

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 (revised)
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
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 December 2010.

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

A First and Final Dividend of 3.0% tax exempt amounting to 1.5 sen per share in respect of the financial year ended 31 December 2009 was paid on 18 August 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	109,893	446,538	1,813	-	558,244
Inter-segment revenue	337	69,576	18,211	(88,124)	-
Total Revenue	110,230	516,114	20,024	(88,124)	558,244
Segment Result	3,834	21,070	6,783	(8,247)	23,440
Profit from operations					23,440
Finance costs					(12,090)
Interest Income					261
Share of results of associates					3,211
Profit before tax					14,822

FRS 8 Operating Segments requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group's chief operating decision maker relies on internal reports which are similar to those currently disclosed externally.

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

- i. 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.
- ii. Prestar Steel Pipes Sdn Bhd (PSPSB), a wholly owned subsidiary of the Company and Prestar Precision Tube Sdn Bhd (PPTSB), a subsidiary of the Company, had on 26 August 2010 undergone an internal restructuring exercise involving acquisition by the Company 1,500,000 ordinary shares of RM1.00 each in PPTSB held by PSPSB. As result, PPTSB has become a wholly owned subsidiary of the Company. Ensuring this, PSPSB and PPTSB had on 1 September 2010 undergone a transfer of business from PSPSB to PPTSB (refer announcement on 26 August 2010 and 1 September 2010).

The Internal Restructuring will not have any material effect on the share capital, net assets per shares, gearing, earning per share and substantial shareholding of the Company.

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 31/12/2010
	RM'000
Property, plant and equipment	
Authorized and contracted for	2,783
Authorized and not contracted for	666

**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 and year-to-date were RM 138.9 million and RM 558.2 million respectively, both improved by 4.4% and 21.4% over the same period last year. There was a loss for the quarter under review at RM 1.08 million as compared to RM 5.62 million last year, nonetheless the Group reported RM 12.1 million profit after tax for the year ended 31 Dec 2010, this is 2.0% higher than last YTD's performance. The significant decline in current quarter's earnings as compared to the same period last year was mainly due to low sales margin as a result of depressing steel prices since the middle of the financial year.

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 slightly lower than the immediate preceding quarter's RM 142.5 million. Profit before tax also reduced from the immediate preceding quarter's RM 0.82 million to a loss of RM 3.31 million for the quarter under review, this was mainly due to the softening of steel prices and slow market demand during the quarter under review.

B3 Prospects

Steel prices were volatile and sluggish for the financial year under review, nevertheless, the unfavorable situation is expected to improve gradually in the near term with some uptrend seen in the movement of steel prices since the end of the financial year under review. The Board will continue to adopt cautious and pragmatic steps to generate better results for the new financial year.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 31/12/2010 RM'000	Current Year To Date 31/12/2010 RM'000
Current taxation	(842)	3,568
Deferred taxation	(1,379)	(861)
In respect of prior years	(1)	58
	<u>(2,222)</u>	<u>2,765</u>

The average effective tax rate of the Group for the current quarter and financial year to date is lower than the current statutory tax rate mainly due to application of Group Relief under section 44A of the Income Tax Act 1967 by a few subsidiaries.

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 31/12/2010 RM'000	Year To date 31/12/2010 RM'000
Total Purchases	-	-
Total Sale Proceeds	-	2
Total Profit / (Loss)	-	-

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

	RM'000
(i) At cost	<u>-</u>
(ii) At book value	<u>-</u>
(iii) At market value	<u>-</u>

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 December 2010 are as follows:-

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	84,889	7,055
Unsecured	109,349	7,379
Denominated in US Dollar:		
Secured	2,049	-
Unsecured	8,871	-
Denominated in Vietnam VND:		
Secured	15,573	-
Total Bank Borrowings	220,731	14,434

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 December 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	3,482	3,421
Bank sell :		
- Less than 1 year	2,788	2,753

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 21 February 2011, 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 recommend a final dividend of 2% (1.0 sen per ordinary share), tax exempt, amounting to RM1,740,610 in respect of the financial year ended 31 December 2010, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

B13 Earnings per share

	Current Quarter Ended 31/12/2010
Basic	
Net profit attributable to ordinary shareholder (RM'000)	6,133
Number of ordinary shares as at 1 Jan 2010 after net off treasury shares	174,061
Effect of warrants exercised	-
Effect of shares repurchased	-
Weighted average number of ordinary shares in issue ('000)	<u>174,061</u>
Basic earnings per share (sen)	3.52

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 Realised and unrealised profits/losses disclosure

	Current Quarter Ended 31/12/2010 RM'000	Preceding Quarter Ended 30/09/2010 RM'000
Total retained profits / (accumulated losses) of the Company and the subsidiaries:		
- Realised	87,251	101,099
- Unrealised	(4,272)	(6,135)
	<hr/> 82,979	<hr/> 94,964
Total retained profits / (accumulated losses) from associates companies:		
- Realised	23,486	22,110
- Unrealised	(1,468)	(1,155)
	<hr/> 104,949	<hr/> 115,919
Less: Consolidation adjustments	(24,094)	(33,667)
	<hr/>	<hr/>
Total group retained profits as per consolidated accounts	<hr/> 80,855	<hr/> 82,252

B15 Report of auditors

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