

**Perusahaan Sadur Timah Malaysia  
(Perstima) Berhad**  
(Registration No. 197901005687 (49971-D))  
(Incorporated in Malaysia)

**Interim Financial Report  
31 March 2020**

# Perusahaan Sadur Timah Malaysia (Perstima) Berhad

(Registration No. 197901005687 (49971-D))

(Incorporated in Malaysia)

## Notes to the interim financial report

### A. Explanatory Notes to the Interim Financial Statements – MFRS 134

#### 1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standard Board.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2019. 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 financial year ended 31 March 2019.

#### 2. Changes in Accounting Policies

The audited financial statements of the Group for the year ended 31 March 2019 were prepared according with MFRS. The significant accounting policies adopted in preparing this condensed financial report are consistent with those of the audited financial statements for the year ended 31 March 2019.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:-

#### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019*

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019 (continued)***

- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020***

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021***

- MFRS 17, *Insurance Contracts*

***MFRSs, Interpretations and amendments effective from a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations in the respective financial year when the above standards, amendments and interpretations become effective.

The Group and the Company do not plan to apply MFRS 16, *Leases* that is effective for annual periods beginning on 1 January 2019 as it does not have any material financial impacts to the current and prior period of financial statements of the Group and the Company upon their first adoption due to low-value items.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of these standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements of the Group and the Company upon their first adoption.

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### **3. Audit Report**

The most recent audited financial statements for the year ended 31 March 2019 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 issuances, cancellations, repurchase, resale and repayments of debt and equity securities for the period under review.

### **8. Dividends paid**

	<b>Year ended 31.03.2020 RM'000</b>
Ordinary	
2019 Interim paid : dividend of 10.0 sen per ordinary share	9,930
2019 Final paid : dividend of 20.0 sen per ordinary share	19,861
	<hr/>
	<b>29,791</b> <hr/>

## 9. Segment information

	Revenue RM'000	Year ended 31.03.2020 Profit before Tax RM'000
Malaysia	589,243	45,009
Vietnam	283,267	12,410
Philippines	--	(1,648)
	<hr/>	<hr/>
Inter-segment elimination	872,510 (13,137)	55,771 (15,571)
	<hr/>	<hr/>
<b>Segment results</b>	859,373	40,200
Finance costs	--	(1,239)
Interest income	--	2,184
	<hr/>	<hr/>
	<u>859,373</u>	<u>41,145</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

	31.03.2020 RM'000
<i>Property, plant and equipment</i>	
Authorised but not contracted for	94,999
Contracted but not provided for in the financial statements	145,085
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	<u>240,084</u>

## 12. Events subsequent to the statement of financial position 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 statement of financial position as at 31 March 2019.

## B. Additional information required by Bursa Securities Main Market Listing Requirements

### 1. Review of Group performance and current year prospects

*Comparison with corresponding period in the previous year*

	Jan - Mar 2020	Jan - Mar 2019	Changes		Apr-Mar 2020	Apr-Mar 2019	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
- Malaysia	123,246	163,689	(40,443)	(24.7)	589,243	680,655	(91,412)	(13.4)
- Vietnam	70,816	69,682	1,134	1.6	283,267	311,530	(28,263)	(9.1)
- Philippines	--	--	--	--	--	--	--	--
Consol Adjustment	(2,993)	(3,013)	20	0.7	(13,137)	(13,994)	857	6.1
Total	191,069	230,558	(39,492)	(17.1)	859,373	978,191	(118,818)	(12.1)
Profit/(loss) before tax								
- Malaysia	12,212	8,045	4,167	51.8	44,559	48,567	(4,008)	(8.3)
- Vietnam	2,576	1,656	920	55.6	13,805	13,699	106	0.8
- Philippines	(396)	(406)	10	2.5	(1,648)	(406)	(1,242)	>(100)
Consol Adjustment	(7,368)	33	(7,335)	>(100)	(15,571)	(8,227)	7,344	89.3
Total	7,024	9,328	(2,304)	(24.7)	41,145	53,633	(12,488)	(23.3)

The Group's revenue for the quarter ended 31 March 2020 ("Current Quarter") compared with the quarter ended 31 March 2019 ("Previous Year Corresponding Period") decreased by RM39.5 million (17.1%) due to lower sales volume coupled with lower selling price. The Group's profit before taxation for the Current Quarter compared with the Previous Year Corresponding Period decreased by RM2.3 million (24.7%) was due to lower sales volume and lower profit margin during the Current Quarter.

For Malaysia, the Company's revenue for the Current Quarter decreased by RM40.4 million (24.7%) as compared to the Previous Year Corresponding Period due to lower sales volume coupled with lower selling price. The Company's profit before taxation for the Current Quarter of RM12.2 million was higher as compared to RM8.0 million in the Previous Year Corresponding Period due to dividend income of RM4.4 million from subsidiary company in the Current Quarter coupled with higher profit margin despite lower sales volume during the Current Quarter.

For Vietnam, the subsidiary Company's revenue increased by RM1.1 million (1.6%) compared with the Previous Year Corresponding Period due to lower sales volume coupled with lower selling price. The subsidiary Company's profit before taxation for the Current Quarter of RM2.6 million compared with RM1.7 million in the Previous Year Corresponding Period due to higher sales volume coupled with higher profit margin during the Current Quarter.

For Philippines, the subsidiary Company's did not have any revenue during the Current Quarter since it was still at preliminary stage after being registered on 22 November 2018. The subsidiary Company's loss before taxation for the Current Quarter of RM0.4 million was due to the preliminary cost related to the rental fee and administration fee during the Current Quarter.

*Comparison with preceding quarter*

	Jan - Mar 2020	Oct - Dec 2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
- Malaysia	123,246	144,561	(21,315)	(14.7)
- Vietnam	70,816	62,203	8,613	13.8
- Philippines	--	--	--	--
Consol Adjustment	(2,993)	(3,171)	(178)	(5.6)
Total	191,069	203,593	(12,524)	(6.2)
Profit before tax				
- Malaysia	12,212	6,158	6,054	98.3
- Vietnam	2,576	2,511	65	2.6
- Philippines	(396)	(409)	13	3.2
Consol Adjustment	(7,368)	35	(7,333)	>100.0
Total	7,024	8,295	(1,271)	(15.3)

For the Current Quarter, the Group recorded a revenue of RM191.1 million compared with RM203.6 million in the quarter ended 31 December 2019 (“Previous Quarter”). The Group’s lower revenue was mainly due to lower sales volume coupled with lower selling price. The Group recorded a profit before tax of RM7.0 million compared with RM8.3 million in the Previous Quarter. The lower profit before tax was due to lower sales volume and lower profit margin in the Current Quarter.

For Malaysia, the Company recorded a revenue of RM123.2 million as compared to RM144.6 million in the Previous Quarter. The Company’s revenue was lower due to lower sales volume and lower selling price. The Company recorded a profit before tax of RM12.2 million compared with RM6.2 million in the Previous Quarter. The higher profit before tax for the Current Quarter was mainly due to dividend income of RM4.4 million from subsidiary company in the Current Quarter coupled with financial year adjustment despite lower sales volume and lower profit margin for the Current Quarter.

For Vietnam, the subsidiary Company recorded a revenue of RM70.8 million as compared to RM62.2 million in the Previous Quarter. The subsidiary Company’s revenue was higher due to higher sales volume despite lower selling price for the Current Quarter. The Company recorded a profit before tax of RM2.6 million compared with RM2.5 million in the Previous Quarter. The higher profit before tax for the Current Quarter was due to higher sales volume coupled with higher profit margin.

For Philippines, the subsidiary Company’s did not have any revenue during the Current Quarter since it was still at preliminary stage after being registered on 22 November 2018. The subsidiary Company’s loss before taxation for the Current Quarter of RM0.4 million compared with RM0.4 million in the Previous Quarter was due to the preliminary cost related to the rental fee and administration fee during the Current Quarter.

### *Current year prospects*

The Board of Directors expects the Group's growth and profitability to be affected not only by the continued presence of higher imports and by volatility in the Ringgit Malaysia against United States Dollar exchange rate but also by the significant economic and socio-economic effects of COVID-19 on life and businesses globally. The pandemic has added an element of unpredictability to life and business in the markets in which the Group operates and this is mirrored across the Group's operations especially production and sales. This may continue in the next financial year.

Despite the Group's business environment becoming more challenging, the new normal has strengthened the Group's resolve to continue to improve production efficiency and cost saving measures and increase and expand sales and marketing efforts (including exploring new opportunities and markets) in an effort to ensure the profitability of the Group for the next financial year.

## **2. Profit forecast**

Not applicable as no profit forecast was published.

## **3. Tax expense**

	<b>3 months quarter ended 31 March</b>		<b>Year ended 31 March</b>	
	<b>2020 RM'000</b>	<b>2019 RM'000</b>	<b>2020 RM'000</b>	<b>2019 RM'000</b>
Income tax expense/ (recoverable)				
Current period	1,374	2,433	9,702	12,734
Under/ (Over) provision in prior years	--	--	--	--
	1,374	2,433	9,702	12,734
Deferred tax income				
Addition/(Reversal) of temporary differences	1,045	381	541	(123)
Under/ (Over) provision in prior years	--	--	--	--
	1,045	381	541	(123)
	<u>2,419</u>	<u>2,814</u>	<u>10,243</u>	<u>12,611</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.

## **4. 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 quarter under review.



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## 5. Quoted investments

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

## 6. 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.

## 7. Borrowing and debt securities

	31.03.2020 RM'000	31.03.2019 RM'000
Long Term - secured		
Term Loan	--	--
Short Term – unsecured		
Bank overdrafts	--	--
Bankers' acceptances	15,059	17,603
Term Loan/ Trust Receipts/ Revolving Credit	--	--
Onshore Foreign Currency Loan	--	--
	<u>15,059</u>	<u>17,603</u>

## 8. Changes in material litigations

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

## 9. Dividends

- An interim-single tier dividend of 10.0 sen per ordinary share (previous corresponding period: single tier 10.0 sen per share) in respect of the financial year ended 31 March 2019 has been paid on 28 June 2019.
- A final dividend of 20.0 sen per ordinary share in respect of the financial year ended 31 March 2019 has been paid on 27 September 2019 (31 March 2018: final dividend of 20.0 sen per share).
- The Directors proposed a final single tier dividend of 10.0 sen per ordinary share in respect of financial year ended 31 March 2020 subject to approval of the shareholders at the forthcoming Annual General Meeting

## 10. 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 RM30,902,000 and the weighted average number of ordinary shares in issue during the quarter of 99,304,720.

## 11. Profit before tax

	3 months quarter ended 31 March		Year ended 31 March	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Profit before tax is arrived at after charging/(crediting)</b>				
Depreciation of property, plant and equipment	3,707	3,450	14,125	13,786
Interest expense	99	55	1,239	909
Interest income	(643)	(557)	(2,184)	(2,491)
Unrealised loss/(gain) on foreign exchange	--	--	--	--
Hostel rental income	(11)	(11)	(44)	(43)
Realised loss/(gain) on foreign exchange	(1,236)	(637)	(3,086)	(4,170)

Other than the above items, there were no impairment of assets, provision for and write off of receivables and inventories, gain or loss on disposal of quoted or unquoted investments or properties, gain or loss on derivatives and exceptional items for the current quarter and financial year ended 31 March 2020.