30	30	Slitting, shearing and sales of steel sheets and coils.

* *Audited by BDO Malaysia.*
** *Not audited by BDO Member Firm.*

The financial statements used for equity accounting of the above associates are coterminous with those of the Group, which is 31 December 2012.

10. INVESTMENTS IN ASSOCIATES (cont'd)

The summarised financial information of the associates are as follows:

	2012 RM'000	2011 RM'000
Assets and liabilities		
Current assets	366,390	368,961
Non-current assets	87,865	85,808
Total assets	454,255	454,769
Current liabilities	300,898	300,778
Non-current liabilities	17,741	18,025
Total liabilities	318,639	318,803
Results		
Revenue	632,845	488,781
Profit for the financial year	292	5,671

11. INTANGIBLE ASSETS

Group	Goodwill RM'000	Development costs RM'000	Total RM'000
Balance as at 1 January 2011	1,675	294	1,969
Amortisation for the financial year	-	(59)	(59)
Balance as at 31 December 2011	1,675	235	1,910
Amortisation for the financial year	-	(58)	(58)
Balance as at 31 December 2012	1,675	177	1,852

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 2012 RM'000	Group 2011 RM'000
Manufacturing – CGU 1	1,131	1,131
Trading – CGU 2	544	544
	1,675	1,675

11. INTANGIBLE ASSETS (cont'd)

b. Goodwill (cont'd)

Impairment test on CGU 1 and CGU 2

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

The recoverable amounts of CGU 1 and 2 were determined based on value in use calculations using discounted cash flow projections from financial budgets approved by the Directors covering a five (5)-year period. 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 end of the reporting period.

Value in use of CGU 1 and 2 were 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 4.54% (2011: 4.20%) for CGU 1 and 4.52% (2011: 4.41%) 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.

c. Sensitivity to changes in assumptions

With regard to the assessment of value in use of CGU 1 and 2, management believes that there is no reasonable possible change in any of the above key assumptions which would cause the CGU's carrying amounts to materially exceed their recoverable amounts.

12. DEFERRED TAX

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

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Balance as at 1 January	3,992	4,273	1,170	1,146
Recognised in profit or loss (Note 24)	(1,239)	(281)	449	24
Balance as at 31 December	2,753	3,992	1,619	1,170
Presented after appropriate offsetting:				
Deferred tax liabilities	4,903	4,111	1,619	1,170
Deferred tax assets	(2,150)	(119)	-	-

12. DEFERRED TAX (cont'd)

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

	Group	
	2012 RM'000	2011 RM'000
Deferred tax liabilities		
Balance as at 1 January	5,207	5,082
Recognised in profit or loss		
Property, plant and equipment	1,335	125
Balance as at 31 December, prior to off-setting	6,542	5,207
Set-off of tax	(1,639)	(1,096)
Balance as at 31 December, net	4,903	4,111
Deferred tax assets		
Balance as at 1 January	1,215	809
Recognised in the profit or loss		
Provisions	566	406
Unused tax losses and unabsorbed capital allowances	2,008	-
Balance as at 31 December, prior to off-setting	3,789	1,215
Set-off of tax	(1,639)	(1,096)
Balance as at 31 December, net	2,150	119

c. The components of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Total RM'000
At 1 January 2012	5,207	5,207
Recognised in the profit or loss	1,335	1,335
At 31 December 2012	6,542	6,542
At 1 January 2011	5,082	5,082
Recognised in the profit or loss	125	125
At 31 December 2011	5,207	5,207

12. DEFERRED TAX (cont'd)

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

Deferred tax assets of the Group

	Provisions RM'000	Unused tax losses and unabsorbed capital allowances RM'000	Total RM'000
At 1 January 2012	1,215	-	1,215
Recognised in the profit or loss	566	2,008	2,574
At 31 December 2012	1,781	2,008	3,789
At 1 January 2011	809	-	809
Recognised in the profit or loss	406	-	406
At 31 December 2011	1,215	-	1,215

Deferred tax liabilities of the Company

	Property, plant and equipment RM'000	Total RM'000
At 1 January 2012	1,170	1,170
Recognised in the profit or loss	449	449
At 31 December 2012	1,619	1,619
At 1 January 2011	1,146	1,146
Recognised in the profit or loss	24	24
At 31 December 2011	1,170	1,170

d. The amounts of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	Group	
	2012 RM'000	2011 RM'000
Unused tax losses	13,605	21,540
Other temporary differences	(2,534)	(3,123)
	11,071	18,417

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.

13. INVENTORIES

	Group	
	2012 RM'000	2011 RM'000
At cost		
Raw materials	75,545	60,672
Work-in-progress	8,334	6,528
Manufacturing and trading inventories	54,067	45,891
	137,946	113,091
At net realisable value		
Raw materials	1,561	5,588
Work-in-progress	1,036	2,420
Manufacturing and trading inventories	8,298	13,989
	10,895	21,997
	148,841	135,088

The Group reversed RM248,000 (2011: RM988,000) in respect of inventories written down in the previous financial year that was subsequently not required as the Group was able to realise those inventories above their carrying amounts.

14. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
2012			
Forward currency contracts	27,529	21	(25)
2011			
Forward currency contracts	14,361	173	(26)

Forward currency contracts have been entered into to operationally hedge forecast sales and purchases denominated in foreign currencies that are expected to occur at various dates within six (6) months from the end of the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components have been determined based on the difference between the contracted rate and the forward exchange rate as applicable to a contract of similar amount and maturity profile at the end of the reporting date.

During the financial year, the Group recognised total loss/(gain) of RM151,000 (2011: (RM121,000)) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward foreign exchange. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 28.

15. TRADE AND OTHER RECEIVABLES

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Trade receivables				
- Third parties	157,454	130,198	-	-
- Associate	883	41	-	-
- Related parties	1,050	581	-	-
	159,387	130,820	-	-
Less: Impairment loss	(1,061)	(1,537)	-	-
	158,326	129,283	-	-
Other receivables, deposits, and prepayments				
Other receivables	3,462	4,952	48	63
Amount owing by subsidiaries	-	-	2,639	15,431
Deposits	3,577	3,829	19	19
Prepayments	3,796	6,093	65	357
	10,835	14,874	2,771	15,870
Less: Impairment loss - Deposits	-	(92)	-	-
	10,835	14,782	2,771	15,870
	169,161	144,065	2,771	15,870

a. Trade receivables are non-interest bearing and the credit terms offered by the Group in respect of trade receivables range from 30 to 120 days (2011: 14 to 120 days) from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

b. Related parties represent amounts owing by certain companies in which certain Directors have financial interests, which are subject to normal trade credit terms.

c. The amount owing by subsidiaries represent advances and payments made on behalf which are unsecured, payable upon demand in cash and cash equivalents and interest-free except for advances of RM2,690,000 (2011: RM14,368,000) which bear interest at a range of 6.79% to 6.90% (2011: 6.36% to 7.09%) per annum.

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

   i. security deposits paid to a supplier of RM2,500,000 (2011: RM2,500,000) for purchase of raw materials; and

   ii. Prepayments of RM1,342,000 (2011: RM1,488,000) made to suppliers for purchase of raw materials.

15. TRADE AND OTHER RECEIVABLES (cont'd)

e. The currency exposure profile of trade and other receivables are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	164,270	140,611	2,771	15,870
US Dollar	3,194	2,001	-	-
Singapore Dollar	460	554	-	-
Indonesia Rupiah	8	3	-	-
Vietnamese Dong	1,001	619	-	-
Thai Baht	-	4	-	-
Great Britain Pound	228	273	-	-
	169,161	144,065	2,771	15,870

f. The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2012 RM'000	2011 RM'000
Neither past due nor impaired	125,846	95,306
Past due, not impaired		
- 1 to 30 days past due	18,681	18,998
- 31 to 60 days past due	6,893	5,743
- 61 to 90 days past due	6,192	8,487
- More than 90 days past due	714	749
	32,480	33,977
Past due and impaired	1,061	1,537
	159,387	130,820

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy trade receivables with good payment records with the Group. None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

<u>Receivables that are past due but not impaired</u>

The Group has trade receivables amounting to RM32,480,000 (2011: RM33,977,000) that are past due at the end of the reporting period but not impaired. Trade receivables of the Group that are past due but not impaired are unsecured in nature. The Group closely monitors the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

15. TRADE AND OTHER RECEIVABLES (cont'd)

f. The ageing analysis of trade receivables of the Group are as follows (cont'd):

Receivables that are past due and impaired

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

	Individually impaired	
	2012 RM '000	**2011 RM '000**
Group		
Trade receivables, gross	1,061	1,537
Less: Impairment loss	(1,061)	(1,537)
	-	-

g. The reconciliation of movement of the impairment loss is as follows:

	Group	
	2012 RM '000	**2011 RM '000**
At 1 January	1,537	2,008
Charge for the financial year	646	933
Reversal of impairment losses	(155)	(1,296)
Written off	(967)	(108)
At 31 December	1,061	1,537

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

h. Information on financial risks of trade and other receivables are disclosed in Note 29 to the financial statements.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Fixed deposits with licensed banks	1,667	5,251	1,102	2,251
Cash and bank balances	16,132	14,436	1,463	1,279
	17,799	19,687	2,565	3,530

16. CASH AND CASH EQUIVALENTS (cont'd)

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	16,319	18,804	2,565	3,530
US Dollar	444	146	-	-
Vietnamese Dong	931	592	-	-
Indonesia Rupiah	105	145	-	-
	17,799	19,687	2,565	3,530

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fixed deposits with licensed banks	1,667	5,251	1,102	2,251
Cash and bank balances	16,132	14,436	1,463	1,279
Bank overdrafts (Note 20)	(2,392)	(1,747)	(632)	-
	15,407	17,940	1,933	3,530
Less: Fixed deposits pledged to licensed licensed banks	(105)	(1,051)	(105)	(1,051)
As reported in statements of cash flows	15,302	16,889	1,828	2,479

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

In 2011, included in the fixed deposits of the Group and of the Company were amounts of RM1,051,000 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 20 to the financial statements.

d. Information on financial risks of cash and cash equivalents are disclosed in Note 29 to the financial statements.

17. NON-CURRENT ASSET HELD FOR SALE

	Group	
	2012 RM'000	2011 RM'000
Leasehold land and building		
Transfer from investment properties (Note 8)	-	1,427

17. NON-CURRENT ASSET HELD FOR SALE (cont'd)

On 30 December 2011, the Group entered into a conditional Sale and Purchase Agreement ('SPA') with a third party to dispose off a parcel of leasehold land and factory building measuring approximately 11,791 square feet, for a total net consideration of RM2,821,000. The disposal was completed on 15 November 2012.

18. SHARE CAPITAL

	Group and Company			
	2012		2011	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM0.50 each:				
Authorised	400,000	200,000	400,000	200,000
Issued and fully paid:				
Balance as at 1 January/ 31 December	180,980	90,490	180,980	90,490

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

Treasury shares

The shareholders of the Company, by an ordinary resolution passed at its 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 subsequent Annual General Meetings. The Directors are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan is in the best interests of the Company and its shareholders.

Of the total 180,980,900 (2011: 180,980,900) issued and fully paid ordinary shares as at 31 December 2012, 6,919,900 (2011: 6,919,900) are held as treasury shares by the Company. As at 31 December 2012, the number of outstanding ordinary shares in issue net of treasury shares is 174,061,000 (2011: 174,061,000) ordinary shares of RM0.50 each.

19. RESERVES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-distributable				
Share premium	1,687	1,687	1,687	1,687
Foreign currencies exchange translation reserve	(535)	(72)	-	-
	1,152	1,615	1,687	1,687
Distributable				
Retained earnings	96,145	90,185	25,344	25,579
	97,297	91,800	27,031	27,266

19. RESERVES (cont'd)

a. Foreign currencies 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.

b. Retained earnings

Effective 1 January 2008, the Company was 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 decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 amounting to approximately RM12,063,000 and balance in the tax exempt account amounting to approximately RM6,827,000 to frank the payment of dividends out of its retained earnings as at end of the reporting period.

20. BORROWINGS

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Current liabilities				
Secured				
Bank overdrafts	462	-	257	-
Trade financing	21,240	14,287	314	714
Revolving credits	31,500	22,000	31,500	22,000
Hire purchase liabilities (Note 20.2)	1,670	1,542	115	140
Commercial papers (Note 20.1)	-	40,000	-	40,000
Term loans	7,075	4,702	6,451	2,900
Unsecured				
Bank overdrafts	1,930	1,747	375	-
Trade financing	150,912	129,819	-	-
Revolving credit	10,000	9,179	-	-
Term loans	2,193	2,025	2,193	2,025
	226,982	225,301	41,205	67,779
Non-current liabilities				
Secured				
Hire purchase liabilities (Note 20.2)	3,827	1,811	351	467
Term loans	26,370	4,977	24,552	2,547
Unsecured				
Term loans	580	2,773	580	2,773
	30,777	9,561	25,483	5,787

20. BORROWINGS (cont'd)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total borrowings				
Secured				
Bank overdrafts	462	-	257	-
Trade financing	21,240	14,287	314	714
Revolving credits	31,500	22,000	31,500	22,000
Hire purchase liabilities (Note 20.2)	5,497	3,353	466	607
Commercial papers (Note 20.1)	-	40,000	-	40,000
Term loans	33,445	9,679	31,003	5,447
Unsecured				
Bank overdrafts	1,930	1,747	375	-
Trade financing	150,912	129,819	-	-
Revolving credit	10,000	9,179	-	-
Term loans	2,773	4,798	2,773	4,798
	257,759	234,862	66,688	73,566

a. The currency exposure profile of borrowings are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	254,959	222,612	66,688	73,566
US Dollar	2,800	12,250	-	-
	257,759	234,862	66,688	73,566

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 29 to the financial statements.

Group

The Group's bank borrowings (other than commercial papers and hire purchase liabilities as further disclosed in Notes 20.1 and 20.2 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, certain buildings and short term leasehold land as disclosed in Note 7(a) to the financial statements;

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

c. pledged against fixed deposits of the Group and of the Company as disclosed in Note 16 to the financial statements.

20. BORROWINGS (cont'd)

Group and Company

Significant covenants

Commercial Paper Programme ("CP Programme") – secured
The CP Programme was subject to the following significant covenants:-

a. Debt Service Cover Ratio of the Group shall not be less than one point one (1.1) time throughout the tenure of the CP Programme; and
b. Debt to Equity Ratio of the Group shall not exceed two point two (2.2) times.

Other borrowings
Other borrowings of the Company and the subsidiaries are also subject to various financial covenants.

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 7(a) to the financial statements.

20.1 COMMERCIAL PAPER PROGRAMME - SECURED

Group and Company

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

The commercial papers pertaining to the Debt Service Reserve Account were secured by a pledge of fixed deposits of the Group and of the Company as disclosed in Note 16 to the financial statements.

The commercial papers were fully settled during the financial year.

20.2 HIRE PURCHASE LIABILITIES - SECURED

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Minimum hire purchase payments:				
- Not later than one (1) year	1,965	1,688	135	166
- Later than one (1) year and not later than five (5) years	4,200	1,936	374	510
	6,165	3,624	509	676
Less: Future interest charges	(668)	(271)	(43)	(69)
Present value of hire purchase liabilities	5,497	3,353	466	607
Repayable as follows:				
- Current liabilities	1,670	1,542	115	140
- Non-current liabilities	3,827	1,811	351	467
	5,497	3,353	466	607

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current				
Trade payables				
Third parties	31,740	27,065	-	-
Associate	908	486	-	-
Related parties	1,117	185	-	-
	33,765	27,736	-	-
Other payables				
Third parties	4,500	2,937	107	48
Amounts owing to subsidiaries	-	-	9,491	13,378
Associate	477	477	467	467
Related parties	43	199	-	-
Accruals	8,304	7,622	1,150	833
	13,324	11,235	11,215	14,726
	47,089	38,971	11,215	14,726

a. Trade payables are non-interest bearing and the credit terms available to the Group in respect of trade payables range from 30 to 120 days (2011: 15 to 120 days) from date of invoice.

b. Related parties represent companies in which certain Directors of the Company have financial interests, of which amounts owing by related parties (trade) are subject to normal trade credit terms of the Group.

c. Amounts owing to an associate company (trade) are subject to normal credit terms.

d. Amounts owing to subsidiaries and related parties (non-trade) represent advances and payments made on behalf which are unsecured, payable upon demand in cash and cash equivalents and interest-free except for advances of RM7,545,000 (2011: RM4,580,000) to a subsidiary which bear interest ranging from 3.30% to 4.96% (2011: 3.30% to 4.69%) per annum.

e. Information on financial risks of trade and other payables are disclosed in Note 29 to the financial statements.

The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	44,534	37,641	11,215	14,726
US Dollar	902	913	-	-
Singapore Dollar	892	129	-	-
Euro	389	105	-	-
Japanese Yen	243	-	-	-
Indonesia Rupiah	1	-	-	-
Vietnamese Dong	128	183	-	-
	47,089	38,971	11,215	14,726

22. REVENUE

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Sale of goods	584,661	532,613	8	6
Gross dividend income from				
- subsidiaries	-	-	8,039	10,503
Rental income	3,014	2,386	4,294	3,832
	587,675	534,999	12,341	14,341

23. PROFIT BEFORE TAX

	NOTE	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Profit before tax is arrived at after charging:					
Amortisation of development costs	11	58	59	-	-
Auditors' remuneration		173	165	24	22
Depreciation of investment properties	8	2	12	-	11
Depreciation of property, plant and equipment	7	9,360	9,250	1,130	1,108
Directors' remuneration:					
- Fees		608	608	188	188
- Emoluments other than fees		5,323	4,922	931	887
Fair value adjustments on:					
- derivative assets	14	139	-	-	-
- derivative liabilities	14	12	54	-	-
Impairment losses on:					
- trade and other receivables	15(g)	646	1,025	-	-
- investment in subsidiaries	9	-	-	1,663	2,117
- property, plant and equipment	7	3,227	650	-	-
Interest expenses on:					
- trade financing		7,352	7,852	-	-
- commercial papers		92	3,659	92	3,514
- revolving credits		2,212	361	1,764	193
- bank overdrafts		128	165	2	9
- term loans		2,585	978	2,400	717
- hire purchase		244	314	26	11
- subsidiary		-	-	293	245
Inventories written down		442	236	-	-

23. PROFIT BEFORE TAX (cont'd)

		Group		Company	
	NOTE	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is arrived at after charging (cont'd):					
Loss on disposal of property, plant and equipment		-	-	-	15
Deficit on liquidation of a subsidiary		-	-	-	45
Loss on disposal of an investment property		-	46	-	46
Realised loss on foreign exchange		93	692	-	-
Unrealised loss on foreign exchange		-	269	-	-
Property, plant and equipment written off	7	443	473	-	1
Rental of:					
- equipment		14	12	-	-
- premises		368	153	-	-
- forklifts		57	118	-	-
And crediting:					
Bad debts recovered		-	322	-	-
Fair value adjustments on:					
- derivative assets	14	-	175	-	-
Gain on disposal of property, plant and equipment		180	151	32	-
Gain on disposal of non-current assets held for sale	17	1,394	-	-	-
Gross dividend income:					
- subsidiaries		-	-	8,039	10,503
Interest income					
- subsidiaries		-	-	675	1,415
- deposits with licensed bank		394	253	43	55
Inventories write down no longer required	13	248	988	-	-
Realised gain on foreign exchange		380	1,011	-	-
Rental income					
- subsidiaries		-	-	2,514	2,019
- related parties		4	6	-	-
- others		3,014	2,386	1,781	1,813
Reversal of impairment loss on trade receivables	15(g)	155	1,296	-	-
Unrealised gain on foreign exchange		241	-	-	-

The estimated monetary value of benefits-in-kind received or receivable by the Directors of the Group and of the Company amounted to RM161,000 (2011: RM146,000) and RM28,000 (2011: RM25,000) respectively.

24. TAX EXPENSE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax expense based on profit for the financial year				
- income tax	2,073	4,230	749	1,435
Under-provision in prior years	(45)	233	(36)	8
	2,028	4,463	713	1,443
Deferred tax (Note 12)				
Relating to origination and reversal of temporary differences	(1,126)	110	449	24
Over-provision in prior years	(113)	(391)	-	-
	(1,239)	(281)	449	24
	789	4,182	1,162	1,467

Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated taxable profits for the fiscal year.

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

The numerical reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax	10,693	16,263	2,668	3,928
Taxation at Malaysia statutory tax rate of 25% (2011: 25%)	2,673	4,066	667	982
Tax effects in respect of:				
- Non-allowable expenses	748	1,127	1,843	1,381
- Non-taxable income	(352)	(64)	(1,312)	(913)
- Tax incentives and allowances	(285)	(61)	-	-
- Movement in deferred tax assets not recognised	(1,837)	(535)	-	-
- Others	-	(193)	-	9
	947	4,340	1,198	1,459
(Over)/Under-provision of tax in prior years	(45)	233	(36)	8
Over-provision of deferred tax in prior years	(113)	(391)	-	-
Effective tax expense	789	4,182	1,162	1,467

25. DIVIDENDS

	Group and Company			
	2012		2011	
	Gross dividend per share Sen	Amount of dividend net of tax RM'000	Gross dividend per share Sen	Amount of dividend net of tax RM'000
Final dividend in respect of financial year ended 31 December 2011	1.0	1,741	-	-
Final dividend in respect of financial year ended 31 December 2010	-	-	1.0	1,741
	1.0	1,741	1.0	1,741

As approved by the shareholders at the Annual General Meeting held on 20 June 2012, a final dividend of 2% (1.0 sen per share), tax exempt, amounting to RM1,740,610 in respect of financial year ended 31 December 2011 was paid on 15 September 2012.

A final dividend in respect of the financial year ended 31 December 2012 of 0.6 sen per ordinary share, tax exempt, amounting to RM1,044,366 has been proposed by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2013.

26. 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 for the financial year attributable to owners of the parent after tax divided by the weighted average number of ordinary shares outstanding during the financial year after deducting the treasury shares.

	Group	
	2012	2011
Consolidated profit for the financial year attributable to owners of the parent (RM'000)	7,701	8,080
Weighted average number of ordinary shares outstanding ('000)	174,061	174,061
Basic earnings per ordinary share (Sen)	4.42	4.64

b. Diluted earnings per share

There is no diluted earnings per ordinary share as the Company does not have any convertible financial instruments as at the end of the reporting period.

27. OPERATING SEGMENTS

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

Prestar Resources Berhad has arrived at three (3) reportable segments that are based on information reported internally to the Management and the Board of Directors. The reportable segments are summarised as follows:

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

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies. The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and goodwill. Segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the group position.

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

27. OPERATING SEGMENTS (cont'd)

2012	Investment RM'000	Trading RM'000	Manufacturing RM'000	Elimination RM'000	Total RM'000
Revenue					
Total revenue	12,341	148,180	499,072	(71,918)	587,675
Inter-segment revenue	(10,560)	(4,824)	(56,534)	71,918	-
Revenue from external customers	**1,781**	**143,356**	**442,538**	**-**	**587,675**
Finance costs	(4,577)	(1,802)	(7,355)	1,121	(12,613)
Interest income	718	12	776	(1,112)	394
Net finance expense	(3,859)	(1,790)	(6,579)	9	(12,219)
Amortisation	-	-	58	-	58
Depreciation	1,130	1,188	7,044	-	9,362
Segment profit before income tax	**2,668**	**2,554**	**13,317**	**(7,846)**	**10,693**
Share of profit of associates	88	-	-	-	88
Income tax expenses	(1,162)	(789)	465	697	(789)
Other material non-cash items:					
Impairment losses on:					
- trade and other receivables	-	153	493	-	646
- property, plant and equipment	-	-	3,227	-	3,227
Property, plant and equipment written off	-	148	295	-	443
Inventories written down no longer required	-	(248)	-	-	(248)
Gain on disposal of property, plant and equipment	(32)	(42)	(1,670)	1,564	(180)
Gain on disposal of non-current assets held for sale	-	-	(1,394)	-	(1,394)
Inventories written down	-	41	401	-	442
Capital expenditure	6,606	5,634	8,505	(7,275)	13,470
Investment in associates	40,591	-	-	-	40,591
Segment assets	**173,601**	**91,888**	**390,880**	**(153,912)**	**502,457**
Segment liabilities	**77,903**	**53,800**	**208,475**	**(35,305)**	**304,873**

27. OPERATING SEGMENTS (cont'd)

2011	Investment RM'000	Trading RM'000	Manufacturing RM'000	Elimination RM'000	Total RM'000
Revenue					
Total revenue	14,341	120,835	481,699	(81,876)	534,999
Inter-segment revenue	(12,527)	(594)	(68,755)	81,876	-
Revenue from external customers	**1,814**	**120,241**	**412,944**	**-**	**534,999**
Finance costs	(4,689)	(1,263)	(9,053)	1,676	(13,329)
Interest income	1,470	21	452	(1,690)	253
Net finance expense	(3,219)	(1,242)	(8,601)	(14)	(13,076)
Amortisation	-	-	59	-	59
Depreciation	1,119	803	7,340	-	9,262
Segment profit before income tax	**3,923**	**2,018**	**15,065**	**(4,743)**	**16,263**
Share of profit of associates	1,704	-	-	-	1,704
Income tax expenses	(1,469)	(480)	(3,946)	1,713	(4,182)
Other material non-cash items:					
Impairment losses on:					
- trade and other receivables	-	220	805	-	1,025
- property, plant and equipment	-	-	650	-	650
Property, plant and equipment written off	1	1	471	-	473
Inventories written down no longer required	-	(102)	(886)	-	(988)
Loss/(Gain) on disposal of property, plant and equipment	15	(106)	(60)	-	(151)
Loss on disposal of investment property	46	-	-	-	46
Inventories written down	-	223	13	-	236
Capital expenditure	1,242	1,668	13,632	1,962	18,504
Investment in associates	40,695	-	-	-	40,695
Segment assets	**182,662**	**63,220**	**393,242**	**(171,644)**	**467,480**
Segment liabilities	**87,076**	**36,613**	**205,102**	**(54,932)**	**273,859**

27. OPERATING SEGMENTS (cont'd)

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

	2012 RM'000	2011 RM'000
Revenue		
Total revenue for reportable segments	659,593	616,875
Elimination of inter-segmental revenues	(71,918)	(81,876)
Revenue of the Group per consolidated statement of comprehensive income	587,675	534,999
Profit for the financial year		
Total profit or loss for reportable segments	18,539	21,006
Elimination of inter-segment profits	(7,846)	(4,743)
Profit before tax	10,693	16,263
Income tax expenses	(789)	(4,182)
Profit for the financial year of the Group per consolidated statement of comprehensive income	9,904	12,081
Assets		
Total assets for reportable segments	502,457	467,480
Investment in associates	40,591	40,695
Tax assets	3,360	1,057
Goodwill	1,675	1,675
Group's assets	548,083	510,907
Liabilities		
Total liabilities for reportable segments	304,873	273,859
Tax liabilities	5,109	4,797
Group's liabilities	309,982	278,656

Geographical information

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

28. FINANCIAL INSTRUMENTS

a. Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from financial year ended 31 December 2011.

The Group manages its capital structure and makes adjustments to it, in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2012 and 31 December 2011.

The Group monitors capital on the basis of the Group's consolidated Debt:Equity ("DE") ratio. The DE ratio is calculated as total external debts divided by consolidated net tangible assets. The ratio is monitored by corporate management. At the reporting date, the Group's DE ratio is 1.10 times (2011: 1.02 times). In 2011, the Group was committed to ensure that the maximum DE ratio limit of 2.20 times was complied with at all times in respect of covenants pertaining to Commercial Paper Programme that the Group had with certain financial institutions.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement during the financial year ended 31 December 2012.

b. Financial instruments

i. Categories of financial instruments

Group	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
2012			
Financial assets			
Trade and other receivables, net of prepayments	165,365	-	165,365
Derivative assets	-	21	21
Cash and cash equivalents	17,799	-	17,799
	183,164	21	183,185

	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Borrowings	257,759	-	257,759
Trade and other payables	47,089	-	47,089
Derivative liabilities	-	25	25
	304,848	25	304,873

28. FINANCIAL INSTRUMENTS (cont'd)

b. Financial instruments (cont'd)

i. Categories of financial instruments (cont'd)

Group	Loans and receivables RM'000	Fair value through profit or loss RM'000	Total RM'000
2011			
Financial assets			
Trade and other receivables, net of prepayments	137,972	-	137,972
Derivative assets	-	173	173
Cash and cash equivalents	19,687	-	19,687
	157,659	173	157,832

	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Borrowings	234,862	-	234,862
Trade and other payables	38,971	-	38,971
Derivative liabilities	-	26	26
	273,833	26	273,859

Company

	2012	2011
Loans and receivables	RM'000	RM'000
Financial assets		
Trade and other receivables, net of prepayments	2,706	15,513
Cash and cash equivalents	2,565	3,530
	5,271	19,043
Other financial liabilities		
Financial liabilities		
Borrowings	66,688	73,566
Trade and other payables	11,215	14,726
	77,903	88,292

28. FINANCIAL INSTRUMENTS (cont'd)

b. Financial instruments (cont'd)

ii. Fair value of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are as follows:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2012				
Recognised				
Financial liabilities:				
Hire purchase liabilities	5,497	5,200	466	457
Unrecognised				
Contingent liabilities	-	#	-	#
2011				
Recognised				
Financial liabilities:				
Hire purchase liabilities	3,353	3,232	607	595
Unrecognised				
Contingent liabilities	-	#	-	#

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

c. Methods and assumptions used to estimate fair value

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

i. Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair value of these borrowings has been determined using discounted cash flows technique. The discount rates used are based on the current market rate available for similar borrowings.

ii. Obligations under finance lease

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

28. FINANCIAL INSTRUMENTS (cont'd)

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

The fair values of financial assets and financial liabilities are determined as follows (cont'd):

iii. Derivatives

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

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

d. Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

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

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

As at 31 December 2012, the Group held the following financial instruments carried at fair values on the statement of financial position:

Assets measured at fair value

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets at fair value value through profit or loss - Forward currency contracts	21	-	21	-

Liabilities measured at fair value

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial liabilities at fair value through profit or loss - Forward currency contracts	25	-	25	-

During the financial year ended 31 December 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

28. FINANCIAL INSTRUMENTS (cont'd)

d. Fair value hierarchy (cont'd)

As at 31 December 2011, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets at fair value through profit or loss				
- Forward currency contracts	173	-	173	-

Liabilities measured at fair values

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets at fair value through profit or loss				
- Forward currency contracts	26	-	26	-

During the financial year ended 31 December 2011, there were no transfers between Level 1 and Level 2 fair value measurements.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(i) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. In order to manage this risk, it is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days, extending up to 120 days for major customers. Each customer has a maximum credit limit and the Group seeks to minimise and monitor the credit risk via strictly limiting the associations to business customers with high creditworthiness. Trade receivables are monitored on an ongoing basis through the Group's management reporting procedures.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group's major classes of financial assets are trade and other receivables. Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 15.

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

(i) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

As at 31 December 2012, the Group has trade receivables amounting to RM33,541,000 which have been outstanding for more than their respective credit terms granted. Information regarding financial assets that are either past due or impaired is disclosed in Note 15 to the financial statements.

However, there were no significant concentrations of credit risk for the Group, except for the Company has significant exposure in respect of amounts owing by subsidiaries as at the end of the reporting period.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

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

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

2012	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Group				
Financial liabilities:				
Trade and other payables	47,089	-	-	47,089
Loans and borrowings	226,982	29,736	6,210	262,928
Derivatives	25	-	-	25
Total undiscounted financial liabilities	274,096	29,736	6,210	310,042
Company				
Financial liabilities:				
Trade and other payables	11,215	-	-	11,215
Loans and borrowings	41,205	23,886	6,210	71,301
Total undiscounted financial liabilities	52,420	23,886	6,210	82,516

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

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

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations (cont'd):

2011	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	38,971	-	-	38,971
Loans and borrowings	225,301	9,928	394	235,623
Derivatives	26	-	-	26
Total undiscounted financial liabilities	264,298	9,928	394	274,620
Company				
Financial liabilities:				
Trade and other payables	14,726	-	-	14,726
Loans and borrowings	67,779	6,017	-	73,796
Total undiscounted financial liabilities	82,505	6,017	-	88,522

(iii) Interest rate risk

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

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 bank borrowings and is managed through effective negotiation with financial institutions for best available rates.

<u>Sensitivity analysis for interest rate risk</u>

Group

As at 31 December 2012, if interest rates at the date had been 100 basis points lower with all variables held constant, post-tax profit for the year would have been RM1,856,000 (2011: RM1,722,000) higher, arising mainly as a result of lower interest expense on bank borrowings. If interest rates had been 100 basis points higher with all variables held constant, post-tax profit would have been RM1,856,000 (2011: RM1,722,000) lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Company

As at 31 December 2012, if interest rates at the date had been 100 basis points lower with all variables held constant, post-tax profit for the year would have been RM466,000 (2011: RM389,000) higher, arising mainly as a result of lower interest expense on bank borrowings. If interest rates had been 100 basis points higher with all variables held constant, post-tax profit would have been RM466,000 (2011: RM389,000) lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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

(iii) Interest rate risk (cont'd)

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

As at 31 December 2012	WAEIR	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
Group	**%**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fixed rate								
Fixed deposits with licensed banks	2.25	105	-	-	-	-	-	105
Hire purchase liabilities	5.65	(1,670)	(1,181)	(1,072)	(1,018)	(556)	-	(5,497)
Term loan	8.00	(2,193)	(580)	-	-	-	-	(2,773)
Floating rate								
Fixed deposits with licensed banks	5.34	1,562	-	-	-	-	-	1,562
Bank overdrafts	7.43	(2,392)	-	-	-	-	-	(2,392)
Trade financing	4.43	(172,152)	-	-	-	-	-	(172,152)
Revolving credits	4.74	(41,500)	-	-	-	-	-	(41,500)
Term loans	5.72	(7,075)	(4,620)	(4,941)	(5,284)	(5,550)	(5,975)	(33,445)
Company								
Fixed rate								
Fixed deposits with licensed banks	2.25	105	-	-	-	-	-	105
Amount owing to subsidiaries	4.36	(7,545)	-	-	-	-	-	(7,545)
Hire purchase liabilities	4.71	(115)	(121)	(127)	(103)	-	-	(466)
Term loan	8.00	(2,193)	(580)	-	-	-	-	(2,773)
Floating rate								
Fixed deposits with licensed banks	2.40	997	-	-	-	-	-	997
Amount owing by subsidiaries	6.87	2,690	-	-	-	-	-	2,690
Bank overdrafts	7.85	(632)	-	-	-	-	-	(632)
Revolving credits	5.40	(31,500)	-	-	-	-	-	(31,500)
Term loan	6.60	(6,451)	(4,180)	(4,475)	(4,792)	(5,131)	(5,974)	(31,003)

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

(iii) Interest rate risk (cont'd)

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

As at 31 December 2011	WAEIR	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
Group	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed rate								
Fixed deposits with licensed banks	2.62	1,051	-	-	-	-	-	1,051
Hire purchase liabilities	6.02	(1,542)	(1,090)	(382)	(222)	(117)	-	(3,353)
Term loan	8.00	(2,025)	(2,193)	(580)	-	-	-	(4,798)
Floating rate								
Fixed deposits with licensed banks	2.80	4,200	-	-	-	-	-	4,200
Bank overdrafts	7.85	(1,747)	-	-	-	-	-	(1,747)
Trade financing	4.39	(144,106)	-	-	-	-	-	(144,106)
Revolving credits	5.23	(31,179)	-	-	-	-	-	(31,179)
Commercial papers	5.55	(40,000)	-	-	-	-	-	(40,000)
Term loans	4.40	(4,702)	(3,179)	(446)	(470)	(496)	(386)	(9,679)
Company								
Fixed rate								
Fixed deposits with licensed banks	2.62	1,051	-	-	-	-	-	1,051
Hire purchase liabilities	4.71	(140)	(116)	(121)	(127)	(103)	-	(607)
Term loan	8.00	(2,025)	(2,193)	(580)	-	-	-	(4,798)
Amount owing to a subsidiary	4.16	(4,580)	-	-	-	-	-	(4,580)
Floating rate								
Fixed deposits with licensed banks	2.80	1,200	-	-	-	-	-	1,200
Amount owing by subsidiaries	6.67	14,368	-	-	-	-	-	14,368
Revolving credits	5.57	(22,000)	-	-	-	-	-	(22,000)
Commercial papers	5.55	(40,000)	-	-	-	-	-	(40,000)
Term loan	3.84	(2,900)	(2,547)	-	-	-	-	(5,447)

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

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Transactional currency exposures mainly arise from transactions that are denominated in currencies other than functional currencies of the operating entities.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amount to RM444,000 (2011: RM146,000) for the Group.

The Group's transactional currency exposures mainly arise from transactions entered into by subsidiaries in currencies other than their functional currencies. The Group enters into forward foreign currency contracts for its foreign currency exposures and the management monitors these exposures on an ongoing basis.

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

The notional amount and maturity date of the forward foreign currency contracts outstanding as at 31 December 2012 are as follows:

	Currency	Contract amount in foreign currency '000	RM'000 equivalent	Maturities within
31 December 2012				
Forward contracts used to hedge trade receivables	USD	499	1,531	Two (2) months
Forward contracts used to hedge trade receivables	GBP	45	220	One (1) months
Forward contracts used to hedge trade receivables	SGD	47	118	Three (3) months
Forward contracts used to hedge trade payables	USD	8,323	25,660	Three (3) months

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

(iv) Foreign currency risk (cont'd)

The notional amount and maturity date of the forward foreign currency contracts outstanding as at 31 December 2011 are as follows:

	Currency	Contract amount in foreign currency '000	RM'000 equivalent	Maturities within
31 December 2011				
Forward contracts used to hedge trade receivables	USD	586	1,827	Four (4) months
Forward contracts used to hedge trade payables	USD	1,229	3,893	Six (6) months
Forward contracts used to hedge foreign currency trade loan	USD	2,728	8,641	Six (6) months

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the US Dollar ('USD'), Singapore Dollar ('SGD'), Great Britain Pound ('GBP'), Thai Baht ('THB'), Indonesia Rupiah ('IDR') and Euro ('EUR') exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2012 RM'000 Profit net of tax	2011 RM'000 Profit net of tax
USD	- strengthen by 3%	+12	-201
	- weaken by 3%	-12	+201
SGD	- strengthen by 3%	-9	+10
	- weaken by 3%	+9	-10
GBP	- strengthen by 3%	+5	+6
	- weaken by 3%	-5	-6
THB	- strengthen by 3%	-	+7
	- weaken by 3%	-	-7
IDR	- strengthen by 3%	+4	+4
	- weaken by 3%	-4	-4
YEN	- strengthen by 3%	-5	-
	- weaken by 3%	+5	-
EUR	- strengthen by 3%	-9	-3
	- weaken by 3%	+9	+3

30. RELATED PARTIES TRANSACTIONS

a. Identities of related parties

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

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 Yew Seng and Toh Yew Chin

   ("collectively known as "Substantial Shareholders").

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

Related parties	**Relationships**
Chiho Hardware Sdn. Bhd.	A company in which Toh Yew Chin, Dato' Toh Yew Peng, Toh Yew Seng, Toh Yew Keat, Toh Yew Kar are also Directors and shareholders
Syarikat Kwong Nam Hin Sdn. Bhd.	A company in which Dato' Toh Yew Peng, Toh Yew Keat are also Directors and shareholders
Wei Giap Hardware Sdn. Bhd.	A company in which Dato' Toh Yew Peng, Toh Yew Keat and Toh Yew Kar are also Directors and shareholders
Wei Sheng Hardware Sdn. Bhd.	A company in which Toh Yew Kar is also a Director and shareholder
YK Toh (M) Sdn. Bhd.	A company in which Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Seng and Toh Yew Chin are also Directors and shareholders
YK Toh marketing (S) Pte. Ltd.	A company in which Toh Yew Chin is also a Director and shareholder
Diager SG Pte. Ltd.	A company in which Toh Yew Chin is also a Director and shareholder
Lim & Yeoh Advocates & Solicitors	A firm in which Lim Cheang Nyok is a partner

30. RELATED PARTIES TRANSACTIONS (cont'd)

b. Significant related party transactions

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

	Company 2012 RM'000	Company 2011 RM'000
(i) Transactions with subsidiaries:		
Gross dividend income	(8,039)	(10,503)
Interest paid	293	245
Interest income	(675)	(1,415)
Rental income	(2,514)	(2,019)
Purchases	1	49
Transfer of property, plant and equipment	6,070	-
Indent trading	(8)	(6)

	Group 2012 RM'000	Group 2011 RM'000
(ii) Transactions with an associate:		
POSCO-MKPC Sdn. Bhd.		
Sales of goods	(2,190)	(277)
Purchase of goods	8,937	2,340
Rental receivables	(1,824)	(1,824)
(iii) Transactions with companies in which the Substantial Shareholders have financial interests:		
Chiho Hardware Sdn. Bhd.		
Sales of goods	(612)	(822)
Purchases	11	9
Wei Giap Hardware Sdn. Bhd.		
Sales of goods	(161)	(120)
Purchases	293	216
Wei Sheng Hardware Sdn. Bhd.		
Sales of goods	(99)	(103)
YK Toh (M) Sdn. Bhd.		
Rental received	(4)	(6)
Rental paid	13	12
Purchases	284	196

30. RELATED PARTIES TRANSACTIONS (cont'd)

b. Significant related party transactions (cont'd)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with its related parties during the financial year: (cont'd)

	Group 2012 RM'000	Group 2011 RM'000
(iv) Transactions with companies in which Toh Yew Keat and Dato' Toh Yew Peng have financial interests:		
Syarikat Kwong Nam Hing Sdn. Bhd.		
Sales of goods	(34)	(66)
(v) Transactions with companies in which Toh Yew Chin have financial interests:		
YK Toh Marketing (S) Pte. Ltd.		
Sales of goods	(3,617)	(2,662)
Purchases	2,674	2,209
Diager SG Pte. Ltd.		
Purchases	98	155
(vi) Transaction with a Director:		
Toh Yew Chin		
Professional fees paid	185	125

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

c. Compensation of key management personnel

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

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Short term employee benefits	5,385	5,095	1,020	998
Contributions to defined contribution plan	546	435	99	77
	5,931	5,530	1,119	1,075

31. CAPITAL COMMITMENTS

	Group	
	2012 RM'000	2011 RM'000
Capital expenditure in respect of purchase of property, plant and equipment		
- Approved and contracted for	260	3,261
- Approved but not contracted for	154	107
	414	3,368

32. CONTINGENT LIABILITIES

	Company	
	2012 RM'000	2011 RM'000
Unsecured:		
- Guarantees to financial institutions for credit facilities granted to subsidiaries	270,952	229,937

33. EMPLOYEE BENEFITS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Wages, salaries and bonuses	30,353	27,904	1,860	1,797
Contributions to defined contribution plan	2,700	2,463	200	173
Other benefits	2,355	2,682	56	34
	35,408	33,049	2,116	2,004

Included in the employee benefits of the Group and of the Company are Directors' emoluments amounting to RM5,323,000 (2011: RM4,922,000) and RM931,000 (2011: RM887,000) respectively.

34. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF REPORTING PERIOD

On 28 January 2013, Prestar Manufacturing Sdn. Bhd. ("PMSB") and Prestar Storage System Sdn. Bhd. ("PSSSB"), wholly-owned subsidiaries of the Company, incorporated a company in Indonesia, namely PT Prestar MHE.

The intended principal activity of PT Prestar MHE is distribution of MHE products manufactured by Group.

35. EXPLANATION OF TRANSITION TO MFRS

The Group and the Company are non-transitioning entities as defined by the MASB, and have adopted the MFRS Framework during the financial year ended 31 December 2012. Accordingly, these are the first set of financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 4 to the financial statements have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012, as well as comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statements of financial position at 1 January 2011 (the date of transition of the Group to MFRSs).

35. EXPLANATION OF TRANSITION TO MFRS (cont'd)

The Group has adjusted amounts previously reported in financial statements that were prepared in accordance with the previous FRS Frameworks. In preparing the opening statements of financial position as at 1 January 2011, an explanation on the impact arising from the transition from FRSs to MFRSs on the Group's financial position is set out as follows:

(a) Reconciliation of financial position as at 1 January 2011

	Group			Company		
	Previously reported under FRSs RM'000	Effects on adoption of MFRSs RM'000	Restated under MFRSs RM'000	Previously reported under FRSs RM'000	Effects on adoption of MFRSs RM'000	Restated under MFRSs RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	162,136	-	162,136	48,719	-	48,719
Investment properties	915	-	915	857	-	857
Investments in subsidiaries	-	-	-	113,950	-	113,950
Investments in associates	38,991	-	38,991	16,968	-	16,968
Intangible assets	1,969	-	1,969	-	-	-
Deferred tax assets	6	-	6	-	-	-
Current assets	204,017	-	204,017	180,494	-	180,494
Inventories	142,097	-	142,097	-	-	-
Derivative assets	61	-	61	-	-	-
Trade and other receivables	136,108	-	136,108	25,680	-	25,680
Current tax assets	1,945	-	1,945	352	-	352
Cash and cash equivalents	23,873	-	23,873	3,492	-	3,492
	304,084	-	304,084	29,524	-	29,524
TOTAL ASSETS	508,101	-	508,101	210,018	-	210,018

35. EXPLANATION OF TRANSITION TO MFRS (cont'd)

(a) Reconciliation of financial position as at 1 January 2011 (cont'd)

	Group			Company		
EQUITY AND LIABILITIES	**Previously reported under FRSs RM'000**	**Effects on adoption of MFRSs RM'000**	**Restated under MFRSs RM'000**	**Previously reported under FRSs RM'000**	**Effects on adoption of MFRSs RM'000**	**Restated under MFRSs RM'000**
Equity attributable to owners of the parent						
Share capital	90,490	-	90,490	90,490	-	90,490
Share premium	1,687	-	1,687	1,687	-	1,687
Translation reserve	(1,875)	1,875	-	-	-	-
Revaluation reserve	1,016	(1,016)	-	1,016	(1,016)	-
Warrants reserve	3,862	-	3,862	3,862	-	3,862
Treasury shares	(5,854)	-	(5,854)	(5,854)	-	(5,854)
Retained earnings	80,843	(859)	79,984	19,981	1,016	20,997
	170,169	-	170,169	111,182	-	111,182
Non-controlling interests	54,577	-	54,577	-	-	-
TOTAL EQUITY	224,746	-	224,746	111,182	-	111,182

35. EXPLANATION OF TRANSITION TO MFRS (cont'd)

(a) Reconciliation of financial position as at 1 January 2011 (cont'd)

	Group			Company		
LIABILITIES	**Previously reported under FRSs RM'000**	**Effects on adoption of MFRSs RM'000**	**Restated under MFRSs RM'000**	**Previously reported under FRSs RM'000**	**Effects on adoption of MFRSs RM'000**	**Restated under MFRSs RM'000**
Non-current liabilities						
Borrowings	18,051	-	18,051	10,300	-	10,300
Deferred tax liabilities	4,279	-	4,279	1,146	-	1,146
Current liabilities	22,330	-	22,330	11,446	-	11,446
Trade and other payables	36,129	-	36,129	11,014	-	11,014
Derivative liabilities	35	-	35	-	-	-
Borrowings	224,141	-	224,141	76,376	-	76,376
Current tax liabilities	720	-	720	-	-	-
	261,025	-	261,025	87,390	-	87,390
TOTAL LIABILITIES	283,355	-	283,355	98,836	-	98,836
TOTAL EQUITY AND LIABILITIES	508,101	-	508,101	210,018	-	210,018

35. EXPLANATION OF TRANSITION TO MFRS (cont'd)

(b) Reconciliation of financial position as at 31 December 2011

	Group			Company		
	Previously reported under FRSs RM'000	Effects on adoption of MFRSs RM'000	Restated under MFRSs RM'000	Previously reported under FRSs RM'000	Effects on adoption of MFRSs RM'000	Restated under MFRSs RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	161,981	-	161,981	48,717	-	48,717
Investment properties	4,824	-	4,824	-	-	-
Investments in subsidiaries	-	-	-	115,760	-	115,760
Investments in associates	40,695	-	40,695	16,968	-	16,968
Intangible assets	1,910	-	1,910	-	-	-
Deferred tax assets	119	-	119	-	-	-
	209,529	-	209,529	181,445	-	181,445
Current assets						
Inventories	135,088	-	135,088	-	-	-
Derivative assets	173	-	173	-	-	-
Trade and other receivables	144,065	-	144,065	15,870	-	15,870
Current tax assets	938	-	938	519	-	519
Cash and cash equivalents	19,687	-	19,687	3,530	-	3,530
	299,951	-	299,951	19,919	-	19,919
Non-current asset held for sale	1,427	-	1,427	-	-	-
TOTAL ASSETS	510,907	-	510,907	201,364	-	210,364

35. EXPLANATION OF TRANSITION TO MFRS (cont'd)

(b) Reconciliation of financial position as at 31 December 2011 (cont'd)

	Group			Company		
	Previously reported under FRSs RM'000	Effects on adoption of MFRSs RM'000	Restated under MFRSs RM'000	Previously reported under FRSs RM'000	Effects on adoption of MFRSs RM'000	Restated under MFRSs RM'000
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	90,490	-	90,490	90,490	-	90,490
Share premium	1,687	-	1,687	1,687	-	1,687
Translation reserve	(1,947)	1,875	(72)	-	-	-
Revaluation reserve	981	(981)	-	981	(981)	-
Treasury shares	(5,854)	-	(5,854)	(5,854)	-	(5,854)
Retained earnings	91,079	(894)	90,185	24,598	981	25,579
	176,436	-	176,436	111,902	-	111,902
Non-controlling interests	55,815	-	55,815	-	-	-
TOTAL EQUITY	232,251	-	232,251	111,902	-	111,902
LIABILITIES						
Non-current liabilities						
Borrowings	9,561	-	9,561	5,787	-	5,787
Deferred tax liabilities	4,111	-	4,111	1,170	-	1,170
	13,672	-	13,672	6,957	-	6,957
Current liabilities						
Trade and other payables	38,971	-	38,971	14,726	-	14,726
Derivative liabilities	26	-	26	-	-	-
Borrowings	225,301	-	225,301	67,779	-	67,779
Current tax liabilities	686	-	686	-	-	-
	264,984	-	264,984	82,505	-	82,505
TOTAL LIABILITIES	278,656	-	278,656	89,462	-	89,462
TOTAL EQUITY AND LIABILITIES	510,907	-	510,907	201,364	-	201,364

35. EXPLANATION OF TRANSITION TO MFRS (cont'd)

(b) Notes to reconciliation

i. Revaluation reserve

The freehold land and building of the Group and of the Company were revalued by the Directors of the Company in 1995 based on valuations carried out in 1994 by independent professional valuers on the comparison method of valuation. The Group and the Company had adopted the transitional provisions of International Accounting Standard 16 (Revised): *Property, plant and equipment*, issued by the Malaysian Accounting Standards Board, which allows the Group and the Company to retain the carrying amount on the basis of the previous revaluation without the need for regular revaluation.

Upon transition to MFRS, the Group and the Company had elected to deem all revaluation reserve that arose prior to the date of transition in respect of the valuation carried out in 1994 to be nil at the date of transition.

ii. Foreign currency translation differences

Under FRSs, the Group recognised foreign currency translation differences in other comprehensive income and accumulated the amount in the foreign currency translation reserve in equity.

Upon transition to MFRSs, the Group has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition.

36. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:				
- Realised	97,579	92,573	25,981	25,768
- Unrealised	(3,701)	(5,007)	(637)	(189)
	93,878	87,566	25,344	25,579
Total share of retained profits from associates:				
- Realised	25,142	25,187	-	-
- Unrealised	(1,572)	(1,513)	-	-
	117,448	111,240	25,344	25,579
Less: Consolidation adjustments	(21,303)	(21,055)	-	-
Total retained earnings	96,145	90,185	25,344	25,579

LIST OF PROPERTIES

For Year Ended 31 December 2012

NO.	Location	Tenure	Built-up Area	Year of Expiry	Description / Existing Use	Carrying Amount (RM'000)	Age of Building (years)	Date of Acquisition/ Revaluation
	PRESTAR RESOURCES BERHAD							
1	GM 4895, Lot 1298 Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	588,793 sq ft	nil	Corporate office cum manufacturing site for subsidiaries	46,348	17	5 April 2001
2	Geran 86261, Lot 162 (Lot 39), Seksyen 19, Bandar Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	80,384 sq ft	nil	Office cum manufacturing site for subsidiaries	6,488	19	26 May 1994
	PRESTAR MARKETING SDN BHD							
1	Lot 17494, 8 1/2 Miles, Jalan Ipoh, Selayang Industrial Estate, 68100 Batu Caves, Selangor Darul Ehsan	Freehold	35,263 sq ft	nil	Corporate office cum warehouse	4,117	25	18 Nov 2009
2	Lot 1113, 65A, Jalan Perak, 10150 Penang	Freehold	2,904 sq ft	nil	Office cum warehouse	924	50	29 Dec 1993
	PRESTAR ENGINEERING SDN BHD							
1	# PD Perdana Condominium Parcel 808, Held under Master Title H.S. (D) 14950, PT No. 99, Pekan Telok Kemang, Daerah Port Dickson, Negeri Sembilan	Freehold	750 sq ft	nil	Vacant	56	14	5 June 2000
2	# Parcel No. M2-L2-1D Tuanku Jaafar Golf & country Resort under Master Title H.S.(D) 99111 for PT No. 18519 Mukim of Ampangan, District of Seremban, State of Negeri Sembilan	Freehold	898 sq ft	nil	Vacant	168	12	4 Feb 2004
	TASHIN STEEL SDN BHD							
1	Plot 40, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold *(39 years)	152,835 sq ft	2052	Office cum manufacturing site for Tashin Steel Sdn Bhd	8,447	14	8 Aug 2000
2	Plot 39, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold *(39 years)	127,872 sq ft	2052	Manufacturing site for Tashin Steel Sdn Bhd	14,481	5	17 Aug 2005
3	F 01-08, Taman Pelangi, Bukit Tengah, 13600 Perai, Penang	Leasehold 99 yrs *(88 years)	500 sq ft	2092	Hostel	46	11	23 Apr 2008
4	H.S.(D) 15736, PT No. 2634, Mukim 13, Daerah Timor Laut, Pulau Pinang	Freehold	7,319 sq ft	nil	Vacant Land	4,767	n/a	30 Nov 2011
	PRESTAR INDUSTRIES (VIETNAM) CO., LTD							
1	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) *(43 years)	Land area (48,290m2)	2055	Manufacturing site cum office for Prestar Industries (Vietnam) Co., Ltd	7,508	5	12 Apr 2007

* Balance of Leasehold Tenure
\# Acquired through Debt settlement arrangement from various delinquent debtors

STATISTICS OF SHAREHOLDINGS

As at 9 May 2013

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	:	3,890
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	3,296,717	1.89	(1) 63,153,000	36.28
Dato' Toh Yew Peng	5,417,896	3.11	(1) 63,153,000	36.28
Toh Yew Kar	2,472,276	1.42	(1) 63,153,000	36.28
Toh Yew Chin	2,472,276	1.42	(1) 63,153,000	36.28
Toh Yew Keong	2,678,299	1.54	(1) 63,153,000	36.28
Toh Yew Seng	2,266,252	1.30	(1) 63,153,000	36.28
Toh Poh Khuan	2,060,230	1.18	(1) 63,153,000	36.28
Y. K. Toh Property Sdn. Bhd.	12,543,000	7.21	–	–
Soh Tik Siew	10,917,700	6.27	–	–
Andy Toh Jin Hong	–	–	(1) 63,153,000	36.28
Ian Toh Jin Hu	–	–	(1) 63,153,000	36.28

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	17	0.44	596	0.00
100 – 1,000	230	5.91	201,560	0.12
1,001 – 10,000	2,542	65.35	13,035,208	7.49
10,001 – 100,000	989	25.42	30,674,436	17.62
100,001 – 8,703,049 (*)	109	2.80	58,478,500	33.60
8,703,050 and above (**)	3	0.08	71,670,700	41.18
Total	3,890	100.00	174,061,000	100.00

Remarks:

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

As at 9 May 2013

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Directors	Nationality	---Direct Interest--- No. of shares held	%	-----Indirect Interest--- No. of shares held	%
Toh Yew Keat	Malaysian	3,296,717	1.89	*63,153,000	36.28
Dato' Toh Yew Peng	Malaysian	5,417,896	3.11	*63,153,000	36.28
Toh Yew Kar	Malaysian	2,472,276	1.42	*63,153,000	36.28
Toh Yew Seng	Malaysian	2,266,252	1.30	*63,153,000	36.28
Toh Yew Chin	Malaysian	2,472,276	1.42	*63,153,000	36.28
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.	Y K TOH PROPERTY SDN BHD	12,543,000	7.21
3.	SOH TIK SIEW	10,917,700	6.27
4.	MD. NAHAR BIN NOORDIN	5,000,000	2.87
5.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR DATO' TOH YEW PENG)	4,120,796	2.37
6.	TOH YEW KEAT	3,296,717	1.89
7.	MD. NAHAR BIN NOORDIN	3,000,000	1.72
8.	TOH YEW KEONG	2,678,299	1.54
9.	TOH YEW CHIN	2,472,276	1.42
10.	FABULOUS ESSENCE SDN BHD	2,400,000	1.38
11.	TOH YEW HOE	2,266,254	1.30
12.	TOH YEW SENG	2,266,252	1.30
13.	TOH POH KHUAN	2,060,230	1.18
14.	TOH YEW KAR	1,728,276	0.99
15.	TEO KWEE HOCK	1,177,100	0.68
16.	DATO' TOH YEW PENG	1,068,100	0.61
17.	NG TENG SONG	1,008,800	0.58
18.	CITIGROUP NOMINEES (ASING) SDN BHD (EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED)	812,000	0.47
19.	CIMSEC NOMINEES (TEMPATAN) SDN BHD (CIMB BANK FOR MAK NGIA NGIA @ MAK YOKE LUM)	784,100	0.45
20.	TOH YEW KAR	744,000	0.43
21.	TAY YING LIM @ TAY ENG LIM	728,800	0.42
22.	SOO CHEE MENG	679,600	0.39
23.	TEE BON PENG	657,800	0.38
24.	NG WEE TIEW @ NG WEE CHIEW	655,300	0.38
25.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TEH CHOONG WENG)	600,000	0.34
26.	HLB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR FRANCIS KONG @ KONG FEN SHIN)	592,100	0.34
27.	ONG HONG CHOO	584,000	0.34
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR SIN HUAN KWANG)	548,100	0.31
29.	FAM KEAT HONG	532,000	0.31
30.	HENG KOK PUAN @ HENG KOK PWAN	512,000	0.29

Note : *The analysis of shareholdings is based on the issued and paid-up capital of the Company after deducting 6,919,900 ordinary shares bought back by the Company and held as Treasury Shares as at 9 May 2013.*

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

No. of Shares Held	CDS Account No.

FORM OF PROXY

*I/We, ... NRIC No./Company No. ....
(FULL NAME IN BLOCK CAPITALS)

of .... being
(FULL ADDRESS)

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

NRIC No. .... of ....
(FULL ADDRESS)

or failing *him/her, ...NRIC No. .... 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-Eighth 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 Tuesday, 18 June 2013 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 2012 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 1.2%. (0.6 sen per share). (Resolution 1)		
3.	To sanction the payment of Directors' Fees. (Resolution 2)		
4. (a)	To re-elect Tuan Haji Fadzlullah Shuhaimi Bin Salleh in accordance with Article 105 of the Company's Articles of Association. (Resolution 3)		
4. (b)	To re-elect Mr. Lim Cheang Nyok in accordance with Article 105 of the Company's Articles of Association. (Resolution 4)		
4. (c)	To re-elect Mr. Toh Yew Chin in accordance with Article 105 of the Company's Articles of Association. (Resolution 5)		
5.	To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 :- "That pursuant to Section 129(6) of the Companies Act, 1965, Mr. Lou Swee You who has attained the age of seventy (70) years, be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting (Resolution 6)		
6.	To re-appoint Messrs. BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 7)		
	As Special Business :		
7.	Ordinary Resolution No. 1 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965. (Resolution 8)		
8.	Ordinary Resolution No. 2 - Authority to renew the purchase of the Company's own shares. (Resolution 9)		
9.	Ordinary Resolution No. 3 - Authority to renew the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 10)		
10.	Ordinary Resolution No. 4 - To retain Tuan Haji Fadzlullah Shuhaimi Bin Salleh as an Independent Non-Executive Director. (Resolution 11)		
11.	Ordinary Resolution No. 5 - To retain Mr. Lim Cheang Nyok as an Independent Non-Executive Director. (Resolution 12)		
12.	Special Resolution - Proposed Amendments to the Articles of Association of the Company. (Resolution 13)		

*** Strike out whichever not applicable.**

Signed this.......................................day of 2013

....
Signature of Member/Common Seal

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 11 June 2013 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead [subject always to a maximum of two (2) proxies of each Meeting]. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

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

PRESTAR RESOURCES BERHAD
(123066-A)

Level 7, Menara Milenium, Jalan Damanlela,
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