

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

**Interim Financial Report
30 September
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 111	Construction Contracts
3)FRS 112	Income Taxes
4)FRS 118	Revenue
5)FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
6)Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates -Net Investment in a Foreign Operation
7)FRS 134	Interim Financial Reporting
8)FRS 137	Provision, Contingent Liabilities and Contingent Assets
9)FRS 139 *	Financial Instruments: Recognition and Measurement
* <i>The Malaysian Standard Board has yet to announce the effective date of this standard</i>	
10)IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
11)IC Interpretation 2	Members’s Shares in Co-operative Entities and Similar Instruments
12)IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
13)IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

- 14)IC Interpretation 7 Applying the Restatement Approach under FRS129,
Financial Reporting in Hyperinflationary Economies
- 15)IC Interpretation 8 Scope FRS 2

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies , Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other FRSs and Intrepretations does not have any material impact on the financial statements of the Group and the Company.

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.

8. Dividends paid

	6 months ended 30.09.2008 RM'000
Ordinary	
2008 Final paid : 10 sen per share tax exempt	9,931
	<hr/> 9,931 <hr/>

9. Segment information

	Revenue RM'000	6 months ended 30.09.2008 Profit before Tax RM'000
Malaysia	318,092	19,466
Vietnam	148,119	4,275
	<hr/> 466,211	<hr/> 23,741
Inter-segment elimination	--	--
	<hr/> 466,211	<hr/> 23,741
Segment results		
Interest expense	--	(1,959)
Interest income	--	1,154
	<hr/> 466,211	<hr/> 22,936 <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

	30.09.2008 RM'000
<i>Property, plant and equipment</i>	
Authorised but not contracted for	--
Contracted but not provided for in the financial statements	583

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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.

B. Additional information required by BURSA Securities Listing Requirements

1. Review of performance

The Group's profit before taxation for the second quarter compared to the corresponding period in the previous year decreased by 17.9% due to lower profit margin as a result of the increase in production cost which was higher than the increase in selling price despite higher sales quantity.

2. Variation of results against preceding quarter

For the quarter under review, the Group recorded a profit before tax of RM9.3 million compared to RM13.6 million in the previous quarter. The lower profit was due to lower sales volume with lower profit margin during the quarter under review.

3. Current year prospects

The Board of Directors expect the Group's operating environment to become even more challenging and competitive. As a result of an extraordinary price hike in raw materials, the Board believe that the Group performance will be affected for the rest of 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 Sep		6 months period ended 30 Sep	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income tax expense/ (recoverable)				
Current year	1,846	527	4,969	1,756
Under/ (Over) provision in prior years				
	1,846	527	4,969	1,756
Deferred tax income				
Addition/(Reversal) of temporary differences	(8)	-	127	(113)
Under/ (Over) provision in prior years				
	(8)	-	127	(113)
	<u>1,838</u>	<u>527</u>	<u>5,096</u>	<u>1,643</u>

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

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

	30.09.2008 RM'000
Long Term (secured)	
Term Loan	3,631
Current (secured)	
Bank overdrafts	291
Bankers' acceptances	73,281
Term Loan/ Trust Receipts/ Revolving Credit	55,832
Current (unsecured)	
Bankers' acceptances/Trust Receipts	15,220
	<u>148,255</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

- a) A final dividend of 10 sen per ordinary share tax exempt in respect of the financial year ended 31 March 2008 has been paid on 15 August 2008 (31 March 2007: 12 sen per share less 26% income tax)
- b) An interim dividend of 10 sen per ordinary share tax exempt (previous corresponding period: 10 sen less 26% income tax) has been declared by the Directors on 5 November 2008 payable on 2 December 2008 to shareholders registered at the close of business on 21 November 2008.

A Depositor shall qualify for entitlement to the interim dividend only in respect of :

- i) Shares deposited into the depositor's securities account before 12.30 pm on 19 November 2008 (in respect of shares which are exempted from mandatory deposit);
- ii) Shares transferred to the depositors' securities account before 4.00 pm on 21 November 2008 in respect of ordinary transfers; and
- iii) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

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 RM17,840,000 and the weighted average number of ordinary shares in issue during the quarter of 99,304,720.