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# **MALAYSIA SMELTING CORPORATION BERHAD**

## **INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

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MALAYSIA SMELTING CORPORATION BERHAD (43072-A)

11 November 2019

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**

	Note	As at 30.09.2019 Unaudited RM'000	As at 31.12.2018 Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		113,009	109,619
Prepaid land lease payments		-	485
Right-of-use assets		11,470	-
Land held for development		78,654	78,654
Intangible assets		4,332	5,014
Investments in associates and joint ventures		35,109	35,144
Investment securities		12,431	14,505
Other non-current assets		13,926	14,041
Deferred tax assets		7,316	11,853
		<u>276,247</u>	<u>269,315</u>
<b>Current assets</b>			
Inventories		469,308	464,162
Trade receivables	B5	22,151	21,325
Other receivables		3,116	7,734
Trade prepayments		18,060	18,969
Other prepayments		2,958	1,531
Tax recoverable		18,889	17,566
Derivative financial instruments		705	561
Cash, bank balances and deposits		43,817	37,033
		<u>579,004</u>	<u>568,881</u>
Non-current assets classified as held for sale		-	4,663
		<u>579,004</u>	<u>573,544</u>
<b>Total assets</b>		<u>855,251</u>	<u>842,859</u>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Provisions		1,557	2,744
Borrowings	B6	248,822	243,838
Trade and other payables		54,722	166,343
Lease liabilities		6,729	-
Current tax payable		1,149	1,662
Derivative financial instruments		314	-
		<u>313,293</u>	<u>414,587</u>
Liabilities directly associated with non-current assets classified as held for sale		-	63
		<u>313,293</u>	<u>414,650</u>
<b>Net current assets</b>		<u>265,711</u>	<u>158,894</u>
<b>Non-current liabilities</b>			
Provisions		28,223	26,165
Deferred tax liabilities		1,124	4,278
Borrowings	B6	49,109	49,177
Loan from immediate holding company	A15	73,461	-
Lease liabilities		4,430	-
Derivative financial instruments		1,050	303
		<u>157,397</u>	<u>79,923</u>
<b>Total liabilities</b>		<u>470,690</u>	<u>494,573</u>
<b>Net assets</b>		<u>384,561</u>	<u>348,286</u>
<b>Equity attributable to owners of the Company</b>			
Share capital		200,000	200,000
Other reserves		3,814	6,177
Retained earnings		180,457	139,807
Reserves of non-current assets classified as held for sale		-	2,012
		<u>384,271</u>	<u>347,996</u>
<b>Non-controlling interest</b>		290	290
<b>Total Equity</b>		<u>384,561</u>	<u>348,286</u>
<b>Total equity and liabilities</b>		<u>855,251</u>	<u>842,859</u>
<b>Net assets per share attributable to owners of the Company (RM)</b>		<u>0.96</u>	<u>0.87</u>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited annual financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	Note	3 rd Quarter		Year to Date	
		3 months ended		9 months ended	
		30.09.2019	30.09.2018	30.09.2019	30.09.2018
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>A8</b>	204,307	309,432	800,835	993,202
Operating profit		42,748	21,805	73,261	44,157
Finance costs		(4,216)	(4,611)	(12,448)	(13,795)
Share of results of associates and joint ventures		(390)	(175)	253	47
<b>Profit before tax</b>	<b>B2</b>	38,142	17,019	61,066	30,409
Income tax expense	<b>B3</b>	(7,589)	(5,360)	(14,428)	(11,707)
<b>Profit net of tax</b>		30,553	11,659	46,638	18,702
<b>Attributable to:</b>					
Owners of the Company		30,553	11,660	46,638	18,703
Non-controlling interest		-	(1)	-	(1)
		30,553	11,659	46,638	18,702
<b>Earnings per share attributable to owners of the Company (sen):</b>					
Basic and diluted	<b>B12</b>	7.6	2.9	11.7	4.7

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 30 SEPTEMBER 2019**

	3 rd Quarter		Year to Date	
	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
<b>Profit net of tax</b>	30,553	11,659	46,638	18,702
<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	-	31,998	-	31,998
Net fair value changes in quoted investments at Fair Value through Other Comprehensive Income ("FVOCI")	(1,933)	(2,573)	(2,074)	(4,470)
Share of an associate's revaluation reserves on property, plant and equipment	-	(155)	-	(155)
	<u>(1,933)</u>	<u>29,270</u>	<u>(2,074)</u>	<u>27,373</u>
<b>Items that may be subsequently reclassified to profit or loss:</b>				
Foreign currency translation	(1)	(1)	(1)	(1)
Realisation of foreign currency translation reserves to profit or loss upon write off of the investment in an associate	-	-	-	(825)
Share of foreign currency translation of an associate and a joint venture	58	396	(288)	281
	<u>57</u>	<u>395</u>	<u>(289)</u>	<u>(545)</u>
<b>Other comprehensive income for the period, net of tax</b>	(1,876)	29,665	(2,363)	26,828
<b>Total comprehensive income for the period</b>	<u>28,677</u>	<u>41,324</u>	<u>44,275</u>	<u>45,530</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	28,677	41,325	44,275	45,531
Non-controlling interest	-	(1)	-	(1)
	<u>28,677</u>	<u>41,324</u>	<u>44,275</u>	<u>45,530</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 30 SEPTEMBER 2019**

	Note	Attributable to owners of the Company						Non-Distributable	Total	Non-controlling interest	Total equity
		Share capital	Revaluation reserves	Foreign currency translation reserves	FVOCI reserves	Other reserve	Retained earnings				
<b>RM'000</b>											
<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		-	-	-	-	-	46,638	-	46,638	-	46,638
Other comprehensive income		-	-	(289)	(2,074)	-	-	-	(2,363)	-	(2,363)
Total comprehensive income		-	-	(289)	(2,074)	-	46,638	-	44,275	-	44,275
Transfer of reserves of non-current assets classified as held for sale		-	-	-	-	-	2,012	(2,012)	-	-	-
<b>Transactions with owners of the Company:</b>											
Dividend	A7	-	-	-	-	-	(8,000)	-	(8,000)	-	(8,000)
<b>At 30 September 2019</b>		<b>200,000</b>	<b>5,569</b>	<b>726</b>	<b>(4,187)</b>	<b>1,706</b>	<b>180,457</b>	<b>-</b>	<b>384,271</b>	<b>290</b>	<b>384,561</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		-	-	-	-	-	18,703	-	18,703	(1)	18,702
Other comprehensive income		-	31,843	(545)	(4,470)	-	-	-	26,828	-	26,828
Total comprehensive income		-	31,843	(545)	(4,470)	-	18,703	-	45,531	(1)	45,530
Transfer of revaluation reserves		-	(62,842)	-	-	-	62,842	-	-	-	-
<b>Transactions with owners of the Company:</b>											
Issuance of ordinary shares pursuant to bonus issue		25,334	-	-	-	-	(25,334)	-	-	-	-
Dividend	A7	-	-	-	-	-	(4,000)	-	(4,000)	-	(4,000)
		25,334	-	-	-	-	(29,334)	-	(4,000)	-	(4,000)
<b>At 30 September 2018</b>		<b>200,000</b>	<b>6,187</b>	<b>728</b>	<b>(984)</b>	<b>1,706</b>	<b>124,650</b>	<b>-</b>	<b>332,287</b>	<b>292</b>	<b>332,579</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 30 SEPTEMBER 2019**

	9 months ended	
	30.09.2019	30.09.2018
	RM'000	RM'000
<b>Operating activities</b>		
Operating cash flows before changes in working capital	103,147	55,353
Increase in inventories	(22,446)	(24,213)
Decrease/(Increase) in trade and other receivables	3,444	(10,472)
Decrease in trade prepayments	909	27,253
Increase in other prepayments	(1,503)	(648)
(Decrease)/Increase in payables	(42,143)	271
(Decrease)/Increase in amount due to immediate holding company	(21)	7,677
Decrease in amount due from associates and joint ventures	404	730
<b>Cash generated from operations</b>	<b>41,791</b>	<b>55,951</b>
Income tax paid	(12,458)	(14,717)
Interest paid	(10,919)	(12,071)
<b>Net cash generated from operating activities</b>	<b>18,414</b>	<b>29,163</b>
<b>Investing activities</b>		
Interest received	985	805
Payment for deferred mine exploration and evaluation expenditures and mine properties	(654)	(181)
Proceeds from disposal of investment in a joint venture	-	2,026
Proceeds from disposal of non-current assets classified as held for sale	4,556	-
Proceeds from disposal of property, plant and equipment	-	48
Purchase of property, plant and equipment	(10,564)	(14,722)
Withdrawal of deposits of more than three months maturity with licensed banks	-	2,157
<b>Net cash used in investing activities</b>	<b>(5,677)</b>	<b>(9,867)</b>
<b>Financing activities</b>		
Dividend paid	(8,000)	(4,000)
Drawdown/(Repayment) of short term trade borrowings	4,715	(75,682)
Loan from immediate holding company	-	25,000
Payment of lease liability	(2,672)	-
<b>Net cash used in financing activities</b>	<b>(5,957)</b>	<b>(54,682)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,780</b>	<b>(35,386)</b>
Effect of changes in foreign exchange rates	4	33
<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 30 September</b>	<b>43,817</b>	<b>29,590</b>
	<b>2019</b>	<b>2018</b>
<b>Cash and bank balances comprise the following at 30 September:</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and short term deposits	43,817	29,590
Deposits of more than three months maturity with licensed banks	-	1,608
	<b>43,817</b>	<b>31,198</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		30 September 2019	30 September 2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Loan from immediate holding company	73,461	-	-	73,461	73,461
Short term trade borrowings	243,838	4,715	269	248,822	248,822
Term loan	49,177	-	(68)	49,109	49,109
<b>Total liabilities from financing activities</b>	<b>366,476</b>	<b>4,715</b>	<b>201</b>	<b>371,392</b>	<b>371,392</b>
	<b>Carrying amount as at</b>		<b>Non-cash changes Foreign exchange movement</b>		<b>Carrying amount as at</b>
	<b>1 January 2018</b>	<b>Cash flows</b>	<b>movement</b>	<b>30 September 2018</b>	<b>30 September 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loan from immediate holding company	-	25,000	-	25,000	25,000
Short term trade borrowings	403,617	(75,682)	-	327,935	327,935
Term loan	49,164	-	(81)	49,083	49,083
<b>Total liabilities from financing activities</b>	<b>452,781</b>	<b>(50,682)</b>	<b>(81)</b>	<b>402,018</b>	<b>402,018</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 Group recognised the carrying amount of the prepaid land lease payments as at 31 December 2018 as the carrying amount of the right-of-use ("ROU") assets at the date of initial application.

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>				
Prepaid land lease payments		485	(485)	-
Right-of-use assets	(a)	-	1,176	1,176
<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 assets consist of rent of office building and leasehold land. 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	<u>(36)</u>
	780
Weighted average incremental borrowing rate as at 1 January 2019	<u>4.2%</u>
<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 30 September 2019 except for inventories written down to net realisable value of RM17.3 million and a reversal of provision for tribute no longer required of RM48.4 million.

**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-to-date ended 30 September 2019.

**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 30 September 2019.

**A7. Dividend Paid**

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

	30.09.2019	30.09.2018
<b>First and final single-tier dividend:</b>		
For financial year ended	31 December 2018	31 December 2017
Approved and declared on	24 May 2019	30 May 2018
Date paid	28 June 2019	9 July 2018
Number of ordinary shares on which dividends were paid ('000)	400,000	100,000
Dividend per share	2.0 sen	4.0 sen
Dividend paid	RM8,000,000	RM4,000,000

**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 30 September 2019</b>					
<b>Major products or services:</b>					
Sale of tin	186,953	38,209	225,162	(38,209)	186,953
Smelting revenue	9,498	-	9,498	-	9,498
Sale of by-products	6,964	-	6,964	-	6,964
Others	892	-	892	-	892
	<u>204,307</u>	<u>38,209</u>	<u>242,516</u>	<u>(38,209)</u>	<u>204,307</u>
<b>Timing of revenue recognition</b>					
At a point in time	204,307	38,209	242,516	(38,209)	204,307

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

**A8. Revenue (cont'd)**

	Tin Smelting RM'000	Tin Mining RM'000	Sub-total RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
<b>For 3 months ended 30 September 2018</b>					
<b>Major products or services:</b>					
Sale of tin	295,077	45,303	340,380	(45,303)	295,077
Smelting revenue	7,573	-	7,573	-	7,573
Sale of by-products	6,013	-	6,013	-	6,013
Others	769	-	769	-	769
	<u>309,432</u>	<u>45,303</u>	<u>354,735</u>	<u>(45,303)</u>	<u>309,432</u>
<b>Timing of revenue recognition</b>					
At a point in time	<u>309,432</u>	<u>45,303</u>	<u>354,735</u>	<u>(45,303)</u>	<u>309,432</u>
<b>For 9 months ended 30 September 2019</b>					
<b>Major products or services:</b>					
Sale of tin	753,460	123,648	877,108	(123,648)	753,460
Smelting revenue	23,695	-	23,695	-	23,695
Sale of by-products	20,915	-	20,915	-	20,915
Others	2,765	-	2,765	-	2,765
	<u>800,835</u>	<u>123,648</u>	<u>924,483</u>	<u>(123,648)</u>	<u>800,835</u>
<b>Timing of revenue recognition</b>					
At a point in time	<u>800,835</u>	<u>123,648</u>	<u>924,483</u>	<u>(123,648)</u>	<u>800,835</u>
<b>For 9 months ended 30 September 2018</b>					
<b>Major products or services:</b>					
Sale of tin	949,337	135,974	1,085,311	(135,974)	949,337
Smelting revenue	22,467	-	22,467	-	22,467
Sale of by-products	17,873	-	17,873	-	17,873
Others	3,525	-	3,525	-	3,525
	<u>993,202</u>	<u>135,974</u>	<u>1,129,176</u>	<u>(135,974)</u>	<u>993,202</u>
<b>Timing of revenue recognition</b>					
At a point in time	<u>993,202</u>	<u>135,974</u>	<u>1,129,176</u>	<u>(135,974)</u>	<u>993,202</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.

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

**A9. Segmental Reporting (cont'd)**

**(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 RM'000	Tin Mining RM'000	Others RM'000	Sub-total RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
<b>Results for 3 months ended 30 September 2019</b>						
<b>Revenue</b>						
Sales to external customers	204,307	-	-	204,307	-	204,307
Inter-segment sales	-	38,209	-	38,209	(38,209)	-
<b>Total revenue</b>	<b>204,307</b>	<b>38,209</b>	<b>-</b>	<b>242,516</b>	<b>(38,209)</b>	<b>204,307</b>
<b>Results</b>						
Operating (loss)/profit	(10,415)	53,172	(9)	42,748	-	42,748
Finance costs	(3,555)	(553)	(108)	(4,216)	-	(4,216)
Share of results of associates and joint ventures	-	-	(390)	(390)	-	(390)
(Loss)/Profit before tax	(13,970)	52,619	(507)	38,142	-	38,142
Income tax credit/(expense)	5,018	(12,607)	-	(7,589)	-	(7,589)
<b>(Loss)/Profit net of tax</b>	<b>(8,952)</b>	<b>40,012</b>	<b>(507)</b>	<b>30,553</b>	<b>-</b>	<b>30,553</b>
<b>Results for 3 months ended 30 September 2018</b>						
<b>Revenue</b>						
Sales to external customers	309,432	-	-	309,432	-	309,432
Inter-segment sales	-	45,303	-	45,303	(45,303)	-
<b>Total revenue</b>	<b>309,432</b>	<b>45,303</b>	<b>-</b>	<b>354,735</b>	<b>(45,303)</b>	<b>309,432</b>
<b>Results</b>						
Operating profit/(loss)	11,474	10,226	(5)	21,695	110	21,805
Finance costs	(4,204)	(248)	(159)	(4,611)	-	(4,611)
Share of results of associates and joint ventures	-	-	(175)	(175)	-	(175)
Profit/(Loss) before tax	7,270	9,978	(339)	16,909	110	17,019
Income tax expense	(2,529)	(2,805)	-	(5,334)	(26)	(5,360)
<b>Profit/(Loss) net of tax</b>	<b>4,741</b>	<b>7,173</b>	<b>(339)</b>	<b>11,575</b>	<b>84</b>	<b>11,659</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 9 months ended 30 September 2019</b>						
<b>Revenue</b>						
Sales to external customers	800,835	-	-	800,835	-	800,835
Inter-segment sales	-	123,648	-	123,648	(123,648)	-
<b>Total revenue</b>	<b>800,835</b>	<b>123,648</b>	<b>-</b>	<b>924,483</b>	<b>(123,648)</b>	<b>800,835</b>
<b>Results</b>						
Operating (loss)/profit	(5,473)	78,777	(43)	73,261	-	73,261
Finance costs	(10,742)	(1,321)	(385)	(12,448)	-	(12,448)
Share of results of associates and joint ventures	-	-	253	253	-	253
(Loss)/Profit before tax	(16,215)	77,456	(175)	61,066	-	61,066
Income tax credit/(expense)	4,315	(18,743)	-	(14,428)	-	(14,428)
<b>(Loss)/Profit net of tax</b>	<b>(11,900)</b>	<b>58,713</b>	<b>(175)</b>	<b>46,638</b>	<b>-</b>	<b>46,638</b>

**Results for 9 months ended 30 September 2018**

<b>Revenue</b>						
Sales to external customers	993,202	-	-	993,202	-	993,202
Inter-segment sales	-	135,974	-	135,974	(135,974)	-
<b>Total revenue</b>	<b>993,202</b>	<b>135,974</b>	<b>-</b>	<b>1,129,176</b>	<b>(135,974)</b>	<b>993,202</b>
<b>Results</b>						
Operating profit/(loss)	14,869	29,661	(31)	44,499	(342)	44,157
Finance costs	(12,520)	(746)	(529)	(13,795)	-	(13,795)
Share of results of associates and joint ventures	-	-	47	47	-	47
Profit/(Loss) before tax	2,349	28,915	(513)	30,751	(342)	30,409
Income tax (expense)/credit	(3,590)	(8,199)	-	(11,789)	82	(11,707)
<b>(Loss)/Profit net of tax</b>	<b>(1,241)</b>	<b>20,716</b>	<b>(513)</b>	<b>18,962</b>	<b>(260)</b>	<b>18,702</b>

**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
<b>Assets and Liabilities as at 30 September 2019</b>						
<b>Assets</b>						
Segment assets	720,452	91,085	12,440	823,977	(3,835)	820,142
Investment in associates and joint ventures	-	-	35,109	35,109	-	35,109
<b>Total assets</b>	<b>720,452</b>	<b>91,085</b>	<b>47,549</b>	<b>859,086</b>	<b>(3,835)</b>	<b>855,251</b>
<b>Liabilities</b>						
Segment liabilities	<b>416,560</b>	<b>54,056</b>	<b>74</b>	<b>470,690</b>	-	<b>470,690</b>
<b>Assets and Liabilities as at 31 December 2018</b>						
<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>494,573</b>

**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 30 September 2019.

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

**A13. Changes in Contingent Liabilities and Contingent Assets**

There were no changes in contingent liabilities or contingent assets during the current quarter and financial year-to-date ended 30 September 2019 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 MSC subsidiary’s favour. The two companies have filed their Memorandum of Appeal to the Court of Appeal on 25 October 2019. The trial at the Court of Appeal is anticipated to commence in 2H 2020. The estimated liability is approximately RM52.6 million as at 30 September 2019 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 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 and trials are anticipated to commence in 1H 2020.

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 30 September 2019 are as follows:

	<b>30.09.2019</b> <b>RM’000</b>	<b>31.12.2018</b> <b>RM’000</b>
Approved and contracted for	16,773	16,394
Approved but not contracted for	2,127	539
	<b>18,900</b>	<b>16,933</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 2018 except for loan from immediate holding company totalling RM73.46 million was extended to year 2021 with interest charge of 4.2% per annum.



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

**A16. Fair Value of Assets and Liabilities**

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

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

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

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>At 30 September 2019</b>				
<b>Assets measured at fair value:</b>				
Land and buildings	-	-	48,015	48,015
Investment securities	12,431	-	-	12,431
Derivative financial instruments – current	705	-	-	705
<b>Liabilities measured at fair value:</b>				
Derivative financial instruments – current	-	314	-	314
Derivative financial instruments - non-current	-	1,050	-	1,050
<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 30 September 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 <sup>rd</sup> Quarter ended 30.09.2019 RM'000	3 <sup>rd</sup> Quarter ended 30.09.2018 RM'000	9 months ended 30.09.2019 RM'000	9 months ended 30.09.2018 RM'000
<b>After charging/(crediting):</b>				
Depreciation and amortisation	4,993	4,624	12,592	13,601
Fair value (gain)/loss in derivative financial instruments				
- Forward tin contracts	(111)	-	(705)	-
- Forward currency contracts	1,168	(1,211)	1,622	2,206
Net foreign exchange (gain)/loss	(766)	3,701	(892)	2,264
Gain on disposal of a joint venture	-	(2,026)	-	(2,026)
Gain on disposal of property, plant and Equipment	-	-	-	(48)
Interest income	(318)	(196)	(989)	(808)
Inventories written down to net realisable Value	17,300	-	17,300	-
Other income including investment income	(7,287)	(6,508)	(8,027)	(9,016)
Revaluation deficit on property	-	1,805	-	1,805
Reversal of impairment of receivables	-	(2,906)	-	(2,906)
Reversal of provision for tribute no longer required (Note a)	(48,354)	-	(48,354)	-

**Note a:**

This refers to the reversal of provision for tributes made in prior periods in relation to the legal case stated in Note A13.

Save as disclosed above, there was no material impairment of assets recognised as a loss during the current quarter and financial year-to-date ended 30 September 2019.

**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:

	3 <sup>rd</sup> Quarter ended 30.09.2019 RM'000	3 <sup>rd</sup> Quarter ended 30.09.2018 RM'000	9 months ended 30.09.2019 RM'000	9 months ended 30.09.2018 RM'000
Income tax				
- Current provision	(2,821)	(10,205)	(11,443)	(19,236)
- Over provision in prior year	820	21	820	21
	(2,001)	(10,184)	(10,623)	(19,215)
Deferred tax				
- Relating to origination and reversal of temporary differences	(7,478)	5,055	(5,695)	7,739
- Over provision in prior year	1,890	(231)	1,890	(231)
	(5,588)	4,824	(3,805)	7,508
<b>Total income tax expense</b>	<b>(7,589)</b>	<b>(5,360)</b>	<b>(14,428)</b>	<b>(11,707)</b>

For the current financial year-to-date, the effective tax rate for the Group was lower than the statutory tax rate in Malaysia mainly due to over provision of taxation in prior year.

**B4. Corporate Proposal**

There was no corporate proposal announced but not completed as at 5 November 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 30 September 2019 is as follows:

	Not past due RM'000	← Past due →				>120 days RM'000	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		
Trade receivables as at 30.09.2019	22,114	-	-	1	-	36	22,151
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 30 September 2019 are as follows:

	<b>As at 30.09.2019 RM'000</b>	<b>As at 31.12.2018 RM'000</b>
<b>a) Short Term Borrowings (unsecured)</b>		
Short term trade financing	32,609	2,732
Bankers' acceptances / Trust receipt	216,213	239,106
Revolving credit	-	2,000
	<b>248,822</b>	<b>243,838</b>
<b>b) Long Term Borrowings (unsecured)</b>		
Term loan	49,109	49,177
	<b>297,931</b>	<b>293,015</b>

<b>Amount denominated in foreign currency</b>	<b>'000</b>	<b>'000</b>
Short term trade financing (US dollars)	7,788	659
Term loan (Singapore dollars)	16,200	16,200

During the 9 months ended 30 September 2019, the Group increased its total borrowings by approximately 1.7% from RM293.0 million as at 31 December 2018 to RM297.9 million as at 30 September 2019 due to drawdown of short term borrowings for working capital requirements. The gearing ratio of the Group remains at 0.8 times as at 30 September 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 30 September 2019 for the Group was 3.8% (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 30 September 2019 are as follows:

Derivative Financial Instruments	Contract Value RM'000	Fair Value RM'000	Fair Value – Financial Assets/(Liabilities) RM'000
<b>At 30 September 2019</b>			
Forward Tin Contracts			
- Less than 1 year	28,635	27,010	705
Forward Currency Contracts			
- Less than 1 year	81,104	81,418	(314)
- 1 year to 3 years	50,835	49,785	(1,050)
<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 5 November 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 30.09.2019 RM'000</b>	<b>Immediate Preceding Quarter 30.06.2019 RM'000</b>	<b>Changes %</b>
Revenue	204,307	289,082	(29%)
Operating Profit	42,748	15,489	176%
Profit Before Interest and Tax	42,358	15,896	166%
Profit Before Tax	38,142	11,558	230%
Profit After Tax	30,553	7,484	308%
Profit Attributable to Owners of the Company	30,553	7,484	308%

3Q 2019 vs. 2Q 2019 (QoQ)

Group revenue was RM204.3 million in 3Q 2019 as compared with RM289.1 million in 2Q 2019. This was mainly due to lower average tin prices and lower sales quantity of refined tin in 3Q 2019.

The Group recorded a profit before tax of RM38.1 million in 3Q 2019 as compared with RM11.6 million in 2Q 2019. This was mainly due to higher profit in the tin mining segment, offset with loss recorded in the tin smelting segment, as explained in the following paragraphs.

The tin smelting segment recorded a loss before tax of RM14.0 million in 3Q 2019 as compared with a loss before tax of RM3.7 million in 2Q 2019. This was mainly due to inventories written down to net realisable value of RM17.3 million in 3Q 2019 due to lower tin prices and the soft global demand for tin as a result of the prolonged trade wars.

The tin mining segment recorded a profit before tax of RM52.6 million in 3Q 2019 as compared with RM15.0 million in 2Q 2019. This was mainly due to reversal of provision for tribute no longer required amounting to RM48.4 million.

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

**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 (9 months)		Changes %	Individual Period (3 <sup>rd</sup> quarter)		Changes %
	Current Year To- date	Preceding Year Corresponding Period		Current Year Quarter	Preceding Year Corresponding Quarter	
	30.09.2019 RM'000	30.09.2018 RM'000		30.09.2019 RM'000	30.09.2018 RM'000	
Revenue	800,835	993,202	(19%)	204,307	309,432	(34%)
Operating Profit	73,261	44,157	66%	42,748	21,805	96%
Profit Before Interest and Tax	73,514	44,204	66%	42,358	21,630	96%
Profit Before Tax	61,066	30,409	101%	38,142	17,019	124%
Profit After Tax	46,638	18,702	149%	30,553	11,659	162%
Profit Attributable to Owners of the Company	46,638	18,703	149%	30,553	11,660	162%

9M 2019 vs. 9M 2018 (YoY)

Group revenue was RM800.8 million in the 9 months of the current financial year (9M 2019) as compared with RM993.2 million in 9M 2018. This was mainly due to lower sales quantity of refined tin in 9M 2019.

Group profit before tax was RM61.1 million in 9M 2019 as compared with RM30.4 million in 9M 2018. This was mainly due to higher profit in the tin mining segment, offset with loss recorded in the tin smelting segment, as explained in the following paragraphs.

The tin smelting segment recorded a loss before tax of RM16.2 million in 9M 2019 as compared with a profit before tax of RM2.3 million in 9M 2018. This was mainly due to inventories written down to net realisable value of RM17.3 million in 9M 2019 due to lower tin prices and the soft global demand for tin as a result of the prolonged trade wars.

The tin mining segment recorded a profit before tax of RM77.5 million in 9M 2019 as compared with RM28.9 million in 9M 2018. This was mainly due to reversal of provision for tribute no longer required amounting to RM48.4 million.

The Group's share of results of associates and joint ventures recorded a net share of profit of RM0.3 million in 9M 2019 as compared with RM0.05 million in 9M 2018.

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

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

3Q 2019 vs. 3Q 2018 (YoY)

Group revenue was RM204.3 million in 3Q 2019 as compared with RM309.4 million in 3Q 2018. This was mainly due to lower average tin prices and lower sales quantity of refined tin in 3Q 2019.

The Group recorded a profit before tax of RM38.1 million in 3Q 2019 as compared with RM17.0 million in 3Q 2018. This was mainly due to higher profit in the tin mining segment, offset with loss recorded in the tin smelting segment, as explained in the following paragraphs.

The tin smelting segment recorded a loss before tax of RM14.0 million in 3Q 2019 as compared with a profit before tax of RM7.3 million in 3Q 2018. This was mainly due to inventories written down to net realisable value of RM17.3 million in 3Q 2019 due to lower tin prices and the soft global demand for tin as a result of the prolonged trade wars, and the absence of some one-off income, i.e. reversal of impairment losses, gain on disposal of a joint venture, lead sales and other income that were recorded in 3Q 2018.

The tin mining segment recorded a profit before tax of RM52.6 million in 3Q 2019 as compared with RM10.0 million in 3Q 2018. This was mainly due to reversal of provision for tribute no longer required amounting to RM48.4 million.

The Group's share of results of associates and joint ventures recorded a net share of loss of RM0.4 million in 3Q 2019 as compared with a net share of loss of RM0.2 million in 3Q 2018.

**B11. Prospects**

Decline in tin prices, accompanied by built-up in tin inventories, reflected weak demand from the solder sector for electronics, especially from semiconductor industries due to the prolonged trade tensions between the US and China. This is further exacerbated by the regional trade tension between South Korea and Japan.

The remaining period of 2019 is expected to be challenging should the above conditions persist. Despite the challenging market conditions, the Group will continue to focus on its operational efficiencies and 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. With the utilisation of the ISASMELT furnace, we expect to reduce operational and manpower costs, while improving our carbon footprint. 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 which will impact our financial performance. Once the move is completed, the operational inefficiencies we currently face with our aging plant in Butterworth will be eliminated.



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

**B11. Prospects (cont'd)**

For our tin mining segment, we have undertaken efforts to increase daily mining output and improve our overall mining productivity. The tin mining activities at Sungai Lembing, Pahang is also expected to contribute to the Group's mining segment in the near term. The Group will also look at potential joint venture mining arrangement with other parties to expand its mining activities.

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

	<b>3<sup>rd</sup> Quarter ended 30.09.2019</b>	<b>3<sup>rd</sup> Quarter ended 30.09.2018</b>	<b>9 months ended 30.09.2019</b>	<b>9 months ended 30.09.2018</b>
Profit net of tax attributable to owners of the Company (RM'000)	30,553	11,660	46,638	18,703
Weighted average number of ordinary shares in issue ('000)	400,000	400,000	400,000	400,000
<b>Basic and diluted earnings per share (sen)</b>	<b>7.6</b>	<b>2.9</b>	<b>11.7</b>	<b>4.7</b>

**B13. Dividend**

There was no dividend declared in the current quarter and year-to-date ended 30 September 2019.

**Authorised for Issue**

The quarterly results was authorised for issue by the Board in accordance with a resolution of the Directors on 11 November 2019.