

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

**Interim Financial Report
30 June 2011**

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 2011. 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 2011.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2011 except for the following:

A) Adoption of New and Revised FRSs, IC Interpretations and Amendments to FRS

FRSs, Amendments to FRS and IC Interpretations

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 3	Business Combinations (revised)
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements(revised)
FRS 123	Borrowing Costs
FRS 127	Consolidated & Separate Financial Statements (revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards
Amendment to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statements-Putable Financial Instruments and Obligations Arising on Liquidation

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Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Improvement to FRSs (2009)	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 11	FRS2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distribution of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to FRS 1	Limited exception for comparative FRS 7: Disclosures for first-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an arrangement contains a lease
IC Interpretation 18	Transfers of Assets from Customers

The application of new FRSs, Amendments to FRSs and interpretations that are effective for the financial statements commencing on 1 April 2011 did not result in any significant changes in the accounting policies and presentation of financial result of the Group.

B) Revised FRSs, IC Interpretations and Amendments to FRS issued and not yet effective

The Group has not early adopted the following revised FRSs, IC Interpretations and amendments to FRSs which have been issued as at the date of authorisation of these financial statements and will be effective for the financial periods as stated below:-

		Effective date
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124	Related Party Disclosures	1 January 2012
IC Interpretation 15	Agreements for Construction of Real Estate	1 January 2012

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3. Audit Report

The most recent audited financial statements for the year ended 31 March 2011 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

There was no dividend paid for the financial period ended 30 June 2011.

9. Segment information

	Revenue RM'000	Period ended 30.06.2011 Profit before Tax RM'000
Malaysia	144,545	12,789
Vietnam	69,467	4,664
	214,012	17,453
Inter-segment elimination	--	393
Segment results	214,012	17,846
Finance costs	--	(366)
Interest income	--	444
	214,012	17,924

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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

	30.06.2011 RM'000
<i>Property, plant and equipment</i>	
Authorised but not contracted for	5,838
Contracted but not provided for in the financial statements	13,788
	<hr/> <hr/> 19,626

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 2011.

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 40.9% due to lower profit margin despite higher sales volume during the quarter under review.

2. Variation of results against preceding quarter

For the quarter under review, the Group recorded a profit before tax of RM17.9 million compared to RM7.2 million in the previous quarter. The higher profit before tax was due to higher turnover with better profit margin and lower foreign exchange loss.

3. Current year prospects

The Board of Directors expects the Group's operating environment to remain challenging and competitive due to greater presence of tinplate from China and Korea. However, barring any unforeseen circumstances, the Board envisages that the Group can achieve satisfactory performance for the financial year ending 31 March 2012.

4. Profit forecast

Not applicable as no profit forecast was published.

5. Tax expense

	3 months period ended 30 June		Period ended 30 June	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income tax expense/ (recoverable)				
Current year	3,045	6,158	3,045	6,158
Under/ (Over) provision in prior years				
	3,045	6,158	3,045	6,158
Deferred tax income				
Addition/(Reversal) of temporary differences	142	(80)	142	(80)
Under/ (Over) provision in prior years				
	142	(80)	142	(80)
	<u>3,187</u>	<u>6,078</u>	<u>3,187</u>	<u>6,078</u>

The effective rate of taxation for the year was lower than the statutory taxation rate mainly due to different tax rates in foreign jurisdictions 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

	30.06.2011 RM'000
Long Term (secured)	
Term Loan	--
Current (secured)	
Bank overdrafts	--
Bankers' acceptances	--
Term Loan/ Trust Receipts/ Revolving Credit	28,076
Current (unsecured)	
Bankers' acceptances/Trust Receipts	--
	<u>28,076</u>

The above borrowings are denominated in US Dollar.

10. Off balance sheet financial instruments

During the financial period todate, 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 final dividend of 24 sen per ordinary share less 25% income tax in respect of the financial year ended 31 March 2011 had been approved by the shareholders of the Company at the Thirty-Third Annual General Meeting held on 26 July 2011.

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 RM14,737,000 and the weighted average number of ordinary shares in issue during the quarter of 99,304,720.

14. Disclosure of realised and unrealised profits/(losses)

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Securities”) had issued directives to all listed issuers to disclose a breakdown of the unappropriated profits or accumulated losses into unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required.

Pursuant to the directive, the breakdown of the retained profits of the Group as at 30 June 2011, into realised and unrealised profits is as follows:

	As at 30.06.2011 RM'000	As at 31.03.2011 RM'000
Total retained profits of the Group		
- Realised profits	274,392	267,687
- Unrealised profits	300	4,339
- Realised (loss)	(574)	(4,015)
- Unrealised (loss)	(486)	(8,723)
	<u>273,632</u>	<u>259,288</u>
Less: Consolidation adjustments	(4,102)	(4,495)
Total retained profits as per statement of financial position	<u>269,530</u>	<u>254,793</u>

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1 “*Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*”, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.