

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

**Interim Financial Report
30 June 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 2008. 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 2008.

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 2008 except for the adoption of the following new/ revised Financial Reporting Standard (“FRS”) effective for the financial period beginning 1 April 2008:

1)FRS 107	Cash Flow Statements
2)FRS 112	Income Taxes
3)FRS 118	Revenue
4)FRS 137	Provision, Contingent Liabilities and Contingent Assets
5)Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates -Net Investment in a Foreign Operation

The adoption of FRSs and Amendment do not have significant financial impact on the financial statements of the Group and the Company.

New FRS and IC Interpretations Issued but Not Adopted

The following FRS and IC Interpretations which are effective for financial period beginning on or after 1 July 2007 are not applicable to the Group:-

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1)FRS 111	Construction Contracts
2)FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
3)IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
4)IC Interpretation 2	Members's Shares in Co-operative Entities and Similar Instruments
5)IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
6)IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
7)IC Interpretation 7	Applying the Restatement Approach under FRS129, Financial Reporting in Hyperinflationary Economies
8)IC Interpretation 8	Scope FRS 2
9)FRS 139 *	Financial Instruments: Recognition and Measurement
	<i>* The Malaysian Standard Board has yet to announce the effective date of this standard</i>

3. Audit Report

The most recent audited financial statements for the year ended 31 March 2008 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.

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8. Dividends paid

There was no dividend paid for the financial period ended 30 June 2008.

9. Segment information

	Revenue RM'000	Year ended 30.06.2008 Profit before Tax RM'000
Malaysia	155,533	12,361
Vietnam	62,801	1,604
	<hr/>	<hr/>
	218,334	13,965
Inter-segment elimination	--	--
	<hr/>	<hr/>
Segment results	218,334	13,965
Interest expense	--	(849)
Interest income	--	516
	<hr/>	<hr/>
	218,334	13,632
	<hr/>	<hr/>

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

	30.06.2008 RM'000
<i>Property, plant and equipment</i>	
Authorised but not contracted for	--
Contracted but not provided for in the financial statements	583
	<hr/>
	583
	<hr/> <hr/>

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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 2008.

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B. Additional information required by BURSA Securities Listing Requirements

1. Review of performance

The Group's profit before taxation for the first quarter compared to the corresponding period in the previous year decreased by 13.6% due to lower profit margin together with other expenses (unrealised forex losses) despite higher sales turnover.

2. Variation of results against preceding quarter

For the quarter under review, the Group recorded a profit before tax of RM13.6 million compared to RM10.4 million in the previous quarter. The higher profit was due to higher sales turnover with slightly better profit margin despite higher operating cost 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 30 June		3 months period ended 30 June	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income tax expense/ (recoverable)				
Current year	3,123	1,229	3,123	1,229
Under/ (Over) provision in prior years				
	3,123	1,229	3,123	1,229
Deferred tax income				
Addition/(Reversal) of temporary differences	135	(113)	135	(113)
Under/ (Over) provision in prior years				
	135	(113)	135	(113)
	<u>3,258</u>	<u>1,116</u>	<u>3,258</u>	<u>1,116</u>

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

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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

	30.06.2008 RM'000
Long Term (secured)	
Term Loan	3,437
Current (secured)	
Bank overdrafts	16
Bankers' acceptances	51,065
Term Loan/ Trust Receipts/ Revolving Credit	29,622
Current (unsecured)	
Bankers' acceptances/Trust Receipts	<u>3,578</u>
	<u><u>87,718</u></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.

12. Dividends

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 RM10,374,000 and the weighted average number of ordinary shares in issue during the quarter of 99,304,720.