

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 2018.

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 2018.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2018, 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 2019:

	Effective Date
MFRS 16 Leases	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to <i>References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	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 2018 was not qualified.

A3 Seasonal or cyclical factors

The Group faces minor seasonal fluctuations during the major festive seasons 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 for the current quarter.

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

There was no dividend paid for the quarter under review.

A8 Segment Information for the current financial year to date

	<u>Trading</u>	<u>Manufacturing</u>	<u>Investment</u>	<u>Total continuing operations</u>	<u>Operations of disposal group (Tashin enroute IPO)</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Total Revenue	73,755	188,735	3,707	266,197	139,310	405,507
Inter-segment revenue	(3,615)	(34,419)	(2,903)	(40,937)	(20,696)	(61,633)
External Sales	70,140	154,316	804	225,260	118,614	343,874
Segment Result	(674)	4,604	(282)	3,648	7,624	11,272
Finance costs				(6,090)	(680)	(6,770)
Interest Income				196	125	321
Share of results of associates				376	-	376
Profit before tax				(1,870)	7,069	5,199

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

As part of the Group's strategic planning and restructuring, the business of manufacturing and sale of wheelbarrow, platform trucks, light duty boltless racks, parts & accessories and assets of Prestar Manufacturing Sdn. Bhd. was transferred to Prestar Storage System Sdn. Bhd. during the current quarter. By merging these two (2) subsidiaries with similar business and manufacturing activities, it enables the Group to streamline the various production activities, to generate efficiencies and create competitive advantages in term of control, sales, marketing and promotional activities.

A12 Changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2018

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 30/06/2019

RM'000

Property, plant and equipment

Authorized and contracted for	13,091
Authorized and not contracted for	2,978

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")

Note : The figures stated below has been restated "in line with the requirements of MFRS 5"

Continuing Operations (Operations excluding Tashin group)

	Individual Period (^{2nd} quarter)		Increase / (Decrease)		Cummulative Period		Increase / (Decrease)	
	Current Year Quarter 01.04.2019 to 30.06.2019 RM'000	Preceding Year Corresponding Quarter 01.04.2018 to 30.06.2018 RM'000	RM'000	%	Current Year to- date 01.01.2019 to 30.06.2019 RM'000	Preceding Year Corresponding Period 01.01.2018 to 30.06.2018 RM'000	RM'000	%
Revenue	112,421	120,137	(7,716)	(6.4)	225,260	243,704	(18,444)	(7.6)
Profit from operations	4,762	7,436	(2,674)	(36.0)	3,648	12,888	(9,240)	(71.7)
Profit / (Loss) Before Tax	1,597	3,646	(2,049)	(56.2)	(1,870)	10,253	(12,123)	(118.2)
Profit / (Loss) for the period	1,091	2,124	(1,033)	(48.6)	(2,523)	7,002	(9,525)	(136.0)

**Operations of disposal group
(Tashin enroute IPO)**

	Individual Period (^{2nd} quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.04.2019 to 30.06.2019 RM'000	Preceding Year Corresponding Quarter 01.04.2018 to 30.06.2018 RM'000	RM'000	%	Current Year to- date 01.01.2019 to 30.06.2019 RM'000	Preceding Year Corresponding Period 01.01.2018 to 30.06.2018 RM'000	RM'000	%
Revenue	55,835	66,272	(10,437)	(15.7)	118,614	135,250	(16,636)	(12.3)
Profit from operations	2,693	3,538	(845)	(23.9)	7,624	9,893	(2,269)	(22.9)
Profit Before Tax	2,360	2,539	(179)	(7.1)	7,069	8,052	(983)	(12.2)
Profit for the period	1,755	1,794	(39)	(2.2)	5,229	5,929	(700)	(11.8)

Continuing Operations (Operations excluding Tashin group)

Group revenue and Profit before taxation ("PBT") for the quarter under review were RM112.4 million and profit of RM1.6 million respectively. Compared with the same quarter last year, revenue reduced by 6.4% while PBT was much lower by 56% mainly due to lower sales margin on intense competition, higher financing costs as well as losses incurred by some subsidiaries.

Operations of disposal group (Tashin enroute IPO)

Tashin Group revenue and Profit before taxation ("PBT") for the quarter under review were RM55.8 million and RM2.4 million respectively. While sales were lower for the quarter, PBT maintained at about the same level of last year mainly due to different product mix sales margin as revenue was principally derived from manufacturing segments for the current financial quarter.

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

	Current Quarter			Preceding Quarter			Increase/(Decrease)	
	Continuing Operations 01.04.2019 to 30.06.2019 RM'000	Disposal group Operations 01.04.2019 to 30.06.2019 RM'000	Total 01.04.2019 to 30.06.2019 RM'000	Continuing Operations 01.01.2019 to 31.03.2019 RM'000	Disposal group Operations 01.01.2019 to 31.03.2019 RM'000	Total 01.01.2019 to 31.03.2019 RM'000	Continuing Operations RM'000	Disposal group Operations RM'000
Revenue	112,421	55,835	168,256	112,839	62,779	175,618	(418)	(6,944)
Profit from operations	4,762	2,693	7,455	(1,114)	4,931	3,817	5,876	(2,238)
Profit / (Loss) Before Tax	1,597	2,360	3,957	(3,467)	4,709	1,242	5,064	(2,349)
Profit / (Loss) for the period	1,091	1,755	2,846	(3,614)	3,474	(140)	4,705	(1,719)

Continuing Operations (Operations excluding Tashin group)

Compared with the immediate preceding quarter, Group revenue for the quarter under review reduced by 0.4% from RM112.8 million to RM112.4 million. Profit before tax for the quarter under review were RM1.6 million as compared to loss of RM3.5 million of the immediate preceding quarter. PBT turnaround was mainly due to the substantial improvement in profit margin of a few key subsidiaries.

Operations of disposal group (Tashin enroute IPO)

Compared with the immediate preceding quarter, Tashin group revenue for the quarter under review reduced by 11.1% from RM62.8 million to RM55.8 million. Profit before tax for the quarter under review reduced to RM2.4 million as compared to RM4.7 million of the immediate preceding quarter. Lower revenue and PBT were mainly due to squeezed sales margin as a result of weaker market demand and long festive holiday during the quarter.

B3 Prospects

During the quarter under review, Malaysia real GDP grew by 4.9% YoY, driven mainly by private sector and stronger than market expectations. Nevertheless, general outlook for the rest of the year remained cautious and less robust in view of escalating USA-China trade war tension, volatile commodity prices and foreign exchange, especially Ringgit against US Dollar. Meanwhile, local steel material still facing selling pressure and squeezed margins amid keen competition and sluggish demand. Against this backdrop, the Board will continue to adopt cautious and pragmatic approach in its decisions and operational maneuver for the rest of the financial year.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 30/06/2019 RM'000	Current Year To Date 30/06/2019 RM'000
<u>Continuing operations</u>		
Current taxation	311	450
Deferred taxation	195	203
In respect of prior years	-	-
	506	653
<u>Operations of disposal group (Tashin enroute IPO)</u>		
Current taxation	635	1,120
Deferred taxation	(30)	720
In respect of prior years	-	-
	605	1,840

The average effective tax rate of the Group for the financial year to date is 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.

- (i) On 12 July 2017, the Company announced the proposed listing of its 51%-owned subsidiary, Tashin Steel Sdn. Bhd. ("TSSB") on the ACE Market of Bursa Securities ("IPO"). Further reference is made to the announcements dated, 9 January 2018, 9 March 2018 and 17 April 2018 and 20 Jun 2018.

On 13 Dec 2018 the Company announced that Bursa Securities had, vide its letter dated 12 December 2018, approved the submission listing of and quotation of the entire enlarged share capital of Tashin Holdings Berhad ("THB") comprising 348,991,000 shares on ACE Market of Bursa Securities.

On 20 March 2019, the shareholders of the Company have approved the proposed listing as mentioned above during the Extraordinary General Meeting.

On 9 April 2019, the share sale agreement is deemed completed following the issuance of 289,661,998 new THB's shares to the Company and Formula Naga at an issue price of RM0.50 per THB's share.

On 1 August 2019, the Company announced that the Listing has been completed following the listing of and quotation of the entire share capital of THB on the ACE Market of Bursa Securities. THB became an associate of the Company as the Company now holds only 34% of the enlarge capital of THB.

- (ii) On 28 December 2018, Prestar Storage System Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement with GMS Purnamax (M) Sdn. Bhd. (formerly known as GMS Purnaimpex Sdn. Bhd.) for the acquisition of all that piece of freehold land and building held under Individual Title Geran 86347, Lot No. 202, Seksyen 19, Bandar Rawang, Selangor, measuring approximately 8,093 square metres together with a three (3) storey building and a single storey warehouse, at a total purchase consideration of RM14,500,000 (Ringgit Malaysia: Fourteen Million and Five Hundred Thousand) only ("**Proposed Acquisition**"). The Proposed Acquisition is yet to be completed.

B7 Group bank borrowings:

Total group borrowings as at 30 June 2019 are as follows:-

Continuing operations

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	48,870	12,508
Unsecured	144,936	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	193,806	12,508

Operations of disposal group (Tashin enroute IPO)

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	15,254	-
Unsecured	24,601	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	39,855	-

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

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 30/06/2019	Preceding Quarter 30/06/2018	Current Year to date 30/06/2019	Preceding Year to date 30/06/2018
Net profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	1,169	2,158	(2,506)	7,094
- Operations of disposal group (Tashin enroute IPO)	895	918	2,667	3,024
	2,064	3,076	161	10,118
Weighted average number of ordinary shares in issue ('000)	195,704	196,703	195,704	197,169
Basic earnings per share (sen)				
- Continuing operations	0.59	1.10	(1.28)	3.60
- Operations of disposal group (Tashin enroute IPO)	0.46	0.46	1.36	1.53
	1.05	1.56	0.08	5.13

Prestar Resources Berhad (123066-A)
Notes to the Interim Financial Report for the period ended 30 June 2019

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 30/06/2019	Preceding Quarter 30/06/2018	Current Year to date 30/06/2019	Preceding Year to date 30/06/2018
Net profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	1,169	2,158	(2,506)	7,094
- Operations of disposal group (Tashin enroute IPO)	895	918	2,667	3,024
	2,064	3,076	161	10,118
Weighted average number of ordinary shares in issue ('000)	195,704	196,703	195,704	197,169
Effect of dilution – ESOS ('000)	22	305	22	305
Weighted average number of ordinary shares in issue ('000) – diluted	195,726	197,008	195,726	197,474
Diluted earnings per share (sen)				
- Continuing operations	0.59	1.10	(1.28)	3.59
- Operations of disposal group (Tashin enroute IPO)	0.46	0.46	1.36	1.53
	1.05	1.56	0.08	5.12

Prestar Resources Berhad (123066-A)
Notes to the Interim Financial Report for the period ended 30 June 2019

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter			Current Year To Date		
	30/06/2019			30/06/2019		
	Continuing operations	Operations of disposal group (Tashin enroute IPO)	Total	Continuing operations	Operations of disposal group (Tashin enroute IPO)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(a) Interest income	90	72	162	196	125	321
(b) Interest expense	(2,919)	(403)	(3,322)	(6,090)	(680)	(6,770)
(c) Depreciation and amortization	(2,154)	(935)	(3,089)	(4,157)	(1,851)	(6,008)
(d) Provision (for) and written off of receivables	513	(14)	499	179	329	508
(e) Provision (for) and written off of inventories	(122)	193	71	(122)	1,568	1,446
(f) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-	-	-	-	-
(g) Impairment of assets	-	-	-	-	-	-
(h) Foreign exchange gain/(loss) - Realised and unrealized	52	1	53	1	1	2
(i) Gain / (loss) on derivatives	(13)	(81)	(94)	(182)	67	(115)
(j) Exceptional items	N/A	N/A	N/A	N/A	N/A	N/A