

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the 2nd financial quarter ended 30 June 2020

	Individual Quarter		Cumulative Quarter	
	Current Year 2nd Quarter 01/04/2020 to 30/06/2020 RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-date 01/01/2020 to 30/06/2020 RM'000	Preceding Year Corresponding Period RM'000
Revenue	53,319	112,421	147,015	225,260
Cost of sales	(48,317)	(99,824)	(133,534)	(206,599)
Gross profit	5,002	12,597	13,481	18,661
Other operating income	772	1,737	9,917	3,210
Operating expenses	(5,204)	(9,572)	(15,922)	(18,223)
Profit from operations	570	4,762	7,476	3,648
Finance costs	(2,002)	(2,919)	(4,251)	(6,090)
Interest income	114	90	303	196
Share of results of associates	(1,293)	(336)	(1,714)	376
Profit / (loss) before taxation	(2,611)	1,597	1,814	(1,870)
Tax expenses	(297)	(506)	(667)	(653)
Profit / (loss) from continuing operations	(2,908)	1,091	1,147	(2,523)
<u>Operations of disposal group</u> Profit from operations of disposal group, net of tax	-	1,755	-	5,229
Profit / (loss) for the period	(2,908)	2,846	1,147	2,706
Other comprehensive income / (loss) from continuing operations				
Foreign currency translation differences for foreign operation	(160)	(23)	(22)	(26)
Other comprehensive income / (loss) for the period, net of tax	(160)	(23)	(22)	(26)
Total comprehensive income / (loss) for the period	(3,068)	2,823	1,125	2,680

	Individual Quarter		Cumulative Quarter	
	Current Year 2nd Quarter 01/04/2020 to 30/06/2020	Preceding Year Corresponding Quarter	Current Year To-date 01/01/2020 to 30/06/2020	Preceding Year Corresponding Period
	RM'000	RM'000	RM'000	RM'000
Profit / (loss) attributable to:				
Owners of the company				
- from continuing operations	(2,887)	1,169	1,179	(2,506)
- from operations of disposal group	-	895	-	2,667
	(2,887)	2,064	1,179	161
Non-controlling interest				
- from continuing operations	(21)	(78)	(32)	(17)
- from operations of disposal group	-	860	-	2,562
Profit / (loss) for the period	(2,908)	2,846	1,147	2,706
Total comprehensive income / (loss) attributable to:				
Owners of the company				
- from continuing operations	(3,047)	1,146	1,157	(2,532)
- from operations of disposal group	-	895	-	2,667
	(3,047)	2,041	1,157	135
Non-controlling interest				
- from continuing operations	(21)	(78)	(32)	(17)
- from operations of disposal group	-	860	-	2,562
Total comprehensive income / (loss) for the period	(3,068)	2,823	1,125	2,680
Earnings per share (sen)				
Basic				
- from continuing operations	(1.49)	0.59	0.61	(1.28)
- from operations of disposal group	-	0.46	-	1.36
	(1.49)	1.05	0.61	0.08
Diluted				
- from continuing operations	(1.49)	0.59	0.61	(1.28)
- from operations of disposal group	-	0.46	-	1.36
	(1.49)	1.05	0.61	0.08

(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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

Unaudited Condensed Consolidated Statement of Financial Position as at 30 June 2020

	As at 30/06/2020 RM'000	As at 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	113,915	112,932
Right-of-use assets	24,332	26,769
Investment properties	1	1
Intangible assets	1,675	1,675
Investments in associates	111,787	113,501
	251,710	254,878
Current assets		
Inventories	138,205	120,229
Derivative assets	12	12
Trade receivables	72,555	100,281
Other receivables	6,178	14,587
Tax Recoverable	2,042	2,014
Cash and bank balances	48,763	21,996
	267,755	259,119
Assets held for sale	-	3,924
	519,465	517,921
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	106,608	106,608
Reserves	187,029	185,872
Treasury shares	(8,358)	(7,829)
	285,279	284,651
Non-controlling interest	97	129
Total equity	285,376	284,780
Non-current liabilities		
Bank borrowings	20,378	21,831
Lease liabilities	2,210	3,459
Deferred taxation	6,469	6,232
Retirement benefit obligations	4,111	4,009
	33,168	35,531
Current liabilities		
Trade payables	14,557	21,958
Other payables	9,055	12,373
Derivative liabilities	155	151
Bank borrowings	175,023	159,534
Lease liabilities	1,904	3,388
Taxation	227	206
	200,921	197,610
Total liabilities	234,089	233,141
TOTAL EQUITY AND LIABILITIES	519,465	517,921
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.47	1.46

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

PRESTAR RESOURCES BHD
Company No. 198401010527 (123066-A)
Unaudited Condensed Consolidated Statement of Changes in Equity
For the 2nd financial quarter ended 30 June 2020

	←----- Non-distributable -----→					Distributable			
	Share Capital	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	RM'000	RM'000	RM'000	RM'000
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	-	(26)	-	-	-	161	135	2,545	2,680
Dividend paid	-	-	-	-	-	-	-	(1,225)	(1,225)
Acquisition of a subsidiary	-	-	-	(97)	-	-	(97)	(93)	(190)
At 30 June 2019	106,608	(28)	1,192	(97)	(7,720)	180,305	280,260	67,233	347,493
At 1 January 2020	106,608	(15)	1,192	-	(7,829)	184,695	284,651	129	284,780
Total comprehensive income	-	(22)	-	-	-	1,179	1,157	(32)	1,125
Shares buy-back	-	-	-	-	(529)	-	(529)	-	(529)
At 30 June 2020	106,608	(37)	1,192	-	(8,358)	185,874	285,279	97	285,376

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

PRESTAR RESOURCES BHD
Company No. 198401010527 (123066-A)

Unaudited Condensed Consolidated Statement of Cash Flows
For the 2nd financial quarter ended 30 June 2020

	30/06/2020 RM'000	30/06/2019 RM'000
Profit / (loss) before taxation		
From continuing operations	1,814	(1,870)
From operations of disposal group	-	7,069
	1,814	5,199
Adjustments for :-		
Non-cash items	(1,309)	3,675
Non-operating items	3,948	6,448
Operating profit before working capital changes	4,453	15,322
Net change in current assets	17,005	10,050
Net change in current liabilities	(10,768)	(10,745)
Tax paid	(299)	(3,091)
Net cash from operating activities	10,391	11,536
Investing activities		
Interest received	303	321
Proceeds from disposal of property, plant and equipment	12,180	53
Purchase of property, plant and equipment	(2,626)	(2,997)
Net cash from / (used in) investing activities	9,857	(2,623)
Financing activities		
Interest paid	(4,012)	(6,770)
Drawdown / (Repayments) of borrowings	14,779	(1,711)
Repayments of lease liabilities	(2,973)	(132)
Dividend paid to non-controlling interests	-	(1,225)
Shares buy-back	(529)	-
Net cash from / (used in) financing activities	7,265	(9,838)
Net increase / (decrease) in cash and cash equivalent	27,513	(925)
Cash and cash equivalents at 1 January	20,669	32,567
Effect of exchange rate changes	(4)	8
	48,178	31,650
Cash and cash equivalents transferred to operations of disposal group	-	(13,316)
Cash and cash equivalents at 30 June	48,178	18,334
Cash and cash equivalents comprise:		
Continuing operations		
Fixed deposits with licensed banks	-	500
Cash and bank balances	48,763	19,508
Bank overdrafts	(585)	(1,674)
	48,178	18,334
Operations of disposal group		
Fixed deposits with licensed banks	-	-
Cash and bank balances	-	13,316
Bank overdrafts	-	-
	-	13,316
Less : Fixed deposits pledged to licensed banks	-	-
	-	13,316

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2019 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 2019.

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 2019.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2019, 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 2020:

	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current</i>	1 January 2022

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 2019 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

There was no share buy-back during the quarter under review. However, for the financial year to date, the Company repurchased 1,490,500 of its issued share capital from the open market at an average price of RM0.355 per share. The total consideration paid was RM529,128. 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

There was no dividend paid for the quarter ended 30 June 2020.

A8 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	48,500	97,711	804	-	147,015
Inter-segment revenue	1,411	13,221	4,555	(19,187)	-
Total Revenue	49,911	110,932	5,359	(19,187)	147,015
Segment Result	6,525	1,013	2,831	(2,893)	7,476
Profit from operations					7,476
Finance costs					(4,251)
Interest Income					303
Share of results of associates					(1,714)
Profit before tax					1,814

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 2019

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 30/06/2020

RM'000

Property, plant and equipment

Authorized and contracted for

1,321

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”)

	Individual Period (2 nd quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.04.2020 to 30.06.2020 RM'000	Preceding Year Corresponding Quarter 01.04.2019 to 30.06.2019 RM'000	RM'000	%	Current Year to- date 01.01.2020 to 30.06.2020 RM'000	Preceding Year Corresponding Period 01.01.2019 to 30.06.2019 RM'000	RM'000	%
Revenue	53,319	112,421	(59,102)	(52.6)	147,015	225,260	(78,245)	(34.7)
Profit from operations	570	4,762	(4,192)	(88.0)	7,476	3,648	3,828	104.9
Profit / (loss) before tax	(2,611)	1,597	(4,208)	(263.5)	1,814	(1,870)	3,684	197.0

Group revenue and Loss before taxation (“LBT”) for the quarter under review were RM53.3 million and loss of RM2.6 million respectively. Compared with the same quarter last year, revenue reduced by 52.6%, the decline was mainly due to sudden stoppage of business operations as a result of the lockdown Movement Control Order (“MCO”) imposed by the government against the spread Covid-19 pandemic beginning 18 March 2020. The MCO imposed has caused almost full stoppage of the Group businesses in the month of April and substantial part of the month of May. As a result, financial performance of all subsidiaries and associates were negatively affected. There were some recovery experienced in the month of June but overall result of the quarter under review were still negative as the revenue generated were too low and insufficient to covered fixed cost.

Though YTD revenue were lower by 34.7% , the Group managed to report a YTD profit before tax of RM1.8 million , mainly due to the recognition of a property disposal gain in the previous quarter. Thus, when compared to the same period last year there was an improvement of 197.0% in profit before tax.

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

	Current Year Quarter 01.04.2020 to 30.06.2020	Immediate Preceding Quarter 01.01.2020 to 31.03.2020	Changes (Amount/%)
Revenue	53,319	93,696	(40,377)/(43.1)
Profit from operations	570	6,906	(6,336)/(91.7)
Profit / (loss) before tax	(2,611)	4,425	(7,036)/(159.0)

Compared with the immediate preceding quarter, Group revenue for the quarter under review reduced by 43.1% to RM53.3 million as a result of the lockdown MCO imposed during the quarter which affected the sales and operations of the Group. There were a loss before tax of RM2.6 million as compared to RM4.4 million of the immediate preceding quarter mainly due to the halt of operation during the substantial part of the quarter while there was a recognition of a property disposal gain and higher revenue earned during the early stage of preceding quarter

B3 Prospects

As a result of Movement Control Order (“MCO”) imposed since 18 March 2020 due to COVID-19 pandemic, Malaysia’s economic activities were affected negatively with real GDP growth fell to -17.1% YoY in 2Q20. The quarterly growth is the weakest rate we had ever experienced or a quarter. Nevertheless, Central Bank maintained the forecast GDP growth for the year ending 31 December 2020 to remain around -2.0% to 0.5%. As the Group’s business activities are not in direct link to the essential services, negative impact faced is unavoidable. Besides, steel industry in Malaysia is still facing weak market demand and depressed prices amid sluggish market conditions as most sectors are still facing the negative effects of operational restrictions and social distancing rule imposed since the introduction of MCO/CMCO and RMCO.

Though the Group experienced some encouraging increases in sales demand lately, its sustainability is yet to be ascertained as the long term solution to overcome the widespread and treatment of COVID-19 pandemic is yet to be found. Thus, the Board envisages that the financial performance of the Group for the financial year 2020 will continue to be affected unfavorably. The Board will continue to take all necessary precautions and improvement actions in its strategic and operation maneuver in order to generate a satisfactory performance for the financial year ending 31 December 2020.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 30/06/2020 RM'000	Current Year To Date 30/06/2020 RM'000
Current taxation	170	430
Deferred taxation	127	237
In respect of prior years	-	-
	297	667

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.

There were no corporate proposals announced at the date of this announcement.

B7 Group bank borrowings:

Total group borrowings as at 30 June 2020 are as follows:-

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	48,055	20,378
Unsecured	126,968	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	175,023	20,378

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 30/06/2020	Preceding Quarter 30/06/2019	Current Year to date 30/06/2020	Preceding Year to date 30/06/2019
Net profit /(loss) attributable to ordinary shareholders (RM'000)				
- Continuing operations	(2,887)	1,169	1,179	(2,506)
- Operations of disposal group	-	895	-	2,667
	(2,887)	2,064	1,179	161
Weighted average number of ordinary shares in issue ('000)	193,943	195,704	194,384	195,704
Basic earnings per share (sen)				
- Continuing operations	(1.49)	0.59	0.61	(1.28)
- Operations of disposal group	-	0.46	-	1.36
	(1.49)	1.05	0.61	0.08

Prestar Resources Berhad
Company No. 198401010527 (123066-A)
Notes to the Unaudited Interim Financial Report for the period ended 30 June 2020

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 30/06/2020	Preceding Quarter 30/06/2019	Current Year to date 30/06/2020	Preceding Year to date 30/06/2019
Net profit/(loss) attributable to ordinary shareholders (RM'000)				
- Continuing operations	(2,887)	1,169	1,179	(2,506)
- Operations of disposal group	-	895	-	2,667
	(2,887)	2,064	1,179	161
Weighted average number of ordinary shares in issue ('000)	193,943	195,704	194,384	195,704
Effect of dilution – ESOS ('000)	-	22	-	22
Weighted average number of ordinary shares in issue ('000) – diluted	193,943	195,726	194,394	195,726
Diluted earnings per share (sen)				
- Continuing operations	(1.49)	0.59	0.61	(1.28)
- Operations of disposal group	-	0.46	-	1.36
	(1.49)	1.05	0.61	0.08

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 30/06/2020 RM'000	Current Year To Date 30/06/2020 RM'000
(a) Interest income	114	303
(b) Other income	772	2,150
(c) Interest expense	(2,002)	(4,251)
(d) Depreciation and amortization	(2,014)	(4,035)
(e) Provision (for) and written down of receivables	1,363	542
(f) Provision (for) and written down of inventories	(10)	(1,612)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	7,767
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	529	66
(j) Gain / (loss) on derivatives	-	(4)
(k) Exceptional items	N/A	N/A