

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 cyclical 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 31 December 2023

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

Shares buy-back

For the current quarter, the Company did not repurchase any ordinary shares from open market.

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.

A first single-tier interim dividend of one (1.0) sen per ordinary share, amounting to RM3,590,680 in respect of the financial year ended 31 December 2023 was paid on 6 October 2023.

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	132,626	393,822	1,419	-	527,867
Inter-segment revenue	2,563	37,461	10,694	(50,718)	-
Total Revenue	135,189	431,283	12,113	(50,718)	527,867
Segment Result	2,694	22,548	6,414	(6,822)	24,834
Profit from operations					24,834
Finance costs					(6,460)
Interest Income					567
Share of results of associates					11,278
Profit before tax					30,219

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 31/12/2023
	RM'000
Property, plant and equipment	
Authorized and contracted for	414
Authorized but not contracted for	69

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 01.10.2023 to 31.12.2023 RM'000	Preceding Year Corresponding Quarter 01.10.2022 to 31.12.2022 RM'000	RM'000	%	Current Year to- date 01.01.2023 to 31.12.2023 RM'000	Preceding Year Corresponding Period 01.01.2022 to 31.12.2022 RM'000	RM'000	%
Revenue	123,490	143,344	(19,854)	(13.9)	527,867	606,957	(79,090)	(13.0)
Profit/(loss) from operations	8,228	(7,476)	15,704	210.1	24,834	4,786	20,048	418.9
Profit/(loss) before tax	9,872	(7,101)	16,973	239.0	30,219	14,584	15,635	107.2

For the current quarter under review, the Group registered total revenue of RM123.5 million, a decrease of RM19.8 million or 13.9% compared to preceding year's corresponding quarter. The decline in revenue performance was mainly due to lower average selling prices and sales demand. However, the Group recorded a profit before tax (“PBT”) of RM9.9 million for current quarter as compared with a loss before tax of RM7.1 million in preceding year's corresponding quarter. This was mainly due to the improved profit margin, lower interest expense and reversal of inventories write down of RM3.5 million, in compliance with the financial reporting standard requirement.

The Group recorded year to date revenue of RM527.9 million, a decrease of 13.0% compared to RM606.9 million in the preceding year. Lower revenue was reported despite higher sales volume achieved, which mainly caused by lower average selling price resulting from international steel price correction during the year under review. Nonetheless, the group reported PBT of RM30.2 million, an improvement of 107.2% compared with the preceding year of RM14.6 million. The improved PBT was supported by lower cost of sales contributed by improve in raw material cost , reversal of inventories written down of RM21.3 million and lower interest expense incurred for the current year.

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

	Current Year Quarter 01.10.2023 to 31.12.2023 RM'000	Immediate Preceding Quarter 01.07.2023 to 30.09.2023 RM'000	Changes	
			RM'000	%
Revenue	123,490	139,075	(15,585)	(11.2)
Profit from operations	8,228	5,396	2,832	52.5
Profit before tax	9,872	8,288	1,584	19.1

In the fourth quarter of 2023, the Group experienced a notable 11.2% decrease in revenue, dropping from RM139.1 million to RM123.5 million. This decline was attributed to a reduction in sales volume, compounded by a drop in the average selling price.

However, Group recorded slightly higher PBT of RM9.9 million for the current quarter (4Q2023) as compared to the immediate preceding quarter (3Q2023) of RM8.3 million. Two associate companies of the Group also contributed positive results for the quarter under review.

B3 Prospects

Moving into year 2024, the operating landscape for the Group continues to present challenges, marked by the persistence of uncertain macroeconomic conditions, fluctuating exchange rates, and the repercussions of geopolitical conflicts. Additionally, the global steel market faces the squeeze of margin pressures. Despite these formidable factors, the Board is committed to adopting a cautious and vigilant approach to proactively steer through this challenging business environment.

To navigate these complex circumstances, the Board will maintain focus on prudent procurement strategies and effective inventory management. Furthermore, a proactive effort will be made to enhance operational efficiencies, thereby bolstering the Group's competitiveness within the industry. Concurrently, steps will be taken to optimize our financial performance. By remaining attentive to market dynamics, implementing strategic measures, and fortifying operational capabilities, the Board aims to position the Group resiliently in the face of ongoing challenges and market volatilities.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 31/12/2023 RM'000	Current Year To Date 31/12/2023 RM'000
Current taxation	655	3,140
Deferred taxation	983	1,242
In respect of prior years	-	(61)
	<u>1,638</u>	<u>4,321</u>

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 2023 are as follows:-

RM'000	Short Term Borrowing	Long Term Borrowing
Denominated in Ringgit Malaysia:		
Secured	28,256	8,055
Unsecured	63,976	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	92,232	8,055

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 second single-tier interim dividend of 1.5 sen per ordinary share, amounting to RM5,386,020 in respect of the financial year ended 31 December 2023.

The entitlement of the second single-tier interim dividend will be determined based on the shareholders registered in the record of depositors as at 14 March 2024 and the date of payment will be on 27 March 2024.

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 31/12/2023	Preceding Quarter 31/12/2022	Current Year to date 31/12/2023	Preceding Year to date 31/12/2022
Net profit / (loss) attributable to ordinary shareholders (RM'000)	8,234	(3,730)	25,898	15,191
Weighted average number of ordinary shares in issue ('000)	359,245	342,995	359,245	342,995
Basic earnings per share (sen)	2.29	(1.08)	7.21	4.43

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 31/12/2023	Preceding Quarter 31/12/2022	Current Year to date 31/12/2023	Preceding Year to date 31/12/2022
Net profit / (loss) attributable to ordinary shareholders (RM'000)	8,234	(3,730)	25,898	15,191
Weighted average number of ordinary shares in issue ('000)	359,245	342,995	359,245	342,995
Effect of dilution – ESOS ('000)	21	25	21	25
Weighted average number of ordinary shares in issue ('000) –diluted	359,266	343,020	359,266	343,020
Diluted earnings per share (sen)	2.29	(1.08)	7.21	4.43

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 31/12/2023 RM'000	Current Year To Date 31/12/2023 RM'000
(a) Interest income	139	567
(b) Other income	2,139	8,039
(c) Interest expense	(1,375)	(6,460)
(d) Depreciation and amortization	(1,950)	(7,760)
(e) Provision (for) and written down of receivables	(112)	(959)
(f) Provision (for) and written down of inventories	3,457	21,310
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	331	336
(j) Gain / (loss) on derivatives	598	306
(k) Exceptional items	N/A	N/A