www.prestar.com.my

PRESTAR RESOURCES BERHAD (123066-A)
Level 7, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur
Tel: 03 2084 9000
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PRESTAR RESOURCES BERHAD (123066-A)

Annual Report 2011

PRESTAR RESOURCES BERHAD

(123066-A)

ANNUAL REPORT
Laporan Tahunan
2011

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Financial Statements

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting of Prestar Resources Bhd will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 12 June 2012 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and the Auditors thereon.
2. To approve the declaration of the Final Tax Exempt Dividend of 2.0% (1.0 sen per share) for the financial year ended 31 December 2011. **Resolution 1**
3. To sanction the payment of Directors' Fees for the financial year ended 31 December 2011. **Resolution 2**
4. To re-elect the following Directors who retire pursuant to Article 105 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:-
   (a) Dato' Toh Yew Peng **Resolution 3**
   (b) Encik Md. Nahar Bin Noordin **Resolution 4**
   (c) Mr. Lou Swee You **Resolution 5**
5. To re-appoint Messrs. BDO as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**
6. As Special Business :

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

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

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

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

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

   1. the maximum number of ordinary shares of RM0.50 each in the Company ("Shares") which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up share capital for the time being of the Company;
   2. the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits or the share premium of the Company based on the audited financial statements for the financial year ended 31 December 2011 of RM18,744,019.00 and RM1,686,905.00 respectively;

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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

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

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

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

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

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

   (i) cancel the Shares so purchased; or

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

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

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

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

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

8. **ORDINARY RESOLUTION NO. 3**

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

"**THAT**, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company's subsidiaries to enter into the Recurrent Related Party Transactions with Wei Giap Hardware Sdn. Bhd., Chiho Hardware Sdn. Bhd., Y.K. Toh Marketing (S) Pte. Ltd., Wei Sheng Hardware Sdn. Bhd., Syarikat Kwong Nam Hing Sdn. Bhd., Logam Indah Sdn. Bhd., Y.K. Toh (M) Sdn. Bhd. and Diager SG Pte. Ltd., as described in Section 2.2 of the Circular to Shareholders dated 18 May 2012 subject further to the following:-

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

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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

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

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

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

whichever is the earlier,

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Resolution 9**

9. To transact any other ordinary business for which due notice has been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT the Final Tax Exempt Dividend of 2.0% (1.0 sen per share) will be payable on 6 September 2012 to depositors who are registered in the Record of Depositors at the close of business on 13 August 2012, if approved by members at the forthcoming Twenty-Seventh Annual General Meeting.

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

(a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 13 August 2012 in respect of ordinary transfers; and

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

BY ORDER OF THE BOARD

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

Kuala Lumpur
Dated: 18 May 2012

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Note to Special Business:

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

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

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

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Twenty-Sixth Annual General Meeting held on 20 June 2011 and which will lapse at the conclusion of the Twenty-Seventh Annual General Meeting.

2. Authority to renew the purchase of the Company's own shares

   The proposed adoption of the Ordinary Resolution No. 2 is to renew the authority granted by the shareholders of the Company at the Twenty-Sixth Annual General Meeting held on 20 June 2011. The proposed renewal will allow the Board of Directors to exercise the power of the Company to purchase not more than 10% of the issued and paid-up share capital of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

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

   The proposed adoption of the Ordinary Resolution No. 3 is to renew the Shareholders' Mandate granted by the shareholders of the Company at the Twenty-Sixth Annual General Meeting held on 20 June 2011. The proposed renewal of the Shareholders' Mandate will enable the Group to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Further information on the Proposed Renewal of Share Buy-Back Authority and Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions are set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2011 Annual Report.

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 5 June 2012 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead [subject always to a maximum of two (2) proxies of each Meeting]. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

CORPORATE INFORMATION

Board of Directors

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

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

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

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

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

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

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

SOLICITORS
SKRINE
Lim & Yeoh

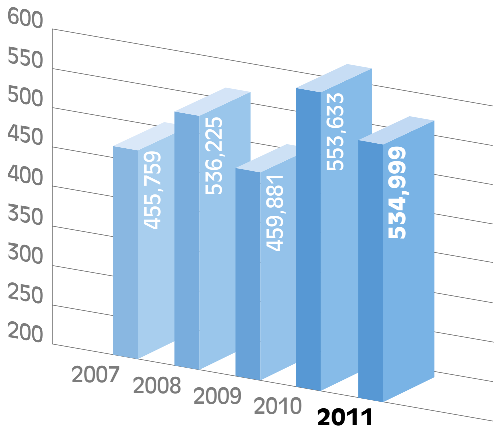
STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia Securities Berhad
Stock Code : 9873

GROUP FINANCIAL HIGHLIGHTS

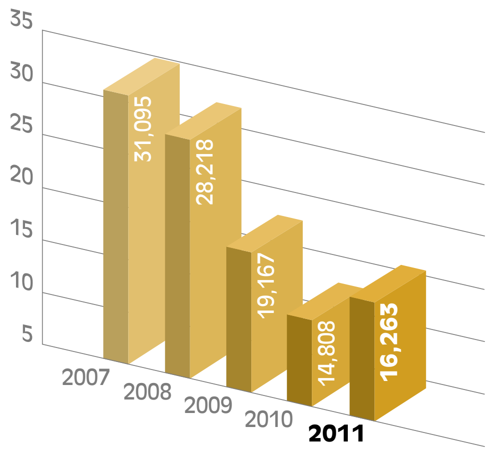
(RM'000)	2007	2008	2009	2010	2011
Revenue	455,759	536,225	459,881	553,633	534,999
Profit before taxation	31,095	28,218	19,167	14,808	16,263
Profit attributable to owners of the Company	18,215	11,291	4,203	6,120	8,080
Total Assets	447,101	478,532	491,997	508,101	510,907
Equity attributable to owners of the Company	157,707	166,254	167,375	170,169	176,436
EBIDTA#	46,893	48,479	38,610	36,484	38,971
#Earnings before interests, depreciation, tax and amortisation					
Net assets per share* (RM)	0.91	0.96	0.96	0.98	1.01
Earnings per share* (sen)	10.5	6.5	2.4	3.5	4.6

attributable to owners of the Company

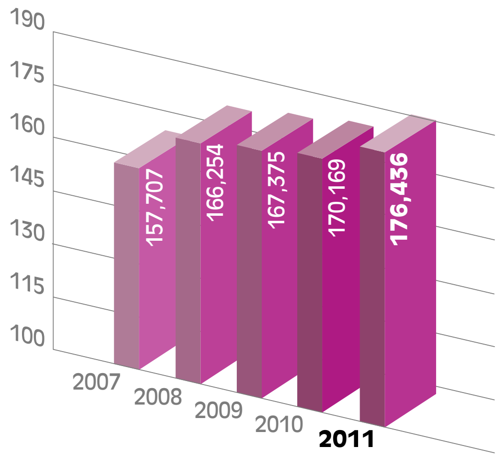
Revenue
(RM'000)



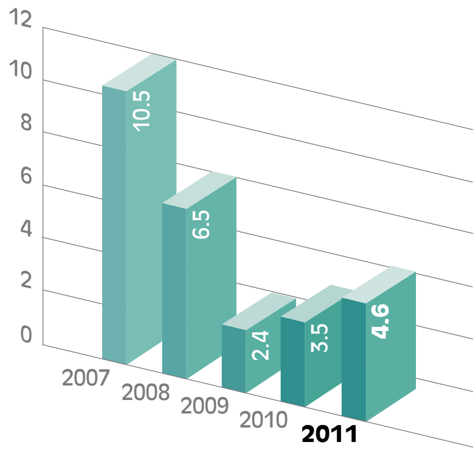
Profit Before Taxation
(RM'000)



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



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



CORPORATE STRUCTURE

PRESTAR RESOURCES BERHAD

(123066-A)

Steel Processing Unit (SPU)

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

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

Tashin Steel Sdn Bhd
(471094-P)
51%

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

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

Prestar Steel (S) Pte Ltd
(200408916-M)
25%

PT Prestar Precision Tube, Indonesia
(09.01.1.46.30627)
75%

Product Manufacturing Unit (PMU)

Prestar Manufacturing Sdn Bhd
(170341-A)
100%

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

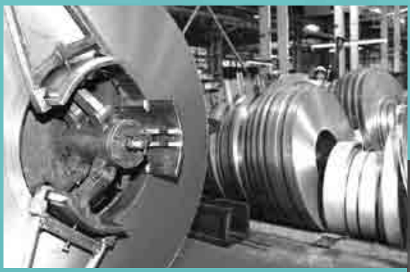
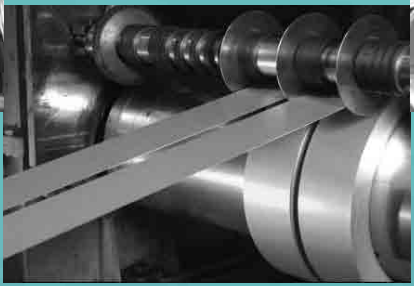
Prestar Engineering Sdn Bhd
(307178-A)
75%

Prestar Galvanising Sdn Bhd
(315125-T)
95%

Prestar Marketing Sdn Bhd
(76838-X)
100%

Tashin Hardware Sdn Bhd
(642549-V)
51%

Prestar Industries (Vietnam) Co., Ltd
(462045000037)
100%


CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report 2011 and Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2011.

OVERVIEW AND CORPORATE DEVELOPMENT

During the year under review, steel industry remained at lackluster state with sluggish market demand and over capacity occupying the scene. Nonetheless, steel prices started to recover slightly towards the end of the year, and remain reasonably stable till the time of writing this report. Facing with this difficult business conditions, the Group continued forge ahead on various operational improvement program through on-going implementation of Kaizen activities and vigorous cost-cutting exercises to improve the yield and reduce the wastage in order to enhance its competitiveness and financial results.

On the overseas investment, in view of the extremely unfavourable business conditions in Vietnam, which is experiencing regime of high inflation and interest rates, the Group has curtailed part of the production facilities to alleviate liquidity requirement and to mitigate losses. Besides, the joint venture company in Indonesia is yet to take off pending approval of certain operating and importing permits thus affecting the export sales of the Group during the year under review.

Overall, the Group has performed satisfactorily for the year under review. The Board, together with the management team, will continue to take cautious and pragmatic actions in sustaining the Group's competitiveness and bottom line performance.

FINANCIAL PERFORMANCE

The Group revenue of the year under review was RM535.0 million, 3.4% lower than the same period of last year. However the profit for the period maintained at around the same level of last year at RM12.1 million. Despite sluggish market demand and unfavourable steel prices for most of the year, there were some improvement in selling prices and margin towards the end of the year, thus boosted the overall performance of the year.

Earnings per share for the financial year under review was 4.64 sen as compared to 3.52 sen last

CHAIRMAN'S STATEMENT (cont'd)

year while net assets per share attributable to ordinary equity holders of the Company rose slightly to RM1.01 per share. The Group financial position remains healthy as total equity improved from RM224.7 million at last financial year end to RM232.3 million this financial year end.

PROSPECTS

Global economic growth is expected to moderate in year 2012, amidst increased downside risks due to the on-going sovereign debt and structural issues in the Euro zone. In view of the sluggish overseas market demand, growth momentum within the country is also expected to moderate in year 2012, at a steady pace of 4% - 5% with domestic demand remaining as the key engine for growth.

Going forward, with the confidence of the Government in tackling the slow economic developments coupled with the various infrastructure projects taking off soon under Economic Transforming Program, domestic demand conditions are likely to be stimulated favourably. Against this backdrop, the Board will continue to adopt cautious approach in order to generate a satisfactory performance for the new financial year.

DIVIDEND

The Board is pleased to recommend a final tax-exempt dividend of 2% (1.0 sen per ordinary share), amounting to RM1,740,610.00 in respect of the financial year ended 31 December 2011, which is subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

APPRECIATION

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

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

TOH YEW KEAT

Chairman of the Board

BOARD OF DIRECTORS' PROFILE

TOH YEW KEAT

Age : 65, Malaysian
Group Executive Chairman
Appointed to the Board on 12 July 1984

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

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

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

He is a brother of Dato' Toh Yew Peng, the Group Managing Director; Mr Toh Yew Kar, Group Executive Director; Mr Toh Yew Seng, Group Executive Director and Mr Toh Yew Chin, Non-Independent Non-Executive Director of Prestar Resources Berhad.

DATO' TOH YEW PENG

Age : 60, Malaysian
Group Managing Director
Appointed to the Board on 12 July 1984

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

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

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

He is a brother of Mr Toh Yew Keat, the Group Executive Chairman; Mr Toh Yew Kar, Group Executive Director; Mr Toh Yew Seng, Group Executive Director and Mr Toh Yew Chin, Non-Independent Non-Executive Director of Prestar Resources Berhad.

TOH YEW KAR

Age : 54, Malaysian
Group Executive Director
Appointed to the Board on 12 July 1984

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

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

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

He is a brother of Mr Toh Yew Keat, the Group Executive Chairman; Dato' Toh Yew Peng, Group Managing Director; Mr Toh Yew Seng, Group Executive Director and Mr Toh Yew Chin, Non-Independent Non-Executive Director of Prestar Resources Berhad.

BOARD OF DIRECTORS' PROFILE (cont'd)

TOH YEW SENG

Age : 51, Malaysian
Group Executive Director
Appointed to the Board on 31 January 1986

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

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

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

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

He is a brother of Mr Toh Yew Keat, the Group Executive Chairman; Dato' Toh Yew Peng, Group Managing Director; Mr Toh Yew Kar, Group Executive Director and Mr Toh Yew Chin, Non-Independent Non-Executive Director of Prestar Resources Berhad.

TOH YEW CHIN

Age : 49 , Malaysian
Non-Independent Non-Executive Director
Appointed to the Board on 18 September 2009

Mr Toh Yew Chin is the Managing Director of Prestar Steel (S) Pte. Ltd. and Diager SG Pte. Ltd. He also sits on the Board of Y K Toh Marketing (S) Pte. Ltd. (YKTM) and Prestar Marketing Sdn. Bhd.

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

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

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

MD. NAHAR BIN NOORDIN

Age : 55, Malaysian
Independent Non-Executive Director
Member of Remuneration Committee
Appointed to the Board on 18 June 1994

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

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

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

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

BOARD OF DIRECTORS' PROFILE (cont'd)

TUAN HAJI FADZLULLAH SHUHAIMI BIN SALLEH

Age : 55, Malaysian
Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit Committee
Member of Nomination Committee
Appointed to the Board on 18 March 1995

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

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

LOU SWEE YOU

Age : 69, Malaysian
Independent Non-Executive Director
Chairman of Audit Committee
Member of Remuneration Committee
Member of Nomination Committee
Appointed to the Board on 9 May 2008

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

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

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

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

LIM CHEANG NYOK

Age : 44, Malaysian
Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit Committee
Appointed to the Board on 28 March 2002

Mr Lim Cheang Nyok is an advocate and solicitor and senior partner of Messrs. Lim & Yeoh.

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

Besides legal practice, Mr Lim has been involved in various areas of business including information technology, mining and real property and sits on the board of several private limited companies.

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

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

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

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

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ('the Board") is pleased to report to the shareholders that the best practices of good corporate governance as prescribed in the Malaysian Code on Corporate Governance ("the Code") had generally been practised within the Group throughout the financial year ended 31 December 2011.

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

Pursuant to Paragraph 15.25 of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR"), the Board is pleased to outline below the manner in which the Group has applied the Principles of Corporate Governance set out in Part 1 of the Code and the extent of compliance with the Best Practices set out in Part 2 of the Code.

A. The Board of Directors

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

(i) Composition of the Board

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

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

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

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

(ii) Directors' Training

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

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

During the financial year ended 31 December 2011, the Directors had attended various talks and seminars organised by Bursa Securities on:

- Sustainability Programme For Corporate Malaysia
- Corporate Governance Guide: Towards Boardroom Excellence

(iii) Board Meetings and Supply of Information

The Board of Directors met four (4) times during the financial year ended 31 December 2011. Details of each Director's attendance at the Board Meetings are as follows:-

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

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

(iii) Board Meetings and Supply of Information (cont'd)

All Directors are provided with the agenda and information necessary for them to deal with prior to each Board Meeting. Senior Management staff were invited to attend Board Meetings to provide the Board with detailed explanations and clarifications on certain matters that were tabled to the Board. The Board papers include, amongst others, quarterly financial report, significant financial and corporate issues, risk management committee progress report, minutes of all Board Committees, summary of all announcements, summary of Directors' dealings and any other matters requiring the Board's approval.

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

(iv) Re-election of Directors

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

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

(v) Board Committees

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

(a) Audit Committee

The Audit Committee of the Company consists of three (3) Independent Non-Executive Directors to be in line with the Code and Bursa Securities MMLR whereby the Audit Committee shall only consists of Non-Executive Directors and majority of whom are Independent Directors. For detailed information on the Audit Committee with regards to its composition and terms of reference together with its report, please refer to the Audit Committee Report in this Annual Report.

(b) Nomination Committee

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

Members of the Committee are as follows:

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

(c) Remuneration Committee

The Remuneration Committee consists of three (3) members, all of which are Independent Non-Executive Directors. The primary objective of the Committee is to assist the Board in assessing the remuneration packages of the Executive Directors with a view to ensure that a competitive remuneration package is offered to attract and retain Directors of the necessary calibre and experiences to manage the Company successfully.

Members of the Committee are as follows:

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

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

(v) Board Committees (cont'd)

(d) Group Risk Management Committee

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

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

B. DIRECTORS' REMUNERATION

Details of the remuneration for the Directors of the Company comprising remuneration received/receivable from the Company and its subsidiary companies during the financial year ended 31 December 2011 are as follows: -

(i) Aggregate remuneration categorised into appropriate components:

RM ('000)	Executive Directors	Non-Executive Directors
Fees	403	126
Salaries	2,196	-
Bonus & Others	496	-
Benefits-in-kind	90	-
EPF and SOCSO	321	-

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

	Executive Directors	Non-Executive Directors
Below RM50,000	-	5
RM650,001 to RM700,000	1	-
RM700,001 to RM750,000	1	-
RM950,001 to RM1,000,000	1	-
RM1,100,001 to RM1,150,000	1	-

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

C. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

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

The Statement of Directors' Responsibility pursuant to Bursa Securities MMLR on its responsibilities in preparing the financial statements is set out in another section of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

C. ACCOUNTABILITY AND AUDIT (cont'd)

(ii) Internal Control and Risk Management

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

The Group has outsourced its internal audit functions to assist the Audit Committee in discharging their duties and responsibilities. Both the internal and external auditors' reports, their findings and recommendations would be tabled to the Audit Committee.

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

(iii) Relationship with Auditors

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

D. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

(i) Communication and dissemination of information

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

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

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

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

(ii) Annual General Meeting

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

E. COMPLIANCE STATEMENT

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

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

F. CORPORATE SOCIAL RESPONSIBILITY

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

Below are the activities or practices undertaken by the Group:-

(i) The Workplace

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

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

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

(ii) The Environment

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

(iii) Community

The Group continuously contributes towards the needs of the less fortunate groups through the sponsorship of other organisations. During the financial year under review, the Group has contributed funds to less fortunate groups through various non-governmental organisations. Our Social Care Committee has also organised visitation trips to two centres, namely Handicapped and Disabled Children's Home at Taman Megah, Petaling Jaya and Pusat Pemulihan Dalam Komuniti at Kampung Kenanga, Rawang (A day care / training center for down syndrome children & Physiotherapy for disabled children). During the visits, we presented gifts in the form of food, daily household products, gift for the children and cash donation to the Management of both centres. Our staff and senior management also participated and mingle around with the children and other inmates of the Homes to show our affections and care. We will carry out such activities on yearly basis.

ADDITIONAL COMPLIANCE INFORMATION

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

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

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

3. **Options or Convertible Securities**
   No options or convertible securities were issued by the company during the financial year.

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

5. **Imposition of sanctions and penalties**
   There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year.

6. **Non-audit Fees**
   The amount of non-audit fees paid to the External Auditors by the Group for the financial year were RM7,000.00.

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

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

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

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

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") is pleased to provide the following Statement on Internal Control pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements. Using the best practices of the Malaysian Code on Corporate Governance as the benchmark, the Board is committed to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets.

BOARD RESPONSIBILITY

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

The Board affirms that the Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. The Group is constantly improving such a system through various management actions and reviews.

RISK MANAGEMENT FRAMEWORK

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

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

INTERNAL AUDIT FUNCTION

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

The outsourced IAF conducted review based on an internal audit plan approved by the Audit Committee.

The Audit Committee meets quarterly to review the internal audit findings and discuss the corrective action plans to ensure that the control weaknesses highlighted in the internal audit report are appropriately addressed by Management. In addition, the IAF carried out follow-up visits to ensure that agreed corrective action plans are satisfactorily implemented by the respective Management. The status of corrective action plans are reported to the Audit Committee on quarterly basis.

The fee incurred in maintaining the outsourced IAF for the financial year ended 31 December 2011 amounted to RM60,000.

OTHER KEY ELEMENTS OF INTERNAL CONTROL PROCESSES

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

- A budgeting process where budgets are prepared by the operating business units for subsequent monitoring and tracking of variances and performance.
- Documented Quality Management System accredited by various ISO certification bodies on three subsidiaries' manufacturing system.
- Quarterly review of financial results and operational matters by the Board and Audit Committee.
- Policies and standard procedures of various operating units within the Group are properly documented for operational guidance and compliance. These policies and procedures are reviewed when necessary.
- Corporate finance, treasury and legal matters are controlled centrally and monitored on a weekly, monthly and/or quarterly basis.
- Monthly management report on key business indicators and performance results on each subsidiary is reported to Management and the Executive Directors. These allow the Management and the Directors to review the performance of each subsidiary on a monthly basis.

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

The Statement on Internal Control is made in accordance with the resolution of the Board of Directors dated 22 February 2012.

As required by the Bursa Securities Main Market Listing Requirements, the External Auditors have reviewed this Statement on Internal Control. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants (MIA). Their review has been conducted to assess whether the Statement on Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group.

RPG 5 does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") of Prestar Resources Berhad is pleased to present the following report on the Audit Committee and its activities during the financial year ended 31 December 2011.

1. COMPOSITION OF THE AUDIT COMMITTEE AND MEETINGS

During the financial year ended 31 December 2011, the Audit Committee held a total of six (6) meetings. The members of the Audit Committee together with their attendance are set out below:-

Name	Designation	Attendance
Lou Swee You	Chairman / Independent, Non-Executive Director	6/6
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Member / Independent, Non-Executive Director	5/6
Lim Cheang Nyok	Member / Independent, Non-Executive Director	5/6

2. SUMMARY OF KEY ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year ended 31 December 2011, the main activities undertaken by the Audit Committee were as follows:-

a) Reviewed the unaudited quarterly financial results of the Group and thereafter, submitted them to the Board for approval and release to Bursa Malaysia Securities Berhad ("Bursa Securities").

b) Reviewed the audited year-end financial statements of the Group and Company and thereafter, submitted them to the Board for consideration and approval.

c) Met with the External Auditors twice a year in the absence of the Executive Directors and Management to discuss the audit strategy and scope of audit plan prior to commencement of annual audit and the audit issues and recommendations raised by them after the audit.

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

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

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

g) Reviewed the performance of Internal Audit Function, the annual internal audit plan and reports generated by the Internal Auditors which included:-
- Quarterly internal audit reports of the Group and ensure that appropriate corrective actions are taken by Management.
- Internal audit reports on significant related party transactions to ensure that the transactions entered into were made at arm's length basis and no conflict of interest within the Group.

3. SUMMARY OF KEY TERMS OF REFERENCE

3.1 Composition of Members

The Board shall elect the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive Directors. The majority of the Audit Committee members shall be independent Directors as defined under Bursa Securities Main Market Listing Requirements ("MMLR").

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

In addition, no alternate Director of the Board shall be appointed as a member of the Audit Committee.

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

AUDIT COMMITTEE REPORT (cont'd)

Retirement and resignation

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

3.2 Chairman

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

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

3.3 Meetings

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

Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders. Besides, the Audit Committee shall meet with the external auditors without executive Board members present at least twice a year and whenever necessary.

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

3.4 Objectives

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

a) evaluate the quality of the audits performed by the internal and external auditors;
b) provide assurance that the financial information presented by management is relevant, reliable and timely;
c) oversee compliance with laws and regulations and observance of a proper code of conduct; and
d) determine the quality, adequacy and effectiveness of the Group's control environment.

3.5 Authority

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

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

3.6 Duties and Responsibilities

3.6.1 Risk Management and Internal Control

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

AUDIT COMMITTEE REPORT (cont'd)

3.6.2 Financial Reporting

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

a) going concern assumption;
b) compliance with accounting standards and other legal requirements which include the MMLR of Bursa Securities and Securities Commission guidelines;
c) any changes in accounting policies and practices;
d) significant adjustments and unusual issues arising from the audit; and
e) major judgemental areas.

3.6.3 Audit Process

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

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

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

a) To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal.
b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.
c) To review with the external auditor his evaluation of the system of internal controls and his audit report.
d) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor wish to discuss (in the absence of management, where necessary).
e) To review the external auditor's management letter and management's response.
f) To report its findings on the financial and management performance, and other material matters to the Board.

3.6.4 Responsibilities and Duties in relation to Related Party Transactions

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

4. STATEMENT ON INTERNAL AUDIT FUNCTION

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

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

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITY

In respect of the preparation of the annual audited financial statements.

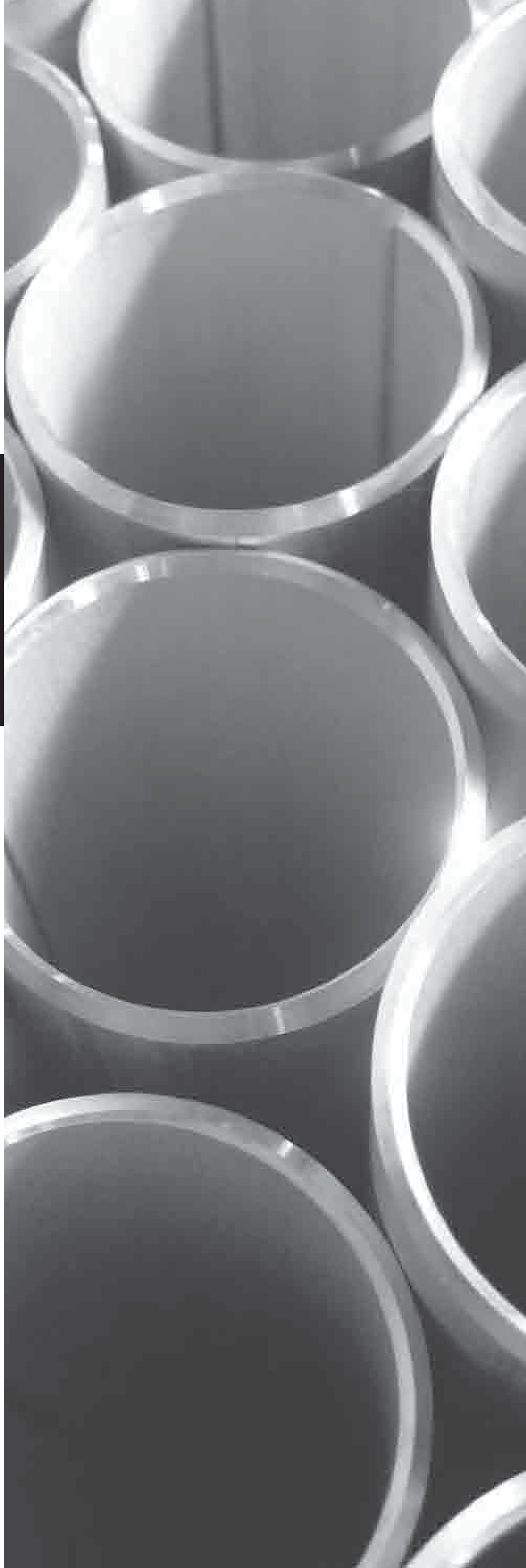
The Directors are required by the Companies Act, 1965 (the "Act") to lay before the Company's shareholders at its Annual General Meeting, audited financial statements (which include the consolidated statement of financial position and the consolidated statement of comprehensive income of the Group) for each financial year, made out in accordance with the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board, the provisions of the Act and Bursa Malaysia Securities Berhad Main Market Listing Requirements. The audited financial statements of the Company and the Group for the financial year ended 31 December 2011 are set out from pages 26 to 107 of this Annual Report.

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and of the results of their operations and cash flows for the year ended on that date.

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

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

FINANCIAL STATEMENTS



DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	12,081	2,461
Attributable to:		
Owners of the parent	8,080	2,461
Non-controlling interests	4,001	-
	12,081	2,461

DIVIDENDS

As approved by the shareholders at the Annual General Meeting held on 20 June 2011, a final dividend of 2% (1.0 sen per share), tax exempt, amounting to RM1,740,610 in respect of the financial year ended 31 December 2010 was paid on 15 September 2011.

The Directors propose a final dividend of 2% (1.0 sen per share), tax exempt, amounting to RM1,740,610 in respect of the financial year ended 31 December 2011, which is subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

On 17 March 2005, the Company made a renounceable rights issue of 95,721,500 Warrants 2005/2011 ('Warrants') at an offer price of RM0.05 per Warrant on the basis of one (1) Warrant for every two (2) existing ordinary shares of RM0.50 each held in the Company. The remaining 87,543,800 unexercised Warrants lapsed during the financial year.

Other than as disclosed above, no options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

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

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

In accordance with Article 105 of the Company's Articles of Association, Dato' Toh Yew Peng, Md. Nahar Bin Noordin and Lou Swee You retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS

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

	------ Number of ordinary shares of RM0.50 each ------			
	Balance as at 1.1.2011	**Bought**	**Sold**	**Balance as at 31.12.2011**
Shares in the Company				
Direct interests				
Toh Yew Keat	15,690,304	118,000	(10,245,333)	5,562,971
Dato' Toh Yew Peng	4,120,796	1,068,100	-	5,188,896
Toh Yew Kar	744,000	1,728,276	-	2,472,276
Md. Nahar Bin Noordin	8,000,000	-	-	8,000,000
Toh Yew Seng	480,000	1,786,252	-	2,266,252
Toh Yew Chin	-	2,472,276	-	2,472,276
Indirect interests				
Toh Yew Keat	62,003,000	-	-	62,003,000
Dato' Toh Yew Peng	62,003,000	-	-	62,003,000
Toh Yew Kar	62,003,000	-	-	62,003,000
Toh Yew Seng	62,003,000	-	-	62,003,000
Toh Yew Chin	62,003,000	-	-	62,003,000

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

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

	------------------------ Number of Warrants ------------------------			
	Balance as at 1.1.2011	**Sold**	**Lapsed**	**Balance as at 31.12.2011**
Warrants in the Company				
Direct interests				
Toh Yew Keat	499,702	(499,700)	(2)	-
Dato' Toh Yew Peng	318,798	(318,700)	(98)	-
Toh Yew Kar	252,000	(252,000)	-	-
Toh Yew Seng	120,000	(120,000)	-	-

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

DIRECTORS' BENEFITS

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

(i) director's fees and other emoluments as disclosed in Note 23 to the financial statements; and

(ii) deemed benefits arising from related party transactions as disclosed in Note 30 to the financial statements.

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

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

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

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

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

(b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

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

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

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

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

(d) In the opinion of the Directors:

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

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

(III) AS AT THE DATE OF THIS REPORT

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

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

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

AUDITORS

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

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

…………………………………….
Dato' Toh Yew Peng
Director

…………………………………….
Toh Yew Seng
Director

Kuala Lumpur
19 April 2012

STATEMENT BY DIRECTORS/ STATUTORY DECLARATION

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 32 to 107 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

…………………………………	…………………………………
Dato' Toh Yew Peng	Toh Yew Seng
Director	Director

Kuala Lumpur
19 April 2012

STATUTORY DECLARATION

I, Koay Kah Ee, being the officer primarily responsible for the financial management of Prestar Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 32 to 107 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly	)	
declared by the abovenamed	)	
at Kuala Lumpur this	)	
19 April 2012	)	Koay Kah Ee

Before me:

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRESTAR RESOURCES BERHAD

Report on the Financial Statements

We have audited the financial statements of Prestar Resources Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 32 to 106.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRESTAR RESOURCES BERHAD (cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 34 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

BDO
AF: 0206
Chartered Accountants

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

Kuala Lumpur
19 April 2012

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

		Group		Company	
	NOTE	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	161,981	162,136	48,717	48,719
Investment properties	8	4,824	915	-	857
Investments in subsidiaries	9	-	-	115,760	113,950
Investments in associates	10	40,695	38,991	16,968	16,968
Intangible assets	11	1,910	1,969	-	-
Deferred tax assets	12	119	6	-	-
		209,529	204,017	181,445	180,494
Current assets					
Inventories	13	135,088	142,097	-	-
Derivative assets	14	173	61	-	-
Trade and other receivables	15	144,065	136,108	15,870	25,680
Current tax assets		938	1,945	519	352
Cash and cash equivalents	16	19,687	23,873	3,530	3,492
		299,951	304,084	19,919	29,524
Non-current asset held for sale	17	1,427	-	-	-
TOTAL ASSETS		510,907	508,101	201,364	210,018
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	90,490	90,490	90,490	90,490
Treasury shares	18	(5,854)	(5,854)	(5,854)	(5,854)
Reserves	19	91,800	85,533	27,266	26,546
		176,436	170,169	111,902	111,182
Non-controlling interests		55,815	54,577	-	-
TOTAL EQUITY		232,251	224,746	111,902	111,182
Non-current liabilities					
Borrowings	20	9,561	18,051	5,787	10,300
Deferred tax liabilities	12	4,111	4,279	1,170	1,146
		13,672	22,330	6,957	11,446
Current liabilities					
Trade and other payables	21	38,971	36,129	14,726	11,014
Derivative liabilities	14	26	35	-	-
Borrowings	20	225,301	224,141	67,779	76,376
Current tax liabilities		686	720	-	-
		264,984	261,025	82,505	87,390
TOTAL LIABILITIES		278,656	283,355	89,462	98,836
TOTAL EQUITY AND LIABILITIES		510,907	508,101	201,364	210,018

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		Group		Company	
	NOTE	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	22	534,999	553,633	14,341	20,024
Cost of sales		(480,339)	(501,114)	(1,157)	(1,092)
Gross profit		54,660	52,519	13,184	18,932
Other income		10,691	8,752	20	92
Selling and distribution expenses		(3,931)	(3,851)	-	-
Administrative expenses		(29,449)	(29,355)	(3,267)	(3,410)
Other expenses		(4,278)	(4,660)	(2,790)	(8,394)
Finance costs		(13,387)	(12,090)	(4,689)	(4,994)
Interest income		253	282	1,470	3,825
Share of profit of associates		1,704	3,211	-	-
Profit before tax	23	16,263	14,808	3,928	6,051
Tax expense	24	(4,182)	(2,764)	(1,467)	(2,566)
Profit for the financial year		12,081	12,044	2,461	3,485
Other comprehensive income:					
Fair value gains on available- for-sale financial assets		-	-	-	-
Foreign currency translations		(72)	(806)	-	-
Other comprehensive income, net of tax		(72)	(806)	-	-
Total comprehensive income		12,009	11,238	2,461	3,485
Profit attributable to:					
Owners of the parent		8,080	6,120	2,461	3,485
Non-controlling interests		4,001	5,924	-	-
		12,081	12,044	2,461	3,485
Total comprehensive income attributable to:					
Owners of the parent		8,008	5,314	2,461	3,485
Non-controlling interests		4,001	5,924	-	-
		12,009	11,238	2,461	3,485
Earnings per ordinary share attributable to equity holders of the Company:					
- Basic (sen):	26	4.64	3.52		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Group	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Warrants reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance as at 31 December 2009	90,490	1,687	(1,069)	1,051	3,862	(5,854)	77,208	167,375	51,735	219,110
Effects of adoption of FRS 139	-	-	-	-	-	-	91	91	4	95
Restated balance as at 1 January 2010	90,490	1,687	(1,069)	1,051	3,862	(5,854)	77,299	167,466	51,739	219,205
Total comprehensive income	-	-	(806)	-	-	-	6,120	5,314	5,924	11,238
Realisation of revaluation reserve	-	-	-	(35)	-	-	35	-	-	-
Transactions with owners:										
Dividends paid (Note 25)	-	-	-	-	-	-	(2,611)	(2,611)	-	(2,611)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(3,086)	(3,086)
Total transactions with owners	-	-	-	-	-	-	(2,611)	(2,611)	(3,086)	(5,697)
Balance as at 31 December 2010	90,490	1,687	(1,875)	1,016	3,862	(5,854)	80,843	170,169	54,577	224,746
Balance as at 31 December 2010	90,490	1,687	(1,875)	1,016	3,862	(5,854)	80,843	170,169	54,577	224,746
Total comprehensive income	-	-	(72)	-	-	-	8,080	8,008	4,001	12,009
Realisation of revaluation reserve	-	-	-	(35)	-	-	35	-	-	-
Expiry of warrants	-	-	-	-	(3,862)	-	3,862	-	-	-
Transactions with owners:										
Dividends paid (Note 25)	-	-	-	-	-	-	(1,741)	(1,741)	-	(1,741)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	(2,810)	(2,810)
Ordinary shares contributed by non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	47	47
Total transactions with owners	-	-	-	-	-	-	(1,741)	(1,741)	(2,763)	(4,504)
Balance as at 31 December 2011	90,490	1,687	(1,947)	981	-	(5,854)	91,079	176,436	55,815	232,251

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (cont'd)

Company	Ordinary share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Warrants reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2010	90,490	1,687	1,051	3,862	(5,854)	19,072	110,308
Total comprehensive income	-	-	-	-	-	3,485	3,485
Realisation of revaluation reserve	-	-	(35)	-	-	35	-
Transactions with owners: Dividends paid (Note 25):	-	-	-	-	-	(2,611)	(2,611)
Balance as at 31 December 2010	90,490	1,687	1,016	3,862	(5,854)	19,981	111,182
Total comprehensive income	-	-	-	-	-	2,461	2,461
Realisation of revaluation reserve	-	-	(35)	-	-	35	-
Expiry of warrants	-	-	-	(3,862)	-	3,862	-
Transactions with owners: Dividends paid (Note 25):	-	-	-	-	-	(1,741)	(1,741)
Balance as at 31 December 2011	90,490	1,687	981	-	(5,854)	24,598	111,902

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		Group		Company	
		2011	**2010**	**2011**	**2010**
	NOTE	**RM'000**	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		16,263	14,808	3,928	6,051
Adjustments for:					
Impairment loss on investment in subsidiaries	9(e)	-	-	2,117	7,672
Impairment loss on trade and other receivables		1,025	1,176	-	-
Amortisation of development costs	11	59	59	-	-
Inventories written down		236	-	-	-
Depreciation on investment properties	8	12	22	11	17
Depreciation on property, plant and equipment	7	9,250	9,505	1,108	1,086
Dividend income (gross)		-	-	(10,503)	(16,282)
Impairment loss on property, plant and equipment	7	650	58	-	-
Interest expenses		13,387	12,090	4,689	4,994
Interest income		(253)	(282)	(1,470)	(3,825)
Inventories written down no longer required	13	(988)	(2,533)	-	-
(Gain)/Loss on disposal of property, plant and equipment	23	(151)	(206)	15	-
Loss/(Gain) on disposal of an investment property	23	46	(193)	46	-
Deficit on liquidation of a subsidiary	23	-	-	45	-
Property, plant and equipment written off	7	473	836	1	-
Fair value adjustment on derivative instruments	14	(121)	69	-	-
Unrealised loss on foreign exchange	23	269	35	-	-
Share of profit of associates		(1,704)	(3,211)	-	-
Operating profit/(loss) before changes in working capital		38,453	32,233	(13)	(287)
Decrease/(Increase) in inventories		7,423	(15,508)	-	-
(Increase)/Decrease in trade and other receivables		(9,095)	(1,132)	717	246
Increase/(Decrease) in trade and other payables		2,561	7,072	(148)	408
Cash generated from operations		39,342	22,665	556	367
Tax refunded		196	2,390	132	-
Tax paid		(3,686)	(5,876)	(30)	(156)
Net cash from operating activities		35,852	19,179	658	211

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (cont'd)

		Group		Company	
		2011	2010	2011	2010
	NOTE	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Repayment from/(Advances to) subsidiaries		-	-	12,953	39,625
Proceeds from disposal of quoted shares		-	2	-	-
Dividend received, net		-	-	8,790	13,635
Interest received		253	282	1,470	3,825
Acquisition of additional interest in subsidiaries	9	-	-	(6,000)	(38,065)
Purchase of property, plant and equipment	7(d)	(11,310)	(11,073)	(642)	(667)
Purchase of investment property	8	(6,194)	(24)	-	(24)
Proceeds from disposal of property, plant and equipment		1,221	247	120	-
Proceeds from disposal of an investment property	8	800	680	800	-
Proceeds from liquidation of a subsidiary		-	-	2,029	-
Net cash (used in)/from investing activities		(15,230)	(9,886)	19,520	18,329
CASH FLOWS FROM FINANCING ACTIVITIES					
Fixed deposits pledged		150	(124)	150	(124)
Interest paid		(13,387)	(12,090)	(4,689)	(4,994)
Proceeds from issue of shares to non-controlling interests		47	-	-	-
Repayment of hire purchase liabilities		(4,674)	(3,438)	(154)	(101)
(Repayments of)/Drawdown of term loans		(6,557)	(2,275)	(4,770)	6,620
Repayments of commercial papers		(30,000)	(12,000)	(30,000)	(12,000)
Drawdown of/(Repayments of) other bank borrowings		33,951	25,340	21,214	(2,403)
Dividends paid	25	(1,741)	(2,611)	(1,741)	(2,611)
Dividends paid to non-controlling interests		(2,810)	(3,086)	-	-
Net cash used in financing activities		(25,021)	(10,284)	(19,990)	(15,613)
Net (decrease)/increase in cash and cash equivalents		(4,399)	(991)	188	2,927
Effects of exchange rate difference		669	628	-	-
Cash and cash equivalents at beginning of financial year		20,619	20,982	2,291	(636)
Cash and cash equivalents at end of financial year	16(b)	16,889	20,619	2,479	2,291

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

1. CORPORATE INFORMATION

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

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

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

The financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 19 April 2012.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 34 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

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

4.2 Basis of consolidation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

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

The Group has applied the revised FRS 3 *Business Combinations* in accounting for business combinations from 1 January 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

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

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

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

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

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

4.3 Business combinations

<u>Business combinations from 1 January 2011 onwards</u>

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

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

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operation*s are measured in accordance with that Standard.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Business combinations from 1 January 2011 onwards (continued)

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

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

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

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

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

Business combinations before 1 January 2011

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

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 4.8.1 to the financial statements on goodwill). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

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

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

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

4.4 Property, plant and equipment and depreciation

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

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

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

As disclosed in Note 7(a), certain freehold land and building are stated at valuation, which is the fair value at the date of revaluation in 1995 less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The Group does not adopt a policy of regular valuations. The revalued assets have been retained on the basis of their previous valuation and considered as deemed cost in accordance with the transitional provisions of International Accounting Standard 16 (Revised): *Property, Plant and Equipment,* issued by the Malaysian Accounting Standards Board, which allows the Group to retain the carrying amount on the basis of the previous revaluation without the need for regular revaluation. The transitional provisions will remain in force until and unless the Group adopts a revaluation policy in place of a cost policy where FRS 116 would require revaluations to be carried out at regular intervals.

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

Buildings	20 - 50 years
Short term leasehold land	48 - 50 years
Plant and machinery	20 years
Office equipment	5 - 10 years
Furniture, fittings and renovations	5 - 10 years
Motor vehicles and forklifts	5 - 6 years
Moulds, tools and equipment	7 years

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

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

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

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

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase (continued)

(a) Finance leases and hire purchase (continued)

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

(b) Operating leases

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

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

(c) Leases of land and buildings

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

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

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

4.6 Investment properties

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

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

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

4.7 Investments

(a) Subsidiaries

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

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less accumulated impairment losses, if any. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments (continued)

(a) Subsidiaries (continued)

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

(b) Associates

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Intangible assets

4.8.1 Goodwill

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

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

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

4.8.2 Development costs

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

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

Development assets are tested for impairment annually.

4.9 Impairment of non-financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Impairment of non-financial assets (continued)

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

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

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

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

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

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

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

4.10 Inventories

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

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

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

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

4.11 Financial instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

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

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

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

4.11.1 Financial assets

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

(a) Financial assets at fair value through profit or loss

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

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

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

(b) Held-to-maturity investments

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

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

(c) Loans and receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

4.11.1 Financial assets (continued)

(d) Available-for-sale financial assets

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

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

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

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

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

4.11.2 Financial liabilities

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

(a) Financial liabilities at fair value through profit or loss

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

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

(b) Other financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

4.11.2 Financial liabilities (continued)

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

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

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

4.11.3 Equity

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

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

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

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

4.12 Impairment of financial assets

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

(a) Loans and receivables

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Impairment of financial assets (continued)

(b) Available-for-sale financial assets

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

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

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

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

4.13 Borrowing costs

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

4.14 Income taxes

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

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

4.14.1 Current tax

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

Current tax for the current and prior periods is measured at the amount expected to be recovered from or payable to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the end of the reporting period.

4.14.2 Deferred tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Income taxes (continued)

4.14.2 Deferred tax (continued)

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

(i) the same taxable entity; or

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

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

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

4.15 Provisions

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

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

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

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

4.16 Contingent liabilities and contingent assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Employee benefits

4.17.1 Short term employee benefits

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

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

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

4.17.2 Defined contribution plan

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

4.18 Foreign currencies

4.18.1 Functional and presentation currency

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

4.18.2 Foreign currency translations and balances

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

4.18.3 Foreign operations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Foreign currencies (continued)

4.18.3 Foreign operations (continued)

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

4.19 Revenue recognition

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

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

(a) Sale of goods

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

(b) Rental income

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

(c) Dividend income

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

(d) Interest income

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

4.20 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets (or disposal groups) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

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

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale or otherwise.

Immediately before the initial classification as held for sale, the carrying amounts of the non-current assets (or all the assets and liabilities in a disposal group) are measured in accordance with applicable FRSs. On initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, and financial assets carried at fair value) are measured at the lower of carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Non-current assets (or disposal groups) held for sale (continued)

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

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

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

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

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

4.21 Operating segments

Operating segments are defined as components of the Group that:

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

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

(c) for which discrete financial information is available.

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Earnings per share

(a) Basic

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

(b) Diluted

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

4.23 Warrants reserve

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

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRSs and amendment to FRSs adopted during the financial year

The following are new FRSs and amendment to FRSs adopted by the Group and the Company during the financial year.

(a) Amendments to FRS 132 are mandatory for annual periods beginning on or after 1 March 2010 in respect of the classification of rights issues respectively.

These Amendments clarify that rights, options or warrants to acquire a fixed number of the Group's own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the Group offers the rights, options or warrants pro rata to all of its own existing owners of the same class of its own non-derivative equity instruments.

There is no impact upon adoption of these Amendments during the financial year.

(b) IC Interpretation 12 Service Concession Arrangements is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to operators for public-to-private service concession arrangements, whereby infrastructure within the scope of this Interpretation shall not be recognised as property, plant and equipment of the operator. The operator shall recognise and measure revenue in accordance with FRS 111 Construction Contracts and FRS 118 for the services performed. The operator shall also account for revenue and costs relating to construction or upgrade services in accordance with FRS 111.

Consideration received or receivable by the operator for the provision of construction or upgrade services shall be recognised at its fair value. If the consideration consists of an unconditional contractual right to receive cash or another financial asset from the grantor, it shall be classified as a financial asset. Conversely, if the consideration consists of a right to charge users of the public service, it shall be classified as an intangible asset.

This interpretation is not applicable to the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.1 New FRSs and amendment to FRSs adopted during the financial year (continued)

(c) FRS 1 First-time Adoption of Financial Reporting Standards is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Group adopts FRSs for the first time via the explicit and unreserved statement of compliance with FRSs. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

i. All assets and liabilities shall be recognised in accordance with FRSs;
ii. Items of assets and liabilities shall not be recognised if FRSs do not permit such recognition;
iii. Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRSs; and
iv. All recognised assets and liabilities shall be measured in accordance with FRSs.

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRSs.

There is no material impact upon adoption of this Standard during the financial year.

(d) FRS 3 Business Combinations is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 3 and now includes business combinations involving mutual entities and those achieved by way of contract alone. Any non-controlling interest in an acquiree shall be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The time limit on the adjustment to goodwill due to the arrival of new information on the crystallisation of deferred tax benefits shall be restricted to the measurement period resulting from the arrival of the new information. Contingent liabilities acquired arising from present obligations shall be recognised, regardless of the probability of outflow of economic resources.

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date. Any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss.

The revised FRS 3 has been applied prospectively in accordance with its transitional provisions. Assets and liabilities that arose from business combinations whose acquisition dates were before 1 July 2010 are not adjusted.

There is no impact upon adoption of these amendments during the financial year.

(e) FRS 127 Consolidated and Separate Financial Statements is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 127 and replaces the current term 'minority interest' with the new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be remeasured at its fair value at the date when control is lost.

There is no impact upon adoption of these amendments during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.1 New FRSs and amendment to FRSs adopted during the financial year (continued)

(f) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010.

Amendments to FRS 2 Share-based Payments clarify that transactions in which the Group acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 5 clarify that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 138 clarify that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the Group reflects the expectations of the Group of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. There is no impact upon adoption of these Amendments during the financial year.

Amendments to IC Interpretation 9 clarify that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. There is no impact upon adoption of these Amendments during the financial year.

(g) IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to hedges undertaken on foreign currency risk arising from net investments in foreign operations and the Group wishes to qualify for hedge accounting in accordance with FRS 139.

Hedge accounting is applicable only to the foreign exchange differences arising between the functional currency of the foreign operation and the functional currency of any parent (immediate, intermediate or ultimate parent) of that foreign operation. An exposure to foreign currency risk arising from a net investment in a foreign operation may qualify for hedge accounting only once in the consolidated financial statements.

Hedging instruments designated in the hedge of a net investment in a foreign operation may be held by any companies within the Group, as long as the designation, documentation and effectiveness requirements of FRS 139 are met. There is no impact upon adoption of this Interpretation during the financial year.

(h) IC Interpretation 17 Distributions of Non-cash Assets to Owners is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to non-reciprocal distributions of non-cash assets by the Group to its owners in their capacity as owners, as well as distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This Interpretation also applies to distributions in which all owners of the same class of equity instruments are treated equally.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.1 New FRSs and amendment to FRSs adopted during the financial year (continued)

(h) IC Interpretation 17 Distributions of Non-cash Assets to Owners is mandatory for annual periods beginning on or after 1 July 2010 (continued).

The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the Group. The liability shall be measured at the fair value of the assets to be distributed. If the Group gives its owners a choice of receiving either a non-cash asset or a cash alternative, the dividend payable shall be estimated by considering the fair value of both alternatives and the associated probability of the owners' selection.

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss. There is no impact upon adoption of this Interpretation during the financial year.

(i) Amendment to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters is mandatory for annual periods beginning on or after 1 January 2011.

This Amendment permits a first-time adopter of FRSs to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7.

There is no impact upon adoption of this Amendment during the financial year.

(j) Amendments to FRS 1 Additional Exemptions for First-time Adopters are mandatory for annual periods beginning on or after 1 January 2011.

These Amendments permits a first-time adopter of FRSs to apply the exemption of not restating the carrying amounts of oil and gas assets determined under previous GAAP.

There is no impact upon adoption of these Amendments during the financial year.

(k) Amendments to FRS 7 Improving Disclosures about Financial Instruments are mandatory for annual periods beginning on or after 1 January 2011.

These Amendments require enhanced disclosures of fair value of financial instruments based on the fair value hierarchy, including the disclosure of significant transfers between Level 1 and Level 2 of the fair value hierarchy as well as reconciliations for fair value measurements in Level 3 of the fair value hierarchy.

By virtue of the exemption provided under paragraph 44G of FRS 7, the impact of applying these Amendments on the financial statements upon first adoption of FRS 7 as required by paragraph 30(b) of FRS 108 are not disclosed.

(l) Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions are mandatory for annual periods beginning on or after 1 January 2011.

These Amendments clarify the scope and the accounting for group cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

There is no impact upon adoption of these Amendments during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.1 New FRSs and amendment to FRSs adopted during the financial year (continued)

(m) IC Interpretation 4 Determining whether an Arrangement contains a Lease is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. This assessment shall be made at the inception of the arrangement and subsequently reassessed if certain conditions in the Interpretation is met.

There is no impact upon adoption of this Interpretation during the financial year because there are no arrangements dependent on the use of specific assets in the Group.

(n) IC Interpretation 18 Transfers of Assets from Customers is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation applies to agreements in which an entity receives from a customer either an item of property, plant and equipment that must be used to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services or cash for the acquisition or construction of property, plant and equipment. The entity receiving the transferred item is required to assess whether the transferred item meets the definition of an asset set out in the Framework. The credit entry would be accounted for as revenue in accordance with FRS 118.

There is no impact upon adoption of this Interpretation during the financial year because there are no such arrangement in the Group.

(o) Improvements to FRSs (2010) are mandatory for annual periods beginning on or after 1 January 2011.

Amendments to FRS 1 clarify that FRS 108 does not apply to changes in accounting policies made upon adoption of FRSs until after the first FRS financial statements have been presented. If changes in accounting policies or exemptions in this FRS are used, an explanation of such changes together with updated reconciliations shall be made in each interim financial report. Entities whose operations are subject to rate regulation are permitted the use of previously revalued amounts as deemed cost. There is no impact upon adoption of these amendments during the financial year.

Amendments to FRS 3 clarify that for each business combination, the acquirer shall measure at the acquisition date non-controlling interests that consists of the present ownership interests and entitle holders to a proportionate share of the entity's net assets in the event of liquidation. Un-replaced and voluntarily replaced share-based payment transactions shall be measured using the market-based measurement method in accordance with FRS 2 at the acquisition date. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 7 clarify that quantitative disclosures of risk concentrations are required if the disclosures made in other parts of the financial statements are not readily apparent. The disclosure on maximum exposure to credit risk is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. The Group has incorporated these disclosures on maximum exposure to credit risk in Note 29 to the financial statements.

Amendments to FRS 101 clarify that a statement of changes in equity shall be presented as part of a complete set of financial statements and analysis of other comprehensive income shall also be presented in the statement of changes in equity. This has been reflected in the statement of changes in equity.

Amendments to FRS 121 The Effects of Changes in Foreign Exchange Rates clarify that the accounting treatment for cumulative foreign exchange differences in other comprehensive income for the disposal or partial disposal of a foreign operation shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 128 clarify that the accounting treatment for the cessation of significant influence over an associate shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.1 New FRSs and amendment to FRSs adopted during the financial year (continued)

(o) Improvements to FRSs (2010) are mandatory for annual periods beginning on or after 1 January 2011. (continued)

Amendments to FRS 131 clarify that the accounting treatment for the cessation of joint control over an entity shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 132 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 134 clarify that updated information on significant events and transactions since the end of the last annual reporting period shall be included in the Group's interim financial report. There is no impact upon adoption of these Amendments during the financial year. However, there would be additional disclosures in the quarterly interim financial statements of the Group.

Amendments to FRS 139 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to IC Interpretation 13 clarify that the fair value of award credits takes into account, amongst others, the amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. These amendments are not applicable to the Group.

5.2 New Malaysian Financial Reporting Standards that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') announced the issuance of the new MFRS framework that is applicable to entities other than private entities.

The Group is expected to apply the MFRS framework for the financial year ending 31 December 2012.

This would result in the Group preparing an opening MFRS statement of financial position as at 1 January 2011 which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the annual and quarterly financial performance for the financial year ending 31 December 2011 in accordance with MFRS which would form the MFRS comparatives for the quarter ending 31 March 2012 and financial year ending 31 December 2012 respectively.

The MFRSs and IC Interpretations expected to be adopted are as follows:

		Effective Date
MFRS 1	*First-time Adoption of Financial Reporting Standards*	1 January 2012
MFRS 2	*Share-based Payment*	1 January 2012
MFRS 3	*Business Combination*	1 January 2012
MFRS 4	*Insurance Contracts*	1 January 2012
MFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6	*Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7	*Financial Instruments: Disclosures*	1 January 2012
MFRS 8	*Operating Segments*	1 January 2012
MFRS 9	*Financial Instruments*	1 January 2015
MFRS 10	*Consolidated Financial Statements*	1 January 2013
MFRS 11	*Joint Arrangements*	1 January 2013
MFRs 12	*Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13	*Fair Value Measurement*	1 January 2013
MFRS 101	*Presentation of Financial Statements*	1 January 2012
Amendments to MFRS 101	*Presentation of Items of Other Comprehensive Income*	1 July 2012
MFRS 102	*Inventories*	1 January 2012
MFRS 107	*Statement of Cash Flows*	1 January 2012
MFRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New Malaysian Financial Reporting Standards that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

The MFRSs and IC Interpretations expected to be adopted are as follows (continued):

		Effective Date
MFRS 110	*Events After the Reporting Period*	1 January 2012
MFRS 111	*Construction Contacts*	1 January 2012
MFRS 112	*Income Taxes*	1 January 2012
MFRS 116	*Property, Plant and Equipment*	1 January 2012
MFRS 117	*Leases*	1 January 2012
MFRS 118	*Revenue*	1 January 2012
MFRS 119	*Employee Benefits*	1 January 2012
MFRS 119	*Employee Benefits (revised)*	1 January 2013
MFRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012
MFRS 121	*The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123	*Borrowing Costs*	1 January 2012
MFRS 124	*Related Party Dislcosures*	1 January 2012
MFRS 126	*Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127	*Consolidated and Separate Financial Statements*	1 January 2012
MFRS 127	*Separate Financial Statements*	1 January 2013
MFRS 128	*Investments in Associates*	1 January 2012
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
MFRS 129	*Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131	*Interests in Joint Ventures*	1 January 2012
MFRS 132	*Financial Instruments: Presentation*	1 January 2012
MFRS 133	*Earnings Per Share*	1 January 2012
MFRS 134	*Interim Financial Reporting*	1 January 2012
MFRS 136	*Impairment of Assets*	1 January 2012
MFRS 137	*Provisions, Contingent Liabilities and Contingent Assets*	1 January 2012
MFRS 138	*Intangible Assets*	1 January 2012
MFRS 139	*Financial Instruments: Recognition and Measurement*	1 January 2012
MFRS 140	*Investment Property*	1 January 2012
MFRS 141	*Agriculture*	1 January 2012
Improvements to MFRSs		1 January 2012
Amendments to MFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to MFRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
	Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 March 2012
IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5	*Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6	*Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7	*Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*	1 January 2012
IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10	*Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12	*Service Concession Arrangements*	1 January 2012
IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14	*MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New Malaysian Financial Reporting Standards that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

The MFRSs and IC Interpretations expected to be adopted are as follows (continued):

		Effective Date
IC Interpretation 15	*Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
IC Interpretation 107	*Introduction of the Euro*	1 January 2012
IC Interpretation 110	*Government Assistance – No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112	*Consolidation – Special Purpose Entities*	1 January 2012
IC Interpretation 113	*Jointly Controlled Entities – Non-Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115	*Operating Leases – Incentives*	1 January 2012
IC Interpretation 125	*Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 129	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 131	*Revenue – Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132	*Intangible Assets – Web Site Costs*	1 January 2012

Technical Release 3 Guidance on Disclosures of Transition to IFRSs ('TR 3') provides voluntary disclosure requirements on the potential impact of adoption of MFRSs. However, the Group is in the process of preparing the opening statement of financial statements and is only able to assess the potential impact as follows:

(a) FRS 116 contains an additional disclosure to require an entity to disclose if it had applied the transitional provision provided by the MASB when FRS 116 was first adopted in 1998. The said transitional provision allowed an entity to carry the asset's revalued amount as surrogate cost.

However, MFRS 116 does not have similar requirements for such a transition.

(b) FRS 117 contains two transitional provisions, one of which is in relation to the transition from MASB 10 Leases to FRS 117:

i. An entity that had previously classified its leasehold land as property, plant and equipment shall reclassify the unamortised carrying amount as operating lease.

If the entity had previously revalued such leasehold land, the entity shall retain the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments.

However, MFRS 117 does not have this transitional provision as the requirement to treat leasehold land as operating lease was already prescribed in IAS 17 Leases.

ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 Accounting Policies, Changes in Estimates and Errors when it first applied the revised Standard.

However, MFRS 117 does not have similar requirements for such a transition.

(c) FRS 121 mandates the use of Ringgit Malaysia as the presentation currency in accordance with the Companies Act, 1965. However, MFRS 121 does not have such a similar requirement.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New Malaysian Financial Reporting Standards that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

(d) FRS 139 contains three transitional provisions, namely:

i. Transitional provision for first-time adoption of FRS 139 which prohibits retrospective application and instead, requires an initial application of the recognition, classification and measurement on the effective date of the Standard.

ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the revised Standard.

However, MFRS 139 does not have similar requirements for such a transition.

(e) FRS 140 contains an additional disclosure to require an entity to disclose that it had applied the transitional provision provided by the MASB in 1998. The same transitional provision allowed an entity to carry the asset's revalued amount as surrogate cost.

However, MFRS 140 does not have similar requirements for such a transition.

(f) FRS 4 contains a transitional provision that an entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, MFRS 4 does not have similar requirements for such a transition.

(g) FRS 7 contains two transitional provisions:

i. An entity is not required to present any comparative disclosures required by the Standard when it first applied the Standard.

ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, MFRS 7 does not have similar requirements for such a transition.

(h) IC Interpretation 12 contains a transitional provision that an entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, IC 12 does not have similar requirements for such a transition. This interpretation is not applicable to the Group.

(i) MFRS 141 Agriculture is mandatory for annual period beginning on or after 1 January 2012.

This Standard prescribes the accounting treatment, financial statement presentation, and disclosures related to agricultural activity. It requires measurement at fair value less costs to sell from initial recognition of biological assets up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. This Standard requires that a change in fair value less costs to sell of a biological asset be included in profit or loss for the period in which it arises.

This standard is not applicable to the Group.

(j) IC Interpretation 15 Agreements for the Construction of Real Estate is mandatory for annual periods beginning on or after 1 January 2012.

This Interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the Group may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components.

An agreement for the construction of real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with FRS 118. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of FRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.2 New Malaysian Financial Reporting Standards that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

(j) IC Interpretation 15 Agreements for the Construction of Real Estate is mandatory for annual periods beginning on or after 1 January 2012 (continued).

At the end of the reporting period, the Group recognises revenue and associated costs from the construction of real estate by reference to the stage of completion of the construction works. This interpretation is not applicable to the Group.

An agreement for the construction of real estate shall be accounted for in accordance with FRS 111 if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

5.3 New MFRSs that have been issued, but not yet effective for annual periods beginning on or after 1 July 2012 and 1 January 2013

(a) Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income are mandatory for annual periods beginning on or after 1 July 2012.

These Amendments require the Group to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) or otherwise. It does not change the option to present items of other comprehensive income either before tax or net of tax. However, if the items are presented before tax, then the tax related to each of the two groups of other comprehensive income items shall be shown separately.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(b) MFRS 10 Consolidated Financial Statements is mandatory for annual periods beginning on or after 1 January 2013.

This Standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The investor is required to reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(c) MFRS 11 Joint Arrangements is mandatory for annual periods beginning on or after 1 January 2013.

This Standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements are classified into two types; joint operations and joint ventures. A joint operation is a joint arrangement whereby joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangements. A joint operator recognises and measures the assets and liabilities in relation to its interest in the arrangement in accordance with applicable relevant MFRS whereas a joint venture recognises the investment using the equity method of accounting.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.3 New MFRSs that have been issued, but not yet effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 (continued)

(d) MFRS 12 Disclosure of Interests in Other Entities is mandatory for annual periods beginning on or after 1 January 2013.

This Standard establishes disclosure objectives and requirements that enable users of financial statements to evaluate the nature of, and risks associated with, the Group's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. If the minimum disclosures required in this Standard are not sufficient to meet the disclosure objectives, the Group is expected to disclose whatever additional information that is necessary to meet that objective.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(e) MFRS 13 Fair Value Measurements is mandatory for annual periods beginning on or after 1 January 2013.

This Standard applies to MFRS standards that require or permit fair value measurements or disclosures about fair value measurements. It explains how to measure fair value for financial reporting and does not require fair value measurements in addition to those already required or permitted by other MFRS. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The definition of fair value is a market-based measurement and not an entity-specific measurement whereby assumptions made by market participants would be used when pricing the asset or liability under current market conditions. Consequently, the Group's intention to hold an asset or to settle or fulfil a liability is not relevant when measuring fair value.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(f) MFRS 127 Separate Financial Statements (revised) is mandatory effective for annual periods beginning on or after 1 January 2013.

This revised Standard contains accounting requirements for investments in subsidiaries, joint ventures and associates when separate financial statements are prepared. The Group is required to account for those investments either at cost or in accordance with MFRS 9 in the separate financial statements.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(g) MFRS 128 Investments in Associates and Joint Ventures (revised) is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard defines the equity method of accounting whereby the investment in an associate or joint venture is initially measured at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes its share of the profit or loss of the investee and the other comprehensive income of the investor includes its share of other comprehensive income of the investee.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(h) MFRS 119 Employee Benefits (revised) is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard requires the Group to recognise all changes in the defined benefit obligations and in the fair value of related plan assets when those changes occur. The Group is also required to split the changes in the net defined benefit liability or asset into the following three components: service cost (presented in profit or loss), net interest on the net defined benefit liability (presented in profit or loss) and remeasurement of the net defined benefit liability (presented in other comprehensive income and not recycled through profit or loss).

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

5.3 New MFRSs that have been issued, but not yet effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 (continued)

(i) IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine is mandatory for annual periods beginning on or after 1 January 2013.

This Interpretation clarifies that removed material that can be used to build up inventory is accounted for in accordance with the principles of MFRS 102 Inventories. The other removed material, that provides access to deeper levels of material that will be mined in future periods, is recognised as a non-current asset (referred to as a 'stripping activity asset') if recognition criteria are met. This Interpretation requires stripping activity assets to be measured at cost at initial recognition. Consequently, they are carried either at cost or revalued amount less depreciation or amortisation and any impairment losses.

This Interpretation is not applicable to the Group.

(j) Amendments to MFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities is mandatory for annual periods beginning on or after 1 January 2013.

These Amendments require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2013.

(k) Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities is mandatory for annual periods beginning on or after 1 January 2014.

These Amendments provide the application guidance for criteria to offset financial assets and financial liabilities.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2014.

(l) MFRS 9 Financial Instruments is mandatory for annual periods beginning on or after 1 January 2015.

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Financial assets are subsequently measured at amortised cost or fair value. Financial liabilities are subsequently measured at amortised cost or fair value. However, changes due to own credit risk in relation to the fair value option for financial liabilities shall be recognised in other comprehensive income.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2015.

(m) Mandatory Effective Date of MFRS 9 and Transition Disclosures is effective immediately upon adoption of FRS 9.

This Amendment modifies the effective date of MFRS 9 from 1 January 2013 to 1 January 2015. Transitional provisions in MFRS 9 were also amended to provide certain relief from retrospective adjustments.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Critical judgements made in applying accounting policies

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

(i) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's estimates and assumptions in view of the expected outcome of the contingencies in the ordinary course of the business.

(ii) Non-current assets held for sale

Certain non-current assets have been classified as non-current assets held for sale as the management has committed to a plan to sell the assets as at the end of the reporting period. Barring any unforeseen circumstances, the Group expects that the sale of the assets to be completed within next twelve (12) months.

6.2 Key sources of estimation uncertainty

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

(i) Impairment of goodwill on consolidation

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

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

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

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within five (5) to fifty (50) years. These are common life expectancies applied in the steel manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Income taxes

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Key sources of estimation uncertainty (continued)

(iv) Deferred tax assets

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

(v) Impairment of property, plant and equipment

The Directors review the impairment of the Group's property, plant and equipment when there is an indication of impairment. The Group carried out an impairment test based on a variety of estimation on the value in use of the cash generating unit ('CGU') to which the property, plant and equipment is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(vi) Impairment of receivables

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

(vii) Impairment of investments in subsidiaries and amounts owing by subsidiaries

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

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

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

(viii) Write down for inventories

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

(ix) Fair values of borrowings

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2011 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charges for the financial year RM'000	Impairment losses for the financial year RM'000	Reclassification RM'000	Foreign currency translation difference RM'000	Balance as at 31.12.2011 RM'000
Carrying amount									
Freehold land:									
- at cost	15,680	2,015	-	-	-	-	1,413	-	19,108
- at deemed cost	3,543	-	-	-	-	-	(1,413)	-	2,130
Buildings:									
- at cost	56,352	97	-	-	(1,403)	-	1,596	(255)	56,387
- at deemed cost	4,342	-	-	-	(98)	-	(1,011)	-	3,233
Short-term leasehold land	7,672	-	-	-	(175)	-	-	(147)	7,350
Plant and machinery	61,181	1,450	(212)	(363)	(4,054)	(426)	(745)	(592)	56,239
Office equipment	1,179	312	(2)	(3)	(382)	-	-	(8)	1,096
Furniture, fittings and renovations	1,800	314	-	(3)	(582)	-	(296)	(20)	1,213
Motor vehicles and forklifts	5,305	3,728	(308)	-	(1,706)	-	-	-	7,019
Moulds, tools and equipment	3,223	962	-	-	(850)	-	2	-	3,337
Capital work-in-progress	1,859	3,432	(548)	(104)	-	(224)	454	-	4,869
	162,136	12,310	(1,070)	(473)	(9,250)	(650)	-	(1,022)	161,981

	<---- At 31 December 2011 ----			---->
	Cost RM'000	Deemed cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	19,108	2,130	-	21,238
Buildings	66,692	4,915	(11,987)	59,620
Short-term leasehold land	8,612	-	(1,262)	7,350
Plant and machinery	92,340	-	(36,101)	56,239
Office equipment	4,438	-	(3,342)	1,096
Furniture, fittings and renovations	4,955	-	(3,742)	1,213
Motor vehicles and forklifts	13,598	-	(6,579)	7,019
Moulds, tools and equipment	10,952	-	(7,615)	3,337
Capital work-in-progress	5,093	-	(224)	4,869
	225,788	7,045	(70,852)	161,981

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Balance as at 1.1.2010 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charges for the financial year RM'000	Impairment losses for the financial year RM'000	Reclassifi-cation RM'000	Foreign currency translation difference RM'000	Balance as at 31.12.2010 RM'000
Carrying amount									
Freehold land:									
- at cost	15,680	-	-	-	-	-	-	-	15,680
- at deemed cost	3,543	-	-	-	-	-	-	-	3,543
Buildings:									
- at cost	58,337	438	-	-	(1,517)	-	40	(946)	56,352
- at deemed cost	4,342	-	-	-	-	-	-	-	4,342
Short-term leasehold land	8,407	-	-	-	(183)	-	-	(552)	7,672
Plant and machinery	59,021	3,452	(18)	(165)	(4,537)	(58)	5,162	(1,676)	61,181
Office equipment	1,371	221	(2)	(8)	(392)	-	12	(23)	1,179
Furniture, fittings and renovations	2,300	166	-	-	(604)	-	30	(92)	1,800
Motor vehicles and forklifts	5,243	1,646	(21)	-	(1,563)	-	-	-	5,305
Moulds, tools and equipment	2,581	835	-	-	(709)	-	516	-	3,223
Capital work-in-progress	3,845	4,639	-	(663)	-	-	(5,760)	(202)	1,859
	164,670	11,397	(41)	(836)	(9,505)	(58)	-	(3,491)	162,136

	<---- At 31 December 2010 ----			
	Cost RM'000	Deemed cost RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land	15,680	3,543	-	19,223
Buildings	65,193	6,005	(10,504)	60,694
Short-term leasehold land	8,770	-	(1,098)	7,672
Plant and machinery	95,805	-	(34,624)	61,181
Office equipment	4,260	-	(3,081)	1,179
Furniture, fittings and renovations	5,139	-	(3,339)	1,800
Motor vehicles and forklifts	11,522	-	(6,217)	5,305
Moulds, tools and equipment	9,988	-	(6,765)	3,223
Capital work-in-progress	1,859	-	-	1,859
	218,216	9,548	(65,628)	162,136

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Balance as at 1.1.2011 RM'000	Reclassification RM'000	Disposal RM'000	Additions RM'000	Written off RM'000	Depreciation charge for the financial year RM'000	Balance as at 31.12.2011 RM'000
Carrying amount							
Freehold land:							
- at cost	15,330	-	-	-	-	-	15,330
- at deemed cost	2,130	-	-	-	-	-	2,130
Buildings:							
- at cost	26,866	585	-	-	-	(651)	26,800
- at deemed cost	3,331	-	-	-	-	(98)	3,233
Office equipment	110	-	-	29	(1)	(30)	108
Furniture, fittings and renovations	224	-	-	34	-	(171)	87
Motor vehicles	419	-	(135)	903	-	(158)	1,029
Capital work-in-progress	309	(585)	-	276	-	-	-
	48,719	-	(135)	1,242	(1)	(1,108)	48,717

	<------ At 31 December 2010 ------>			
	Cost RM'000	Deemed cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	15,330	2,130	-	17,460
Buildings	33,114	4,915	(7,996)	30,033
Office equipment	266	-	(158)	108
Furniture, fittings and renovations	1,245	-	(1,158)	87
Motor vehicles	1,479	-	(450)	1,029
	51,434	7,045	(9,762)	48,717

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	**Balance as at 1.1.2010 RM'000**	**Additions RM'000**	**Depreciation charge for the financial year RM'000**	**Balance as at 31.12.2010 RM'000**
Carrying amount				
Freehold land:				
- at cost	15,330	-	-	15,330
- at deemed cost	2,130	-	-	2,130
Buildings:				
- at cost	27,195	316	(645)	26,866
- at deemed cost	3,429	-	(98)	3,331
Office equipment	108	30	(28)	110
Furniture, fittings and renovations	383	12	(171)	224
Motor vehicles	563	-	(144)	419
Capital work-in-progress	-	309	-	309
	49,138	667	(1,086)	48,719

	<---- At 31 December 2010 ---->			
	Cost RM'000	**Deemed cost RM'000**	**Accumulated depreciation RM'000**	**Carrying amount RM'000**
Freehold land	15,330	2,130	-	17,460
Buildings	32,529	4,915	(7,247)	30,197
Office equipment	260	-	(150)	110
Furniture, fittings and renovations	1,212	-	(988)	224
Motor vehicles	960	-	(541)	419
Capital work-in-progress	309	-	-	309
	50,600	7,045	(8,926)	48,719

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

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

	Group		**Company**	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Freehold land	1,376	2,551	1,376	1,376
Buildings	1,598	2,061	1,598	1,649
	2,974	4,612	2,974	3,025

(c) The plant and machinery, freehold land, short term leasehold land and certain buildings of the Group and of the Company with net book values amounting to RM83,731,000 (2010: RM49,288,000) and RM47,493,000 (2010: RM6,724,000) respectively have been charged as securities for banking facilities granted to the Company and its subsidiaries as disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Purchase of property, plant and equipment	12,310	11,397	1,242	667
Financed by hire purchase arrangements	(1,000)	(324)	(600)	-
Cash payments on purchase of property, plant and equipment	11,310	11,073	642	667

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

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Plant and machinery	5,959	14,684	-	-
Motor vehicles and forklifts	1,469	1,339	938	269
Capital work-in-progress	381	381	-	-
	7,809	16,404	938	269

(f) The useful life of leasehold land of the Group range from 48 to 50 years.

8. INVESTMENT PROPERTIES

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
At cost				
Balance as at 1 January	1,156	1,772	874	850
Additions	6,194	24	-	24
Disposal	(874)	(640)	(874)	-
Transfer to non-current assets held for sale	(1,427)	-	-	-
Balance as at 31 December	5,049	1,156	-	874
Accumulated depreciation				
Balance as at 1 January	48	139	17	-
Depreciation charge for the financial year	12	22	11	17
Disposal	(28)	(113)	(28)	-
Balance as at 31 December	(32)	(48)	-	(17)
Accumulated impairment losses				
Balance as at 1 January	193	233	-	-
Disposal	-	(40)	-	-
Balance as at 31 December	(193)	(193)	-	-
Net carrying amount as at 31 December	4,824	915	-	857
Market value as at 31 December	4,875	936	-	857

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

8. INVESTMENT PROPERTIES (continued)

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

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

The following are recognised in the statements of comprehensive income in respect of investment properties:

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Rental income	33	53	33	34
Direct operating expenses incurred on:				
- income generating investment properties	6	16	6	12
- non-income generating investment properties	3	2	-	-

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011 RM'000	**2010 RM'000**
At cost		
Unquoted shares	133,549	129,622
Less: Impairment loss	(17,789)	(15,672)
	115,760	113,950

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

Name of company	**Effective equity interest 2011 %**	**2010 %**	**Principal activities**
Prestar Manufacturing Sdn. Bhd. *	100	100	Manufacture and export of material handling equipment such as wheelbarrows and hand trucks.
Prestar Marketing Sdn. Bhd. *	100	100	Importer and distributor of general hardware, tools and material handling equipment.
Prestar Ventures Sdn. Bhd. *	-	100	Wound up.
Prestar Engineering Sdn. Bhd. *	75	75	Manufacture and supply of guardrails and related products.
Prestar Steel Pipes Sdn. Bhd. *	100	100	Supply of carbon steel pipes and related products.
Prestar Precision Tube Sdn. Bhd. *	100	100	Manufacture wide range of steel pipes and tube.
Dai Dong Steel Sdn. Bhd. *	70	70	Import and trading of steel materials and general hardware products.
Tashin Steel Sdn. Bhd. *	51	51	Manufacture, reprocess and trading of steel related products.
Prestar Galvanising Sdn. Bhd. *	95	95	General hot-dip galvanising and coating of metal products and threaded items.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

9. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of company	Effective equity interest 2011 %	Effective equity interest 2010 %	Principal activities
Prestar Storage System Sdn. Bhd. *	100	100	Manufacture and installation of all kinds of material handling equipment, structural steel works and pallet racking system.
Prestar Industries (Vietnam) Co., Ltd. **#	100	100	Manufacture and process all kind of steel products such as material handling equipment, highway guardrails and building materials and other steel processed products.
Subsidiary of Prestar Precision Tube Sdn. Bhd.			
PT Prestar Precision Tube @	75	-	Importing and trading of carbon steel pipes
Subsidiary of Tashin Steel Sdn. Bhd.			
Tashin Hardware Sdn. Bhd. *	51	51	Trading of steel material and general hardware products.

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

(a) On 3 March 2011, the Company announced that its wholly-owned subsidiary, Prestar Precision Tube Sdn. Bhd. ('PPTSB'), incorporated a 75% owned subsidiary, PT Prestar Precision Tube in Indonesia with a cost of investment of RM141,324. The incorporation did not have any material impact on the financial statements of the Group.

(b) On 9 June 2011, the Company subscribed for an additional 6,000,000 newly issued ordinary shares of RM1.00 each in PPTSB, for a total cash consideration of RM6,000,000. The said shares subscription did not have any material impact on the financial statements of the Group.

(c) On 24 June 2011, the Company announced that its wholly-owned subsidiary, Prestar Venture Sdn. Bhd. ('PVSB') has been dissolved pursuant to Section 272(5) of the Companies Act, 1965 in Malaysia. The winding up did not have any material impact on the financial statements of the Group.

(d) On 8 August 2011, the Company acquired 350,000 ordinary shares of RM1.00 each in Prestar Storage System Sdn. Bhd. ('PSSSB') from its wholly-owned subsidiary, Prestar Manufacturing Sdn. Bhd. for a total cash consideration of RM2. As a result of the acquisition, PSSSB became a direct wholly-owned subsidiary of the Company.

(e) An impairment loss on investments in subsidiary amounting to RM2,117,000 relating to a subsidiary, Prestar Industries (Vietnam) Co., Ltd. ('PIV'), has been recognised during the financial year. The recoverable amount was determined based on a value-in-use calculation using cash flow projections derived from financial budgets approved by the management covering a five (5)-year period. The discount rate applied to the cash flow projections was 11.09% based on the weighted average cost of capital of the company.

10. INVESTMENTS IN ASSOCIATES

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Unquoted equity shares, at cost	17,021	17,021	17,021	17,021
Less: Impairment loss	-	-	(53)	(53)
Share of post acquisition reserves, net of dividends received	23,674	21,970	-	-
	40,695	38,991	16,968	16,968

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

10. INVESTMENTS IN ASSOCIATES (continued)

Details of the associates are as follows:

Name of company	Effective equity interest 2011 %	2010 %	Principal activities
Prestar Steel (S) Pte. Ltd. ** (Incorporated in Singapore)	25	25	Marketing and distributing steel related products.
POSCO-MKPC Sdn. Bhd. * (Incorporated in Malaysia)	30	30	Slitting, shearing and sales of steel sheets and coils.

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

The financial statements used for equity accounting of the above associates are coterminous with those of the Group, which is 31 December 2011.

The summarised financial information of the associates are as follows:

	2011 RM'000	2010 RM'000
Assets and liabilities		
Current assets	368,961	241,091
Non-current assets	85,808	74,543
Total assets	454,769	315,634
Current liabilities	300,778	178,913
Non-current liabilities	18,025	6,419
Total liabilities	318,803	185,332
Results		
Revenue	488,781	375,327
Profit for the financial year	5,671	10,702

11. INTANGIBLE ASSETS

Group	Goodwill RM'000	Development costs RM'000	Total RM'000
Balance as at 1 January 2010	1,675	353	2,028
Amortisation for the financial year	-	(59)	(59)
Balance as at 31 December 2010	1,675	294	1,969
Amortisation for the financial year	-	(59)	(59)
Balance as at 31 December 2011	1,675	235	1,910

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

11. INTANGIBLE ASSETS (continued)

(b) Goodwill

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

	Group	
	2011	**2010**
	RM'000	**RM'000**
Manufacturing – CGU 1	1,131	1,131
Trading – CGU 2	544	544
	1,675	1,675

Impairment test on CGU 1 and CGU 2

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

The recoverable amounts of CGU 1 and 2 were determined based on value in use calculations using discounted cash flow projections from financial budgets approved by the Directors covering a five-year period. Based on the calculations, there were no impairment losses on CGU 1 and 2 as the recoverable amounts of CGU 1 and 2 were higher than their carrying amounts as at the end of the reporting period.

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

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

(ii) Pre-tax discount rates range from 4.20% (2010: 5.38%) for CGU 1 and 4.41% (2010: 4.11%) for CGU 2 were applied in determining the recoverable amounts of CGU 1 and 2. These discount rates were estimated based on the respective CGU's weighted average cost of capital.

(c) Sensitivity to changes in assumptions

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

12. DEFERRED TAX

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Balance as at 1 January	4,273	5,134	1,146	1,121
Recognised in profit or loss (Note 24)	(281)	(861)	24	25
Balance as at 31 December	3,992	4,273	1,170	1,146
Presented after appropriate offsetting:				
Deferred tax liabilities	4,111	4,279	1,170	1,146
Deferred tax assets	(119)	(6)	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

12. DEFERRED TAX (continued)

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

	Group	
	2011	**2010**
	RM'000	**RM'000**
Deferred tax liabilities		
Balance as at 1 January	5,082	6,650
Recognised in profit or loss		
Property, plant and equipment	137	(1,562)
Revaluation reserve	(12)	(6)
Balance as at 31 December, prior to off-setting	5,207	5,082
Set-off of tax	(1,096)	(803)
Balance as at 31 December, net	4,111	4,279
Deferred tax assets		
Balance as at 1 January	809	1,516
Recognised in the profit or loss		
Provisions	406	(39)
Unused tax losses and unabsorbed capital allowances	-	(668)
Balance as at 31 December, prior to off-setting	1,215	809
Set-off of tax	(1,096)	(803)
Balance as at 31 December, net	119	6

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	**Revaluation reserve RM'000**	**Total RM'000**
At 1 January 2011	4,629	453	5,082
Recognised in the profit or loss	137	(12)	125
At 31 December 2011	4,766	441	5,207
At 1 January 2010	6,191	459	6,650
Recognised in the profit or loss	(1,562)	(6)	(1,568)
At 31 December 2010	4,629	453	5,082

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

12. DEFERRED TAX (continued)

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

Deferred tax assets of the Group

	Provisions RM'000	Unused tax losses and unabsorbed capital allowances RM'000	Total RM'000
At 1 January 2011	809	-	809
Recognised in the profit or loss	406	-	406
At 31 December 2011	1,215	-	1,215
At 1 January 2010	848	668	1,516
Recognised in the profit or loss	(39)	(668)	(707)
At 31 December 2010	809	-	809

Deferred tax liabilities of the Company

	Property, plant and equipment RM'000	Revaluation reserve RM'000	Total RM'000
At 1 January 2011	693	453	1,146
Recognised in the profit or loss	36	(12)	24
At 31 December 2011	729	441	1,170
At 1 January 2010	662	459	1,121
Recognised in the profit or loss	31	(6)	25
At 31 December 2010	693	453	1,146

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

	Group	
	2011 RM'000	2010 RM'000
Unused tax losses	21,540	21,540
Other temporary differences	(6,625)	(4,485)
	14,915	17,055

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

13. INVENTORIES

	Group 2011 RM'000	Group 2010 RM'000
At cost		
Raw materials	60,672	67,838
Work-in-progress	6,528	8,689
Manufacturing and trading inventories	45,891	47,740
	113,091	124,267
At net realisable value		
Raw materials	5,588	5,828
Work-in-progress	2,420	1,118
Manufacturing and trading inventories	13,989	10,884
	21,997	17,830
	135,088	142,097

The Group reversed RM988,000 (2010: RM2,533,000) in respect of inventories written down in the previous financial year that was subsequently not required as the Group was able to sell those inventories above their carrying amounts.

14. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
2011			
Forward currency contracts	14,361	173	(26)
2010			
Forward currency contracts	6,270	61	(35)

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

During the financial year, the Group recognised total (gain)/loss of (RM121,000) (2010: RM69,000) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward foreign exchange. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 28.

15. TRADE AND OTHER RECEIVABLES

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade receivables				
- Third parties	130,198	124,221	-	-
- Subsidiaries	-	-	-	336
- Associate	41	95	-	-
- Related parties	581	1,131	-	-
	130,820	125,447	-	336
Less: Impairment loss	(1,537)	(2,008)	-	-
	129,283	123,439	-	336

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

15. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables, deposits, and prepayments				
Other receivables	4,952	2,334	63	28
Amount owing by subsidiaries	-	-	15,431	24,188
Deposits	3,829	4,370	19	19
Prepayments	6,093	5,965	357	1,109
	14,874	12,669	15,870	25,344
Less: Impairment loss				
- Deposits	(92)	-	-	-
	14,782	12,669	15,870	25,344
	144,065	136,108	15,870	25,680

(a) Trade receivables are non-interest bearing and the credit terms offered by the Group in respect of trade receivables range from 14 to 120 days (2010: 15 to 120 days) from date of invoice. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

(c) The amount owing by subsidiaries (current) represent advances and payments made on behalf which are unsecured, payable upon demand in cash and cash equivalents and interest-free except for advances of RM14,368,000 (2010: RM24,188,000) which bear interests at range of 6.36% to 7.09% (2010: 2.00% to 6.63%) per annum.

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

(i) security deposits paid to a supplier of RM2,500,000 (2010: RM2,500,000) for purchase of raw materials; and

(ii) Prepayments of RM1,488,000 (2010: RM3,589,000) made to suppliers for purchase of raw materials.

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	140,611	130,612	15,870	25,680
US Dollar	2,001	1,637	-	-
Singapore Dollar	554	587	-	-
Indonesia Rupiah	3	2	-	-
Vietnamese Dong	619	3,270	-	-
Thai Baht	4	-	-	-
Great Britain Pound	273	-	-	-
	144,065	136,108	15,870	25,680

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

15. TRADE AND OTHER RECEIVABLES (continued)

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

	2011 RM'000	2010 RM'000
Neither past due nor impaired	95,306	91,875
Past due, not impaired		
- 1 to 30 days past due	18,998	16,778
- 31 to 60 days past due	5,743	9,185
- 61 to 90 days past due	8,487	3,720
- More than 90 days past due	749	1,881
	33,977	31,564
Past due and impaired	1,537	2,008
	130,820	125,447

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

No impairment has been made on these amounts as most of these customers have provided personal guarantee to the subsidiaries of the Group. The Directors are closely monitoring these receivables and these customers have no prior delinquency record in their payments.

Receivables that are past due and impaired

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

	Individually impaired	
	2011 RM'000	2010 RM'000
Group		
Trade receivables, gross	1,537	2,008
Less: Impairment loss	(1,537)	(2,008)
	-	-

(g) The reconciliation of movement in the impairment loss are as follows:

	Group	
	2011 RM'000	2010 RM'000
At 1 January	2,008	2,088
Charge for the financial year	933	1,176
Reversal of impairment losses	(1,296)	(298)
Written off	(108)	(958)
At 31 December	1,537	2,008

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed deposits with licensed banks	5,251	5,677	2,251	2,201
Cash and bank balances	14,436	18,196	1,279	1,291
	19,687	23,873	3,530	3,492

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	18,804	19,066	3,530	3,492
US Dollar	146	1,105	-	-
Vietnamese Dong	592	3,702	-	-
Indonesia Rupiah	145	-	-	-
	19,687	23,873	3,530	3,492

(b) Cash and cash equivalents included in the statements of cash flows comprise the following amounts as at the end of the reporting period:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed deposits with licensed banks	5,251	5,677	2,251	2,201
Cash and bank balances	14,436	18,196	1,279	1,291
Bank overdrafts (Note 20)	(1,747)	(2,053)	-	-
	17,940	21,820	3,530	3,492
Less: Fixed deposits pledged to licensed licensed banks	(1,051)	(1,201)	(1,051)	(1,201)
As reported in statements of cash flows	16,889	20,619	2,479	2,291

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

Included in the fixed deposits of the Group and of the Company are amounts of RM1,051,000 (2010: RM1,201,000) pledged to licensed banks for commercial papers pertaining to Debt Service Reserve Account as security for banking facilities granted to the Group and the Company as disclosed in Note 20 to the financial statements.

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

17. NON-CURRENT ASSET HELD FOR SALE

	Group	
	2011	**2010**
	RM'000	**RM'000**
Leasehold land and building		
Transfer from investment properties (Note 8)	1,427	-

On 30 December 2011, the Group had entered into a conditional Sale and Purchase Agreement ('SPA') with a third party to dispose off a parcel of leasehold land and factory building measuring approximately 11,791 square feet, for a total consideration of RM3,100,000. The disposal is expected to be completed within nine (9) months from the date of the SPA.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

18. SHARE CAPITAL

	Group and Company			
	2011		2010	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM0.50 each:				
Authorised	400,000	200,000	400,000	200,000
Issued and fully paid:				
Balance as at 1 January/ 31 December	180,980	90,490	180,980	90,490

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

Treasury shares

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

Of the total 180,980,900 (2010: 180,980,900) issued and fully paid ordinary shares as at 31 December 2011, 6,919,900 (2010: 6,919,900) are held as treasury shares by the Company. As at 31 December 2011, the number of outstanding ordinary shares in issue net of treasury shares is 174,061,000 (2010: 174,061,000) ordinary shares of RM0.50 each.

19. RESERVES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-distributable				
Share premium	1,687	1,687	1,687	1,687
Revaluation reserve	981	1,016	981	1,016
Warrant reserve	-	3,862	-	3,862
Exchange translation reserve	(1,947)	(1,875)	-	-
	721	4,690	2,668	6,565
Distributable				
Retained earnings	91,079	80,843	24,598	19,981
	91,800	85,533	27,266	26,546

(a) **Warrants 2005/2011**

On 17 March 2005, the Company made a renounceable rights issue of 95,721,500 Warrants 2005/2011 ('Warrants') at an offer price of RM0.05 per Warrant on the basis of one (1) Warrant for every two (2) existing ordinary shares of RM0.50 each held in the Company.

The salient features of the Warrants are as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

19. RESERVES (continued)

(a) Warrants 2005/2011 (continued)

The salient features of the Warrants are as follows (continued):

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

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

The Warrants were granted for listing and quotation on the Main Market of Bursa Malaysia Securities Berhad with effect from 19 July 2005. The remaining 87,543,800 unexercised Warrants lapsed during the financial year.

(c) Revaluation reserve

The revaluation reserve arose from the revaluation of properties in financial year 1995 (Note 7) during the listing exercise of the Company.

(d) Exchange translation reserve

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

(e) Retained earnings

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

The Company has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 amounting to approximately RM12,063,000 and balance in the tax exempt account amounting to approximately RM8,568,000 to frank the payment of dividends out of its retained earnings as at end of the reporting period.

20. BORROWINGS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current liabilities				
Secured				
Trade financing	14,287	26,711	714	-
Revolving credits	22,000	1,500	22,000	1,500
Hire purchase liabilities (Note 20.2)	1,542	3,453	140	106
Commercial papers (Note 20.1)	40,000	70,000	40,000	70,000
Term loans	4,702	4,300	2,900	2,900
Unsecured				
Bank overdrafts	1,747	2,053	-	-
Trade financing	129,819	111,867	-	-
Revolving credit	9,179	2,000	-	-
Term loan	2,025	2,257	2,025	1,870
	225,301	224,141	67,779	76,376

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

20. BORROWINGS (continued)

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current liabilities				
Secured				
Hire purchase liabilities (Note 20.2)	1,811	3,574	467	55
Term loans	4,977	7,055	2,547	5,447
Unsecured				
Term loan	2,773	7,422	2,773	4,798
	9,561	18,051	5,787	10,300
Total borrowings				
Secured				
Trade financing	14,287	26,711	714	-
Revolving credits	22,000	1,500	22,000	1,500
Hire purchase liabilities (Note 20.2)	3,353	7,027	607	161
Commercial papers (Note 20.1)	40,000	70,000	40,000	70,000
Term loans	9,679	11,355	5,447	8,347
Unsecured				
Bank overdrafts	1,747	2,053	-	-
Trade financing	129,819	111,867	-	-
Revolving credit	9,179	2,000	-	-
Term loan	4,798	9,679	4,798	6,668
	234,862	242,192	73,566	86,676

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

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	222,612	214,266	73,566	86,676
US Dollar	12,250	12,353	-	-
Vietnamese Dong	-	15,573	-	-
	234,862	242,192	73,566	86,676

(b) The maturity profile and exposure to the interest rate risk of the borrowings of the Group and of the Company are disclosed in Note 29 to the financial statements

Group

The Group's bank borrowings (other than Commercial papers and hire purchase liabilities as further disclosed in Notes 20.1 and 20.2 to the financial statements) are secured by means of:

(a) first and third party registered legal charge over the Group's plant and machinery, freehold land and certain buildings, and leasehold land as disclosed in Note 7(c) to the financial statements;

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

20. BORROWINGS (continued)

Group and Company

Significant covenants

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

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

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

Company

The Company's bank borrowings are secured by the first legal charge over the Company's freehold land and buildings as disclosed in Note 7(c) to the financial statements.

20.1 COMMERCIAL PAPER PROGRAMME- SECURED

Group and Company

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

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

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

20.2 HIRE PURCHASE LIABILITIES - SECURED

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Minimum hire purchase payments:				
- Not later than one (1) year	1,688	3,797	166	111
- Later than one (1) year and not later than five (5) years	1,936	3,818	510	55
	3,624	7,615	676	166
Less: Future interest charges	(271)	(588)	(69)	(5)
Present value of hire purchase liabilities	3,353	7,027	607	161
Repayable as follows:				
- Current liabilities	1,542	3,453	140	106
- Non-current liabilities	1,811	3,574	467	55
	3,353	7,027	607	161

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current				
Trade payables				
Third parties	27,065	20,713	-	-
Subsidiaries	-	-	-	248
Associate	486	2,627	-	-
Related parties	185	369	-	-
	27,736	23,709	-	248
Other payables				
Third parties	2,937	4,774	48	307
Amounts owing to subsidiaries	-	-	13,378	9,270
Associate	477	467	467	467
Related parties	199	18	-	-
Accruals	7,622	7,161	833	722
	11,235	12,420	14,726	10,766
	38,971	36,129	14,726	11,014

(a) Trade payables are non-interest bearing and the credit terms available to the Group in respect of trade payables range from 15 to 120 days (2010: 15 to 120 days) from date of invoice.

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

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

(d) Amounts owing to subsidiaries and related parties (non-trade) represent advances and payments made on behalf which are unsecured, payable upon demand in cash and cash equivalents and interest-free except for advances of RM4,580,000 (2010: RM5,965,000) to subsidiary which bear interest range from 3.30% to 4.69% (2010: 3.30% to 4.66%) per annum.

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

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	37,641	34,904	14,726	11,014
US Dollar	913	522	-	-
Singapore Dollar	129	259	-	-
Euro	105	-	-	-
Vietnamese Dong	183	444	-	-
	38,971	36,129	14,726	11,014

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

22. REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sale of goods	532,613	551,929	6	8
Gross dividend income from subsidiaries	-	-	10,503	16,282
Rental income	2,386	1,704	3,832	3,734
	534,999	553,633	14,341	20,024

23. PROFIT BEFORE TAX

	NOTE	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax is arrived at after charging:					
Amortisation of development costs	11	59	59	-	-
Auditors' remuneration		165	168	22	20
Depreciation of investment properties	8	12	22	11	17
Depreciation of property, plant and equipment	7	9,250	9,505	1,108	1,086
Directors' remuneration:					
- Fees		608	633	188	188
- Emoluments other than fees		4,922	4,799	887	837
Fair value adjustments on:					
- derivative assets	14	-	34	-	-
- derivative liabilities	14	54	35	-	-
Impairment losses on:					
- trade and other receivables	15	1,025	1,176	-	-
- investment in subsidiaries	9(e)	-	-	2,117	7,672
- property, plant and equipment	7	650	58	-	-
Interest expenses on:					
- trade financing		7,852	5,743	-	-
- commercial papers		3,659	4,376	3,514	4,139
- revolving credits		361	175	193	82
- bank overdrafts		165	93	9	8
- term loans		978	1,111	717	621
- hire purchase		314	544	11	9
- subsidiary		-	-	245	135
- others		58	48	-	-
Inventories written down		236	-	-	-
Loss on disposal of property, plant and equipment		-	-	15	-
Deficit on liquidation of a subsidiary		-	-	45	-
Loss on disposal of an investment property		46	-	46	-
Realised loss on foreign exchange		692	2,653	-	536
Unrealised loss on foreign exchange		269	35	-	-
Property, plant and equipment written off		473	836	1	-
Rental of:					
- equipment		12	9	-	-
- premises		153	106	-	-
- forklifts		118	254	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

23. PROFIT BEFORE TAX (continued)

		Group		Company	
	NOTE	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
And crediting:					
Bad debts recovered		322	-	-	-
Fair value adjustments on:					
- derivative assets	14	175	-	-	-
Gain on disposal of property, plant and equipment		151	206	-	-
Gain on disposal of investment property		-	193	-	-
Gross dividend income:					
- subsidiaries		-	-	10,503	16,282
Interest income:					
- subsidiaries		-	-	1,415	3,770
- deposits with licensed bank		253	279	55	55
- others		-	3	-	-
Inventories write down no longer required	13	988	2,533	-	-
Realised gain on foreign exchange		1,011	221	-	-
Rental income:					
- subsidiaries		-	-	2,019	1,921
- related parties		6	28	-	-
- others		1,813	2,114	1,813	1,813
Reversal of impairment loss on trade receivables	15(g)	1,296	298	-	-

The estimated monetary value of benefits-in-kind received or receivable by the Directors of the Group and of the Company amounted to RM146,000 (2010: RM154,000) and RM25,000 (2010: RM28,000) respectively.

24. TAX EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current tax expense based on profit for the financial year				
- income tax	4,230	3,492	1,435	2,447
Under-provision in prior years	233	133	8	94
	4,463	3,625	1,443	2,541
Deferred tax (Note 12)				
Relating to origination and reversal of temporary differences	122	(876)	36	25
Revaluation reserve	(12)	(12)	(12)	(12)
(Over)/Under-provision in prior years	(391)	27	-	12
	(281)	(861)	24	25
	4,182	2,764	1,467	2,566

Malaysian income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated taxable profits for the fiscal year.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

24. TAX EXPENSE (continued)

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

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax	16,263	14,808	3,928	6,051
Taxation at Malaysia statutory tax rate of 25% (2010: 25%)	4,066	3,702	982	1,513
Tax effects in respect of:				
- Non-allowable expenses	2,028	3,067	1,381	2,402
- Non-taxable income	(965)	(1,550)	(913)	(1,467)
- Tax incentives and allowances	(61)	(84)	-	-
- Utilisation of other previously unrecognised deferred tax assets	(535)	(2,501)	-	-
- Others	(193)	(30)	9	12
	4,340	2,604	1,459	2,460
Under-provision of tax in prior years	233	133	8	94
Under/(Over)-provision of deferred tax in prior years	(391)	27	-	12
Effective tax expense	4,182	2,764	1,467	2,566

25. DIVIDENDS

	Group and Company			
	2011		2010	
	Gross dividend per share Sen	Amount of dividend net of tax RM'000	Gross dividend per share Sen	Amount of dividend net of tax RM'000
Final dividend in respect of financial year ended 31 December 2009	-	-	1.5	2,611
Final dividend in respect of financial year ended 31 December 2010	1.0	1,741	-	-
	1.0	1,741	1.5	2,611

As approved by the shareholders at the Annual General Meeting held on 20 June 2011, a final dividend of 2% (1.0 sen per share), tax exempt, amounting to RM1,740,610 in respect of financial year ended 31 December 2010 was paid on 15 September 2011.

The Directors proposed a final dividend of 2% (1.0 sen per share), tax exempt, amounting to RM1,740,610 in respect of the financial year ended 31 December 2011, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

26. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per share

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

	Group	
	2011	**2010**
Consolidated profit for the financial year attributable to owners of the parent (RM'000)	8,080	6,120
Weighted average number of ordinary shares outstanding ('000)	174,061	174,061
Basic earnings per ordinary share (Sen)	4.64	3.52

(b) Diluted earnings per ordinary share

The Group has no potential ordinary shares in issues as the outstanding warrants were lapsed during the financial year and therefore, diluted earnings per share have not been presented.

27. OPERATING SEGMENTS

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

27. OPERATING SEGMENTS (continued)

2011	Investment RM'000	Trading RM'000	Manufacturing RM'000	Elimination RM'000	Total RM'000
Revenue					
Total revenue	14,341	120,835	481,699	(81,876)	534,999
Inter-segment revenue	(12,527)	(594)	(68,755)	81,876	-
Revenue from external customers	**1,814**	**120,241**	**412,944**	**-**	**534,999**
Finance costs	(4,689)	(1,263)	(9,111)	1,676	(13,387)
Interest income	1,470	21	452	(1,690)	253
Net finance expense	(3,219)	(1,242)	(8,659)	(14)	(13,134)
Amortisation	-	-	59	-	59
Depreciation	1,119	803	7,340	-	9,262
Segment profit before income tax	**3,923**	**2,018**	**15,065**	**(4,743)**	**16,263**
Share of profit of associates	1,704	-	-	-	1,704
Income tax expenses	(1,469)	(480)	(3,946)	1,713	(4,182)
Other material non-cash items:					
Impairment losses on:					
- trade and other receivables	-	220	805	-	1,025
- property, plant and equipment	-	-	650	-	650
Property, plant and equipment written off	1	1	471	-	473
Inventories written down no longer required	-	(102)	(886)	-	(988)
Loss/(Gain) on disposal of property, plant and equipment	15	(106)	(60)	-	(151)
Loss on disposal of investment property	46	-		-	46
Inventories written down	-	223	13	-	236
Capital expenditure	1,241	1,668	13,633	1,962	18,504
Investment in associates	40,695	-	-	-	40,695
Segment assets	**182,662**	**63,220**	**393,242**	**(171,644)**	**467,480**
Segment liabilities	**87,076**	**36,613**	**205,102**	**(54,932)**	**273,859**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

27. OPERATING SEGMENTS (continued)

2010	**Investment RM'000**	**Trading RM'000**	**Manufacturing RM'000**	**Elimination RM'000**	**Total RM'000**
Revenue					
Total revenue	20,024	110,230	516,114	(92,735)	553,633
Inter-segment revenue	(18,211)	(338)	(74,186)	92,735	-
Revenue from external customers	**1,813**	**109,892**	**441,928**	**-**	**553,633**
Finance costs	(4,994)	(1,052)	(9,949)	3,905	(12,090)
Interest income	3,825	7	355	(3,905)	282
Net finance expense	(1,169)	(1,045)	(9,594)	-	(11,808)
Amortisation	-	-	59	-	59
Depreciation	1,103	692	7,732	-	9,527
Segment profit before income tax	**6,037**	**2,790**	**11,454**	**(5,473)**	**14,808**
Share of profit of associates	3,211	-	-	-	3,211
Income tax expenses	(2,567)	(287)	(2,558)	2,648	(2,764)
Other material non-cash items:					
Impairment losses on:					
- trade receivables	5	27	1,144	-	1,176
- property, plant and equipment	-	-	58	-	58
Property, plant and equipment written off	-	1	835	-	836
Inventories written down no longer required	-	(549)	(1,984)	-	(2,533)
Reversal of impairment loss on trade receivables	-	(132)	(166)	-	(298)
Gain on disposal of property, plant and equipment	-	(9)	(197)	-	(206)
Gain on disposal of investment property	-	-	(193)	-	(193)
Capital expenditure	691	948	9,782	-	11,421
Investment in associates	38,991	-	-	-	38,991
Segment assets	**194,756**	**62,784**	**396,525**	**(188,581)**	**465,484**
Segment liabilities	**97,719**	**37,247**	**215,315**	**(71,925)**	**278,356**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

27. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment assets and liabilities to the Group's corresponding amounts are as follows:

	2011 RM'000	2010 RM'000
Assets		
Total assets for reportable segments	467,480	465,484
Investment in associates	40,695	38,991
Tax assets	1,057	1,951
Goodwill	1,675	1,675
Group's assets	510,907	508,101
Liabilities		
Total liabilities for reportable segments	273,859	278,356
Tax liabilities	4,797	4,999
Group's liabilities	278,656	283,355

Geographical information

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

28. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from financial year ended 31 December 2010.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2011 and 31 December 2010.

The Group monitors capital on the basis of the Group's consolidated Debt:Equity ("DE") ratio. The DE ratio is calculated as total external debts divided by consolidated net tangible assets. The ratio is monitored by corporate management. At the reporting date, the Group's DE ratio is 1.02 times (2010: 1.10 times). The Group is committed to ensure that the maximum DE ratio limit of 2.20 times is complied with at all times in respect of covenants pertaining to banking facilities that the Group has with certain financial institutions.

(b) Financial instruments

(i) Categories of financial instruments

Group

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

(i) Categories of financial instruments (continued)

Group **2011**	**Other financial liabilities RM'000**	**Fair value through profit or loss RM'000**	**Total RM'000**
Financial liabilities			
Borrowings	234,862	-	234,862
Trade and other payables	38,971	-	38,971
Derivative liabilities	-	26	26
	273,833	26	273,859

2010	**Loans and receivables RM'000**	**Fair value through profit or loss RM'000**	**Total RM'000**
Financial assets			
Trade and other receivables, net of prepayments	130,143	-	130,143
Derivative assets	-	61	61
Cash and cash equivalents	23,873	-	23,873
	154,016	61	154,077

	Other financial liabilities RM'000	**Fair value through profit or loss RM'000**	**Total RM'000**
Financial liabilities			
Borrowings	242,192	-	242,192
Trade and other payables	36,129	-	36,129
Derivative liabilities	-	35	35
	278,321	35	278,356

Company

Loans and receivables	**2011 RM'000**	**2010 RM'000**
Financial assets		
Trade and other receivables, net of prepayments	15,513	24,571
Cash and cash equivalents	3,530	3,492
	19,043	28,063

Other financial liabilities	**2011 RM'000**	**2010 RM'000**
Financial liabilities		
Borrowings	73,566	86,676
Trade and other payables	14,726	11,014
	88,292	97,690

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

(ii) Fair value of financial instruments

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

	Group		Company	
2011	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Recognised				
Financial liabilities:				
Hire purchase liabilities	3,353	3,232	607	682
Unrecognised				
Contingent liabilities	-	#	-	#
2010				
Recognised				
Financial liabilities:				
Hire purchase liabilities	7,027	6,153	161	160
Unrecognised				
Contingent liabilities	-	#	-	#

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

(c) Methods and assumptions used to estimate fair value

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

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

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

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

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

(ii) Obligations under finance lease

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

28. FINANCIAL INSTRUMENTS (continued)

(c) Methods and assumptions used to estimate fair value (continued)

(iii) Derivatives

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

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

(d) Fair value hierarchy

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

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

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

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

As at 31 December 2011, the Group held the following financial instruments carried at fair values on the statement of financial position:

Assets measured at fair value

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

Liabilities measured at fair value

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

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

As at 31 December 2010, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets at fair value through profit or loss				
- Forward currency contracts	61	-	61	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

28. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

As at 31 December 2010, the Group held the following financial instruments carried at fair values on the statement of financial position (continued):

Liabilities measured at fair values

	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial assets at fair value through profit or loss				
- Forward currency contracts	35	-	35	-

During the financial year ended 31 December 2010, there were no transfers between Level 1 and Level 2 fair value measurements.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(i) Credit risk

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

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 14 days, extending up to 120 days for major customers. Each customer has a maximum credit limit and the Group seeks to minimise and monitor the credit risk via strictly limiting the associations to business customers with high creditworthiness. Trade receivables are monitored on an ongoing basis through the Group's management reporting procedures.

Exposure to credit risk

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

Information regarding credit enhancements for trade and other receivables is disclosed in Note 15.

Financial assets that are neither past due nor impaired

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk (continued)

Financial assets that are either past due or impaired

As at 31 December 2011, the Group has trade receivables amounting to RM35,514,000 which have been outstanding for more than their respective credit terms granted. Information regarding financial assets that are either past due or impaired is disclosed in Note 15 to the financial statements.

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

(ii) Liquidity and cash flow risk

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

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

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

2011 **Group**	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Financial liabilities:				
Trade and other payables	38,971	-	-	38,971
Loans and borrowings	226,092	9,928	394	236,414
Derivatives	26	-	-	26
Total undiscounted financial liabilities	265,089	9,928	394	275,411
Company				
Financial liabilities:				
Trade and other payables	14,726	-	-	14,726
Loans and borrowings	68,274	6,017	-	74,291
Total undiscounted financial liabilities	83,000	6,017	-	89,017

(iii) Interest rate risk

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

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

Sensitivity analysis for interest rate risk

As at 31 December 2011, if interest rates at the date had been 100 basis points lower with all variables held constant, post-tax profit for the year would have been RM1,722,000 (2010: RM1,774,000) higher, arising mainly as a result of lower interest expense on variable borrowings. If interest rates had been 100 basis points higher with all variables held constant, post-tax profit would have been RM1,722,000 (2010: RM1, 774,000) lower. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

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

As at 31 December 2010		**Within**	**1 - 2**	**2 - 3**	**3 - 4**	**4 - 5**	**More than**	
	WAEIR	**1 year**	**years**	**years**	**years**	**years**	**5 years**	**Total**
Group	**%**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Fixed rate								
Fixed deposits with licensed banks	2.47	5,677	-	-	-	-	-	5,677
Hire purchase liabilities	6.49	(3,453)	(1,987)	(1,164)	(359)	(64)	-	(7,027)
Term loans	6.33	(6,557)	(6,727)	(5,372)	(1,026)	(470)	(882)	(21,034)
Floating rate								
Bank overdrafts	7.58	(2,053)	-	-	-	-	-	(2,053)
Trade financing	5.03	(138,578)	-	-	-	-	-	(138,578)
Revolving credits	4.45	(3,500)	-	-	-	-	-	(3,500)
Commercial papers	5.32	(70,000)	-	-	-	-	-	(70,000)
Company								
Fixed rate								
Fixed deposits with licensed banks	2.62	2,201	-	-	-	-	-	2,201
Hire purchase liabilities	4.43	(106)	(55)	-	-	-	-	(161)
Term loan	8.00	(1,870)	(2,025)	(2,193)	(580)	-	-	(6,668)
Amount owing to a subsidiary	3.64	(5,965)	-	-	-	-	-	(5,965)
Floating rate								
Amount owing by subsidiaries	5.52	24,188	-	-	-	-	-	24,188
Revolving credits	5.38	(1,500)	-	-	-	-	-	(1,500)
Commercial papers	5.32	(70,000)	-	-	-	-	-	(70,000)
Term loan	3.60	(2,900)	(2,900)	(2,547)	-	-	-	(8,347)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Foreign currency risk

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

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

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currencies balances amount to RM146,000 (2010: RM1,105,000) for the Group.

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

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

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

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

The notional amount and maturity date of the forward foreign currency contracts outstanding as at 31 December 2010 are as follows:

	Currency	Contract amount in foreign currency '000	RM'000 equivalent	Maturities within
31 December 2010				
Forward contracts used to hedge trade receivables	USD	1,111	3,482	Six (6) months
Forward contracts used to hedge trade payables	USD	28	88	One (1) month
	EUR	2	7	Two (2) months
Forward contracts used to hedge foreign currency trade loan	USD	850	2,693	Two (2) months

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

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

		Group	
		2011 **RM'000** Profit net of tax	**2010** **RM'000** Profit net of tax
USD	- strengthen by 3%	-201	-292
	- weaken by 3%	+201	+292
SGD	- strengthen by 3%	+10	+10
	- weaken by 3%	-10	-10
GBP	- strengthen by 3%	+6	-
	- weaken by 3%	-6	-
THB	- strengthen by 3%	+7	-
	- weaken by 3%	-7	-
IDR	- strengthen by 3%	+4	-
	- weaken by 3%	-4	-
EUR	- strengthen by 3%	-3	-
	- weaken by 3%	+3	-

30. RELATED PARTIES TRANSACTIONS

(a) Identities of related parties

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

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

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

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

("collectively known as "Substantial Shareholders").

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

Related parties	**Relationships**
Chiho Hardware Sdn. Bhd.	A company in which Toh Yew Chin, Dato' Toh Yew Peng, Toh Yew Seng, Toh Yew Keat, Toh Yew Kar are also Directors and shareholders
Syarikat Kwong Nam Hin Sdn. Bhd.	A company in which Dato' Toh Yew Peng and Toh Yew Keat are also Directors and shareholders

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

30. RELATED PARTIES TRANSACTIONS (continued)

(a) Identities of related parties (continued)

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

(b) Significant related party transactions

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

	Company	
	2011 RM'000	**2010 RM'000**
(i) Transactions with subsidiaries:		
Gross dividend income	(10,503)	(16,282)
Interest paid	245	135
Interest income	(1,415)	(3,770)
Rental income	(2,019)	(1,921)
Purchases	49	-
Indent trading	(6)	(9)

	Group	
	2011 RM'000	**2010 RM'000**
(ii) Transactions with an associate:		
POSCO-MKPC Sdn. Bhd.		
Sales of goods	(277)	(77)
Purchase of goods	2,340	1,776
Rental receivables	(1,824)	(1,779)
(iii) Transactions with companies in which the Substantial Shareholders have financial interests:		
Chiho Hardware Sdn. Bhd.		
Sales of goods	(822)	(630)
Purchases	9	176
Wei Giap Hardware Sdn. Bhd.		
Sales of goods	(120)	(131)
Purchases	216	214
Wei Sheng Hardware Sdn. Bhd.		
Sales of goods	(103)	(77)
YK Toh (M) Sdn. Bhd.		
Rental received	(6)	(6)
Rental paid	12	12
Purchases	196	132

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

30. RELATED PARTIES TRANSACTIONS (continued)

(b) Significant related party transactions (continued)

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

	Group	
	2011	2010
	RM'000	RM'000
(iv) Transactions with a company in which Toh Yew Keat and Dato' Toh Yew Peng have financial interests:		
Syarikat Kwong Nam Hing Sdn. Bhd.		
Sales of goods	(66)	(75)
(v) Transactions with companies in which Toh Yew Chin have financial interests:		
YK Toh Marketing (S) Pte. Ltd.		
Sales of goods	(2,662)	(3,587)
Purchases	2,209	2,066
Diager SG Pte. Ltd.		
Purchases	155	69
(vi) Transaction with a Director:		
Toh Yew Chin		
Professional fees paid	125	95

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

(c) Compensation of key management personnel

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

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Short term employee benefits	5,095	5,032	998	953
Contributions to defined contribution plan	435	400	77	72
	5,530	5,432	1,075	1,025

31. CAPITAL COMMITMENTS

	Group	
	2011	2010
	RM'000	RM'000
Capital expenditure in respect of purchase of property, plant and equipment		
- Approved and contracted for	3,261	2,773
- Approved but not contracted for	107	666
	3,368	3,439

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

32. CONTINGENT LIABILITIES

	Company	
	2011	2010
	RM'000	RM'000
Unsecured:		
- Guarantees to financial institutions for credit facilities granted to subsidiaries	229,937	266,502

33. EMPLOYEE BENEFITS

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonuses	27,904	28,037	1,797	1,771
Contributions to defined contribution plan	2,463	2,371	173	170
Other benefits	2,682	1,841	34	25
	33,049	32,249	2,004	1,966

Included in the employee benefits of the Group and of the Company are Directors' emoluments amounting to RM4,922,000 (2010: RM4,799,000) and RM887,000 (2010: RM837,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011 (cont'd)

34. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

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

	2011	
	Group RM'000	**Company RM'000**
Total retained profits of the Company and its subsidiaries:		
- Realised	92,573	25,768
- Unrealised	(4,113)	(1,170)
	88,460	24,598
Total share of retained profits from associates:		
- Realised	25,187	-
- Unrealised	(1,513)	-
	112,134	24,598
Less: Consolidation adjustments	(21,055)	-
Total group/company retained profits as per consolidated accounts	91,079	24,598

LIST OF PROPERTIES
FOR YEAR ENDED 31 DECEMBER 2011

No.	Location	Tenure	Built-up Area	Year of Expiry	Description /Existing Use	Carrying Amount (RM'000)	Age of Building (years)	Date of Acquisition /Revaluation
	PRESTAR RESOURCES BERHAD							
1	GM 4895, Lot 1298 Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	517,948 sq ft	nil	Corporate office cum manufacturing site for subsidiaries	45,432	16	5 April 2001
2	Geran 86261, Lot 162 (Lot 39), Seksyen 19, Bandar Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	80,384 sq ft	nil	Office cum manufacturing site for subsidiaries	6,623	18	26 May 1994
	PRESTAR MARKETING SDN BHD							
1	Lot 17494, 8 1/2 Miles, Jalan Ipoh, Selayang Industrial Estate, 68100 Batu Caves, Selangor Darul Ehsan	Freehold	35,263 sq ft	nil	Corporate office cum warehouse	4,145	24	18 Nov 2009
2	Lot 1113, 65A, Jalan Perak, 10150 Penang	Freehold	2,904 sq ft	nil	Office cum warehouse	943	49	29 Dec 1993
	PRESTAR ENGINEERING SDN BHD							
1	PD Perdana Condominium Parcel 808, Held under Master Title H.S. (D) 14950, PT No. 99, Pekan Telok Kemang, Daerah Port Dickson, Negeri Sembilan	Freehold	750 sq ft	nil	Vacant	57	13	5 June 2000
2	Parcel No. M2-L2-1D Tuanku Jaafar Golf & country Resort under Master Title H.S.(D) 99111 for PT No. 18519 Mukim of Ampangan, District of Seremban, State of Negeri Sembilan	Freehold	898 sq ft	nil	Vacant	168	11	4 Feb 2004
	TASHIN STEEL SDN BHD							
1	Plot 40, Lorong Perusahaan Maju 7,Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (40 years)	152,835 sq ft	2052	Office cum manufacturing site for Tashin Steel Sdn Bhd	8,236	13	8 Aug 2000
2	Plot 39, Lorong Perusahaan Maju 7, Kawasan Perusahaan 4, 13600 Prai	60 yrs Leasehold * (40 years)	127,872 sq ft	2052	Manufacturing site for Tashin Steel Sdn Bhd	14,805	4	17 Aug 2005
3	F 01-08, Taman Pelangi, Bukit Tengah, 13600 Perai, Penang	Leasehold 99 yrs *(89 years)	500 sq ft	2092	Hostel	47	10	23 Apr 2008
4	H.S.(D) 15736, PT No. 2634, Mukim 13, Daerah Timor Laut, Pulau Pinang	Freehold	7,319 sq ft	nil	Vacant Land	4,767	n/a	30 Nov 2011
5	# LB13, Taman Industri Subang, Mukim Petaling, Daerah Petaling, Selangor Darul Eshan	Leasehold 99 yrs *(79 years)	11,791 sq ft	2090	Vacant Factory	1,427	1	01 June 2011
	PRESTAR INDUSTRIES (VIETNAM) CO., LTD							
1	Lot CN7 - 1,2,3 adjacent to Road N5, Song Than III Industrial Zone, Tan Vinh Hiep Commune, Tan Uyen District, Binh Duong Province, Vietnam	49 yrs (lease) *(44 years)	Land area (48,290 m2)	2055	Manufacturing site cum office for Prestar Industries (Vietnam) Co., Ltd	7,980	4	12 Apr 2007

* Balance of Leasehold Tenure

\# Property for sale, Sales and Purchase Agreement dated 30 December 2011

STATISTICS OF SHAREHOLDINGS
AS AT 30 APRIL 2012

Authorised Share Capital	:	RM200,000,000.00
Issued and Paid-Up Share Capital	:	RM90,490,450.00 comprising 180,980,900 ordinary shares of RM0.50 each
Class of Shares	:	Ordinary shares of RM0.50 each
Number of Shareholders	:	4,055
Voting Rights	:	One (1) vote per shareholder on a show of hands One (1) vote per ordinary share on a poll

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held			
Substantial Shareholders	**Direct**	**%**	**Indirect**	**%**
Fabulous Essence Sdn. Bhd.	50,610,000	29.08	-	-
Toh Yew Keat	5,562,971	3.20	(1) 62,003,000	35.62
Dato' Toh Yew Peng	5,188,896	2.98	(1) 62,003,000	35.62
Toh Yew Kar	2,472,276	1.42	(1) 62,003,000	35.62
Toh Yew Chin	2,472,276	1.42	(1) 62,003,000	35.62
Toh Yew Keong	2,678,299	1.54	(1) 62,003,000	35.62
Toh Yew Seng	2,266,252	1.30	(1) 62,003,000	35.62
Toh Poh Khuan	2,060,230	1.18	(1) 62,003,000	35.62
Y. K. Toh Property Sdn. Bhd.	11,393,000	6.55	-	-
Soh Tik Siew	10,917,700	6.27	-	-
Andy Toh Jin Hong	-	-	(1) 62,003,000	35.62
Ian Toh Jin Hu	-	-	(1) 62,003,000	35.62

Note:

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

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	**No. of Shareholders**	**% of Shareholders**	**No. of Shares Held**	**% of Issued Capital**
1 – 99	16	0.39	576	0.00
100 – 1,000	239	5.89	210,560	0.12
1,001 – 10,000	2,672	65.89	13,697,928	7.87
10,001 –100,000	1,020	25.15	31,417,936	18.05
100,001 - 8,703,049 (*)	105	2.59	58,213,300	33.44
8,703,050 and above (**)	3	0.07	70,520,700	40.51
Total	4,055	100.00	174,061,000	100.00

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

STATISTICS OF SHAREHOLDINGS
AS AT 30 APRIL 2012 (cont'd)

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

		------Direct Interest------		------ Indirect Interest------	
Directors	**Nationality**	**No. of shares held**	**%**	**No. of shares held**	**%**
Toh Yew Keat	Malaysian	5,562,971	3.20	*62,003,000	35.62
Dato' Toh Yew Peng	Malaysian	5,188,896	2.98	*62,003,000	35.62
Toh Yew Kar	Malaysian	2,472,276	1.42	*62,003,000	35.62
Toh Yew Seng	Malaysian	2,266,252	1.30	*62,003,000	35.62
Toh Yew Chin	Malaysian	2,472,276	1.42	*62,003,000	35.62
Md. Nahar Bin Noordin	Malaysian	8,000,000	4.59	0	0
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	Malaysian	0	0	0	0
Lou Swee You	Malaysian	0	0	0	0
Lim Cheang Nyok	Malaysian	0	0	0	0

Note:

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

THIRTY (30) LARGEST SHAREHOLDERS

No.	Shareholders	No. of Shares Held	Percentage (%)
1.	FABULOUS ESSENCE SDN BHD	48,210,000	27.70
2.	Y K TOH PROPERTY SDN BHD	11,393,000	6.55
3.	SOH TIK SIEW	10,917,700	6.27
4.	TOH YEW KEAT	5,562,971	3.20
5.	MD. NAHAR BIN NOORDIN	5,000,000	2.87
6.	DATO' TOH YEW PENG	4,120,796	2.37
7.	MD. NAHAR BIN NOORDIN	3,000,000	1.72
8.	TOH YEW KEONG	2,678,299	1.54
9.	TOH YEW CHIN	2,472,276	1.42
10.	FABULOUS ESSENCE SDN BHD	2,400,000	1.38
11.	TOH YEW SENG	2,266,252	1.30
12.	TOH POH KHUAN	2,060,230	1.18
13.	TOH YEW KAR	1,728,276	0.99
14.	CIMSEC NOMINEES (TEMPATAN) SDN BHD (CIMB BANK FOR MAK NGIA NGIA @ MAK YOKE LUM)	1,220,100	0.70
15.	TOH YEW PENG	1,068,100	0.61
16.	NG TENG SONG	1,008,800	0.58
17.	SOO CHEE MENG	966,000	0.55
18.	CITIGROUP NOMINEES (ASING) SDN BHD (EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED)	812,000	0.47
19.	TOH YEW KAR	744,000	0.43
20.	TAY YING LIM @ TAY ENG LIM	706,800	0.41
21.	TEE BON PENG	657,800	0.38
22.	TEO KWEE HOCK	630,400	0.36
23.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR TEH CHOONG WENG)	600,000	0.34
24.	HLB NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR FRANCIS KONG @ KONG FEN SHIN)	592,100	0.34
25.	NG WEE TIEW @ NG WEE CHIEW	585,300	0.34
26.	ONG HONG CHOO	584,000	0.34
27.	PUBLIC NOMINEES (TEMPATAN) SDN BHD (PLEDGED SECURITIES ACCOUNT FOR SIN HUAN KWANG (E-TWU))	548,100	0.31
28.	FAM KEAT HONG	532,000	0.31
29.	LIM CHOON TEIK	500,300	0.29
30.	AZMAN BIN AHMAD	500,000	0.29

Note : The analysis of shareholdings is based on the issued and paid-up capital of the Company after deducting 6,919,900 ordinary shares bought back by the Company and held as Treasury Shares as at 30 April 2012.

PRESTAR RESOURCES BHD

(Company No. 123066 -A)
(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

FORM OF PROXY

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

of .... being
(FULL ADDRESS)

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

of..
(FULL ADDRESS)

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

.... or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Tuesday, 12 June 2012 at 10.00 a.m. or at any adjournment thereof.

The proxy is to vote on the business before the Meeting as indicated below (if no indication is given, the proxy will vote as he/she thinks fit or abstain from voting):

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and the Auditors thereon.		
No.	**Resolutions**	**For**	**Against**
2.	To approve the declaration of the Final Tax Exempt Dividend of 2%. (1.0 sen per share) (Resolution 1)		
3.	To sanction the payment of Directors' Fees. (Resolution 2)		
4.(a)	To re-elect Dato' Toh Yew Peng in accordance with Article 105 of the Company's Articles of Association. (Resolution 3)		
4.(b)	To re-elect Encik Md. Nahar Bin Noordin in accordance with Article 105 of the Company's Articles of Association. (Resolution 4)		
4.(c)	To re-elect Mr. Lou Swee You in accordance with Article 105 of the Company's Articles of Association. (Resolution 5)		
5.	To re-appoint Messrs. BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)		
	As Special Business :		
6.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965. (Resolution 7)		
7.	Authority to renew the purchase of the Company's own shares. (Resolution 8)		
8.	Authority to renew the Shareholders' Mandate for Recurrent Related Party Transactions Of A Revenue Or Trading Nature. (Resolution 9)		

* Strike out whichever not applicable.

Signed this .... day of 2012

....
Signature of Member/Common Seal

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 5 June 2012 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead [subject always to a maximum of two (2) proxies of each Meeting]. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

FOLD THIS FLAP FOR SEALING

FOLD HERE

Affix
stamp

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

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