

PRESTAR RESOURCES BHD (123066-A)

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the 3rd financial quarter ended 30 September 2019

| | Individual Quarter | | Cumulative Quarter | |
|---|--|--|--|---|
| | Current Year 3rd Quarter 01/07/2019 to 30/09/2019 RM'000 | Preceding Year Corresponding Quarter RM'000 | Current Year To-date 01/01/2019 to 30/09/2019 RM'000 | Preceding Year Corresponding Period RM'000 |
| Revenue | 117,134 | 139,043 | 342,394 | 382,747 |
| Cost of sales | (116,387) | (126,744) | (322,986) | (343,118) |
| Gross profit | 747 | 12,299 | 19,408 | 39,629 |
| Other operating income | 17,187 | 1,115 | 20,397 | 3,335 |
| Operating expenses | (13,500) | (9,223) | (31,723) | (25,885) |
| Profit from operations | 4,434 | 4,191 | 8,082 | 17,079 |
| Finance costs | (2,444) | (2,857) | (8,534) | (7,768) |
| Interest income | 136 | 94 | 332 | 423 |
| Share of results of associates | (20) | (283) | 356 | 1,664 |
| Profit before taxation | 2,106 | 1,145 | 236 | 11,398 |
| Tax expenses | 573 | (291) | (80) | (3,542) |
| Profit from continuing operations | 2,679 | 854 | 156 | 7,856 |
| Operations of disposal group (Tashin enroute IPO) ** Profit / (Loss) from operations of disposal group (Tashin enroute IPO), net of tax | (886) | 2,392 | 4,343 | 8,321 |
| Profit for the period | 1,793 | 3,246 | 4,499 | 16,177 |
| Other comprehensive income from continuing operations | | | | |
| Foreign currency translation differences for foreign operation | 13 | 11 | (13) | 62 |
| Other comprehensive income for the period, net of tax | 13 | 11 | (13) | 62 |
| Total comprehensive income for the period | 1,806 | 3,257 | 4,486 | 16,239 |

| | Individual Quarter | | Cumulative Quarter | |
|---|--|--|--|---|
| | Current Year 3rd Quarter 01/07/2019 to 30/09/2019 | Preceding Year Corresponding Quarter | Current Year To-date 01/01/2019 to 30/09/2019 | Preceding Year Corresponding Period |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit / (Loss) attributable to: | | | | |
| Owners of the company | | | | |
| - from continuing operations | 2,704 | 921 | 198 | 8,015 |
| - from operations of disposal group (Tashin enroute IPO) | (452) | 1,220 | 2,215 | 4,244 |
| | 2,252 | 2,141 | 2,413 | 12,259 |
| Non-controlling interest | | | | |
| - from continuing operations | (25) | (67) | (42) | (159) |
| - from operations of subsidiaries enroute IPO | (434) | 1,172 | 2,128 | 4,077 |
| | 1,793 | 3,246 | 4,499 | 16,177 |
| Total comprehensive income attributable to: | | | | |
| Owners of the company | | | | |
| - from continuing operations | 2,717 | 932 | 185 | 8,077 |
| - from operations of disposal group (Tashin enroute IPO) | (452) | 1,220 | 2,215 | 4,244 |
| | 2,265 | 2,152 | 2,400 | 12,321 |
| Non-controlling interest | | | | |
| - from continuing operations | (25) | (67) | (42) | (159) |
| - from operations of disposal group (Tashin enroute IPO) | (434) | 1,172 | 2,128 | 4,077 |
| | 1,806 | 3,257 | 4,486 | 16,239 |
| Earnings per share (sen) | | | | |
| Basic | | | | |
| - from continuing operations | 1.38 | 0.47 | 0.10 | 4.07 |
| - from operations of disposal group (Tashin enroute IPO) | (0.23) | 0.62 | 1.13 | 2.16 |
| | 1.15 | 1.09 | 1.23 | 6.23 |
| Diluted | | | | |
| - from continuing operations | 1.38 | 0.47 | 0.10 | 4.07 |
| - from operations of disposal group (Tashin enroute IPO) | (0.23) | 0.62 | 1.13 | 2.15 |
| | 1.15 | 1.09 | 1.23 | 6.22 |

** Pursuant to the Corporate proposal as disclosed in Note B6(ii) - Proposed Initial Public Offering of Tashin group ("Disposal Group") of this Interim Report, the disposal group held for sale is presented in line with the requirement of *MFRS 5 Non-Current Assets held for Sale and Discontinued Operations*. Corresponding figures had been restated for comparative purpose.

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

PRESTAR RESOURCES BHD (123066-A)

Unaudited Condensed Consolidated Statement of Financial Position as at 30 September 2019

| | As at 30/09/2019 RM'000 | As at 31/12/2018 RM'000 |
|---|-------------------------------|-------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 136,394 | 121,402 |
| Right-of-use assets | 365 | - |
| Investment properties | 1 | 1 |
| Intangible assets | 1,675 | 1,675 |
| Investments in associates | 113,653 | 44,691 |
| | 252,088 | 167,769 |
| Current assets | | |
| Inventories | 116,154 | 140,976 |
| Trade receivables | 102,625 | 127,294 |
| Other receivables | 15,397 | 22,468 |
| Tax Recoverable | 3,361 | 1,707 |
| Cash and bank balances | 23,945 | 18,867 |
| | 261,482 | 311,312 |
| Assets held for sale ** | - | 174,762 |
| TOTAL ASSETS | 513,570 | 653,843 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 106,608 | 106,608 |
| Reserves | 182,658 | 181,337 |
| Treasury shares | (7,733) | (7,720) |
| | 281,533 | 280,225 |
| Non-controlling interest | 140 | 66,007 |
| Total equity | 281,673 | 346,232 |
| Non-current liabilities | | |
| Hire purchase liabilities | 4,029 | 6,789 |
| Bank borrowings | 16,726 | 2,571 |
| Lease liabilities | 213 | - |
| Deferred taxation | 8,128 | 8,036 |
| Retirement benefit obligations | 3,957 | 3,798 |
| | 33,053 | 21,194 |
| Current liabilities | | |
| Trade payables | 19,272 | 16,319 |
| Other payables | 11,129 | 13,491 |
| Derivative liabilities | 425 | 245 |
| Hire purchase liabilities | 3,701 | 3,976 |
| Bank borrowings | 164,161 | 211,539 |
| Lease liabilities | 156 | - |
| Taxation | - | 268 |
| | 198,844 | 245,838 |
| Liabilities held for sale ** | - | 40,579 |
| Total liabilities | 231,897 | 307,611 |
| TOTAL EQUITY AND LIABILITIES | 513,570 | 653,843 |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | 1.44 | 1.43 |

** The Assets and Liabilities held for sale as shown above are pursuant to MFRS5 in respect of the Proposed Initial Public Offering of Tashin group as disclosed in Note B6(ii).

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

PRESTAR RESOURCES BHD (123066-A)

Unaudited Condensed Consolidated Statement of Changes in Equity
For the 3rd financial quarter ended 30 September 2019

| | <----- Non-distributable -----> | | | | | | | | | | Distributable | | Total | | |
|--|---------------------------------|---------------|---------------------|-----------------------|------------------------|-----------------|------------------|--|---------------------------|--------------|---------------|--------|--------|--------|--------|
| | Share Capital | Share Premium | Translation Reserve | Share Options reserve | Reorganisation reserve | Treasury Shares | Retained profits | Total attributable to owners of the parent | Non-controlling Interests | Total Equity | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2018 | 103,411 | 3,058 | (33) | 1,212 | - | (5,873) | 176,597 | 278,372 | 60,859 | 339,231 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Adjustment on initial application of MFRS 9 | - | - | - | - | - | - | (1,571) | (1,571) | (140) | (1,711) | | | | | |
| At 1 January 2018 (Restated) | 103,411 | 3,058 | (33) | 1,212 | - | (5,873) | 175,026 | 276,801 | 60,719 | 337,520 | | | | | |
| Total comprehensive income | - | - | 62 | - | - | - | 12,259 | 12,321 | 3,918 | 16,239 | | | | | |
| Share buy-back | - | - | - | - | - | (1,676) | - | (1,676) | - | (1,676) | | | | | |
| Dividend paid | - | - | - | - | - | - | (5,896) | (5,896) | - | (5,896) | | | | | |
| Issue of shares pursuant to ESOS | 119 | - | - | - | - | - | - | 119 | - | 119 | | | | | |
| At 30 September 2018 | 103,530 | 3,058 | 29 | 1,212 | - | (7,549) | 181,389 | 281,669 | 64,637 | 346,306 | | | | | |
| At 1 January 2019 | 106,608 | - | (2) | 1,192 | - | (7,720) | 180,147 | 280,225 | 66,007 | 346,232 | | | | | |
| Adjustment on initial application of MFRS 16 | - | - | - | - | - | - | (3) | (3) | (1) | (4) | | | | | |
| At 1 January 2019 (Restated) | 106,608 | - | (2) | 1,192 | - | (7,720) | 180,144 | 280,222 | 66,006 | 346,228 | | | | | |
| Total comprehensive income | - | - | (13) | - | - | - | 2,413 | 2,400 | 2,086 | 4,486 | | | | | |
| Acquisition of subsidiary | - | - | - | - | (97) | - | - | (97) | (93) | (190) | | | | | |
| Arising from disposal of subsidiaries | - | - | - | - | - | - | - | - | (66,634) | (66,634) | | | | | |
| Shares buy-back | - | - | - | - | - | (13) | - | (13) | - | (13) | | | | | |
| Dividend paid | - | - | - | - | - | - | (979) | (979) | (1,225) | (2,204) | | | | | |
| At 30 September 2019 | 106,608 | - | (15) | 1,192 | (97) | (7,733) | 181,578 | 281,533 | 140 | 281,673 | | | | | |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

PRESTAR RESOURCES BHD (123066-A)

**Unaudited Condensed Consolidated Statement of Cash Flows
For the 3rd financial quarter ended 30 September 2019**

| | 30/09/2019 RM'000 | 30/09/2018 RM'000 |
|---|----------------------|----------------------|
| Profit before taxation | | |
| From continuing operations | 236 | 11,308 |
| From operations of disposal group (Tashin enroute IPO) | 6,073 | 11,101 |
| | 6,309 | 22,409 |
| Adjustments for :- | | |
| Non-cash items | (98,061) | 9,196 |
| Non-operating items | 8,915 | 9,857 |
| Operating profit before working capital changes | (82,837) | 41,462 |
| Net change in current assets | 166,898 | (14,784) |
| Net change in current liabilities | (17,407) | (34,430) |
| Tax paid | (3,235) | (10,517) |
| Net cash from / (used in) operating activities | 63,419 | (18,269) |
| Investing activities | | |
| Interest received | 476 | 546 |
| Dividend received | 216 | 777 |
| Net Proceeds from disposal of subsidiaries | 16,504 | - |
| Proceeds from disposal of property, plant and equipment | 54 | 273 |
| Purchase of property, plant and equipment | (6,112) | (11,876) |
| Net cash used in investing activities | 11,138 | (10,280) |
| Financing activities | | |
| Interest paid | (9,392) | (10,405) |
| Net Proceeds from issuance of ordinary shares | - | 119 |
| (Repayments)/Drawdown of borrowings | (72,277) | 3,489 |
| Repayments of lease liabilities | (180) | - |
| Dividend paid | (979) | (5,896) |
| Dividend paid to non-controlling interests | (1,225) | - |
| Shares buy-back | (13) | (1,676) |
| Net cash used in financing activities | (84,066) | (14,369) |
| Net decrease in cash and cash equivalent | (9,509) | (42,918) |
| Cash and cash equivalents at 1 January | 32,567 | 76,939 |
| Effect of exchange rate changes | 10 | (28) |
| | 23,068 | 33,993 |
| Cash and cash equivalents transferred to operations of disposal group (Tashin enroute IPO) | - | (17,118) |
| Cash and cash equivalents at 30 September | 23,068 | 16,875 |
| Cash and cash equivalents comprise: | | |
| Continuing operations | | |
| Fixed deposits with licensed banks | 500 | 500 |
| Cash and bank balances | 23,445 | 17,816 |
| Bank overdrafts | (877) | (1,441) |
| | <u>23,068</u> | <u>16,875</u> |
| Operations of disposal group (Tashin enroute IPO) | | |
| Fixed deposits with licensed banks | - | - |
| Cash and bank balances | - | 17,118 |
| Bank overdrafts | - | - |
| | <u>-</u> | <u>17,118</u> |
| Less : Fixed deposits pledged to licensed banks | - | - |
| | <u>-</u> | <u>17,118</u> |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

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 2018.

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 2018.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2018, except for the adoption of the following new MFRSs, Amendments to MFRSs and Interpretations which are effective for annual periods beginning on or after 1 January 2019:

| | Effective Date |
|---|----------------|
| MFRS 16 Leases | 1 January 2019 |
| IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i> | 1 January 2019 |
| Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i> | 1 January 2019 |
| Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i> | 1 January 2019 |
| Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i> | 1 January 2019 |
| Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i> | 1 January 2019 |
| Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i> | 1 January 2019 |
| Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i> | 1 January 2019 |
| Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i> | 1 January 2019 |
| Amendments to <i>References to the Conceptual Framework in MFRS Standards</i> | 1 January 2020 |
| Amendments to MFRS 3 <i>Definition of a Business</i> | 1 January 2020 |
| Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i> | 1 January 2020 |
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2021 |

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 2018 was not qualified.

A3 Seasonal or cyclicity factors

The Group faces minor seasonal fluctuations during the major festive seasons 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

(i) Shares buy-back

During the current financial quarter, the Company repurchased 30,000 of its issued share capital from the open market at an average price of RM0.425 per share. The total consideration paid was RM12,751. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities other than as disclosed above for the current quarter and financial year to date.

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

A final single-tier dividend of 0.5 sen per ordinary share, amounting to RM978,519 in respect of the financial year ended 31 December 2018 was paid on 26 July 2019.

A8 Segment Information for the current financial year to date

| | <u>Trading</u> | <u>Manufacturing</u> | <u>Investment</u> | <u>Total continuing operations</u> | <u>Operations of disposal group (Tashin enroute IPO)</u> | <u>Total</u> |
|--------------------------------|----------------|----------------------|-------------------|------------------------------------|--|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | | |
| Total Revenue | 110,434 | 280,393 | 5,228 | 396,055 | 161,702 | 557,757 |
| Inter-segment revenue | (5,669) | (43,969) | (4,023) | (53,661) | (23,519) | (77,180) |
| External Sales | 104,765 | 236,424 | 1,205 | 342,394 | 138,183 | 480,577 |
| Segment Result | (1,379) | (5,941) | 15,402 | 8,082 | 6,787 | 14,869 |
| Finance costs | | | | (8,534) | (858) | (9,392) |
| Interest Income | | | | 332 | 144 | 476 |
| Share of results of associates | | | | 356 | - | 356 |
| Profit before tax | | | | 236 | 6,073 | 6,309 |

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

Upon successful listing of Tashin Holdings Berhad ("THB") (51% - owned subsidiary), on the ACE Market of Bursa Securities on 1 August 2019, THB has become an associate of the Group.

Equity held at 31 July 2019 : 51%
 Equity held at 1 August 2019 : 34%

A12 Changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2018

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 30/09/2019

RM'000

Property, plant and equipment

| | |
|-------------------------------|-------|
| Authorized and contracted for | 7,370 |
| Authorized and not contracted | 2,978 |

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")

Note : The figures stated below has been restated "in line with the requirements of MFRS 5"

Continuing Operations (Operations excluding Tashin group)

| | Individual Period (^{3rd} quarter) | | Increase / (Decrease) | | Cumulative Period | | Increase / (Decrease) | |
|------------------------|--|--|--------------------------|--------|---|---|--------------------------|--------|
| | Current Year Quarter 01.07.2019 to 30.09.2019 RM'000 | Preceding Year Corresponding Quarter 01.07.2018 to 30.09.2018 RM'000 | RM'000 | % | Current Year to- date 01.01.2019 to 30.09.2019 RM'000 | Preceding Year Corresponding Period 01.01.2018 to 30.09.2018 RM'000 | RM'000 | % |
| Revenue | 117,134 | 139,043 | (21,909) | (15.8) | 342,394 | 382,747 | (40,353) | (10.5) |
| Profit from operations | 4,434 | 4,191 | 243 | 5.8 | 8,082 | 17,079 | (8,997) | (52.7) |
| Profit Before Tax | 2,106 | 1,145 | 961 | 83.9 | 236 | 11,398 | (11,162) | (97.9) |
| Profit for the period | 2,679 | 854 | 1,825 | 213.7 | 156 | 7,856 | (7,700) | (98.0) |

**Operations of disposal group
(Tashin enroute IPO)**

| | Individual Period (^{3rd} quarter) | | Increase / (Decrease) | | Cumulative Period | | Increase / (Decrease) | |
|-------------------------------------|--|--|--------------------------|---------|---|---|--------------------------|--------|
| | Current Year Quarter 01.07.2019 to 30.09.2019 RM'000 | Preceding Year Corresponding Quarter 01.07.2018 to 30.09.2018 RM'000 | RM'000 | % | Current Year to- date 01.01.2019 to 30.09.2019 RM'000 | Preceding Year Corresponding Period 01.01.2018 to 30.09.2018 RM'000 | RM'000 | % |
| Revenue | 19,569 | 67,902 | (48,333) | (71.2) | 138,183 | 203,152 | (64,969) | (32.0) |
| Profit/(Loss) from operations | (837) | 3,632 | (4,469) | (123.0) | 6,787 | 13,525 | (6,738) | (49.8) |
| Profit/(Loss) Before Tax | (996) | 2,959 | (3,955) | (133.7) | 6,073 | 11,011 | (4,938) | (44.8) |
| Profit/(Loss) for the period | (886) | 2,392 | (3,278) | (137.0) | 4,343 | 8,321 | (3,978) | (47.8) |

Continuing Operations (Operations excluding Tashin group)

Group revenue and Profit before taxation ("PBT") for the quarter under review were RM117.1million and RM2.1 million respectively. Compared with the same quarter last year, revenue reduced by 15.8% as market demand were weak and sluggish. A few subsidiaries were also reporting operational losses during the quarter due to squeezed margin amid stiff competition and low demand. In line with unfavourable market conditions and requirement of accounting standards, substantial amount of provisions were made for lower realizable value of inventories, accounts receivables and impairment of some machineries. Nevertheless, PBT was slightly higher than the same quarter last year mainly due to recognition of investment gain upon listing of a subsidiary during the quarter.

Operations of disposal group (Tashin enroute IPO)

Tashin Group revenue for the quarter under review were RM19.6 million and Loss before taxation of RM0.99 million. These were the figures for July month only and uncomparable to the preceding year corresponding quarter as Tashin group was listed on 1 August 2019 and reported under equity accounting method – share of results of associate.

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

| | Current Quarter | | | Preceding Quarter | | | Increase/(Decrease) | |
|--------------------------------|---|---|---|---|---|---|---------------------------------|-------------------------------------|
| | Continuing Operations 01.07.2019 to 30.09.2019 RM'000 | Disposal group Operations 01.07.2019 to 30.09.2019 RM'000 | Total 01.07.2019 to 30.09.2019 RM'000 | Continuing Operations 01.04.2019 to 30.06.2019 RM'000 | Disposal group Operations 01.04.2019 to 30.06.2019 RM'000 | Total 01.04.2019 to 30.06.2019 RM'000 | Continuing Operations RM'000 | Disposal group Operations RM'000 |
| Revenue | 117,134 | 19,569 | 136,703 | 112,421 | 55,835 | 168,256 | 4,713 | (36,266) |
| Profit/(Loss) from operations | 4,434 | (837) | 3,597 | 4,762 | 2,693 | 7,455 | (328) | (3,530) |
| Profit / (Loss) Before Tax | 2,106 | (996) | 1,110 | 1,597 | 2,360 | 3,957 | 509 | (3,356) |
| Profit / (Loss) for the period | 2,679 | (886) | 1,793 | 1,091 | 1,755 | 2,846 | 1,588 | (2,641) |

Continuing Operations (Operations excluding Tashin group)

Compared with the immediate preceding quarter, Group revenue for the quarter under review rose marginally to RM117.1 million with slight higher sales of a few subsidiaries. Profit before tax for the quarter under review were RM2.1 million as compared to RM1.6 million of the immediate preceding quarter. Marginal improvement in PBT was mainly due exceptional other income as mentioned above.

Operations of disposal group (Tashin enroute IPO)

Tashin Group revenue for the quarter under review were RM19.6 million and Loss before tax of RM0.99 million. These were the figures for July month only and uncomparable to the preceding quarter as Tashin group was listed on 1 August 2019 and reported under equity accounting method – share of results of associate.

B3 Prospects

During the quarter under review, Malaysia real GDP grew at slower pace of 4.4% % YoY, as a result of weak domestic demand amid lower exports and contraction in investments. General outlook for the rest of the year remained cautious and less robust in view of continued USA-China trade war tension, volatile commodity prices and foreign exchange, especially Ringgit against US Dollar

Meanwhile, local steel market remained sluggish as demands falling amid stiff competition coupled with continued drop in global steel prices. Against this backdrop, the Board will continue to adopt cautious approach in its business decisions; focusing on efficient working capital management and improving operational efficiencies.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

| | Current Quarter 30/09/2019 RM'000 | Current Year To Date 30/09/2019 RM'000 |
|--|---|--|
| <u>Continuing operations</u> | | |
| Current taxation | 372 | 822 |
| Deferred taxation | (111) | 92 |
| In respect of prior years | (834) | (834) |
| | (573) | 80 |
| <u>Operations of disposal group (Tashin enroute IPO)</u> | | |
| Current taxation | (110) | 1,010 |
| Deferred taxation | - | 720 |
| In respect of prior years | - | - |
| | (110) | 1,730 |

The average effective tax rate of the Group for the financial year (YTD) to date is higher than the current statutory tax rate mainly due to non tax deductibility of some expenses as well as losses at some subsidiaries.

There were some reversal of tax charges at current quarter mainly due to the application of Group relief as well as written back of over provisions at some subsidiaries upon completion of prior year tax computation.

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.

- (i) On 1 August 2019, the Company announced that the listing of its 51%-owned subsidiary, Tashin Holdings Berhad (“THB”) on the ACE Market of Bursa Securities (“IPO”) has been completed following the listing of and quotation of the entire share capital of THB on the ACE Market of Bursa Securities. THB became an associate of the Company as the Company now holds only 34% of the enlarge capital of THB.

Based on the issue price of RM0.58 per share for the offer for sale of 29,071,000 Offer Shares, the gross proceeds arising from the Offer for Sale amounting to RM16.9 million has been utilised in the following manner:

| Utilisation of proceeds | RM'000 | Estimated timeframe for utilisation |
|--------------------------------|---------------|--|
| Repayment of bank borrowings | 16,340 | 1 month |
| Expenses relating to OFS | 521 | 1 month |
| Total proceeds | 16,861 | |

The utilization of proceeds as disclosed above should be read in conjunction with the Circular to Shareholders dated 25 February 2019.

- (ii) On 28 December 2018, Prestar Storage System Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement with GMS Purnamax (M) Sdn. Bhd. (formerly known as GMS Purnaimpex Sdn. Bhd.) for the acquisition of all that piece of freehold land and building held under Individual Title Geran 86347, Lot No. 202, Seksyen 19, Bandar Rawang, Selangor, measuring approximately 8,093 square metres together with a three (3) storey building and a single storey warehouse, at a total purchase consideration of RM14,500,000 (Ringgit Malaysia: Fourteen Million and Five Hundred Thousand) only ("**Proposed Acquisition**"). The Proposed Acquisition was completed on 18 October 2019.

B7 Group bank borrowings:

Total group borrowings as at 30 September 2019 are as follows:-

Continuing operations

| | Short Term Borrowing | Long Term Borrowing |
|---|----------------------|---------------------|
| | RM'000 | RM'000 |
| Denominated in Ringgit Malaysia: | | |
| Secured | 38,986 | 16,726 |
| Unsecured | 125,175 | - |
| | | |
| Denominated in US Dollar: | | |
| Secured | - | - |
| Unsecured | - | - |
| Total Bank Borrowings | 164,161 | 16,726 |

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 30/09/2019 | Preceding Quarter 30/09/2018 | Current Year to date 30/09/2019 | Preceding Year to date 30/09/2018 |
|--|----------------------------------|------------------------------------|---------------------------------------|---|
| Net profit attributable to ordinary shareholders (RM'000) | | | | |
| - Continuing operations | 2,704 | 921 | 198 | 8,015 |
| - Operations of disposal group (Tashin enroute IPO) | (452) | 1,220 | 2,215 | 4,244 |
| | <hr/> 2,252 | <hr/> 2,141 | <hr/> 2,413 | <hr/> 12,259 |
| Weighted average number of ordinary shares in issue ('000) | 195,696 | 196,171 | 195,701 | 196,833 |
| Basic earnings per share (sen) | | | | |
| - Continuing operations | 1.38 | 0.47 | 0.10 | 4.07 |
| - Operations of disposal group (Tashin enroute IPO) | (0.23) | 0.62 | 1.13 | 2.16 |
| | <hr/> 1.15 | <hr/> 1.09 | <hr/> 1.23 | <hr/> 6.23 |

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 30/09/2019 | Preceding Quarter 30/09/2018 | Current Year to date 30/09/2019 | Preceding Year to date 30/09/2018 |
|--|----------------------------------|------------------------------------|---------------------------------------|---|
| Net profit attributable to ordinary shareholders (RM'000) | | | | |
| - Continuing operations | 2,704 | 921 | 198 | 8,015 |
| - Operations of disposal group (Tashin enroute IPO) | (452) | 1,220 | 2,215 | 4,244 |
| | 2,252 | 2,141 | 2,413 | 12,259 |
| Weighted average number of ordinary shares in issue ('000) | 195,696 | 196,171 | 195,701 | 196,833 |
| Effect of dilution – ESOS ('000) | - | 239 | - | 239 |
| Weighted average number of ordinary shares in issue ('000) – diluted | 195,696 | 196,410 | 195,701 | 197,072 |
| Diluted earnings per share (sen) | | | | |
| - Continuing operations | 1.38 | 0.47 | 0.10 | 4.07 |
| - Operations of disposal group (Tashin enroute IPO) | (0.23) | 0.62 | 1.13 | 2.15 |
| | 1.15 | 1.09 | 1.23 | 6.22 |

Prestar Resources Berhad (123066-A)
Notes to the Unaudited Interim Financial Report for the period ended 30 September 2019

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

| Net profit is arrived at after take in the following items: | Current Quarter | | | Current Year To Date | | |
|--|-----------------------|---|---------|-----------------------|---|---------|
| | 30/09/2019 | | | 30/09/2019 | | |
| | Continuing operations | Operations of disposal group (Tashin enroute IPO) | Total | Continuing operations | Operations of disposal group (Tashin enroute IPO) | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| (a) Interest income | 136 | 19 | 155 | 332 | 144 | 476 |
| (b) Other income – IPO of subsidiary | 16,030 | - | 16,030 | 16,030 | - | 16,030 |
| (c) Other income - Others | 1,112 | 18 | 1,130 | 4,329 | 1,167 | 5,496 |
| (d) Interest expense | (2,444) | (178) | (2,622) | (8,534) | (858) | (9,392) |
| (e) Depreciation and amortization | (2,044) | (300) | (2,344) | (6,201) | (2,151) | (8,352) |
| (f) Provision (for) and written down of receivables | (1,615) | - | (1,615) | (1,436) | 329 | (1,107) |
| (g) Provision (for) and written down of inventories | (5,210) | - | (5,210) | (5,332) | 1,568 | (3,764) |
| (h) Gain / (loss) on disposal of quoted / unquoted investment / properties | - | - | - | - | - | - |
| (i) Impairment of assets | (1,626) | - | (1,626) | (1,626) | - | (1,626) |
| (j) Foreign exchange gain/(loss) - Realised and unrealized | 37 | - | 37 | 38 | 1 | 39 |
| (k) Gain / (loss) on derivatives | 8 | - | 8 | (174) | 67 | (107) |
| (l) Exceptional items | N/A | N/A | N/A | N/A | N/A | N/A |