

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 2010.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2010.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new FRSs, Amendments to FRSs and Interpretations with effect from 1 January 2011.

Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRSs	Improvements to FRSs (2010)
IC Interpretation 4	Determining whether an Agreement Contains a Lease
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The above new FRSs, IC Interpretations and Amendments to FRSs do not have significant impact on the financial reporting of the Group.

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 30 September 2011.

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

A First and Final Dividend of 2.0% tax exempt amounting to 1.0 sen per share in respect of the financial year ended 31 December 2010 was paid on 15 September 2011.

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	89,432	315,897	1,364	-	406,693
Inter-segment revenue	438	54,106	4,310	(58,854)	-
Total Revenue	89,870	370,003	5,674	(58,854)	406,693
Segment Result	2,663	18,992	2,162	(862)	22,955
Profit from operations					22,955
Finance costs					(10,387)
Interest Income					208
Share of results of associates					1,080
Profit before tax					13,856

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

i) Incorporation of a subsidiary company in Indonesia

On 3 March 2011, Prestar Precision Tube Sdn Bhd (“PPTSB”), a wholly-owned subsidiary of the Company, had incorporated a company in Jakarta, Indonesia with the name - PT Prestar Precision Tube (“PTPPT”). PPTSB holds 75% of PTPPT’s equity while the balance of equity is held by Mr. Hartono Amidjojo.

The above incorporation is not expected to have any material effect on the earnings or net assets of the Company.

ii) Members’ Voluntary Winding-up of a subsidiary

On 24 Jun 2011, the Company announced that its wholly-owned subsidiary, Prestar Ventures Sdn Bhd has been dissolved on 23 June 2011 pursuant to Section 272(5) of the Companies Act 1965.

A11 Changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2010

As at the date of this announcement, there were no material contingent liabilities incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.

A12 Capital commitments

	As at 30/09/2011
	RM’000
Property, plant and equipment	
Authorized and contracted for	5,748
Authorized and not contracted for	1,166

**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 and year-to-date were RM129.5 million and RM 406.7 million respectively, about 9.2 % and 3.0 % lower than the same period last year. Profit before tax for the current quarter improved to RM2.8 million while YTD Profit before tax were lower at RM 13.9 million as compared to RM 18.2 million of the same period last year. Slight improvement in the current quarter was partly due to better sales margin obtained in the manufactured-product units. Nevertheless, YTD results for the current year were still significantly below last year's performance due to overall sluggish market demand and depressed sales margin for the most part of the year.

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

Compared to the immediate preceding quarter, Group revenue for the quarter under review reduced by 11.4% to RM129.5 million. Profit before tax for the quarter under review also decreased to only RM 2.81 million as compared to RM5.83 million of the preceding quarter. The reduction was mainly due to sluggish market demand amid uncertain economic conditions which depressed the selling price and margin of our products.

B3 Prospects

Amidst slowdown and uncertainties in global economies and market conditions, steel prices remain volatile with downward trend prevailing. Against this lackluster economic conditions, the Board will continue to adopt cautious approach in order to generate a satisfactory performance for the financial year under review.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 30/09/2011 RM'000	Current Year To Date 30/09/2011 RM'000
Current taxation	906	3,688
Deferred taxation	(437)	(432)
In respect of prior years	293	254
	762	3,510

The average effective tax rate of the Group for the current quarter and financial year to date is slightly higher than the current statutory tax rate mainly due to non tax deductibility of some expenses.

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) There is no purchase or disposal of quoted securities for the current quarter and financial year to date.
- (b) There is no investment in quoted securities as at 30 September 2011.

- 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 utilisation of proceeds raised from any corporate proposal.**

(a) and (b) not applicable.

B9 Group bank borrowings:

Total group borrowings as at 30 September 2011 are as follows:-

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	81,342	3,830
Unsecured	136,239	5,620
Denominated in US Dollar:		
Secured	1,383	-
Unsecured	4,605	-
Denominated in Vietnam VND:		
Secured	1,498	-
Total Bank Borrowings	225,067	9,450

B10 Disclosure of derivatives

The list of outstanding derivatives as at 30 September 2011 is as follows:

Type of Derivatives :	Notional Value	Fair Value
Forward Foreign currency contract	RM'000	RM'000
Bank buy :		
- Less than 1 year	3,068	3,182
Bank sell :		
- Less than 1 year	5,595	5,757

The above foreign currency contracts were executed with creditworthy financial institutions and hence the likelihood of non performance is remote.

B11 Material litigation since the last financial year ended 31 December 2010 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 November 2011, there were no changes in material litigation, including the status of pending material litigation since the last financial year ended 31 December 2010.

B12 Dividend

The Directors do not recommend any interim dividend for the current quarter under review.

B13 Earnings per share

	Current Quarter Ended 30/09/2011
Basic	
Net profit attributable to ordinary shareholder (RM'000)	6,978
Number of ordinary shares as at 1 Jan 2010 after net off treasury shares	174,061
Effect of warrants exercised	-
Effect of shares repurchased	-
Weighted average number of ordinary shares in issue ('000)	<u>174,061</u>
Basic earnings per share (sen)	4.01
Diluted	
The diluted earnings per share is not disclosed as it is not applicable.	

B14 Realised and unrealised profits/losses disclosure

	As at Current Financial Period Ended 30/09/2011 RM'000	As at Preceding Financial Year Ended 31/12/2010 RM'000
Total retained profits / (accumulated losses) of the Company and the subsidiaries:		
- Realised	94,791	87,675
- Unrealised	(4,023)	(4,272)
	<u>90,768</u>	<u>83,403</u>
Total retained profits / (accumulated losses) from associates companies:		
- Realised	24,566	23,438
- Unrealised	(1,516)	(1,468)
	<u>113,818</u>	<u>105,373</u>
Less: Consolidation adjustments	(23,850)	(24,530)
Total group retained profits as per consolidated accounts	<u>89,968</u>	<u>80,843</u>