

NOTES TO THE INTERIM FINANCIAL REPORT – 31 MARCH 2004

1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MASB 26, Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2003. These explanatory notes attached to the interim financial report 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 December 2003.

The accounting policies and methods of computation used in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2003.

2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2003 was not qualified.

3 Seasonal or Cyclical Factors

There were no significant seasonal or cyclical factors affecting the business operations of the Group.

4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cashflow because of their nature, size or incidence in the current quarter .

5 Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter.

6 Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

7 **Dividends**

The amount of dividend paid or declared during the financial period ended 31 March 2004 was as follows :

	Net Amount	Net Dividend Per Share
	Jan/Mar 2004 RM'000	Jan/Mar 2004 Sen
2003, 2nd Interim 14 sen less tax per share paid on 18.5.2004	7,560	10.1

8 **Segmental Reporting**

The Company and its principal subsidiary operate principally within one industry. The segmental reporting by geographical locations for the current financial year-to-date were as follows :

Geographical Location	Total Assets Employed RM'000	Revenue RM'000	Pre-Tax Profit RM'000
Malaysia	269,098	247,249	5,271
Indonesia	256,412	112,719	13,484
Others	17,231	-	(44)
	542,741	359,968	18,711
Consolidation adjustments related to intra group transactions	-	(63,184)	-
	542,741	296,784	18,711

9 **Property, Plant and Equipment**

The valuation of land and buildings have been brought forward without amendment from the previous audited annual financial statements for the year ended 31 December 2003.

10 **Events subsequent to Balance Sheet Date**

There was no material event subsequent to the balance sheet date as at 17 May 2004, the latest practical date which is not earlier than 7 days from the date of issue of this quarterly report.

11 **Changes in the Composition of the Company**

There was no change in the composition of the Company for the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except the incorporation of a wholly-owned subsidiary PT MSC Indonesia.

12 **Changes in Contingent Liabilities and Contingent Assets**

At 17 May 2004, the latest practical date which is not earlier than 7 days from the date of issue of this quarterly report, there were no material changes in contingent liabilities or contingent assets since 31 December 2003.

13 **Capital Commitments**

The amount of capital commitments not provided for in the interim financial statements at 31 March 2004 was as follows :

	RM'000
Contracted but not provided for	130

14 **Related Party Transactions**

The following are significant related party transactions :

	3 months ended 31.03.2004 RM'000
Sales to an associate, Redring Solder (M) Sdn Bhd	3,443
Purchase from an associate, Marlborough Resources NL	6,381

The above transactions arose in the normal course of business on a negotiated basis.

15 **Taxation**

Taxation comprises the following :

	3 mths ended 31.03.2004 RM'000
Current Taxation	
Malaysian income tax	1,428
Foreign tax	4,045
Deferred tax	(56)
Associated companies	78
Total	5,495

The effective tax rate for the current year was higher than the statutory tax rate in Malaysia mainly due to the higher tax rate payable by a foreign subsidiary.

16 **Profit on Sale of Unquoted Investment and/or Property**

There was no profit on sale of unquoted investment and/or property for the current quarter.

17 **Purchase and Sale of Quoted Securities**

There was no purchase or sale of quoted securities for the current quarter.

18 **Status of Corporate Proposal**

There was no corporate proposal announced but not completed as at 17 May 2004 the latest practical date which is not earlier than 7 days from the date of issue of this quarterly report, except for the proposed acquisition of a 25% equity interest in ZR Minerals Sdn Bhd which is still pending the approvals of the relevant authorities.

19 **Group Borrowings and Debts Securities**

Group borrowings as at 31 March 2004 comprise the following :

	31.03.04
	RM'000
a) Short Term Borrowings (unsecured)	
Bankers Acceptances	30,700
Foreign currency trade finance	117,052
Revolving Credit	9,499
	<u>157,251</u>
Current portion of term loans	12,517
	<u>169,768</u>
b) Long Term Borrowings (unsecured)	
Term Loans	<u>28,258</u>
Amount denominated in foreign currency	'000
Foreign currency trade finance (US Dollar)	30,803
Revolving credit (US Dollar)	2,500
Term loan 1 (US Dollar)	7,500
Term loan 2 (Australian Dollar)	4,200

Foreign currency trade finance and revolving credit are utilised for working capital requirements involving purchases and sales of concentrates and tin metal denominated in US Dollar. Term loans are utilized for investments denominated in US Dollar and Australian Dollar respectively.

Short term borrowings bear interest at rates ranging from 1.52% to 6.80% (2003 : 1.45% to 6.80%) per annum. The US Dollar term loan 1 is repayable by 8 semi-annual instalments of USD1.25 million each commencing 5 April 2003 with interest rate at 1% above 3 months Singapore Interbank Offer Rate. The Australian Dollar term loan 2 is repayable by 8 semi-annual instalments of AUD525,000 each commencing 17 April 2004 with interest rate at 1.15% above 3 months cost of fund for Australian Dollar.

20 **Financial Instrument with Off Balance Sheet Risk**

As at 17 May 2004, the Company had the following outstanding financial instruments:

- a) Forward foreign currency hedging contracts in respect of the Company's sales and purchases of tin :-

Currency	Contract Amount ('000)	Equiv. Amount RM'000	Maturity Dates
USD	108,243	412,940	Different maturity dates up to November 2005

- b) A cross currency swap contract with a bank for its AUD4.20 million term loan with a USD2.94 million term loan.

21 **Material Litigation**

There was no material litigation at 17 May 2004, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

22 **Material Change in the Quarterly Results
as compared with the Preceding Quarter**

Group pre-tax profit for the 1st quarter 2004 was RM18.71 million compared with RM13.11 million recorded in the 4th quarter 2003. The increase was mainly due to a higher profit contribution from PT Koba Tin and a better tin price.

23 **Review of Performance of the Company and its Principal Subsidiaries**

Group pre-tax profit for the period increased by 83.3% to RM18.71 million (RM10.21 million in the previous year), mainly due to the improvement in the results of the Butterworth operations as well as a higher profit contribution from PT Koba Tin and a better tin price.

No item, transaction or event of a material and unusual nature has arisen which would affect substantially the results of the operations of the Group from the end of the current financial period to the date of this announcement.

24 **Current Year Prospects**

Barring any unforeseen circumstances, the Group is expected to perform better in the current year in view of the expected increase in tin metal production by PT Koba Tin arising from the successful expansion of its smelting capacity as well as the continuing favourable tin prices.

25 **Variance of Actual Profit from Forecast Profit (Final Quarter Only)**

Not applicable.

26 **Basic Earnings Per Share**

**3 mths ended
31.03.2004**

Net profit for the period (RM'000)	10,857
Number of ordinary shares in issue	75,000,000
Basic earnings per share (sen)	14.5

27 **Dividend**

A second interim dividend of 14 sen per share less 28% tax for year ended 31 December 2003 was declared on 25 February 2004 and paid on 18 May 2004 to shareholders registered on the Company's register at the close of business at 4.00 pm on 27 April 2004.

By Order of the Board
Abdul Rahim Hussain
Secretary

Butterworth
24 May 2004