

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

**Interim Financial Report
31 December 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

	Period ended 31.12.2022 RM'000
Ordinary	
2023 Interim paid : dividend of 10.0 sen per ordinary share	12,910
	<hr/>
	12,910
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9. Segment information

	Revenue RM'000	Period ended 31.12.2022 Profit before Tax RM'000
Malaysia	692,057	88,229
Vietnam	528,068	72,626
Philippines	7,940	(24,640)
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	1,228,065	136,215
Inter-segment elimination	(11,224)	(11,693)
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Segment results	1,216,841	79,803
Finance costs	--	(9,137)
Interest income	--	1,635
	<hr/>	
	1,216,841	72,281
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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

	31.12.2022 RM'000
<i>Property, plant and equipment</i>	
Authorised but not contracted for	11,762
Contracted but not provided for in the financial statements	20,275
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	32,037
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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 2022.

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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

	Oct - Dec 2022	Oct - Dec 2021	Changes		Apr-Dec 2022	Apr-Dec 2021	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
- Malaysia	179,101	248,062	(68,961)	(27.8)	692,057	512,956	179,101	34.9
- Vietnam	133,944	140,797	(6,853)	(4.9)	528,068	394,124	133,944	34.0
- Philippines	3,562	--	3,562	>100	7,940	4,378	3,562	81.4
Consol Adjustment	(3,791)	(3,707)	84	2.3	(11,224)	(7,433)	3,791	51.0
Total	312,816	385,152	(72,336)	(18.8)	1,216,841	904,025	312,816	34.6
Profit/(loss) before tax								
- Malaysia	58,892	31,105	27,787	89.3	82,131	23,239	58,892	>100
- Vietnam	17,404	12,925	4,479	34.7	73,740	56,336	17,404	30.9
- Philippines	(5,857)	(2,396)	(3,461)	>100	(27,178)	(21,321)	(5,857)	(27.5)
Consol Adjustment	(44,719)	(20,965)	(23,754)	>100	(56,412)	(11,693)	44,719	>100
Total	25,720	20,669	5,051	24.4	72,281	46,561	25,720	55.2

The Group's revenue for the quarter ended 31 December 2022 ("Current Quarter") compared with the quarter ended 31 December 2021 ("Previous Year Corresponding Period") decreased by RM72.3 million (18.8%) due to lower sales volume despite higher selling price. The Group's profit before taxation for the Current Quarter compared with the Previous Year Corresponding Period increased by RM5.1 million (24.4%) was due to exchange gain incurred of RM8.8 million coupled with higher profit margin despite lower sales volume during the Current Quarter.

For Malaysia, the Company's revenue for the Current Quarter decreased by RM69.0 million (27.8%) as compared to the Previous Year Corresponding Period due to lower sales volume despite higher selling price. The Company's profit before taxation for the Current Quarter of RM58.9 million as compared to RM31.1 million in the Previous Year Corresponding Period was due to dividend income from subsidiary company of RM45.5 million coupled with higher exchange gain of RM6.6 million and higher profit margin partly minimised by lower sales volume during the Current Quarter.

For Vietnam, the subsidiary Company's revenue decreased by RM6.9 million (4.9%) compared with the Previous Year Corresponding Period due to lower sales volume despite higher selling price. The subsidiary Company's profit before taxation for the Current Quarter of RM17.4 million compared with RM12.9 million in the Previous Year Corresponding Period due to higher profit margin for export business despite lower sales volume during the Current Quarter.

For Philippines, the subsidiary Company's revenue increased by RM3.6 million as compared to the Previous Year Corresponding Period as the subsidiary started its commercial operation from August 2022 onwards. The subsidiary Company's loss before taxation for the Current Quarter of RM5.9 million compared with RM2.4 million in the Previous Year Corresponding Period was due to higher manufacturing cost during the Current Quarter.

Comparison with preceding quarter

	Oct - Dec 2022	July - Sep 2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
- Malaysia	179,101	256,669	(77,568)	(30.2)
- Vietnam	133,944	207,872	(73,928)	(35.6)
- Philippines	3,562	4,378	(816)	(18.6)
Consol Adjustment	(3,791)	(3,735)	56	1.5
Total	312,816	465,184	(152,368)	(32.8)
Profit/(loss) before tax				
- Malaysia	58,892	9,841	49,051	>100
- Vietnam	17,404	30,563	(13,159)	(43.1)
- Philippines	(5,857)	(16,017)	10,160	63.4
Consol Adjustment	(44,719)	(16,984)	(27,735)	>100
Total	25,720	7,403	18,317	>100

For the Current Quarter, the Group recorded a revenue of RM312.8 million compared with RM465.2 million in the quarter ended 30 September 2022 (“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 RM25.7 million compared with RM7.4 million in the Previous Quarter. The higher profit before tax was due to exchange gain incurred of RM8.8 million despite lower sales volume in the Current Quarter.

For Malaysia, the Company recorded a revenue of RM179.1 million as compared to RM256.7 million in the Previous Quarter. The Company’s revenue was lower due to lower sales volume despite higher selling price. The Company recorded a profit before tax of RM58.9 million compared with RM9.8 million in the Previous Quarter. The higher profit before tax for the Current Quarter was due to dividend income from subsidiary of RM45.5 million and exchange gain incurred of RM6.3 million partly minimised by lower sales volume and lower profit margin in the Current Quarter.

For Vietnam, the subsidiary Company recorded a revenue of RM133.9 million as compared to RM207.9 million in the Previous Quarter. The subsidiary Company’s revenue was lower due to lower selling price coupled with lower sales volume for the Current Quarter. The Company recorded a profit before tax of RM17.4 million compared with RM30.6 million in the Previous Quarter. The lower profit before tax for the Current Quarter was due to lower profit margin for export business coupled with lower sales volume.

For Philippines, the subsidiary Company’s revenue decreased by RM0.8 million compared with Previous Quarter was due to lower sales volume and lower selling price during the Current Quarter. The subsidiary Company’s loss before taxation for the Current Quarter of RM5.9 million compared with RM16.0 million in the Previous Quarter was due to lower manufacturing cost despite lower sales volume during the Current Quarter.

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Prospects

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

The Group's operating environment is expected to continue facing strong headwinds for the remaining current financial year due to not only to interest rate hike and long-drawn Russia-Ukraine war resulting in higher financing and energy cost, but also to recessionary pressure giving rise to a bearish sentiment on tinsplate supply and demand. However, the recent appreciation of Ringgit Malaysia against United States Dollar currency has improved the Group financial position.

The Group will carefully look into our financing structure for working capital management and 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 31 December		Period ended 31 December	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income tax expense/ (recoverable)				
Current period	4,498	4,802	20,910	9,912
Under/ (Over) provision in prior years	--	--	--	--
	4,498	4,802	20,910	9,912
Deferred tax income				
Addition/(Reversal) of temporary differences	--	--	--	--
Under/ (Over) provision in prior years	--	--	--	--
	--	--	--	--
	<u>4,498</u>	<u>4,802</u>	<u>20,910</u>	<u>9,912</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

	31.12.2022 RM'000	31.03.2022 RM'000
Long Term - secured		
Term Loan	138,584	182,345
Short Term – unsecured		
Bank overdrafts	--	--
Bankers' acceptances	164,289	205,109
Import Purchase Loan/Term Loan	19,098	20,590
Revolving Credit	3,164	--
	<u>325,135</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 dividend of 10.0 sen per ordinary share in respect of the financial year ended 31 March 2023 has been paid on 16 December 2022 (31 March 2022: nil).

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 RM51,371,000 and the weighted average number of ordinary shares in issue during the quarter of 129,096,136.

11. Profit before tax

	3 months ended 31 December		Period ended 31 December	
	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	6,922	3,256	15,375	10,402
Depreciation of right-of-use assets	147	148	440	444
Interest expense	3,780	1,215	9,157	2,527
Interest income	(790)	(568)	(1,635)	(1,617)
Unrealised loss/(gain) on foreign exchange	(19,946)	--	6,996	--
Hostel rental income	(12)	(12)	(37)	(35)
Realised loss/(gain) on foreign exchange	11,992	(368)	7,892	(2,734)

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 31 December 2022.