

PART A: EXPLANATION NOTES AS PER FRS 134

A1 Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in compliance with Financial Reporting Standard (“FRS”) 134, Interim Financial Reporting and other FRS issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

These explanatory notes attached to the 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 2009.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2009.

The FRSs that are relevant to the Group’s operations and effective for the financial period beginning on or after January 2010 are as follows:

FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 8	Operating Segment
Amendments to FRS 107	Cash Flow Statements
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Event After Balance Sheet Date
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 131	Interest in Joint Venture
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	Group and Treasury Transactions

The above FRSs, IC Interpretations and Amendments to FRS do not have significant impact on the financial reporting of the Group except for FRS 139. The adoption of FRS

139 has resulted in changes to accounting policies and the new accounting policies are as follows:

❖ ***Investment in equity securities***

Prior to the adoption of FRS 139, investments in non-current equity securities, other than investments in subsidiaries, were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries, are now categorized and measured as fair value through profit or loss, or as available-for-sale investments.

❖ ***Derivatives***

Prior to the adoption of FRS 139, derivative contracts were recognized in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now categorized as fair value through profit or loss and measured at their fair value with the gain or loss recognized in the profit or loss.

❖ ***Impairment of trade and other receivables***

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognized for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

A2 Seasonal or cyclical factors

The Group faces minor seasonal fluctuations during the major festive seasons such as Hari Raya Aidilfitri and Chinese New Year celebrations.

A3 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.

A4 Changes in estimates

There are no significant changes in the estimates of amount, which give a material effect in the current interim period.

A5 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 for the current quarter ended 31 March 2010.

A6 Dividends paid (aggregate or per share) separately for ordinary share and other shares

There was no dividend paid for the quarter ended 31 March 2010.

A7 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	23,477	113,536	451	-	137,464
Inter-segment revenue	75	24,750	2,480	(27,305)	-
Total Revenue	23,552	138,286	2,931	(27,305)	137,464
Segment Result	802	11,449	1,871	(2,554)	11,568
Profit from operations					11,568
Finance costs					(2,679)
Interest Income					30
Share of results of associates					792
Profit before tax					9,711

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.

A8 Valuations of property, plant and equipment

The valuation of land & buildings has been brought forward, without amendment from the previous annual financial statement.

A9 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.

A10 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

Further to the announcement made on 11 May 2010 on the proposed liquidation through members' voluntary liquidation of Prestar Venture Sdn Bhd, a wholly owned subsidiary of the Company, the liquidation process of the said company is currently on-going.

Other than above, there were no other changes in the composition of the Group.

Prestar Resources Berhad (123066-A)

Notes to the Interim Financial Report for the period ended 31 March 2010

A11 Changes in contingent liabilities or contingent assets since the last annual balance sheet date

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.

A12 Capital commitments

	As at 31/03/2010 RM'000
Property, plant and equipment Authorized and contracted for	<u>458</u>

**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)

Group revenue for the current quarter was RM137.5 million, increased by 43.1% over the same quarter last year. Profit before taxation for the quarter under review also soared substantially from RM9.9 million losses last year to RM9.7 million profit this quarter. Uptrend in the steel prices and market demand experienced since the later part of last year coupled with improvement in business conditions amidst robust domestic economy growth were the keys to the overall improvements.

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

Group revenue for the current quarter was 3.3% higher than the immediate preceding quarter's RM133.1 million. Profit before tax also surged by 24.9% over the immediate preceding quarter's RM7.8 million. The improvement in the profit before tax for the quarter reported was mainly due to the better sales margin as a result of rising steel prices amidst better market demand as well as on-going costs reduction exercise and operational efficiencies improvement program.

B3 Prospects

In line with the continued uptrend in steel material prices, albeit some volatility foreseen, coupled with robust growth in domestic economy and sustained market demand, the Board is of the opinion that the performance of the Group for the rest of the year will continue to be satisfactory.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

RM'000	Current Quarter 31/03/2010	Current Year To Date 31/03/2010
Current taxation	1,715	1,715
Deferred taxation	844	844
In respect of prior years	-	-
	2,559	2,559

The current taxation of the Group for the financial period ended 31 March 2010 is due to taxable profits in certain subsidiaries. The average effective tax rate of the Group for the current quarter and financial year to date is higher than the statutory tax rate due to add back of non tax deductible expenses.

B6 Profit / (Losses) on sale of unquoted investments and/or properties

There is no sale of unquoted investments or properties for the current quarter and financial year to date.

B7 Quoted securities

- (a) Total purchases consideration and sale proceeds of available-for-sale investments in quoted securities for the current quarter and financial year to date and profit/loss arising there from are as follows:

	Current Quarter 31/03/10 RM'000	Year To date 31/03/10 RM'000
Total Purchases	-	-
Total Sale Proceeds	2	2
Total Profit / (Loss)	-	-

- (b) The available-for-sale investments in quoted securities as at 31 March 2010 are as follows:-

	RM'000
(i) At cost	-
(ii) At book value	-
(iii) At market value	-

- B8 (a) 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.**

- (b) Where applicable, a brief explanation of the status of utilization of proceeds raised from any corporate proposal.**

(a) and (b) not applicable.

B9 Group bank borrowings:

Total group borrowings as at 31 March 2010 are as follows:-

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	89,947	2,658
Unsecured	121,220	6,213
Denominated in US Dollar:		
Secured	16,750	7,119
Denominated in Vietnam VND:		
Secured	10,045	656
Total Bank Borrowings	237,962	16,646

B10 Disclosure of derivatives

With the adoption of FRS 139, there are currently no off balance sheet financial instruments. The list of outstanding derivatives as at 31 March 2010 is as follows:

Type of Derivatives	Notional Value	Fair Value
Forward Foreign currency contract	Ringgit Malaysia ('000)	Ringgit Malaysia ('000)
Bank buy :		
- Less than 1 year	2,052	1,951
Bank sell :		
- Less than 1 year	12,509	12,157

The above foreign currency contracts were executed with creditworthy financial institutions and hence the likelihood of non performance is remote.

B11 Material litigation since the last annual balance sheet date which shall be made up to a date not earlier than 7 days from the date of issue of the quarterly report

As at 20 May 2010, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 31 December 2009.

B12 Dividend

The Directors do not recommend any interim dividend for the current quarter under review.

B13 Earnings per share

	Current Quarter Ended 31/03/2010
Basic	
Net profit attributable to ordinary shareholder (RM'000)	5,015
Number of ordinary shares as at 1 Jan 2010 after net off treasury shares	174,061
Effect of ESOS exercised	-
Effect of warrants exercised	-
Effect of shares repurchased	-
Weighted average number of ordinary shares in issue ('000)	174,061
Basic earnings per share (sen)	2.88

Diluted

The diluted earnings per ordinary share is not presented for the current quarter as there is an anti-dilutive effect on the conversion of Warrants to ordinary shares.

B14 Report of auditors

The audit report of the most recent annual financial statement for the year ended 31 December 2009 was not qualified.