

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 2024.

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 2024.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2024, except for the adoption of the following new MFRSs, Amendments to MFRSs and Interpretations which are effective for annual periods beginning on or after 1 January 2025:

	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>Annual improvements to MFRS Accounting Standards - Volume 11</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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 2024 was not qualified.

A3 Seasonal or cyclical factors

The Group faces minor seasonal fluctuations during the major festive season's 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

During the current financial quarter, the Company repurchased 2,473,200 of its issued share capital from the open market at an average price of RM0.342 per share. The total consideration paid was RM845,029.

For the financial year to date, the Company repurchased 2,473,200 of its issued share capital from the open market at an average price of RM0.342 per share. The total consideration paid was RM845,029. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities other than as disclosed above for the current quarter and financial year to date.

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

A second single-tier interim dividend of 0.5 sen per ordinary share, amounting to RM1,795,342 in respect of the financial year ended 31 December 2024 was paid on 26 March 2025.

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	59,139	163,474	709	-	223,322
Inter-segment revenue	1,112	14,266	8,884	(24,262)	-
Total Revenue	60,251	177,740	9,593	(24,262)	223,322
Segment Result	(107)	4,388	6,223	(6,608)	3,896
Profit from operations					3,896
Finance costs					(1,870)
Interest Income					566
Share of results of associates					530
Profit before tax					3,122

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 2024

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 30/06/2025

RM'000

Property, plant and equipment

Authorized and contracted for

2,757

Authorized but not contracted for

1,011

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")

	Individual Period (2 nd quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.04.2025 to 30.06.2025 RM'000	Preceding Year Corresponding Quarter 01.04.2024 to 30.06.2024 RM'000	RM'000	%	Current Year to- date 01.01.2025 to 30.06.2025 RM'000	Preceding Year Corresponding Period 01.01.2024 to 30.06.2024 RM'000	RM'000	%
Revenue	113,572	117,889	(4,317)	(3.7)	223,322	249,719	(26,397)	(10.6)
Profit from operations	2,282	2,958	(676)	(22.9)	3,896	7,848	(3,952)	(50.4)
Profit before tax	2,109	4,105	(1,996)	(48.6)	3,122	10,159	(7,037)	(69.3)

For the current quarter under review, the Group recorded revenue of RM113.6 million, representing a decrease of RM4.3 million or 3.7% compared to RM117.9 million in the corresponding quarter of the preceding year. The decline was primarily attributable to heightened volatility in the global steel market, despite achieving higher sales volume. Consequently, the Group posted a lower Profit Before Tax ("PBT") of RM2.1 million, down from RM4.1 million in the corresponding quarter of the previous year.

On a year-to-date ("YTD") basis, the Group's revenue declined by 10.6% to RM223.3 million, mainly due to lower average selling prices during the period under review. In light of the unfavourable market conditions and compressed margins, the Group registered a YTD PBT of RM3.1 million, a 69.3% decrease compared to RM10.2 million in the corresponding period of the preceding year.

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

	Current Year Quarter 01.04.2025 to 30.06.2025 RM'000	Immediate Preceding Quarter 01.01.2025 to 31.03.2025 RM'000	Changes	
			RM'000	%
Revenue	113,572	109,750	3,822	3.5
Profit from operations	2,282	1,614	668	41.4
Profit before tax	2,109	1,013	1,096	108.2

Compared with the immediate preceding quarter, the Group's revenue for the current quarter under review increased by 3.5%, from RM109.8 million to RM113.6 million. The improvement was driven by higher sales volume, despite a lower average selling price during the quarter.

The Group reported a PBT of RM2.1 million in the current quarter, compared to RM1.0 million in the preceding quarter. The improvement was primarily attributable to the increase in sales volume, coupled with positive contributions from the Group's two associate companies.

B3 Prospects

The steel industry remains affected by significant uncertainties in the second quarter of 2025, arising from both domestic and international policy developments. Globally, persistent oversupply from expanded production capacities particularly in China and Southeast Asia continues to drive market volatility, resulting in intensified competition, downward pricing pressure, and margin compression. Unilateral tariff measures by the United States have further disrupted trade flows and contributed to weaker business sentiment.

As at the date of this report, Malaysia is subject to a 19% U.S. reciprocal tariff on general exports, compared to 15% for countries such as South Korea and Japan, reducing the relative competitiveness of Malaysian exporters.

Domestically, cost pressures are escalating with the expanded Sales & Service Tax (SST) effective 1 July 2025 covering six additional service categories at rates of 6% to 8%, higher electricity tariffs impacting energy intensive industries, water tariff adjustments scheduled for 1 September 2025, and the introduction of a mandatory 2% employer contribution for foreign workers' retirement savings effective October 2025.

Despite these headwinds, the Group recorded higher sales volume in the current quarter compared to the immediate preceding quarter, supported by effective marketing initiatives and sustained customer demand. However, this improvement was offset by lower average selling prices in line with prevailing market conditions.

The Group will continue to implement a structured and forward looking mitigation strategy, with emphasis on strengthening procurement practices to manage input cost fluctuations, improving production cost efficiency, and enforcing tighter working capital controls particularly through more effective inventory management. In addition, the Group will maintain strict cash flow monitoring and prudent financial management to preserve liquidity and safeguard competitiveness in an increasingly challenging operating environment. Management will also remain vigilant to the latest market and policy developments, ensuring that business strategies are promptly adjusted to align with changing conditions.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable

Prestar Resources Berhad
Company No. 198401010527(123066-A)
Notes to the Unaudited Interim Financial Report for the period ended 30 June 2025

B5 Tax expenses

	Current Quarter 30/06/2025 RM'000	Current Year To Date 30/06/2025 RM'000
Current taxation	640	1,014
Deferred taxation	214	228
In respect of prior years	-	-
	<u>854</u>	<u>1,242</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.

There were no corporate proposals announced at the date of this announcement.

B7 Group bank borrowings:

Total group borrowings as at 30 June 2025 are as follows:-

RM'000	Short Term Borrowing	Long Term Borrowing
Denominated in Ringgit Malaysia:		
Secured	28,082	4,211
Unsecured	39,358	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	67,440	4,211

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 do not recommend any interim dividend for the current year under review.

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 Year Quarter 30/06/2025	Preceding Year Quarter 30/06/2024	Current Year to date 30/06/2025	Preceding Year to date 30/06/2024
Net profit attributable to ordinary shareholders (RM'000)	1,255	3,405	1,880	7,721
Weighted average number of ordinary shares in issue ('000)	357,709	359,068	357,709	359,068
Basic earnings per share (sen)	0.35	0.95	0.53	2.15

Diluted

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

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 30/06/2025 RM'000	Current Year To Date 30/06/2025 RM'000
(a) Interest income	288	566
(b) Other income	1,392	2,775
(c) Interest expense	(914)	(1,870)
(d) Depreciation and amortization	(2,212)	(4,373)
(e) Provision (for) and written down of receivables	(265)	(575)
(f) Provision (for) and written down of inventories	(490)	(658)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	(90)	(125)
(j) Gain / (loss) on derivatives	(40)	(61)
(k) Exceptional items	N/A	N/A