

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

**Interim Financial Report
30 September 2023**

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 2023. 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 2023.

2. Changes in Accounting Policies

The audited financial statements of the Group for the year ended 31 March 2023 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 2023.

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 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 for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

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 2023 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 2023.

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9. Segment information

	Revenue	Period ended 30 September 2023 Profit/(Loss) before Tax
	RM'000	RM'000
Malaysia	280,923	16,052
Vietnam	167,321	8,041
Philippines	17,355	(17,232)
	<hr/>	<hr/>
	465,599	6,861
Inter-segment elimination	(7,251)	(8,788)
	<hr/>	<hr/>
Segment results	458,348	(1,927)
Finance costs	--	(7,320)
Interest income	--	2,269
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	458,348	(6,978)
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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

	As at 30 September 2023 RM'000
<i>Property, plant and equipment</i>	
Authorised but not contracted for	--
Contracted but not provided for in the financial statements	--
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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 2023.

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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 2023	July - Sep 2022	Changes		Apr-Sep 2023	Apr-Sep 2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
- Malaysia	136,944	256,669	(119,725)	(46.7)	280,923	512,956	(232,033)	(45.2)
- Vietnam	80,046	207,872	(127,826)	(61.5)	167,321	394,124	(226,803)	(57.6)
- Philippines	5,883	4,378	1,505	34.4	17,355	4,378	12,977	>100
Consol Adjustment	(3,685)	(3,735)	50	1.3	(7,251)	(7,433)	182	2.5
Total	219,188	465,184	(245,996)	(52.9)	458,348	904,025	(445,677)	(49.3)
Profit/(loss) before tax								
- Malaysia	(7,229)	9,841	(17,070)	>100	9,269	23,239	(13,970)	(60.1)
- Vietnam	8,546	30,563	(22,017)	(72.0)	10,082	56,336	(46,254)	(82.1)
- Philippines	(11,781)	(16,017)	4,236	26.5	(17,423)	(21,321)	3,898	18.3
Consol Adjustment	11,842	(16,984)	28,826	>100	(8,906)	(11,693)	2,787	23.8
Total	1,378	7,403	(6,025)	(81.4)	(6,978)	46,561	(53,539)	(>100)

The Group's revenue for the quarter ended 30 September 2023 ("Current Quarter") compared with the quarter ended 30 September 2022 ("Previous Year Corresponding Period") decreased by RM246.0 million (52.9%) due to lower sales volume coupled with lower selling price. The Group's profit before taxation of RM1.4 million for the Current Quarter compared with RM7.4 million in the Previous Year Corresponding Period, decreased by RM6.0 million (81.4%) was due to lower profit margin and lower sales volume despite reversal of provision of RM10.7 million during the Current Quarter.

For Malaysia, the Company's revenue for the Current Quarter decreased by RM119.7 million (46.7%) as compared to the Previous Year Corresponding Period due to lower sales volume and lower selling price. The Company's loss before taxation for the Current Quarter of RM7.2 million as compared to profit before taxation of RM9.8 million in the Previous Year Corresponding Period was due to lower sales volume and lower profit margin coupled with unrealised exchange loss in the Current Quarter compared with the Previous Year Corresponding Period.

For Vietnam, the subsidiary Company's revenue decreased by RM127.8 million (61.5%) compared with the Previous Year Corresponding Period due to lower sales volume and lower selling price. The subsidiary Company's profit before taxation for the Current Quarter of RM8.5 million compared with RM30.6 million in the Previous Year Corresponding Period due to lower profit margin and lower sales volume despite reversal of provision of Rm10.7 million during the Current Quarter.

For Philippines, the subsidiary Company's revenue increased by RM1.5 million as compared to the Previous Year Corresponding Period as the subsidiary started its commercial operation from August 2022 onwards that still fine tuning its operation. The subsidiary Company's loss before taxation for the Current Quarter of RM11.8 million compared with RM16.0 million in the Previous Year Corresponding Period was due to higher sales volume during the Current Quarter.

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Comparison with preceding quarter

	July - Sep 2023	Apr - June 2023	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
- Malaysia	136,944	143,979	(7,035)	(4.9)
- Vietnam	80,046	87,275	(7,229)	(8.3)
- Philippines	5,883	11,472	(5,589)	(48.7)
Consol Adjustment	(3,685)	(3,566)	(119)	(3.3)
Total	219,188	239,160	(19,972)	(8.4)
Profit/(loss) before tax				
- Malaysia	(7,229)	16,498	(23,727)	(>100)
- Vietnam	8,546	1,536	7,010	>100
- Philippines	(11,781)	(5,642)	(6,139)	(>100)
Consol Adjustment	11,842	(20,748)	32,590	>100
Total	1,378	(8,356)	9,734	>100

For the Current Quarter, the Group recorded a revenue of RM219.2 million compared with RM239.2 million in the quarter ended 30 June 2023 ("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 RM1.3 million compared with loss before profit of RM8.4 million in the Previous Quarter. The profit before tax was due to reversal of provision of RM10.7 million partly minimized by lower profit margin and lower sales volume in the Current Quarter.

For Malaysia, the Company recorded a revenue of RM136.9 million as compared to RM144.0 million in the Previous Quarter. The Company's revenue was lower mainly due to lower sales volume. The Company recorded a loss before tax of RM7.2 million compared with profit before tax of RM16.5 million in the Previous Quarter. The loss before tax for the Current Quarter was due to unrealised loss of RM7.5 million coupled with lower sales volume and lower profit margin in the Current Quarter.

For Vietnam, the subsidiary Company recorded a revenue of RM80.0 million as compared to RM87.3 million in the Previous Quarter. The subsidiary Company's revenue was lower due to lower selling price and lower sales volume for the Current Quarter. The Company recorded a profit before tax of RM8.5 million compared with RM1.5 million in the Previous Quarter. The higher profit before tax for the Current Quarter was due to reversal of provision of RM10.7 million despite lower profit margin and lower sales volume.

For Philippines, the subsidiary Company's revenue decreased by RM5.6 million compared with Previous Quarter. The subsidiary Company's loss before taxation for the Current Quarter of RM11.8 million compared with RM5.6 million in the Previous Quarter was due reversal of previous year adjustment on revaluation of inventories to net realisable value of RM7.3 million in the Previous Quarter.

Prospects

High global inflation and tight monetary policy have continuously affected major industries and commodities markets in year 2023. The tinplate industry was no exception.

The Group's operating environment is expected to continue facing strong headwinds and these trends are expected to persist throughout FYE 2024, due not only to interest rate hike resulting in higher financing cost, but also to continuous weakening trend of Ringgit Malaysia against United States Dollar currency. The Group shall continue observing market fluctuation closely to mitigate and minimise the foreign exchange impact on Group financial position.

Exacerbating matters, the Group has also been adversely affected by overseas tinplate manufacturers diverting their inventory to countries in which the Group operates, such diversion arising because of the imposition by USA of anti-dumping duties on imports from such overseas tinplate manufacturers.

The Group shall remain cautious and continue to focus 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.

2. Profit forecast

Not applicable as no profit forecast was published.

3. Tax expense

	Quarter ended 30 September		Period ended 30 September	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax expense/ (recoverable)				
Current period	1,726	8,432	2,605	16,412
Under/ (Over) provision in prior years	--	--	--	--
	1,726	8,432	2,605	8,432
Deferred tax income				
Addition/(Reversal) of temporary differences	--	--	--	--
Under/ (Over) provision in prior years	--	--	--	--
	--	--	--	--
	<u>1,726</u>	<u>8,432</u>	<u>2,605</u>	<u>8,432</u>

The effective rate of taxation for the quarter was higher than the statutory taxation rate mainly due to certain expenses were not allowable for tax deduction and current quarter loss by subsidiary within the Group.

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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

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

	As at 30 September 2023 RM'000	As at 31 March 2023 RM'000
Long Term - secured		
Term Loan	104,654	98,359
Short Term – unsecured		
Bank overdrafts	--	--
Bankers' acceptances	131,188	156,192
Term Loan	20,664	38,843
Revolving Credit	--	5,047
	<u>256,506</u>	<u>298,441</u>

8. Changes in material litigations

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

9. Dividends

No dividend has been declared for the period ended 30 September 2023.

10. Basic earnings/(loss) per share

Basic earnings/(loss) per share

The basic earnings/(loss) per ordinary share for the period is calculated by dividing the Group's net profit/(loss) attributable to owners of the Company of RM(9,583,000) by the weighted average number of ordinary shares during the period of 129,096,136.

11. Profit before tax

	Quarter ended 30 September		Period ended 30 September	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax is arrived at after charging/(crediting)				
Depreciation of property, plant and equipment	7,092	5,572	14,087	8,453
Depreciation of right-of-use assets	149	144	296	293
Interest expense	3,592	3,351	7,320	5,377
Interest income	(1,020)	(466)	(2,269)	(845)
Unrealised loss/(gain) on foreign exchange	1,004	26,942	8,851	26,942
Hostel rental income	(14)	(12)	(28)	(24)
Realised loss/(gain) on foreign exchange	(1,863)	(1,147)	(3,846)	(4,100)

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 period ended 30 September 2023.