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# **MALAYSIA SMELTING CORPORATION BERHAD**

## **INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	Note	As at 31.03.2019 Unaudited RM'000	As at 31.12.2018 Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		108,480	109,619
Prepaid land lease payments		484	485
Right-of-use asset		656	-
Land held for development		78,654	78,654
Intangible assets		4,764	5,014
Investments in associates and joint ventures		35,134	35,144
Investment securities		13,539	14,505
Other non-current assets		13,925	14,041
Deferred tax assets		13,931	11,853
		<b>269,567</b>	<b>269,315</b>
<b>Current assets</b>			
Inventories		478,958	464,162
Trade receivables	B5	39,604	21,325
Other receivables		5,139	7,734
Trade prepayments		13,520	18,969
Other prepayments		2,873	1,531
Tax recoverable		17,508	17,566
Derivative financial instruments		1,336	561
Cash, bank balances and deposits		51,904	37,033
		<b>610,842</b>	<b>568,881</b>
Non-current assets classified as held for sale		4,663	4,663
		<b>615,505</b>	<b>573,544</b>
<b>Total assets</b>		<b>885,072</b>	<b>842,859</b>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Provisions		2,744	2,744
Borrowings	B6	235,985	243,838
Trade and other payables		210,915	166,343
Lease liability		128	-
Current tax payable		1,357	1,662
Derivative financial instruments		155	-
		<b>451,284</b>	<b>414,587</b>
Liabilities directly associated with non-current assets classified as held for sale		63	63
		<b>451,347</b>	<b>414,650</b>
<b>Net current assets</b>		<b>164,158</b>	<b>158,894</b>
<b>Non-current liabilities</b>			
Provisions		26,007	26,165
Lease liability		531	-
Deferred tax liabilities		1,808	4,278
Borrowings	B6	48,757	49,177
Derivative financial instruments		946	303
		<b>78,049</b>	<b>79,923</b>
<b>Total liabilities</b>		<b>529,396</b>	<b>494,573</b>
<b>Net assets</b>		<b>355,676</b>	<b>348,286</b>
<b>Equity attributable to owners of the Company</b>			
Share capital		200,000	200,000
Other reserves		4,966	6,177
Retained earnings		148,408	139,807
Reserves of non-current assets classified as held for sale		2,012	2,012
		<b>355,386</b>	<b>347,996</b>
<b>Non-controlling interest</b>		290	290
<b>Total Equity</b>		<b>355,676</b>	<b>348,286</b>
<b>Total equity and liabilities</b>		<b>885,072</b>	<b>842,859</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>		<b>0.89</b>	<b>0.87</b>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED 31 MARCH 2019**

	Note	1 st Quarter		Year to Date	
		3 months ended		3 months ended	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>A8</b>	<u>307,446</u>	<u>356,954</u>	<u>307,446</u>	<u>356,954</u>
Operating profit		15,024	11,437	15,024	11,437
Finance costs		(3,894)	(4,677)	(3,894)	(4,677)
Share of results of associates and joint ventures		<u>236</u>	<u>304</u>	<u>236</u>	<u>304</u>
<b>Profit before tax</b>	<b>B2</b>	11,366	7,064	11,366	7,064
Income tax expense	<b>B3</b>	(2,765)	(2,480)	(2,765)	(2,480)
<b>Profit net of tax</b>		<u>8,601</u>	<u>4,584</u>	<u>8,601</u>	<u>4,584</u>
<b>Attributable to:</b>					
Owners of the Company		8,601	4,584	8,601	4,584
Non-controlling interest		-	-	-	-
		<u>8,601</u>	<u>4,584</u>	<u>8,601</u>	<u>4,584</u>
<b>Earnings per share attributable to owners of the Company (sen):</b>					
Basic and diluted	<b>B12</b>	<u>2.2</u>	<u>1.1</u>	<u>2.2</u>	<u>1.1</u>

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 2018 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2019**

	<b>1 st Quarter</b>		<b>Year to Date</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Profit net of tax</b>	8,601	4,584	8,601	4,584
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Net fair value changes in quoted investments at Fair Value through Other Comprehensive Income ("FVOCI")	(966)	(909)	(966)	(909)
<b>Items that may be subsequently reclassified to profit or loss:</b>				
Foreign currency translation	1	2	1	2
Realisation of foreign currency translation reserves to profit or loss upon write off of the investment in an associate	-	(825)	-	(825)
Share of foreign currency translation of an associate and a joint venture	(246)	(845)	(246)	(845)
	<u>(245)</u>	<u>(1,668)</u>	<u>(245)</u>	<u>(1,668)</u>
<b>Other comprehensive income for the period, net of tax</b>	(1,211)	(2,577)	(1,211)	(2,577)
<b>Total comprehensive income for the period</b>	<u>7,390</u>	<u>2,007</u>	<u>7,390</u>	<u>2,007</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	7,390	2,007	7,390	2,007
Non-controlling interest	-	-	-	-
	<u>7,390</u>	<u>2,007</u>	<u>7,390</u>	<u>2,007</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 2018 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2019**

	Attributable to owners of the Company						Reserves of non-current assets classified as held for sale	Total	Non-controlling interest	Total equity
	Non - Distributable			Distributable						
RM'000	Share capital	Revaluation reserves	Foreign currency translation reserves	FVOCI reserves	Other reserve	Retained earnings				
<b>At 1 January 2019</b>	200,000	5,569	1,015	(2,113)	1,706	139,807	2,012	347,996	290	348,286
Profit for the period	-	-	-	-	-	8,601	-	8,601	-	8,601
Other comprehensive income	-	-	(245)	(966)	-	-	-	(1,211)	-	(1,211)
Total comprehensive income	-	-	(245)	(966)	-	8,601	-	7,390	-	7,390
<b>At 31 March 2019</b>	<b>200,000</b>	<b>5,569</b>	<b>770</b>	<b>(3,079)</b>	<b>1,706</b>	<b>148,408</b>	<b>2,012</b>	<b>355,386</b>	<b>290</b>	<b>355,676</b>
<b>At 1 January 2018</b>	174,666	37,186	1,273	3,486	1,706	72,439	-	290,756	293	291,049
Profit for the period	-	-	-	-	-	4,584	-	4,584	-	4,584
Other comprehensive income	-	-	(1,668)	(909)	-	-	-	(2,577)	-	(2,577)
Total comprehensive income	-	-	(1,668)	(909)	-	4,584	-	2,007	-	2,007
<b>At 31 March 2018</b>	<b>174,666</b>	<b>37,186</b>	<b>(395)</b>	<b>2,577</b>	<b>1,706</b>	<b>77,023</b>	<b>-</b>	<b>292,763</b>	<b>293</b>	<b>293,056</b>

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 2018 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2019**

	3 months ended	
	31.03.2019	31.03.2018
	RM'000	RM'000
<b>Operating activities</b>		
Operating cash flows before changes in working capital	17,666	15,157
Increase in inventories	(14,796)	(20,892)
Increase in trade and other receivables	(14,262)	(7,210)
Decrease in trade prepayments	5,449	17,390
Increase in other prepayments	(1,314)	(1,789)
Increase in payables	41,841	10,413
Increase in amount due to immediate holding company	8	-
(Increase)/Decrease in amount due from associates and joint ventures	(1,300)	3,441
<b>Cash generated from operations</b>	<b>33,292</b>	<b>16,510</b>
Income tax paid	(5,140)	(7,511)
Interest paid	(3,382)	(3,774)
<b>Net cash generated from operating activities</b>	<b>24,770</b>	<b>5,225</b>
<b>Investing activities</b>		
Interest received	281	223
Payment for deferred mine exploration and evaluation expenditures and mine properties	(164)	(38)
Purchase of property, plant and equipment	(2,143)	(2,095)
<b>Net cash used in investing activities</b>	<b>(2,026)</b>	<b>(1,910)</b>
<b>Financing activities</b>		
Repayment of short term trade borrowings	(7,859)	(26,829)
Payment of lease liability	(32)	-
<b>Net cash used in financing activities</b>	<b>(7,891)</b>	<b>(26,829)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>14,853</b>	<b>(23,514)</b>
Effect of changes in foreign exchange rates	18	(48)
<b>Cash and cash equivalents as at 1 January</b>	<b>37,033</b>	<b>64,943</b>
<b>Cash and cash equivalents as at 31 March</b>	<b>51,904</b>	<b>41,381</b>
	<b>2019</b>	<b>2018</b>
<b>Cash and bank balances comprise the following at 31 March:</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short term deposits	51,904	41,381
Deposits of more than three months maturity with licensed banks	-	3,752
	<b>51,904</b>	<b>45,133</b>

**Reconciliation of liabilities arising from financing activities:**

	Carrying amount as at		Non-cash changes Foreign exchange movement	Carrying amount as at
	1 January 2019	Cash flows		
	RM'000	RM'000	RM'000	RM'000
Loans from immediate holding company	73,461	-	-	73,461
Short term trade borrowings	243,838	(7,859)	6	235,985
Term loan	49,177	-	(420)	48,757
<b>Total liabilities from financing activities</b>	<b>366,476</b>	<b>(7,859)</b>	<b>(414)</b>	<b>358,203</b>
	Carrying amount as at		Non-cash changes Foreign exchange movement	Carrying amount as at
	1 January 2018	Cash flows		
	RM'000	RM'000	RM'000	RM'000
Short term trade borrowings	403,617	(26,829)	-	376,788
Term loan	49,164	-	(1,458)	47,706
<b>Total liabilities from financing activities</b>	<b>452,781</b>	<b>(26,829)</b>	<b>(1,458)</b>	<b>424,494</b>

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 2018 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 audited financial statements of the Group for the financial year ended 31 December 2018.

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 2018.

**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 2018 except for the adoption of the pronouncements that became effective from 1 January 2019.

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to MFRS 9 Financial Instruments - Prepayment Features with Negative Compensation	1 January 2019
MFRS 16 Leases	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
Amendments to MFRS 119 Employee Benefits - Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019

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

**MFRS 16 Leases**

MFRS 16 replaces 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.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A2. Changes in Accounting Policies (cont'd)**

**i) Amendments and Annual Improvements adopted by the Group (cont'd)**

MFRS 16 Leases (cont'd)

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.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019, comparative are not restated. The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets.

The following table presents the impact of changes to the consolidated statement of financial position of the Group resulting from the adoption of MFRS 16 as at 1 January 2019:

<b>Group</b>	<b>Note</b>	<b>As at 31.12.2018 RM'000</b>	<b>Changes RM'000</b>	<b>As at 01.01.2019 RM'000</b>
<b>Non-current assets</b>				
Right-of-use asset	(a)	-	691	691
<b>Current liabilities</b>				
Lease liability	(b)	-	127	127
<b>Non-current liabilities</b>				
Lease liability	(b)	-	564	564



**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A2. Changes in Accounting Policies (cont'd)**

**i) Amendments and Annual Improvements adopted by the Group (cont'd)**

MFRS 16 Leases (cont'd)

**Note:**

- (a) The right-of-use asset is rent of office building. Subsequent to initial recognition, the right-of-use asset is measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any re-measurement of lease liability.
- (b) The lease liability arising from the rent of office building is recognised and discounted using the Group's weighted average incremental borrowing rate of 4.2%. Subsequent to initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect the interest on the lease liability, reducing the carrying amount to reflect lease payments made and re-measuring the carrying amount to reflect any reassessment or lease modifications.

The lease liability as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	<b>RM'000</b>
<b>Operating lease commitments as at 31 December 2018</b>	<b>348</b>
Add: Option of extension of lease	468
Less: Commitments relating to short-term lease	(36)
	<u>780</u>
Weighted average incremental borrowing rate as at 1 January 2019	4.2%
<b>Lease liability as at 1 January 2019</b>	<b><u>691</u></b>

**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:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
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

**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 March 2019.

**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 March 2019.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A6. Debt and Equity Securities**

There were no issuance and repayment of debts and equity securities during the current quarter and financial year-to-date ended 31 March 2019.

**A7. Dividend Paid**

There was no dividend paid during the current financial period ended 31 March 2019 and previous corresponding financial period ended 31 March 2018.

**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
<b>For 3 months ended 31 March 2019</b>					
<b>Major products or services:</b>					
Sale of tin	292,430	48,346	340,776	(48,346)	292,430
Smelting revenue	6,045	-	6,045	-	6,045
Sale of by-products	7,864	-	7,864	-	7,864
Others	1,107	-	1,107	-	1,107
	<u>307,446</u>	<u>48,346</u>	<u>355,792</u>	<u>(48,346)</u>	<u>307,446</u>
<b>Timing of revenue recognition</b>					
At a point in time	<u>307,446</u>	<u>48,346</u>	<u>355,792</u>	<u>(48,346)</u>	<u>307,446</u>
<b>For 3 months ended 31 March 2018</b>					
<b>Major products or services:</b>					
Sale of tin	342,642	45,706	388,348	(45,706)	342,642
Smelting revenue	6,521	-	6,521	-	6,521
Sale of by-products	6,582	-	6,582	-	6,582
Others	1,209	-	1,209	-	1,209
	<u>356,954</u>	<u>45,706</u>	<u>402,660</u>	<u>(45,706)</u>	<u>356,954</u>
<b>Timing of revenue recognition</b>					
At a point in time	<u>356,954</u>	<u>45,706</u>	<u>402,660</u>	<u>(45,706)</u>	<u>356,954</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
<b>Results for 3 months ended 31 March 2019</b>						
<b>Revenue</b>						
Sales to external customers	307,446	-	-	307,446	-	307,446
Inter-segment sales	-	48,346	-	48,346	(48,346)	-
<b>Total revenue</b>	<b>307,446</b>	<b>48,346</b>	<b>-</b>	<b>355,792</b>	<b>(48,346)</b>	<b>307,446</b>
<b>Results</b>						
Operating profit/(loss)	4,914	13,084	(24)	17,974	(2,950)	15,024
Finance costs	(3,469)	(299)	(126)	(3,894)	-	(3,894)
Share of results of associates and joint ventures	-	-	236	236	-	236
Profit before tax	1,445	12,785	86	14,316	(2,950)	11,366
Income tax (expense)/credit	(61)	(3,412)	-	(3,473)	708	(2,765)
<b>Profit net of tax</b>	<b>1,384</b>	<b>9,373</b>	<b>86</b>	<b>10,843</b>	<b>(2,242)</b>	<b>8,601</b>

**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
<b>Results for 3 months ended 31 March 2018</b>						
<b>Revenue</b>						
Sales to external customers	356,954	-	-	356,954	-	356,954
Inter-segment sales	-	45,706	-	45,706	(45,706)	-
<b>Total revenue</b>	<b>356,954</b>	<b>45,706</b>	<b>-</b>	<b>402,660</b>	<b>(45,706)</b>	<b>356,954</b>
<b>Results</b>						
Operating profit/(loss)	2,061	10,120	(18)	12,163	(726)	11,437
Finance costs	(4,227)	(249)	(201)	(4,677)	-	(4,677)
Share of results of associates and joint ventures	-	-	304	304	-	304
(Loss)/Profit before tax	(2,166)	9,871	85	7,790	(726)	7,064
Income tax credit/(expense)	79	(2,733)	-	(2,654)	174	(2,480)
<b>(Loss)/Profit net of tax</b>	<b>(2,087)</b>	<b>7,138</b>	<b>85</b>	<b>5,136</b>	<b>(552)</b>	<b>4,584</b>

**Assets and Liabilities as at 31 March 2019**

<b>Assets</b>						
Segment assets	765,253	76,956	13,549	855,758	(5,820)	849,938
Investment in associates and joint ventures	-	-	35,134	35,134	-	35,134
<b>Total assets</b>	<b>765,253</b>	<b>76,956</b>	<b>48,683</b>	<b>890,892</b>	<b>(5,820)</b>	<b>885,072</b>
<b>Liabilities</b>						
Segment liabilities	<b>442,935</b>	<b>86,396</b>	<b>65</b>	<b>529,396</b>	<b>-</b>	<b>529,396</b>

**Assets and Liabilities as at 31 December 2018**

<b>Assets</b>						
Segment assets	723,612	73,164	14,517	811,293	(3,578)	807,715
Investment in associates and joint ventures	-	-	35,144	35,144	-	35,144
<b>Total assets</b>	<b>723,612</b>	<b>73,164</b>	<b>49,661</b>	<b>846,437</b>	<b>(3,578)</b>	<b>842,859</b>
<b>Liabilities</b>						
Segment liabilities	<b>416,361</b>	<b>78,154</b>	<b>58</b>	<b>494,573</b>	<b>-</b>	<b>494,573</b>

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A10. 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 2018.

**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**

There were no changes in the composition of the Group during the current quarter and financial year-to-date ended 31 March 2019.

**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 March 2019 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 2Q 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 March 2019 are as follows:

	<b>31.03.2019 RM'000</b>	<b>31.12.2018 RM'000</b>
Approved and contracted for	16,074	16,394
Approved but not contracted for	2,515	539
	<b>18,589</b>	<b>16,933</b>

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**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 2018.

**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
<b>At 31 March 2019</b>				
<b>Assets measured at fair value:</b>				
Land and buildings	-	-	47,485	47,485
Investment securities	13,539	-	-	13,539
Derivative financial instruments	1,336	-	-	1,336
<b>Liabilities measured at fair value:</b>				
Derivative financial instruments - current	-	155	-	155
Derivative financial instruments – non-current	-	946	-	946
<b>At 31 December 2018</b>				
<b>Assets measured at fair value:</b>				
Land and buildings	-	-	47,539	47,539
Investment securities	14,505	-	-	14,505
Derivative financial instruments	-	561	-	561
<b>Liabilities measured at fair value:</b>				
Derivative financial instruments	-	303	-	303

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 March 2019.

**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 2018 was unqualified.

**B2. Profit/(Loss) Before Tax**

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

	3 months ended 31.03.2019 RM'000	3 months ended 31.03.2018 RM'000
<b>After charging/(crediting):</b>		
Depreciation and amortisation	3,392	4,472
Fair value (gain)/loss in derivative financial instruments		
- Forward tin contracts	(1,336)	-
- Forward currency contracts	1,358	1,406
Net foreign exchange gain	(930)	(2,860)
Interest income	(282)	(238)
Other income including investment income	(136)	(600)

There was no material impairment of assets recognised as a loss during the current quarter and financial year-to-date ended 31 March 2019.

**B3. Income Tax (Expense)/Credit**

Income tax (expense)/credit comprises the following:

	3 months ended 31.03.2019 RM'000	3 months ended 31.03.2018 RM'000
Income tax		
- Current provision	(4,892)	(4,088)
Deferred tax		
- Relating to origination and reversal of temporary differences	2,127	1,608
<b>Total income tax expense</b>	<b>(2,765)</b>	<b>(2,480)</b>

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.



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

**B4. Corporate Proposal**

There was no corporate proposal announced but not completed as at 27 April 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 March 2019 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 31.03.2019	39,567	-	2	3	-	32	39,604
Trade receivables as at 31.12.2018	21,222	-	72	-	3	28	21,325

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.

The Group has trade receivables amounting to RM37,000 that are past due at the reporting date but not impaired. Although these balances are unsecured in nature, they are from creditworthy customers.

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

**B6. Loans and Borrowings**

Details of the Group's loans and borrowings as at 31 March 2019 are as follows:

	As at 31.03.2019 RM'000	As at 31.12.2018 RM'000
<b>a) Short Term Borrowings (unsecured)</b>		
Short term trade financing	2,063	2,732
Bankers' acceptances	233,922	239,106
Revolving credit	-	2,000
	235,985	243,838
<b>b) Long Term Borrowings (unsecured)</b>		
Term loan	48,757	49,177
	<b>284,742</b>	<b>293,015</b>

Amount denominated in foreign currency	'000	'000
Short term trade financing (US dollars)	506	659
Term loan (Singapore dollars)	16,200	16,200

During the 3 months ended 31 March 2019, the Group reduced its total borrowings by approximately 2.8% from RM293.0 million as at 31 December 2018 to RM284.7 million as at 31 March 2019 due to repayment of short term bank borrowings. The gearing ratio of the Group remains at 0.8 times as at 31 March 2019 and 31 December 2018. 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 March 2019 for the Group was 4.1% (2018: 4.2%) per annum. Revolving credit bears interest rate of 5.4% per annum for the year ended 31 December 2018.

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. Derivative Financial Instruments**

**(a) Foreign Exchange**

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.

**(b) Tin Prices**

The Group is exposed to tin price risk on sales and purchases of tin. The Group uses forward tin contracts for tin trading, arbitraging for profit and to manage tin price 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 2018, except for forward tin contracts.

The outstanding forward tin contracts and forward foreign currency contracts as at 31 March 2019 are as follows:

Derivative Financial Instruments	Contract Value RM'000	Fair Value RM'000	Fair Value – Financial Assets/(Liabilities) RM'000
<b>At 31 March 2019</b>			
Forward Tin Contracts			
- Less than 1 year	70,259	71,704	1,336
Forward Currency Contracts			
- Less than 1 year	60,732	60,887	(155)
- 1 year to 3 years	50,835	49,889	(946)
<b>At 31 December 2018</b>			
Forward Currency Contracts			
- Less than 1 year	77,103	76,542	561
- 1 year to 3 years	50,835	50,532	(303)

**B8. Material Litigation**

There was no material litigation as at 27 April 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

	<b>Current Quarter 31.03.2019 RM'000</b>	<b>Immediate Preceding Quarter 31.12.2018 RM'000</b>	<b>Changes %</b>
Revenue	307,446	287,704	7%
Operating Profit	15,024	23,476	(36%)
Profit Before Interest and Tax	15,260	23,733	(36%)
Profit Before Tax	11,366	19,370	(41%)
Profit After Tax	8,601	15,592	(45%)
Profit Attributable to Owners of the Company	8,601	15,594	(45%)

1Q 2019 vs. 4Q 2018 (QoQ)

Group revenue was RM307.4 million in 1Q 2019 as compared with RM287.7 million in 4Q 2018. This was mainly due to higher average tin prices and higher sales quantity of refined tin in 1Q 2019.

The Group recorded a profit before tax of RM11.4 million in 1Q 2019 as compared with RM19.4 million in 4Q 2018. This was mainly due to lower profit of the tin smelting segment, offset with better performance of the tin mining segment, as explained in the following paragraphs.

The tin smelting segment recorded a profit before tax of RM1.4 million in 1Q 2019 as compared with RM10.8 million in 4Q 2018. This was mainly due to the absence of a favourable tin loss reversal of RM11.1 million which was recognised in 4Q 2018.

The tin mining segment recorded a profit before tax of RM12.8 million in 1Q 2019 as compared with RM9.2 million in 4Q 2018. This was mainly due to higher average tin prices.

The Group's share of results of associates and joint ventures recorded a net share of profit of RM0.2 million in 1Q 2019 as compared with RM0.3 million in 4Q 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

	Individual Period (1 <sup>st</sup> quarter)		Changes %
	Current Year Quarter	Preceding Year Corresponding Quarter	
	31.03.2019 RM'000	31.03.2018 RM'000	
Revenue	307,446	356,954	(14%)
Operating Profit	15,024	11,437	31%
Profit Before Interest and Tax	15,260	11,741	30%
Profit Before Tax	11,366	7,064	61%
Profit After Tax	8,601	4,584	88%
Profit Attributable to Owners of the Company	8,601	4,584	88%

1Q 2019 vs. 1Q 2018 (YoY)

Group revenue was RM307.4 million in 1Q 2019 as compared with RM357.0 million in 1Q 2018. This was mainly due to lower sales quantity of refined tin in 1Q 2019.

Group profit before tax was RM11.4 million in 1Q 2019 as compared with RM7.1 million in 1Q 2018. The better performance in 1Q 2019 was mainly due to improved performance in the tin smelting segment and the tin mining segment, as explained in the following paragraphs.

The tin smelting segment recorded a profit before tax of RM1.4 million in 1Q 2019 as compared with a loss before tax of RM2.2 million in 1Q 2018. This was mainly due to lower provision of tin loss and higher profit from sale of by-products in 1Q 2019.

The tin mining segment recorded a profit before tax of RM12.8 million in 1Q 2019 as compared with RM9.9 million in 1Q 2018. This was mainly due to higher average tin prices in RM terms and higher production output.

The Group's share of results of associates and joint ventures recorded a net share of profit of RM0.2 million in 1Q 2019 as compared with RM0.3 million in 1Q 2018.

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

**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.

Resulting from the rationalisation of the Group's business operations, 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 current 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.

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

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

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

**B12. Earnings Per Share Attributable to Owners of the Company**

	<b>3 months ended 31.03.2019</b>	<b>3 months ended 31.03.2018</b>
Profit net of tax attributable to owners of the Company (RM'000)	8,601	4,584
Weighted average number of ordinary shares in issue ('000)	400,000	400,000
<b>Basic and diluted earnings per share (sen)</b>	<b>2.2</b>	<b>1.1</b>

**B13. Dividend Payable**

The Board of Directors has recommended, for approval of the members at the forthcoming Annual General Meeting to be held on 24 May 2019, the 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 Payment Date is set at 13 June 2019 and 28 June 2019, subject to the approval of the shareholders as mentioned above.

**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 March 2019 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  
3 May 2019