

**Perusahaan Sadur Timah Malaysia
(Perstima) Berhad**
(Company No. 49971-D)
(Incorporated in Malaysia)

**Interim Financial Report
31 Mar 2008**

Perusahaan Sadur Timah Malaysia (Perstima) Berhad

(Company No. 49971-D)
(Incorporated in Malaysia)

Notes to the interim financial report

A. Explanatory Notes to the Interim Financial Statements – FRS 134

1. Basis of preparation

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

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2007. These explanatory notes attached to the 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 year ended 31 March 2007

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ending 31 March 2007 except for the adoption of the following new/ revised Financial Reporting Standard (“FRS”) effective for the financial period beginning 1 April 2007:

FRS 117	Leases
FRS 119 ₂₀₀₄	Employee Benefits-Actuarial Gains and Losses, Group Plans and Disclosures
FRS 124	Related Party Disclosure (The disclosure requirements under FRS 124 will be presented in the annual financial statement for the financial year ending 31 March 2008)

The adoption of FRS 124 and Amendment to FRS 119₂₀₀₄ do not have significant financial impact on the Group. The principal effects of the change in accounting policies resulting from the adoption of FRS 117 are discussed below:

FRS 117: Leases

Prior to 1 April 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less depreciation and impairment losses. The adoption of the revised FRS has resulted in retrospective change in the accounting policy relating to the classification of leasehold land. Leasehold land held for own use is now classified as operating lease and the up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Upon the adoption of the revised FRS 117 at 1 April 2007, the unamortised amounts of leasehold land is retained as the surrogate carrying amounts of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed below, certain comparative amounts as at 31 March 2007 have been restated.

The following comparatives were restated following adoption of FRS 117:

	As previously stated RM'000	As at 31 March 2007 Reclassification FRS 117 RM'000	As restated RM'000
Balance Sheet			
Property, plant and equipment	96,747	(13,325)	83,422
Prepaid lease payments	-	13,325	13,325

3. Audit Report

The most recent audited financial statements for the year ended 31 March 2007 was not subject to any qualification.

4. Seasonal or cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors in the current quarter.

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items affecting assets, liabilities, equity, net income or cash flow that are unusual because of their nature, size or incidence for the financial period under review.

6. Changes in Estimates

Not applicable as there were no estimates being reported during the prior periods.

7. Debt and equity securities

There were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the period under review.

8. Dividends paid

	Year ended 31.03.2008 RM'000
Ordinary	
2007 Final paid : 12 sen per share less 26% income tax	8,818
2008 Interim paid : 10 sen per share less 26% income tax	7,349
	<u>16,167</u>

9. Segment information

	Revenue RM'000	Year ended 31.03.2008 Profit before Tax RM'000
Malaysia	472,276	28,173
Vietnam	268,070	23,913
	<u>740,346</u>	<u>52,086</u>
Inter-segment elimination	--	--
Segment results	740,346	52,086
Interest expense	--	(4,261)
Interest income	--	881
	<u>740,346</u>	<u>48,706</u>

10. Property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous annual report.

11. Capital commitments

	31.03.2008 RM'000
<i>Property, plant and equipment</i>	
Authorised but not contracted for	--
Contracted but not provided for in the financial statements	3,680
	<hr/>
	<u>3,680</u>

12. Events subsequent to the balance sheet date

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period under review.

13. Changes in composition of the Group

There were no changes in the composition of the Group during the period under review, including business combination, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

14. Changes in contingent liabilities

There were no changes in contingent liabilities since the last annual balance sheet as at 31 March 2007.

B. Additional information required by BURSA Securities Listing Requirements

1. Review of performance

The Group's profit before taxation for the fourth quarter compared to the corresponding period in the previous year decreased by 38.3% due to lower selling price despite higher sales volume.

2. Variation of results against preceding quarter

For the quarter under review, the Group recorded a profit before tax of RM10.4 million compared to RM11.2 million in the previous quarter. The lower profit was due to lower selling price despite higher sales volume during the quarter under review.

3. Current year prospects

The Board of Directors expects the Group's operating environment to become more challenging and competitive. However, barring any unforeseen circumstances, the Board is confident that the Group can achieve satisfactory performance for the financial year ending 31 March 2009.

4. Profit forecast

Not applicable as no profit forecast was published.

5. Tax expense

	3 months period ended 31 Mar		Year ended 31 Mar	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income tax expense/ (recoverable)				
Current year	(212)	2,166	2,264	9,567
Under/ (Over) provision in prior years	(310)	316	70	316
	(522)	2,482	2,334	9,883
Deferred tax income Addition/(Reversal) of temporary differences	1,032	163	919	(186)
Under/ (Over) provision in prior years	72	(340)	72	(340)
	1,104	(177)	991	(526)
	582	2,305	3,325	9,357

The effective rate of taxation for the period was lower than the statutory taxation rate mainly due to tax exempt income and the availability of reinvestment allowance.

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6. Unquoted investments and properties

There were no profits on sale of unquoted investments or properties as there were no disposals of unquoted investments or properties during the period under review.

7. Quoted investments

There were no purchases or disposals of quoted securities during the period under review.

8. Status of corporate proposals announced

There were no corporate proposals announced nor were there any corporate proposals not completed as at the date of this quarterly report.

9. Borrowing and debt securities

	31.03.2008 RM'000
Long Term (secured)	
Term Loan	3,380
Current (secured)	
Bank overdrafts	--
Bankers' acceptances	56,359
Term Loan/ Trust Receipts/ Revolving Credit	18,027
Current (unsecured)	
Bankers' acceptances	5,043
	<u>82,809</u>

The above borrowings are denominated in Ringgit Malaysia and US Dollar.

10. Off balance sheet financial instruments

During the financial period to date, the Group did not enter into any contracts involving off balance sheet financial instruments.

11. Changes in material litigations

There were no material litigations as at the date of this quarterly report.

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12. Dividends

- a) A final dividend of 12 sen per share less 26% income tax in respect of the financial year ended 31 March 2007 has been paid on 10 August 2007 (31 March 2006: 8 sen per share less 28% income tax)
- b) An interim dividend of 10 sen per share less 26% income tax (previous corresponding period: 8 sen less 27% income tax) in respect of the financial year ended 31 March 2008 has been paid on 26 November 2007.
- c) The Directors proposed a final dividend of 10 sen per ordinary share tax exempt in respect of the financial year ended 31 March 2008 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

13. Basic earnings per share

Basic earnings per share

The calculation of basic earnings per share for the period is based on the net profit attributable to ordinary shareholders of RM45,381,000 and the weighted average number of ordinary shares in issue during the quarter of 99,304,720.