



MALAYSIA SMELTING CORPORATION BERHAD

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

MALAYSIA SMELTING CORPORATION BERHAD (43072-A)

22 February 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		As at 31.12.2018 Unaudited RM'000	As at 31.12.2017 Audited RM'000
Assets	Note		
Non-current assets			
Property, plant and equipment	A10	109,620	159,309
Prepaid land lease payments		485	740
Land held for development	A10	78,654	-
Intangible assets		5,014	5,942
Investments in associates and joint ventures		35,144	34,568
Investment securities		14,505	21,205
Other non-current assets		14,041	14,445
Deferred tax assets		11,853	7,227
		<u>269,316</u>	<u>243,436</u>
Current assets			
Inventories		496,351	469,677
Trade receivables	B5	21,325	11,436
Other receivables		7,734	9,345
Trade prepayments		18,969	49,694
Other prepayments		1,531	2,465
Tax recoverable		17,566	19,312
Derivative financial instruments		561	375
Cash, bank balances and deposits		37,033	68,678
		<u>601,070</u>	<u>630,982</u>
Non-current assets classified as held for sale	A10	4,663	-
		<u>605,733</u>	<u>630,982</u>
Total assets		<u>875,049</u>	<u>874,418</u>
Equity and liabilities			
Current liabilities			
Provisions		5,245	12,315
Borrowings	B6	243,838	452,781
Trade and other payables	A15	198,532	86,517
Current tax payable		1,662	51
Derivative financial instruments		-	2,458
		<u>449,277</u>	<u>554,122</u>
Liabilities directly associated with non-current assets classified as held for sale	A10	63	-
		<u>449,340</u>	<u>554,122</u>
Net current assets		<u>156,393</u>	<u>76,860</u>
Non-current liabilities			
Provisions		23,664	27,904
Deferred tax liabilities		4,278	1,343
Borrowings	B6	49,177	-
Derivative financial instruments		303	-
		<u>77,422</u>	<u>29,247</u>
Total liabilities		<u>526,762</u>	<u>583,369</u>
Net assets		<u>348,287</u>	<u>291,049</u>
Equity attributable to owners of the Company			
Share capital		200,000	174,666
Other reserves		6,178	43,651
Retained earnings		139,807	72,439
Reserves of non-current assets classified as held for sale	A10	2,012	-
		<u>347,997</u>	<u>290,756</u>
Non-controlling interest		290	293
Total Equity		<u>348,287</u>	<u>291,049</u>
Total equity and liabilities		<u>875,049</u>	<u>874,418</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.87</u>	<u>2.91</u>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited annual financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the Interim Financial Report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	4 th Quarter 3 months ended		Year to Date 12 months ended	
		31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Revenue	A8	287,704	318,519	1,280,906	1,436,177
Operating profit/(loss)		23,476	(7,825)	67,633	44,062
Finance costs		(4,363)	(4,198)	(18,158)	(14,718)
Share of results of associates and joint ventures		257	(996)	304	(1,109)
Profit/(Loss) before tax	B2	19,370	(13,019)	49,779	28,235
Income tax expense	B3	(3,778)	(162)	(15,485)	(12,131)
Profit/(Loss) net of tax		15,592	(13,181)	34,294	16,104
Attributable to:					
Owners of the Company		15,594	(13,181)	34,297	16,105
Non-controlling interest		(2)	-	(3)	(1)
		15,592	(13,181)	34,294	16,104
Earnings/(Loss) per share attributable to owners of the Company (sen):					
Basic and diluted	B12	3.9	(3.3)	8.6	4.0

The unaudited condensed consolidated statement of profit or loss should be read in conjunction with the audited annual financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	4 th Quarter		Year to Date	
	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) net of tax	15,592	(13,181)	34,294	16,104
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Revaluation surplus on property, plant and equipment, net	905	5,305	32,903	5,305
Net fair value changes in quoted investments at Fair Value through Other Comprehensive Income ("FVOCI")	(1,129)	(5,222)	(5,599)	(1,685)
Share of an associate's revaluation reserves on property, plant and equipment	53	155	(102)	155
	<u>(171)</u>	<u>238</u>	<u>27,202</u>	<u>3,775</u>
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	-	-	(1)	1
Realisation of foreign currency translation reserves to profit or loss upon write off of the investment in an associate	-	-	(825)	-
Net fair value changes on cash flow hedges	-	-	-	1,720
Share of foreign currency translation of an associate and a joint venture	287	(1,081)	568	(1,934)
	<u>287</u>	<u>(1,081)</u>	<u>(258)</u>	<u>(213)</u>
Other comprehensive income for the year, net of tax	116	(843)	26,944	3,562
Total comprehensive income for the year	<u>15,708</u>	<u>(14,024)</u>	<u>61,238</u>	<u>19,666</u>
Total comprehensive income attributable to:				
Owners of the Company	15,710	(14,024)	61,241	19,667
Non-controlling interest	(2)	-	(3)	(1)
	<u>15,708</u>	<u>(14,024)</u>	<u>61,238</u>	<u>19,666</u>

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited annual financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the Interim Financial Report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Attributable to owners of the Company										Non-controlling interest	Total equity	
	Non - Distributable					Distributable							Non-Distributable
RM'000	Note	Share capital	Share premium	Revaluation reserves	Foreign currency translation reserves	FVOCI reserves	Hedging reserves	Other reserve	Retained earnings	Reserves of non-current assets classified as held for sale	Total		
At 1 January 2018		174,666	-	37,186	1,273	3,486	-	1,706	72,439	-	290,756	293	291,049
Profit for the year		-	-	-	-	-	-	-	34,297	-	34,297	(3)	34,294
Other comprehensive income		-	-	32,801	(258)	(5,599)	-	-	-	-	26,944	-	26,944
Total comprehensive income		-	-	32,801	(258)	(5,599)	-	-	34,297	-	61,241	(3)	61,238
Transfer of revaluation reserves	A10	-	-	(62,405)	-	-	-	-	62,405	-	-	-	-
Reserves of non-current assets classified as held for sale	A10	-	-	(2,012)	-	-	-	-	-	2,012	-	-	-
Transactions with owners of the Company:													
Issuance of ordinary shares pursuant to bonus issue	A6	25,334	-	-	-	-	-	-	(25,334)	-	-	-	-
Dividend paid	A7	-	-	-	-	-	-	-	(4,000)	-	(4,000)	-	(4,000)
Total transactions with owners of the Company		25,334	-	-	-	-	-	-	(29,334)	-	(4,000)	-	(4,000)
At 31 December 2018		200,000	-	5,570	1,015	(2,113)	-	1,706	139,807	2,012	347,997	290	348,287
At 1 January 2017		100,000	76,372	31,726	3,206	5,171	(1,720)	-	64,334	-	279,089	294	279,383
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note a)		74,666	(74,666)	-	-	-	-	-	-	-	-	-	-
Reclassification		-	(1,706)	-	-	-	-	1,706	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-	16,105	-	16,105	(1)	16,104
Other comprehensive income		-	-	5,460	(1,933)	(1,685)	1,720	-	-	-	3,562	-	3,562
Total comprehensive income		-	-	5,460	(1,933)	(1,685)	1,720	-	16,105	-	19,667	(1)	19,666
Transactions with owners of the Company:													
Dividend paid	A7	-	-	-	-	-	-	-	(8,000)	-	(8,000)	-	(8,000)
At 31 December 2017		174,666	-	37,186	1,273	3,486	-	1,706	72,439	-	290,756	293	291,049

Note a

The credit standing in the share premium account of RM74,666,000 was transferred to the share capital account on the commencement of the Companies Act 2016 ("New Act") on 31 January 2017. Pursuant to subsection 618(3) of the New Act, the credit amount transferred from the share premium account was fully utilised for the bonus issue of the Company as disclosed in Note A6.

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited annual financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	12 months ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
Operating activities		
Operating cash flows before changes in working capital	78,026	56,317
Increase in inventories	(26,674)	(95,428)
(Increase)/Decrease in trade and other receivables	(9,768)	26,739
Decrease/(Increase) in trade prepayments	30,725	(13,427)
(Increase)/Decrease in other prepayments	(66)	1,857
Increase/(Decrease) in payables	27,952	(39,146)
Increase/(Decrease) in amount due to immediate holding company	13	(539)
Decrease/(Increase) in amount due from associates and joint ventures	4,219	(3,501)
Cash generated from/(used in) operations	104,427	(67,128)
Income tax paid	(15,120)	(29,101)
Interest paid	(15,261)	(14,438)
Net cash generated from/(used in) operating activities	74,046	(110,667)
Investing activities		
Interest received	1,052	1,503
Net dividend received from an associate	9	9
Payment for deferred mine exploration and evaluation expenditures and mine properties	(642)	(426)
Payment for intangible assets	-	(65)
Proceeds from disposal of investment in a joint venture	2,026	-
Proceeds from disposal of intangible assets	-	135
Proceeds from disposal of property, plant and equipment	160	1,084
Purchase of property, plant and equipment	(17,990)	(9,900)
Withdrawal of deposits of more than three months maturity with licensed banks	3,735	-
Net cash used in investing activities	(11,650)	(7,660)
Financing activities		
Dividend paid	(4,000)	(8,000)
(Repayment)/Drawdown of short term trade borrowings	(159,760)	114,430
Loans from immediate holding company	73,461	-
Net cash (used in)/generated from financing activities	(90,299)	106,430
Net decrease in cash and cash equivalents	(27,903)	(11,897)
Effect of changes in foreign exchange rates	(7)	(33)
Cash and cash equivalents as at 1 January	64,943	76,873
Cash and cash equivalents as at 31 December	37,033	64,943
	2018	2017
Cash and bank balances comprise the following at 31 December:	RM'000	RM'000
Cash and short term deposits	37,033	64,943
Deposits of more than three months maturity with licensed banks	-	3,735
	37,033	68,678

Reconciliation of liabilities arising from financing activities:

	Carrying amount	Cash flows	Non-cash changes	Carrying amount
	as at			as at
	1 January 2018	RM'000	Foreign exchange	31 December 2018
	RM'000	RM'000	movement	RM'000
Loans from immediate holding company	-	73,461	-	73,461
Short term trade borrowings	403,617	(159,760)	(19)	243,838
Term loan - current	49,164	-	13	49,177
Term loan - non-current	-	-	-	-
Total liabilities from financing activities	452,781	(86,299)	(6)	366,476
	Carrying amount	Cash flows	Non-cash changes	Carrying amount
	as at			as at
	1 January 2017	RM'000	Foreign exchange	31 December 2017
	RM'000	RM'000	movement	RM'000
Loans from immediate holding company	-	-	-	-
Short term trade borrowings	289,187	114,430	-	403,617
Term loan - current	50,282	-	(1,118)	49,164
Term loan - non-current	-	-	-	-
Total liabilities from financing activities	339,469	114,430	(1,118)	452,781

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the Interim Financial Report.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

This condensed consolidated Interim Financial Report has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2017.

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 2017.

A2. Changes in Accounting Policies

i) Amendments and Annual Improvements adopted by the Group

The significant accounting policies adopted in the preparation of the Interim Financial Report are consistent with those used in the preparation of the Group's audited financial statements for the financial year ended 31 December 2017 except for the adoption of the pronouncements that became effective from 1 January 2018.

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
MFRS 2 Classification and Measurement of Share-based Payment Transactions <i>(Amendments to MFRS 2)</i>	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Clarifications to MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 140 Transfers of Investment Property <i>(Amendments to MFRS 140)</i>	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

The adoption of the above pronouncements did not have a material impact on the financial statements of the Group, except as disclosed below:

MFRS 15 Revenue from Contracts with Customers

This Standard establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Under this Standard, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of this Standard results in changes in accounting policies for revenue recognition, and has no impact other than the disclosures in the Group's financial statements.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A2. Changes in Accounting Policies (cont'd)

ii) Standards, Amendments and Annual Improvements issued but not yet effective

The Group has not adopted the following pronouncements that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9 Financial Instruments - <i>Prepayment Features with Negative Compensation</i>	1 January 2019
MFRS 16 Leases	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures - <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
Amendments to MFRS 119 Employee Benefits - <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 3 Business Combinations – <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – <i>Definition of Material</i>	1 January 2020
Conceptual Framework in MFRS Standards:	
• Amendments to MFRS 2 Share-Based Payment	1 January 2020
• Amendment to MFRS 3 Business Combinations	1 January 2020
• Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020
• Amendment to MFRS 14 Regulatory Deferral Accounts	1 January 2020
• Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
• Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
• Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
• Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
• Amendment to MFRS 138 Intangible Assets	1 January 2020
• Amendment to IC Interpretation 12 Service Concession Arrangements	1 January 2020
• Amendment to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
• Amendment to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
• Amendment to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
• Amendments to IC Interpretation 132 Intangible Assets – Web Site Costs	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A2. Changes in Accounting Policies (cont'd)

ii) Standards, Amendments and Annual Improvements issued but not yet effective (cont'd)

The adoption of the above pronouncements is not expected to have a material impact on the financial statements in the period of initial application, except as disclosed below:

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement Contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117. MFRS 16 is effective for annual periods beginning on or after 1 January 2019.

Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The adoption of this standard will not have material impact on the Group's financial position or performance.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A3. Seasonal or Cyclical Factors

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

A4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter and financial year-to-date ended 31 December 2018.

A5. Significant Changes in Estimates

There were no significant changes in estimates that have had a material effect during the current quarter and financial year-to-date ended 31 December 2018.

A6. Debt and Equity Securities

On 15 August 2018, the number of ordinary shares of the Company were increased from 100,000,000 to 400,000,000 by way of:

- i. 100,000,000 ordinary shares in MSC were subdivided into 200,000,000 subdivided ordinary shares of in MSC (“Split Shares(s)”); and
- ii. 200,000,000 new Split Shares (“Bonus Shares”) were issued.

Bonus Issue of 200,000,000 new ordinary shares, credited as fully paid-up share capital on the basis of 1 bonus share for every 1 split share through capitalisation of the share premium (transferred to the share capital account) and retained earnings of the Company of RM74,666,000 and RM25,334,000 respectively.

Other than the above, there were no issuance and repayment of debts and equity securities during the current quarter and financial year-to-date ended 31 December 2018.

A7. Dividend Paid

The following dividends were paid during the current and previous corresponding financial year ended:

	31.12.2018	31.12.2017
Final dividend for financial year ended	31 December 2017	31 December 2016
Approved and declared on	30 May 2018	17 May 2017
Date paid	9 July 2018	11 July 2017
Number of ordinary shares on which dividends were paid ('000)	100,000	100,000
Dividend per share (single-tier)	4.0 sen	8.0 sen
Dividend paid	RM4,000,000	RM8,000,000

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A8. Revenue

Disaggregation of revenue

The following table illustrates the Group's revenue as disaggregated by major products or services and provides a reconciliation of the disaggregated revenue with the Group's two business segments as disclosed in Note A9. The table also includes the timing of revenue recognition.

	Tin Smelting RM'000	Tin Mining RM'000	Sub-total RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
For 3 months ended 31 December 2018					
Major products or services:					
Sale of tin	270,689	47,572	318,261	(47,572)	270,689
Smelting revenue	6,823	-	6,823	-	6,823
Sale of by-products	9,117	-	9,117	-	9,117
Others	1,075	-	1,075	-	1,075
	<u>287,704</u>	<u>47,572</u>	<u>335,276</u>	<u>(47,572)</u>	<u>287,704</u>
Timing of revenue recognition					
At a point in time	<u>287,704</u>	<u>47,572</u>	<u>335,276</u>	<u>(47,572)</u>	<u>287,704</u>
For 3 months ended 31 December 2017					
Major products or services:					
Sale of tin	310,081	44,197	354,278	(44,197)	310,081
Smelting revenue	6,006	-	6,006	-	6,006
Sale of by-products	1,012	-	1,012	-	1,012
Others	1,420	-	1,420	-	1,420
	<u>318,519</u>	<u>44,197</u>	<u>362,716</u>	<u>(44,197)</u>	<u>318,519</u>
Timing of revenue recognition					
At a point in time	<u>318,519</u>	<u>44,197</u>	<u>362,716</u>	<u>(44,197)</u>	<u>318,519</u>
For 12 months ended 31 December 2018					
Major products or services:					
Sale of tin	1,220,026	183,546	1,403,572	(183,546)	1,220,026
Smelting revenue	29,290	-	29,290	-	29,290
Sale of by-products	26,990	-	26,990	-	26,990
Others	4,600	-	4,600	-	4,600
	<u>1,280,906</u>	<u>183,546</u>	<u>1,464,452</u>	<u>(183,546)</u>	<u>1,280,906</u>
Timing of revenue recognition					
At a point in time	<u>1,280,906</u>	<u>183,546</u>	<u>1,464,452</u>	<u>(183,546)</u>	<u>1,280,906</u>
For 12 months ended 31 December 2017					
Major products or services:					
Sale of tin	1,394,059	183,518	1,577,577	(183,518)	1,394,059
Smelting revenue	26,765	-	26,765	-	26,765
Sale of by-products	10,751	-	10,751	-	10,751
Others	4,602	-	4,602	-	4,602
	<u>1,436,177</u>	<u>183,518</u>	<u>1,619,695</u>	<u>(183,518)</u>	<u>1,436,177</u>
Timing of revenue recognition					
At a point in time	<u>1,436,177</u>	<u>183,518</u>	<u>1,619,695</u>	<u>(183,518)</u>	<u>1,436,177</u>

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting

The revenue of the Group is derived from tin mining and smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal and the sale and delivery of refined tin metal and by-products.

For management purposes, the Group is organised into three reportable operating segments as follows:

(a) Tin Smelting

Tin smelting includes the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal and the sale and delivery of refined tin metal and by-products.

(b) Tin Mining

Tin mining includes activities involving exploration for and mining of tin.

(c) Others

These include investments in other metal and mineral resources to form a reportable operating segment.

The following tables provide an analysis of the Group's revenue, results, assets, liabilities and other information by operating segments:

	Tin Smelting	Tin Mining	Others	Sub-total	(Eliminations)/ Adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Results for 3 months ended 31 December 2018						
Revenue						
Sales to external customers	287,704	-	-	287,704	-	287,704
Inter-segment sales	-	47,572	-	47,572	(47,572)	-
Total revenue	287,704	47,572	-	335,276	(47,572)	287,704
Results						
Operating profit/(loss)	14,775	9,470	(188)	24,057	(581)	23,476
Finance costs	(4,008)	(249)	(106)	(4,363)	-	(4,363)
Share of results of associates and joint ventures	-	-	257	257	-	257
Profit/(Loss) before tax	10,767	9,221	(37)	19,951	(581)	19,370
Income tax credit/(expense)	688	(4,606)	-	(3,918)	140	(3,778)
Profit/(Loss) net of tax	11,455	4,615	(37)	16,033	(441)	15,592

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting (cont'd)

	Tin Smelting	Tin Mining	Others	Sub-total	(Eliminations) /Adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Results for 3 months ended 31 December 2017						
Revenue						
Sales to external customers	318,519	-	-	318,519	-	318,519
Inter-segment sales	-	44,197	-	44,197	(44,197)	-
Total revenue	318,519	44,197	-	362,716	(44,197)	318,519
Results						
Operating (loss)/profit	(17,893)	10,204	112	(7,577)	(248)	(7,825)
Finance costs	(3,866)	(255)	(77)	(4,198)	-	(4,198)
Share of results of associates and joint ventures	-	-	(996)	(996)	-	(996)
(Loss)/Profit before tax	(21,759)	9,949	(961)	(12,771)	(248)	(13,019)
Income tax credit/(expense)	1,816	(2,038)	-	(222)	60	(162)
(Loss)/Profit net of tax	(19,943)	7,911	(961)	(12,993)	(188)	(13,181)
Results for 12 months ended 31 December 2018						
Revenue						
Sales to external customers	1,280,906	-	-	1,280,906	-	1,280,906
Inter-segment sales	-	183,546	-	183,546	(183,546)	-
Total revenue	1,280,906	183,546	-	1,464,452	(183,546)	1,280,906
Results						
Operating profit/(loss)	29,644	39,131	(219)	68,556	(923)	67,633
Finance costs	(16,528)	(995)	(635)	(18,158)	-	(18,158)
Share of results of associates and joint ventures	-	-	304	304	-	304
Profit/(Loss) before tax	13,116	38,136	(550)	50,702	(923)	49,779
Income tax (expense)/credit	(2,902)	(12,805)	-	(15,707)	222	(15,485)
Profit/(Loss) net of tax	10,214	25,331	(550)	34,995	(701)	34,294

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting (cont'd)

	Tin Smelting RM'000	Tin Mining RM'000	Others RM'000	Sub-total RM'000	(Eliminations) /Adjustments RM'000	Total RM'000
Results for 12 months ended 31 December 2017						
Revenue						
Sales to external customers	1,436,177	-	-	1,436,177	-	1,436,177
Inter-segment sales	-	183,518	-	183,518	(183,518)	-
Total revenue	1,436,177	183,518	-	1,619,695	(183,518)	1,436,177
Results						
Operating (loss)/profit	(6,407)	47,725	40	41,358	2,704	44,062
Finance costs	(13,057)	(1,022)	(639)	(14,718)	-	(14,718)
Share of results of associates and joint ventures	-	-	(1,109)	(1,109)	-	(1,109)
(Loss)/Profit before tax	(19,464)	46,703	(1,708)	25,531	2,704	28,235
Income tax credit/(expense)	655	(12,137)	-	(11,482)	(649)	(12,131)
(Loss)/Profit net of tax	(18,809)	34,566	(1,708)	14,049	2,055	16,104

Assets and Liabilities as at 31 December 2018

Assets						
Segment assets	755,802	73,164	14,517	843,483	(3,578)	839,905
Investment in associates and joint ventures	-	-	35,144	35,144	-	35,144
Total assets	755,802	73,164	49,661	878,627	(3,578)	875,049
Liabilities						
Segment liabilities	448,550	78,154	58	526,762	-	526,762

Assets and Liabilities as at 31 December 2017

Assets						
Segment assets	751,967	69,548	21,212	842,727	(2,877)	839,850
Investment in associates and joint ventures	-	-	34,568	34,568	-	34,568
Total assets	751,967	69,548	55,780	877,295	(2,877)	874,418
Liabilities						
Segment liabilities	526,030	57,296	43	583,369	-	583,369

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A10. Property, Plant and Equipment

In September 2018, in furtherance to the Memorandum of Understanding between MSC Properties Sdn. Bhd., a wholly owned subsidiary of MSC and The Straits Trading Company Limited on 27 September 2018 for the proposed joint cooperation of both parties either to develop or sell the land, a valuation was carried out to ascertain the fair market value of the freehold land and buildings located at 27 Jalan Pantai, 12000 Butterworth, on a “Redevelopment” basis. The revaluation exercise gives a net revaluation surplus of RM30.5 million. The said property after the revaluation was then reclassified from Property, Plant and Equipment to Land Held for Development, and the related Revaluation Reserves were reclassified to Retained Earnings.

In December 2018, the Company entered into Sale and Purchase agreements to dispose of 3 units of office premises at Jalan Yap Kwan Seng, Kuala Lumpur, for a total cash consideration of RM4,795,320. The sale is expected to be completed in 1Q 2019.

The assets and liabilities classified as held for sale and the related asset’s revaluation reserves as at 31 December 2018 are as follows:

	RM’000
Asset:	
Property, plant and equipment	<u>4,663</u>
Liabilities:	
Payable	<u>63</u>
Reserves:	
Revaluation reserves	<u>2,012</u>

Other than the above, the land and buildings have been revalued in December 2018, giving a net revaluation surplus of RM2.9 million.

A11. Event After the Reporting Period

There was no material event subsequent to end of the current quarter.

A12. Changes in the Composition of the Group

During the financial year, the Company disposed of its entire 40% interest in Africa Smelting Corporation Sprl, a joint venture for a consideration of USD500,000. This investment was previously written off during the financial year 2017.

Other than the above, there were no changes in the composition of the Group during the current quarter and financial year-to-date ended 31 December 2018.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A13. Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets during the current quarter and financial year-to-date ended 31 December 2018 except for the following:

A subsidiary is defending a legal action brought by two companies. The subsidiary, via its lawyer, filed a Defense and Counter Claim Statement on the legal suit and the subsidiary has strong grounds to defend the action based on legal advice. The trial commenced in 4Q 2018 and is scheduled to continue in 1Q 2019.

In connection with the abovementioned case, the subsidiary has separately instituted legal action against a former executive officer, the above two companies, and certain persons connected with the two companies, claiming for damages for breach of fiduciary duties, conspiracy, dishonest assistance. The matter is currently fixed for case management.

In the Directors' opinion, disclosure of additional information about the above matter would be prejudicial to the interests of the Group.

A14. Capital Commitments

Capital commitments of the Group as at 31 December 2018 are as follows:

	31.12.2018 RM'000	31.12.2017 RM'000
Approved and contracted for	16,394	18,438
Approved but not contracted for	539	6,420
	16,933	24,858

A15. Related Party Transactions

There were no significant transactions with related party in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2017, except that during financial year-to-date, there were loans from immediate holding company totalling RM73.5 million. These loans are denominated in Ringgit Malaysia and are repayable within one year. The interest rate for these loans is 3.8% per annum. The loans balance is included in trade and other payables as at 31 December 2018.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A16. Fair Value of Assets and Liabilities

The Group classified fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices), and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Group held the following financial assets and liabilities that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2018				
Assets measured at fair value:				
Land and buildings	-	-	47,539	47,539
Investment securities	14,505	-	-	14,505
Derivative financial instruments	-	561	-	561
Liabilities measured at fair value:				
Derivative financial instruments	-	303	-	303
At 31 December 2017				
Assets measured at fair value:				
Land and buildings	-	-	89,528	89,528
Investment securities	21,205	-	-	21,205
Derivative financial instruments	-	375	-	375
Liabilities measured at fair value:				
Derivative financial instruments	-	2,458	-	2,458

There has been no transfer between any levels of the fair value hierarchy and there was no change in the purpose of any financial assets/liabilities that may subsequently result in a different classification of those assets/liabilities during the current quarter and financial year-to-date ended 31 December 2018, except for the freehold land and buildings located at Butterworth and 3 units of office premises at Jalan Yap Kwan Seng, Kuala Lumpur have been reclassified to Land Held for Development and Non-Current Assets Classified as Held for Sale respectively as mentioned in Note A10.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD**

B1. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2017 was unqualified.

B2. Profit/(Loss) Before Tax

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

	4 th Quarter ended 31.12.2018 RM'000	4 th Quarter ended 31.12.2017 RM'000	12 months ended 31.12.2018 RM'000	12 months ended 31.12.2017 RM'000
After charging/(crediting):				
Depreciation and amortisation	3,826	3,796	17,427	14,999
Fair value (gain)/loss in derivative financial instruments				
- Forward currency contracts	(4,547)	1,067	(2,341)	823
Net foreign exchange loss/(gain)	4,621	(4,904)	6,885	(1,605)
Gain on disposal of a joint venture	-	-	(2,026)	-
Gain on disposal of property, plant and equipment	(112)	-	(160)	(157)
Interest income	(215)	(317)	(1,023)	(1,659)
(Gain)/Loss on disposal of intangible assets	-	(2)	-	14
Other income including investment income	(878)	(2,366)	(9,894)	(6,408)
(Reversal of revaluation deficit)/Revaluation deficit on property	-	(51)	1,805	(51)
Impairment/(Reversal of impairment) of associates and joint ventures	185	(129)	185	(129)
Reversal of impairment of receivables	-	-	(2,906)	-

There was no material impairment of assets recognised as a loss during the current quarter and financial year-to-date ended 31 December 2018.

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B3. Income Tax (Expense)/Credit

Income tax (expense)/credit comprises the following:

	4th Quarter ended 31.12.2018 RM'000	4th Quarter ended 31.12.2017 RM'000	12 months ended 31.12.2018 RM'000	12 months ended 31.12.2017 RM'000
Income tax				
- Current provision	738	1,200	(18,498)	(16,252)
- Over provision in prior year	-	-	21	270
	738	1,200	(18,477)	(15,982)
Deferred tax				
- Relating to origination and reversal of temporary differences	(3,204)	769	4,535	5,791
- Under provision in prior year	(1,312)	(2,131)	(1,543)	(1,940)
	(4,516)	(1,362)	2,992	3,851
Total income tax expense	(3,778)	(162)	(15,485)	(12,131)

For the current financial year-to-date, the effective tax rate for the Group was higher than the statutory tax rate in Malaysia mainly due to certain non-tax deductible expenses and the absence of Group tax relief.

B4. Corporate Proposal

There was no corporate proposal announced but not completed as at 16 February 2019, being the latest practicable date which is not earlier than 7 days from the issuance date of this Interim Financial Report.

B5. Trade Receivables

The age analysis of trade receivable of the Group as at 31 December 2018 is as follows:

	Not past due RM'000	Past due					Total RM'000
		< 30 days RM'000	30 to 60 days RM'000	61 to 90 days RM'000	91 to 120 days RM'000	>120 days RM'000	
Trade receivables as at 31.12.2018	21,222	-	72	-	3	28	21,325
Trade receivables as at 31.12.2017	11,415	-	15	-	-	6	11,436

The Group's normal trade credit terms granted to related and non-related parties range from cash term to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B5. Trade Receivables (cont'd)

The Group has trade receivables amounting to RM103,000 that are past due at the reporting date but not impaired. Although these balances are unsecured in nature, they are from creditworthy customers.

B6. Loans and Borrowings

Details of the Group's loans and borrowings as at 31 December 2018 are as follows:

	As at 31.12.2018 RM'000	As at 31.12.2017 RM'000
a) Short Term Borrowings (unsecured)		
Short term trade financing	2,732	-
Bankers' acceptances	239,106	403,617
Revolving credit	2,000	-
Term loan	-	49,164
	243,838	452,781
b) Long Term Borrowings (unsecured)		
Term loan	49,177	-
	293,015	452,781

Amount denominated in foreign currency	'000	'000
Short term trade financing (US dollars)	659	-
Term loan (Singapore dollars)	16,200	16,200

During the financial year, the Group reduced its total borrowings by approximately 35.3% from RM452.8 million as at 31 December 2017 to RM293.0 million as at 31 December 2018 due to repayment of Bankers' acceptances. Consequentially, the gearing ratio of the Group reduced to 0.8 times as at 31 December 2018 from 1.6 times as at 31 December 2017. Gearing ratio is defined as total bank borrowings over total equity.

The weighted average interest rate of short term borrowings excluding revolving credit and term loan as at 31 December 2018 for the Group was 4.2% (2017: 3.9%) per annum. Revolving credit bears interest rate of 5.4% (2017: Nil) per annum.

Term loan of the Group denominated in Singapore dollar (SGD) was hedged to Ringgit Malaysia (RM) at an average exchange rate of RM/SGD 3.1380. The term loan bears a fixed interest rate of 4.2% per annum.

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B7. Foreign Currency Exposure and Hedging Policy

The Group has exposure to fluctuations in foreign exchange rates in both the investment in foreign entities and business transactions. The Group's foreign exchange risk exposure is mainly in United States Dollar and Singapore Dollar.

Due to the concentration of its purchases and sales in United States Dollar, there is a natural hedge and the exposure to United States Dollar foreign exchange risk for business transactions is minimised. The Group also uses forward currency contracts to manage foreign exchange risk. Derivative financial instruments entered into by the Group are similar to those disclosed in the annual financial statements for the financial year ended 31 December 2017.

The outstanding forward foreign currency contracts as at 31 December 2018 are as follows:

Derivative Financial Instruments	Contract Value RM'000	Fair Value RM'000	Fair Value – Financial Assets/(Liabilities) RM'000
At 31 December 2018			
Forward Currency Contracts			
- Less than 1 year	77,103	76,542	561
- 1 year to 3 years	50,835	50,532	(303)
At 31 December 2017			
Forward Currency Contracts			
- Less than 1 year	99,900	97,066	(2,083)

B8. Material Litigation

There was no material litigation as at 16 February 2019, being the latest practicable date which is not earlier than 7 days from the issuance date of this Interim Financial Report, except as disclosed in Note A13.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD**

B9. Material Change in the Quarterly Results as Compared with the Preceding Quarter

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31.12.2018 RM'000	Immediate Preceding Quarter 30.09.2018 RM'000	Changes %
Revenue	287,704	309,432	(7%)
Operating Profit	23,476	21,805	8%
Profit Before Interest and Tax	23,733	21,630	10%
Profit Before Tax	19,370	17,019	14%
Profit After Tax	15,592	11,659	34%
Profit Attributable to Owners of the Company	15,594	11,660	34%

4Q 2018 vs. 3Q 2018 (QoQ)

Group revenue was RM287.7 million in 4Q 2018 as compared with RM309.4 million in 3Q 2018. This was mainly due to lower sales quantity of refined tin in 4Q 2018.

The Group recorded a profit before tax of RM19.4 million in 4Q 2018 as compared with RM17.0 million in 3Q 2018.

The tin smelting segment recorded a profit before tax of RM10.8 million in 4Q 2018 as compared with RM7.3 million in 3Q 2018.

The tin mining segment recorded a profit before tax of RM9.2 million in 4Q 2018 as compared with RM10.0 million in 3Q 2018.

The Group's share of results of associates and joint ventures recorded a net share of profit of RM0.3 million in 4Q 2018 as compared with a net share of loss of RM0.2 million in 3Q 2018.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD**

B10. Review of Performance

Financial review for current quarter and financial year to date

	Cumulative Period (12 months)		Changes %	Individual Period (4 th quarter)		Changes %
	Current Year To- date	Preceding Year Corresponding Period		Current Year Quarter	Preceding Year Corresponding Quarter	
	31.12.2018 RM'000	31.12.2017 RM'000		31.12.2018 RM'000	31.12.2017 RM'000	
Revenue	1,280,906	1,436,177	(11%)	287,704	318,519	(10%)
Operating Profit/(Loss)	67,633	44,062	53%	23,476	(7,825)	400%
Profit/(Loss) Before Interest and Tax	67,937	42,953	58%	23,733	(8,821)	369%
Profit/(Loss) Before Tax	49,779	28,235	76%	19,370	(13,019)	249%
Profit/(Loss) After Tax	34,294	16,104	113%	15,592	(13,181)	218%
Profit/(Loss) Attributable to Owners of the Company	34,297	16,105	113%	15,594	(13,181)	218%

12M 2018 vs. 12M 2017 (YoY)

Group revenue was RM1.3 billion for the year ended 31 December 2018 as compared with RM1.4 billion in 2017. This was mainly due to lower sales quantity of refined tin and lower average tin prices in RM terms in 2018. Lower average tin prices in RM terms in 2018 as a result of strengthening of the RM vs USD, average tin prices in USD terms remain at around USD 20,000 per tonne over the two periods under review.

Group profit before tax was RM49.8 million in 2018 as compared with RM28.2 million in 2017. The better performance in 2018 was mainly due to improved performance in the tin smelting segment, as explained in the following paragraph.

The tin smelting segment recorded a profit before tax of RM13.1 million in 2018 as compared with a loss before tax of RM19.5 million in 2017. The better performance in 2018 was mainly due to higher profit from sale of by-products, lower tin loss and some one-off income, i.e. reversal of impairment losses, gain on disposal of a joint venture and other income.

The tin mining segment recorded a profit before tax of RM38.1 million in 2018 as compared with RM46.7 million in 2017. This was mainly due to lower average tin prices in RM terms.

The Group's share of results of associates and joint ventures recorded a net share of profit of RM0.3 million in 2018 as compared with a net share of loss of RM1.1 million in 2017.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD**

B10. Review of Performance (cont'd)

4Q 2018 vs. 4Q 2017 (YoY)

Group revenue was RM287.7 million in 4Q 2018 as compared with RM318.5 million in 4Q 2017. This was mainly due to lower sales quantity of refined tin and lower tin prices in 4Q 2018.

Group profit before tax was RM19.4 million in 4Q 2018 as compared with a loss before tax of RM13.0 million in 4Q 2017. The better performance in 4Q 2018 was mainly due to improved performance in the tin smelting segment, as explained in the following paragraph.

The tin smelting segment recorded a profit before tax of RM10.8 million in 4Q 2018 as compared with a loss before tax of RM21.8 million in 4Q 2017. This was mainly due to a reversal of over provision of tin loss and higher profit from sale of by-products in 4Q 2018.

The tin mining segment recorded a profit before tax of RM9.2 million in 4Q 2018 as compared with RM9.9 million in 4Q 2017. This was mainly due to lower average tin prices in RM terms.

The Group's share of results of associates and joint ventures recorded a net share of profit of RM0.3 million in 4Q 2018 as compared with a net share of loss of RM1.0 million in 4Q 2017.

B11. Prospects

2019 will be a challenging year for businesses due to the ongoing global trade tensions, monetary policy normalisation in the US, volatile commodity prices, and policy uncertainties. Despite these challenging market conditions, the Group will continue to focus on its operational efficiencies.

The Group is undertaking efforts to improve on all areas of operations, technology, manpower and logistics. Plans to commence full operations in a new plant, using newer and more efficient technology and a more productive work force are under way. We expect this new plant to be operational in the near term.

As we progressively move our operations to our new plant, we expect overheads to increase as we run two plants, with only one generating revenue. We expect this to impact our financial performance for the next financial year.

Once the move is completed, with the new facility with the ISASMELT furnace, we expect to reduce operational and manpower costs, while improving our carbon footprint. In addition, the operational inefficiencies we currently face with our aging plant in Butterworth will be eliminated.

For our tin mining segment, we have undertaken efforts to increase daily mining output and improve our overall mining productivity. SL Tin Sdn Bhd, an 80% owned subsidiary will commence its tin mining activities at Sungai Lembing, Pahang in FY2019. This will contribute to additional tin production to the Group.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD**

B11. Prospects (cont'd)

The Group will also look at potential joint venture mining arrangement with other parties to expand its mining activities.

The Group will embark on research and development activities to look into extracting tungsten from tin slag.

B12. Earnings Per Share Attributable to Owners of the Company

Pursuant to the requirements of MFRS 133 *Earnings per Share*, the weighted average number of ordinary shares used in the calculation of basic and diluted EPS for the current and previous quarters and year-to-date ended 31 December 2018 and 31 December 2017 have been retrospectively adjusted to reflect the split shares and bonus issue.

	4th Quarter ended 31.12.2018	4th Quarter ended 31.12.2017	12 months ended 31.12.2018	12 months ended 31.12.2017
Profit/(Loss) net of tax attributable to owners of the Company (RM'000)	15,594	(13,181)	34,297	16,105
Weighted average number of ordinary shares in issue ('000)	400,000	400,000	400,000	400,000
Basic and diluted earnings/(loss) per share (sen)	3.9	(3.3)	8.6	4.0

B13. Dividend Payable

The Board of Directors has recommended, for approval at the forthcoming Annual General Meeting, payment of a first and final single tier dividend of RM0.02 per share (2017: RM0.04 per share) amounting to RM8,000,000 (2017: RM4,000,000) for the financial year ended 31 December 2018. The book closure date and the date of the payment of the dividend will be determined and announced at a later date.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD**

B14. Review By External Auditors

The Board had engaged the external auditors to review this interim quarterly results for the quarter and year-to-date ended 31 December 2018 in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

By Order of the Board
Soo Han Yee
Company Secretary

Kuala Lumpur
22 February 2019