

**PRESTAR RESOURCES BHD ( 123066-A )**

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the 4th financial quarter ended 31 December 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 01/10/2016 to 31/12/2016 RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-date 01/01/2016 to 31/12/2016 RM'000	Preceding Year Corresponding Period RM'000
Revenue	171,915	150,816	621,484	616,913
Cost of sales	(140,937)	(132,839)	(526,821)	(543,969)
Gross profit	30,978	17,977	94,663	72,944
Other operating income	2,420	2,435	5,422	6,226
Operating expenses	(17,524)	(10,819)	(52,077)	(43,238)
Profit from operations	15,874	9,593	48,008	35,932
Finance costs	(3,067)	(3,168)	(12,069)	(13,270)
Interest income	360	132	894	513
Share of results of associate	986	1,850	2,999	(3,074)
Profit before taxation	14,153	8,407	39,832	20,101
Tax expenses	(3,803)	(1,906)	(9,146)	(6,948)
Profit for the period	10,350	6,501	30,686	13,153
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operation	1,150	(747)	609	2,809
Other comprehensive income for the period, net of tax	1,150	(747)	609	2,809
Total comprehensive income for the period	11,500	5,754	31,295	15,962

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 01/10/2016 to 31/12/2016 RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-date 01/01/2016 to 31/12/2016 RM'000	Preceding Year Corresponding Period RM'000
Profit attributable to:				
Owners of the company	8,455	5,971	24,340	10,659
Non-controlling interest	1,895	530	6,346	2,494
Profit for the period	10,350	6,501	30,686	13,153
Total comprehensive income attributable to:				
Owners of the company	9,605	5,224	24,949	13,468
Non-controlling interest	1,895	530	6,346	2,494
Total comprehensive income for the period	11,500	5,754	31,295	15,962
Earnings per share (sen)				
Basic	4.80	3.41	13.83	6.09
Diluted	4.63	3.41	13.33	6.09

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

**PRESTAR RESOURCES BHD ( 123066-A )**

**Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2016**

	<b>As at 31/12/2016 RM'000</b>	<b>As at 31/12/2015 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	164,694	165,606
Investment properties	47	4,649
Intangible assets	1,675	1,675
Investments in associates	39,724	36,725
Deferred tax assets	108	375
	<b>206,248</b>	<b>209,030</b>
<b>Current assets</b>		
Inventories	179,202	154,128
Trade receivables	177,905	159,831
Other receivables	15,777	14,114
Derivative assets	499	41
Tax Recoverable	835	232
Cash and bank balances	44,987	40,852
	<b>419,205</b>	<b>369,198</b>
	<b>625,453</b>	<b>578,228</b>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	93,115	91,001
Reserves	151,331	129,504
Treasury shares	(5,854)	(5,854)
	238,592	214,651
<b>Non-controlling interest</b>	63,595	58,254
<b>Total equity</b>	<b>302,187</b>	<b>272,905</b>
<b>Non-current liabilities</b>		
Hire purchase liabilities	7,754	5,426
Bank borrowings	11,229	18,288
Deferred taxation	10,341	9,663
	<b>29,324</b>	<b>33,377</b>
<b>Current liabilities</b>		
Trade payables	48,545	42,948
Other payables	22,137	16,331
Derivative liabilities	55	38
Hire purchase liabilities	3,812	2,814
Bank borrowings	215,454	208,885
Taxation	3,939	930
	<b>293,942</b>	<b>271,946</b>
<b>Total liabilities</b>	<b>323,266</b>	<b>305,323</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>625,453</b>	<b>578,228</b>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.33	1.23

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

**PRESTAR RESOURCES BHD ( 123066-A)**

**Unaudited Condensed Consolidated Statement of Changes in Equity  
For the 4th financial quarter ended 31 December 2016**

	Non-distributable					Distributable			Total attributable to owners of the parent	Non- controlling Interests	Total Equity
	Share Capital	Share Premium	Translation Reserve	Share Options reserve	Treasury Shares	Retained profits					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2015</b>											
Total comprehensive income	91,001	1,738	1,115	677	(5,854)	115,205	203,882	56,275	260,157		
Dividend paid	-	-	2,809	-	-	10,659	13,468	2,494	15,962		
Share options granted under ESOS	-	-	-	-	-	(3,502)	(3,502)	(515)	(4,017)		
	-	-	-	803	-	-	803	-	803		
<b>At 31 December 2015</b>	<b>91,001</b>	<b>1,738</b>	<b>3,924</b>	<b>1,480</b>	<b>(5,854)</b>	<b>122,362</b>	<b>214,651</b>	<b>58,254</b>	<b>272,905</b>		
<b>At 1 January 2016</b>	<b>91,001</b>	<b>1,738</b>	<b>3,924</b>	<b>1,480</b>	<b>(5,854)</b>	<b>122,362</b>	<b>214,651</b>	<b>58,254</b>	<b>272,905</b>		
Total comprehensive income	-	-	609	-	-	24,340	24,949	6,346	31,295		
Dividend paid	-	-	-	-	-	(3,523)	(3,523)	(1,005)	(4,528)		
Issue of shares pursuant to ESOS	2,114	507	-	(381)	-	-	2,240	-	2,240		
Share options granted under ESOS	-	-	-	275	-	-	275	-	275		
<b>At 31 December 2016</b>	<b>93,115</b>	<b>2,245</b>	<b>4,533</b>	<b>1,374</b>	<b>(5,854)</b>	<b>143,179</b>	<b>238,592</b>	<b>63,595</b>	<b>302,187</b>		

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

**PRESTAR RESOURCES BHD ( 123066-A)**

**Unaudited Condensed Consolidated Statement of Cash Flows**  
**For the 4th financial quarter ended 31 December 2016**

	<b>31/12/2016</b> <b>RM'000</b>	<b>31/12/2015</b> <b>RM'000</b>
<b>Profit before taxation</b>	<b>39,832</b>	<b>20,101</b>
<b>Adjustments for :-</b>		
Non-cash items	12,799	14,337
Non-operating items	11,175	12,757
<b>Operating profit before working capital changes</b>	<b>63,806</b>	<b>47,195</b>
Net change in current assets	(47,291)	(11,298)
Net change in current liabilities	11,577	26,290
Tax paid	(5,798)	(5,002)
<b>Net cash from operating activities</b>	<b>22,294</b>	<b>57,185</b>
<b>Investing activities</b>		
Interest received	894	513
Fixed deposits pledged	1,536	(843)
Proceeds from disposal of property, plant and equipment	5,125	415
Purchase of property, plant and equipment	(4,892)	(4,853)
<b>Net cash (used in) / from investing activities</b>	<b>2,663</b>	<b>(4,768)</b>
<b>Financing activities</b>		
Interest paid	(12,069)	(13,270)
Net Proceeds from issuance of ordinary shares	2,240	-
Repayment of borrowings	(4,811)	(27,514)
Dividend paid	(3,523)	(3,502)
Dividend paid to non-controlling interests	(1,005)	(515)
<b>Net cash used in financing activities</b>	<b>(19,168)</b>	<b>(44,801)</b>
<b>Net increase in cash and cash equivalent</b>	<b>5,789</b>	<b>7,616</b>
<b>Cash and cash equivalents at 1 January</b>	<b>37,957</b>	<b>29,976</b>
Effect of exchange rate changes	125	365
<b>Cash and cash equivalents at 31 December</b>	<b>43,871</b>	<b>37,957</b>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	8,812	4,036
Cash and bank balances	36,175	36,816
Bank overdrafts	(1,116)	(1,360)
	<b>43,871</b>	<b>39,492</b>
Less : Fixed deposits pledged to licensed banks	-	(1,535)
	<b>43,871</b>	<b>37,957</b>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

## **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 2015.

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 2015.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, except for the adoption of the following Amendments and Annual Improvements to Standards which are effective for annual periods beginning on or after 1 January 2016:

- Annual Improvements to MFRSs 2012-2014 Cycle
- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities : Applying the Consolidation Exception*
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14 *Regulatory Deferral Accounts*
- Amendments to MFRS 101 : *Disclosure Initiative*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture : Bearer Plants*
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*

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 2015 was not qualified.

### **A3 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.

**Prestar Resources Berhad (123066-A)**  
**Notes to the Interim Financial Report for the period ended 31 December 2016**

**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.

**A6 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 2016.

**A7 Dividends paid (aggregate or per share) separately for ordinary share and other shares**

An interim single-tier dividend of 1.0 sen per ordinary share, amounting to RM1,860,864.40 in respect of the financial year ended 31 December 2016 was paid on 16 February 2017.

**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
<b>Revenue</b>					
External Sales	154,984	464,882	1,618	-	621,484
Inter-segment revenue	3,170	73,912	7,050	(84,132)	-
<b>Total Revenue</b>	<b>158,154</b>	<b>538,794</b>	<b>8,668</b>	<b>(84,132)</b>	<b>621,484</b>
<b>Segment Result</b>	<b>7,940</b>	<b>40,718</b>	<b>8,537</b>	<b>(9,187)</b>	<b>48,008</b>
<b>Profit from operations</b>					<b>48,008</b>
Finance costs					(12,069)
Interest Income					894
Share of results of associates					2,999
<b>Profit before tax</b>					<b>39,832</b>

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 2015**

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 31/12/2016
	RM'000
Property, plant and equipment	
Authorized and contracted for	122
Authorized and not contracted for	-

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**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 171.9 million and RM 621.5 million respectively. This gave rise to an increase of 14.0 % and 0.7 % respectively over the same period last year. Profit before tax ("PBT") for the current quarter increased from RM 8.4 million last year to RM 14.2 million this year while YTD Profit before tax were higher at RM 39.8 million as compared to RM 20.1 million of the same period last year. The strong improvement in both the current quarter and YTD performance despite marginally growth in sales revenue was mainly due to better sales margin obtained from more reliable material supplies since first quarter of the year as well as rebounded steel prices. Besides, the Group also equity accounting for positive contributions of an associate company which reported heavy losses in the previous year.

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

Compared to the immediate preceding quarter, Group revenue for the quarter under review increased by 13.4% from RM151.6 million to RM171.9 million. Profit before tax for the quarter under review also increased from RM11.9 million in the immediate preceding quarter to RM14.2 million, this was mainly due to better margin on higher steel material prices better sources of supplies as well as the continuous improvement in operational efficiencies and costs control.

**B3 Prospects**

For the year 2016, Malaysian real GDP slowed to 4.2% when compared to 5.0 % in the preceding year, amid a slowdown in domestic demand. Going forward, uncertainties remained though it was projected by the authorities that Malaysian economy will continue to grow at about the same rate amid expectation of a stronger than expected recovery in exports in line with the weak Ringgit. On the supply side of steel materials, competitions remained keen amid rebounded prices while China continues to tighten the excess capacities situation. Notwithstanding that, the Group is expected to continue benefiting from the liberation in steel imports amid competitive steel material pricing from oversea supplies. Against this backdrop, the Board envisage the next reporting year to remain very challenging and will continue to adopt cautious and pragmatic approach in strategic and operational maneuver in order to continue generating a satisfactory performance for the new financial year.

**B4 Variance of actual profit from forecast profit / profit guarantee**

Not applicable.

**B5 Tax expenses**

	Current Quarter 31/12/2016 RM'000	Current Year To Date 31/12/2016 RM'000
Current taxation	3,366	8,163
Deferred taxation	481	945
In respect of prior years	(44)	38
	<u>3,803</u>	<u>9,146</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.**

Not applicable.

**B7 Group bank borrowings:**

Total group borrowings as at 31 December 2016 are as follows:-

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
<b>Denominated in Ringgit Malaysia:</b>		
Secured	63,568	11,229
Unsecured	151,886	-
<b>Denominated in US Dollar:</b>		
Secured	-	-
Unsecured	-	-
<b>Total Bank Borrowings</b>	<b>215,454</b>	<b>11,229</b>

**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 recommend a final single-tier dividend of 2.0 sen per ordinary share, amounting to RM3,774,376.80 in respect of the financial year ended 31 December 2016, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company

**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 31/12/2016	Preceding Quarter 31/12/2015	Current Year to date 31/12/2016	Preceding Year to date 31/12/2015
Net profit/(loss) attributable to ordinary shareholders (RM'000)	8,455	5,971	24,340	10,659
Weighted average number of ordinary shares in issue ('000)	176,089	175,083	175,959	175,083
Basic earnings per share (sen)	4.80	3.41	13.83	6.09

**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 31/12/2016	Preceding Quarter 31/12/2015	Current Year to date 31/12/2016	Preceding Year to date 31/12/2015
Net profit attributable to ordinary shareholders (RM'000)	8,455	5,971	24,340	10,659
Weighted average number of ordinary shares in issue ('000)	176,089	175,083	175,959	175,083
Effect of dilution – ESOS ('000)	6,627	-	6,627	-
Weighted average number of ordinary shares in issue ('000) – diluted	182,716	175,083	182,586	175,083
Diluted earnings per share (sen)	4.63	3.41	13.33	6.09

**B11 Realised and unrealised profits/losses disclosure**

	As at Current Financial Period Ended 31/12/2016 RM'000	As at Preceding Financial Year Ended 31/12/2015 RM'000
Total retained profits / (accumulated losses) of the Company and the subsidiaries:		
- Realised	173,032	144,621
- Unrealised	(10,614)	(10,056)
	<u>162,418</u>	<u>134,565</u>
Total retained profits / (accumulated losses) from associates companies:		
- Realised	23,874	19,206
- Unrealised	(1,115)	554
	<u>185,177</u>	<u>154,325</u>
Less: Consolidation adjustments	<u>(41,998)</u>	<u>(31,963)</u>
Total group retained profits as per consolidated accounts	<u>143,179</u>	<u>122,362</u>

**B12 Notes to Condensed Consolidated Statement of Comprehensive Income**

Net profit is arrived at after take in the following items:	Current Quarter 31/12/2016 RM'000	Current Year To Date 31/12/2016 RM'000
(a) Interest income	360	894
(b) Other income	2,420	5,422
(c) Interest expense	(3,067)	(12,069)
(d) Depreciation and amortization	(3,549)	(11,977)
(e) Provision (for) and written off of receivables	108	(1,037)
(f) Provision (for) and written off of inventories	(302)	(1,327)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	N/A	N/A
(h) Impairment of assets	(268)	(978)
(i) Foreign exchange gain/(loss) - Realised and unrealized	404	(26)
(j) Gain / (loss) on derivatives	612	441
(k) Exceptional items	N/A	N/A