

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

**Interim Financial Report
30 September 2021**

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 2021. 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 2021.

2. Changes in Accounting Policies

The audited financial statements of the Group for the year ended 31 March 2021 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 2021.

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 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

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

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

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

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

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 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 2021 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

There was no dividend paid for the financial period ended 30 September 2021.

9. Segment information

	Revenue RM'000	Period ended 30.09.2021 Profit before Tax RM'000
Malaysia	323,010	8,594
Vietnam	220,735	16,448
Philippines	--	(3,369)
	<hr/>	<hr/>
	543,745	21,673
Inter-segment elimination	(5,883)	36
	<hr/>	<hr/>
Segment results	537,862	21,709
Finance costs	--	(1,312)
Interest income	--	1,049
	<hr/>	<hr/>
	537,862	21,446
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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

	30.09.2021 RM'000
<i>Property, plant and equipment</i>	
Authorised but not contracted for	18,655
Contracted but not provided for in the financial statements	61,986
	<hr/>
	80,641
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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 2021.

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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

	July - Sep 2021	July - Sep 2020	Changes		Apr-Sep 2021	Apr-Sep 2020	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
- Malaysia	173,676	150,302	23,734	15.6	323,010	265,987	57,023	21.4
- Vietnam	115,133	75,434	39,699	52.6	220,735	163,673	57,062	34.9
- Philippines	--	--	--	--	--	--	--	--
Consol Adjustment	(2,726)	(3,242)	516	15.9	(5,883)	(6,518)	635	9.7
Total	286,083	222,494	63,589	28.6	537,862	423,142	114,720	27.1
Profit/(loss) before tax								
- Malaysia	3,072	24,790	(21,718)	(87.6)	7,560	31,801	(24,241)	(76.2)
- Vietnam	9,801	7,548	2,253	29.8	17,219	14,522	2,697	18.6
- Philippines	646	(359)	1,005	>100	(3,369)	(831)	(2,538)	>100
Consol Adjustment	18	(12,417)	12,435	>100	36	(12,399)	12,435	>100
Total	13,537	19,562	(6,025)	(30.8)	21,446	33,093	(11,647)	(35.2)

The Group's revenue for the quarter ended 30 September 2021 ("Current Quarter") compared with the quarter ended 30 September 2020 ("Previous Year Corresponding Period") increased by RM63.6 million (28.6%) due to higher selling price despite lower sales volume. The Group's profit before taxation for the Current Quarter compared with the Previous Year Corresponding Period decreased by RM6.0 million (30.8%) was due to lower profit margin coupled with lower sales volume during the Current Quarter.

For Malaysia, the Company's revenue for the Current Quarter increased by RM23.7 million (15.6%) as compared to the Previous Year Corresponding Period due to higher selling price despite lower sales volume. The Company's profit before taxation for the Current Quarter of RM3.1 million was lower as compared to RM24.8 million in the Previous Year Corresponding Period due to lower profit margin coupled with lower sales volume during the Current Quarter.

For Vietnam, the subsidiary Company's revenue increased by RM39.7 million (52.6%) compared with the Previous Year Corresponding Period due to higher sales volume coupled with higher selling price. The subsidiary Company's profit before taxation for the Current Quarter of RM9.8 million compared with RM7.5 million in the Previous Year Corresponding Period due to higher sales volume coupled with better 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 profit before taxation for the Current Quarter of RM0.6 million was due to the reclassification adjustment of freight cost of RM2.7 million to construction-in-progress in the balance sheet partly offset by preliminary cost related to the rental fee and administration fee during the Current Quarter.

Comparison with preceding quarter

	July - Sep 2021	Apr - June 2021	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
- Malaysia	173,676	149,334	24,342	16.3
- Vietnam	115,133	105,602	9,531	9.0
- Philippines	--	--	--	--
Consol Adjustment	(2,726)	(3,157)	431	13.7
Total	286,083	251,779	34,304	13.6
Profit/(loss) before tax				
- Malaysia	3,072	4,488	(1,416)	(31.6)
- Vietnam	9,801	7,418	2,383	32.1
- Philippines	646	(4,015)	4,661	>100
Consol Adjustment	18	18	--	--
Total	13,537	7,909	5,628	71.2

For the Current Quarter, the Group recorded a revenue of RM286.1 million compared with RM251.8 million in the quarter ended 30 June 2021 ("Previous Quarter"). The Group's higher revenue was mainly due to higher selling price despite lower sales volume. The Group recorded a profit before tax of RM13.5 million compared with RM7.9 million in the Previous Quarter. The higher profit before tax was due to higher profit margin despite lower sales volume in the Current Quarter.

For Malaysia, the Company recorded a revenue of RM173.7 million as compared to RM149.3 million in the Previous Quarter. The Company's revenue was higher due to higher selling price despite lower sales volume. The Company recorded a profit before tax of RM3.1 million compared with RM4.5 million in the Previous Quarter. The lower profit before tax for the Current Quarter was mainly due to lower profit margin coupled with lower sales volume for the Current Quarter.

For Vietnam, the subsidiary Company recorded a revenue of RM115.1 million as compared to RM105.6 million in the Previous Quarter. The subsidiary Company's revenue was higher due to higher selling price despite lower sales volume for the Current Quarter. The Company recorded a profit before tax of RM9.8 million compared with RM7.4 million in the Previous Quarter. The higher profit before tax for the Current Quarter was due to higher profit margin despite lower sales volume.

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 profit before taxation for the Current Quarter of RM0.6 million compared with loss before taxation of RM4.0 million in the Previous Quarter was due to the reclassification adjustment of freight cost of RM2.7 million to construction-in-progress in the balance sheet partly offset by preliminary cost related to the rental fee and administration fee during the Current Quarter.

Prospects

The Board of Directors expects the Group's growth and profitability to be affected not only by the continued presence of higher raw material prices and the volatility of the Ringgit Malaysia against United States Dollar exchange but also by the continued significant economic and socio-economic effects of the unpredictable COVID-19 pandemic on the markets in which the Group makes and sells its products.

Despite the unpredictability, the diverse locations in which the Group's manufacturing facilities are based (Malaysia, Vietnam and Philippines (upon completion of construction of its new manufacturing facility)) and the diverse markets in which the Group sells its products may help the Group cushion any negative impact therefrom.

With the recent reopening of more economic sectors worldwide due to gradual relief on pandemic restriction with the rising global vaccination rate, the Group will continue to strengthen the business activity in the near future.

The Group will nevertheless apply its best efforts to continue to improve production efficiencies and cost savings and to increase sales and marketing efforts (including exploring new markets) to ensure the profitability of the Group for the current financial year.

2. Profit forecast

Not applicable as no profit forecast was published.

3. Tax expense

	3 months quarter ended 30 September		Period ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax expense/ (recoverable)				
Current period	2,601	4,346	5,110	7,434
Under/ (Over) provision in prior years	--	--	--	--
	2,601	4,346	5,110	7,434
Deferred tax income				
Addition/(Reversal) of temporary differences	--	--	--	--
Under/ (Over) provision in prior years	--	--	--	--
	--	--	--	--
	<u>2,601</u>	<u>4,346</u>	<u>5,110</u>	<u>7,434</u>

The effective rate of taxation for the quarter 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.

5. Quoted investments

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

6. Status of corporate exercise announced

Corporate Exercises - Right Issue and Bonus Issue

On 11 November 2020, the Company announced that the Corporate Exercises have been completed following the listing of and quotation of 19,860,944 Rights Shares and 9,930,472 Bonus Shares on the Main Market of Bursa Malaysia Securities Berhad.

The utilisation of proceeds up to 30 September 2021 is as follow:-

Purpose	Proposed utilisation (RM'million)	Actual proceeds raised (RM'million)	Actual Utilisation (RM'million)	Intended timeframe for utilisations
Part of financing for electrolytic tinning and tin free steel production line for the manufacturing plant in the Philippines	54.800	54.800	54.800	Within 24 months
Purchase of raw materials	3.233	3.233	3.233	Within 24 months
Estimated expenses for the Corporate Exercises	1.550	1.550	1.550	Within 1 month
Total	59.583	59.583	59.583	

7. Borrowing and debt securities

	30.09.2021 RM'000	31.03.2021 RM'000
Long Term - secured		
Term Loan	162,370	22,828
Short Term – unsecured		
Bank overdrafts	--	--
Bankers' acceptances	105,432	24,288
Import Purchase Loan	30,199	12,972
	<u>298,001</u>	<u>60,088</u>

8. Changes in material litigations

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

9. Dividends

- a) A final single-tier dividend of 20.0 sen per ordinary share in respect of the financial year ended 31 March 2021 has been approved at the Forty-Third Annual General Meeting and shall be paid on 29 October 2021.
- b) No interim dividend has been declared for the period ended 30 September 2021.

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 RM11,585,000 and the weighted average number of ordinary shares in issue during the quarter of 129,096,136.

11. Profit before tax

	3 months quarter ended 30 September		Period ended 30 September	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax is arrived at after charging/(crediting)				
Depreciation of property, plant and equipment	3,515	3,698	7,146	7,402
Depreciation of right-of-use assets	148	148	296	298
Interest expense	885	207	1,312	341
Interest income	(399)	(492)	(1,049)	(840)
Unrealised loss/(gain) on foreign exchange	--	--	--	--
Hostel rental income	(12)	(11)	(23)	(22)
Realised loss/(gain) on foreign exchange	(1,811)	(267)	(2,366)	(997)

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 quarter ended 30 September 2021.