

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

**Interim Financial Report
31 December 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 31 December 2023.

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9. Segment information

	Revenue	Period ended 31 December 2023 Profit/(Loss) before Tax
	RM'000	RM'000
Malaysia	425,991	57,039
Vietnam	237,219	13,536
Philippines	26,982	(27,653)
	<hr/>	<hr/>
	690,192	42,922
Inter-segment elimination	(11,671)	(46,742)
	<hr/>	<hr/>
Segment results	678,521	(3,820)
Finance costs	--	(11,032)
Interest income	--	3,137
	<hr/>	<hr/>
	678,521	(11,715)
	<hr/> <hr/>	<hr/> <hr/>

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 31 December 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.

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 2023	Oct - Dec 2022	Changes		Apr-Dec 2023	Apr-Dec 2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue								
- Malaysia	145,068	179,101	(34,033)	(19.0)	425,991	692,057	(266,066)	(38.5)
- Vietnam	69,898	133,944	(64,046)	(47.8)	237,219	528,068	(290,849)	(55.1)
- Philippines	9,627	3,562	6,065	>100	26,982	7,940	19,042	>100
Consol Adjustment	(4,420)	(3,791)	(629)	(16.6)	(11,671)	(11,224)	(447)	(4.0)
Total	220,173	312,816	(92,643)	(30.0)	678,521	1,216,841	(538,320)	(44.2)
Profit/(loss) before tax								
- Malaysia	37,493	58,892	(21,399)	(36.3)	46,762	82,131	(35,369)	(43.1)
- Vietnam	6,213	17,404	(11,191)	(64.3)	16,295	73,740	(57,445)	(77.9)
- Philippines	(10,430)	(5,857)	(4,573)	(78.1)	(27,853)	(27,178)	(675)	(2.5)
Consol Adjustment	(38,013)	(44,719)	6,706	15.0	(46,919)	(56,412)	9,493	16.8
Total	(4,737)	25,720	(30,457)	(>100)	(11,715)	72,281	(83,996)	(>100)

The Group's revenue for the quarter ended 31 December 2023 ("Current Quarter") compared with the quarter ended 31 December 2022 ("Previous Year Corresponding Period") decreased by RM92.6 million (30.0%) due to lower sales volume coupled with lower selling price. The Group's loss before taxation of RM4.7 million for the Current Quarter compared with profit before taxation of RM25.7 million in the Previous Year Corresponding Period, decreased by RM30.5 million (more than 100%) was due to lower profit margin and lower sales volume partly minimised by reversal of previous year adjustment on revaluation of inventories to net realisable value of RM1.4 million during the Current Quarter.

For Malaysia, the Company's revenue for the Current Quarter decreased by RM34.0 million (19.0%) as compared to the Previous Year Corresponding Period due to lower selling price despite higher sales volume. The Company's profit before taxation for the Current Quarter of RM37.5 million as compared to RM58.9 million in the Previous Year Corresponding Period was due to dividend income from subsidiary company of RM38.0 million despite lower profit margin in the Current Quarter compared with the Previous Year Corresponding Period.

For Vietnam, the subsidiary Company's revenue decreased by RM64.0 million (47.8%) 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 RM6.2 million compared with RM17.4 million in the Previous Year Corresponding Period due to lower profit margin and lower sales volume during the Current Quarter.

For Philippines, the subsidiary Company's revenue increased by RM6.1 million (more than 100%) as compared to the Previous Year Corresponding Period due to higher sales volume. The subsidiary Company's loss before taxation for the Current Quarter of RM10.4 million compared with RM5.9 million in the Previous Year Corresponding Period was due to lower profit margin partly minimised by reversal of previous year adjustment on revaluation of inventories to net realisable value of RM1.4 million during the Current Quarter. Since the subsidiary started its commercial operation in August 2022, they are still fine tuning its operation.

Comparison with preceding quarter

	Oct - Dec 2023	July - Sep 2023	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
- Malaysia	145,068	136,944	8,124	5.9
- Vietnam	69,898	80,046	(10,148)	(12.7)
- Philippines	9,627	5,883	3,744	63.6
Consol Adjustment	(4,420)	(3,685)	(735)	(20.0)
Total	220,173	219,188	985	0.5
Profit/(loss) before tax				
- Malaysia	37,493	(7,229)	44,722	>100
- Vietnam	6,213	8,546	(2,333)	(27.3)
- Philippines	(10,430)	(11,781)	1,351	11.5
Consol Adjustment	(38,013)	11,842	(49,855)	(>100)
Total	(4,737)	1,378	(6,115)	(>100)

For the Current Quarter, the Group recorded a revenue of RM220.2 million compared with RM219.2 million in the quarter ended 30 September 2023 ("Previous Quarter"). The Group's higher revenue was mainly due to higher selling price despite lower sales volume. The Group recorded a loss before tax of RM4.7 million compared with profit before tax of RM1.4 million in the Previous Quarter. The loss before tax was due to reversal of provision of RM10.7 million in the Previous Quarter and lower sales volume partly offset by higher profit margin in the Current Quarter.

For Malaysia, the Company recorded a revenue of RM145.1 million as compared to RM136.9 million in the Previous Quarter. The Company's revenue was higher mainly due to higher sales volume despite lower selling price. The Company recorded a profit before tax of RM37.5 million compared with loss before tax of RM7.2 million in the Previous Quarter. The higher profit before tax for the Current Quarter was due to dividend income from subsidiary company of RM38.0 million coupled with higher sales volume despite lower profit margin in the Current Quarter.

For Vietnam, the subsidiary Company recorded a revenue of RM69.9 million as compared to RM80.0 million in the Previous Quarter. The subsidiary Company's revenue was lower due to lower sales volume despite higher selling price for the Current Quarter. The Company recorded a profit before tax of RM6.2 million compared with RM8.5 million in the Previous Quarter. The lower profit before tax for the Current Quarter was due to reversal of provision of RM10.7 million in the Previous Quarter despite higher profit margin and higher sales volume in the Current Quarter.

For Philippines, the subsidiary Company's revenue increased by RM3.7 million compared with Previous Quarter. The subsidiary Company's loss before taxation for the Current Quarter of RM10.4 million compared with RM11.8 million in the Previous Quarter was due higher sales volume coupled with reversal of previous year adjustment on revaluation of inventories to net realisable value of RM1.4 million in the Current Quarter.

Prospects

The Board anticipates that the Group's operating environment will continue to face strong headwinds and these trends are expected to persist throughout FYE 2024. The continuous weakening trend of Ringgit Malaysia against United States Dollar currency remains as one of the challenges to the Group. The Group shall continue observing market fluctuation closely to mitigate and minimise the foreign exchange impact on Group financial position.

Against the strong headwinds, the Group continues to monitor vigilantly the global and regional economic conditions along with the aggregate supply and consumption patterns of the tinplate industry. 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 31 December		Period ended 30 September	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax expense/ (recoverable)				
Current period	1,054	4,498	3,659	20,910
Under/ (Over) provision in prior years	--	--	--	--
	1,054	4,498	3,659	20,910
Deferred tax income				
Addition/(Reversal) of temporary differences	--	--	--	--
Under/ (Over) provision in prior years	--	--	--	--
	--	--	--	--
	<u>1,054</u>	<u>4,498</u>	<u>3,659</u>	<u>20,910</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 31 December 2023 RM'000	As at 31 March 2023 RM'000
Long Term - secured		
Term Loan	71,082	98,359
Short Term – unsecured		
Bank overdrafts	--	--
Bankers' acceptances	211,376	156,192
Term Loan	5,745	38,843
Revolving Credit	--	5,047
	<u>288,203</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 31 December 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(15,374,000) by the weighted average number of ordinary shares during the period of 129,096,136.

11. Profit before tax

	Quarter ended 31 December		Period ended 31 December	
	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	7,020	6,922	21,107	15,375
Depreciation of right-of-use assets	149	147	445	440
Interest expense	3,712	3,780	11,032	9,157
Interest income	(868)	(790)	(3,137)	(1,635)
Unrealised loss/(gain) on foreign exchange	(1,720)	(19,946)	7,131	6,996
Hostel rental income	(14)	(12)	(42)	(37)
Realised loss/(gain) on foreign exchange	(1,392)	11,992	(5,238)	7,892

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 31 December 2023.