

MALAYSIA SMELTING CORPORATION BERHAD

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

AS AT 31 MARCH 202		As at 31.03.2021 Unaudited RM'000	As at 31.12.2020 Audited RM'000
Assets	Note		
Non-current assets		107.700	107.01
Property, plant and equipment Right-of-use assets		137,703 5,490	137,91 6,91
Land held for development		78,654	78,65
Intangible assets		3,120	3,16
Investments in associates and joint ventures		27,018	25,99
Investment securities		33,178	23,35
Other non-current assets		12,275	12,16
Deferred tax assets		7,686	9,08
Derivative financial instruments		33	-
		305,157	297,25
Current assets			, , ,
Inventories		665,462	604,13
Trade receivables	B5	40,612	25,57
Other receivables		515	1,14
Trade prepayments		6,554	10,25
Other prepayments		1,551	1,05
Tax recoverable		16,985	17,58
Derivative financial instruments		-	62
Cash, bank balances and deposits		37,935	36,84
		769,614	697,22
Total assets		1,074,771	994,48
Equity and liabilities			
Current liabilities			
Provisions	ъ.	13,798	13,79
Borrowings Trade and other payables	B6	360,191 165,501	355,22 133,12
Lease liabilities		129	1,62
Current tax payable		4,783	60
Derivative financial instruments		8,998	1,07
		553,400	505,45
Net current assets		216,214	191,77
Net current assets		210,214	191,77
Non-current liabilities			
Provisions		39,404	39,12
Deferred tax liabilities		2,554	2,55
Borrowings	B6	49,961	49,35
Lease liabilities		4,214	4,18
Derivative financial instruments		-	53
Total liabilitica		96,133	95,75
Total liabilities Net assets		649,533 425,238	601,20 393,27
Equity attributable to owners of the Company			
Share capital		200,000	200,00
Other reserves		31,689	21,83
Retained earnings		193,790	171,66
		425,479	393,50
Non-controlling interest		(241)	(22
Total Equity		425,238	393,27
Total equity and liabilities		1,074,771	994,48
Net assets per share attributable to owners of the Company (RM)		1.06	0.9

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 2020 and the accompanying explanatory notes attached to the Interim Financial Report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2021

		1 st Quarter 3 months ended 31.03.2021 31.03.2020		Year to Date 3 months ended 31.03.2021 31.03.202		
	Note	RM'000	RM'000	RM'000	RM'000	
Revenue	A8	275,907	205,314	275,907	205,314	
Operating profit/(loss)		32,789	(11,861)	32,789	(11,861)	
Finance costs		(3,540)	(3,581)	(3,540)	(3,581)	
Share of results of associates and joint ventures		978	(327)	978	(327)	
Profit/(Loss) before tax	B2	30,227	(15,769)	30,227	(15,769)	
Income tax (expense)/credit	В3	(8,122)	2,579	(8,122)	2,579	
Profit/(Loss) net of tax		22,105	(13,190)	22,105	(13,190)	
Attributable to:						
Owners of the Company		22,121	(13,188)	22,121	(13,188)	
Non-controlling interest		(16)	(2)	(16)	(2)	
		22,105	(13,190)	22,105	(13,190)	
Earnings/(Loss) per share attribute to owners of the Company (see						
Basic and diluted	B12	5.5	(3.3)	5.5	(3.3)	

The unaudited condensed consolidated statement of profit or loss should be read in conjunction with the audited annual financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the Interim Financial Report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2021

	1 st Quarter 3 months ended 31.03.2021 31.03.2020 RM'000 RM'000		Year t 3 month 31.03.2021 RM'000	
Profit/(Loss) net of tax	22,105	(13,190)	22,105	(13,190)
Other comprehensive income: Items that will not be reclassified to profit or loss: Net fair value changes in quoted investments at Fair Value through Other Comprehensive Income ("FVOCI")	9,819	(1,594)	9,819	(1,594)
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation Share of foreign currency translation of an	(3)	(4)	(3)	(4)
associate and a joint venture	41 38	644 640	<u>41</u> 38	644 640
Other comprehensive income for the period, net of tax	9,857	(954)	9,857	(954)
Total comprehensive income for the period	31,962	(14,144)	31,962	(14,144)
Total comprehensive income attributable to:				
Owners of the Company	31,978	(14,142)	31,978	(14,142)
Non-controlling interest	(16)	(2)	(16)	(2)
	31,962	(14,144)	31,962	(14,144)

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 2020 and the accompanying explanatory notes attached to the Interim Financial Report.

→ Distributable



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2021

Non - Distributable -

Attributable to owners of the Company

			Foreign currency					Non-	
RM'000	Share Note capital	Revaluation reserves	translation reserves	FVOCI reserves	Other reserve	Retained earnings	Total	controlling interest	Total equity
At 1 January 2021	200,000	12,360	1,025	6,741	1,706	171,669	393,501	(225)	393,276
Profit for the period	-	-	-	-	-	22,121	22,121	(16)	22,105
Other comprehensive income	-	-	38	9,819	-	-	9,857	-	9,857
Total comprehensive income	-	-	38	9,819	-	22,121	31,978	(16)	31,962
At 31 March 2021	200,000	12,360	1,063	16,560	1,706	193,790	425,479	(241)	425,238
At 1 January 2020	200,000	8,277	1,273	(6,856)	1,706	164,505	368,905	289	369,194
Loss for the period	-	-		-	-	(13,188)	(13,188)	(2)	(13,190)
Other comprehensive income	-	-	640	(1,594)	-	-	(954)	-	(954)
Total comprehensive income	-	-	640	(1,594)	-	(13,188)	(14,142)	(2)	(14,144)
At 31 March 2020	200,000	8,277	1,913	(8,450)	1,706	151,317	354,763	287	355,050

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 2020 and the accompanying explanatory notes attached to the Interim Financial Report.



UNAUDITED CONDENS	SED CONSOLIDA	TED STATEM	MENT OF CASH FLOW	/s	
FOR 1	THE PERIOD END	ED 31 MARC	H 2021		
				onths ended	
			31.03.2021	31.03.2020	
Operating activities			RM'000	RM'000	
Operating activities Operating cash flows before changes in	working capital		21,855	13,343	
(Increase)/Decrease in inventories			(37,331)	15,276	
(Increase)/Decrease in trade and other r	eceivables		(13,895)	8,114	
Decrease/(Increase) in trade prepaymen	nts		3,701	(8,545)	
Increase in other prepayments			(331)	(1,155)	
Increase/(Decrease) in payables			31,833	(7,251)	
Decrease in amount due to immediate ho	olding company		-	(35)	
Cash generated from operations	3 1 7	•	5,832	19,747	
Income tax paid			(1,945)	(5,117)	
Interest paid			(2,890)	(2,456)	
Net cash generated from operating ac	tivities	-	997	12,174	
		-	007	12,111	
Investing activities					
Interest received	ad avaluation avaar	adituro o	18	160	
Payment for deferred mine exploration as and mine properties	laitures	(434)	(290)		
Payment for right-of-use assets					
Purchase of property, plant and equipme	ent		(34) (2,427)	(1,328)	
Net cash used in investing activities		-	(2,877)	(1,458)	
· ·		-	(2,077)	(1,400)	
Financing activities					
Drawdown of short term trade borrowings	3		4,407	4,050	
Payment of lease liabilities		-	(1,465)	(1,728)	
Net cash generated from financing act	tivities	-	2,942	2,322	
Net increase in cash and cash equivalent	ents		1,062	13,038	
Effect of changes in foreign exchange ra	ites		27	(20)	
Cash and cash equivalents as at 1 Jar	•	-	36,846	35,738	
Cash and cash equivalents as at 31 Ma	arch		37,935	48,756	
Reconciliation of liabilities arising from	n financing activiti	ies:			
	Carrying amount		Non-cash changes	Carrying amount	
	as at		Foreign exchange	as at	
	1 January 2021 RM'000	Cash flows RM'000	movement RM'000	31 March 2021 RM'000	
Lease liabilities	5,808	(1,465)	-	4,343	
Loan from immediate holding company	73,461	-	<u>-</u>	73,461	
Short term trade borrowings Term loan	355,223 49,357	4,407	561 604	360,191 49,961	
Total liabilities from financing activities	483,849	2,942	1,165	487,956	
• • • • • • • • • • • • • • • • • • •	/	,-	,	- ,	
	Carrying amount		Non-cash changes	Carrying amount	
	as at		Foreign exchange	as at	
	1 January 2020 RM'000	Cash flows RM'000	movement RM'000	31 March 2020 RM'000	
Lease liabilities	10,120	(1,728)	-	8,392	
Loan from immediate holding company	73,461	-	-	73,461	
Short term trade borrowings	216,912	4,050	415	221,377	
Term loan Total liabilities from financing activities	49,259	2 222	(53)	49,206	
Total liabilities from financing activities	349,752	2,322	362	352,436	

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 2020 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 2020.

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 2020.

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 2020 except for the adoption of the pronouncements that became effective from 1 January 2021.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16 Leases – COVID-19 - Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 -	1 January 2021
Interest Rate Benchmark Reform – Phase 2	

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:

Description	Effective for annual periods beginning on or after
Amendment to MFRS 16 Leases – COVID-19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
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



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 (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2023
- Classification of Liabilities as Current or Non-current	
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2023
- Disclosure of Accounting policies	
Amendments to MFRS 108 Accounting Policies, Changes in Accounting	1 January 2023
Estimates and Errors – Definition of Accounting Estimates	
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 except for reversal of inventories written down to net realisable value of RM24.0 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.

A6. Debt and Equity Securities

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

A7. Dividend Paid

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



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.

For 3 months ended 31 March 2021	Tin Smelting RM'000	Tin Mining RM'000	Sub-total RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
Major products or services:				/ /	
Sale of tin	265,717	67,198	332,915	(67,198)	265,717
Smelting revenue	7,399	-	7,399	-	7,399
Sale of by-products	501	-	501	-	501
Others	2,290	-	2,290	-	2,290
_	275,907	67,198	343,105	(67,198)	275,907
Timing of revenue recognition					
At a point in time	275,907	67,198	343,105	(67,198)	275,907
For 3 months ended 31 March 2020					
Major products or services:					
Sale of tin	192,593	36,673	229,266	(36,673)	192,593
Smelting revenue	8,538	´ -	8,538	-	8,538
Sale of by-products	3,421	-	3,421	-	3,421
Others	762	-	762	-	762
-	205,314	36,673	241,987	(36,673)	205,314
Timing of revenue recognition	-			,	
At a point in time	205,314	36,673	241,987	(36,673)	205,314

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 byproducts.

(b) Tin Mining

Tin mining includes activities involving exploration for and mining of tin.



A9. Segmental Reporting (cont'd)

(c) Others

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

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

	Tin Smelting	Tin Mining	Others	Sub-total	(Eliminations)/ Adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Results for 3 months ended 31	March 2021					
Revenue						
Sales to external customers	275,907	-	-	275,907	-	275,907
Inter-segment sales	-	67,198	-	67,198	(67,198)	-
Total revenue	275,907	67,198	-	343,105	(67,198)	275,907
Results						
Operating profit/(loss)	17,672	26,615	(3)	44,284	(11,495)	32,789
Finance costs	(3,092)	(329)	(119)	(3,540)	-	(3,540)
Share of results of associates and joint ventures	-	-	978	978	-	978
Profit/(Loss) before tax	14,580	26,286	856	41,722	(11,495)	30,227
Income tax (expense)/credit	(4,185)	(6,696)	-	(10,881)	2,759	(8,122)
Profit/(Loss) net of tax	10,395	19,590	856	30,841	(8,736)	22,105
Results for 3 months ended 31 Revenue	March 2020					
Sales to external customers	205,314	-	_	205,314	-	205,314
Inter-segment sales	-	36,673	-	36,673	(36,673)	-
Total revenue	205,314	36,673	-	241,987	(36,673)	205,314
Results						
Operating (loss)/profit	(21,179)	6,642	(22)	(14,559)	2,698	(11,861)
Finance costs	(3,121)	(359)	(101)	(3,581)	-	(3,581)
Share of results of associates	_	_	(327)	(327)	-	(327)
and joint ventures						
and joint ventures (Loss)/Profit before tax	(24,300)	6,283	(450)	(18,467)	2,698	(15,769)
•	(24,300) 5,025	6,283 (1,798)	(450)	(18,467) 3,227	2,698 (648)	(15,769) 2,579



A9. Segmental Reporting (cont'd)

	Tin Smelting	Tin Mining	Others	Sub-total	(Eliminations) /Adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets and Liabilities as at 31	March 2021					
Assets						
Segment assets	965,957	65,058	33,187	1,064,202	(16,449)	1,047,753
Investment in associates and joint ventures		-	27,018	27,018		27,018
Total assets	965,957	65,058	60,205	1,091,220	(16,449)	1,074,771
Liabilities						
Segment liabilities	580,398	69,027	108	649,533	-	649,533
Assets and Liabilities as at 31	December 20	20				
Assets						
Segment assets	876,237	76,593	23,367	976,197	(7,712)	968,485
Investment in associates and joint ventures		-	25,999	25,999	-	25,999
Total assets	876,237	76,593	49,366	1,002,196	(7,712)	994,484
Liabilities						
Segment liabilities	544,999	56,106	103	601,208	-	601,208

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 2020.

A11. Event After the Reporting Period

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

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter.



PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A13. Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets during the current quarter except for the following:

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

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

In connection with the abovementioned case, the subsidiary has separately instituted legal action against two former executive officers of the Company, the above two companies, and certain persons connected with the two companies, claiming for damages for breach of fiduciary duties, conspiracy, dishonest assistance. The Defendants have applied to the Court to strike out the subsidiary's claim. The hearing for the striking out applications was held on 7 October 2020 whereby the learned judge decided that the applications will be decided based on written submission. The decision on the applications is scheduled to be handed down on 5 November 2020. However, the decision on the striking out applications was deferred to 17 December 2020. In this regard, the High Court has dismissed all the striking out applications by the Defendants. Except for one Defendant, all the other Defendants have filed an appeal against the High Court's decision to dismiss their striking out application. The hearing for the appeal is fixed on 14 June 2021. In respect of the Defendant that did not appeal against the decision of the High Court, the deadline to file an appeal against this decision has passed.

The same Defendants have also applied for a stay of proceedings at the High Court pending the resolution of their appeal. The High Court had dismissed this application on 26 March 2021. Subsequently, at a case management held on 16 April 2021, the Registrar had directed all parties to continue with pre-trial directions given. The next case management will be held on 24 May 2021 whereby trial dates are likely to be fixed.

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

(b) A Plaintiff representing a foreign workers' contractor, has commenced legal proceedings against the Company, amongst others for the sum of RM2,597,621.48. The Plaintiff's cause of action is premised upon the purported breach of contract. The Company denies any breach of contract as alleged. The matter is now fixed for full trial from 12 July 2021 to 14 July 2021.

The Board, having obtained advice from its legal counsel, is of the opinion that the Company has a good chance of winning the case and accordingly no provision for liability is required to be made in the financial statements.



A14. Capital Commitments

Capital commitments of the Group as at 31 March 2021 are as follows:

	31.03.2021 RM'000	31.12.2020 RM'000
Approved and contracted for Approved but not contracted for	7,619 1,145	9,103 1,120
	8,764	10,223

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 2020.

A16. Fair Value of Assets and Liabilities

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

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 March 2021				
Assets measured at fair value:				
Land and buildings	-	-	58,585	58,585
Investment securities	33,178	-	-	33,178
Derivative financial instruments – non-current	-	33	-	33
Liabilities measured at fair value:				
Derivative financial instruments – current	5,951	3,047	-	8,998



PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2020				
Assets measured at fair value:				
Land and buildings	-	-	58,633	58,633
Investment securities	23,359	-	-	23,359
Derivative financial instruments – current	-	625	-	625
Liabilities measured at fair value:				
Derivative financial instruments – current	1,075	-	-	1,075
Derivative financial instruments – non-current	-	531	-	531

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



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

B1. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2020 was unqualified.

B2. Profit/(Loss) Before Tax

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

	3 months ended 31.03.2021	3 months ended 31.03.2020
	RM'000	RM'000
After charging/(crediting):		
Depreciation and amortisation	4,461	5,055
Fair value loss in derivative financial instruments		
- Forward tin contracts	4,876	1,194
- Forward currency contracts	3,108	4,789
Net foreign exchange loss/(gain)	40	(471)
Interest income	(18)	(160)
(Reversal of inventories written down)/ Inventories written down		
to net realisable value	(24,000)	14,000
Other income including investment income	(43)	(29)
Property, plant and equipment written off	12	-

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

B3. Income Tax (Expense)/Credit

Income tax (expense)/credit comprises the following:

	3 months ended 31.03.2021 RM'000	3 months ended 31.03.2020 RM'000
Income tax - Current provision	(6,724)	(1,878)
Deferred tax - Relating to origination and reversal of temporary differences	(1,398)	4,457
Total income tax (expense)/credit	(8,122)	2,579

For the current quarter, the effective tax rate for the Group was higher than the statutory tax rate in Malaysia mainly due to certain non-tax deductible expenses and the absence of Group tax relief.



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

B4. Corporate Proposal

There was no corporate proposal announced but not completed as at 1 May 2021, being the latest practicable date which is not earlier than 7 days from the issuance date of this Interim Financial Report.

B5. Trade Receivables

The age analysis of trade receivable of the Group as at 31 March 2021 is as follows:

		←		Past due			
	Not past due	< 30 days	30 to 60 days	61 to 90 days	91 to 120 days	>120 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables							
as at 31.03.2021	40,247	298	65	-	-	2	40,612
Trade receivables							
as at 31.12.2020	25,328	-	240	6	-	2	25,576

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 RM365,000 that are past due at the reporting date but not impaired. Although these balances are unsecured in nature, they are from creditworthy customers.



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

B6. Loans and Borrowings

Details of the Group's loans and borrowings as at 31 March 2021 are as follows:

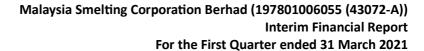
	As at 31.03.2021 RM'000	As at 31.12.2020 RM'000
Short Term Borrowings (unsecured)		
Short term trade financing	24,211	23,650
Bankers' acceptances / Trust receipt	305,980	301,573
Revolving credit	30,000	30,000
	360,191	355,223
Long Term Borrowings (unsecured)		
Term loan	49,961	49,357
	410,152	404,580

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

During the 3 months ended 31 March 2021, the Group increased its total borrowings by approximately 1.4% from RM404.6 million as at 31 December 2020 to RM410.2 million as at 31 March 2021 due to drawdown of short term borrowings for working capital requirements. The gearing ratio of the Group remains at 1.0 as at 31 March 2021 and 31 December 2020. Gearing ratio is defined as total bank borrowings over total equity.

The weighted average interest rate of short term borrowings excluding revolving credit and term loan as at 31 March 2021 for the Group was 2.6% (2020: 2.8%) per annum. Revolving credit as at 31 March 2021 bears interest rate of 4.1% (2020: 4.1%) per annum.

Term loan of the Group denominated in Singapore dollar (SGD) was hedged to Ringgit Malaysia (RM) at an average exchange rate of RM/SGD 3.1448. The term loan bears a fixed interest rate of 3.5% per annum.





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

B7. Derivative Financial Instruments

(a) Foreign Exchange

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

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

(b) Tin Prices

The Group is exposed to tin price risk on sales and purchases of tin. The Group uses forward tin contracts for tin trading, arbitraging for profit and to manage tin price risk.

Derivative financial instruments entered into by the Group are similar to those disclosed in the annual financial statements for the financial year ended 31 December 2020.

The outstanding forward tin contracts and forward foreign currency contracts as at 31 March 2021 are as follows:

Contract Value	Fair Value	Fair Value – Financial Assets/(Liabilities)
RM'000	RM'000	RM'000
74,029	91,429	(5,951)
177,692	180,739	(3,047)
50,946	50,979	33
33,171	36,693	(1,075)
59,747	59,122	625
50,946	50,415	(531)
	74,029 177,692 50,946 33,171	RM'000 RM'000 74,029 91,429 177,692 180,739 50,946 50,979 33,171 36,693 59,747 59,122



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

B8. Material Litigation

There was no material litigation as at 1 May 2021, being the latest practicable date which is not earlier than 7 days from the issuance date of this Interim Financial Report, except as disclosed in Note A13.

B9. Material Change in the Quarterly Results as Compared with the Preceding Quarter

Financial review for current guarter compared with immediate preceding guarter

	Current Quarter 31.03.2021 RM'000	Immediate Preceding Quarter 31.12.2020 RM'000	
Revenue	275,907	232,574	19%
Operating Profit	32,789	29,010	13%
Profit Before Interest and Tax	33,767	24,871	36%
Profit Before Tax	30,227	20,460	48%
Profit After Tax	22,105	14,408	53%
Profit Attributable to Owners			
of the Company	22,121	14,920	48%

1Q 2021 vs. 4Q 2020 (QoQ)

The Group recorded revenue of RM 275.9 million in 1Q 2021 as compared with RM 232.6 million in 4Q 2020, while the Group's profit before tax in 1Q 2021 was RM 30.2 million as compared with RM 20.5 million in 4Q 2020. This was mainly due to increase in average tin prices from RM76,870 (4Q 2020) to RM100,115 (1Q 2021) per metric tonne and higher sales quantity of refined tin in 1Q 2021.

The tin smelting segment recorded a profit before tax of RM 14.6 million in 1Q 2021 as compared with RM 17.8 million in 4Q 2020. Despite higher reversal of inventories written down (1Q 2021: RM24.0 million; 4Q 2020: RM21.1 million), lower profit before tax in 1Q 2021 was mainly due to unfavourable fair value change in derivative financial instruments.

The tin mining segment recorded a profit before tax of RM26.3 million in 1Q 2021 as compared with RM11.4 million in 4Q 2020. This was mainly due to higher average tin prices as stated above and higher tin production quantity in 1Q 2021.

The Group's share of results of associates and joint ventures recorded a net share of profit of RM 1.0 million in 1Q 2021 as compared with a net share of loss of RM 4.1 million in 4Q 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

	Individua (1 st qu	Changes %	
	Current Year Quarter	3	
	31.03.2021 RM'000	31.03.2020 RM'000	
Revenue	275,907	205,314	34%
Operating Profit/(Loss)	32,789	(11,861)	> 100%
Profit/(Loss) Before Interest and Tax	33,767	(12,188)	> 100%
Profit/(Loss) Before Tax	30,227	(15,769)	> 100%
Profit/(Loss) After Tax	22,105	(13,190)	> 100%
Profit/(Loss) Attributable to Owners of the Company	22,121	(13,188)	> 100%

1Q 2021 vs. 1Q 2020 (YoY)

Group revenue was RM275.9 million in 1Q 2021 as compared with RM205.3 million in 1Q 2020, while the Group recorded a profit before tax of RM30.2 million in 1Q 2021 as compared with a loss before tax of RM15.8 million in 1Q 2020. This was mainly due to higher average tin prices for 1Q 2021 of RM100,115 as compared with 1Q 2020 of RM69,675 per metric tonne and higher sales quantity of refined tin in 1Q 2021.

The tin smelting segment recorded a profit before tax of RM14.6 million in 1Q 2021 as compared with a loss before tax of RM24.3 million in 1Q 2020. This was mainly due to reversal of inventories written down of RM24.0 million in 1Q 2021 (1Q 2020: inventories written down to net realisable value of RM14.0 million).

The tin mining segment recorded a profit before tax of RM26.3 million in 1Q 2021 as compared with RM6.3 million in 1Q 2020. This was mainly due to higher average tin prices as stated above and higher tin production quantity in 1Q 2021.

The Group's share of results of associates and joint ventures recorded a net share of profit of RM1.0 million in 1Q 2021 as compared with a net share of loss of RM0.3 million in 1Q 2020.



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

B11. Prospects

Tin prices surged and reached a 10-year high in March 2021, lifted by buoyant demand for tin solder in consumer electronics, as well as supply disruptions due to lockdowns in tin producing countries around the world (Malaysia included), voluntary production cuts in Brazil and Indonesia, and political turmoil in Myanmar. The outlook for tin demand is promising from its continued use in semiconductors, electronics, home appliances, photovoltaics, automotive, and lithium-ion batteries.

Covid-19 pandemic remains a threat despite availability of vaccines worldwide. Uncertainties persist about the future course of the pandemic and its further economic and social consequences arising thereafter.

The Group remains cautious, and will continue to focus on its operational efficiencies and improve on all areas of operations, technology, manpower and logistics. The operation in the Pulau Indah plant, using the newer and more efficient technology and a more productive work force, is currently in the testing stage and it is expected to be fully commissioned by late 2021/early 2022. With the utilisation of the ISASMELT furnace, we will reduce operational and manpower costs, while improving our carbon footprint. Once the move is completed, we can expect higher operational efficiency.

For our tin mining segment, we have undertaken efforts to increase daily mining output and improve our overall mining productivity. The Group is also exploring potential joint ventures to expand its mining activities.

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

	3 months ended 31.03.2021	3 months ended 31.03.2020
Profit/(Loss) net of tax attributable to owners of the Company (RM'000)	22,121	(13,188)
Weighted average number of ordinary shares in issue ('000)	400,000	400,000
Basic and diluted earnings/(loss) per share (sen)	5.5	(3.3)



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

B13. Dividend

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

Authorised for Issue

The Interim results was authorised for issue by the Board in accordance with a resolution of the Directors on 7 May 2021.