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# **MALAYSIA SMELTING CORPORATION BERHAD**

## **INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

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

8 AUGUST 2023



**Malaysia Smelting Corporation Berhad (197801006055 (43072-A))**  
**Interim Financial Report**  
**For the Second Quarter ended 30 June 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	Note	As at 30.06.2023 Unaudited RM'000	As at 31.12.2022 Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		160,792	155,888
Right-of-use assets		5,232	5,430
Land held for development		78,654	78,654
Mining rights		142,077	141,617
Corporate club memberships		429	433
Investments in associate and joint venture		30,386	29,974
Investment securities		40,979	32,885
Deferred mine exploration and evaluation expenditures		1,212	1,326
Mine properties		12,051	12,185
Deferred tax assets		6,078	6,541
		477,890	464,933
<b>Current assets</b>			
Inventories		547,313	570,709
Trade receivables	B5	15,591	31,523
Other receivables		1,206	705
Trade prepayments		46,283	66,503
Other prepayments		2,623	1,650
Tax recoverable		16,935	17,495
Derivative financial instruments		-	1,115
Cash, bank balances and deposits		210,146	151,221
		840,097	840,921
<b>Total assets</b>		1,317,987	1,305,854
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Provisions		14,895	14,294
Borrowings	B6	249,387	268,976
Trade and other payables		97,636	111,236
Lease liabilities		1,164	777
Current tax payable		16,088	8,452
Derivative financial instruments		-	153
		379,170	403,888
<b>Net current assets</b>		460,927	437,033
<b>Non-current liabilities</b>			
Provisions		49,367	48,346
Deferred tax liabilities		3,666	3,098
Borrowings	B6	55,556	68,889
Lease liabilities		4,364	4,137
		112,953	124,470
<b>Total liabilities</b>		492,123	528,358
<b>Net assets</b>		825,864	777,496
<b>Equity attributable to owners of the Company</b>			
Share capital		237,194	237,194
Other reserves		46,081	37,859
Retained earnings		478,586	444,127
		761,861	719,180
<b>Non-controlling interests</b>		64,003	58,316
<b>Total Equity</b>		825,864	777,496
<b>Total equity and liabilities</b>		1,317,987	1,305,854
<b>Net assets per share attributable to owners of the Company (RM)</b>		1.81	1.71

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited annual financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE PERIOD ENDED 30 JUNE 2023**

	Note	2 nd Quarter 3 months ended		Year to Date 6 months ended	
		30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
<b>Revenue</b>	<b>A8</b>	<u>327,013</u>	<u>408,836</u>	<u>667,071</u>	<u>768,314</u>
Operating profit		46,155	59,028	102,489	153,759
Finance costs		(4,156)	(4,405)	(8,988)	(9,606)
Share of results of associate and joint venture		<u>219</u>	<u>10</u>	<u>351</u>	<u>716</u>
<b>Profit before tax</b>	<b>B2</b>	42,218	54,633	93,852	144,869
Income tax expense	<b>B3</b>	(10,760)	(15,194)	(24,306)	(41,133)
<b>Profit net of tax</b>		<u>31,458</u>	<u>39,439</u>	<u>69,546</u>	<u>103,736</u>
<b>Attributable to:</b>					
Owners of the Company		28,449	39,450	63,859	103,791
Non-controlling interests		3,009	(11)	5,687	(55)
		<u>31,458</u>	<u>39,439</u>	<u>69,546</u>	<u>103,736</u>
<b>Earnings per share attributable to owners of the Company (sen):</b>					
Basic and diluted	<b>B12</b>	<u>6.8</u>	<u>9.4</u>	<u>15.2</u>	<u>24.7</u>

The unaudited condensed consolidated statement of profit or loss should be read in conjunction with the audited annual financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2023**

	2 nd Quarter		Year to Date	
	3 months ended		6 months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
<b>Profit net of tax</b>	31,458	39,439	69,546	103,736
<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")	8,020	(12,024)	8,094	3,234
<b>Items that may be subsequently reclassified to profit or loss:</b>				
Foreign currency translation	(8)	(5)	(8)	(6)
Share of foreign currency translation of associate and joint venture	58	(112)	136	(90)
	50	(117)	128	(96)
<b>Other comprehensive income for the period, net of tax</b>	8,070	(12,141)	8,222	3,138
<b>Total comprehensive income for the period</b>	39,528	27,298	77,768	106,874
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	36,519	27,309	72,081	106,929
Non-controlling interests	3,009	(11)	5,687	(55)
	39,528	27,298	77,768	106,874

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited annual financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2023**

		Attributable to owners of the Company								
		← Non - Distributable →					Distributable			
RM'000	Note	Share capital	Revaluation reserves	Foreign currency translation reserves	FVOCI reserves	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>At 1 January 2023</b>		237,194	14,264	1,042	20,847	1,706	444,127	719,180	58,316	777,496
Profit for the period		-	-	-	-	-	63,859	63,859	5,687	69,546
Other comprehensive income		-	-	128	8,094	-	-	8,222	-	8,222
Total comprehensive income		-	-	128	8,094	-	63,859	72,081	5,687	77,768
<b>Transaction with owners of the Company:</b>										
Dividend on ordinary shares	A7	-	-	-	-	-	(29,400)	(29,400)	-	(29,400)
<b>At 30 June 2023</b>		<b>237,194</b>	<b>14,264</b>	<b>1,170</b>	<b>28,941</b>	<b>1,706</b>	<b>478,586</b>	<b>761,861</b>	<b>64,003</b>	<b>825,864</b>
<b>At 1 January 2022</b>		237,194	12,906	1,067	41,838	1,706	285,727	580,438	203	580,641
Profit for the period		-	-	-	-	-	103,791	103,791	(55)	103,736
Other comprehensive income		-	-	(96)	3,234	-	-	3,138	-	3,138
Total comprehensive income		-	-	(96)	3,234	-	103,791	106,929	(55)	106,874
Transfer of FVOCI reserves to retained earnings upon disposal of investment securities		-	-	-	(24,111)	-	24,111	-	-	-
<b>Transaction with owners of the Company:</b>										
Dividend on ordinary shares	A7	-	-	-	-	-	(29,400)	(29,400)	-	(29,400)
<b>At 30 June 2022</b>		<b>237,194</b>	<b>12,906</b>	<b>971</b>	<b>20,961</b>	<b>1,706</b>	<b>384,229</b>	<b>657,967</b>	<b>148</b>	<b>658,115</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 2022 and the accompanying explanatory notes attached to the Interim Financial Report.



**Malaysia Smelting Corporation Berhad (197801006055 (43072-A))**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2023**

	6 months ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
<b>Operating activities</b>		
Operating cash flows before changes in working capital	106,759	158,851
Decrease/(Increase) in inventories	23,396	(17,215)
Decrease/(Increase) in trade and other receivables	15,078	(6,908)
Decrease/(Increase) in trade prepayments	20,220	(4,934)
Increase in other prepayments	(1,052)	(703)
Decrease in payables	(3,061)	(24,295)
Decrease in amount due to an associate	(1,907)	-
<b>Cash generated from operations</b>	<u>159,433</u>	<u>104,796</u>
Income tax paid	(15,081)	(15,528)
Interest paid	(7,622)	(9,089)
<b>Net cash generated from operating activities</b>	<u>136,730</u>	<u>80,179</u>
<b>Investing activities</b>		
Dividend received from an associate	75	28
Dividend received from investment securities	1,128	1,891
Interest received	2,137	845
Payment for deferred mine exploration and evaluation expenditures and mine properties	(181)	(177)
Proceeds from disposal of investment securities	-	28,691
Proceeds from disposal of property, plant and equipment	-	35
Purchase of property, plant and equipment	(10,905)	(4,856)
<b>Net cash (used in)/generated from investing activities</b>	<u>(7,746)</u>	<u>26,457</u>
<b>Financing activities</b>		
Dividend paid to shareholders	(29,400)	(29,400)
Dividend paid to a non-controlling shareholder of a subsidiary	(8,168)	-
Repayment of short term trade borrowings	(33,032)	(17,329)
Drawdown of term loan	-	40,000
Repayment of loan from immediate holding company	-	(36,731)
Payment of lease liabilities	(118)	(44)
<b>Net cash used in financing activities</b>	<u>(70,718)</u>	<u>(43,504)</u>
<b>Net increase in cash and cash equivalents</b>	58,266	63,132
Effect of changes in foreign exchange rates	659	(83)
<b>Cash and cash equivalents as at 1 January</b>	<u>151,221</u>	<u>122,576</u>
<b>Cash and cash equivalents as at 30 June</b>	<u>210,146</u>	<u>185,625</u>

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

	← Non-cash changes →					
	Carrying amount as at 1 January 2023	Cash flows	Accrued interest	Additions	Foreign exchange movement	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Lease liabilities	4,914	(118)	131	601	-	5,528
Short term trade borrowings	257,865	(33,032)	-	-	110	224,943
Term loan	80,000	-	-	-	-	80,000
<b>Total liabilities from financing activities</b>	<u>342,779</u>	<u>(33,150)</u>	<u>131</u>	<u>601</u>	<u>110</u>	<u>310,471</u>

	← Non-cash changes →					
	Carrying amount as at 1 January 2022	Cash flows	Accrued interest	Additions	Foreign exchange movement	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Lease liabilities	4,425	(44)	90	-	-	4,471
Loan from immediate holding company	73,461	(36,731)	-	-	-	36,730
Short term trade borrowings	366,298	(17,329)	-	-	785	349,754
Term loans	90,008	40,000	-	-	1,197	131,205
<b>Total liabilities from financing activities</b>	<u>534,192</u>	<u>(14,104)</u>	<u>90</u>	<u>-</u>	<u>1,982</u>	<u>522,160</u>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the Interim Financial Report.



## PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

### A1. Basis of Preparation

This condensed consolidated Interim Financial Report has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022.

These explanatory notes attached to the Interim Financial Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

### A2. Changes in Accounting Policies

#### i) Amendments and Annual Improvements adopted by the Group

The significant accounting policies adopted in the preparation of the Interim Financial Report are consistent with those used in the preparation of the Group's audited financial statements for the financial year ended 31 December 2022 except for the adoption of the pronouncements that became effective from 1 January 2023.

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

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



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

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

**ii) Standards, Amendments and Annual Improvements issued but not yet effective**

The Group has not adopted the following pronouncements that have been issued but not yet effective:

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 16 Leases ( <i>Lease Liability in a Sale and Leaseback</i> )	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements ( <i>Non-current Liabilities with Covenants</i> )	1 January 2024
Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures ( <i>Supplier Finance Arrangements</i> )	1 January 2024
Amendments to MFRS 10 and MFRS 128 Consolidated Financial Statements: 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 2023.

**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 2023.

**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 2023.



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

**A7. Dividend Paid**

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

	<b>30.06.2023</b>	<b>30.06.2022</b>
<b>First and final single-tier dividend:</b>		
For financial year ended	31 December 2022	31 December 2021
Approved and declared on	26 May 2023	27 May 2022
Date paid	27 June 2023	30 June 2022
Number of ordinary shares on which dividends were paid ('000)	420,000	420,000
Dividend per share	7.0 sen	7.0 sen
Dividend paid	RM29,400,000	RM29,400,000

**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.

	<b>Tin Smelting RM'000</b>	<b>Tin Mining RM'000</b>	<b>Sub-total RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>For 3 months ended 30 June 2023</b>					
<b>Major products or services:</b>					
Sale of tin	311,772	70,033	381,805	(70,033)	311,772
Smelting revenue	9,368	-	9,368	-	9,368
Sale of by-products	5,491	-	5,491	-	5,491
Others	382	-	382	-	382
	<u>327,013</u>	<u>70,033</u>	<u>397,046</u>	<u>(70,033)</u>	<u>327,013</u>
<b>Timing of revenue recognition</b>					
At a point in time	<u>327,013</u>	<u>70,033</u>	<u>397,046</u>	<u>(70,033)</u>	<u>327,013</u>
<b>For 3 months ended 30 June 2022</b>					
<b>Major products or services:</b>					
Sale of tin	400,723	98,066	498,789	(98,066)	400,723
Smelting revenue	6,902	-	6,902	-	6,902
Sale of by-products	945	-	945	-	945
Others	266	-	266	-	266
	<u>408,836</u>	<u>98,066</u>	<u>506,902</u>	<u>(98,066)</u>	<u>408,836</u>
<b>Timing of revenue recognition</b>					
At a point in time	<u>408,836</u>	<u>98,066</u>	<u>506,902</u>	<u>(98,066)</u>	<u>408,836</u>

**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 RM'000	Total RM'000
<b>For 6 months ended 30 June 2023</b>					
<b>Major products or services:</b>					
Sale of tin	635,208	142,889	778,097	(142,889)	635,208
Smelting revenue	18,923	-	18,923	-	18,923
Sale of by-products	12,045	-	12,045	-	12,045
Others	895	-	895	-	895
	<u>667,071</u>	<u>142,889</u>	<u>809,960</u>	<u>(142,889)</u>	<u>667,071</u>
<b>Timing of revenue recognition</b>					
At a point in time	<u>667,071</u>	<u>142,889</u>	<u>809,960</u>	<u>(142,889)</u>	<u>667,071</u>
<b>For 6 months ended 30 June 2022</b>					
<b>Major products or services:</b>					
Sale of tin	752,871	205,333	958,204	(205,333)	752,871
Smelting revenue	11,633	-	11,633	-	11,633
Sale of by-products	3,290	-	3,290	-	3,290
Others	520	-	520	-	520
	<u>768,314</u>	<u>205,333</u>	<u>973,647</u>	<u>(205,333)</u>	<u>768,314</u>
<b>Timing of revenue recognition</b>					
At a point in time	<u>768,314</u>	<u>205,333</u>	<u>973,647</u>	<u>(205,333)</u>	<u>768,314</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 Smelting	Tin Mining	Others	Sub-total	(Eliminations)/ Adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Results for 3 months ended 30 June 2023</b>						
<b>Revenue</b>						
Sales to external customers	327,013	-	-	327,013	-	327,013
Inter-segment sales	-	70,033	-	70,033	(70,033)	-
<b>Total revenue</b>	<b>327,013</b>	<b>70,033</b>	<b>-</b>	<b>397,046</b>	<b>(70,033)</b>	<b>327,013</b>
<b>Results</b>						
Operating profit/(loss)	24,911	23,815	(2)	48,724	(2,569)	46,155
Finance costs	(3,330)	(597)	(229)	(4,156)	-	(4,156)
Share of results of associate and joint venture	-	-	219	219	-	219
Profit/(Loss) before tax	21,581	23,218	(12)	44,787	(2,569)	42,218
Income tax (expense)/credit	(5,311)	(6,066)	-	(11,377)	617	(10,760)
<b>Profit/(Loss) net of tax</b>	<b>16,270</b>	<b>17,152</b>	<b>(12)</b>	<b>33,410</b>	<b>(1,952)</b>	<b>31,458</b>
<b>Results for 3 months ended 30 June 2022</b>						
<b>Revenue</b>						
Sales to external customers	408,836	-	-	408,836	-	408,836
Inter-segment sales	-	98,066	-	98,066	(98,066)	-
<b>Total revenue</b>	<b>408,836</b>	<b>98,066</b>	<b>-</b>	<b>506,902</b>	<b>(98,066)</b>	<b>408,836</b>
<b>Results</b>						
Operating (loss)/profit	(4,257)	48,009	(5)	43,747	15,281	59,028
Finance costs	(3,934)	(423)	(48)	(4,405)	-	(4,405)
Share of results of associate and joint venture	-	-	10	10	-	10
(Loss)/Profit before tax	(8,191)	47,586	(43)	39,352	15,281	54,633
Income tax credit/(expense)	1,737	(13,264)	-	(11,527)	(3,667)	(15,194)
<b>(Loss)/Profit net of tax</b>	<b>(6,454)</b>	<b>34,322</b>	<b>(43)</b>	<b>27,825</b>	<b>11,614</b>	<b>39,439</b>



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**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>Results for 6 months ended 30 June 2023</b>						
<b>Revenue</b>						
Sales to external customers	667,071	-	-	667,071	-	667,071
Inter-segment sales	-	142,889	-	142,889	(142,889)	-
<b>Total revenue</b>	<b>667,071</b>	<b>142,889</b>	<b>-</b>	<b>809,960</b>	<b>(142,889)</b>	<b>667,071</b>
<b>Results</b>						
Operating profit/(loss)	62,165	48,087	(5)	110,247	(7,758)	102,489
Finance costs	(7,421)	(1,152)	(415)	(8,988)	-	(8,988)
Share of results of associate and joint venture	-	-	351	351	-	351
Profit/(Loss) before tax	54,744	46,935	(69)	101,610	(7,758)	93,852
Income tax (expense)/credit	(13,832)	(12,243)	-	(26,075)	1,769	(24,306)
<b>Profit/(Loss) net of tax</b>	<b>40,912</b>	<b>34,692</b>	<b>(69)</b>	<b>75,535</b>	<b>(5,989)</b>	<b>69,546</b>
<b>Results for 6 months ended 30 June 2022</b>						
<b>Revenue</b>						
Sales to external customers	768,314	-	-	768,314	-	768,314
Inter-segment sales	-	205,333	-	205,333	(205,333)	-
<b>Total revenue</b>	<b>768,314</b>	<b>205,333</b>	<b>-</b>	<b>973,647</b>	<b>(205,333)</b>	<b>768,314</b>
<b>Results</b>						
Operating profit/(loss)	37,285	111,182	(8)	148,459	5,300	153,759
Finance costs	(8,469)	(845)	(292)	(9,606)	-	(9,606)
Share of results of associate and joint venture	-	-	716	716	-	716
Profit before tax	28,816	110,337	416	139,569	5,300	144,869
Income tax expense	(7,537)	(32,324)	-	(39,861)	(1,272)	(41,133)
<b>Profit net of tax</b>	<b>21,279</b>	<b>78,013</b>	<b>416</b>	<b>99,708</b>	<b>4,028</b>	<b>103,736</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 June 2023</b>						
<b>Assets</b>						
Segment assets	918,259	335,663	40,990	1,294,912	(7,311)	1,287,601
Investments in associate and joint venture	-	-	30,386	30,386	-	30,386
<b>Total assets</b>	<b>918,259</b>	<b>335,663</b>	<b>71,376</b>	<b>1,325,298</b>	<b>(7,311)</b>	<b>1,317,987</b>
<b>Liabilities</b>						
Segment liabilities	<b>415,946</b>	<b>76,006</b>	<b>171</b>	<b>492,123</b>	-	<b>492,123</b>
<b>Assets and Liabilities as at 31 December 2022</b>						
<b>Assets</b>						
Segment assets	939,267	305,040	32,895	1,277,202	(1,322)	1,275,880
Investments in associate and joint venture	-	-	29,974	29,974	-	29,974
<b>Total assets</b>	<b>939,267</b>	<b>305,040</b>	<b>62,869</b>	<b>1,307,176</b>	<b>(1,322)</b>	<b>1,305,854</b>
<b>Liabilities</b>						
Segment liabilities	<b>445,588</b>	<b>82,613</b>	<b>157</b>	<b>528,358</b>	-	<b>528,358</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 2022.

**A11. Event After the Reporting Period**

There was no material event subsequent to end of the current quarter.

**A12. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter and financial year-to-date ended 30 June 2023.



**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 2023 except for the following:

- (i) Trial dates in respect of the case against two former executive officers of the Company for breach of fiduciary duties, conspiracy and dishonest assistance have been set for 21 June, 20 July, 26 July, 7-9 August, 11 August, 14 August, 21 August, and 25 August 2023. Trial on 21 June was adjourned to consider the terms of the settlement agreement. Trial on 20 July completed the examination of the subsidiary's first witness. The trial is on-going.

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

- (ii) In respect of the suit by a former supplier of foreign workers against the Company for the purported breach of contract, the Court had vacated the Oral Hearing (Submission) which was fixed on 1 Jun 2023 as the said date was not suitable for the Court. The matter was then fixed for Oral Hearing on 14 July 2023 but the High Court Judge had directed the matter to be vacated again. The Court has yet to fix a new date for the Oral Hearing (Submission).

The Board of Directors, having obtained advice from its legal counsel, is of the opinion that the Company has a good chance of winning the case.

- (iii) In respect of the suit against the Company for the purported breach of a sale and purchase agreement to supply 60,000 MT of tin slag, pre-trial matters are on-going. In the meantime, the Company, with the assistance of its lawyers, are exploring with the Plaintiff's lawyers on the possibility of a settlement.

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

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

**A14. Capital Commitments**

Capital commitments of the Group as at 30 June 2023 are as follows:

	<b>30.06.2023</b> <b>RM'000</b>	<b>31.12.2022</b> <b>RM'000</b>
Approved and contracted for	7,482	14,751
Approved but not contracted for	4,137	5,003
	<b>11,619</b>	<b>19,754</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 2022.

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

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>At 30 June 2023</b>				
<b>Assets measured at fair value:</b>				
Land and buildings	-	-	59,382	59,382
Investment securities	40,979	-	-	40,979
<b>At 31 December 2022</b>				
<b>Assets measured at fair value:</b>				
Land and buildings	-	-	60,086	60,086
Investment securities	32,885	-	-	32,885

There has been no transfer between any levels of the fair value hierarchy and there was no change in the purpose of any financial assets/liabilities that may subsequently result in a different classification of those assets/liabilities during the current quarter and financial year-to-date ended 30 June 2023.





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

**B1. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2022 was unqualified.

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

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

	2 <sup>nd</sup> Quarter ended 30.06.2023 RM'000	2 <sup>nd</sup> Quarter ended 30.06.2022 RM'000	6 months ended 30.06.2023 RM'000	6 months ended 30.06.2022 RM'000
<b>After charging/(crediting):</b>				
Depreciation and amortisation	3,401	2,981	6,706	5,828
Dividend income	-	(1,891)	(1,128)	(1,891)
Gain on disposal of property, plant and equipment	-	-	-	(35)
Net foreign exchange (gain)/loss	(3,541)	(394)	(4,538)	703
Interest income	(1,353)	(490)	(2,137)	(845)
Other income	(567)	(87)	(665)	(138)
Property, plant and equipment written off	-	2	-	12
Waiver of debts	(78)	-	(78)	-

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 2023.

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

Income tax (expense)/credit comprises the following:

	2 <sup>nd</sup> Quarter ended 30.06.2023 RM'000	2 <sup>nd</sup> Quarter ended 30.06.2022 RM'000	6 months ended 30.06.2023 RM'000	6 months ended 30.06.2022 RM'000
Income tax				
- Current provision	(10,637)	(11,799)	(23,277)	(38,133)
Deferred tax				
- Relating to origination and reversal of temporary differences	(123)	(3,395)	(1,029)	(3,000)
<b>Total income tax expense</b>	<b>(10,760)</b>	<b>(15,194)</b>	<b>(24,306)</b>	<b>(41,133)</b>

For the current financial year-to-date ended 30 June 2023, 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 2 August 2023, being the latest practicable date which is not earlier than 7 days from the issuance date of this Interim Financial Report.

**B5. Trade Receivables**

The age analysis of trade receivable of the Group as at 30 June 2023 is as follows:

	Not past due	Past due					Total
		< 30 days	30 to 60 days	61 to 90 days	91 to 120 days	>120 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables as at 30.06.2023	15,392	-	29	51	90	29	15,591
Trade receivables as at 31.12.2022	31,516	-	7	-	-	-	31,523

The Group's normal trade credit terms granted to related and non-related parties range from cash term to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has trade receivables amounting to RM199,000 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 2023 are as follows:

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
<b>Short Term Borrowings</b>		
Unsecured:		
Short term trade financing	3,342	30,144
Bankers' acceptances / Trust receipts	201,601	197,721
Revolving credit	20,000	30,000
Secured term loan	24,444	11,111
	249,387	268,976
<b>Long Term Borrowings</b>		
Secured term loan	55,556	68,889
	<b>304,943</b>	<b>337,865</b>

Amount denominated in foreign currency	'000	'000
Short term trade financing (US dollars)	713	6,828

During the 6 months ended 30 June 2023, the Group reduced its total borrowings by approximately 10% from RM337.9 million as at 31 December 2022 to RM304.9 million as at 30 June 2023. The gearing ratio of the Group was 0.4 as at 30 June 2023 and 31 December 2022. Gearing ratio is defined as total bank borrowings over total equity.

The weighted average interest rate of short term borrowings excluding revolving credit and term loan as at 30 June 2023 for the Group was 4.1% (2022: 4.1%) per annum. Revolving credit as at 30 June 2023 bears average interest rate of 5.5% (2022: 5.6%) per annum.

The secured term loan as at 30 June 2023 bears interest rate of 5.0% (2022: 4.8%) per annum.



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

**B7. Derivative Financial Instrument**

**Foreign Exchange**

The Group has exposure to fluctuations in foreign exchange rates in both the investment in foreign entities and business transactions. The Group's foreign exchange risk exposure is mainly in United States Dollar.

Due to the concentration of its purchases and sales in United States Dollar, there is a natural hedge and the exposure to United States Dollar foreign exchange risk for business transactions is minimised. The Group also uses forward currency contracts to manage foreign exchange risk.

As at 30 June 2023, there was no outstanding forward currency contract.

**B8. Material Litigation**

There was no material litigation as at 2 August 2023, being the latest practicable date which is not earlier than 7 days from the issuance date of this Interim Financial Report, except as disclosed in Note A13.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS  
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 30.06.2023 RM'000</b>	<b>Immediate Preceding Quarter 31.03.2023 RM'000</b>	<b>Changes %</b>
Revenue	327,013	340,058	(4%)
Operating Profit	46,155	56,334	(18%)
Profit Before Interest and Tax	46,374	56,466	(18%)
Profit Before Tax	42,218	51,634	(18%)
Profit After Tax	31,458	38,088	(17%)
Profit Attributable to Owners of the Company	28,449	35,410	(20%)

2Q 2023 vs. 1Q 2023 (QoQ)

The Group recorded revenue of RM327.0 million in 2Q 2023 as compared with RM340.1 million in 1Q 2023. This was mainly due to lower sales quantity of refined tin in 2Q 2023, despite higher average tin price of RM116,500 (2Q 2023) as compared with RM116,100 (1Q 2023) per metric tonne.

The Group recorded a profit before tax of RM42.2 million in 2Q 2023 as compared with RM51.6 million in 1Q 2023.

The tin smelting segment recorded a profit before tax of RM21.6 million in 2Q 2023 as compared with RM33.2 million in 1Q 2023. This was mainly due to lower sales quantity of refined tin in 2Q 2023 as a result of the planned annual shutdown and maintenance of the TSL furnace at Pulau Indah that commenced beginning of June 2023.

The tin mining segment recorded a profit before tax of RM23.2 million in 2Q 2023 as compared with RM23.7 million in 1Q 2023. This was mainly due to lower quantity of tin production in 2Q 2023 because of inclement weather, the Ramadan period and its extended Raya holidays.

The Group's share of results of associate and joint venture recorded a net share profit of RM0.2 million in 2Q 2023 as compared with RM0.1 million in 1Q 2023.

**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 (6 months)		Changes %	Individual Period (2 <sup>nd</sup> quarter)		Changes %
	Current Year To- date	Preceding Year Corresponding Period		Current Year Quarter	Preceding Year Corresponding Quarter	
	30.06.2023 RM'000	30.06.2022 RM'000		30.06.2023 RM'000	30.06.2022 RM'000	
Revenue	667,071	768,314	(13%)	327,013	408,836	(20%)
Operating Profit	102,489	153,759	(33%)	46,155	59,028	(22%)
Profit Before Interest and Tax	102,840	154,475	(33%)	46,374	59,038	(21%)
Profit Before Tax	93,852	144,869	(35%)	42,218	54,633	(23%)
Profit After Tax	69,546	103,736	(33%)	31,458	39,439	(20%)
Profit Attributable to Owners of the Company	63,859	103,791	(38%)	28,449	39,450	(28%)

1H 2023 vs. 1H 2022 (YoY)

Group revenue was RM667.1 million in the first 6 months of the current financial year (1H 2023) as compared with RM768.3 million in 1H 2022. This was mainly due to lower average tin price of RM116,300 (1H 2023) as compared with RM169,700 (1H 2022) per metric tonne, despite higher sales quantity of refined tin in 1H 2023.

The Group recorded a profit before tax of RM93.9 million in 1H 2023 as compared with RM144.9 million in 1H 2022.

The tin smelting segment recorded a profit before tax of RM54.7 million in 1H 2023 as compared with RM28.8 million in 1H 2022. The better performance in 1H 2023 was mainly due to higher profits from increased sales of refined tin derived from the processed tin intermediates, and higher sales of by-products and smelting revenue.

The tin mining segment recorded a profit before tax of RM46.9 million in 1H 2023 as compared with RM110.3 million in 1H 2022. This was mainly due to lower average tin prices in 1H 2023 as stated above.

The Group's share of results of associate and joint venture recorded a net share profit of RM0.4 million in 1H 2023 as compared with RM0.7 million in 1H 2022.



**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS  
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**B10. Review of Performance (cont'd)**

2Q 2023 vs. 2Q 2022 (YoY)

Group revenue was RM327.0 million in 2Q 2023 as compared with RM408.8 million in 2Q 2022. This was mainly due to lower average tin price of RM116,500 (2Q 2023) as compared with RM158,900 (2Q 2022) per metric tonne, despite higher sales quantity of refined tin in 2Q 2023.

The Group recorded a profit before tax of RM42.2 million in 2Q 2023 as compared with RM54.6 million in 2Q 2022.

The tin smelting segment recorded a profit before tax of RM21.6 million in 2Q 2023 as compared with a loss before tax of RM8.2 million in 2Q 2022. The better performance in 2Q 2023 was mainly due to higher profits from increased sales of refined tin derived from the processed tin intermediates, and higher sales of by-products and smelting revenue.

The tin mining segment recorded a profit before tax of RM23.2 million in 2Q 2023 as compared with RM47.6 million in 2Q 2022. This was mainly due to lower average tin prices in 2Q 2023 as stated above.

The Group's share of results of associate and joint venture recorded a net share profit of RM0.2 million in 2Q 2023 as compared with RM0.01 million in 2Q 2022.

**B11. Prospects**

The current tight monetary policy and high inflationary environment continue to put pressure on the global economy, with moderating growth prospects likely for the remaining 2nd half of 2023 and early 2024.

The Group remains cautious, and continues to focus on operational efficiencies and improvements on all areas of operations, technology, manpower and logistics in its smelting and mining business segments.

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

For the tin mining segment, the Group continues to focus on improving and increasing daily mining output and overall mining productivity. This includes taking steps to expand its mining activities and tin mines resources.



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

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

	2 <sup>nd</sup> Quarter ended 30.06.2023	2 <sup>nd</sup> Quarter ended 30.06.2022	6 months ended 30.06.2023	6 months ended 30.06.2022
Profit net of tax attributable to owners of the Company (RM'000)	28,449	39,450	63,859	103,791
Weighted average number of ordinary shares in issue ('000)	420,000	420,000	420,000	420,000
<b>Basic and diluted earnings per share (sen)</b>	<b>6.8</b>	<b>9.4</b>	<b>15.2</b>	<b>24.7</b>

**B13. Dividend**

There was no dividend declared in the current quarter and financial year-to-date ended 30 June 2023.

**Authorised for Issue**

The Interim results was authorised for issue by the Board in accordance with a resolution of the Directors on 8 August 2023.