

**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 2020.

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 2020.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2020, 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 2021:

|                                                                                                              | Effective Date |
|--------------------------------------------------------------------------------------------------------------|----------------|
| <i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16) | 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 2020 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.

**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 except for the following changes in share capital :

- (i) Issuance of 19,403,200 new ordinary shares pursuant to the Private Placement exercise which was completed on 8 June 2021
- (ii) Issuance of 800,500 new ordinary shares pursuant to the exercise of Employees' Share Option Scheme ( ESOS)

As a result of the above, the paid-up share capital of the Company has been increased from RM106.608 million to RM126.731 million as at 30 June 2021.

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

An interim single-tier dividend of 1.0 sen per ordinary share, amounting to RM2,144,569 in respect of the financial year ended 31 December 2021 was paid on 30 July 2021.

A final single-tier dividend of 1.0 sen per ordinary share, amounting to RM2,144,569 in respect of the financial year ended 31 December 2020 was approved by the shareholders during Annual General Meeting held on 21 July 2021 and subsequent paid on 30 July 2021.

**A8 Segment Information for the current financial year to date**

|                                | <u>Trading</u><br>RM'000 | <u>Manufacturing</u><br>RM'000 | <u>Investment</u><br>RM'000 | <u>Elimination</u><br>RM'000 | <u>Total</u><br>RM'000 |
|--------------------------------|--------------------------|--------------------------------|-----------------------------|------------------------------|------------------------|
| <b>Revenue</b>                 |                          |                                |                             |                              |                        |
| External Sales                 | 72,304                   | 191,569                        | 804                         | -                            | 264,677                |
| Inter-segment revenue          | 3,764                    | 19,897                         | 5,675                       | (29,336)                     | -                      |
| Total Revenue                  | <b>76,068</b>            | <b>211,466</b>                 | <b>6,479</b>                | <b>(29,336)</b>              | <b>264,677</b>         |
| <b>Segment Result</b>          | <b>9,270</b>             | <b>32,393</b>                  | <b>2,672</b>                | <b>(4,234)</b>               | <b>40,101</b>          |
| <b>Profit from operations</b>  |                          |                                |                             |                              | <b>40,101</b>          |
| Finance costs                  |                          |                                |                             |                              | (3,385)                |
| Interest Income                |                          |                                |                             |                              | 201                    |
| Share of results of associates |                          |                                |                             |                              | 12,030                 |
| <b>Profit before tax</b>       |                          |                                |                             |                              | <b>48,947</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.

**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 2020**

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 30/06/2021

RM'000

**Property, plant and equipment**

Authorized and contracted for 8,979

Authorized but not contracted for 5,501

**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<br>(2 <sup>nd</sup> quarter)                         |                                                                                        | Increase /<br>(Decrease) |        | Cumulative Period                                                       |                                                                                       | Increase /<br>(Decrease) |        |
|----------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--------------------------|--------|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------|--------------------------|--------|
|                            | Current<br>Year<br>Quarter<br>01.04.2021<br>to<br>30.06.2021<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>01.04.2020<br>to<br>30.06.2020<br>RM'000 | RM'000                   | %      | Current<br>Year to-<br>date<br>01.01.2021<br>to<br>30.06.2021<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>01.01.2020<br>to<br>30.06.2020<br>RM'000 | RM'000                   | %      |
| Revenue                    | 124,493                                                                | 53,319                                                                                 | 71,174                   | 133.5  | 264,677                                                                 | 147,015                                                                               | 117,662                  | 80.0   |
| Profit from operations     | 21,625                                                                 | 570                                                                                    | 21,055                   | 3693.9 | 40,101                                                                  | 7,476                                                                                 | 32,625                   | 436.4  |
| Profit / (loss) before tax | 25,137                                                                 | (2,611)                                                                                | 27,748                   | 1062.7 | 48,947                                                                  | 1,814                                                                                 | 47,133                   | 2598.3 |

**Prestar Resources Berhad**  
**Company No. 198401010527 (123066-A)**  
**Notes to the Unaudited Interim Financial Report for the period ended 30 June 2021**

Group revenue and profit before taxation (“PBT”) for the quarter under review were RM124.5 million and RM25.1 million respectively. Compared with the same quarter last year, revenue increased by 133.5% while PBT jumped more than ten folds at 1062.7%. Demand were strong for the first two months of the quarter despite the re-imposition of Movement Control Order ( “MCO”) since 1Q 2021. Strong PBT were mainly due to better sales margin resulting from higher demand on the products and services of all business segments of the Group as well as the continued rising trend of the steel price. However, the robust growth was hampered when total lockdown - Full MCO was imposed since 1 June 2021.

YTD Group revenue increased by 80% to RM264.7 million while the YTD PBT surged substantially by 2598.3% to RM48.9 million as compared to only RM1.8 million of the same period last year. The strong performance was mainly due to the higher selling price of our products as well as stronger demand continued from the relaxation of movement control during last year end to the early part of the current financial year.

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

|                               | <b>Current Year Quarter</b><br>01.04.2021 to 30.06.2021<br>RM'000 | <b>Immediate Preceding Quarter</b><br>01.01.2021 to 31.03.2021<br>RM'000 | <b>Changes (Amount/%)</b> |
|-------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------|
| <b>Revenue</b>                | <b>124,493</b>                                                    | <b>140,184</b>                                                           | <b>(15,691) / (11.2)</b>  |
| <b>Profit from operations</b> | <b>21,625</b>                                                     | <b>18,476</b>                                                            | <b>3,149 / 17.0</b>       |
| <b>Profit before tax</b>      | <b>25,137</b>                                                     | <b>23,810</b>                                                            | <b>1,327 / 5.6</b>        |

Compared with the immediate preceding quarter, Group revenue for the quarter under review reduced by 11.2% to RM124.5 million mainly due to the re-imposition of stricter movement control order – FMCO which started on 1 June 2021 and affected the operations of our Group. Nevertheless, the Group experienced slightly higher PBT as a result of better margin during this period on the back of increased raw materials prices and strong customer demand. PBT has increased from RM23.8 million to RM25.1 million with reasons mentioned above. Two associate companies of the Group also contributed positively during the quarter under review.

**B3 Prospects**

Malaysian economy grew by 16.1% year-on-year in the 2Q2021, Economic activities picked up at the start of 2Q 2021, but slowed down after the re-imposition of stricter containment measures nationwide under Phase 1 of the Full Movement Control Order (FMCO) since 1 June 2021. The pandemic continues to have a negative impact on most business sectors and also affected the operations of our Group during the quarter.

With the uncertainties caused by pandemic, worldwide supply chain has been disrupted badly and caused the prices of most commodities and shipping costs to increase drastically. This has also put pressure to the steel price, which is expected to continue on an upward trend. Locally, iron and steel sector are still not in full operation due to lockdown measures imposed thus affecting the demand and supply of steel products. The Board expects this trend may continue for the rest of this financial year and adopt a cautious and pragmatic approach to meet its customers demand as well as ensuring efficient management of its supply chain and working capital. Barring any unforeseen circumstances, the Board is cautiously optimistic that the Group will continue to generate satisfactory performance for the rest of financial year.

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

Not applicable.

**B5 Tax expenses**

|                           | Current Quarter<br>30/06/2021<br>RM'000 | Current Year To Date<br>30/06/2021<br>RM'000 |
|---------------------------|-----------------------------------------|----------------------------------------------|
| Current taxation          | 6,537                                   | 12,907                                       |
| Deferred taxation         | (615)                                   | (1,519)                                      |
| In respect of prior years | -                                       | -                                            |
|                           | 5,922                                   | 11,388                                       |

**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.**

**(a) Private Placement**

On 3 May 2021, the Company announced that it is proposing to undertake a private placement of new ordinary shares in Prestar ("Prestar Shares" or "Shares") of up to 10% of the total number of issued Shares in Prestar ("Proposed Private Placement").

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 approved by the shareholders of Prestar at the 35th Annual General Meeting of the Company held on 27 July 2020.

Based on the last applicable date of announcement (15 April 2021), the Company has an issued share capital of RM98,321,000 comprising 194,032,730 Prestar Shares (excluding Treasury Shares). The Proposed Private Placement entails the issuance of up to 19,403,200 new Prestar Shares ("Placement Shares"), representing approximately 10% of the Company's total number of issued Prestar Shares (excluding Treasury Shares), at an issue price of RM1.00 has been completed on 8 June 2021, raising total gross proceeds of RM19,403,200.

**Prestar Resources Berhad**  
**Company No. 198401010527 (123066-A)**  
**Notes to the Unaudited Interim Financial Report for the period ended 30 June 2021**

The gross proceeds arising from the Private Placement amounting to RM19.4million and its utilisation is disclosed in the following manner:

| Details of utilisation                                | Proposed Utilisation<br>RM'000 | Actual Utilisation<br>RM'000 | Unutilisation proceeds<br>RM'000 | Intended Timeframe<br>for utilisation |
|-------------------------------------------------------|--------------------------------|------------------------------|----------------------------------|---------------------------------------|
| Capital expenditure                                   | 13,600                         | 1,409                        | 12,191                           | Within 12 months                      |
| Repayment of bank borrowings                          | 5,500                          | 5,500                        | -                                | Within 12 months                      |
| Working capital                                       | 47                             | 47                           | -                                | Within 12 months                      |
| Estimated expenses for the Proposed Private Placement | 256                            | 256                          | -                                | Within 1 month                        |
| <b>Total gross proceeds</b>                           | <b>19,403</b>                  | <b>7,212</b>                 | <b>12,191</b>                    |                                       |

**(b) Proposed Bonus Issue**

On 10 June 2021, the Company announced that it is proposing to undertake a proposed bonus issue of up to 135,483,672 new ordinary shares on the basis of 3 Bonus Shares for every 5 existing Prestar Shares held. The Proposed Bonus Issue was approved By Bursa Securities on 24 June 2021 which were subsequently approved by the shareholders during the Extraordinary General Meeting (“EGM”) on 21 July 2021 (“Bonus Issue”). The lodgment date for the Proposed Bonus Issue was on 12 August 2021 and the Bonus shares were subsequently listed on BURSA Securities on 13 August 2021.

**B7 Group bank borrowings:**

Total group borrowings as at 30 June 2021 are as follows:-

| RM'000                                  | Short Term Borrowing | Long Term Borrowing |
|-----------------------------------------|----------------------|---------------------|
| <b>Denominated in Ringgit Malaysia:</b> |                      |                     |
| Secured                                 | 36,349               | 16,429              |
| Unsecured                               | 146,958              | -                   |
| <b>Denominated in US Dollar:</b>        |                      |                     |
| Secured                                 | -                    | -                   |
| Unsecured                               | -                    | -                   |
| <b>Total Bank Borrowings</b>            | <b>183,307</b>       | <b>16,429</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**

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<br>Quarter<br>30/06/2021 | Preceding<br>Quarter<br>30/06/2020 | Current Year<br>to date<br>30/06/2021 | Preceding<br>Year to date<br>30/06/2020 |
|------------------------------------------------------------------|----------------------------------|------------------------------------|---------------------------------------|-----------------------------------------|
| Net profit/(loss) attributable to ordinary shareholders (RM'000) | 19,215                           | (2,887)                            | 37,546                                | 1,179                                   |
| Weighted average number of ordinary shares in issue ('000)       | 200,366                          | 193,943                            | 197,183                               | 194,384                                 |
| Basic earnings per share (sen)                                   | 9.59                             | (1.49)                             | 19.04                                 | 0.61                                    |

**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<br>Quarter<br>30/06/2021 | Preceding<br>Quarter<br>30/06/2020 | Current Year<br>to date<br>30/06/2021 | Preceding Year<br>to date<br>30/06/2020 |
|---------------------------------------------------------------------|----------------------------------|------------------------------------|---------------------------------------|-----------------------------------------|
| Net profit attributable to ordinary shareholders (RM'000)           | 19,215                           | (2,887)                            | 37,546                                | 1,179                                   |
| Weighted average number of ordinary shares in issue ('000)          | 200,366                          | 193,943                            | 197,183                               | 194,384                                 |
| Effect of dilution – ESOS ('000)                                    | 232                              | -                                  | 232                                   | -                                       |
| Weighted average number of ordinary shares in issue ('000) –diluted | 200,598                          | 193,943                            | 197,415                               | 194,384                                 |
| Diluted earnings per share (sen)                                    | 9.58                             | (1.49)                             | 19.02                                 | 0.61                                    |

**B11 Notes to Condensed Consolidated Statement of Comprehensive Income**

| Net profit is arrived at after take in the following items:                | <b>Current<br/>Quarter<br/>30/06/2021<br/>RM'000</b> | <b>Current Year<br/>To Date<br/>30/06/2021<br/>RM'000</b> |
|----------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------|
| (a) Interest income                                                        | 108                                                  | 201                                                       |
| (b) Other income                                                           | 976                                                  | 2,686                                                     |
| (c) Interest expense                                                       | (1,785)                                              | (3,385)                                                   |
| (d) Depreciation and amortization                                          | (1,964)                                              | (3,851)                                                   |
| (e) Provision (for) and written down of receivables                        | (819)                                                | (1,480)                                                   |
| (f) Provision (for) and written down of inventories                        | (1,940)                                              | (9,055)                                                   |
| (g) Gain / (loss) on disposal of quoted / unquoted investment / properties | -                                                    | -                                                         |
| (h) Impairment of assets                                                   | -                                                    | -                                                         |
| (i) Foreign exchange gain/(loss) - Realised and unrealized                 | 6                                                    | (8)                                                       |
| (j) Gain / (loss) on derivatives                                           | (25)                                                 | (25)                                                      |
| (k) Exceptional items                                                      | N/A                                                  | N/A                                                       |