

PART A: EXPLANATION NOTES AS PER FRS 134

A1 Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in compliance with Financial Reporting Standard (“FRS”) 134, Interim Financial Reporting and other FRS issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2008.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2008.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

A2 Seasonal or cyclicity factors

The Group faces minor seasonal fluctuations during the major festive seasons such as Hari Raya Aidilfitri and Chinese New Year celebrations.

A3 The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

There was no unusual item in the quarterly financial statement under review.

A4 Changes in estimates

There are no significant changes in the estimates of amount, which give a material effect in the current interim period.

A5 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter ended 31 December 2009.

A6 Dividends paid (aggregate or per share) separately for ordinary share and other shares

A First and Final Dividend of 3.0% tax exempt amounting to 1.5 sen per share in respect of the financial year ended 31 December 2008 was paid on 8 September 2009.

A7 Segment Information for the current financial year to date

	<u>Trading</u> RM'000	<u>Manufacturing</u> RM'000	<u>Investment</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
Revenue					
External Sales	87,893	368,014	1,836	2,139	459,882
Inter-segment revenue	126	60,485	13,000	(73,611)	-
Total Revenue	88,019	428,499	14,836	(71,472)	459,882
Segment Result	3,528	22,206	11,584	(8,193)	29,125
Profit from operations					29,125
Finance costs					(10,417)
Interest Income					103
Share of results of associates					357
Profit before tax					19,168

No analysis by geographical area has been presented as its year to date contribution was less than 10% to the combined results of all segments revenue or results or assets.

A8 Valuations of property, plant and equipment

The valuation of land & buildings has been brought forward, without amendment from the previous annual financial statement.

A9 Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current quarter under review.

A10 The effect of changes in the composition of the enterprise during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations

Changes in the composition of the Company during the quarter under review:

Prestar Galvanising Sdn Bhd (PGSB)

PGSB, a wholly-owned subsidiary of the Company had on 12 October 2009 allotted 263,000 ordinary shares of RM1 each which representing 5% of the equity interest of PGSB to Mr Lim Fong Kan, the former director and shareholder of Prestar Tooling Sdn Bhd (PTSB) at a total cash consideration of RM263,000. (ref. Announcement to BURSA dated 12th Oct 2009)

Disposal of Prestar Tooling Sdn Bhd (PTSB) and Excelpath Sdn Bhd (Excel)

On 23 October 2009, the Group disposed two of its wholly-owned subsidiary companies namely PTSB and Excel to third parties while undergoing an internal restructuring exercise. These two companies, PTSB and Excel ceased to be the wholly-owned subsidiaries of the Company with immediate effect upon conclusion of the Share Sale Agreement. (ref. Announcement to BURSA dated 23rd Oct 2009)

A11 Changes in contingent liabilities or contingent assets since the last annual balance sheet date

	As at 31/12/2009 RM'000
The contingent liabilities of the Company as follows:	
Guarantees to financial institutions for credit facilities granted to subsidiaries – unsecured	280,684
	<hr/> 280,684 <hr/>

A12 Capital commitments

	As at 31/12/2009 RM'000
Property, plant and equipment Authorised and contracted for	<hr/> 1,217 <hr/>

**Part B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA SECURITIES (PART A OF APPENDIX 9B)**

B1 Review of performance of the company and its principal subsidiaries for the current quarter and financial year to date (YTD)

Group revenue for the current quarter was RM133.1 million, increased 36.9 % over the same quarter last year while year to date revenue decreased 14.2 % over the same period last year to RM 459.9 million. Net profit for the financial year-to-date was RM 4.2 million with the current quarter posted a net gain of RM 4.1 million. Improvements in the steel prices and market demand during the last two quarters of the year were the key to the overall year to date result. Unlike the last quarter of the previous year where the Group reported RM 17.1 million losses due to substantial drop in steel prices, the quarter under review was experiencing higher steel prices and market demand.

B2 Material changes in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter

Group revenue for the current quarter was RM 133.1 million, 4.7% higher than the immediate preceding quarter's RM 127.1 million. However, profit before tax was only RM 7.7 million, 54.2 % lower than immediate preceding quarter's RM 16.9 million. The reduction in the profit before tax for the quarter reported was mainly due to the fluctuating steel prices where prices increased since June last year and soften slightly during the last quarter of the year.

B3 Prospects

In line with the improvement in steel prices and market demand experienced lately, the Board is of the opinion that if this positive trend is sustainable, the performance of the Group will be much better in the new financial year.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

RM'000	Current Quarter 31/12/2009	Current Year To Date 31/12/2009
Current taxation	851	4,244
Deferred taxation	1,340	2,962
In respect of prior years	(68)	142
	<u>2,123</u>	<u>7,348</u>

The current taxation of the Group for the financial period ended 31 December 2009 is due to taxable profits in certain subsidiaries. The average effective tax rate of the Group for the current quarter and financial year to date is lower than the statutory tax rate due to availability of tax losses, reinvestment allowance, and group relief for losses of a subsidiary.

B6 Profit / (Losses) on sale of unquoted investments and/or properties

There is no sale of unquoted investments or properties for the current quarter and financial year to date.

B7 Quoted securities

(a) Total purchases consideration and sale proceeds of quoted securities for the current quarter and financial year to date and profit/loss arising there from are as follows:

	Current Quarter 31/12/09 RM'000	Year To date 31/12/09 RM'000
Total Purchases	0	0
Total Sale Proceeds	97	408
Total Profit / (Loss)	5	48

(b) Investments in quoted securities as at 31 December 2009 are as follows:-

	RM'000
(i) At cost	4
(ii) At book value	2
(iii) At market value	7

B8 (a) The status of corporate proposals announced but not completed at the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report.

(b) Where applicable, a brief explanation of the status of utilization of proceeds raised from any corporate proposal.

(a) and (b) not applicable.

B9 Group bank borrowings:

Total group borrowings as at 31 December 2009 are as follows:-

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	88,501	3,008
Unsecured	101,085	6,668
Denominated in US Dollar:		
Secured	6,944	7,026
Denominated in Vietnam VND:		
Secured	14,154	592
Total Bank Borrowings	210,684	17,294

B10 Financial instruments with off balance sheet risk at the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report

Foreign currency contracts

As at 18 February 2010, the Group had the following outstanding foreign currency contracts to hedge its committed purchases and sales in foreign currencies.

Currency	Contract Amount ('000)	Equivalent amount in Ringgit Malaysia ('000)	Expiry Dates
Bank Sell:			
USD	2,993	10,197	19/02/10 to 08/08/10

Currency	Contract Amount ('000)	Equivalent amount in Ringgit Malaysia ('000)	Expiry Dates
Bank Buy:			
USD	1,014	3,475	25/02/10 to 26/04/10

The above contracts were executed with creditworthy financial institutions and hence the likelihood of non performance is remote. All gains and losses arising from forward foreign exchange contracts are dealt with through the Income Statement upon maturity.

B11 Material litigation since the last annual balance sheet date which shall be made up to a date not earlier than 7 days from the date of issue of the quarterly report

As at 18 February 2010, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 31 December 2008.

Prestar Resources Berhad (123066-A)

Notes to the Interim Financial Report for the period ended 31 December 2009

B12 Dividend

The Directors recommend a final dividend of 3% (1.5 sen per ordinary share), tax exempt, amounting to RM2,610,915 in respect of the financial year ended 31 December 2009, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

B13 Earnings per share

	Current Quarter Ended 31/12/2009
Basic	
Net profit attributable to ordinary shareholder (RM'000)	4,085
Number of ordinary shares as at 1 Jan 2009 after net off treasury shares	174,061
Effect of ESOS exercised	-
Effect of warrants exercised	-
Effect of shares repurchased	-
Weighted average number of ordinary shares in issue ('000)	174,061
Basic earnings per share (sen)	2.35

Diluted

The diluted earnings per ordinary share is not presented for the current quarter as there is an anti-dilutive effect on the conversion of Warrants to ordinary shares.

B14 Report of auditors

The audit report of the most recent annual financial statement for the year ended 31 December 2008 was not qualified.