

**Perusahaan Sadur Timah Malaysia
(Perstima) Berhad**

(Registration No. 197901005687 (49971-D))
(Incorporated in Malaysia)

**Interim Financial Report
30 September 2022**

Perusahaan Sadur Timah Malaysia (Perstima) Berhad

(Registration No. 197901005687 (49971-D))

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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 2022. 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 2022.

2. Changes in Accounting Policies

The audited financial statements of the Group for the year ended 31 March 2022 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 2022.

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 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 17, *Insurance Contracts - Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 accounting standards, amendments and interpretations in the respective financial year when the above accounting standards, amendments and interpretations become effective, if applicable.

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

3. Audit Report

The most recent audited financial statements for the year ended 31 March 2022 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 2022.

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9. Segment information

	Revenue RM'000	Period ended 30.09.2022 Profit before Tax RM'000
Malaysia	512,956	28,254
Vietnam	394,124	55,841
Philippines	4,378	(21,309)
	<hr/>	<hr/>
	911,458	62,786
Inter-segment elimination	(7,433)	(11,693)
	<hr/>	<hr/>
Segment results	904,025	51,093
Finance costs	--	(5,377)
Interest income	--	845
	<hr/>	<hr/>
	904,025	46,561
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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

	30.09.2022 RM'000
<i>Property, plant and equipment</i>	
Authorised but not contracted for	13,528
Contracted but not provided for in the financial statements	22,648
	<hr/>
	<u>36,176</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 2022.

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 2022	July - Sep 2021	Changes		Apr-Sep 2022	Apr-Sep 2021	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
- Malaysia	256,669	173,676	82,993	47.8	512,956	323,010	189,946	58.8
- Vietnam	207,872	115,133	92,379	80.5	394,124	220,735	173,389	78.6
- Philippines	4,378	--	4,378	>100	4,378	--	4,378	>100
Consol Adjustment	(3,735)	(2,726)	(1,009)	(37.0)	(7,433)	(5,883)	(1,550)	(26.3)
Total	465,184	286,083	179,101	62.6	904,025	537,862	366,163	68.1
Profit/(loss) before tax								
- Malaysia	9,841	3,072	6,769	>100	23,239	7,560	15,679	>100
- Vietnam	30,563	9,801	20,762	>100	56,336	17,219	39,117	>100
- Philippines	(16,017)	646	(16,663)	>100	(21,321)	(3,369)	(17,952)	>100
Consol Adjustment	(16,984)	18	(17,002)	>100	(11,693)	36	(11,729)	>100
Total	7,403	13,537	(6,134)	(45.3)	46,561	21,446	25,115	>100

The Group's revenue for the quarter ended 30 September 2022 ("Current Quarter") compared with the quarter ended 30 September 2021 ("Previous Year Corresponding Period") increased by RM179.1 million (62.6%) due to higher selling price coupled with higher sales volume. The Group's profit before taxation for the Current Quarter compared with the Previous Year Corresponding Period decreased by RM6.1 million (45.3%) was due to unrealised exchange loss incurred of RM26.9 million despite higher sales volume during the Current Quarter.

For Malaysia, the Company's revenue for the Current Quarter increased by RM83.0 million (47.8%) as compared to the Previous Year Corresponding Period due to higher selling price coupled with higher sales volume. The Company's profit before taxation for the Current Quarter of RM9.8 million as compared to RM3.1 million in the Previous Year Corresponding Period was due to dividend income from subsidiary company of RM22.9 million coupled with higher sales volume partly minimised by unrealised exchange loss incurred of RM26.9 million during the Current Quarter.

For Vietnam, the subsidiary Company's revenue increased by RM92.4 million (80.5%) compared with the Previous Year Corresponding Period due to higher selling price coupled with higher sales volume. The subsidiary Company's profit before taxation for the Current Quarter of RM30.6 million compared with RM9.8 million in the Previous Year Corresponding Period due to higher profit margin for export business coupled with higher sales volume during the Current Quarter.

For Philippines, the subsidiary Company's revenue increased by RM4.4 million as compared to the Previous Year Corresponding Period as the subsidiary started its commercial operation during the Current Quarter. The subsidiary Company's loss before taxation for the Current Quarter of RM16.0 million compared with profit before taxation of RM0.7 million in the Previous Year Corresponding Period was due to higher manufacturing cost coupled with higher unrealised exchange loss incurred during the Current Quarter.

Comparison with preceding quarter

	July - Sep 2022	Apr - June 2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
- Malaysia	256,669	256,287	382	0.1
- Vietnam	207,872	186,252	21,620	11.6
- Philippines	4,378	--	4,378	>100
Consol Adjustment	(3,735)	(3,698)	(37)	(1.0)
Total	465,184	438,841	26,343	6.0
Profit/(loss) before tax				
- Malaysia	9,841	13,398	(3,557)	(26.5)
- Vietnam	30,563	25,773	4,790	18.6
- Philippines	(16,017)	(5,304)	(10,713)	>100
Consol Adjustment	(16,984)	5,291	(22,275)	>100
Total	7,403	39,158	(31,755)	(81.1)

For the Current Quarter, the Group recorded a revenue of RM465.2 million compared with RM438.8 million in the quarter ended 30 June 2022 (“Previous Quarter”). The Group’s higher revenue was mainly due to higher selling price coupled with higher sales volume. The Group recorded a profit before tax of RM7.4 million compared with RM39.2 million in the Previous Quarter. The lower profit before tax was due to unrealised exchange loss incurred of RM26.9 million despite higher sales volume in the Current Quarter.

For Malaysia, the Company recorded a revenue of RM256.7 million as compared to RM256.3 million in the Previous Quarter. The Company’s revenue was higher due to higher sales volume despite lower selling price. The Company recorded a profit before tax of RM9.8 million compared with RM13.4 million in the Previous Quarter. The lower profit before tax for the Current Quarter was due to unrealised exchange loss incurred of RM26.9 million partly minimised by dividend income from subsidiary of RM22.9 million coupled with higher sales volume in the Current Quarter.

For Vietnam, the subsidiary Company recorded a revenue of RM207.9 million as compared to RM186.3 million in the Previous Quarter. The subsidiary Company’s revenue was higher due to higher selling price coupled with higher sales volume for the Current Quarter. The Company recorded a profit before tax of RM30.6 million compared with RM25.8 million in the Previous Quarter. The higher profit before tax for the Current Quarter was due to higher profit margin for export business coupled with higher sales volume.

For Philippines, the subsidiary Company’s revenue increased by RM4.4 million compared with Previous Quarter as the subsidiary started its commercial operation during the Current Quarter. The subsidiary Company’s loss before taxation for the Current Quarter of RM16.0 million compared with RM5.3 million in the Previous Quarter was due to higher manufacturing cost coupled with higher unrealised exchange loss incurred during the Current Quarter.

Prospects

The exceptionally high global inflation and global economy slowdown trends have affected major industries and commodities markets, including the tinplate industry.

Consequently, the Group's operating environment is expected to continue facing strong headwinds for the remaining current financial year due not only to interest rate hikes and the on-going Russia-Ukraine conflict, but also to recessionary pressure giving rise to a bearish sentiment on tinplate supply and demand, and also the continued depreciation of both Ringgit Malaysia and Vietnamese Dong against United States Dollar currency.

The Group will continue to intensify its sales and marketing efforts in addition to applying its best efforts to improve production efficiencies and costs savings 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income tax expense/ (recoverable)				
Current period	8,432	2,601	16,412	5,110
Under/ (Over) provision in prior years	--	--	--	--
	8,432	2,601	16,412	5,110
Deferred tax income				
Addition/(Reversal) of temporary differences	--	--	--	--
Under/ (Over) provision in prior years	--	--	--	--
	--	--	--	--
	<u>8,432</u>	<u>2,601</u>	<u>16,412</u>	<u>5,110</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.

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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 exercise 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

	30.09.2022 RM'000	31.03.2022 RM'000
Long Term - secured		
Term Loan	161,338	182,345
Short Term – unsecured		
Bank overdrafts	--	--
Bankers' acceptances	210,375	205,109
Import Purchase Loan	--	20,590
Revolving Credit	3,166	--
	<u>374,879</u>	<u>408,044</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 in respect of the financial year ending 31 March 2023 has been declared by the Directors on 9 November 2022 payable on 16 December 2022 to the shareholders of the Company registered at the close of business on 30 November 2022.

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 p.m. on 28 November 2022 in respect of shares which are exempted from mandatory deposit;
- ii) Shares transferred into the Depositors' Securities Account before 4.30 p.m. on 30 November 2022 in respect of transfers; and
- iii) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

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 RM57,091,000 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax is arrived at after charging/(crediting)				
Depreciation of property, plant and equipment	5,572	3,515	8,453	7,146
Depreciation of right-of-use assets	145	148	293	296
Interest expense	3,351	885	5,377	1,312
Interest income	(466)	(399)	(845)	(1,049)
Unrealised loss/(gain) on foreign exchange	26,942	--	26,942	--
Hostel rental income	(12)	(12)	(25)	(23)
Realised loss/(gain) on foreign exchange	(1,147)	(1,811)	(4,100)	(2,366)

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 2022.