

PART A: EXPLANATION NOTES AS PER FRS 134

A1 Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in compliance with Financial Reporting Standard (“FRS”) 134, Interim Financial Reporting and other FRS issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010.

These explanatory notes attached to the 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 2010.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new FRSs, Amendments to FRSs and Interpretations with effect from 1 January 2011.

Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRSs	Improvements to FRSs (2010)
IC Interpretation 4	Determining whether an Agreement Contains a Lease
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

The above new FRSs, IC Interpretations and Amendments to FRSs 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 31 March 2011.

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

There was no dividend paid for the quarter ended 31 March 2011.

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	27,535	103,157	455	-	131,147
Inter-segment revenue	107	16,676	505	(17,288)	-
Total Revenue	<u>27,642</u>	<u>119,833</u>	<u>960</u>	<u>(17,288)</u>	<u>131,147</u>
Segment Result	1,101	6,962	(30)	(45,100)	7,989
Profit from operations					7,989
Finance costs					(3,222)
Interest Income					71
Share of results of associates					376
Profit before tax					<u>5,214</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.

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

On 3 March 2011, Prestar Precision Tube Sdn Bhd (PPTSB), a wholly-owned subsidiary of the Company, had incorporated a company in Jakarta, Indonesia namely, PT Prestar Precision Tube (PTPPT) jointly with Mr. Hartono Amidjojo. PPTSB will hold 75% of the equity while the balance will be held by Mr. Hartono Amidjojo.

The above incorporation is not expected to have any material effect on the earnings or net assets of the Company.

A11 Changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2010

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 31/03/2011
	RM'000
Property, plant and equipment	
Authorized and contracted for	2,222
Authorized and not contracted for	666

**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)

Group revenue for the current quarter were RM131.1 million, 4.6% lower than RM137.4 million of the same quarter last year. Profit before tax for the period also reduced substantially to RM5.2 million when compared to the same period last year, this was partly due to strong demand and higher sales margin experienced by the steel industry at that period of last year when compared to the current quarter.

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 reduced marginally to RM131.1 million. However, the Group reported substantial improvement in profit before tax for the quarter under review to RM5.2 million when compared to the RM3.3 million loss of the preceding quarter. The improvement was in line with the uptrend in steel prices since the end of last quarter as well as the results of the various on-going improvement activities carried out within the Group.

B3 Prospects

At the time of reporting, steel prices remain volatile amidst some uptrend experienced since the end of the last year. Malaysian economy is expected to grow at approximately 6% for the year 2011. The steel industry players are expected to benefit from the robust growth in the building and construction sector as well as the multiplier effects from the implementation of the Economic Transformation Program. Thus, the Board expects the performance of the Group to remain satisfactory for rest of the current financial year.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 31/03/2011 RM'000	Current Year To Date 31/03/2011 RM'000
Current taxation	1,223	1,223
Deferred taxation	34	34
In respect of prior years	-	-
	1,257	1,257

Prestar Resources Berhad (123066-A)
Notes to the Interim Financial Report for the period ended 31 March 2011

The average effective tax rate of the Group for the current quarter and financial year to date is lower than the current statutory tax rate mainly due to availability of tax losses, unutilised capital allowance and reinvestment allowance.

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.

B7 Quoted securities

(a) There is no purchase or disposal of quoted securities for the current quarter and financial year to date.

(b) There is no investment in quoted securities as at 31 March 2011.

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 utilisation of proceeds raised from any corporate proposal.

(a) and (b) not applicable.

B9 Group bank borrowings:

Total group borrowings as at 31 March 2011 are as follows:-

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	81,924	5,980
Unsecured	136,051	6,831
Denominated in US Dollar:		
Secured	3,108	-
Unsecured	6,036	-
Denominated in Vietnam VND:		
Secured	15,855	-
Total Bank Borrowings	242,974	12,811

B10 Disclosure of derivatives

The list of outstanding derivatives as at 31 March 2011 is as follows:

Type of Derivatives : Forward Foreign currency contract	Notional Value RM'000	Fair Value RM'000
Bank buy :		
- Less than 1 year	4,736	4,652
Bank sell :		
- Less than 1 year	1,815	1,814

The above foreign currency contracts were executed with creditworthy financial institutions and hence the likelihood of non performance is remote.

B11 Material litigation since the last financial year ended 31 December 2010 which shall be made up to a date not earlier than 7 days from the date of issue of the quarterly report

As at 19 May 2011, there were no changes in material litigation, including the status of pending material litigation since the last financial year ended 31 December 2010.

B12 Dividend

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

B13 Earnings per share

	Current Quarter Ended 31/03/2011
Basic	
Net profit attributable to ordinary shareholder (RM'000)	2,747
Number of ordinary shares as at 1 Jan 2010 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)	1.58

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 Realised and unrealised profits/losses disclosure

	As at Current Financial Period Ended 31/03/2011 RM'000	As at Preceding Financial Year Ended 31/12/2010 RM'000
Total retained profits / (accumulated losses) of the Company and the subsidiaries:		
- Realised	91,299	87,675
- Unrealised	<u>(4,261)</u>	<u>(4,272)</u>
	87,038	83,403
Total retained profits / (accumulated losses) from associates companies:		
- Realised	23,862	23,438
- Unrealised	<u>(1,516)</u>	<u>(1,468)</u>
	109,384	105,373
Less: Consolidation adjustments	<u>(25,786)</u>	<u>(24,530)</u>
Total group retained profits as per consolidated accounts	<u>83,598</u>	<u>80,843</u>

B15 Report of auditors

The audit report of the most recent annual financial statement for the year ended 31 December 2010 was not qualified.