

## **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**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities **except** for the following changes in share capital:

- (i) Issuance of 19,403,200 new ordinary shares pursuant to the Private Placement exercise which was completed on 8 June 2021.
- (ii) Issuance of 1,110,500 new ordinary shares pursuant to the exercise of Employees' Share Option Scheme (ESOS).
- (iii) Issuance of 135,206,526 (including 6,532,380 treasury shares) new ordinary shares pursuant to the Bonus Issue exercise on the basis of 3 bonus shares for every 5 existing ordinary shares held. The issuance was completed with new shares listed on 13 August 2021.

As a result of the above, the paid-up share capital of the Company has been increased from RM106.608 million to RM126.950 million with the number of shares stood at 360,550,756 (including 17,419,680 treasury shares) as at 30 September 2021.

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

First interim single-tier dividend of 1.0 sen per ordinary share, amounting to RM2,144,569 in respect of the financial year ended 31 December 2021 was paid on 30 July 2021.

A final single-tier dividend of 1.0 sen per ordinary share, amounting to RM2,144,569 in respect of the financial year ended 31 December 2020 was approved by the shareholders during Annual General Meeting held on 21 July 2021 and subsequent paid on 30 July 2021.

**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
<b>Revenue</b>					
External Sales	94,585	249,442	1,205	-	345,232
Inter-segment revenue	4,603	23,632	9,026	(37,261)	-
Total Revenue	<b>99,188</b>	<b>273,074</b>	<b>10,231</b>	<b>(37,261)</b>	<b>345,232</b>
<b>Segment Result</b>	<b>14,908</b>	<b>47,310</b>	<b>4,920</b>	<b>(6,443)</b>	<b>60,695</b>
<b>Profit from operations</b>					<b>60,695</b>
Finance costs					(5,373)
Interest Income					386
Share of results of associates					20,070
<b>Profit before tax</b>					<b>75,778</b>

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**

The effect of changes in the composition of the Group during the financial year:

Name of the Company	: Prestar Galvanising Sdn Bhd (“PGSB”)
Equity held at 30 September 2021	: 97.16%
Equity held at 31 October 2021	: 100%

Prestar Engineering Sdn Bhd (“PESB”) acquired 263,000 ordinary shares (2.84% of the equity) in PGSB on 31 October 2021 on a willing-buyer-willing seller basis with the existing minority shareholder. After the acquisition, PGSB has become a 100% owned subsidiary of PESB and Prestar Group.

**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 30/09/2021
	RM’000
<b>Property, plant and equipment</b>	
Authorized and contracted for	7,248
Authorized but not contracted for	5,501

**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 (3 <sup>rd</sup> quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.07.2021 to 30.09.2021 RM'000	Preceding Year Corresponding Quarter 01.07.2020 to 30.09.2020 RM'000	RM'000	%	Current Year to- date 01.01.2021 to 30.09.2021 RM'000	Preceding Year Corresponding Period 01.01.2020 to 30.09.2020 RM'000	RM'000	%
Revenue	80,555	125,918	(45,363)	(36.0)	345,232	272,933	72,299	26.5
Profit from operations	20,594	5,363	15,231	284.0	60,695	12,839	47,856	372.7
Profit before tax	26,831	6,491	20,340	313.4	75,778	8,305	67,473	812.4

Group revenue and profit before taxation (“PBT”) for the quarter under review were RM80.6 million and RM26.8 million respectively. Compared with the same quarter last year, revenue decreased by 36.0% while PBT increased by 313.4%. Substantial reduction in revenue were mainly due to the continued imposition of Movement Control Order (“MCO”) since the previous quarter which hampered the business and operation activities during the quarter under review. Nevertheless, strong PBT were reported and this was mainly due to better sales margin as a result of higher selling prices and strong demand on the products from the middle of the quarter when some companies were allowed to operate under partial opening of MCO rulings.

YTD Group revenue increased by 26.5% to RM345.2 million while the YTD PBT surged substantially by 812.4% to RM75.8 million as compared to only RM8.3 million of the same period last year. The strong performance was mainly due to the higher selling price of our products as well as stronger demand after the relaxation of movement control. Two associate companies 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 01.07.2021 to 30.09.2021 RM'000	Immediate Preceding Quarter 01.04.2021 to 30.06.2021 RM'000	Changes (Amount/%)
Revenue	80,555	124,493	(43,938) / (35.3)
Profit from operations	20,594	21,625	(1,031) / (4.8)
Profit before tax	26,831	25,137	1,694 / 6.7

Compared with the immediate preceding quarter, Group revenue for the quarter under review reduced by 35.3% to RM80.6 million mainly due to the re-imposition of stricter movement Full MCO which started on 1 June 2021 and affected the operations of our Group. Nevertheless, the Group experienced higher PBT as a result of better margin during this period on the back of increased raw materials prices and strong customer demand. PBT has increased from RM25.1 million to RM26.8 million with reasons mentioned above. Two associate companies of the Group also contributed positively during the quarter under review.

**B3 Prospects**

As most of the States moving into Phase Four of the National Recovery Plan (“NRP”) recently, it is envisaged that domestic economy will pick up with positive momentum in the fourth quarter. Despite reports of reduction in iron ore prices, prices of steel products remained strong with demand sustained. The Board expects this trend to stay for the rest of this financial year and adopts a cautious and pragmatic move in handling its customers demand, supply chain and inventory management. The Board is optimistic that the Group will continue to generate satisfactory performance for the rest of financial year .

**B4 Variance of actual profit from forecast profit / profit guarantee**

Not applicable.

**B5 Tax expenses**

	Current Quarter 30/09/2021 RM'000	Current Year To Date 30/09/2021 RM'000
Current taxation	2,867	15,774
Deferred taxation	(57)	(1,576)
In respect of prior years	(72)	(72)
	2,738	14,126

- 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.

**Private Placement**

The gross proceeds arising from the Private Placement amounting to RM19.4million and its utilisation is disclosed in the following manner:

Details of utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilisation proceeds RM'000	Intended Timeframe for utilisation
Capital expenditure	13,600	2,474	11,126	Within 12 months
Repayment of bank borrowings	5,500	5,500	-	Within 12 months
Working capital	47	47	-	Within 12 months
Estimated expenses for the Proposed Private Placement	256	256	-	Within 1 month
<b>Total gross proceeds</b>	<b>19,403</b>	<b>8,277</b>	<b>11,126</b>	

- B7** Group bank borrowings:

Total group borrowings as at 30 September 2021 are as follows:-

RM'000	Short Term Borrowing	Long Term Borrowing
<b>Denominated in Ringgit Malaysia:</b>		
Secured	45,129	15,441
Unsecured	172,832	-
<b>Denominated in US Dollar:</b>		
Secured	-	-
Unsecured	-	-
<b>Total Bank Borrowings</b>	<b>217,961</b>	<b>15,441</b>

- 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 Second interim single-tier dividend of 2.0 sen per ordinary share, amounting to RM6,862,622 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 30/09/2021	Preceding Quarter 30/09/2020	Current Year to date 30/09/2021	Preceding Year to date 30/09/2020
Net profit/(loss) attributable to ordinary shareholders (RM'000)	24,112	5,229	61,658	6,408
Weighted average number of ordinary shares in issue ('000)	334,240	322,617*	334,240	322,910*
Basic earnings per share (sen)	7.21	1.62	18.45	1.98

**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 30/09/2021	Preceding Quarter 30/09/2020	Current Year to date 30/09/2021	Preceding Year to date 30/09/2020
Net profit attributable to ordinary shareholders (RM'000)	24,112	5,229	61,658	6,408
Weighted average number of ordinary shares in issue ('000)	334,240	322,617*	334,240	322,910*
Effect of dilution – ESOS ('000)	97	-	97	-
Weighted average number of ordinary shares in issue ('000) –diluted	334,337	322,617	334,337	322,910
Diluted earnings per share (sen)	7.21	1.62	18.44	1.98

- For comparative purpose, the Earning Per Share for the quarter and period ended 30 September 2020 had been adjusted to reflect the bonus issue of 3 bonus shares for every 5 existing ordinary shares which was completed on 13 August 2021.

**B11 Notes to Condensed Consolidated Statement of Comprehensive Income**

Net profit is arrived at after take in the following items:	<b>Current Quarter 30/09/2021 RM'000</b>	<b>Current Year To Date 30/09/2021 RM'000</b>
(a) Interest income	185	386
(b) Other income	830	3,516
(c) Interest expense	(1,988)	(5,373)
(d) Depreciation and amortization	(1,943)	(5,794)
(e) Provision (for) and written down of receivables	207	(1,273)
(f) Provision (for) and written down of inventories	6,829	(2,226)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	90	82
(j) Gain / (loss) on derivatives	-	(25)
(k) Exceptional items	N/A	N/A