

PRESTAR RESOURCES BHD (123066-A)

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the 3rd financial quarter ended 30 September 2016**

	Individual Quarter		Cumulative Quarter	
	Current Year 3rd Quarter 01/07/2016 to 30/09/2016 RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-date 01/01/2016 to 30/09/2016 RM'000	Preceding Year Corresponding Period RM'000
Revenue	151,564	155,050	449,569	466,097
Cost of sales	(127,568)	(135,523)	(385,884)	(411,130)
Gross profit	23,996	19,527	63,685	54,967
Other operating income	1,422	1,244	3,002	3,791
Operating expenses	(11,412)	(10,881)	(34,553)	(32,419)
Profit from operations	14,006	9,890	32,134	26,339
Finance costs	(2,946)	(3,354)	(9,002)	(10,102)
Interest income	198	121	534	381
Share of results of associate	632	(3,563)	2,013	(4,924)
Profit before taxation	11,890	3,094	25,679	11,694
Tax expenses	(2,171)	(2,185)	(5,343)	(5,042)
Profit for the period	9,719	909	20,336	6,652
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operation	537	2,516	(541)	3,556
Other comprehensive income for the period, net of tax	537	2,516	(541)	3,556
Total comprehensive income for the period	10,256	3,425	19,795	10,208

	Individual Quarter		Cumulative Quarter	
	Current Year 3rd Quarter 01/07/2016 to 30/09/2016 RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-date 01/01/2016 to 30/09/2016 RM'000	Preceding Year Corresponding Period RM'000
Profit attributable to:				
Owners of the company	7,562	254	15,885	4,688
Non-controlling interest	2,157	655	4,451	1,964
Profit for the period	9,719	909	20,336	6,652
Total comprehensive income attributable to:				
Owners of the company	8,099	2,770	15,344	8,244
Non-controlling interest	2,157	655	4,451	1,964
Total comprehensive income for the period	10,256	3,425	19,795	10,208
Earnings per share (sen)				
Basic	4.31	0.15	9.06	2.68
Diluted	4.21	0.15	8.85	2.68

(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 30 September 2016**

	As at 30/09/2016 RM'000	As at 31/12/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	166,226	165,606
Investment properties	49	4,649
Intangible assets	1,675	1,675
Investments in associates	38,738	36,725
Deferred tax assets	282	375
	206,970	209,030
Current assets		
Inventories	158,745	154,128
Trade receivables	155,188	159,831
Other receivables	20,606	14,114
Derivative assets	146	41
Tax Recoverable	1,004	232
Cash and bank balances	42,409	40,852
	378,098	369,198
TOTAL ASSETS	585,068	578,228
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	91,792	91,001
Reserves	141,599	129,504
Treasury shares	(5,854)	(5,854)
	227,537	214,651
Non-controlling interest	62,190	58,254
Total equity	289,727	272,905
Non-current liabilities		
Hire purchase liabilities	8,523	5,426
Bank borrowings	13,153	18,288
Deferred taxation	10,034	9,663
	31,710	33,377
Current liabilities		
Trade payables	35,047	42,948
Other payables	21,102	16,331
Derivative liabilities	314	38
Hire purchase liabilities	3,988	2,814
Bank borrowings	200,118	208,885
Taxation	3,062	930
	263,631	271,946
Total liabilities	295,341	305,323
TOTAL EQUITY AND LIABILITIES	585,068	578,228
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.29	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 3rd financial quarter ended 30 September 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	Share Options reserve	Treasury Shares			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	91,001	1,738	1,115	677	(5,854)	115,205			203,882	56,275	260,157
Total comprehensive income	-	-	3,556	-	-	4,688			8,244	1,964	10,208
Dividend paid	-	-	-	-	-	(3,502)			(3,502)	(515)	(4,017)
Share options granted under ESOS	-	-	-	614	-	-			614	-	614
At 30 September 2015	91,001	1,738	4,671	1,291	(5,854)	116,391			209,238	57,724	266,962
At 1 January 2016	91,001	1,738	3,924	1,480	(5,854)	122,362			214,651	58,254	272,905
Total comprehensive income	-	-	(541)	-	-	15,885			15,344	4,451	19,795
Dividend paid	-	-	-	-	-	(3,523)			(3,523)	(515)	(4,038)
Issue of shares pursuant to ESOS	791	190	-	(142)	-	-			839	-	839
Share options granted under ESOS	-	-	-	226	-	-			226	-	226
At 30 September 2016	91,792	1,928	3,383	1,564	(5,854)	134,724			227,537	62,190	289,727

(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 3rd financial quarter ended 30 September 2016**

	30/09/2016 RM'000	30/09/2015 RM'000
Profit before taxation	25,679	11,694
Adjustments for :-		
Non-cash items	10,114	12,935
Non-operating items	8,468	9,721
Operating profit before working capital changes	44,261	34,350
Net change in current assets	(9,128)	(16,916)
Net change in current liabilities	(2,889)	23,334
Tax paid	(3,522)	(3,431)
Net cash from operating activities	28,722	37,337
Investing activities		
Interest received	534	381
Fixed deposits pledged	1,536	84
Proceeds from disposal of property, plant and equipment	5,020	404
Purchase of property, plant and equipment	(2,898)	(5,513)
Net cash (used in) / from investing activities	4,192	(4,644)
Financing activities		
Interest paid	(9,002)	(10,102)
Net Proceeds from issuance of ordinary shares	839	-
Repayment of borrowings	(20,005)	(16,982)
Dividend paid	(3,523)	(3,502)
Dividend paid to non-controlling interests	(515)	(515)
Net cash used in financing activities	(32,206)	(31,101)
Net increase in cash and cash equivalent	708	1,592
Cash and cash equivalents at 1 January	37,957	29,976
Effect of exchange rate changes	(246)	315
Cash and cash equivalents at 30 September	38,419	31,883
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	8,848	4,287
Cash and bank balances	33,561	29,465
Bank overdrafts	(3,990)	(1,261)
	38,419	32,491
Less : Fixed deposits pledged to licensed banks	-	(608)
	38,419	31,883

(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 cyclicity factors

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

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 30 September 2016.

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

A final single-tier dividend of 4.0% (2.0 sen per ordinary share) , amounting to RM3,523,161 in respect of the financial year ended 31 December 2015 was paid on 19 August 2016.

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	111,358	336,995	1,216	-	449,569
Inter-segment revenue	2,671	56,418	3,401	(62,490)	-
Total Revenue	114,029	393,413	4,617	(62,490)	449,569
Segment Result	6,111	26,467	1,500	(1,944)	32,134
Profit from operations					32,134
Finance costs					(9,002)
Interest Income					534
Share of results of associates					2,013
Profit before tax					25,679

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 30/09/2016

RM'000

Property, plant and equipment

Authorized and contracted for 228

Authorized and not contracted for 449

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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 and Profit before taxation ("PBT") for the quarter under review were RM151.56 million and RM11.89 million respectively. Though revenue reduced slightly by 2.2% over the same quarter of last year, PBT for the quarter under review has increased substantially by 284.3% over the same period last year, this was mainly due to strong improvement in sales margin in line with some rebound in steel prices as well as on-going efficiencies improvement in operations and supply chain management. The shutdown of a major local manufacturing supplier also indirectly benefited the Group as we can now source steel materials from many other suppliers, including oversea suppliers which are more competitive in pricing , delivery management and quality. As such, YTD PBT were also substantially higher at RM 25.68 million, being 119.6% higher than the same period last year as a result of the effects mentioned above besides taking in positive contributions from the associate company .

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 reduced marginally by 1.0% from RM153.03 million to RM151.56 million. However , PBT for the quarter under review improved by about 38.3% from RM8.6 million of the immediate preceding quarter to RM11.9 million this quarter. The improvement was mainly due to better margin on rebound steel prices , better sources of supplies as well as the continuous improvement in operational efficiencies and cost control.

B3 Prospects

During the quarter under review, Malaysia GDP grew at 4.3%, slightly better than the prior quarter. However domestic market demand remained sluggish with Ringgit further weaken against US dollar upon the completion of USA Presidency election. Notwithstanding that, some liberation in steel import was seen as a result of the shutdown of a major local manufacturing plant in the 1st quarter of the year , consequently the Group was able to secure better source of suppliers and enhanced overall product margin. Against this backdrop, the Board foresees the remaining period of the year to remain challenging and expects the overall financial performance of the year to be better than the prior year.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 30/09/2016 RM'000	Current Year To Date 30/09/2016 RM'000
Current taxation	2,791	4,797
Deferred taxation	(702)	464
In respect of prior years	82	82
	<u>2,171</u>	<u>5,343</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 30 September 2016 are as follows:-

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	80,143	13,153
Unsecured	119,975	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	200,118	13,153

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

On 24 November 2016, the Board declared an interim single-tier dividend of 2.0% (1.0 sen per ordinary share), amounting to RM1,774,167.50 in respect of the financial year ending 31 December 2016 and payable on 16 February 2017.

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 30/09/2016	Preceding Quarter 30/09/2015	Current Year to date 30/09/2016	Preceding Year to date 30/09/2015
Net profit/(loss) attributable to ordinary shareholders (RM'000)	7,562	254	15,885	4,688
Weighted average number of ordinary shares in issue ('000)	175,448	175,083	175,416	175,083
Basic earnings per share (sen)	4.31	0.15	9.06	2.68

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 30/09/2016	Preceding Quarter 30/09/2015	Current Year to date 30/09/2016	Preceding Year to date 30/09/2015
Net profit attributable to ordinary shareholders (RM'000)	7,562	254	15,885	4,688
Weighted average number of ordinary shares in issue ('000)	175,448	175,083	175,416	175,083
Effect of dilution – ESOS ('000)	4,014	-	4,014	-
Weighted average number of ordinary shares in issue ('000) – diluted	179,462	175,083	179,430	175,083
Diluted earnings per share (sen)	4.21	0.15	8.85	2.68

Prestar Resources Berhad (123066-A)
Notes to the Interim Financial Report for the period ended 30 September 2016

B11 Realised and unrealised profits/losses disclosure

	As at Current Financial Period Ended 30/09/2016 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	160,098	144,621
- Unrealised	(10,912)	(10,056)
	<u>149,186</u>	<u>134,565</u>
Total retained profits / (accumulated losses) from associates companies:		
- Realised	23,557	19,206
- Unrealised	(1,784)	554
	<u>170,959</u>	<u>154,325</u>
Less: Consolidation adjustments	(36,235)	(31,963)
Total group retained profits as per consolidated accounts	<u>134,724</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 30/09/2016 RM'000	Current Year To Date 30/09/2016 RM'000
(a) Interest income	198	534
(b) Other income	1,422	3,002
(c) Interest expense	(2,946)	(9,002)
(d) Depreciation and amortization	(2,624)	(8,428)
(e) Provision (for) and written off of receivables	(65)	(1,145)
(f) Provision (for) and written off of inventories	(362)	(1,025)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	N/A	N/A
(h) Impairment of assets	785	(710)
(i) Foreign exchange gain/(loss) - Realised and unrealized	(127)	(430)
(j) Gain / (loss) on derivatives	99	(171)
(k) Exceptional items	N/A	N/A