## NOTES TO THE 3rd INTERIM FINANCIAL REPORT – 30 SEPTEMBER 2013

### 1. Basis of Preparation

This condensed consolidated interim financial statements (Condensed Report) has been prepared in accordance with *MFRS 134: Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with *IAS 34: Interim Financial Reporting* issued by the International Accounting Standards Board (IASB).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012. 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 2012.

### 2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations:

**Effective for financial periods beginning on or after 1 July 2012**
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

**Effective for financial periods beginning on or after 1 January 2013**
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
MFRS 3 Business Combinations (IFRS 3 *Business Combinations* issued by IASB in March 2004)
MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits
MFRS 127 Separate Financial Statements
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
MFRS 128 Investments in Associates and Joint Ventures
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Amendment to IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance

Amendments to MFRS 11: Joint Arrangements: Transition Guidance
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)

**Effective for financial periods beginning on or after 1 January 2014**

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

**Effective for financial periods beginning on or after 1 January 2015**

MFRS 9 Financial Instruments

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

MFRS 10 Consolidated Financial Statements

MFRS 10 replaces the portion of MFRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. MFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by MFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in MFRS 127. This standard has no material impact on the Group's financial position or performance.

MFRS 11 Joint Arrangements

MFRS 11 establishes the principles for classification and accounting for joint arrangements and supersedes MFRS 131, Interest in Joint Ventures. Under MFRS 11, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture will be accounted for using equity method whilst interest in joint operation will be accounted for using the applicable MFRSs relating to the underlying assets, liabilities, income and expense items arising from the joint operations. This standard has no material impact on the Group's financial position or performance.

MFRS 12 Disclosure of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted. This standard has no material impact on the Group's financial position or performance.

MFRS 127 Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in the separate financial statements of the Company.

MFRS 128 Investments in Associates and Joint Ventures

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to the waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The Interpretation states that an entity must recognise production stripping costs as part of an asset when all the following criteria are met:-

1. It is probable that the future economic benefits (improved access to an ore body) associated with the stripping activity will flow to the entity
2. The entity can identify the component of an ore body for which access has been improved, and
3. The costs relating to the improved access to that component can be measured reliably.

Accordingly, at the earliest comparative period presented – 1 January 2012, the carrying amount of stripping costs net of tax included in other non-current assets under non-current assets of RM1,467,000 were adjusted to retained earnings.

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. In subsequent phases, it will address hedge accounting and impairment of financial assets. The adoption of this first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of MFRS 9.

## 3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

## 4. Seasonal or Cyclical Factors

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

## 5. Profit/(Loss) Before Exceptional Items

The following items have been included in arriving at the profit/(loss) before exceptional items:

| | **3rd Quarter ended 30.09.2013 RM'000** | **Year to date ended 30.09.2013 RM'000** |
|---|---|---|
| After charging and (crediting): | | |
| Depreciation and amortisation | 2,204 | 6,077 |
| Inventories write down to net realisable value | - | 7,147 |
| Property, plant and equipment written off | 208 | 307 |

| | | |
|---|---|---|
| Net foreign exchange loss | 6,279 | 8,108 |
| Fair value (gain)/loss in derivatives | (1,037) | 389 |
| Other income including investment income | (153) | (1,873) |
| Gain on disposal of property, plant and equipment | - | (10) |

## 6. Exceptional Items

There were no exceptional items affecting assets, liabilities, equity, net income or cash flow because of their nature, size or incidence for the current financial year-to-date except for the following:

| | 3rd Quarter ended 30.09.2013 RM'000 | Year to date ended 30.09.2013 RM'000 |
|---|---|---|
| Impairment for investment in KM Resources, Inc. ("KMR") | 22,000 | 22,000 |
| Impairment for investment in Asian Mineral Resources Limited | - | 1,916 |
| Impairment for investment in Alphamin Resources Corp. | - | 1,865 |
| Other investment | - | (38) |
| **Total** | 22,000 | 25,743 |

The carrying value of the Group's 30% interest in KMR includes discounted values of future potential earnings from the extraction of Rapu Rapu mine's remaining lower grade resources, the reprocessing of the mine tailings which contain gold and the potential for gold and silver mining at the adjacent old mine site which could extend the life of the mine. However the prevailing prolonged lower prices for base and precious metals no longer support further investment in these areas. Consequently, during the quarter under review, KMR made a decision to cease its mining and processing operations by the end of December 2013.

The Group has accordingly made an impairment provision of RM22.0 million on the Company's investment in KMR in the 3Q 2013 as an exceptional item. In addition, the Group has also made provision for its share of mine closure/exit costs totalling RM14.5 million, as reflected in the 'Share of results of associates and joint ventures' in the 3Q 2013 results.

The impairment provision is a non-cash item and has no adverse effect on the cash flow generation of the Group. As noted in the Unaudited Condensed Consolidated Statement of Cash Flow, net cash generated from the Group's operating activities for the 9 months ended 30 September 2013 amounted to RM71.578 million.

## 7. Changes in Estimates

There were no changes in estimates that have had a material effect for the current financial year-to-date.

## 8. 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 financial year-to-date.

## 9. Dividend Paid

There was no dividend paid during the current quarter.

## 10. Segmental Reporting

The Company and its principal subsidiaries operate principally within the tin industry in two business segments, namely tin smelting and tin mining.

The segmental reporting for the current financial year-to-date was as follows:

| | International Tin Smelting RM'000 | Tin Mining RM'000 | Others RM'000 | (Eliminations)/ Adjustments RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Sales to external customers | 1,245,812 | 26,552 | - | - | 1,272,364 |
| Inter-segment sales | 3 | 109,059 | 1,347 | (110,409) | - |
| **Total revenue** | 1,245,815 | 135,611 | 1,347 | (110,409) | 1,272,364 |
| **Results** | | | | | |
| Profit/(Loss) from operations | 45,489 | 13,034 | (18) | (90) | 58,415 |
| Finance costs | (7,136) | (814) | (2,614) | - | (10,564) |
| Share of loss of associates and joint ventures | (1,073) | - | (14,940) | - | (16,013) |
| Profit/(Loss) before exceptional items | 37,280 | 12,220 | (17,572) | (90) | 31,838 |
| Exceptional items | - | - | (25,743) | - | (25,743) |
| Profit/(Loss) before tax | 37,280 | 12,220 | (43,315) | (90) | 6,095 |
| Income tax expense | (12,094) | (5,999) | (226) | 22 | (18,297) |
| **Profit/(Loss), net of tax** | **25,186** | **6,221** | **(43,541)** | **(68)** | **(12,202)** |

| | International Tin Smelting RM'000 | Tin Mining RM'000 | Others RM'000 | (Eliminations)/ Adjustments RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Segment assets | 453,213 | 282,462 | 2,281 | (1,334) | 736,622 |
| **Investment in associates and joint ventures** | 201 | - | 106,618 | - | 106,819 |
| **Total assets** | 453,414 | 282,462 | 108,899 | (1,334) | 843,441 |
| **Liabilities** | | | | | |
| Segment liabilities | 481,955 | 176,908 | 984 | (449) | 659,398 |

## 11. Property, Plant and Equipment

The same valuation of land and buildings has been brought forward from the previous audited financial statements for the year ended 31 December 2012.

## 12. Subsequent Events

There was no material event subsequent to end of the current quarter up to 6 November 2013, the latest practical date which is not earlier than 7 days from the date of issue of this quarterly report.

## 13. Changes in the Composition of the Group

There was no change in the composition of the Group during the current financial year-to-date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations, except that on 3 April 2013, the Company's subscription, via a non-brokered private placement, for 6,500,000 new common shares which constitute a 4.84% shareholding interest in Alphamin Resources Corp. ("Alphamin") for a total purchase consideration of approximately RM3.93 million, has been duly accepted. Alphamin is a Toronto Venture Exchange listed, Canadian-based mineral exploration company targeting tin.

## 14. Changes in Contingent Liabilities and Contingent Assets

Since 31 December 2012, there was no new development on the outstanding contingent liabilities or contingent assets as at 6 November 2013, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report except as disclosed in Note 21.

## 15. Capital Commitments

The amount of capital commitments at 30 September 2013 was as follows:

| | 30.09.2013<br>RM'000 |
|---|---|
| Approved but not contracted for | 1,800 |
| Contracted but not provided for | 13,167 |
| | 14,967 |

## 16. Related Party Transactions

The following are significant related party transactions:

| | 9 months ended<br>30.09.2013<br>RM'000 |
|---|---|
| Sales of products to an associate | 37,731 |

The above transactions were entered in the normal course of business and were established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

## 17. Income Tax Expense

Income tax expense comprises the following:

| | 9 months ended<br>30.09.2013<br>RM'000 |
|---|---|
| Current taxation | |
| Malaysian income tax | 20,145 |
| Foreign tax | - |
| Over provision in prior years | (38) |
| Deferred tax | (1,810) |
| **Total** | 18,297 |

The overall effective tax rate for the current period was higher than the statutory tax rate in Malaysia mainly due to certain non-tax deductible expenses, losses incurred by certain subsidiaries which cannot be set off against taxable profits made by other companies within the Group and net share of losses recorded from associates and joint ventures.

## 18. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at 6 November 2013, the latest practical date which is not earlier than 7 days from the date of issue of this quarterly report, except for the following:-

a. On 29 October 2007, the Company announced that it had entered into a Joint Venture Contract with Guangxi Guilin Jinwei Realty Co Ltd (GGJR) and Vertex Metals Incorporation to establish a joint venture company named Guilin Hinwei Tin Co. Ltd, for smelting and refining of tin, and the production and sale of tin and tin-based products in the People's Republic of China. GGJR has difficulties in fulfilling certain obligations within the specific time frame and the Group had made a full impairment provision totalling RM12.9 million reducing the book carrying amount of the investment to nil as at 30 June 2012.

b. On 27 January 2011, the secondary listing of the Company was completed following the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company of RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each on the Main Board of Singapore Exchange Securities Trading Limited (SGX-ST).

   The status of utilisation of proceeds from the public issue of 25,000,000 new ordinary shares of the Company as at 30 September 2013 was:

| **Purpose** | **Proposed utilisation RM mil** | **Actual utilisation RM mil** | **Expected Timeframe for utilisation** |
|---|---|---|---|
| Expansion of mining and smelting operations | 19.69 | 19.69 | Fully utilised |
| Development of new mines through selective acquisitions of suitable mining concessions or leases, mining projects and assets in Malaysia, Indonesia and other countries | 62.30 | 5.21 | Three (3) years (by Feb 2014) |
| General working capital | 13.34 | 13.34 | Fully utilised |
| Estimated expenses in relation to the public issue and secondary listing | 8.86 | 8.69 | Fully utilised |
| **Total** | 104.19 | 46.93 | |

In the prospectus dated 21 January 2011 issued in conjunction with the secondary listing of the Company on the Singapore Exchange Securities Trading Limited, it was stated that the MSC Group intends to pursue its growth strategy in its tin business through the selective acquisition of suitable mining concessions or leases, as well as mining projects in Malaysia, Indonesia and other countries. The Group will continue to monitor investment opportunities in other countries and it may in future decide to invest in selective projects in such countries that meet its investment criteria. Development activities in this direction are currently on-going.

Investments in mining projects require long term commitments due to high capital outlay, and long lead time before earnings and positive cash flows could be generated. Equity funding is normally the preferred avenue for raising long term funds for such capital investments in such volatile market conditions. From time to time, the Group will consider various funding options to further strengthen its capital base to fund any significant cash requirements for the Group's long term growth and expansion in its tin business.

c. On 9 March 2012, the Company announced that it had entered into a strategic alliance agreement ("SAA") with Optima Synergy Resources Limited ("OSRL") that would allow the latter to immediately subscribe up to 479,833,766 shares of USD0.01 each equivalent to 23% equity interest in Bemban Corporation Limited ("BCL"), the penultimate holding company of PT Koba Tin ("PT Koba").

   Among others, the objectives and purposes of the SAA were as follows:

   (i) Facilitating greater local Indonesian participation in PT Koba by way of increased equity ownership and management through an Indonesian affiliate company of OSRL;

   (ii) Securing the PT Koba Contract of Work ("CoW") extension or new mining permits over the existing CoW area for 10 years up to 31 March 2023 through joint effort of OSRL and MSC;

   (iii) Enabling BCL and operating companies to expand their businesses through performance improvement and value enhancement as well as through acquisition of additional mining permits for long term sustainable operations in Indonesia.

Upon renewal of PT Koba CoW, OSRL would have been able to increase up to 50% equity interest in BCL through subscription of additional 1,126,566,234 shares of USD0.01 each subject to fulfillment of certain conditions precedent stipulated in the SAA.

On 4 July 2012, the Company further announced that an addendum agreement to the SAA was made in view of the latest developments at PT Koba in Indonesia.

It was proposed that OSRL shareholding in BCL be increased from 50% to 60% by way of a single subscription of shares. The OSRL subscription for the 60% shareholding in BCL would only become effective upon PT Koba obtaining the approval for the CoW extension.

On 2 April 2013, the Company announced that PT Koba had received notification from the Government of Republic of Indonesia ("GoI") that it was still continuing with its evaluation for the extension of PT Koba CoW which expired after 31 March 2013. In the meantime, the GoI had given permission to PT Koba to continue undertaking production operations until the completion of its evaluation up to a maximum period of three months with effect from 1 April 2013.

On 1 July 2013, the Company announced that PT Koba was still awaiting for the decision of the GoI concerning the application for extension of its CoW.

On 2 August 2013, the Company announced that PT Koba had received a further notification from the Minister of Energy and Mineral Resources ("MEMR"), Republic of Indonesia, for a further 2-month extension of the evaluation period. The notification dated 31 July 2013 considered this extension to be effective retrospectively from 1 July to end of August 2013.

On 26 September 2013, the Company announced that PT Koba had received on 25 September 2013 the decision of the MEMR, Republic of Indonesia.

The MEMR's decision which was stated to be effective retrospectively from 31 August 2013, affirmed the ending of the CoW between the GoI and PT Koba in the regencies of Bangka Tengah and Bangka Selatan, Province of Bangka Belitung Islands.

PT Koba Tin is seeking recourse with the GoI and pursuing appropriate avenues to safeguard its interests and is continuing to provide on-going care and maintenance of its mining and smelting assets.

## 19. Interest-Bearing Loans and Borrowings

Group borrowings as at 30 September 2013 comprise the following:

| | **30.09.2013 RM'000** |
|---|---|
| **a) Short Term Borrowings (unsecured)** | |
| Foreign currency trade finance | 82,753 |
| Bankers' acceptances | 242,411 |
| | 325,164 |
| Current portion of long term borrowings | 27,697 |
| | 352,861 |

| | 30.09.2013<br>RM'000 |
|---|---|
| **b) Long Term Borrowings (unsecured)**<br>Term loan | 29,286 |

| **Amount denominated in foreign currency** | **'000** |
|---|---|
| Foreign currency trade finance (US dollar) | 25,396 |
| Long term borrowings (US dollar) | 17,487 |

Foreign currency trade finance is utilized for working capital requirements involving purchases and sales of tin concentrates and tin metal denominated in US dollar.

Short term borrowings bear interest at rates ranging from 0.76% to 3.97% per annum for the Group and the Company (2012: 0.73% to 5.20% per annum for the Group; 0.73% to 3.97% per annum for the Company).

The long term borrowings which are repayable by quarterly and semi-annual instalments bear interest at rates of between 2.56% and 3.30% per annum for the Group and the Company (2012: 2.56% and 3.82% per annum for the Group; 2.56% per annum for the Company).

## 20. Derivative Financial Instruments

As at 30 September 2013, the Group had the following outstanding derivative financial instruments:-

| Derivatives | Contract/ Notional Value RM'000 | Fair Value RM'000 | Fair Value Gain/(Loss) – Net of Tax RM'000 |
|---|---|---|---|
| i. Interest Rate Swap Contracts | | | |
| - Less than one year | 17,718 | 17,627 | (68) |
| - 1 to 3 years | 35,820 | 35,747 | (55) |
| ii. Foreign Currency Forward Contracts | | | |
| - Less than 1 year | 152,611 | 153,431 | (615) |
| iii. Tin Forward Contract | | | |
| - Less than 1year | 12,940 | 13,725 | (589) |

The interest rate swap contract, foreign currency forward contracts and tin forward sales contracts are all entered for hedging purposes.

During the current financial year-to-date, the Group has recognised a fair value loss net of tax of RM292,000 in its income statement.

## 21. Changes in Material Litigation

Since 31 December 2012, there was no new development on the outstanding material litigations as at 6 November 2013, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report except as follow:

On 9 February 2011, the Penang High Court delivered a decision that the Company has to pay RM121,200, interest at the rate of 4% per annum from the date of claim to the date of judgment and further interest at 8% per annum after date of judgment to date of payment. This is in respect of a statement of claim received by the Company on 7 February 2006 from a party for RM1.28 million with interest at 8% p.a. from the date of summons to the date of settlement plus costs for an alleged cost overrun for the implementation of an Enterprise Resource Planning System. The party filed an appeal to the Court of Appeal against the judgment of the Penang High Court allowing only part of its claim. The Court of Appeal had on 21 October 2013 heard the appeal by the party and the Company's cross-appeal and dismissed both the appeal and the cross-appeal. The Court did not make any order for costs.

## 22. Material Change in the Quarterly Results as Compared with the Preceding Quarter

The Group recorded a profit of RM5.49 million before exceptional items in 3Q 2013 compared with a profit of RM0.31 million before exceptional items in 2Q 2013 mainly due to:

a. The Butterworth international smelting business and Rahman Hydraulic Tin recorded a higher profit of RM14.42 million (2Q 2013: RM8.84 million) and RM7.2 million (2Q 2013: RM5.5 million) before exceptional items respectively in 3Q 2013.

b. PT Koba recorded a lower loss of RM1.11 million which was mainly due to on-going care and maintenance expenditures incurred in 3Q 2013 compared with a loss of RM12.92 million in 2Q 2013.

c. The associates and joint ventures recorded a net share of losses of RM12.67 million in 3Q 2013 compared with a small net share of profit in 2Q 2013. This was mainly due to provision for mine closure/ exit costs for the Rapu Rapu mine in the Philippines as explained under Note 6.

d. The Group has made an impairment provision of RM22.0 million on the Company's investment in KMR in 3Q 2013 as an exceptional item (refer to note 6).

## 23. Review of Performance of the Company and its Principal Subsidiaries

Current Quarter 3Q 2013

Group revenue decreased by 4.8% to RM420.3 million in 3Q 2013 from RM441.6 million in 3Q 2012 due to lower sales quantity of refined tin.

The Group recorded a profit of RM5.49 million before exceptional items in 3Q 2013 compared with a profit of RM0.99 million before exceptional items in 3Q 2012.

The Butterworth international tin smelting business recorded a profit of RM14.42 million before exceptional items in 3Q 2013 compared with a profit of RM22.09 million before exceptional items in 3Q 2012. The higher profit in 3Q 2012 includes a tin stock valuation gain of RM5.5 million and a net foreign exchange gain of RM2.0 million (a net foreign exchange loss of RM6.5 million in 3Q 2013).

Rahman Hydraulic Tin mining operations recorded a profit of RM7.20 million in 3Q 2013, compared with a profit of RM4.77 million in 3Q 2012.

PT Koba Tin recorded a lower loss of RM1.11 million which were mainly on-going care and maintenance expenditures incurred in 3Q 2013 compared with a loss of RM22.22 million in 3Q 2012.

The associates and joint ventures recorded a net share of losses of RM12.67 million in 3Q 2013 compared with a net share of profit of RM2.41 million in 3Q 2012. This was mainly due to provision for mine closure/ exit costs for the Rapu Rapu mine in the Philippines as explained under Note 6.

Current Financial Year-to-date

Group revenue decreased by 27.6% to RM1.27 billion in the 9 months (9M) of the current financial period from RM1.76 billion in the previous corresponding period due to lower sales quantity of refined tin.

The Group recorded a profit of RM31.84 million before exceptional items in 9M 2013 compared with a loss of RM65.29 million before exceptional items in 9M 2012.

The Butterworth international tin smelting business recorded a profit of RM37.28 million before exceptional items in 9M 2013 compared with a profit of RM42.36 million before exceptional items in 9M 2012.

Rahman Hydraulic Tin mining operations recorded a profit of RM22.19 million in 9M 2013 compared with RM20.76 million in 9M 2012.

PT Koba Tin recorded a lower loss of RM10.44 million in 9M 2013 compared with a loss of RM118.76 million in 9M 2012.

The associates and joint ventures recorded a net share of losses of RM16.01 million in 9M 2013 compared with a net share of profit of RM1.15 million in 9M 2012. This was mainly due to provision for mine closure/ exit costs for the Rapu Rapu mine in the Philippines as explained under Note 6.

## 24. Current Year Prospects

The operating environment remains difficult and challenging amid the prevailing global uncertainties and volatility in commodity prices. Nevertheless and barring any unforeseen circumstances, the Butterworth international smelting business and Rahman Hydraulic Tin mining operations are expected to remain profitable and continue to generate satisfactory cash flows to the Group in 4Q 2013.

## 25. Earnings Per Share

| | **9 months ended 30.09.2013** | **9 months ended 30.09.2012** |
|---|---|---|
| Loss attributable to owners of the Company (RM'000) | (12,156) | (41,465) |
| Weighted average number of ordinary shares in issue ('000) | 100,000 | 100,000 |
| Basic loss per share (sen) | (12.2) | (41.5) |

**26. Realised and Unrealised Profits/Losses**

| | **Current Quarter Ended 30.09.2013** | **Preceding Quarter Ended 30.06.2013** |
|---|---|---|
| | **RM'0000** | **RM'0000** |
| Total retained profits/(accumulated losses) of the Company and its subsidiaries: | | |
| - Realised | 123 | (27,302) |
| - Unrealised | (10,028) | (11,622) |
| | (9,905) | (38,924) |
| Total share of (accumulated losses)/retained profits from associated companies: | | |
| - Realised | (6,418) | (5,817) |
| - Unrealised | 250 | 250 |
| Total share of retained profits/(accumulated losses) from joint ventures: | | |
| - Realised | 25,552 | 37,636 |
| - Unrealised | (11,101) | (11,113) |
| | (1,622) | (17,968) |
| Add: Consolidation adjustments | 18,785 | 57,458 |
| Retained profits as per financial statements | 17,163 | 39,490 |

**27. Dividend Payable**

No dividend is declared for the quarter ended 30 September 2013.

By Order of the Board
Sharifah Faridah Abd Rasheed
Secretary

Kuala Lumpur
12 November 2013