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# **MALAYSIA SMELTING CORPORATION BERHAD**

## **INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

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

7 August 2020



**Malaysia Smelting Corporation Berhad (197801006055 (43072-A))**  
**Interim Financial Report**  
**For the Second Quarter ended 30 June 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

|  | Note | As at<br>30.06.2020<br>Unaudited<br>RM'000 | As at<br>31.12.2019<br>Audited<br>RM'000 |
|--|------|--|--|
| <b>Assets</b>  |      |  |  |
| <b>Non-current assets</b>  |      |  |  |
| Property, plant and equipment  |      | 115,176                                    | 115,323                                  |
| Right-of-use assets  |      | 11,576                                     | 10,386                                   |
| Land held for development  |      | 78,654                                     | 78,654                                   |
| Intangible assets  |      | 3,805                                      | 4,063                                    |
| Investments in associates and joint ventures                           |      | 30,653                                     | 30,436                                   |
| Investment securities  |      | 8,650                                      | 9,762                                    |
| Other non-current assets   |      | 14,043                                     | 13,831                                   |
| Deferred tax assets  |      | 13,552                                     | 9,457                                    |
|  |      | 276,109                                    | 271,912                                  |
| <b>Current assets</b>  |      |  |  |
| Inventories  |      | 438,223                                    | 467,443                                  |
| Trade receivables  | B5   | 12,279                                     | 13,676                                   |
| Other receivables  |      | 2,997                                      | 2,995                                    |
| Trade prepayments  |      | 74,876                                     | 5,636                                    |
| Other prepayments  |      | 2,199                                      | 1,997                                    |
| Tax recoverable  |      | 26,340                                     | 23,785                                   |
| Derivative financial instruments                                       |      | -  | 1,078                                    |
| Cash, bank balances and deposits                                       |      | 43,710                                     | 35,738                                   |
|  |      | 600,624                                    | 552,348                                  |
| <b>Total assets</b>  |      | 876,733                                    | 824,260                                  |
| <b>Equity and liabilities</b>  |      |  |  |
| <b>Current liabilities</b>   |      |  |  |
| Provisions   |      | 15,458                                     | 15,458                                   |
| Borrowings   | B6   | 342,013                                    | 266,171                                  |
| Trade and other payables   |      | 47,520                                     | 56,368                                   |
| Lease liabilities  |      | 6,082                                      | 6,936                                    |
| Current tax payable  |      | 97   | 2,133                                    |
| Derivative financial instruments                                       |      | 1,203                                      | 1,791                                    |
|  |      | 412,373                                    | 348,857                                  |
| <b>Net current assets</b>  |      | 188,251                                    | 203,491                                  |
| <b>Non-current liabilities</b>   |      |  |  |
| Provisions   |      | 28,139                                     | 27,652                                   |
| Deferred tax liabilities   |      | 1,912                                      | 1,912                                    |
| Loan from immediate holding company                                    |      | 73,461                                     | 73,461                                   |
| Lease liabilities  |      | 4,493                                      | 3,184                                    |
|  |      | 108,005                                    | 106,209                                  |
| <b>Total liabilities</b>   |      | 520,378                                    | 455,066                                  |
| <b>Net assets</b>  |      | 356,355                                    | 369,194                                  |
| <b>Equity attributable to owners of the Company</b>                    |      |  |  |
| Share capital  |      | 200,000                                    | 200,000                                  |
| Other reserves   |      | 3,857                                      | 4,400                                    |
| Retained earnings  |      | 152,211                                    | 164,505                                  |
|  |      | 356,068                                    | 368,905                                  |
| <b>Non-controlling interest</b>  |      | 287  | 289                                      |
| <b>Total Equity</b>  |      | 356,355                                    | 369,194                                  |
| <b>Total equity and liabilities</b>                                    |      | 876,733                                    | 824,260                                  |
| <b>Net assets per share attributable to owners of the Company (RM)</b> |      | <b>0.89</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 PERIOD ENDED 30 JUNE 2020**

|   | Note       | 2 nd Quarter<br>3 months ended |                      | Year to Date<br>6 months ended |                      |
|---|------------|--------------------------------|----------------------|--------------------------------|----------------------|
|   |            | 30.06.2020<br>RM'000           | 30.06.2019<br>RM'000 | 30.06.2020<br>RM'000           | 30.06.2019<br>RM'000 |
| <b>Revenue</b>  | <b>A8</b>  | 144,645                        | 289,082              | 349,959                        | 596,528              |
| Operating profit/(loss)   |            | 6,305                          | 15,489               | (5,556)                        | 30,513               |
| Finance costs   |            | (4,125)                        | (4,338)              | (7,706)                        | (8,232)              |
| Share of results of associates and joint ventures                             |            | (28)                           | 407                  | (355)                          | 643                  |
| <b>Profit/(Loss) before tax</b>   | <b>B2</b>  | 2,152                          | 11,558               | (13,617)                       | 22,924               |
| Income tax (expense)/credit   | <b>B3</b>  | (1,258)                        | (4,074)              | 1,321                          | (6,839)              |
| <b>Profit/(Loss) net of tax</b>   |            | 894                            | 7,484                | (12,296)                       | 16,085               |
| <b>Attributable to:</b>   |            |                                |                      |                                |                      |
| Owners of the Company   |            | 894                            | 7,484                | (12,294)                       | 16,085               |
| Non-controlling interest  |            | -                              | -                    | (2)                            | -                    |
|   |            | 894                            | 7,484                | (12,296)                       | 16,085               |
| <b>Earnings/(Loss) per share attributable to owners of the Company (sen):</b> |            |                                |                      |                                |                      |
| Basic and diluted   | <b>B12</b> | 0.2                            | 1.9                  | (3.1)                          | 4.0                  |

The unaudited condensed consolidated statement of profit or loss should be read in conjunction with the audited annual financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2020**

|   | 2 nd Quarter   |              | Year to Date    |               |
|---|----------------|--------------|-----------------|---------------|
|   | 3 months ended |              | 6 months ended  |               |
|   | 30.06.2020     | 30.06.2019   | 30.06.2020      | 30.06.2019    |
|   | RM'000         | RM'000       | RM'000          | RM'000        |
| <b>Profit/(Loss) net of tax</b>   | 894            | 7,484        | (12,296)        | 16,085        |
| <b>Other comprehensive income:</b>  |                |              |                 |               |
| <b>Items that will not be reclassified to profit or loss:</b>   |                |              |                 |               |
| Net fair value changes in quoted investments at Fair Value through Other Comprehensive Income ("FVOCI") | 482            | 825          | (1,112)         | (141)         |
| <b>Items that may be subsequently reclassified to profit or loss:</b>                                   |                |              |                 |               |
| Foreign currency translation  | 1              | (1)          | (3)             | -             |
| Share of foreign currency translation of an associate and a joint venture                               | (72)           | (100)        | 572             | (346)         |
|   | (71)           | (101)        | 569             | (346)         |
| <b>Other comprehensive income for the period, net of tax</b>  | 411            | 724          | (543)           | (487)         |
| <b>Total comprehensive income for the period</b>  | <b>1,305</b>   | <b>8,208</b> | <b>(12,839)</b> | <b>15,598</b> |
| <b>Total comprehensive income attributable to:</b>  |                |              |                 |               |
| Owners of the Company   | 1,305          | 8,208        | (12,837)        | 15,598        |
| Non-controlling interest  | -              | -            | (2)             | -             |
|   | <b>1,305</b>   | <b>8,208</b> | <b>(12,839)</b> | <b>15,598</b> |

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 Second Quarter ended 30 June 2020**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2020**

|   | 6 months ended  |                |
|---|-----------------|----------------|
|   | 30.06.2020      | 30.06.2019     |
|   | RM'000          | RM'000         |
| <b>Operating activities</b>   |                 |                |
| Operating cash flows before changes in working capital                                | 19,073          | 37,749         |
| Decrease in inventories   | 15,220          | 4,429          |
| Decrease/(Increase) in trade and other receivables                                    | 1,412           | (9,636)        |
| (Increase)/Decrease in trade prepayments  | (69,240)        | 6,148          |
| Increase in other prepayments   | (587)           | (1,835)        |
| (Decrease)/Increase in payables   | (9,749)         | 8,551          |
| (Decrease)/Increase in amount due to immediate holding company                        | (35)            | 8              |
| Decrease in amount due from associates and joint ventures                             | -               | 404            |
| <b>Cash (used in)/generated from operations</b>                                       | <b>(43,906)</b> | <b>45,818</b>  |
| Income tax paid   | (7,366)         | (7,626)        |
| Interest paid   | (6,750)         | (7,680)        |
| <b>Net cash (used in)/generated from operating activities</b>                         | <b>(58,022)</b> | <b>30,512</b>  |
| <b>Investing activities</b>   |                 |                |
| Interest received   | 291             | 672            |
| Payment for deferred mine exploration and evaluation expenditures and mine properties | (496)           | (505)          |
| Payment for right-of-use assets   | (252)           | -              |
| Proceeds from disposal of non-current assets classified as held for sale              | -               | 4,556          |
| Purchase of property, plant and equipment   | (5,394)         | (5,043)        |
| <b>Net cash used in investing activities</b>  | <b>(5,851)</b>  | <b>(320)</b>   |
| <b>Financing activities</b>   |                 |                |
| Dividend paid   | -               | (8,000)        |
| Drawdown of short term trade borrowings   | 75,284          | 6,840          |
| Payment of lease liability  | (3,451)         | (1,094)        |
| <b>Net cash generated from/(used in) financing activities</b>                         | <b>71,833</b>   | <b>(2,254)</b> |
| <b>Net increase in cash and cash equivalents</b>                                      | <b>7,960</b>    | <b>27,938</b>  |
| Effect of changes in foreign exchange rates   | 12              | (36)           |
| <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 30 June</b>  | <b>43,710</b>   | <b>64,935</b>  |
|   | <b>2020</b>     | <b>2019</b>    |
| <b>Cash and bank balances comprise the following at 30 June:</b>                      | <b>RM'000</b>   | <b>RM'000</b>  |
| Cash and short term deposits  | 43,710          | 64,935         |
| Deposits of more than three months maturity with licensed banks                       | -               | -              |
|   | <b>43,710</b>   | <b>64,935</b>  |

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

|  | Carrying<br>as at<br>1 January 2020 | ← Non-cash changes → |               |                              | Carrying amount<br>as at<br>30 June 2020 |
|--|-------------------------------------|----------------------|---------------|------------------------------|--|
|  |                                     | Cash flows           | Additions     | Foreign exchange<br>movement |  |
|  | RM'000                              | RM'000               | RM'000        | RM'000                       | RM'000                                   |
| Lease liabilities                                  | 10,120                              | (3,451)              | 3,906         | -                            | 10,575                                   |
| Loan from immediate holding company                | 73,461                              | -                    | -             | -                            | 73,461                                   |
| Short term trade borrowings                        | 216,912                             | 75,284               | -             | 14                           | 292,210                                  |
| Term loan  | 49,259                              | -                    | -             | 544                          | 49,803                                   |
| <b>Total liabilities from financing activities</b> | <b>349,752</b>                      | <b>71,833</b>        | <b>3,906</b>  | <b>558</b>                   | <b>426,049</b>                           |
|  |                                     |                      |               |                              |  |
|  | Carrying<br>as at<br>1 January 2019 | Cash flows           | Additions     | Foreign exchange<br>movement | Carrying amount<br>as at<br>30 June 2019 |
|  | RM'000                              | RM'000               | RM'000        | RM'000                       | RM'000                                   |
| Lease liabilities                                  | -                                   | (1,094)              | 13,832        | -                            | 12,738                                   |
| Loan from immediate holding company                | 73,461                              | -                    | -             | -                            | 73,461                                   |
| Short term trade borrowings                        | 243,838                             | 6,840                | -             | -                            | 250,678                                  |
| Term loan  | 49,177                              | -                    | -             | 414                          | 49,591                                   |
| <b>Total liabilities from financing activities</b> | <b>366,476</b>                      | <b>5,746</b>         | <b>13,832</b> | <b>414</b>                   | <b>386,468</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.

| <b>Description</b>  | <b>Effective for annual periods beginning on or after</b> |
|---|---|
| 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)**

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 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current             | 1 January 2022  |
| Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018-2020”                          | 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 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 June 2020 except for inventories written down to net realisable value of RM14.0 million as disclosed in Note B2.

**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 June 2020.

**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 June 2020.



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

**A7. Dividend Paid**

There was no dividend paid during the current quarter and financial year-to-date ended 30 June 2020.

The following dividends were paid during the previous corresponding quarter and financial year-to-date ended 30 June 2019.

|   | <b>30.06.2019</b> |
|---|-------------------|
| <b>First and final single-tier dividend:</b>                  |                   |
| For financial year ended                                      | 31 December 2018  |
| Approved and declared on                                      | 24 May 2019       |
| Date paid   | 28 June 2019      |
| Number of ordinary shares on which dividends were paid ('000) | 400,000           |
| Dividend per share  | 2.0 sen           |
| Dividend paid   | RM8,000,000       |

**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<br>Smelting<br>RM'000 | Tin<br>Mining<br>RM'000 | Sub-total<br>RM'000 | (Eliminations)/<br>Adjustments<br>RM'000 | Total<br>RM'000 |
|--|---------------------------|-------------------------|---------------------|--|-----------------|
| <b>For 3 months ended 30 June 2020</b> |                           |                         |                     |  |                 |
| <b>Major products or services:</b>     |                           |                         |                     |  |                 |
| Sale of tin                            | 135,285                   | 26,758                  | 162,043             | (26,758)                                 | 135,285         |
| Smelting revenue                       | 5,347                     | -                       | 5,347               | -  | 5,347           |
| Sale of by-products                    | 3,421                     | -                       | 3,421               | -  | 3,421           |
| Others                                 | 592                       | -                       | 592                 | -  | 592             |
|  | <u>144,645</u>            | <u>26,758</u>           | <u>171,403</u>      | <u>(26,758)</u>                          | <u>144,645</u>  |
| <b>Timing of revenue recognition</b>   |                           |                         |                     |  |                 |
| At a point in time                     | 144,645                   | 26,758                  | 171,403             | (26,758)                                 | 144,645         |
| <b>For 3 months ended 30 June 2019</b> |                           |                         |                     |  |                 |
| <b>Major products or services:</b>     |                           |                         |                     |  |                 |
| Sale of tin                            | 274,077                   | 37,093                  | 311,170             | (37,093)                                 | 274,077         |
| Smelting revenue                       | 8,152                     | -                       | 8,152               | -  | 8,152           |
| Sale of by-products                    | 6,087                     | -                       | 6,087               | -  | 6,087           |
| Others                                 | 766                       | -                       | 766                 | -  | 766             |
|  | <u>289,082</u>            | <u>37,093</u>           | <u>326,175</u>      | <u>(37,093)</u>                          | <u>289,082</u>  |
| <b>Timing of revenue recognition</b>   |                           |                         |                     |  |                 |
| At a point in time                     | 289,082                   | 37,093                  | 326,175             | (37,093)                                 | 289,082         |

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

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

|  | Tin<br>Smelting<br>RM'000 | Tin<br>Mining<br>RM'000 | Sub-total<br>RM'000 | (Eliminations)/<br>Adjustments<br>RM'000 | Total<br>RM'000 |
|--|---------------------------|-------------------------|---------------------|--|-----------------|
| <b>For 6 months ended 30 June 2020</b> |                           |                         |                     |  |                 |
| <b>Major products or services:</b>     |                           |                         |                     |  |                 |
| Sale of tin                            | 327,878                   | 63,431                  | 391,309             | (63,431)                                 | 327,878         |
| Smelting revenue                       | 13,885                    | -                       | 13,885              | -  | 13,885          |
| Sale of by-products                    | 6,842                     | -                       | 6,842               | -  | 6,842           |
| Others                                 | 1,354                     | -                       | 1,354               | -  | 1,354           |
|  | <u>349,959</u>            | <u>63,431</u>           | <u>413,390</u>      | <u>(63,431)</u>                          | <u>349,959</u>  |
| <b>Timing of revenue recognition</b>   |                           |                         |                     |  |                 |
| At a point in time                     | <u>349,959</u>            | <u>63,431</u>           | <u>413,390</u>      | <u>(63,431)</u>                          | <u>349,959</u>  |
| <b>For 6 months ended 30 June 2019</b> |                           |                         |                     |  |                 |
| <b>Major products or services:</b>     |                           |                         |                     |  |                 |
| Sale of tin                            | 566,507                   | 85,439                  | 651,946             | (85,439)                                 | 566,507         |
| Smelting revenue                       | 14,197                    | -                       | 14,197              | -  | 14,197          |
| Sale of by-products                    | 13,951                    | -                       | 13,951              | -  | 13,951          |
| Others                                 | 1,873                     | -                       | 1,873               | -  | 1,873           |
|  | <u>596,528</u>            | <u>85,439</u>           | <u>681,967</u>      | <u>(85,439)</u>                          | <u>596,528</u>  |
| <b>Timing of revenue recognition</b>   |                           |                         |                     |  |                 |
| At a point in time                     | <u>596,528</u>            | <u>85,439</u>           | <u>681,967</u>      | <u>(85,439)</u>                          | <u>596,528</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.

**(c) Others**

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

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

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

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

|  | Tin<br>Smelting | Tin<br>Mining | Others       | Sub-total      | (Eliminations)/<br>Adjustments | Total          |
|--|-----------------|---------------|--------------|----------------|--------------------------------|----------------|
|  | RM'000          | RM'000        | RM'000       | RM'000         | RM'000                         | RM'000         |
| <b>Results for 3 months ended 30 June 2020</b>       |                 |               |              |                |                                |                |
| <b>Revenue</b>                                       |                 |               |              |                |                                |                |
| Sales to external customers                          | 144,645         | -             | -            | 144,645        | -                              | 144,645        |
| Inter-segment sales                                  | -               | 26,758        | -            | 26,758         | (26,758)                       | -              |
| <b>Total revenue</b>                                 | <b>144,645</b>  | <b>26,758</b> | <b>-</b>     | <b>171,403</b> | <b>(26,758)</b>                | <b>144,645</b> |
| <b>Results</b>                                       |                 |               |              |                |                                |                |
| Operating profit/(loss)                              | 3,360           | 3,469         | (11)         | 6,818          | (513)                          | 6,305          |
| Finance costs  | (3,570)         | (453)         | (102)        | (4,125)        | -                              | (4,125)        |
| Share of results of associates<br>and joint ventures | -               | -             | (28)         | (28)           | -                              | (28)           |
| (Loss)/Profit before tax                             | (210)           | 3,016         | (141)        | 2,665          | (513)                          | 2,152          |
| Income tax (expense)/credit                          | (431)           | (951)         | -            | (1,382)        | 124                            | (1,258)        |
| <b>(Loss)/Profit net of tax</b>                      | <b>(641)</b>    | <b>2,065</b>  | <b>(141)</b> | <b>1,283</b>   | <b>(389)</b>                   | <b>894</b>     |

**Results for 3 months ended 30 June 2019**

**Revenue**

|                             |                |               |          |                |                 |                |
|-----------------------------|----------------|---------------|----------|----------------|-----------------|----------------|
| Sales to external customers | 289,082        | -             | -        | 289,082        | -               | 289,082        |
| Inter-segment sales         | -              | 37,093        | -        | 37,093         | (37,093)        | -              |
| <b>Total revenue</b>        | <b>289,082</b> | <b>37,093</b> | <b>-</b> | <b>326,175</b> | <b>(37,093)</b> | <b>289,082</b> |

**Results**

|  |                |               |            |              |          |              |
|--|----------------|---------------|------------|--------------|----------|--------------|
| Operating profit/(loss)                              | 28             | 15,471        | (10)       | 15,489       | -        | 15,489       |
| Finance costs  | (3,718)        | (469)         | (151)      | (4,338)      | -        | (4,338)      |
| Share of results of associates<br>and joint ventures | -              | -             | 407        | 407          | -        | 407          |
| (Loss)/Profit before tax                             | (3,690)        | 15,002        | 246        | 11,558       | -        | 11,558       |
| Income tax expense                                   | (642)          | (3,432)       | -          | (4,074)      | -        | (4,074)      |
| <b>(Loss)/Profit net of tax</b>                      | <b>(4,332)</b> | <b>11,570</b> | <b>246</b> | <b>7,484</b> | <b>-</b> | <b>7,484</b> |

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

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

|  | Tin<br>Smelting | Tin<br>Mining | Others       | Sub-total       | (Eliminations)/<br>Adjustments | Total           |
|--|-----------------|---------------|--------------|-----------------|--------------------------------|-----------------|
|  | RM'000          | RM'000        | RM'000       | RM'000          | RM'000                         | RM'000          |
| <b>Results for 6 months ended 30 June 2020</b>       |                 |               |              |                 |                                |                 |
| <b>Revenue</b>                                       |                 |               |              |                 |                                |                 |
| Sales to external customers                          | 349,959         | -             | -            | 349,959         | -                              | 349,959         |
| Inter-segment sales                                  | -               | 63,431        | -            | 63,431          | (63,431)                       | -               |
| <b>Total revenue</b>                                 | <b>349,959</b>  | <b>63,431</b> | <b>-</b>     | <b>413,390</b>  | <b>(63,431)</b>                | <b>349,959</b>  |
| <b>Results</b>                                       |                 |               |              |                 |                                |                 |
| Operating (loss)/profit                              | (17,819)        | 10,111        | (33)         | (7,741)         | 2,185                          | (5,556)         |
| Finance costs  | (6,691)         | (812)         | (203)        | (7,706)         | -                              | (7,706)         |
| Share of results of associates<br>and joint ventures | -               | -             | (355)        | (355)           | -                              | (355)           |
| (Loss)/Profit before tax                             | (24,510)        | 9,299         | (591)        | (15,802)        | 2,185                          | (13,617)        |
| Income tax credit/(expense)                          | 4,594           | (2,749)       | -            | 1,845           | (524)                          | 1,321           |
| <b>(Loss)/Profit net of tax</b>                      | <b>(19,916)</b> | <b>6,550</b>  | <b>(591)</b> | <b>(13,957)</b> | <b>1,661</b>                   | <b>(12,296)</b> |
| <b>Results for 6 months ended 30 June 2019</b>       |                 |               |              |                 |                                |                 |
| <b>Revenue</b>                                       |                 |               |              |                 |                                |                 |
| Sales to external customers                          | 596,528         | -             | -            | 596,528         | -                              | 596,528         |
| Inter-segment sales                                  | -               | 85,439        | -            | 85,439          | (85,439)                       | -               |
| <b>Total revenue</b>                                 | <b>596,528</b>  | <b>85,439</b> | <b>-</b>     | <b>681,967</b>  | <b>(85,439)</b>                | <b>596,528</b>  |
| <b>Results</b>                                       |                 |               |              |                 |                                |                 |
| Operating profit/(loss)                              | 4,942           | 25,605        | (34)         | 30,513          | -                              | 30,513          |
| Finance costs  | (7,187)         | (768)         | (277)        | (8,232)         | -                              | (8,232)         |
| Share of results of associates<br>and joint ventures | -               | -             | 643          | 643             | -                              | 643             |
| (Loss)/Profit before tax                             | (2,245)         | 24,837        | 332          | 22,924          | -                              | 22,924          |
| Income tax expense                                   | (703)           | (6,136)       | -            | (6,839)         | -                              | (6,839)         |
| <b>(Loss)/Profit net of tax</b>                      | <b>(2,948)</b>  | <b>18,701</b> | <b>332</b>   | <b>16,085</b>   | <b>-</b>                       | <b>16,085</b>   |

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

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

|  | Tin<br>Smelting<br>RM'000 | Tin<br>Mining<br>RM'000 | Others<br>RM'000 | Sub-total<br>RM'000 | (Eliminations)/<br>Adjustments<br>RM'000 | Total<br>RM'000 |
|--|---------------------------|-------------------------|------------------|---------------------|--|-----------------|
| <b>Assets and Liabilities as at 30 June 2020</b>     |                           |                         |                  |                     |  |                 |
| <b>Assets</b>  |                           |                         |                  |                     |  |                 |
| Segment assets                                       | 760,054                   | 78,993                  | 8,660            | 847,707             | (1,627)                                  | 846,080         |
| Investment in associates<br>and joint ventures       | -                         | -                       | 30,653           | 30,653              | -  | 30,653          |
| <b>Total assets</b>                                  | <b>760,054</b>            | <b>78,993</b>           | <b>39,313</b>    | <b>878,360</b>      | <b>(1,627)</b>                           | <b>876,733</b>  |
| <b>Liabilities</b>                                   |                           |                         |                  |                     |  |                 |
| Segment liabilities                                  | <b>467,770</b>            | <b>52,516</b>           | <b>92</b>        | <b>520,378</b>      | <b>-</b>                                 | <b>520,378</b>  |
| <b>Assets and Liabilities as at 31 December 2019</b> |                           |                         |                  |                     |  |                 |
| <b>Assets</b>  |                           |                         |                  |                     |  |                 |
| Segment assets                                       | 715,591                   | 71,750                  | 9,771            | 797,112             | (3,288)                                  | 793,824         |
| Investment in associates<br>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>  |

**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 2019.

**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 June 2020.

**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 June 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 is currently fixed on 24 August 2020. The estimated liability is approximately RM54.6 million as at 31 December 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 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 respective case management and hearing for the strike out which were fixed for 30 July 2020 have been rescheduled by the Court to 28 August 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 June 2020 are as follows:

|                                 | <b>30.06.2020</b><br><b>RM’000</b> | <b>31.12.2019</b><br><b>RM’000</b> |
|---------------------------------|------------------------------------|------------------------------------|
| Approved and contracted for     | 16,843                             | 16,361                             |
| Approved but not contracted for | 1,134                              | 1,598                              |
|                                 | <b>17,977</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.

**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<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|--|-------------------|-------------------|-------------------|-----------------|
| <b>At 30 June 2020</b>                     |                   |                   |                   |                 |
| <b>Assets measured at fair value:</b>      |                   |                   |                   |                 |
| Land and buildings                         | -                 | -                 | 49,452            | 49,452          |
| Investment securities                      | 8,650             | -                 | -                 | 8,650           |
| <b>Liabilities measured at fair value:</b> |                   |                   |                   |                 |
| Derivative financial instruments – current | 254               | 949               | -                 | 1,203           |
| <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-to-date ended 30 June 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:

|  | 2 <sup>nd</sup> Quarter ended<br>30.06.2020<br>RM'000 | 2 <sup>nd</sup> Quarter ended<br>30.06.2019<br>RM'000 | 6 months ended<br>30.06.2020<br>RM'000 | 6 months ended<br>30.06.2019<br>RM'000 |
|--|---|---|--|--|
| <b>After charging/(crediting):</b>                         |   |   |  |  |
| Depreciation and amortisation                              | 4,851   | 4,207   | 9,906                                  | 7,599                                  |
| Fair value (gain)/loss in derivative financial instruments |   |   |  |  |
| - Forward tin contracts                                    | (1,737)   | 742   | (543)                                  | (594)                                  |
| - Forward currency contracts                               | (3,756)   | (904)   | 1,033                                  | 454                                    |
| Net foreign exchange loss/(gain)                           | 2,845   | 804   | 2,374                                  | (126)                                  |
| Interest income  | (131)   | (389)   | (291)                                  | (671)                                  |
| Inventories written down to net realisable value           | -   | -   | 14,000                                 | -                                      |
| Other income including investment income                   | (1,536)   | (604)   | (1,565)                                | (740)                                  |

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 June 2020.

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

Income tax (expense)/credit comprises the following:

|   | 2 <sup>nd</sup> Quarter ended<br>30.06.2020<br>RM'000 | 2 <sup>nd</sup> Quarter ended<br>30.06.2019<br>RM'000 | 6 months ended<br>30.06.2020<br>RM'000 | 6 months ended<br>30.06.2019<br>RM'000 |
|---|---|---|--|--|
| Income tax  |   |   |  |  |
| - Current provision   | (897)   | (3,730)   | (2,775)                                | (8,622)                                |
| Deferred tax  |   |   |  |  |
| - Relating to origination and reversal of temporary differences | (361)   | (344)   | 4,096                                  | 1,783                                  |
| <b>Total income tax (expense)/credit</b>                        | <b>(1,258)</b>  | <b>(4,074)</b>  | <b>1,321</b>                           | <b>(6,839)</b>                         |

For the current financial year-to-date ended 30 June 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.



**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 1 August 2020, 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 June 2020 is as follows:

|                                       | Not past<br>due<br>RM'000 | ← Past due →           |                            |                            |                             |                        | Total<br>RM'000 |
|---------------------------------------|---------------------------|------------------------|----------------------------|----------------------------|-----------------------------|------------------------|-----------------|
|                                       |                           | < 30<br>days<br>RM'000 | 30 to 60<br>days<br>RM'000 | 61 to 90<br>days<br>RM'000 | 91 to 120<br>days<br>RM'000 | >120<br>days<br>RM'000 |                 |
| Trade receivables<br>as at 30.06.2020 | 11,986                    | -                      | 21                         | 28                         | 145                         | 99                     | 12,279          |
| Trade receivables<br>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 RM293,000 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 June 2020 are as follows:

|  | <b>As at<br/>30.06.2020<br/>RM'000</b> | <b>As at<br/>31.12.2019<br/>RM'000</b> |
|--|--|--|
| <b>Short Term Borrowings (unsecured)</b> |  |  |
| Short term trade financing               | 35,361                                 | 1,769                                  |
| Bankers' acceptances / Trust receipt     | 226,849                                | 185,143                                |
| Revolving credit                         | 30,000                                 | 30,000                                 |
| Term loan                                | 49,803                                 | 49,259                                 |
|  | <b>342,013</b>                         | <b>266,171</b>                         |

| <b>Amount denominated in foreign currency</b> | <b>'000</b> | <b>'000</b> |
|---|-------------|-------------|
| Short term trade financing (US dollars)       | 8,252       | 432         |
| Term loan (Singapore dollars)                 | 16,200      | 16,200      |

During the 6 months ended 30 June 2020, the Group increased its total borrowings by approximately 28.5% from RM266.2 million as at 31 December 2019 to RM342.0 million as at 30 June 2020 due to working capital requirements. Consequentially, the gearing ratio of the Group increased to 1.0 times as at 30 June 2020 from 0.7 times 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 30 June 2020 for the Group was 3.1% (2019: 3.9%) per annum. Revolving credit as at 30 June 2020 bears interest rate of 4.4% (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 3.1380. 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 2019.

The outstanding forward tin contracts and forward foreign currency contracts as at 30 June 2020 are as follows:

| <b>Derivative Financial Instruments</b>          | <b>Contract Value<br/>RM'000</b> | <b>Fair Value<br/>RM'000</b> | <b>Fair Value –<br/>Financial<br/>Assets/(Liabilities)<br/>RM'000</b> |
|--|----------------------------------|------------------------------|---|
| <b>At 30 June 2020</b>                           |                                  |                              |   |
| Forward Tin Contracts<br>- Less than 1 year      | 46,326                           | 50,315                       | (254)   |
| Forward Currency Contracts<br>- Less than 1 year | 146,498                          | 145,726                      | (949)   |
| <b>At 31 December 2019</b>                       |                                  |                              |   |
| Forward Tin Contracts<br>- Less than 1 year      | 29,777                           | 30,653                       | (797)   |
| Forward Currency Contracts<br>- Less than 1 year | 124,893                          | 122,774                      | 84  |

**B8. Material Litigation**

There was no material litigation as at 1 August 2020, 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<br/>30.06.2020<br/>RM'000</b> | <b>Immediate<br/>Preceding Quarter<br/>31.03.2020<br/>RM'000</b> | <b>Changes<br/>%</b> |
|--|--|--|----------------------|
| Revenue  | 144,645  | 205,314  | (30%)                |
| Operating Profit/(Loss)                                | 6,305  | (11,861)   | (153%)               |
| Profit/(Loss) Before Interest and Tax                  | 6,277  | (12,188)   | (152%)               |
| Profit/(Loss) Before Tax                               | 2,152  | (15,769)   | (114%)               |
| Profit/(Loss) After Tax                                | 894  | (13,190)   | (107%)               |
| Profit/(Loss) Attributable to Owners<br>of the Company | 894  | (13,188)   | (107%)               |

2Q 2020 vs. 1Q 2020 (QoQ)

The Group recorded revenue of RM 144.6 million in 2Q 2020 as compared with RM 205.3 million in 1Q 2020, while the Group's profit before tax in 2Q 2020 was RM 2.2 million as compared with a loss before tax of RM 15.8 million in 1Q 2020.

The tin smelting segment recorded a loss before tax of RM 0.2 million in 2Q 2020 as compared with a loss before tax of RM 24.3 million in 1Q 2020. This was mainly due to inventories written down by RM14.0 million which was recognised in 1Q 2020 and favourable fair value change in derivative financial instruments in 2Q 2020.

The tin mining segment recorded a profit before tax of RM3.0 million in 2Q 2020 as compared with RM6.3 million in 1Q 2020. This was mainly due to decrease in average tin prices from RM69,675 (1Q 2020) to RM67,219 (2Q 2020) per metric tonne and lower sales quantity of refined tin in 2Q 2020.

The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate. Our smelting and mining operations were shut down from 18 March 2020 in line with the Movement Control Order ("MCO") imposed by the Malaysian Government. The operations were only allowed to recommence progressively from 4 April 2020 (smelting) and 18 April 2020 (mining) upon approval from Ministry of International Trade and Industry ("MITI"). Full operations recommenced on 28 April 2020.

The Group's share of results of associates and joint ventures also recorded a net loss of RM 0.03 million in 2Q 2020 as compared with a net loss of RM 0.3 million in 1Q 2020.

**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<br>(6 months) |   | Changes<br>% | Individual Period<br>(2 <sup>nd</sup> quarter) |  | Changes<br>% |
|--|---------------------------------|---|--------------|--|--|--------------|
|  | Current<br>Year To-<br>date     | Preceding Year<br>Corresponding<br>Period |              | Current<br>Year<br>Quarter                     | Preceding Year<br>Corresponding<br>Quarter |              |
|  | 30.06.2020<br>RM'000            | 30.06.2019<br>RM'000                      |              | 30.06.2020<br>RM'000                           | 30.06.2019<br>RM'000                       |              |
| Revenue  | 349,959                         | 596,528                                   | (41%)        | 144,645  | 289,082                                    | (50%)        |
| Operating (Loss)/Profit                                | (5,556)                         | 30,513                                    | (118%)       | 6,305  | 15,489                                     | (59%)        |
| (Loss)/Profit Before Interest<br>and Tax               | (5,911)                         | 31,156                                    | (119%)       | 6,277  | 15,896                                     | (61%)        |
| (Loss)/Profit Before Tax                               | (13,617)                        | 22,924                                    | (159%)       | 2,152  | 11,558                                     | (81%)        |
| (Loss)/Profit After Tax                                | (12,296)                        | 16,085                                    | (176%)       | 894  | 7,484                                      | (88%)        |
| (Loss)/Profit Attributable to<br>Owners of the Company | (12,294)                        | 16,085                                    | (176%)       | 894  | 7,484                                      | (88%)        |

1H 2020 vs. 1H 2019 (YoY)

Group revenue was RM350.0 million in the first 6 months of the current financial year (1H 2020) as compared with RM596.5 million in 1H 2019, while the Group recorded a loss before tax of RM13.6 million in 1H 2020 as compared with a profit before tax of RM22.9 million in 1H 2019.

The tin smelting segment recorded a loss before tax of RM24.5 million in 1H 2020 as compared with a loss before tax of RM2.2 million in 1H 2019. This was mainly due to inventories written down by RM14.0 million due to lower tin prices, plant temporary closure during MCO period, disruptions in the supply and demand chain for tin as a result of the Covid-19 pandemic and prolonged trade tensions, and lower profit from sale of by-products.

The tin mining segment recorded a profit before tax of RM9.3 million in 1H 2020 as compared with RM24.8 million in 1H 2019. This was mainly due to lower average tin prices and lower sales quantity of refined tin due to lower mining production in 1H 2020 as a result of the temporary closure during MCO period.

The average tin prices for 1H 2020 was at RM67,696 as compared to 1H 2019 at RM83,749 per metric tonne.

The Group's share of results of associates and joint ventures recorded a net share of loss of RM0.4 million in 1H 2020 as compared with a net share of profit of RM0.6 million in 1H 2019.

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

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

2Q 2020 vs. 2Q 2019 (YoY)

Group revenue was RM144.6 million in 2Q 2020 as compared with RM289.1 million in 2Q 2019, while the Group recorded a profit before tax of RM2.2 million in 2Q 2020 as compared with a profit before tax of RM11.6 million in 2Q 2019. This was mainly due to lower average tin prices and lower sales quantity of refined tin in 2Q 2020 as a result of the Covid-19 pandemic and disruptions in the smelting and mining operations in 2Q 2020.

The tin smelting segment recorded a loss before tax of RM0.2 million in 2Q 2020 as compared with a loss before tax of RM3.7 million in 2Q 2019. This was mainly due to lower operating expenses in 2Q 2020.

The tin mining segment recorded a profit before tax of RM3.0 million in 2Q 2020 as compared with RM15.0 million in 2Q 2019. This was mainly due to lower tin prices and lower sales quantity in 2Q 2020.

The average tin prices for 2Q 2020 was at RM67,219 as compared to 2Q 2019 at RM81,620 per metric tonne.

The Group's share of results of associates and joint ventures recorded a net share of loss of RM0.03 million in 2Q 2020 as compared with a net share of profit of RM0.4 million in 2Q 2019.

**B11. Prospects**

Countries around the world are rolling out fiscal stimulus measures to fight the Covid-19 pandemic and to minimize the effects of a serious economic downturn. Governments are already beginning to lift restrictions with a view to kickstart their economies. The pace of recovery will depend largely on the efficacy of public health and fiscal measures, containing the spread of the virus, minimizing risks of reinfection, protecting jobs and income and restoring consumer confidence.

Malaysia is now entering the recovery phase of Covid-19 following a declining trend of infections, while the country's medical and public health capacity has reached a better and more convincing level. However, uncertainties persist about the future course of the pandemic in the form of a second wave of infections, and its further economic and social consequences arising thereafter.

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 operations in the Pulau Indah plant, using newer and more efficient technology and a more productive work force will commence in 3Q 2020. 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.

**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, and the Group will also look at potential joint ventures to expand its mining activities.

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

|   | <b>2<sup>nd</sup> Quarter ended<br/>30.06.2020</b> | <b>2<sup>nd</sup> Quarter ended<br/>30.06.2019</b> | <b>6 months ended<br/>30.06.2020</b> | <b>6 months ended<br/>30.06.2019</b> |
|---|--|--|--------------------------------------|--------------------------------------|
| Profit/(Loss) net of tax attributable to owners of the Company (RM'000) | 894  | 7,484  | (12,294)                             | 16,085                               |
| 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>0.2</b>   | <b>1.9</b>   | <b>(3.1)</b>                         | <b>4.0</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 RM0.02 per share (2018: RM0.02 per share) amounting to RM8,000,000 (2018: RM8,000,000) for the financial year ended 31 December 2019.

The Book Closure Date and Payment Date are set at 17 September 2020 and 30 September 2020 respectively, subject to the approval of the shareholders as mentioned above.

There was no dividend declared in the current quarter and financial year-to-date ended 30 June 2020.

**Authorised for Issue**

The Interim results was authorised for issue by the Board in accordance with a resolution of the Directors on 7 August 2020.