

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 2015**

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 01/10/2015 to 31/12/2015 RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-date 01/01/2015 to 31/12/2015 RM'000	Preceding Year Corresponding Period RM'000
Revenue	150,816	156,383	616,913	630,101
Cost of sales	(132,839)	(139,368)	(543,969)	(558,884)
Gross profit	17,977	17,015	72,944	71,217
Other operating income	2,577	3,464	6,368	7,710
Operating expenses	(11,421)	(11,212)	(43,840)	(40,671)
Profit from operations	9,133	9,267	35,472	38,256
Finance costs	(3,167)	(3,547)	(13,269)	(14,143)
Interest income	132	93	513	367
Share of results of associate	1,850	(1,045)	(3,074)	(1,568)
Profit before taxation	7,948	4,768	19,642	22,912
Tax expenses	(1,447)	(1,980)	(6,489)	(7,872)
Profit for the period	6,501	2,788	13,153	15,040
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operation	(747)	934	2,809	812
Other comprehensive income for the period, net of tax	(747)	934	2,809	812
Total comprehensive income for the period	5,754	3,722	15,962	15,852

	Individual Quarter		Cumulative Quarter	
	Current Year 4th Quarter 01/10/2015 to 31/12/2015 RM'000	Preceding Year Corresponding Quarter RM'000	Current Year To-date 01/01/2015 to 31/12/2015 RM'000	Preceding Year Corresponding Period RM'000
Profit attributable to:				
Owners of the company	5,971	2,202	10,659	12,309
Non-controlling interest	530	586	2,494	2,731
Profit for the period	6,501	2,788	13,153	15,040
Total comprehensive income attributable to:				
Owners of the company	5,224	3,136	13,468	13,121
Non-controlling interest	530	586	2,494	2,731
Total comprehensive income for the period	5,754	3,722	15,962	15,852
Earnings per share (sen)				
Basic	3.41	1.26	6.09	7.05
Diluted	N/A	N/A	N/A	N/A

(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 2014 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 2015**

	As at 31/12/2015 RM'000	As at 31/12/2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	165,606	165,671
Investment properties	4,651	4,651
Intangible assets	1,675	1,736
Investments in associates	36,725	39,799
Deferred tax assets	375	682
	209,032	212,539
Current assets		
Inventories	154,048	143,190
Trade receivables	159,710	157,752
Other receivables	14,065	15,230
Derivative assets	41	158
Tax Recoverable	303	493
Cash and bank balances	40,852	32,137
	369,019	348,960
	578,051	561,499
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	91,001	91,001
Reserves	129,504	118,735
Treasury shares	(5,854)	(5,854)
	214,651	203,882
Non-controlling interest	58,254	56,275
Total equity	272,905	260,157
Non-current liabilities		
Hire purchase liabilities	5,426	3,794
Bank borrowings	19,145	20,880
Deferred taxation	9,735	7,696
	34,306	32,370
Current liabilities		
Trade payables	43,005	18,007
Other payables	16,033	15,391
Derivative liabilities	38	123
Hire purchase liabilities	2,814	1,756
Bank borrowings	208,028	232,176
Taxation	922	1,519
	270,840	268,972
Total liabilities	305,146	301,342
TOTAL EQUITY AND LIABILITIES	578,051	561,499
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.23	1.16

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2014 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 2015**

	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
At 1 January 2014	90,490	1,687	303	-	(5,854)	107,306	193,932	58,171	252,103		
Total comprehensive income	-	-	812	-	-	12,309	13,121	2,731	15,852		
Dividend paid	-	-	-	-	-	(3,501)	(3,501)	(1,035)	(4,536)		
Issue of shares pursuant to ESOS	511	51	-	(92)	-	-	470	-	470		
Acquisition of additional interest from non-controlling interests	-	-	-	-	-	(909)	(909)	(3,592)	(4,501)		
Share options granted under ESOS	-	-	-	769	-	-	769	-	769		
At 31 December 2014	91,001	1,738	1,115	677	(5,854)	115,205	203,882	56,275	260,157		
At 1 January 2015	91,001	1,738	1,115	677	(5,854)	115,205	203,882	56,275	260,157		
Total comprehensive income	-	-	2,809	-	-	10,659	13,468	2,494	15,962		
Dividend paid	-	-	-	-	-	(3,502)	(3,502)	(515)	(4,017)		
Share options granted under ESOS	-	-	-	803	-	-	803	-	803		
At 31 December 2015	91,001	1,738	3,924	1,480	(5,854)	122,362	214,651	58,254	272,905		

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

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**Unaudited Condensed Consolidated Statement of Cash Flows
For the 4th financial quarter ended 31 December 2015**

	31/12/2015 RM'000	31/12/2014 RM'000
Profit before taxation	19,642	22,912
Adjustments for :-		
Non-cash items	14,099	11,574
Non-operating items	12,757	13,779
Operating profit before working capital changes	46,498	48,265
Net change in current assets	(9,998)	19,400
Net change in current liabilities	25,800	(504)
Tax paid	(4,549)	(3,616)
Net cash generated from / (used in) operating activities	57,751	63,545
Investing activities		
Acquisition of additional interest in a subsidiary	-	(4,501)
Interest received	513	367
Dividend received	-	137
Fixed deposits pledged	(169)	(88)
Proceeds from disposal of PPE and investment property	414	406
Purchase of PPE and investment property	(5,002)	(13,978)
Net cash inflow / (outflow) from investing activities	(4,244)	(17,657)
Financing activities		
Interest paid	(13,269)	(14,143)
Proceeds from / (Repayment of) borrowings	(28,037)	(16,348)
Dividend paid	(3,502)	(3,501)
Dividend paid to non-controlling interest	(515)	(1,035)
Proceeds from issue of ESOS shares	-	470
Net cash inflow / (outflow) from financing activities	(45,323)	(34,557)
Net increase/(decrease) in cash and cash equivalent	8,184	11,331
Cash and cash equivalents at 1 January	29,976	18,557
Effect of exchange rate changes	472	88
Cash and cash equivalents at 31 December	38,632	29,976
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	8,236	1,442
Cash and bank balances	32,616	30,695
Bank overdrafts	(1,359)	(1,469)
	39,493	30,668
Less : Fixed deposits pledged to licensed banks	(861)	(692)
	38,632	29,976

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

PART A: EXPLANATION NOTES AS PER MFRS 134

A1 Accounting policies and methods of computation

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 2014.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2014, except for the adoption of the following Amendments and Standards Annual Improvements to Standards with effect from 1 January 2015:

- Amendments to MFRS 119 Defined Benefit Plans : Employee Contributions
- Annual Improvements to MFRSs 2010 – 2012 Cycle
- Annual Improvements to MFRSs 2011 – 2013 Cycle

The above standards, amendments and annual improvement do not have significant impact on the financial reporting of the Group.

As at the date of authorization of this report, the following MFRSs have been issued with effective dates that have not been adopted by the Group:

	Effective Date
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 141 Agriculture : Bearer Plants	1 January 2016
Amendments to MFRS 127 Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRSs Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
Amendments to MFRS 101 Disclosure Initiative	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities : Applying the Consolidation Exception	1 January 2016

MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018

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 2015.

A6 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 RM3,501,651 in respect of the financial year ended 31 December 2014 was paid on 09 September 2015.

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	156,570	458,712	1,631	-	616,913
Inter-segment revenue	2,412	94,638	5,013	(102,063)	-
Total Revenue	158,982	553,350	6,644	(102,063)	616,913
Segment Result	5,390	30,620	10,257	(10,795)	35,472
Profit from operations					35,472
Finance costs					(13,269)
Interest Income					513
Share of results of associates					(3,074)
Profit before tax					19,642

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

There were no changes in the composition of the Company for the financial period under review.

A11 Changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2014

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 31/12/2015
	RM'000
Property, plant and equipment	
Authorized and contracted for	2,959
Authorized and not contracted for	720

**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 ("YTD") were RM 150.8 million and RM 616.9 million respectively, both were slightly lower, than the corresponding periods of last year as a result of lower market demand after GST implementation as well as volatile and weakened Malaysian currency which affected the market sentiment.

Profit before taxation ("PBT") for the current quarter were substantially higher mainly due to the positive contributions from an associate company which reported losses previously. The Group's performance excluding equity accounting of the associate company were actually better than the previous year, however after equity accounting for the full year losses incurred by the associate company, overall YTD PBT of the Group were lower by around 14.3%. Losses of the associate company were mainly from the foreign exchange losses.

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 were slightly lower by 2.7% from RM 155.1 million to RM 150.8 million as a result of volatile commodities price, weak Malaysian currency condition and sluggish market sentiment. However, profit before tax for the quarter under review improved significantly from RM 3.09 million in the immediate preceding quarter to RM 7.95 million, this was mainly due to the positive contributions from the associate company which reported heavy losses in the previous quarter and reversed the losses in line with the slight strengthening of the Malaysian currency towards the end of the quarter under review.

B3 Prospects

Amid the slowdown in domestic market demand and lower growth for the quarter, our country's GDP grew at only 4.5% during the quarter under review resulting in the annual GDP slowing to 5.0% in 2015 from 6.0% in 2014. With the lingering effect of GST, elevated household debt level and the impact from lower oil prices on oil & gas investment and government spending as well as the impact from currency weakness suggest economic growth will likely trend downwards going forward. Along with this, our government has also revised 2016 Budget last month with expectation on annual economic growth to be range between 4.5% to 5.5% from previous projection of 5.0% to 6.0%.

Against this backdrop, the Board will continue its cautious and pragmatic moves in its strategic action plans as well as further enhancing management actions in various productivity and efficiency improvement program to continue generating satisfactory financial results for the next financial year under review.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 31/12/2015 RM'000	Current Year To Date 31/12/2015 RM'000
Current taxation	515	3,965
Deferred taxation	923	2,346
In respect of prior years	9	178
	<u>1,447</u>	<u>6,489</u>

The average effective tax rate of the Group for the current quarter and financial year to date is higher than the current statutory tax rate mainly due to non tax deductibility of some expenses as well as incorporating losses of certain loss making subsidiaries and associate.

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 2015 are as follows:-

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	72,898	18,461
Unsecured	134,952	-
Denominated in US Dollar:		
Secured	862	-
Unsecured	-	-
Total Bank Borrowings	208,712	18,461

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

Save as disclosed below, 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:

Tashin Steel Sdn Bhd ("Tashin"), Formula Naga Sdn Bhd ("FN") and Ta Yang Hardware Sdn Bhd ("TY") ("Plaintiffs") vs. PDC Properties Sdn Bhd ("PDC") ("Defendant").

On 25 October, 2012, Tashin, a subsidiary of the Company together with the customers of PDC, FN and TY have filed a Civil Suit against PDC at the Penang High Court.

Tashin has initiated the said suit based on a Sale and Purchase Agreement dated 11 August 2011 entered into between Tashin and PDC for the purchase of a property located at Lot 2634HS (D) 15736, Mukim 13 Daerah Timur Laut by Tashin from PDC as the Vendor. Tashin contended that there was a material breach of representations and assurances by PDC on the said property with the announcement made by another developer, Ivory Properties Group Berhad on a new development adjoining and in front of the said property which may affect the value of the properties purchased earlier by the Plaintiffs. Tashin is claiming for the rescission of the said Sale and Purchase Agreement and special damages to be determined by the Court.

The full trial of the matter at the Penang High Court commenced on 30 June 2015 with the first witness of the Plaintiffs being called. It was subsequently adjourned and to be continued on 7 and 8 September 2015. However at the trial dated on 7 September 2015, parties agreed to attempt an amicable settlement of the matter and our solicitors made a proposal for settlement vide letter dated 17 September 2015.

The parties have settled the matter amicably and on 20 January 2016 a consent order was recorded before the judicial commissioner Lim Choong Fong on, inter alia, the following terms:

- i) The defendant to repurchase the properties from the plaintiffs at the original purchase price of RM4.60 mil.
- ii) The defendant to compensate the above on an ex gratia basis (Compensation to Tashin amounted to RM202,687.50)
- iii) The parties to execute a sale and purchase agreement for the repurchase within 30 days from the date of order
- iv) Parties to bear their own cost in the matter

The parties have executed the Sale and Purchase Agreement on 19 February 2016 for the disposal of the said property to the defendant at RM4.60 mil

B9 Dividend

The Directors recommend a final single-tier dividend of 4.0% (2.0 sen per ordinary share), amounting to RM3,501,651 in respect of the financial year ended 31 December 2015, 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 31/12/2015	Preceding Quarter 31/12/2014	Current Year to date 31/12/2015	Preceding Year to date 31/12/2014
Net profit/(loss) attributable to ordinary shareholders (RM'000)	5,971	2,202	10,659	12,309
Weighted average number of ordinary shares in issue ('000)	175,083	175,083	175,083	174,480
Basic earnings per share (sen)	3.41	1.26	6.09	7.05

Diluted

The diluted earnings per share is not disclosed as it is not applicable.

B11 Realised and unrealised profits/losses disclosure

	As at Current Financial Period Ended 31/12/2015 RM'000	As at Preceding Financial Year Ended 31/12/2014 RM'000
Total retained profits / (accumulated losses) of the Company and the subsidiaries:		
- Realised	144,693	121,634
- Unrealised	(10,127)	(7,887)
	<u>134,566</u>	<u>113,747</u>
Total retained profits / (accumulated losses) from associates companies:		
- Realised	19,206	26,278
- Unrealised	554	(3,443)
	<u>154,326</u>	<u>136,582</u>
Less: Consolidation adjustments	<u>(31,964)</u>	<u>(21,377)</u>
Total group retained profits as per consolidated accounts	<u>122,362</u>	<u>115,205</u>

B12 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 31/12/2015 RM'000	Current Year To Date 31/12/2015 RM'000
(a) Interest income	132	513
(b) Other income	2,577	6,368
(c) Interest expense	(3,167)	(13,269)
(d) Depreciation and amortization	(2,977)	(10,858)
(e) Provision (for) and written off of receivables	(65)	(162)
(f) Provision (for) and written off of inventories	(101)	624
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	N/A	N/A
(h) Impairment of assets	(191)	(191)
(i) Foreign exchange gain/(loss) - Realised and unrealized	561	460
(j) Gain / (loss) on derivatives	70	(32)
(k) Exceptional items	N/A	N/A