

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

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the 1st financial quarter ended 31 March 2021

	Individual Quarter		Cumulative Quarter	
	Current Year 1st Quarter 01/01/2021 to 31/03/2021 RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-date 01/01/2021 to 31/03/2021 RM'000	Preceding Year Corresponding Period RM'000
Revenue	140,184	93,696	140,184	93,696
Cost of sales	(111,264)	(85,217)	(111,264)	(85,217)
Gross profit	28,920	8,479	28,920	8,479
Other operating income	1,710	9,145	1,710	9,145
Operating expenses	(12,154)	(10,718)	(12,154)	(10,718)
Profit from operations	18,476	6,906	18,476	6,906
Finance costs	(1,600)	(2,249)	(1,600)	(2,249)
Interest income	93	189	93	189
Share of results of associates	6,841	(421)	6,841	(421)
Profit before taxation	23,810	4,425	23,810	4,425
Tax expenses	(5,466)	(370)	(5,466)	(370)
Profit for the period	18,344	4,055	18,344	4,055
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operation	2	138	2	138
Other comprehensive income for the period, net of tax	2	138	2	138
Total comprehensive income for the period	18,346	4,193	18,346	4,193

	Individual Quarter		Cumulative Quarter	
	Current Year 1st Quarter 01/01/2021 to 31/03/2021	Preceding Year Corresponding Quarter	Current Year To-date 01/01/2021 to 31/03/2021	Preceding Year Corresponding Period
	RM'000	RM'000	RM'000	RM'000
Profit attributable to:				
Owners of the company	18,331	4,066	18,331	4,066
Non-controlling interest	13	(11)	13	(11)
Profit for the period	18,344	4,055	18,344	4,055
Total comprehensive income attributable to:				
Owners of the company	18,333	4,204	18,333	4,204
Non-controlling interest	13	(11)	13	(11)
Total comprehensive income for the period	18,346	4,193	18,346	4,193
Earnings per share (sen)				
Basic	9.45	2.09	9.45	2.09
Diluted	9.43	2.09	9.43	2.09

(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 2020 and the accompanying explanatory notes attached to the interim financial statements.)

Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2021

	As at 31/03/2021 RM'000	As at 31/12/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	118,855	118,110
Right-of-use assets	18,055	18,306
Investment properties	1	1
Intangible assets	1,675	1,675
Investments in associates	125,160	118,319
	263,746	256,411
Current assets		
Inventories	112,555	94,290
Derivative assets	104	104
Trade receivables	118,735	111,313
Other receivables	12,605	15,146
Tax Recoverable	72	109
Cash and bank balances	31,162	31,915
	275,233	252,877
	538,979	509,288
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	106,679	106,608
Reserves	224,539	206,214
Treasury shares	(8,358)	(8,358)
	322,860	304,464
Non-controlling interest	100	87
Total equity	322,960	304,551
Non-current liabilities		
Bank borrowings	17,416	18,404
Lease liabilities	1,034	1,452
Deferred taxation	6,513	7,417
Retirement benefit obligations	4,277	4,220
	29,240	31,493
Current liabilities		
Trade payables	17,205	12,928
Other payables	15,007	14,957
Derivative liabilities	275	275
Bank borrowings	146,187	142,246
Lease liabilities	1,635	1,612
Taxation	6,470	1,226
	186,779	173,244
Total liabilities	216,019	204,737
TOTAL EQUITY AND LIABILITIES	538,979	509,288
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.66	1.57

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2020 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 1st financial quarter ended 31 March 2021**

	<----- Non-distributable ----->			Distributable				
	Share Capital	Translation Reserve	Share Options 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
At 1 January 2020	106,608	(15)	1,192	(7,829)	184,695	284,651	129	284,780
Total comprehensive income	-	138	-	-	4,066	4,204	(11)	4,193
Share buy-back	-	-	-	(529)	-	(529)	-	(529)
At 31 March 2020	106,608	123	1,192	(8,358)	188,761	288,326	118	288,444
At 1 January 2021	106,608	28	1,192	(8,358)	204,994	304,464	87	304,551
Total comprehensive income	-	2	-	-	18,331	18,333	13	18,346
Issue of shares pursuant to ESOS	71	-	(8)	-	-	63	-	63
At 31 March 2021	106,679	30	1,184	(8,358)	223,325	322,860	100	322,960

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

PRESTAR RESOURCES BHD
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Unaudited Condensed Consolidated Statement of Cash Flows
For the 1st financial quarter ended 31 March 2021

	31/03/2021 RM'000	31/03/2020 RM'000
Profit before taxation	23,810	4,425
Adjustments for :-		
Non-cash items	2,866	(2,798)
Non-operating items	1,507	2,060
Operating profit before working capital changes	28,183	3,687
Net change in current assets	(30,666)	9,129
Net change in current liabilities	4,100	(2,594)
Tax paid	(1,090)	(297)
Net cash from operating activities	527	9,925
Investing activities		
Interest received	93	189
Proceeds from disposal of property, plant and equipment	-	12,157
Purchase of property, plant and equipment	(2,395)	(1,655)
Net cash (used in)/from investing activities	(2,302)	10,691
Financing activities		
Interest paid	(1,559)	(2,066)
Drawdown/(Repayments) of borrowings	4,544	(16,959)
Repayments of lease liabilities	(435)	(2,188)
Net Proceeds from issuance of ordinary shares	63	-
Shares buy-back	-	(529)
Net cash from/(used in) financing activities	2,613	(21,742)
Net increase / (decrease) in cash and cash equivalent	838	(1,126)
Cash and cash equivalents at 1 January	28,685	20,669
Effect of exchange rate changes	-	(18)
Cash and cash equivalents at 31 March	29,523	19,525
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	-	-
Cash and bank balances	31,162	22,349
Bank overdrafts	(1,639)	(2,824)
	29,523	19,525
Less : Fixed deposits pledged to licensed banks	-	-
	29,523	19,525

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2020 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 2020.

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 2020.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2020, 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 2021:

	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	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 2020 was not qualified.

A3 Seasonal or cyclicity factors

The Group faces minor seasonal fluctuations during the major festive season's 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) Employees' Share Option Scheme

The paid-up share capital of the Company has been increased from RM106,607,854 to RM106,678,944 as a result of the exercise of 89,500 options pursuant to the Company ESOS as at 31 March 2021.

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 31 March 2021.

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	36,379	103,403	402	-	140,184
Inter-segment revenue	1,478	11,029	877	(13,384)	-
Total Revenue	<u>37,857</u>	<u>114,432</u>	<u>1,279</u>	<u>(13,384)</u>	<u>140,184</u>
Segment Result	2,537	16,239	(111)	(189)	18,476
Profit from operations					18,476
Finance costs					(1,600)
Interest Income					93
Share of results of associates					6,841
Profit before tax					<u>23,810</u>

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 2020

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 31/03/2021

RM'000

Property, plant and equipment

Authorized and contracted for 7,925

Authorized but not contracted for 4,072

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 (1 st quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.01.2021 to 31.03.2021 RM'000	Preceding Year Corresponding Quarter 01.01.2020 to 31.03.2020 RM'000	RM'000	%	Current Year to- date 01.01.2021 to 31.03.2021 RM'000	Preceding Year Corresponding Period 01.01.2020 to 31.03.2020 RM'000	RM'000	%
Revenue	140,184	93,696	46,488	49.6	140,184	93,696	46,488	49.6
Profit from operations	18,476	6,906	11,570	167.5	18,476	6,906	11,570	167.5
Profit before tax	23,810	4,425	19,385	438.1	23,810	4,425	19,385	438.1

Group revenue and Profit before taxation (“PBT”) for the quarter under review were RM140.2 million and RM23.8 million respectively. Compared with the same quarter last year, revenue increased by 49.6% and PBT jumped five folds to 438.1%. Demand remained strong for the whole of 1st quarter despite the re-imposition of Movement Control Order (“MCO”) and

Conditional MCO (“CMCO”) at some States. Strong performances by some of the subsidiaries were in line with higher Malaysian export growth during the quarter where our customers from different sectors increased their purchases despite higher material prices, this included steel pipes for various industries , precision tubes for automotive sector and guardrails. In line with this, strong PBT were reported for the current quarter as the sales enjoyed better margins. Two associate companies of the group also contributed strongly during the quarter under review.

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

	Current Year Quarter 01.01.2021 to 31.03.2021	Immediate Preceding Quarter 01.10.2020 to 31.12.2020	Changes (Amount/%)
Revenue	140,184	137,048	3,136 / 2.3
Profit from operations	18,476	16,970	1,506 / 8.9
Profit before tax	23,810	19,382	4,428 / 22.8

Compared with the immediate preceding quarter, Group revenue for the quarter under review increased by 2.3% to RM140.2 million despite the re-imposition of MCO & CMCO during the quarter under review. The Group experienced higher sales of its wide range of steel products with better margin during this period on the back of increased raw materials prices and strong customers demand. Profit before tax has been increased substantially from RM19.4 million to RM23.8 million with reasons mentioned above. Profit contribution from two associate companies also increased substantially during the quarter under review.

B3 Prospects

The re-imposition of MCO since 13th Jan 2021 at some States are likely to have negative impact on the recovery of the economy as business conditions for many sectors have been badly affected. However for steel industry, especially the flat steel sector, the post lockdown recovery in steel demand across the world was stronger than expected, this has resulted in worldwide shortages and rising steel price. The Board expects this trend to continue for sometimes for this financial year and adopt a cautious and pragmatic move to meet its customers demand, ensuring efficient supply chain and inventory management.

The Group has announced its intention to undertake a private placement of new ordinary shares of up to 10% of the total number of its issued share capital. With this exercise, the Group expects to raise around RM20.5 million to fund its various capital expenditure and reduce borrowings. The move will further strengthen the Group’s competitive edge and maintain its sustainable growth. With strong foundation laid for its operation facilities and marketing platform for various products such as carbon steel pipes and tubes, highway guardrails, storage racking system for Total Logistic Solution and other material handling equipment, the Board is cautiously optimistic that the Group’s prospects for the coming year would remain positive and satisfactory.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 31/03/2021 RM'000	Current Year To Date 31/03/2021 RM'000
Current taxation	6,370	6,370
Deferred taxation	(904)	(904)
In respect of prior years	-	-
	5,466	5,466

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.

On 3rd May 2021, the Company announced that it is proposing to undertake a private placement of new ordinary shares in Prestar ("Prestar Shares" or "Shares") of up to 10% of the total number of issued Shares in Prestar ("Proposed Private Placement").

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 approved by the shareholders of Prestar at the 35th Annual General Meeting of the Company held on 27 July 2020.

Based on the last applicable date of announcement (15 April 2021), the Company has an issued share capital of RM 98,321,000 comprising 194,032,730 Prestar Shares (excluding Treasury Shares). The Proposed Private Placement entails the issuance of up to 19,403,200 new Prestar Shares ("Placement Shares"), representing approximately 10% of the Company's total number of issued Prestar Shares (excluding Treasury Shares), at an issue price to be determined and announced later.

For more detail information on the Proposed Private Placement, please refer to the announcement of the Company dated 3rd May 2021.

B7 Group bank borrowings:

Total group borrowings as at 31 March 2021 are as follows:-

RM'000	Short Term Borrowing	Long Term Borrowing
Denominated in Ringgit Malaysia:		
Secured	46,480	17,416
Unsecured	99,707	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	146,187	17,416

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 Board declared a first single-tier interim dividend of 1.0 (one) sen per ordinary share, amounting to RM1,940,327 in respect of the financial year ending 31 December 2021 with the entitlement date and payable date to be determined in due course.

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 31/03/2021	Preceding Quarter 31/03/2020	Current Year to date 31/03/2021	Preceding Year to date 31/03/2020
Net profit/(loss) attributable to ordinary shareholders (RM'000)	18,331	4,066	18,331	4,066
Weighted average number of ordinary shares in issue ('000)	193,965	194,824	193,965	194,824
Basic earnings per share (sen)	9.45	2.09	9.45	2.09

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 31/03/2021	Preceding Quarter 31/03/2020	Current Year to date 31/03/2021	Preceding Year to date 31/03/2020
Net profit attributable to ordinary shareholders (RM'000)	18,331	4,066	18,331	4,066
Weighted average number of ordinary shares in issue ('000)	193,965	194,824	193,965	194,824
Effect of dilution – ESOS ('000)	375	-	375	-
Weighted average number of ordinary shares in issue ('000) –diluted	194,340	194,824	194,340	194,824
Diluted earnings per share (sen)	9.43	2.09	9.43	2.09

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 31/03/2021 RM'000	Current Year To Date 31/03/2021 RM'000
(a) Interest income	93	93
(b) Other income	1,710	1,710
(c) Interest expense	(1,600)	(1,600)
(d) Depreciation and amortization	(1,887)	(1,887)
(e) Provision (for) and written down of receivables	(661)	(661)
(f) Provision (for) and written down of inventories	(7,115)	(7,115)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	(14)	(14)
(j) Gain / (loss) on derivatives	-	-
(k) Exceptional items	N/A	N/A