

**PART A: EXPLANATION NOTES AS PER FRS 134**

**A1 Accounting policies and methods of computation**

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 2012.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2012.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2012, except for the adoption of the following new MFRSs, Amendments to MFRSs and Interpretations with effect from 1 January 2013.

MFRS 3	Business Combinations (as issued by the International Accounting Standards Board (“IASB”) in March 2004)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRSs	Annual Improvements 2009 - 2011 Cycle
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

The above new MFRSs, IC Interpretations and Amendments to MFRSs do not have significant impact on the financial reporting of the Group.

**A2 Seasonal or cyclicity factors**

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

**A3 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.

**A4 Changes in estimates**

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

**A5 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 September 2013.

**A6 Dividends paid (aggregate or per share) separately for ordinary share and other shares**

A first and final dividend of 1.2% tax exempt amounting to 0.6 sen per share in respect of the financial year ended 31 December 2012 was paid on 9 September 2013.

**A7 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	117,670	331,340	1,052	-	450,062
Inter-segment revenue	428	62,499	5,340	(68,267)	-
<b>Total Revenue</b>	<b>118,098</b>	<b>393,839</b>	<b>6,392</b>	<b>(68,267)</b>	<b>450,062</b>
<b>Segment Result</b>	<b>4,252</b>	<b>21,102</b>	<b>3,117</b>	<b>(3,211)</b>	<b>25,260</b>
<b>Profit from operations</b>					<b>25,260</b>
Finance costs					(10,101)
Interest Income					182
Share of results of associates					483
<b>Profit before tax</b>					<b>15,824</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.

**A8 Valuations of property, plant and equipment**

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

**A9 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.

**A10 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**

i) On 28 January 2013, Prestar Manufacturing Sdn. Bhd. (“PMSB”) and Prestar Storage System Sdn. Bhd. (“PSSSB”), wholly-owned subsidiary companies of Prestar Resources Berhad (“PRB”), had incorporated a company in Indonesia, namely PT Prestar MHE. Consequently, PT Prestar MHE is a wholly-owned sub-subsidiary company of PRB.

The intended principal activity of PT Prestar MHE is the distribution of Material Handling Equipment (“MHE”) products manufactured by PRB subsidiaries.

ii) On 15 August 2013, an associate company, Prestar Steel (S) Pte. Ltd was officially strike-off from the register under Section 344 (2) of the Companies Act of Singapore after the application submitted by the company in March 2013 on grounds of no intention to continue any business activities.

**A11 Changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2012**

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.

**A12 Capital commitments**

	As at 30/09/2013
	RM'000
Property, plant and equipment	
Authorized and contracted for	3,292
Authorized and not contracted for	181

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF  
BURSA SECURITIES (PART A OF APPENDIX 9B)**

**Review of performance of the company and its principal subsidiaries for the current  
quarter and financial year to date (YTD)**

Group revenue for the current quarter and year-to-date were RM148.1 million and RM 450.1 million respectively, about 2.7 % and 4.7 % higher than the same period last year. Profit before tax for the current quarter improved to RM3.3 million while YTD Profit before tax were higher at RM 15.8 million as compared to RM 7.1 million of the same period last year. Slight improvement in the current quarter was partly due to better sales margin obtained in line with improved efficiencies in manufacturing and procurement activities. YTD results for the current year were also significantly improved over last year's performance mainly due to better market demand and selling prices during the earlier part of the year

**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 only marginally by 0.2% to RM148.1 million. However, profit before tax for the quarter under review decreased to only RM 3.3 million as compared to RM6.4 million of the preceding quarter mainly due to significant decline in steel prices and slow market conditions which depressed the selling price and margin of our products.

**B3 Prospects**

Amid challenges and uncertainties in global economies such as the provisional settlement of US budget and debt limit issues and the lackluster economic development in other major economies, market conditions remained weak and steel prices remained volatile with downward trend prevailing in the third and forth quarter of the year.

Against this backdrop, the Board will continue to adopt cautious and pragmatic approach in order to continue generating a satisfactory performance for the financial year under review.

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

Not applicable.

**B5 Tax expenses**

	Current Quarter 30/09/2013 RM'000	Current Year To Date 30/09/2013 RM'000
Current taxation	294	2,750
Deferred taxation	360	861
In respect of prior years	8	8
	662	3,619

The average effective tax rate of the Group for the current quarter and financial year to date is slightly higher than the current statutory tax rate mainly due to non tax deductibility of some expenses.

**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 20 September 2013, the Company had announced that it proposed to undertake the establishment of an employees' share option scheme of up to fifteen per centum (15%) of the issued and paid-up share capital of the Company ("**Proposed ESOS**").

On 11 November 2013, the Company had announced that the listing application in relation to the Proposed ESOS had been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") for perusal and approval. (hereinafter referred to as "the Listing Application")

On 21 November 2013, the Company had announced that Bursa Securities had vide its letter dated 20 November 2013 approved the Listing Application. The Company will convene an Extraordinary General Meeting ("EGM") in due course to seek shareholders' approval on the Proposed ESOS.

**B7 Group bank borrowings:**

**Total group borrowings as at 30 September 2013 are as follows:-**

	<b>Short Term Borrowing</b>	<b>Long Term Borrowing</b>
	RM'000	RM'000
<b>Denominated in Ringgit Malaysia:</b>		
Secured	56,626	22,936
Unsecured	174,080	-
<b>Denominated in US Dollar:</b>		
Secured	5,384	-
Unsecured	-	-
<b>Total Bank Borrowings</b>	<b>236,090</b>	<b>22,936</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**

Save as disclosed below, 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:

Tashin Steel Sdn Bhd (“Tashin”), Formula Naga Sdn Bhd ( “FN” ) and Ta Yang Hardware Sdn Bhd (“TY “) (“Plaintiffs”) vs. PDC Properties Sdn Bhd ( “PDC“ (“Defendant”).

On 25 October, 2012, Tashin, a subsidiary of the Company together with the customers of PDC, FN and TY have filed a Civil Suit against PDC at the Penang High Court.

Tashin has initiated the said suit based on a Sale and Purchase Agreement dated 11 August 2011 entered into between Tashin and PDC for the purchase of a property located at Lot 2634HS(D) 15736, Mukim 13 Daerah Timur Laut by Tashin from PDC as the Vendor. Tashin contended that there was a material breach of representations and assurances by PDC on the said property with the announcement made by another developer, Ivory Properties Group Berhad on a new development adjoining and in front of the said property which may affect the value of the properties purchased earlier by the Plaintiffs. Tashin is claiming for the rescission of the said Sale and Purchase Agreement and special damages to be determined by the Court.

PDC has filed an application on 13 May 2013 to strike out the above suit and the Penang High Court has fixed the hearing on 12 September 2013.. The matter was initially fixed for decision before Y.A. Dato’ Varghese A/L George Varughese however the matter has now been transferred to be heard before the Learned Judicial Commissioner Tuan Wong Teck Meng and is fixed for case management on 19th.November 2013, it was subsequently adjourned to 8<sup>th</sup> January 2014 for clarification and decision.

The solicitors for the matter, Messrs. Teja Sing Penesar & Co (“TSP”), have opined that the prospect of success can only be determined if the application for amendment is allowed. In any event, the potential liability of Tashin would be limited to costs only. The quantum of costs cannot be determined at this juncture

**B9 Dividend**

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

**B10 Earnings per share**

	Current Quarter Ended 30/09/2013
<b>Basic</b>	
Net profit attributable to ordinary shareholder (RM’000)	9,419

Number of ordinary shares as at 1 Jan 2013 after net off treasury shares	174,061
Effect of warrants exercised	-
Effect of shares repurchased	-
Weighted average number of ordinary shares in issue ('000)	174,061
Basic earnings per share (sen)	5.41

**Diluted**

The diluted earnings per share is not disclosed as it is not applicable.

**B11 Realised and unrealised profits/losses disclosure**

	As at Current Financial Period Ended 30/09/2013 RM'000	As at Preceding Financial Year Ended 31/12/2012 RM'000
Total retained profits / (accumulated losses) of the Company and the subsidiaries:		
- Realised	108,481	97,579
- Unrealised	(4,715)	(3,701)
	103,766	93,878
Total retained profits / (accumulated losses) from associates companies:		
- Realised	25,720	25,142
- Unrealised	(1,611)	(1,572)
	127,875	117,448
Less: Consolidation adjustments	(23,355)	(21,303)
Total group retained profits as per consolidated accounts	104,520	96,145

**B12 Notes to Condensed Consolidated Statement of Comprehensive Income**

Net profit is arrived at after take in the following items:	Current Quarter 30/09/2013 RM'000	Current Year To Date 30/09/2013 RM'000
(a) Interest income	66	182
(b) Other income	1,014	4,648
(c) Interest expense	(3,430)	(10,101)
(d) Depreciation and amortization	(3,854)	(11,477)
(e) Provision (for) and written off of receivables	(161)	(1,293)
(f) Provision (for) and written off of inventories	(11)	(1,207)

**Prestar Resources Berhad (123066-A)****Notes to the Interim Financial Report for the period ended 30 September 2013**

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(g)	Gain / (loss) on disposal of quoted / unquoted investment / properties	N/A	N/A
(h)	Impairment of assets	N/A	N/A
(i)	Foreign exchange gain/(loss) - Realised and unrealised	(139)	68
(j)	Gain / (loss) on derivatives	(330)	4
(k)	Exceptional items	N/A	N/A