



MALAYSIA SMELTING CORPORATION BERHAD

INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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

19 MAY 2023



Malaysia Smelting Corporation Berhad (197801006055 (43072-A))
Interim Financial Report
For the First Quarter ended 31 March 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	As at 31.03.2023 Unaudited RM'000	As at 31.12.2022 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment		160,293	155,888
Right-of-use assets		5,332	5,430
Land held for development		78,654	78,654
Mining rights		141,596	141,617
Corporate club memberships		431	433
Investments in associate and joint venture		30,109	29,974
Investment securities		32,959	32,885
Deferred mine exploration and evaluation expenditures		1,408	1,326
Mine properties		11,968	12,185
Deferred tax assets		5,633	6,541
		468,383	464,933
Current assets			
Inventories		567,451	570,709
Trade receivables	B5	12,461	31,523
Other receivables		675	705
Trade prepayments		64,651	66,503
Other prepayments		2,283	1,650
Tax recoverable		16,933	17,495
Derivative financial instruments		-	1,115
Cash, bank balances and deposits		193,366	151,221
		857,820	840,921
Total assets		1,326,203	1,305,854
Equity and liabilities			
Current liabilities			
Provisions		14,594	14,294
Borrowings	B6	266,209	268,976
Trade and other payables		97,449	111,236
Lease liabilities		1,027	777
Current tax payable		13,135	8,452
Derivative financial instruments		-	153
		392,414	403,888
Net current assets		465,406	437,033
Non-current liabilities			
Provisions		48,856	48,346
Deferred tax liabilities		3,098	3,098
Borrowings	B6	62,222	68,889
Lease liabilities		3,877	4,137
		118,053	124,470
Total liabilities		510,467	528,358
Net assets		815,736	777,496
Equity attributable to owners of the Company			
Share capital		237,194	237,194
Other reserves		38,011	37,859
Retained earnings		479,537	444,127
		754,742	719,180
Non-controlling interests		60,994	58,316
Total Equity		815,736	777,496
Total equity and liabilities		1,326,203	1,305,854
Net assets per share attributable to owners of the Company (RM)		1.80	1.71

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 2022 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2023**

	Note	1 st Quarter 3 months ended		Year to Date 3 months ended	
		31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
Revenue	A8	340,058	359,478	340,058	359,478
Operating profit		56,334	94,731	56,334	94,731
Finance costs		(4,832)	(5,201)	(4,832)	(5,201)
Share of results of associate and joint venture		132	706	132	706
Profit before tax	B2	51,634	90,236	51,634	90,236
Income tax expense	B3	(13,546)	(25,939)	(13,546)	(25,939)
Profit net of tax		38,088	64,297	38,088	64,297
Attributable to:					
Owners of the Company		35,410	64,341	35,410	64,341
Non-controlling interests		2,678	(44)	2,678	(44)
		38,088	64,297	38,088	64,297
Earnings per share attributable to owners of the Company (sen):					
Basic and diluted	B12	8.4	15.3	8.4	15.3

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 2022 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2023**

	1 st Quarter		Year to Date	
	3 months ended		3 months ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	38,088	64,297	38,088	64,297
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Net fair value changes in quoted investments at Fair Value through Other Comprehensive Income ("FVOCI")	74	15,258	74	15,258
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	-	(1)	-	(1)
Share of foreign currency translation of associate and joint venture	78	22	78	22
	78	21	78	21
Other comprehensive income for the period, net of tax	152	15,279	152	15,279
Total comprehensive income for the period	38,240	79,576	38,240	79,576
Total comprehensive income attributable to:				
Owners of the Company	35,562	79,620	35,562	79,620
Non-controlling interests	2,678	(44)	2,678	(44)
	38,240	79,576	38,240	79,576

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 2022 and the accompanying explanatory notes attached to the Interim Financial Report.



Malaysia Smelting Corporation Berhad (197801006055 (43072-A))
Interim Financial Report
For the First Quarter ended 31 March 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2023

	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Operating activities		
Operating cash flows before changes in working capital	59,352	97,506
Decrease/(Increase) in inventories	3,258	(44,001)
Decrease/(Increase) in trade and other receivables	18,905	(26,279)
Decrease in trade prepayments	1,852	25,107
Increase in other prepayments	(832)	(901)
(Decrease)/Increase in payables	(4,654)	15,817
Decrease in amount due to an associate	(946)	-
Cash generated from operations	<u>76,935</u>	<u>67,249</u>
Income tax paid	(7,395)	(8,948)
Interest paid	(3,810)	(4,644)
Net cash generated from operating activities	<u>65,730</u>	<u>53,657</u>
Investing activities		
Dividend received from an associate	75	-
Dividend received from investment securities	1,128	-
Interest received	784	355
Payment for deferred mine exploration and evaluation expenditures and mine properties	(82)	(83)
Proceeds from disposal of investment securities	-	11,294
Proceeds from disposal of property, plant and equipment	-	35
Purchase of property, plant and equipment	(7,355)	(2,619)
Net cash (used in)/generated from investing activities	<u>(5,450)</u>	<u>8,982</u>
Financing activities		
Dividend paid to a non-controlling shareholder of a subsidiary	(8,168)	-
Repayment of short term trade borrowings	(9,588)	(50,266)
Drawdown of term loan	-	40,000
Payment of lease liabilities	(55)	(26)
Net cash used in financing activities	<u>(17,811)</u>	<u>(10,292)</u>
Net increase in cash and cash equivalents	42,469	52,347
Effect of changes in foreign exchange rates	(324)	77
Cash and cash equivalents as at 1 January	<u>151,221</u>	<u>122,576</u>
Cash and cash equivalents as at 31 March	<u>193,366</u>	<u>175,000</u>

Reconciliation of liabilities arising from financing activities:

	← Non-cash changes →				
	Carrying amount as at	Cash flows	Accrued interest	Foreign exchange movement	Carrying amount as at
	1 January 2023 RM'000				31 March 2023 RM'000
Lease liabilities	4,914	(55)	45	-	4,904
Short term trade borrowings	257,865	(9,588)	-	154	248,431
Term loan	80,000	-	-	-	80,000
Total liabilities from financing activities	<u>342,779</u>	<u>(9,643)</u>	<u>45</u>	<u>154</u>	<u>333,335</u>

	← Non-cash changes →				
	Carrying amount as at	Cash flows	Accrued interest	Foreign exchange movement	Carrying amount as at
	1 January 2022 RM'000				31 March 2022 RM'000
Lease liabilities	4,425	(26)	45	-	4,444
Loan from immediate holding company	73,461	-	-	-	73,461
Short term trade borrowings	366,298	(50,266)	-	(65)	315,967
Term loans	90,008	40,000	-	337	130,345
Total liabilities from financing activities	<u>534,192</u>	<u>(10,292)</u>	<u>45</u>	<u>272</u>	<u>524,217</u>

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 2022 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 2022.

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 2022.

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 2022 except for the adoption of the pronouncements that became effective from 1 January 2023.

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts (<i>Initial Application of MFRS 17 and MFRS 9 – Comparative Information</i>)	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 (<i>Disclosure of Accounting policies</i>)	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (<i>Definition of Accounting Estimates</i>)	1 January 2023
Amendments to MFRS 112 Income Taxes (<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>)	1 January 2023

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



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:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 16 Leases (<i>Lease Liability in a Sale and Leaseback</i>)	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements (<i>Non-current Liabilities with Covenants</i>)	1 January 2024
Amendments to MFRS 10 and MFRS 128 Consolidated Financial Statement: 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.

A5. Significant Changes in Estimates

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

A6. Debt and Equity Securities

There were no issuance and repayment of debts and equity securities during the current quarter.

A7. Dividend Paid

There was no dividend paid during the current quarter and previous year corresponding quarter.

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 RM'000	Total RM'000
For 3 months ended 31 March 2023					
Major products or services:					
Sale of tin	323,436	72,856	396,292	(72,856)	323,436
Smelting revenue	9,555	-	9,555	-	9,555
Sale of by-products	6,554	-	6,554	-	6,554
Others	513	-	513	-	513
	<u>340,058</u>	<u>72,856</u>	<u>412,914</u>	<u>(72,856)</u>	<u>340,058</u>
Timing of revenue recognition					
At a point in time	<u>340,058</u>	<u>72,856</u>	<u>412,914</u>	<u>(72,856)</u>	<u>340,058</u>
For 3 months ended 31 March 2022					
Major products or services:					
Sale of tin	352,148	107,267	459,415	(107,267)	352,148
Smelting revenue	4,731	-	4,731	-	4,731
Sale of by-products	2,345	-	2,345	-	2,345
Others	254	-	254	-	254
	<u>359,478</u>	<u>107,267</u>	<u>466,745</u>	<u>(107,267)</u>	<u>359,478</u>
Timing of revenue recognition					
At a point in time	<u>359,478</u>	<u>107,267</u>	<u>466,745</u>	<u>(107,267)</u>	<u>359,478</u>

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.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting (cont'd)

(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 RM'000	Tin Mining RM'000	Others RM'000	Sub-total RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
Results for 3 months ended 31 March 2023						
Revenue						
Sales to external customers	340,058	-	-	340,058	-	340,058
Inter-segment sales	-	72,856	-	72,856	(72,856)	-
Total revenue	340,058	72,856	-	412,914	(72,856)	340,058
Results						
Operating profit/(loss)	37,254	24,272	(3)	61,523	(5,189)	56,334
Finance costs	(4,091)	(555)	(186)	(4,832)	-	(4,832)
Share of results of associate and joint venture	-	-	132	132	-	132
Profit/(Loss) before tax	33,163	23,717	(57)	56,823	(5,189)	51,634
Income tax (expense)/credit	(8,521)	(6,177)	-	(14,698)	1,152	(13,546)
Profit/(Loss) net of tax	24,642	17,540	(57)	42,125	(4,037)	38,088
Results for 3 months ended 31 March 2022						
Revenue						
Sales to external customers	359,478	-	-	359,478	-	359,478
Inter-segment sales	-	107,267	-	107,267	(107,267)	-
Total revenue	359,478	107,267	-	466,745	(107,267)	359,478
Results						
Operating profit/(loss)	41,542	63,173	(3)	104,712	(9,981)	94,731
Finance costs	(4,535)	(422)	(244)	(5,201)	-	(5,201)
Share of results of associate and joint venture	-	-	706	706	-	706
Profit/(Loss) before tax	37,007	62,751	459	100,217	(9,981)	90,236
Income tax (expense)/credit	(9,274)	(19,060)	-	(28,334)	2,395	(25,939)
Profit/(Loss) net of tax	27,733	43,691	459	71,883	(7,586)	64,297

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
Assets and Liabilities as at 31 March 2023						
Assets						
Segment assets	950,713	317,772	32,967	1,301,452	(5,358)	1,296,094
Investments in associate and joint venture	-	-	30,109	30,109	-	30,109
Total assets	950,713	317,772	63,076	1,331,561	(5,358)	1,326,203
Liabilities						
Segment liabilities	432,079	78,228	160	510,467	-	510,467
Assets and Liabilities as at 31 December 2022						
Assets						
Segment assets	939,267	305,040	32,895	1,277,202	(1,322)	1,275,880
Investments in associate and joint venture	-	-	29,974	29,974	-	29,974
Total assets	939,267	305,040	62,869	1,307,176	(1,322)	1,305,854
Liabilities						
Segment liabilities	445,588	82,613	157	528,358	-	528,358

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 2022.

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.

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 except for the following:

- (i) A subsidiary had instituted legal action against two former executive officers of the Company and other relevant parties (collectively known as the “Defendants”), claiming for damages for breach of fiduciary duties, conspiracy and dishonest assistance.

Based on the settlement agreement entered into with the other relevant parties in respect of a separate case, the subsidiary has discontinued its claim against the other relevant parties who have also discontinued their counterclaim against the subsidiary. Both are without liberty to file afresh and with no order as to costs. However, the suit is ongoing against the two former executives of the Company and pre-trial matters are ongoing. The trial dates have been fixed on 6 to 7 June, 14 June, 7 to 9 August and 21 August 2023.

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

- (ii) A Plaintiff who is representing a supplier of foreign workers, has commenced legal proceedings against the Company, amongst others for the sum of RM2,597,621. The Plaintiff’s cause of action is premised upon a purported breach of contract. The Company denies any breach of contract as alleged. The trial proceeded on 15 and 16 August 2022 wherein the Plaintiff concluded their case. The Court has extended the timeline for the parties to file written submission on or before 19 May 2023 and fixed the matter for oral submission on 1 June 2023. The Board of Directors, having obtained advice from its legal counsel, is of the opinion that the Company has a good chance of winning the case.
- (iii) On 23 December 2021, the Company received a letter of demand from a third party claiming the Company has breached a sale and purchase agreement entered into between the Company and the third party dated 8 July 2019, that the Company agreed to supply 60,000 MT of tin slag at the price of RM 50 per MT within 12 months from the date of agreement (the “Agreement”).

On 27 April 2022, the third party’s (hereinafter referred to as the “Plaintiff”) solicitors served a copy of the Plaintiff’s Writ of Summons dated 26 April 2022 and Statement of Claim dated 20 April 2022 to the Company’s legal counsel. The Company entered its appearance on 29 April 2022 and filed its defense on 25 May 2022.

Before the Case Management (“CM”) on 5 August 2022, the Company’s legal counsel received the amended Writ and Statement of Claim whereby the Plaintiff proposed to reduce their claim from RM 22,042,117 to RM 2,152,533 as they are no longer claiming for certain items as per their original writ and Statement of Claim. Pre-trial matters are ongoing for this case. At a CM on 11 May 2023, the Court has directed parties to complete the filing of pre-trial documents by 16 August 2023. A CM has also been fixed on 16 August 2023 for parties to update the Court on the filing of pre-trial documents and to fix trial dates.

The Company’s legal counsel is of the view that the Company has an arguable case to contend that it did not breach the Agreement and a sufficiently reliable estimate of the financial effect cannot be made due to the lack of particulars and evidence in respect of the claim. Pursuant to this, the Company’s legal counsel had sent an official response to the third party’s solicitor denying that there has been any breach of the Agreement.



PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A14. Capital Commitments

Capital commitments of the Group as at 31 March 2023 are as follows:

	31.03.2023 RM'000	31.12.2022 RM'000
Approved and contracted for	9,349	14,751
Approved but not contracted for	5,242	5,003
	14,591	19,754

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 2022.

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)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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

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 March 2023				
Assets measured at fair value:				
Land and buildings	-	-	59,707	59,707
Investment securities	32,959	-	-	32,959
At 31 December 2022				
Assets measured at fair value:				
Land and buildings	-	-	60,086	60,086
Investment securities	32,885	-	-	32,885

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.



**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 2022 was unqualified.

B2. Profit/(Loss) Before Tax

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

	3 months ended 31.03.2023 RM'000	3 months ended 31.03.2022 RM'000
<i>After charging/(crediting):</i>		
Depreciation and amortisation	3,305	2,847
Dividend income	(1,128)	-
Gain on disposal of property, plant and equipment	-	(35)
Net foreign exchange (gain)/loss	(997)	1,097
Interest income	(784)	(355)
Other income	(98)	(51)
Property, plant and equipment written off	-	10

Save as disclosed above, there was no material impairment of assets recognised as a loss during the current quarter.

B3. Income Tax (Expense)/Credit

Income tax (expense)/credit comprises the following:

	3 months ended 31.03.2023 RM'000	3 months ended 31.03.2022 RM'000
Income tax		
- Current provision	(12,640)	(26,334)
Deferred tax		
- Relating to origination and reversal of temporary differences	(906)	395
Total income tax expense	(13,546)	(25,939)

For the current quarter, 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 13 May 2023, 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 2023 is as follows:

	Not past due	← 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	RM'000
Trade receivables as at 31.03.2023	12,430	-	29	2	-	-	12,461
Trade receivables as at 31.12.2022	31,516	-	7	-	-	-	31,523

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 RM31,000 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 2023 are as follows:

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Short Term Borrowings		
Unsecured:		
Short term trade financing	18,884	30,144
Bankers' acceptances / Trust receipts	204,547	197,721
Revolving credit	25,000	30,000
Secured term loan	17,778	11,111
	266,209	268,976
Long Term Borrowings		
Secured term loan	62,222	68,889
	328,431	337,865

Amount denominated in foreign currency	'000	'000
Short term trade financing (US dollars)	4,277	6,828

During the 3 months ended 31 March 2023, the Group reduced its total borrowings by approximately 3% from RM337.9 million as at 31 December 2022 to RM328.4 million as at 31 March 2023. The gearing ratio of the Group remains at 0.4 as at 31 March 2023 and 31 December 2022. 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 2023 for the Group was 4.3% (2022: 4.1%) per annum. Revolving credit as at 31 March 2023 bears average interest rate of 5.7% (2022: 5.6%) per annum.

The secured term loan as at 31 March 2023 bears interest rate of 4.8% (2022: 4.8%) per annum.



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

B7. Derivative Financial Instruments

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.

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.

As at 31 March 2023, there was no outstanding forward currency contract.

B8. Material Litigation

There was no material litigation as at 13 May 2023, 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
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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 31.03.2023 RM'000	Immediate Preceding Quarter 31.12.2022 RM'000	Changes %
Revenue	340,058	391,150	(13%)
Operating Profit	56,334	43,836	29%
Profit Before Interest and Tax	56,466	42,929	32%
Profit Before Tax	51,634	38,459	34%
Profit After Tax	38,088	27,770	37%
Profit Attributable to Owners of the Company	35,410	25,839	37%

1Q 2023 vs. 4Q 2022 (QoQ)

The Group recorded revenue of RM340.1 million in 1Q 2023 as compared with RM391.2 million in 4Q 2022. This was mainly due to lower sales quantity of refined tin in 1Q 2023, despite higher average tin price of RM116,100 (1Q 2023) as compared with RM98,100 (4Q 2022) per metric tonne.

The Group recorded a profit before tax of RM51.6 million in 1Q 2023 as compared with RM38.5 million in 4Q 2022. The better performance in 1Q 2023 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 RM33.2 million in 1Q 2023 as compared with RM25.6 million in 4Q 2022. The better performance in 1Q 2023 was mainly due to higher profits from increased sales of refined tin derived from the processed tin intermediates and sales of by-products.

The tin mining segment recorded a profit before tax of RM23.7 million in 1Q 2023 as compared with RM13.1 million in 4Q 2022. This was mainly due to higher average tin prices as stated above and higher tin production quantity in 1Q 2023.

The Group's share of results of associate and joint venture recorded a net share profit of RM0.1 million in 1Q 2023 as compared with a net share loss of RM0.9 million in 4Q 2022.

**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 st quarter)		Changes %
	Current Year Quarter	Preceding Year Corresponding Quarter	
	31.03.2023 RM'000	31.03.2022 RM'000	
Revenue	340,058	359,478	(5%)
Operating Profit	56,334	94,731	(41%)
Profit Before Interest and Tax	56,466	95,437	(41%)
Profit Before Tax	51,634	90,236	(43%)
Profit After Tax	38,088	64,297	(41%)
Profit Attributable to Owners of the Company	35,410	64,341	(45%)

1Q 2023 vs. 1Q 2022 (YoY)

Group revenue was RM340.1 million in 1Q 2023 as compared with RM359.5 million in 1Q 2022. This was mainly due to lower average tin price of RM116,100 (1Q 2023) as compared with RM180,000 (1Q 2022) per metric tonne, despite higher sales quantity of refined tin in 1Q 2023.

The Group recorded a profit before tax of RM51.6 million in 1Q 2023 as compared with RM90.2 million in 1Q 2022.

The tin smelting segment recorded a profit before tax of RM33.2 million in 1Q 2023 as compared with RM37.0 million in 1Q 2022. This was mainly due to lower average tin prices in 1Q 2023 as stated above and higher production cost.

The tin mining segment recorded a profit before tax of RM23.7 million in 1Q 2023 as compared with RM62.8 million in 1Q 2022. This was mainly due to lower average tin prices in 1Q 2023 as stated above.

The Group's share of results of associate and joint venture recorded a net share profit of RM0.1 million in 1Q 2023 as compared with RM0.7 million in 1Q 2022.



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

B11. Prospects

The current turmoil in the banking sector, tighter monetary policy, high inflationary environment driven by higher oil and commodity prices, and rising geopolitical tension could put further downward pressure on any global growth prospects for the remaining year 2023.

Despite these external headwinds, the Group remains cautious, and will continue to focus on its operational efficiencies and improve on all areas of operations, technology, manpower and logistics in its smelting and mining segments.

With the operation in the Pulau Indah ("PI") plant, using newer and more efficient technology on target to achieve higher capacity and full commission in the near future, and with the planned closure of the old plant at Butterworth, the Group expects higher operational efficiency, lower operational and manpower costs, while reducing its overall carbon footprint.

For the tin mining segment, the Group continues to focus on improving and increasing daily mining output and overall mining productivity. Recent acquisition of an adjacent mining landbank allows the Group to expand its mining activities and potential tin resource within its current mine vicinity.

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

	3 months ended 31.03.2023	3 months ended 31.03.2022
Profit net of tax attributable to owners of the Company (RM'000)	35,410	64,341
Weighted average number of ordinary shares in issue ('000)	420,000	420,000
Basic and diluted earnings per share (sen)	8.4	15.3



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

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 RM0.07 per share (2021: RM0.07 per share) amounting to RM29,400,000 (2021: RM29,400,000) for the financial year ended 31 December 2022.

The Book Closure Date and Payment Date are set at 14 June 2023 and 27 June 2023 respectively, subject to the approval of the shareholders as mentioned above.

Authorised for Issue

The Interim results was authorised for issue by the Board in accordance with a resolution of the Directors on 19 May 2023.