

PART A: EXPLANATION NOTES AS PER FRS 134

A1 Accounting policies and methods of computation

The interim financial statements have been prepared in accordance with the requirement of FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2007. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2007 except for the adoption of the following revised Financial Reporting Standards ("FRS") effective for the financial period beginning on 1 January 2008. These revised MASB's FRSs align with the equivalent International Accounting Standards ("IAS"), both in terms of form and content.

- FRS 107 Cash Flow Statements
- FRS 112 Income taxes
- FRS 118 Revenue
- FRS 134 Interim Financial Reporting
- FRS 137 Provision, Contingent Liabilities and Contingent Assets
- Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of the above mentioned FRSs have no impact on the Group results for the period under review.

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 Jun 2008.

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

There was no dividend paid for the quarter ended 30 Jun 2008.

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
Revenue					
External Sales	70,429	239,421	888	-	310,738
Inter-segment revenue	101	44,906	3,278	(48,285)	-
Total Revenue	70,530	284,327	4,166	(48,285)	310,738
Segment Result	4,549	39,962	2,081	(6,003)	40,589
Profit from operations					40,589
Finance costs					(5,757)
Interest Income					57
Share of results of associates					4,407
Profit before tax					39,296

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, 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

There were no changes in the composition of the Company for the financial period under review.

A11 Changes in contingent liabilities or contingent assets since the last annual balance sheet date

	As at 30.6.2008	As at 31.12.2007
	RM'000	RM'000
The contingent liabilities of the Company as follows:		
Guarantees to financial institutions for credit facilities granted to subsidiaries – unsecured	251,043	210,337
	<u>251,043</u>	<u>210,337</u>

A12 Capital commitments

	As at 30/6/2008
	RM'000
Property, plant and equipment	
Authorised and contracted for	<u>6,339</u>
Authorised and not contracted for	<u>-</u>

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)

Revenue for the current quarter and year-to-date were RM 176.7 million and RM 310.7 million respectively, an increase of 69 % and 46 % over the same period last year. Profit before tax for the current quarter improved by 289 % to RM 28.6 million as a result better sales margin in line with tremendous hike in selling prices. Other contributing factors include improvement in internal production processes and on-going costs reduction exercises which further enhanced the bottom line. YTD profit before tax of RM 39.3 million is a record for the Group's six months result.

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

The Group achieved a Profit before taxation of RM 28.6 million for the quarter under review, this was substantially higher than RM 10.7 million of the immediate preceding quarter. The substantial increase in the quarter was due to the strong improvement in sales margin on higher sales volume as well as the positive results of operational efficiencies and costs control initiatives.

B3 Prospects for the current financial year

The Group has reported a strong half yearly results on the back of rising prices of steel and other commodities. However, of late, the reversing trend in prices had emerged for most commodities which includes steel as well, this may slow down the market demand and causing some squeeze to the margin. Nevertheless, the Board expects the performance for the rest of the year to be satisfactory as other on-going operation improvement programs such as operational efficiency and costs reduction initiatives are progressing well and will contribute positively to the results.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

RM'000	Current Quarter 30/6/08	Current Year To Date 30/6/08
Current taxation	6,857	10,142
Deferred taxation	248	(463)
In respect of prior years	(21)	(21)
	<u>7,084</u>	<u>9,658</u>

The average effective tax rate of the Group for the current quarter and financial year to date is lower than the statutory tax rate due principally to the utilization of tax losses, capital allowance and reinvestment allowance of some subsidiaries.

B6 Profit / (Losses) on sale of unquoted investments and/or properties

There is no sale of unquoted investments or properties for the current quarter and financial year to date.

Prestar Resources Berhad (123066-A)
Notes to the Interim Financial Report for the period ended 30 Jun 2008

B7 Quoted securities

(a) Total purchases consideration and sale proceeds of quoted securities for the current quarter and financial year to date and profit/loss arising there from are as follows:

	Current Quarter 30/6/08 RM'000	Year To date 30/6/08 RM'000
Total Purchases	0	0
Total Sale Proceeds	0	0
Total Profit / (Loss)	0	0

(b) Investments in quoted securities as at 30 Jun 2008 are as follows:-

	RM'000
(i) At cost	560
(ii) At book value	361
(iii) At market value	426

B8 (a) 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.

(b) Where applicable, a brief explanation of the status of utilization of proceeds raised from any corporate proposal.

(a) and (b) not applicable.

B9 Group bank borrowings:

Total group borrowings as at 30 Jun 2008 are as follows:-

	Short Term Borrowing RM'000	Long Term Borrowing RM'000
Denominated in Ringgit Malaysia:		
Secured	90,065	3,424
Unsecured	143,962	4,054
Denominated in US Dollar:		
Secured	2,631	4,161
Total Bank Borrowings	236,688	11,639

B10 Financial instruments with off balance sheet risk at the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report

Foreign currency contracts

As at 21 Aug 2008, the Group had the following outstanding foreign currency contracts to hedge its committed purchases and sales in foreign currencies.

Currency	Contract Amount ('000)	Equivalent amount in Ringgit Malaysia ('000)	Expiry Dates
Bank Buy:			
USD	3,968	12,832	29/08/08 to 31/03/09
SGD	234	556	29/08/08 to 31/10/08

There is minimal credit risk because these contracts were entered into with reputable banks. All gains and losses arising from forward foreign exchange contracts are dealt with through the Income Statement upon maturity.

B11 Material litigation since the last annual balance sheet date which shall be made up to a date not earlier than 7 days from the date of issue of the quarterly report

As at 21 Aug 2008, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 31 December 2007.

B12 Dividend

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

B13 Earnings per share

	Current Quarter Ended 30/6/2008
Basic	
Net profit attributable to ordinary shareholder (RM'000)	<u>15,027</u>
Number of ordinary shares as at 1 Jan 2008 after net off treasury shares	174,061
Effect of ESOS exercised	-
Effect of warrants exercised	-
Effect of shares repurchased	<u>-</u>
Weighted average number of ordinary shares in issue ('000)	<u>174,061</u>
Basic earnings per share (sen)	<u>8.63</u>

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Diluted

The diluted earnings per ordinary share is not presented for the current quarter as there is an anti-dilutive effect on the conversion of Warrants to ordinary shares.

B14 Report of auditors

The audit report of the most recent annual financial statement for the year ended 31 December 2007 was not qualified.