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 cyclicality 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 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

	Trading	Manufacturing	Investment	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External Sales	120,241	412,944	1,814	-	534,999
Inter-segment revenue	594	68,755	12,744	(82,093)	-
Total Revenue	**120,835**	**481,699**	**14,558**	**(82,093)**	**534,999**
Segment Result	**3,265**	**22,440**	**7,359**	**(6,665)**	**26,399**
Profit from operations					**26,399**
Finance costs					(13,371)
Interest Income					248
Share of results of associates					1,463
Profit before tax					**14,739**

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 31/12/2011
	RM'000
Property, plant and equipment	
Authorized and contracted for	3,261
Authorized and not contracted for	107

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 RM128.3 million and RM535.0 million respectively, both were lower by 4.5% and 3.4% over the same period last year. Profit for the quarter under review at RM0.69 million as compared to a loss of RM1.1 million last year, on the year-to-date basis the Group also reported a net profit of RM11.0 million for year ended 31 Dec 2011, this is 8.4% lower than last YTD's performance.

The improvement in current quarter's earnings as compared to the same period last year was mainly due to some improvement in sales margin towards the end of the quarter as compared to the extremely depressing prices and sales margin during the same quarter of last year. Besides, better performance derived from the end product manufacturing units during the quarter under review also helped to boost up the overall performance.

On the oversea investment, due to the extremely unfavorable 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 cashflow requirement and mitigate losses; hence the Group's overall yearly profits were slightly lower than last year.

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 marginally lower than the immediate preceding quarter's RM129.5 million. Profit before tax also reduced from the immediate preceding quarter's RM2.81 million to RM0.88 million for the quarter under review.

The substantial reduction in profit before taxation was partly due to the continuous sluggish market demand and depressed selling price of our intermediaries products sold to the industries, whereby steel material prices had been declining since the middle of the year. In addition to that, there was additional allowance provided for doubtful debts by one of the subsidiaries as well as the impairment of some assets during the quarter under review.

B3 Prospects

Economic data released by Bank Negara lately showed that domestic demand remains the engine of growth for Malaysia as external headwinds drag exports lower. The country's gross domestic product (GDP) grew 5.2% in the fourth quarter of 2011 compared with the same period a year ago, while full-year growth came in at 5.1%

Going forward, amidst slowdown and uncertainties in global economies and market sentiments, steel prices remained volatile though slight recovery emerged lately but its sustainability remained to be seemed. 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.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 31/12/2011 RM'000	Current Year To Date 31/12/2011 RM'000
Current taxation	569	4,257
Deferred taxation	(379)	(811)
In respect of prior years	6	260
	196	3,706

The average effective tax rate of the Group for the current quarter is slightly lower than the current statutory tax rate mainly due to availability of tax losses, unutilised capital allowance and reinvestment allowance.

B6 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.

Not applicable.

B7 Group bank borrowings:

Total group borrowings as at 31 December 2011 are as follows:-

	Short Term Borrowing	**Long Term Borrowing**
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	73,968	2,755
Unsecured	139,421	4,995
Denominated in US Dollar:		
Secured	6,598	-
Unsecured	3,514	-
Denominated in Vietnam VND:		
Secured	-	-
Total Bank Borrowings	**223,501**	**7,750**

B8 Material litigation since the date of the last annual statement of financial which must be made up to a date not earlier than 7 days from the date of issue of the quarterly report

As at 23 February 2012, there were no changes in material litigation, including the status of pending material litigation since the last financial year ended 31 December 2010.

B9 Dividend

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

B10 Earnings per share

	Current Quarter Ended 31/12/2011
Basic	
Net profit attributable to ordinary shareholder (RM'000)	7,466
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)	174,061
Basic earnings per share (sen)	4.29

Diluted
The diluted earnings per share is not disclosed as it is not applicable.

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B11 Realised and unrealised profits/losses disclosure

	As at Current Financial Period Ended 31/12/2011 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	91,238	87,675
- Unrealised	(3,583)	(4,272)
	87,655	83,403
Total retained profits / (accumulated losses) from associates companies:		
- Realised	24,949	23,438
- Unrealised	(1,516)	(1,468)
	111,088	105,373
Less: Consolidation adjustments	(20,622)	(24,530)
Total group retained profits as per consolidated accounts	90,466	80,843

B12 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:		**Current Quarter** 31/12/2011 RM'000	**Current Year To Date** 31/12/2011 RM'000
(a)	Interest income	40	248
(b)	Other income	1,577	10,241
(c)	Interest expense	(2,984)	(13,371)
(d)	Depreciation and amortization	(2,423)	(9,320)
(e)	Provision (for) and written off of receivables	(1,573)	(900)
(f)	Provision (for) and written off of inventories	503	752
(g)	Gain / (loss) on disposal of quoted / unquoted investment / properties	N/A	N/A
(h)	Impairment of assets	(290)	(650)
(i)	Foreign exchange gain/(loss) - Realised and unrealised	70	48
(j)	Gain / (loss) on derivatives	98	120
(k)	Exceptional items	N/A	N/A