



## Financial Statements

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**Directors' Report** for the year ended 31 December 2002

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

**Principal activities**

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

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

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

**Results**

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

**Reserves and provisions**

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

**Dividends**

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

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

**Directors of the Company**

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

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

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

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

**Directors of the Company (continued)**

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

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

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



### Directors of the Company (continued)

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

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

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

### Directors' benefits

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

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

### Issue of shares and debentures

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

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

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

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

There were no debentures issued during the financial year.

### Options granted over unissued shares

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

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



### Options granted over unissued shares (continued)

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

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

The salient features of the scheme are as follows:

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

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

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

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

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

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

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



### Significant events during the year

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

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

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

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

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

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

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

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

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

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

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

### Significant event after balance sheet date

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

### Other statutory information

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

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

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

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



**Other statutory information (continued)**

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

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

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

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

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

**Auditors**

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

Signed in accordance with a resolution of the Directors:

.....  
**Toh Yew Peng**

.....  
**Toh Yew Kar**

Kuala Lumpur,

Date: 26 March 2003



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

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

Signed in accordance with a resolution of the Directors:

.....  
**Toh Yew Peng**

.....  
**Toh Yew Kar**

Kuala Lumpur,

Date: 26 March 2003

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

I, **Toh Yew Peng**, the Director primarily responsible for the financial management of Prestar Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 67, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 26 March 2003.

.....  
**Toh Yew Peng**

Before me:

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

Pesuruhjaya Sumpah  
(Commissioner for Oaths)  
Kuala Lumpur





## Report of the Auditors to the Members of Prestar Resources Berhad



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

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

In our opinion:

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

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

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

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

**KPMG**

Firm Number: AF 0758  
Chartered Accountants

**Lim Hun Soon @ David Lim**

Partner  
Approval Number: 1514/05/04(J)

Kuala Lumpur,

Date: 26 March 2003



**Group Balance Sheet** at 31 December 2002

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

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

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

**Group Income Statement** for the year ended 31 December 2002

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



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

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

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

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

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



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

**(i) Purchase of property, plant and equipment**

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

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

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

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

**(iii) Cash and cash equivalents**

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

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

**(iv) Acquisition of a subsidiary**

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

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



**Company Balance Sheet** at 31 December 2002

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

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



**Company Income Statement** for the year ended 31 December 2002

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



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

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



## Company Cash Flow Statement for the year ended 31 December 2002



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

**(i) Cash and cash equivalents**

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

	2002 RM	2001 RM
Cash and bank balances	1,318	1,932
Bank overdrafts	(1,360,893)	(886,092)
	<b>(1,359,575)</b>	<b>(884,160)</b>



## Notes to the Financial Statements

### 1. Summary of significant accounting policies

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

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

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

#### (a) Basis of accounting

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

#### (b) Basis of consolidation

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

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

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

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

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

#### (c) Property, plant and equipment

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

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

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



## 1. Summary of significant accounting policies (continued)

### (c) Property, plant and equipment (continued)

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

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

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

### (d) Depreciation

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

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

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

### (e) Intangible assets

#### **Goodwill**

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

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

### (f) Investments

#### **i) Investments in subsidiaries**

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

#### **ii) Quoted investments**

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

### (g) Inventories

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

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



**1. Summary of significant accounting policies (continued)**

**(h) Trade receivables and other receivables**

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

**(i) Liabilities**

Trade and other payables are stated at cost.

**(j) Cash and cash equivalents**

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

**(k) Impairment**

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

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

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

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

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

**(l) Repurchase of shares**

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

**(m) Taxation**

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

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

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



## 1. Summary of significant accounting policies (continued)

### (n) Foreign currency transactions

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

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

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

### (o) Derivative financial instruments

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

### (p) Revenue

#### i) Goods sold

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

#### ii) Dividend income

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

#### iii) Interest income

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

### (q) Financing costs

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

### (r) Hire purchase plan

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



## 2. Property, plant and equipment

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

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





**2. Property, plant and equipment (continued)**

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

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

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

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

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



## 2. Property, plant and equipment (continued)

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

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

## 3. Investment in subsidiaries

	Company	
	2002 RM	2001 RM
Unquoted shares, at cost	<b>43,829,743</b>	35,044,096

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

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



**3. Investment in subsidiaries (continued)**

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

**4. Intangible assets**

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

**5. Quoted investments**

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

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



**6. Inventories**

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

**7. Trade receivables**

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

**8. Amount due from/(to) subsidiaries**

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

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

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

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

**9. Cash and cash equivalents**

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



**10. Trade payables**

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

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

**11. Other payables and accruals**

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

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

**12. Hire purchase liabilities**

Hire purchase liabilities are payable as follows:

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

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

**13. Bank borrowings**

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



**13. Bank borrowings (continued)**

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

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

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

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

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

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

The bank borrowings are secured by the following:

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



### 13. Bank borrowings (continued)

#### Term loan covenant

##### Company

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

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

##### Subsidiary

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

### 14. Share capital

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

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

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

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

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



#### 14. Share capital (continued)

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

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

#### 15. Reserves

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

#### 16. Minority shareholders' interests

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

#### 17. Operating profit

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





**17. Operating profit (continued)**

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

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

**18. Employee information**

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

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

**19. Financing costs**

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

**20. Tax expense**

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

**20. Tax expense (continued)**

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

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

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

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

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

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

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

**21. Basic earnings per share - Group****Basic earnings per share**

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

**Net profit attributable to ordinary shareholders is calculated as follows:**

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

**Weighted average number of ordinary shares**

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

**Diluted earnings per share**

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



**21. Basic earnings per share - Group (continued)**

**Net profit attributable to ordinary shareholders (diluted)**

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

**Weighted average number of ordinary shares (diluted)**

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

**22. Dividends**

**i) Proposed dividends for the financial year ended 31 December**

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

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

**ii) Dividends accounted for in the financial statements**

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

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

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

**23. Contingent liabilities - unsecured**

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



**24. Capital commitments**

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

**25. Significant transactions with related parties**

**Related parties**

Controlling related party relationships are as follows:

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

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

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



**25. Significant transactions with related parties (continued)**

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

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



## 26. Financial instruments

### Financial risk management objectives and policies

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

### Foreign currency exchange risk

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

### Interest rate risk

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

### Credit risk

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

### Liquidity and cash flow risk

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

### Effective interest rates and repricing analysis

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

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



**26. Financial instruments (continued)**

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

**Company**

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

**Fair values**

**Recognised financial instruments**

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

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

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

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

**Unrecognised financial instruments**

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

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

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



**26. Financial instruments (continued)**

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

**27. Segmental information**

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

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

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

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

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

**Business segments**

The Group comprises the following main business segments:

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

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





**27. Segmental information (continued)**

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

**28. Significant events during the year**

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

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

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

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

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

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

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

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

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

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

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

**29. Significant event after balance sheet date**

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



### 30. Comparative figures

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

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

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



## List of Properties for Year Ended 31st December 2002

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

\* **Balance of Leasehold Tenure.**

<sup>Δ</sup> **Acquired through Debt settlement arrangement from various delinquent trade debtors**



## Statistics of Shareholdings as at 30 April 2003

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

### LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2003

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

Notes:-

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

(2) Deemed interest by virtue of his spouse's shareholdings.

### ANALYSIS OF SHAREHOLDINGS AS AT 30 APRIL 2003

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

Remarks:

\* Less than 5% of Issued Shares

\*\* 5% and above of Issued Shares

### LIST OF DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2003

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

Note:-

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



Statistics of Shareholdings as at 30 April 2003 (continued)

**THIRTY (30) LARGEST SHAREHOLDERS AS AT 30 APRIL 2003**

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

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



**PRESTAR RESOURCES BERHAD** (123066-A)

**Form of Proxy**



No. of Shares Held

I/We, .....  
(FULLNAME IN BLOCK CAPITALS)

of ..... being  
(FULLADDRESS)

a member/members of PRESTAR RESOURCES BHD, hereby appoint .....

..... of .....  
(FULLNAME IN BLOCK CAPITALS) (ADDRESS)

..... or failing

him/her, ..... of .....  
(FULLNAME IN BLOCK CAPITALS) (ADDRESS)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at Johore Room, Lower Lobby, Shangri-La Hotel, Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 26 June 2003 at 10.00 a.m. or at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indication is given, the proxy will vote as he/she thinks fit or abstain from voting):

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

Signed this ..... day of ..... 2003

Signature/Seal

Notes:

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

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STAMP

The Company Secretary

**PRESTAR RESOURCES BERHAD** (123066-A)

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

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