

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 2022.

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 2022.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2022, 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 2023:

	Effective Date
MFRS17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS17 <i>Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 – Comparative Information)</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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 2022 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.

Prestar Resources Berhad
Company No. 198401010527(123066-A)
Notes to the Unaudited Interim Financial Report for the period ended 30 June 2023

A6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

Shares buy-back

During the current financial quarter, the Company repurchased 215,000 of its issued share capital from the open market at an average price of RM0.408 per share. The total consideration paid was RM87,729.

For the financial year to date, the Company repurchased 589,900 of its issued share capital from the open market at an average price of RM0.4086 per share. The total consideration paid was RM241,022. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016

On 18 July 2023, the company distributed a total number of 17,098,449 treasury shares to its shareholders as a share dividend on the basis of five (5) treasury shares for every one hundred (100) existing ordinary shares held. Subsequent to the distribution, the Company retained a total of 1,521,131 treasury shares.

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

On 18 July 2023, the Company distributed 17,098,449 treasury shares value at RM8,150,383 as a final dividend to shareholders on the basis of five (5) treasury shares for every one hundred (100) existing ordinary shares held in respect of the financial year ended 31 December 2022.

A8 Segment Information for the current financial year to date

	<u>Trading</u>	<u>Manufacturing</u>	<u>Investment</u>	<u>Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External Sales	64,874	199,719	709	-	265,302
Inter-segment revenue	1,397	19,348	4,072	(24,817)	-
Total Revenue	66,271	219,067	4,781	(24,817)	265,302
Segment Result	1,709	9,726	1,868	(2,093)	11,210
Profit from operations					11,210
Finance costs					(3,641)
Interest Income					281
Share of results of associates					4,209
Profit before tax					12,059

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 2022

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 30/06/2023
	RM'000
Property, plant and equipment	
Authorized and contracted for	1,333
Authorized but not contracted for	337

**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 (2 nd quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.04.2023 to 30.06.2023 RM'000	Preceding Year Corresponding Quarter 01.04.2022 to 30.06.2022 RM'000	RM'000	%	Current Year to- date 01.01.2023 to 30.06.2023 RM'000	Preceding Year Corresponding Period 01.01.2022 to 30.06.2022 RM'000	RM'000	%
Revenue	122,304	159,532	(37,228)	(23.3)	265,302	331,051	(65,749)	(19.9)
Profit from operations	7,132	8,913	(1,781)	(20.0)	11,210	24,793	(13,583)	(54.8)
Profit before tax	7,030	14,710	(7,680)	(52.2)	12,059	35,547	(23,488)	(66.1)

For the current quarter under review, the Group achieved a revenue of RM122.3 million, marking a decrease of 23.3% when compared to the preceding year’s corresponding quarter, which had a revenue of RM159.5 million. The decrease in revenue for current quarter were primarily resulted from a constrained domestic market demand, influenced by heightened volatility in the global steel market. As a result, the Group registered a lower Profit before tax (“PBT”) of RM7.0 million in the current quarter, down from the preceding year’s corresponding quarter of RM14.7 million.

The Group’s Year-to-date (“YTD”) revenue experienced a decline of 19.9%, amounting to RM265.3 million. This decrease was mainly due to a sudden price correction in steel market during the period under review. Due to unfavourable market conditions and squeezed margin, the Group achieved YTD PBT of RM12.0 million, marking a decrease of 66.1% when compared to the YTD PBT of RM35.5 million in the quarter of the preceding year.

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

	Current Year Quarter 01.04.2023 to 30.06.2023 RM'000	Immediate Preceding Quarter 01.01.2023 to 31.03.2023 RM'000	Changes	
			RM'000	%
Revenue	122,304	142,998	(20,694)	(14.5)
Profit from operations	7,132	4,078	3,054	74.9
Profit before tax	7,030	5,029	2,001	39.8

Prestar Resources Berhad
Company No. 198401010527(123066-A)
Notes to the Unaudited Interim Financial Report for the period ended 30 June 2023

Compared with immediate preceding quarter, Group revenue for current quarter under review declined by 14.5%, dropping from RM143.0 million to RM122.3 million. The decrease was predominantly attributed to weak market sentiment resulting from lackluster market conditions.

The Group reported a PBT of RM7.0 million in the current quarter, as compared to PBT of RM5.0 million in the immediate preceding quarter. Improved performance was resulted by normalization of steel price and partly supported by the reversal of written down of inventories for the quarter under review. Two associate companies of the Group continue to contribute positive results during the quarter under review.

B3 Prospects

Considering the challenging market dynamics and global economic uncertainties, the steel industry outlook is anticipated to remain in bearish sentiment throughout the remainder of the year 2023. The Group acknowledges these challenges and will persist in mitigating the adverse market conditions by employing resilient and prudent strategies to position itself for future growth. Additionally, the Group will enhance operational efficiency to maintain a strong financial position, thereby safeguarding the interests of the stakeholders.

Barring unforeseen circumstances, the Board is cautiously optimistic that the Group will continue to generate satisfactory performance for the financial year ending 31 December 2023.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 30/06/2023 RM'000	Current Year To Date 30/06/2023 RM'000
Current taxation	1,009	1,581
Deferred taxation	(5)	160
In respect of prior years	5	5
	1,009	1,746

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 30 June 2023 are as follows:-

RM'000	Short Term Borrowing	Long Term Borrowing
Denominated in Ringgit Malaysia:		
Secured	38,803	9,601
Unsecured	86,248	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	125,051	9,601

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 Board declared a first single-tier interim dividend of 1.0 (one) sen per ordinary share, amounting to RM3,590,680 in respect of the financial year ending 31 December 2023. The dividend will be paid on 6 October 2023 to shareholders whose names appeared in the Record of Depositors at the close of business on 20 September 2023.

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 30/06/2023	Preceding Quarter 30/06/2022	Current Year to date 30/06/2023	Preceding Year to date 30/06/2022
Net profit attributable to ordinary shareholders (RM'000)	6,021	11,231	10,313	28,448
Weighted average number of ordinary shares in issue ('000)	342,129	343,026	342,129	343,026
Basic earnings per share (sen)	1.76	3.27	3.01	8.29

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 30/06/2023	Preceding Quarter 30/06/2022	Current Year to date 30/06/2023	Preceding Year to date 30/06/2022
Net profit attributable to ordinary shareholders (RM'000)	6,021	11,231	10,313	28,448
Weighted average number of ordinary shares in issue ('000)	342,129	343,026	342,129	343,026
Effect of dilution – ESOS ('000)	14	40	14	40
Weighted average number of ordinary shares in issue ('000) – diluted	342,143	343,066	342,143	343,066
Diluted earnings per share (sen)	1.76	3.27	3.01	8.29

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 30/06/2023 RM'000	Current Year To Date 30/06/2023 RM'000
(a) Interest income	133	281
(b) Other income	1,599	3,502
(c) Interest expense	(1,711)	(3,641)
(d) Depreciation and amortization	(1,942)	(3,854)
(e) Provision (for) and written down of receivables	(456)	(652)
(f) Provision (for) and written down of inventories	2,451	14,768
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	24	21
(j) Gain / (loss) on derivatives	-	(292)
(k) Exceptional items	N/A	N/A