

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 2019.

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 2019.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2019, 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 2020:

	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current</i>	1 January 2022

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 2019 was not qualified.

A3 Seasonal or cyclicity factors

The Group faces minor seasonal fluctuations during the major festive season’s 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.

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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

(i) Shares buy-back

There was no share buy-back during the quarter under review. However, for the financial year to date, the Company repurchased 1,490,500 of its issued share capital from the open market at an average price of RM0.355 per share. The total consideration paid was RM 529,128. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities other than as disclosed above for the current quarter and financial year to date.

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

A final single-tier dividend of 1.0 sen per ordinary share, amounting to RM1,939,432 in respect of the financial year ended 31 December 2019 was paid on 25 September 2020.

A8 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	122,764	285,610	1,607	-	409,981
Inter-segment revenue	3,830	36,725	6,545	(47,100)	-
Total Revenue	126,594	322,335	8,152	(47,100)	409,981
Segment Result	9,529	25,105	2,585	(7,409)	29,810
Profit from operations					29,810
Finance costs					(7,736)
Interest Income					560
Share of results of associates					5,054
Profit before tax					27,688

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

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

A12 Changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2019

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 31/12/2020
	RM'000
Property, plant and equipment	
Authorized and contracted for	8,502
Authorized but not contracted for	1,115

**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”)

	Individual Period (4 th quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.10.2020 to 31.12.2020 RM'000	Preceding Year Corresponding Quarter 01.10.2019 to 31.12.2019 RM'000	RM'000	%	Current Year to- date 01.01.2020 to 31.12.2020 RM'000	Preceding Year Corresponding Period 01.01.2019 to 31.12.2019 RM'000	RM'000	%
Revenue	137,048	111,774	25,274	22.6	409,981	454,168	(44,187)	(9.7)
Profit from operations	16,971	3,570	13,401	375.4	29,810	11,652	18,158	155.8
Profit before tax	19,383	1,287	18,096	1,406.1	27,688	1,523	26,165	1,718.0

Group revenue and Profit before taxation (“PBT”) for the quarter under review were RM137.0 million and RM19.4 million respectively. Compared with the same quarter last year, revenue increased by 22.6%, mainly due to strong demand for steel pipes and other steel products for the last three months of the year. PBT for the current quarter improved substantially in line with higher sales volume and better sales margin. Two associate companies of the group also contributed strongly during the quarter under review.

YTD revenue were lower by 9.7% due to long period of Movement Control order (“MCO”), Controlled Movement Control Order (“CMCO”) in the earlier parts of the year. Nevertheless, the Group managed to report a YTD PBT of RM27.7 million, mainly due to strong performance the quarter under review as well as recognition of a property disposal gain at 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

	Current Year Quarter 01.10.2020 to 31.12.2020	Immediate Preceding Quarter 01.07.2020 to 30.09.2020	Changes (Amount/%)
Revenue	137,048	125,918	11,130 / 8.8
Profit from operations	16,971	5,363	11,608 / 216.4
Profit before tax	19,383	6,491	12,892 / 198.6

Compared with the immediate preceding quarter, Group revenue for the quarter under review increased by 8.8% to RM137.0 million due to resumption of full operations as a result of the relaxation of MCO condition into Recovery MCO ("RMCO"). The Group experienced higher

sales of its wide range of steel products with better margin during this period on the back of increased raw materials prices and strong customers demand. Profit before tax has been increased substantially from RM6.5 million to RM19.4 million with reasons mentioned above.

B3 Prospects

Malaysia's gross domestic product (GDP) shrank further in the fourth quarter of 2020 with contraction of 3.4%. The re-imposition of MCO at most States since 13th Jan 2021 is likely to affect the recovery of the economy as business conditions for many sectors have been badly affected. Nevertheless, in line with the continued uptrend in global commodities prices, the Group expects to continue experiencing good demand on our steel products for most parts of the new financial year. The group's supplies of steel pipes to OEM manufacturers of automotive, furniture & equipment manufacturing continued to receive strong orders while the increasing e-commerce activities has stimulated the increasing demands on our racking products from Third Party Logistic (3PL) companies. Our supplies of guardrails for Pan Borneo Highway Project ("PBH") in Sarawak is also progressing well, at the same time we have also started exploring on the provision of supplies to Sabah PBH project.

Moving forward, as the economic environment and business operating conditions remain full of uncertainties and challenges, the Group will continue its cautious pragmatic approach to navigate through the impact caused by Covid-19 pandemic. Barring unforeseen circumstances, the Board is cautiously optimistic that the Group's prospects for the coming year would remain positive and satisfactory.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 31/12/2020 RM'000	Current Year To Date 31/12/2020 RM'000
Current taxation	3,044	4,307
Deferred taxation	592	1,258
In respect of prior years	(10)	(1)
	3,626	5,564

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.

There were no corporate proposals announced at the date of this announcement.

B7 Group bank borrowings:

Total group borrowings as at 31 December 2020 are as follows:-

RM'000	Short Term Borrowing	Long Term Borrowing
Denominated in Ringgit Malaysia:		
Secured	49,240	18,404
Unsecured	93,006	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	142,246	18,404

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 recommend a final single-tier dividend of 1.0 sen per ordinary share, amounting to RM1,939,432 in respect of the financial year ended 31 December 2020, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company

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 31/12/2020	Preceding Quarter 31/12/2019	Current Year to date 31/12/2020	Preceding Year to date 31/12/2019
Net profit / (loss) attributable to ordinary shareholders (RM'000)				
- Continuing operations	15,757	3,116	22,165	3,314
- Operations of disposal group	-	-	-	2,215
	<u>15,757</u>	<u>3,116</u>	<u>22,165</u>	<u>5,529</u>
Weighted average number of ordinary shares in issue ('000)	193,943	195,640	194,162	195,686
Basic earnings per share (sen)				
- Continuing operations	8.12	1.59	11.42	1.69
- Operations of disposal group	-	-	-	1.14
	<u>8.12</u>	<u>1.59</u>	<u>11.42</u>	<u>2.83</u>

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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 31/12/2020	Preceding Quarter 31/12/2019	Current Year to date 31/12/2020	Preceding Year to date 31/12/2019
Net profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	15,757	3,116	22,165	3,314
- Operations of disposal group	-	-	-	2,215
	15,757	3,116	22,165	5,529
Weighted average number of ordinary shares in issue ('000)	193,943	195,640	194,162	195,686
Effect of dilution – ESOS ('000)	285	-	285	-
Weighted average number of ordinary shares in issue ('000) – diluted	194,228	195,640	194,447	195,686
Diluted earnings per share (sen)				
- Continuing operations	8.11	1.59	11.40	1.69
- Operations of disposal group	-	-	-	1.14
	8.11	1.59	11.40	2.83

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 31/12/2020 RM'000	Current Year To Date 31/12/2020 RM'000
(a) Interest income	99	560
(b) Other income	1,362	4,772
(c) Interest expense	(1,674)	(7,736)
(d) Depreciation and amortization	(1,955)	(7,974)
(e) Provision (for) and written down of receivables	565	952
(f) Provision (for) and written down of inventories	4,143	2,405
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	7,767
(h) Impairment of assets	(354)	(354)
(i) Foreign exchange gain/(loss) - Realised and unrealized	38	(186)
(j) Gain / (loss) on derivatives	80	(31)
(k) Exceptional items	N/A	N/A