

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 September 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>	<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	98,678	304,635	1,064	-	404,377
Inter-segment revenue	1,816	27,614	9,680	(39,110)	-
Total Revenue	100,494	332,249	10,744	(39,110)	404,377
Segment Result	1,989	14,907	6,523	(6,813)	16,606
Profit from operations					16,606
Finance costs					(5,085)
Interest Income					428
Share of results of associates					8,398
Profit before tax					20,347

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 30/09/2023
	RM'000
Property, plant and equipment	
Authorized and contracted for	990
Authorized but not contracted for	274

**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 (3 rd quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.07.2023 to 30.09.2023 RM'000	Preceding Year Corresponding Quarter 01.07.2022 to 30.09.2022 RM'000	RM'000	%	Current Year to- date 01.01.2023 to 30.09.2023 RM'000	Preceding Year Corresponding Period 01.01.2022 to 30.09.2022 RM'000	RM'000	%
Revenue	139,075	132,562	6,513	4.9	404,377	463,613	(59,236)	(12.8)
Profit/(loss) from operations	5,396	(12,531)	17,927	143.1	16,606	12,262	4,344	35.4
Profit/(loss) before tax	8,288	(13,862)	22,150	159.8	20,347	21,685	(1,338)	(6.2)

For the current quarter under review, the Group achieved a total revenue of RM139.1 million, an improvement of 4.9% or RM6.5 million from RM132.6 million recorded in the preceding year's corresponding quarter. The higher revenue was due to grow in sales volume for the current financial quarter. The Group's profit before tax (“PBT”) for the current quarter under review was RM8.3 million, an improvement of 159.8% from the preceding year's corresponding quarter loss before tax of RM13.9 million.

For the current financial year to date, the Group recorded a revenue of RM404.4 million, a decrease of 12.8% compared to RM463.6 million for the previous financial period. The reported decrease in revenue was mainly due to lower unit selling price resulting from international steel price correction during the year under review. Consequently, the YTD PBT was lower by 6.2%, declining from RM21.7 million to RM20.3 million in the current financial year.

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

	Current Year Quarter 01.07.2023 to 30.09.2023 RM'000	Immediate Preceding Quarter 01.04.2023 to 30.06.2023 RM'000	Changes	
			RM'000	%
Revenue	139,075	122,304	16,771	13.7
Profit from operations	5,396	7,132	(1,736)	(24.3)
Profit before tax	8,288	7,030	1,258	17.9

The Group's revenue for the current quarter under review improved by 13.7%, increasing from RM122.3 million to RM139.1 million. The higher revenue was mainly contributed by higher sales volume achieved for the quarter under review.

Group PBT improved further by 17.9%, rising from RM7.0 million to RM8.3 million in the current quarter under review. Better performance was mainly due to improved margin resulting from the normalization of international steel prices. Two associate companies of the Group also contributed positive results for the quarter under review.

B3 Prospects

The Group's operating environment remains challenging and competitive amidst the global economic uncertainties, coupled with volatility of global steel prices, inflationary pressure, high interest rates and fluctuation of exchange rates. Against these backdrops, the Board will remain prudent in its operations and cost management. Additionally, the Board will actively enhance operational efficiencies to increase the Group's competitiveness in the industry.

Barring unforeseen circumstances, the Board remained cautiously optimistic about the prospect for the financial year ending 31 December 2023. The Group will continue to emphasize on strong financial position and cash flow management to stay vigilant through this volatile and challenging period.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 30/09/2023 RM'000	Current Year To Date 30/09/2023 RM'000
Current taxation	904	2,485
Deferred taxation	99	259
In respect of prior years	(66)	(61)
	937	2,683

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 September 2023 are as follows:-

RM'000	Short Term Borrowing	Long Term Borrowing
Denominated in Ringgit Malaysia:		
Secured	30,898	8,828
Unsecured	62,617	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	93,515	8,828

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 30/09/2023	Preceding Quarter 30/09/2022	Current Year to date 30/09/2023	Preceding Year to date 30/09/2022
Net profit / (loss) attributable to ordinary shareholders (RM'000)	7,351	(9,527)	17,664	18,921
Weighted average number of ordinary shares in issue ('000)	359,245	343,026	359,245	343,026
Basic earnings per share (sen)	2.05	(2.78)	4.92	5.51

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 30/09/2023	Preceding Quarter 30/09/2022	Current Year to date 30/09/2023	Preceding Year to date 30/09/2022
Net profit / (loss) attributable to ordinary shareholders (RM'000)	7,351	(9,527)	17,664	18,921
Weighted average number of ordinary shares in issue ('000)	359,245	343,026	359,245	343,026
Effect of dilution – ESOS ('000)	23	27	23	27
Weighted average number of ordinary shares in issue ('000) –diluted	359,268	343,053	359,268	343,053
Diluted earnings per share (sen)	2.05	(2.78)	4.92	5.51

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 30/09/2023 RM'000	Current Year To Date 30/09/2023 RM'000
(a) Interest income	147	428
(b) Other income	2,398	5,900
(c) Interest expense	(1,444)	(5,085)
(d) Depreciation and amortization	(1,956)	(5,810)
(e) Provision (for) and written down of receivables	(195)	(847)
(f) Provision (for) and written down of inventories	3,085	17,853
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	(16)	5
(j) Gain / (loss) on derivatives	-	(292)
(k) Exceptional items	N/A	N/A