

PART A: EXPLANATION NOTES AS PER MFRS 134

A1 Basis of Preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.

The explanatory notes attached to these condensed consolidated 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 2015.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, except for the adoption of the following Amendments and Annual Improvements to Standards which are effective for annual periods beginning on or after 1 January 2016:

- Annual Improvements to MFRSs 2012-2014 Cycle
- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities : Applying the Consolidation Exception*
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14 *Regulatory Deferral Accounts*
- Amendments to MFRS 101 : *Disclosure Initiative*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture : Bearer Plants*
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*

The above standards, amendments and annual improvements do not have significant impact on the financial reporting of the Group.

A2 Audit Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2015 was not qualified.

A3 Seasonal or cyclicity factors

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

A4 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.

A5 Changes in estimates

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

A6 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 June 2016.

A7 Dividends paid (aggregate or per share) separately for ordinary share and other shares

A final single-tier dividend of 4.0% (2.0 sen per ordinary share) , amounting to RM3,523,161 in respect of the financial year ended 31 December 2015 was paid on 19 August 2016.

A8 Segment Information for the current financial year to date

	<u>Trading</u>	<u>Manufacturing</u>	<u>Investment</u>	<u>Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External Sales	72,632	224,557	816	-	298,005
Inter-segment revenue	2,081	40,025	1,276	(43,382)	-
Total Revenue	74,713	264,582	2,092	(43,382)	298,005
Segment Result	4,419	13,875	(18)	(148)	18,128
Profit from operations					18,128
Finance costs					(6,056)
Interest Income					336
Share of results of associates					1,381
Profit before tax					13,789

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.

A9 Valuations of property, plant and equipment

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

A10 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.

A11 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

There were no changes in the composition of the Company for the financial period under review.

A12 Changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2015

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.

A13 Capital commitments

	As at 30/06/2016
	RM'000
Property, plant and equipment	
Authorized and contracted for	2,187
Authorized and not contracted for	449

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 and Profit before taxation ("PBT") for the quarter under review were RM153.03 million and RM8.59 million respectively. Though revenue increased slightly by 6.0 % over the same quarter of last year, PBT for the quarter under review has increased substantially(147.3 %) mainly due to strong improvement in sales margin in line with some rebound in steel prices as well as on-going efficiencies improvement in operations and supply chain management. As such, YTD PBT were also substantially higher (60.3%) than the same period last year as a result of the effects mentioned above besides taking in positive contribution from the associate company .

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 increased by 5.6 % from RM144.97 million to RM153.03 million. PBT for the quarter under review improved by 65.6% from RM5.19 million of the immediate preceding quarter, this was mainly due to better margin on rebound steel prices as well as the continuous improvement in operational efficiencies and cost control.

B3 Prospects

Malaysia GDP grew at only 4.0% during the quarter under review, this continued the downward growth trend of preceding quarters with slow and lackluster domestic demand. Domestic interest rates has been reduced slightly in previous month as an attempt to stimulate economic growth amid the lingering effect of GST , impact from lower crude oil prices as well as the weak Malaysian currency. In the meantime, recent rebound in steel prices has begun the reverse trend and market demand remained weak. Against this backdrop, the Board foresee the remaining period of the year to be very challenging. Barring unforeseen circumstances, the Board expects the overall financial performance of the year to be better than the prior year.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 30/06/2016 RM'000	Current Year To Date 30/06/2016 RM'000
Current taxation	1,174	2,006
Deferred taxation	925	1,166
In respect of prior years	-	-
	2,099	3,172

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 30 June 2016 are as follows:-

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	70,349	15,155
Unsecured	114,269	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	184,618	15,155

Prestar Resources Berhad (123066-A)
Notes to the Interim Financial Report for the period ended 30 June 2016

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

The Group is not engaged in any material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group.

B9 Dividend

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

B10 Earnings per share

Basic

Basic earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial year.

	Current Quarter 30/06/2016	Preceding Quarter 30/06/2015	Current Year to date 30/06/2016	Preceding Year to date 30/06/2015
Net profit/(loss) attributable to ordinary shareholders (RM'000)	5,172	1,834	8,323	4,434
Weighted average number of ordinary shares in issue ('000)	175,176	175,083	175,129	175,083
Basic earnings per share (sen)	2.95	1.05	4.75	2.53

Diluted

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding in issue during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Current Quarter 30/06/2016	Preceding Quarter 30/06/2015	Current Year to date 30/06/2016	Preceding Year to date 30/06/2015
Net profit attributable to ordinary shareholders (RM'000)	5,172	1,834	8,323	4,434
Weighted average number of ordinary shares in issue ('000)	175,176	175,083	175,129	175,083
Effect of dilution – ESOS ('000)	1,488	-	1,488	-
Weighted average number of ordinary shares in issue ('000) – diluted	176,664	175,083	176,617	175,083
Diluted earnings per share (sen)	2.93	1.05	4.71	2.53

B11 Realised and unrealised profits/losses disclosure

	As at Current Financial Period Ended 30/06/2016 RM'000	As at Preceding Financial Year Ended 31/12/2015 RM'000
Total retained profits / (accumulated losses) of the Company and the subsidiaries:		
- Realised	155,668	144,621
- Unrealised	<u>(11,850)</u>	<u>(10,056)</u>
	143,818	134,565
 Total retained profits / (accumulated losses) from associates companies:		
- Realised	22,137	19,206
- Unrealised	<u>(996)</u>	<u>554</u>
	164,959	154,325
 Less: Consolidation adjustments	<u>(34,274)</u>	<u>(31,963)</u>
Total group retained profits as per consolidated accounts	<u>130,685</u>	<u>122,362</u>

B12 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 30/06/2016 RM'000	Current Year To Date 30/06/2016 RM'000
(a) Interest income	152	336
(b) Other income	1,233	1,580
(c) Interest expense	(2,889)	(6,056)
(d) Depreciation and amortization	(3,071)	(5,804)
(e) Provision (for) and written off of receivables	(801)	(1,080)
(f) Provision (for) and written off of inventories	(358)	(663)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	N/A	N/A
(h) Impairment of assets	(1,495)	(1,495)
(i) Foreign exchange gain/(loss) - Realised and unrealized	(151)	(303)
(j) Gain / (loss) on derivatives	122	(270)
(k) Exceptional items	N/A	N/A