

**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 31 March 2013.

**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 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	36,256	117,401	365	-	154,021
Inter-segment revenue	142	22,787	797	(23,726)	-
<b>Total Revenue</b>	<b>36,398</b>	<b>140,188</b>	<b>1,162</b>	<b>(23,726)</b>	<b>154,021</b>
<b>Segment Result</b>	<b>1,622</b>	<b>7,549</b>	<b>1,283</b>	<b>(1,359)</b>	<b>9,095</b>
<b>Profit from operations</b>					<b>9,095</b>
Finance costs					(3,146)
Interest Income					46
Share of results of associates					80
<b>Profit before tax</b>					<b>6,075</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**

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 Equipmen ("MHE") products manufactured by PRB subsidiaries.

( refer: Announcement made on 4<sup>th</sup> Feb 2013)

**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 31/03/2013
	RM'000
Property, plant and equipment	
Authorized and contracted for	-
Authorized and not contracted for	174

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**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 was RM154.0 million, increased by 16.0% over the same quarter of last year. Profit before taxation for the quarter under review also soared substantially from RM1.38 million for the same quarter last year to RM6.07 million this quarter. Uptrend in the steel prices and market demand experienced since the end of last year coupled with improvement in business conditions amidst robust domestic economy growth were the keys to the overall improvements.

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

Group revenue for the current quarter was 2.3% lower than the immediate preceding quarter's RM157.7million, slight drop in revenue was mainly due to festive holidays in the middle of the quarter under review. However, profit before tax surged by 70.5% over the immediate preceding quarter's RM3.56 million to RM 6.07million, mainly due to the better sales margin as a result of rising steel prices amidst better market demand as well as on-going costs reduction exercise and operational efficiencies improvement program.

**B3 Prospects**

With the positive developments witnessed in various super economies of the world coupled with the various on-going economic measures and ETP initiatives taken by the government domestically, market sentiments and conditions improved. In addition to that, the steel industry also experienced uptrend in prices and demand since the end of of last year. However the upbeat momentum took a slight dip upon entering the second quarter and some uncertainties looming.

On this backdrop, barring any unforeseen circumstances, the Board expects the Group to continue generating satisfactory financial results for the rest of the financial year

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

Not applicable.

**B5 Tax expenses**

	Current Quarter 31/03/2013 RM'000	Current Year To Date 31/03/2013 RM'000
Current taxation	1,268	1,268
Deferred taxation	371	371
In respect of prior years	-	-
	1,639	1,639

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.**

Not applicable.

**B7 Group bank borrowings:**

**Total group borrowings as at 31 March 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	60,787	25,238
Unsecured	179,855	-
<b>Denominated in US Dollar:</b>		
Secured	1,974	-
Unsecured	-	-
<b>Total Bank Borrowings</b>	<b>242,616</b>	<b>25,238</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**

As at 14 May 2013, there were no changes in material litigation, including the status of pending material litigation since the last financial year ended 31 December 2012.

**B9 Dividend**

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

**B10 Earnings per share**

	Current Quarter Ended 31/03/2013
<b>Basic</b>	
Net profit attributable to ordinary shareholder (RM'000)	3,136
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)	<u>174,061</u>
Basic earnings per share (sen)	1.80

**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 31/03/2013 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	102,116	97,579
- Unrealised	<u>(4,024)</u>	<u>(3,701)</u>
	98,092	93,878
Total retained profits / (accumulated losses) from associates companies:		
- Realised	25,223	25,142
- Unrealised	<u>(1,572)</u>	<u>(1,572)</u>
	121,743	117,448
Less: Consolidation adjustments	<u>(22,462)</u>	<u>(21,303)</u>
Total group retained profits as per consolidated accounts	<u>99,281</u>	<u>96,145</u>

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

Net profit is arrived at after take in the following items:	<b>Current Quarter 31/03/2013 RM'000</b>	<b>Current Year To Date 31/03/2013 RM'000</b>
(a) Interest income	46	46
(b) Other income	1,828	1,828
(c) Interest expense	(3,146)	(3,146)
(d) Depreciation and amortization	(3,751)	(3,751)
(e) Provision (for) and written off of receivables	(814)	(814)
(f) Provision (for) and written off of inventories	(833)	(833)
(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	211	211
(j) Gain / (loss) on derivatives	3	3
(k) Exceptional items	N/A	N/A