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# **MALAYSIA SMELTING CORPORATION BERHAD**

## **INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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MALAYSIA SMELTING CORPORATION BERHAD (197801006055 (43072-A))

19 February 2021



**Malaysia Smelting Corporation Berhad (197801006055 (43072-A))**  
**Interim Financial Report**  
**For the Fourth Quarter ended 31 December 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

		As at 31.12.2020 Unaudited RM'000	As at 31.12.2019 Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		133,844	115,323
Right-of-use assets		6,918	10,386
Land held for development		78,654	78,654
Intangible assets		3,315	4,063
Investments in associates and joint ventures		26,303	30,436
Investment securities		23,359	9,762
Other non-current assets		12,637	13,831
Deferred tax assets		8,549	9,457
		293,579	271,912
<b>Current assets</b>			
Inventories		604,817	467,443
Trade receivables	B5	25,576	13,676
Other receivables		1,168	2,995
Trade prepayments		10,255	5,636
Other prepayments		1,058	1,997
Tax recoverable		17,589	23,785
Derivative financial instruments		625	1,078
Cash, bank balances and deposits		36,846	35,738
		697,934	552,348
<b>Total assets</b>		991,513	824,260
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Provisions		13,795	15,458
Borrowings	B6	355,223	266,171
Trade and other payables		58,235	56,368
Lease liabilities		1,621	6,936
Current tax payable		607	2,133
Derivative financial instruments		1,075	1,791
		430,556	348,857
<b>Net current assets</b>		267,378	203,491
<b>Non-current liabilities</b>			
Provisions		36,526	27,652
Deferred tax liabilities		2,554	1,912
Borrowings	B6	49,357	-
Loan from immediate holding company		73,461	73,461
Lease liabilities		4,187	3,184
Derivative financial instruments		531	-
		166,616	106,209
<b>Total liabilities</b>		597,172	455,066
<b>Net assets</b>		394,341	369,194
<b>Equity attributable to owners of the Company</b>			
Share capital		200,000	200,000
Other reserves		21,832	4,400
Retained earnings		172,606	164,505
		394,438	368,905
<b>Non-controlling interest</b>		(97)	289
<b>Total Equity</b>		394,341	369,194
<b>Total equity and liabilities</b>		991,513	824,260
<b>Net assets per share attributable to owners of the Company (RM)</b>		<b>0.99</b>	<b>0.92</b>

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 2019 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 2020**

	Note	4 th Quarter 3 months ended		Year to Date 12 months ended	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<b>Revenue</b>	<b>A8</b>	<u>232,574</u>	<u>182,732</u>	<u>813,359</u>	<u>983,567</u>
Operating profit/(loss)		30,482	(7,999)	45,872	65,262
Finance costs		(4,589)	(4,100)	(16,139)	(16,548)
Share of results of associates and joint ventures		<u>(3,835)</u>	<u>(4,305)</u>	<u>(3,950)</u>	<u>(4,052)</u>
<b>Profit/(Loss) before tax</b>	<b>B2</b>	22,058	(16,404)	25,783	44,662
Income tax (expense)/credit	<b>B3</b>	(6,585)	451	(10,068)	(13,977)
<b>Profit/(Loss) net of tax</b>		<u>15,473</u>	<u>(15,953)</u>	<u>15,715</u>	<u>30,685</u>
<b>Attributable to:</b>					
Owners of the Company		15,857	(15,952)	16,101	30,686
Non-controlling interest		(384)	(1)	(386)	(1)
		<u>15,473</u>	<u>(15,953)</u>	<u>15,715</u>	<u>30,685</u>
<b>Earnings/(Loss) per share attributable to owners of the Company (sen):</b>					
Basic and diluted	<b>B12</b>	<u>4.0</u>	<u>(4.0)</u>	<u>4.0</u>	<u>7.7</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 2019 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	4 th Quarter		Year to Date	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
<b>Profit/(Loss) net of tax</b>	15,473	(15,953)	15,715	30,685
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss:</b>				
Revaluation reserves on property, plant and equipment, net	4,083	2,708	4,083	2,708
Net fair value changes in quoted investments at Fair Value through Other Comprehensive Income ("FVOCI")	9,447	(2,669)	13,597	(4,743)
	<u>13,530</u>	<u>39</u>	<u>17,680</u>	<u>(2,035)</u>
<b>Items that may be subsequently reclassified to profit or loss:</b>				
Foreign currency translation	3	2	2	1
Share of foreign currency translation of an associate and a joint venture	(621)	545	(250)	257
	<u>(618)</u>	<u>547</u>	<u>(248)</u>	<u>258</u>
<b>Other comprehensive income for the year, net of tax</b>	12,912	586	17,432	(1,777)
<b>Total comprehensive income for the year</b>	<u>28,385</u>	<u>(15,367)</u>	<u>33,147</u>	<u>28,908</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	28,769	(15,366)	33,533	28,909
Non-controlling interest	(384)	(1)	(386)	(1)
	<u>28,385</u>	<u>(15,367)</u>	<u>33,147</u>	<u>28,908</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 2019 and the accompanying explanatory notes attached to the Interim Financial Report.





**Malaysia Smelting Corporation Berhad (197801006055 (43072-A))**  
**Interim Financial Report**  
**For the Fourth Quarter ended 31 December 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
<b>Operating activities</b>		
Operating cash flows before changes in working capital	57,551	82,383
Increase in inventories	(130,274)	(34,381)
(Increase)/Decrease in trade and other receivables	(10,145)	11,903
(Increase)/Decrease in trade prepayments	(4,619)	13,333
Decrease/(Increase) in other prepayments	909	(930)
Increase in payables	2,206	6,200
(Decrease)/Increase in amount due to immediate holding company	(33)	14
Decrease in amount due from associates and joint ventures	-	404
<b>Cash (used in)/generated from operations</b>	<b>(84,405)</b>	<b>78,926</b>
Income tax paid	(5,140)	(18,128)
Interest paid	(14,873)	(14,364)
Payment for voluntary separation compensation	(2,016)	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(106,434)</b>	<b>46,434</b>
<b>Investing activities</b>		
Interest received	838	1,156
Net dividend received from an associate	-	9
Payment for deferred mine exploration and evaluation expenditures and mine properties	(1,319)	(861)
Payment for right-of-use assets	(781)	(58)
Proceeds from disposal of non-current assets classified as held for sale	-	4,556
Proceeds from disposal of property, plant and equipment	115	-
Purchase of property, plant and equipment	(14,674)	(13,389)
<b>Net cash used in investing activities</b>	<b>(15,821)</b>	<b>(8,587)</b>
<b>Financing activities</b>		
Dividend paid	(8,000)	(8,000)
Drawdown/(Repayment) of short term trade borrowings	138,396	(26,891)
Payment of lease liabilities	(6,998)	(4,250)
<b>Net cash generated from/(used in) financing activities</b>	<b>123,398</b>	<b>(39,141)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,143</b>	<b>(1,294)</b>
Effect of changes in foreign exchange rates	(35)	(1)
<b>Cash and cash equivalents as at 1 January</b>	<b>35,738</b>	<b>37,033</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>36,846</b>	<b>35,738</b>
	<b>2020</b>	<b>2019</b>
<b>Cash and bank balances comprise the following at 31 December:</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short term deposits	36,846	35,738
Deposits of more than three months maturity with licensed banks	-	-
	<b>36,846</b>	<b>35,738</b>

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

	Carrying as at		Non-cash changes			Carrying amount as at	
	1 January 2020	Cash flows	Additions	Derecognition	Foreign movement	31 December 2020	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Lease liabilities	10,120	(6,998)	3,906	(1,220)	-	5,808	5,808
Loan from immediate holding company	73,461	-	-	-	-	73,461	73,461
Short term trade borrowings	216,912	138,396	-	-	(85)	355,223	355,223
Term loan	49,259	-	-	-	98	49,357	49,357
<b>Total liabilities from financing activities</b>	<b>349,752</b>	<b>131,398</b>	<b>3,906</b>	<b>(1,220)</b>	<b>13</b>	<b>483,849</b>	<b>483,849</b>
	<b>Carrying as at</b>	<b>Non-cash changes</b>			<b>Foreign movement</b>	<b>Carrying amount as at</b>	
	1 January 2019	Cash flows	Additions	Derecognition	RM'000	31 December 2019	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Lease liabilities	-	(4,250)	14,370	-	-	10,120	
Loan from immediate holding company	73,461	-	-	-	-	73,461	
Short term trade borrowings	243,838	(26,891)	-	-	(35)	216,912	
Term loan	49,177	-	-	-	82	49,259	
<b>Total liabilities from financing activities</b>	<b>366,476</b>	<b>(31,141)</b>	<b>14,370</b>	<b>-</b>	<b>47</b>	<b>349,752</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 2019 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 2019.

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 2019.

### 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 2019 except for the adoption of the pronouncements that became effective from 1 January 2020.

<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
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures – <i>Interest Rate Benchmark Reform</i>	1 January 2020

**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)**

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to MFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9	Effective immediately

The adoption of the above pronouncements did not have a material impact on the financial statements of the Group.

**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 16 Leases – COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRSs contained in the document entitled “ <i>Annual Improvements to MFRS Standards 2018-2020</i> ”	1 January 2022
Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment – Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2023
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 ended 31 December 2020 except for reversal of inventories written down to net realisable value as disclosed in Note B2.





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

**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 ended 31 December 2020.

**A6. Debt and Equity Securities**

There were no issuance and repayment of debts and equity securities during the current quarter and financial year ended 31 December 2020.

**A7. Dividend Paid**

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

	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>First and final single-tier dividend:</b>		
For financial year ended	31 December 2019	31 December 2018
Approved and declared on	2 September 2020	24 May 2019
Date paid	30 September 2020	28 June 2019
Number of ordinary shares on which dividends were paid ('000)	400,000	400,000
Dividend per share	2.0 sen	2.0 sen
Dividend paid	RM8,000,000	RM8,000,000





**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 December 2019</b>						
<b>Revenue</b>						
Sales to external customers	182,732	-	-	182,732	-	182,732
Inter-segment sales	-	42,004	-	42,004	(42,004)	-
<b>Total revenue</b>	<b>182,732</b>	<b>42,004</b>	<b>-</b>	<b>224,736</b>	<b>(42,004)</b>	<b>182,732</b>
<b>Results</b>						
Operating (loss)/profit	(19,059)	11,590	(913)	(8,382)	383	(7,999)
Finance costs	(3,464)	(553)	(83)	(4,100)	-	(4,100)
Share of results of associates and joint ventures	-	-	(4,305)	(4,305)	-	(4,305)
(Loss)/Profit before tax	(22,523)	11,037	(5,301)	(16,787)	383	(16,404)
Income tax credit/(expense)	3,625	(3,082)	-	543	(92)	451
<b>(Loss)/Profit net of tax</b>	<b>(18,898)</b>	<b>7,955</b>	<b>(5,301)</b>	<b>(16,244)</b>	<b>291</b>	<b>(15,953)</b>
<b>Results for 12 months ended 31 December 2020</b>						
<b>Revenue</b>						
Sales to external customers	813,359	-	-	813,359	-	813,359
Inter-segment sales	-	160,425	-	160,425	(160,425)	-
<b>Total revenue</b>	<b>813,359</b>	<b>160,425</b>	<b>-</b>	<b>973,784</b>	<b>(160,425)</b>	<b>813,359</b>
<b>Results</b>						
Operating profit/(loss)	18,182	33,650	5	51,837	(5,965)	45,872
Finance costs	(13,432)	(2,276)	(431)	(16,139)	-	(16,139)
Share of results of associates and joint ventures	-	-	(3,950)	(3,950)	-	(3,950)
Profit/(Loss) before tax	4,750	31,374	(4,376)	31,748	(5,965)	25,783
Income tax (expense)/credit	(1,327)	(10,173)	-	(11,500)	1,432	(10,068)
<b>Profit/(Loss) net of tax</b>	<b>3,423</b>	<b>21,201</b>	<b>(4,376)</b>	<b>20,248</b>	<b>(4,533)</b>	<b>15,715</b>



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**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 12 months ended 31 December 2019</b>						
<b>Revenue</b>						
Sales to external customers	983,567	-	-	983,567	-	983,567
Inter-segment sales	-	165,652	-	165,652	(165,652)	-
<b>Total revenue</b>	<b>983,567</b>	<b>165,652</b>	<b>-</b>	<b>1,149,219</b>	<b>(165,652)</b>	<b>983,567</b>
<b>Results</b>						
Operating (loss)/profit	(24,532)	90,367	(956)	64,879	383	65,262
Finance costs	(14,206)	(1,874)	(468)	(16,548)	-	(16,548)
Share of results of associates and joint ventures	-	-	(4,052)	(4,052)	-	(4,052)
(Loss)/Profit before tax	(38,738)	88,493	(5,476)	44,279	383	44,662
Income tax credit/(expense)	7,940	(21,825)	-	(13,885)	(92)	(13,977)
<b>(Loss)/Profit net of tax</b>	<b>(30,798)</b>	<b>66,668</b>	<b>(5,476)</b>	<b>30,394</b>	<b>291</b>	<b>30,685</b>

**Assets and Liabilities as at 31 December 2020**

<b>Assets</b>						
Segment assets	875,068	74,596	23,367	973,031	(7,821)	965,210
Investment in associates and joint ventures	-	-	26,303	26,303	-	26,303
<b>Total assets</b>	<b>875,068</b>	<b>74,596</b>	<b>49,670</b>	<b>999,334</b>	<b>(7,821)</b>	<b>991,513</b>
<b>Liabilities</b>						
Segment liabilities	<b>543,568</b>	<b>53,501</b>	<b>103</b>	<b>597,172</b>	<b>-</b>	<b>597,172</b>

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

<b>Assets</b>						
Segment assets	715,591	71,750	9,771	797,112	(3,288)	793,824
Investment in associates and joint ventures	-	-	30,436	30,436	-	30,436
<b>Total assets</b>	<b>715,591</b>	<b>71,750</b>	<b>40,207</b>	<b>827,548</b>	<b>(3,288)</b>	<b>824,260</b>
<b>Liabilities</b>						
Segment liabilities	<b>406,306</b>	<b>48,679</b>	<b>81</b>	<b>455,066</b>	<b>-</b>	<b>455,066</b>



## PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

### **A10. Property, Plant and Equipment**

The land and buildings have been revalued in December 2020, giving a net revaluation surplus of RM4.1 million.

### **A11. Event After the Reporting Year**

There was no material event subsequent to financial year ended 31 December 2020.

### **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 ended 31 December 2020.

### **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 ended 31 December 2020 except for the following:

A subsidiary defended a legal action brought about by two companies (“Plaintiffs”) for the payment of tributes. Following completion of the trial on 26 July 2019, the decision delivered by the judge on 31 July 2019 was in subsidiary’s favour. The two companies have filed an Appeal at the Court of Appeal. The hearing of the Appeal was fixed on 24 August 2020. However, the Court of Appeal subsequently vacated the hearing and has rescheduled the same to 16 August 2021. The hearing has been rescheduled again to 25 August 2021. The estimated liability is approximately RM54.6 million as at 31 December 2020 should the Plaintiffs action be successful.

The Board, having obtained advice from its legal counsel, is of the opinion that the Plaintiff’s appeal is unlikely (i.e. possible, but not probable) to succeed and accordingly no provision for liability is required to be made in the financial statements.

In connection with the abovementioned case, the subsidiary has separately instituted legal action against two former executive officers of the Company, the above two companies, and certain persons connected with the two companies, claiming for damages for breach of fiduciary duties, conspiracy, dishonest assistance. The Defendants have applied to the Court to strike out the subsidiary’s claim. The hearing for the striking out applications was held on 7 October 2020 whereby the learned judge decided that the applications will be decided based on written submission. The decision on the applications is scheduled to be handed down on 5 November 2020. However, the decision on the striking out applications was deferred to 17 December 2020. In this regard, the High Court has dismissed all the striking out applications by the Defendants. Except for one Defendant, all the other Defendants have filed an appeal against the High Court’s decision to dismiss their striking out application. The same Defendants have also applied for a stay of proceedings at the High Court pending the resolution of their appeal. In respect of the Defendant that did not appeal against the decision of the High Court, the deadline to file an appeal against this decision has passed.

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

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

**A14. Capital Commitments**

Capital commitments of the Group as at 31 December 2020 are as follows:

	<b>31.12.2020</b> <b>RM'000</b>	<b>31.12.2019</b> <b>RM'000</b>
Approved and contracted for	16,324	16,361
Approved but not contracted for	1,120	1,598
	<b>17,444</b>	<b>17,959</b>

**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 2019.

**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:

	<b>Level 1</b> <b>RM'000</b>	<b>Level 2</b> <b>RM'000</b>	<b>Level 3</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
<b>At 31 December 2020</b>				
<b>Assets measured at fair value:</b>				
Land and buildings	-	-	54,268	54,268
Investment securities	23,359	-	-	23,359
Derivative financial instruments – current	-	625	-	625
<b>Liabilities measured at fair value:</b>				
Derivative financial instruments – current	1,075	-	-	1,075
Derivative financial instruments – non-current	-	531	-	531

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

**A16. Fair Value of Assets and Liabilities (cont'd)**

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>At 31 December 2019</b>				
<b>Assets measured at fair value:</b>				
Land and buildings	-	-	50,128	50,128
Investment securities	9,762	-	-	9,762
Derivative financial instruments – current	-	1,078	-	1,078
<b>Liabilities measured at fair value:</b>				
Derivative financial instruments – current	797	994	-	1,791

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 ended 31 December 2020.



**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 2019 was unqualified.

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

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

	4 <sup>th</sup> Quarter ended 31.12.2020 RM'000	4 <sup>th</sup> Quarter ended 31.12.2019 RM'000	12 months ended 31.12.2020 RM'000	12 months ended 31.12.2019 RM'000
<b>After charging/(crediting):</b>				
Depreciation and amortisation	2,591	5,934	16,987	18,526
Fair value loss/(gain) in derivative financial instruments				
- Forward tin contracts	1,911	1,502	278	797
- Forward currency contracts	(1,574)	(1,448)	(10)	174
Gain on disposal of property, plant and equipment	-	-	(110)	-
Gain on lease modification	(17)	-	(17)	-
Net foreign exchange loss/(gain)	1,147	309	1,206	(583)
(Reversal of impairment)/ Impairment of investments in associate and joint venture	(67)	904	(67)	904
Impairment of corporate club memberships	49	-	49	-
Impairment of mine properties	1,450	-	1,450	-
Impairment of mining rights	440	-	440	-
Impairment of receivables	36	-	36	-
Interest income	(134)	(164)	(838)	(1,153)
(Reversal of inventories written down)/ Inventories written down to net realisable value	(21,100)	13,800	(7,100)	31,100
Other income including investment income	(72)	(875)	(186)	(8,902)
Property, plant and equipment written off	123	38	123	38
Provision for voluntary separation compensation	418	15,000	418	15,000
Reversal of provision for environmental waste removal no longer required	-	(842)	-	(842)
Reversal of provision for tribute no longer required	-	-	-	(48,354)

Save as disclosed above, there was no material impairment of assets recognised as a loss during the current quarter and financial year ended 31 December 2020.

**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:

	4 <sup>th</sup> Quarter ended 31.12.2020 RM'000	4 <sup>th</sup> Quarter ended 31.12.2019 RM'000	12 months ended 31.12.2020 RM'000	12 months ended 31.12.2019 RM'000
Income tax				
- Current provision	(4,076)	(1,757)	(9,396)	(13,200)
- (Under)/Over provision in prior year	(451)	-	(414)	820
	(4,527)	(1,757)	(9,810)	(12,380)
Deferred tax				
- Relating to origination and reversal of temporary differences	(2,705)	3,946	(1,006)	(1,749)
- Over/(Under) provision in prior year	647	(1,738)	748	152
	(2,058)	2,208	(258)	(1,597)
<b>Total income tax (expense)/credit</b>	<b>(6,585)</b>	<b>451</b>	<b>(10,068)</b>	<b>(13,977)</b>

For the current financial year ended 31 December 2020, 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 13 February 2021, 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 2020 is as follows:

	Not past due RM'000	< 30 days RM'000	30 to 60 days RM'000	Past due 61 to 90 days RM'000	91 to 120 days RM'000	>120 days RM'000	Total RM'000
Trade receivables as at 31.12.2020	25,328	-	240	6	-	2	25,576
Trade receivables as at 31.12.2019	13,556	-	74	10	-	36	13,676

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 RM248,000 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 December 2020 are as follows:

	<b>As at 31.12.2020 RM'000</b>	<b>As at 31.12.2019 RM'000</b>
<b>Short Term Borrowings (unsecured)</b>		
Short term trade financing	23,650	1,769
Bankers' acceptances / Trust receipt	301,573	185,143
Revolving credit	30,000	30,000
Term loan	-	49,259
	<b>355,223</b>	<b>266,171</b>
<b>Long Term Borrowings (unsecured)</b>		
Term loan	49,357	-
	<b>404,580</b>	<b>266,171</b>

<b>Amount denominated in foreign currency</b>	<b>'000</b>	<b>'000</b>
Short term trade financing (US dollars)	5,871	432
Term loan (Singapore dollars)	16,200	16,200

During the financial year, the Group increased its total borrowings by approximately 52.0% from RM266.2 million as at 31 December 2019 to RM404.6 million as at 31 December 2020 due to drawdown of short term borrowings for working capital requirements. Consequentially, the gearing ratio of the Group increased to 1.0 as at 31 December 2020 from 0.7 as at 31 December 2019. 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 2020 for the Group was 2.8% (2019: 3.9%) per annum. Revolving credit as at 31 December 2020 bears interest rate of 4.1% (2019: 5.3%) 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 3.1448. The term loan bears a fixed interest rate of 3.5% 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 2019.

The outstanding forward tin contracts and forward foreign currency contracts as at 31 December 2020 are as follows:

<b>Derivative Financial Instruments</b>	<b>Contract Value RM'000</b>	<b>Fair Value RM'000</b>	<b>Fair Value – Financial Assets/(Liabilities) RM'000</b>
<b>At 31 December 2020</b>			
Forward Tin Contracts			
- Less than 1 year	33,171	36,693	(1,075)
Forward Currency Contracts			
- Less than 1 year	59,747	59,122	625
- 1 year to 3 years	50,946	50,415	(531)
<b>At 31 December 2019</b>			
Forward Tin Contracts			
- Less than 1 year	29,777	30,653	(797)
Forward Currency Contracts			
- Less than 1 year	124,893	122,774	84

**B8. Material Litigation**

There was no material litigation as at 13 February 2021, 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 31.12.2020 RM'000</b>	<b>Immediate Preceding Quarter 30.09.2020 RM'000</b>	<b>Changes %</b>
Revenue	232,574	230,826	1%
Operating Profit	30,482	20,946	46%
Profit Before Interest and Tax	26,647	21,186	26%
Profit Before Tax	22,058	17,342	27%
Profit After Tax	15,473	12,538	23%
Profit Attributable to Owners of the Company	15,857	12,538	26%

4Q 2020 vs. 3Q 2020 (QoQ)

The Group recorded revenue of RM 232.6 million in 4Q 2020 as compared with RM 230.8 million in 3Q 2020, while the Group's profit before tax in 4Q 2020 was RM 22.1 million as compared with RM 17.3 million in 3Q 2020. This was mainly due to increase in average tin prices from RM73,708 (3Q 2020) to RM76,870 (4Q 2020) per metric tonne.

The tin smelting segment recorded a profit before tax of RM 18.7 million in 4Q 2020 as compared with RM 10.6 million in 3Q 2020. This was mainly due to RM21.1 million reversal of inventories written down in 4Q 2020 (3Q 2020: RM Nil), offset by lower smelting revenue.

The tin mining segment recorded a profit before tax of RM12.0 million in 4Q 2020 as compared with RM10.0 million in 3Q 2020. This was mainly due to higher average tin prices as stated above and higher sales quantity of refined tin in 4Q 2020, offset with impairment of mine properties and mining rights.

The Group's share of results of associates and joint ventures recorded a net share of loss of RM 3.8 million in 4Q 2020 as compared with a net share of profit of RM 0.2 million in 3Q 2020, mainly from the offshore investment at Labuan, Malaysia.

**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 (4th quarter)		Changes %
	Current Year To- date	Preceding Year Corresponding Period		Current Year Quarter	Preceding Year Corresponding Quarter	
	31.12.2020 RM'000	31.12.2019 RM'000		31.12.2020 RM'000	31.12.2019 RM'000	
Revenue	813,359	983,567	(17%)	232,574	182,732	27%
Operating Profit/(Loss)	45,872	65,262	(30%)	30,482	(7,999)	481%
Profit/(Loss) Before Interest and Tax	41,922	61,210	(32%)	26,647	(12,304)	317%
Profit/(Loss) Before Tax	25,783	44,662	(42%)	22,058	(16,404)	234%
Profit/(Loss) After Tax	15,715	30,685	(49%)	15,473	(15,953)	197%
Profit/(Loss) Attributable to Owners of the Company	16,101	30,686	(48%)	15,857	(15,952)	199%

12M 2020 vs. 12M 2019 (YoY)

Group revenue was RM813.4 million for the year ended 31 December 2020 as compared with RM983.6 million in 2019, while the Group recorded a profit before tax of RM25.8 million in 2020 as compared with RM44.7 million in 2019.

This was mainly due to lower average tin prices for 2020 of RM71,559 as compared with 2019 of RM77,024 per metric tonne, and lower sales quantity of refined tin in 2020 as a result of the Covid-19 pandemic and disruptions in the smelting and mining operations from the temporary closure during MCO period, and the absence of a reversal of provision for tribute no longer required amounting to RM48.4 million recorded in 2019.

The tin smelting segment recorded a profit before tax of RM4.8 million in 2020 as compared with a loss before tax of RM38.7 million in 2019. This was mainly due to RM7.1 million reversal of inventories written down in 2020 (2019: inventories written down to net realisable value of RM31.1 million), offset by lower profit from sale of by-products.

The tin mining segment recorded a profit before tax of RM31.4 million in 2020 as compared with RM88.5 million in 2019. This was mainly due to the absence of a reversal of provision for tribute no longer required amounting to RM48.4 million recorded in 2019 and lower average tin prices in 2020.

The Group's share of results of associates and joint ventures recorded a net share of loss of RM4.0 million in 2020 as compared with a net share of loss of RM4.1 million in 2019.



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

**B10. Review of Performance (cont'd)**

4Q 2020 vs. 4Q 2019 (YoY)

Group revenue was RM232.6 million in 4Q 2020 as compared with RM182.7 million in 4Q 2019, while the Group recorded a profit before tax of RM22.1 million in 4Q 2020 as compared with a loss before tax of RM16.4 million in 4Q 2019. This was mainly due to higher average tin prices of RM76,870 (4Q 2020) as compared with RM69,146 (4Q 2019) per metric tonne and higher sales quantity of refined tin in 4Q 2020.

The tin smelting segment recorded a profit before tax of RM18.7 million in 4Q 2020 as compared with a loss before tax of RM22.5 million in 4Q 2019. This was mainly due to RM21.1 million reversal of inventories written down in 4Q 2020 (4Q 2019: inventories written down to net realisable value of RM13.8 million).

The tin mining segment recorded a profit before tax of RM12.0 million in 4Q 2020 as compared with RM11.0 million in 4Q 2019. This was mainly due to higher average tin prices as stated above and higher sales quantity of refined tin in 4Q 2020, offset with impairment of mine properties and mining rights.

The Group's share of results of associates and joint ventures recorded a net share of loss of RM3.8 million in 4Q 2020 as compared with a net share of loss of RM4.3 million in 4Q 2019.

**B11. Prospects**

The recent rise in the Covid-19 infections within the country has resulted in the Government adopting harsher movement control measures (MCO) and declaration of a State of Emergency. Uncertainties persist about the future course of the pandemic and its further economic and social consequences arising thereafter. Although subsequent easing in control measures/lockdown can lead to a partial recovery, economic activity is likely to remain subdued until health risks abate.

The Covid-19 economic shockwaves will take some time to subside and together with the prolonged global trade tensions will have some profound effects on the tin industry. With that in mind, the Group remains cautious, and will continue to focus on its operational efficiencies and improve on all areas of operations, technology, manpower and logistics. The operation in the Pulau Indah plant, using the newer and more efficient technology and a more productive work force, is currently in the testing stage and it is expected to be fully commissioned by late 2021/early 2022. With the utilisation of the ISASMELT furnace, we will reduce operational and manpower costs, while improving our carbon footprint. Resulting from the rationalisation of the Group's business operations, we expect overheads to increase as we run two plants which will impact our financial performance. Once the move is completed, we expect to be operationally efficient.

For our tin mining segment, we have undertaken efforts to increase daily mining output and improve our overall mining productivity, and the Group will also look at potential joint ventures to expand its mining activities.



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

**B12. Earnings/(Loss) Per Share Attributable to Owners of the Company**

	4 <sup>th</sup> Quarter ended 31.12.2020	4 <sup>th</sup> Quarter ended 31.12.2019	12 months ended 31.12.2020	12 months ended 31.12.2019
Profit/(Loss) net of tax attributable to owners of the Company (RM'000)	15,857	(15,952)	16,101	30,686
Weighted average number of ordinary shares in issue ('000)	400,000	400,000	400,000	400,000
<b>Basic and diluted earnings/(loss) per share (sen)</b>	<b>4.0</b>	<b>(4.0)</b>	<b>4.0</b>	<b>7.7</b>

**B13. Dividend**

The Board of Directors has recommended, for approval at the forthcoming Annual General Meeting, payment of a first and final single tier dividend of RM0.01 per share (2019: RM0.02 per share) amounting to RM4,000,000 (2019: RM8,000,000) for the financial year ended 31 December 2020. The book closure date and the date of the payment of the dividend will be determined and announced at a later date.

**Authorised for Issue**

The Interim results was authorised for issue by the Board in accordance with a resolution of the Directors on 19 February 2021.