

**PART A: EXPLANATION NOTES AS PER FRS 134**

**A1 Accounting policies and methods of computation**

The interim financial statements have been prepared in accordance with the requirement of FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2007. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2007 except for the adoption of the following revised Financial Reporting Standards ("FRS") effective for the financial period beginning on 1 January 2008. These revised MASB's FRSs align with the equivalent International Accounting Standards ("IAS"), both in terms of form and content.

- FRS 107 Cash Flow Statements
- FRS 112 Income taxes
- FRS 118 Revenue
- FRS 134 Interim Financial Reporting
- FRS 137 Provision, Contingent Liabilities and Contingent Assets
- Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of the above mentioned FRSs have no impact on the Group results for the period under review.

**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 2008.

**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 2008.

**A7 Segment Information for the current financial year to date**

	<u>Trading</u>	<u>Manufacturing</u>	<u>Investment</u>	<u>Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External Sales	31,160	102,401	444	-	134,005
Inter-segment revenue	41	10,629	490	(11,160)	-
Total Revenue	<b>31,201</b>	<b>113,030</b>	<b>934</b>	<b>(11,160)</b>	<b>134,005</b>
<b>Segment Result</b>	<b>1,108</b>	<b>10,785</b>	<b>9</b>	<b>(157)</b>	<b>11,745</b>
<b>Profit from operations</b>					<b>11,745</b>
Finance costs					(2,663)
Interest Income					32
Share of results of associates					1,571
<b>Profit before tax</b>					<b>10,685</b>

No analysis by geographical area has been presented as the Group operates principally within Malaysia.

**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**

The Company had on 26 March 2008 subscribed for 1,149,510 new ordinary shares of RM1.00 each in its 30% associated company POSCO-MPKC Sdn Bhd (*formerly known as Posmmi Steel Centre Sdn Bhd*) in accordance with the First Tranche of the Total Rights Issue of 7,663,396 new ordinary shares of RM1.00 each to be issued at RM5.24 each for a total cash consideration of RM6,023,430.00 (Ringgit Malaysia: Six Million and Twenty-Three Thousand Four Hundred and Thirty). POSCO-MPKC Sdn Bhd remained 30% associated company of Prestar after the subscription.

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

	<b>As at 31.3.2008</b>	<b>As at 31.12.2007</b>
	RM'000	RM'000
The contingent liabilities of the Company as follows:		
Guarantees to financial institutions for credit facilities granted to subsidiaries – unsecured	246,770	210,337
	<u>246,770</u>	<u>210,337</u>

**A12 Capital commitments**

	<b>As at 31/3/2008 RM'000</b>
Property, plant and equipment Authorised and contracted for	<u>9,483</u>
Authorised and not contracted for	<u>-</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 and Profit before taxation for the quarter under review were RM 134.0 million and RM 10.7 million respectively. There was an increase of 23% in revenue when compared to the same period last year, however there was a reduction in profit before taxation in current quarter when compared to the same quarter last year. This is due to the recognition of extraordinary gain last year upon disposal of a subsidiary. Thus, operationally, current quarter is performing much better than the same quarter of last year

with an improvement of about 71%. This was mainly due to the substantial surge in selling price and gains in sales margin towards the end of the quarter under review as well as the on-going costs reduction and operational efficiency improvement program.

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

The Group reported a Profit before taxation of RM 10.7 million for the quarter under review, this was substantially higher than RM 3.29 million of the immediate preceding quarter. The substantial increase in the current quarter's performance was in line with the surge in international steel prices which resulted in better sales margin.

**B3 Prospects for the current financial year**

During the period under review, the uptrend in steel prices seen earlier continued with substantial gains. Though there are some delays in the implementation of certain mega projects as well as the talk of imminent US recession, the demand remained strong and is expected to continue till the later part of the year. Thus, barring any unforeseen circumstances, the Board expects the current year operational performance to be much better than the prior year.

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

Not Applicable.

**B5 Tax expenses**

RM'000	<b>Current Quarter 31/3/08</b>	<b>Current Year To Date 31/3/08</b>
Current taxation	3,285	3,285
Deferred taxation	(711)	(711)
In respect of prior years	-	-
	<b><u>2,574</u></b>	<b><u>2,574</u></b>

The average effective tax rate of the Group for the current quarter and financial year to date is lower than the statutory tax rate due principally to the utilization of tax losses, capital allowance and reinvestment allowance of some 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 quoted securities for the current quarter and financial year to date and profit/loss arising there from are as follows:

	Current Quarter 31/3/08 RM'000	Year To date 31/3/08 RM'000
Total Purchases	0	0
Total Sale Proceeds	0	0
Total Profit / (Loss)	0	0

(b) Investments in quoted securities as at 31 March 2008 are as follows:-

	RM'000
(i) At cost	560
(ii) At book value	361
(iii) At market value	417

**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.

**Prestar Resources Berhad (123066-A)**  
**Notes to the Interim Financial Report for the period ended 31 March 2008**

**B9 Group bank borrowings:**

**Total group borrowings as at 31 March 2008 are as follows:-**

	<b>Short Term Borrowing</b>	<b>Long Term Borrowing</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Denominated in Ringgit Malaysia:</b>		
Secured	84,921	-
Unsecured	116,148	4,638
<b>Denominated in US Dollar:</b>		
Secured	346	3,448
<b>Total Bank Borrowings</b>	<b>201,415</b>	<b>8,086</b>

**B10 Financial instruments with off balance sheet risk at the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report**

**Foreign currency contracts**

As at 16 May 2008, the Group had the following outstanding foreign currency contracts to hedge its committed purchases and sales in foreign currencies.

Currency	Contract Amount ('000)	Equivalent amount in Ringgit Malaysia ('000)	Expiry Dates
Bank Buy:			
USD	3,184	10,300	16/05/08 – 30/01/09
SGD	273	629	30/05/08 – 29/08/08
BND	62	142	30/05/08

There is minimal credit risk because these contracts were entered into with reputable banks. All gains and losses arising from forward foreign exchange contracts are dealt with through the Income Statement upon maturity.

**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 16 May 2008, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 31 December 2007.

**B12 Dividend**

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

**Prestar Resources Berhad (123066-A)**  
**Notes to the Interim Financial Report for the period ended 31 March 2008**

**B13 Earnings per share**

	<b>Current Quarter Ended 31/3/2008</b>
<b>Basic</b>	
<b>Net profit attributable to ordinary shareholder (RM'000)</b>	<u><b>5,182</b></u>
Number of ordinary shares as at 1 Jan 2008 after net off treasury shares	174,061
Effect of ESOS exercised	-
Effect of warrants exercised	-
Effect of shares repurchased	<u>-</u>
<b>Weighted average number of ordinary shares in issue ('000)</b>	<u><b>174,061</b></u>
<b>Basic earnings per share (sen)</b>	<u><b>2.98</b></u>
<b>Diluted</b>	

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 2007 was not qualified.