



MALAYSIA SMELTING CORPORATION BERHAD

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022



Malaysia Smelting Corporation Berhad (197801006055 (43072-A))
Interim Financial Report
For the First Quarter ended 31 March 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

		As at 31.03.2022 Unaudited RM'000	As at 31.12.2021 Audited RM'000
Assets	Note		
Non-current assets			
Property, plant and equipment		138,638	138,240
Right-of-use assets		5,239	5,300
Land held for development		78,654	78,654
Intangible assets		3,554	3,595
Investments in associate and joint venture		31,177	30,477
Investment securities		58,519	58,456
Other non-current assets		13,529	13,734
Deferred tax assets		7,234	6,348
		336,544	334,804
Current assets			
Inventories		833,863	789,862
Trade receivables	B5	38,025	11,798
Other receivables		4,452	546
Trade prepayments		11,398	36,505
Other prepayments		2,304	1,250
Tax recoverable		10,094	17,539
Derivative financial instruments		50	-
Cash, bank balances and deposits		175,000	122,576
		1,075,186	980,076
Total assets		1,411,730	1,314,880
Equity and liabilities			
Current liabilities			
Borrowings	B6	366,312	416,306
Trade and other payables		204,726	188,441
Lease liabilities		621	380
Current tax payable		39,275	29,335
Derivative financial instruments		402	310
		611,336	634,772
Net current assets		463,850	345,304
Non-current liabilities			
Provisions		52,901	52,461
Deferred tax liabilities		3,453	2,961
Borrowings	B6	80,000	40,000
Lease liabilities		3,823	4,045
		140,177	99,467
Total liabilities		751,513	734,239
Net assets		660,217	580,641
Equity attributable to owners of the Company			
Share capital		237,194	237,194
Other reserves		60,152	57,517
Retained earnings		362,712	285,727
		660,058	580,438
Non-controlling interest		159	203
Total Equity		660,217	580,641
Total equity and liabilities		1,411,730	1,314,880
Net assets per share attributable to owners of the Company (RM)		1.57	1.38

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 2021 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 2022**

	Note	1 st Quarter		Year to Date	
		3 months ended		3 months ended	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	359,478	275,907	359,478	275,907
Operating profit		94,731	32,789	94,731	32,789
Finance costs		(5,201)	(3,540)	(5,201)	(3,540)
Share of results of associate and joint venture		706	978	706	978
Profit before tax	B2	90,236	30,227	90,236	30,227
Income tax expense	B3	(25,939)	(8,122)	(25,939)	(8,122)
Profit net of tax		64,297	22,105	64,297	22,105
Attributable to:					
Owners of the Company		64,341	22,121	64,341	22,121
Non-controlling interests		(44)	(16)	(44)	(16)
		64,297	22,105	64,297	22,105
Earnings per share attributable to owners of the Company (sen):					
Basic and diluted	B12	15.3	5.5	15.3	5.5

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 2021 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2022**

	1 st Quarter		Year to Date	
	3 months ended		3 months ended	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	64,297	22,105	64,297	22,105
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")	15,258	9,819	15,258	9,819
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	(1)	(3)	(1)	(3)
Share of foreign currency translation of associate and joint venture	22	41	22	41
	21	38	21	38
Other comprehensive income for the period, net of tax	15,279	9,857	15,279	9,857
Total comprehensive income for the period	79,576	31,962	79,576	31,962
Total comprehensive income attributable to:				
Owners of the Company	79,620	31,978	79,620	31,978
Non-controlling interests	(44)	(16)	(44)	(16)
	79,576	31,962	79,576	31,962

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 2021 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2022**

	3 months ended	
	31.03.2022	31.03.2021
	RM'000	RM'000
Operating activities		
Operating cash flows before changes in working capital	97,506	21,855
Increase in inventories	(44,001)	(37,331)
Increase in trade and other receivables	(26,279)	(13,895)
Decrease in trade prepayments	25,107	3,701
Increase in other prepayments	(901)	(331)
Increase in payables	15,817	31,833
Cash generated from operations	67,249	5,832
Income tax paid	(8,948)	(1,945)
Interest paid	(4,644)	(2,890)
Net cash generated from operating activities	53,657	997
Investing activities		
Interest received	355	18
Payment for deferred mine exploration and evaluation expenditures and mine properties	(83)	(434)
Payment for right-of-use assets	-	(34)
Proceeds from disposal of investment securities	11,294	-
Proceeds from disposal of property, plant and equipment	35	-
Purchase of property, plant and equipment	(2,619)	(2,427)
Net cash generated from/(used in) investing activities	8,982	(2,877)
Financing activities		
(Repayment)/Drawdown of short term trade borrowings	(50,266)	4,407
Drawdown of term loan	40,000	-
Payment of lease liabilities	(26)	(1,465)
Net cash (used in)/generated from financing activities	(10,292)	2,942
Net increase in cash and cash equivalents	52,347	1,062
Effect of changes in foreign exchange rates	77	27
Cash and cash equivalents as at 1 January	122,576	36,846
Cash and cash equivalents as at 31 March	175,000	37,935

Reconciliation of liabilities arising from financing activities:

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

	← Non-cash changes →				
	Carrying amount as at 1 January 2021 RM'000	Cash flows RM'000	Accrued interest RM'000	Foreign exchange movement RM'000	Carrying amount as at 31 March 2021 RM'000
Lease liabilities	5,808	(1,465)	-	-	4,343
Loan from immediate holding company	73,461	-	-	-	73,461
Short term trade borrowings	355,223	4,407	-	561	360,191
Term loan	49,357	-	-	604	49,961
Total liabilities from financing activities	483,849	2,942	-	1,165	487,956

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 2021 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 2021.

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 2021.

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 2021 except for the adoption of the pronouncements that became effective from 1 January 2022.

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to MFRS 9 Financial Instruments and Illustrative Examples accompanying MFRS 16 Leases (<i>Annual Improvements to MFRS Standards 2018 – 2020</i>)	1 January 2022
Amendments to MFRS 3 Business Combinations (<i>Reference to Conceptual Framework</i>)	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment (<i>Property, Plant and Equipment – Proceeds before Intended Use</i>)	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (<i>Onerous Contracts – Cost of Fulfilling a Contract</i>)	1 January 2022

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>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to 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

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)

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to MFRS 101 Presentation of Financial Statements <i>(Classification of Liabilities as Current or Non-current)</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 10 and MFRS 128 Consolidated Financial Statement: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A3. Seasonal or Cyclical Factors

There were no significant seasonal or cyclical factors affecting the business operations of the Group.

A4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter.

A5. Significant Changes in Estimates

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

A6. Debt and Equity Securities

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

A7. Dividend Paid

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A8. Revenue

Disaggregation of revenue

The following table illustrates the Group's revenue as disaggregated by major products or services and provides a reconciliation of the disaggregated revenue with the Group's two business segments as disclosed in Note A9. The table also includes the timing of revenue recognition.

	Tin Smelting RM'000	Tin Mining RM'000	Sub-total RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
For 3 months ended 31 March 2022					
Major products or services:					
Sale of tin	352,148	107,267	459,415	(107,267)	352,148
Smelting revenue	4,731	-	4,731	-	4,731
Sale of by-products	2,345	-	2,345	-	2,345
Others	254	-	254	-	254
	<u>359,478</u>	<u>107,267</u>	<u>466,745</u>	<u>(107,267)</u>	<u>359,478</u>
Timing of revenue recognition					
At a point in time	359,478	107,267	466,745	(107,267)	359,478
For 3 months ended 31 March 2021					
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
	<u>275,907</u>	<u>67,198</u>	<u>343,105</u>	<u>(67,198)</u>	<u>275,907</u>
Timing of revenue recognition					
At a point in time	275,907	67,198	343,105	(67,198)	275,907

A9. Segmental Reporting

The revenue of the Group is derived from tin mining and smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal and the sale and delivery of refined tin metal and by-products.

For management purposes, the Group is organised into three reportable operating segments as follows:

(a) Tin Smelting

Tin smelting includes the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal and the sale and delivery of refined tin metal and by-products.

(b) Tin Mining

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting (cont'd)

(c) Others

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

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

	Tin Smelting RM'000	Tin Mining RM'000	Others RM'000	Sub-total RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
Results for 3 months ended 31 March 2022						
Revenue						
Sales to external customers	359,478	-	-	359,478	-	359,478
Inter-segment sales	-	107,267	-	107,267	(107,267)	-
Total revenue	359,478	107,267	-	466,745	(107,267)	359,478
Results						
Operating profit/(loss)	41,542	63,173	(3)	104,712	(9,981)	94,731
Finance costs	(4,535)	(422)	(244)	(5,201)	-	(5,201)
Share of results of associate and joint venture	-	-	706	706	-	706
Profit/(Loss) before tax	37,007	62,751	459	100,217	(9,981)	90,236
Income tax (expense)/credit	(9,274)	(19,060)	-	(28,334)	2,395	(25,939)
Profit/(Loss) net of tax	27,733	43,691	459	71,883	(7,586)	64,297
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 associate and joint venture	-	-	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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. Segmental Reporting (cont'd)

	Tin Smelting	Tin Mining	Others	Sub-total	(Eliminations)/ Adjustments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets and Liabilities as at 31 March 2022						
Assets						
Segment assets	1,196,672	147,280	58,525	1,402,477	(21,924)	1,380,553
Investments in associate and joint venture	-	-	31,177	31,177	-	31,177
Total assets	1,196,672	147,280	89,702	1,433,654	(21,924)	1,411,730
Liabilities						
Segment liabilities	644,112	107,270	131	751,513	-	751,513
Assets and Liabilities as at 31 December 2021						
Assets						
Segment assets	1,125,418	114,861	58,463	1,298,742	(14,339)	1,284,403
Investments in associate and joint venture	-	-	30,477	30,477	-	30,477
Total assets	1,125,418	114,861	88,940	1,329,219	(14,339)	1,314,880
Liabilities						
Segment liabilities	639,078	95,034	127	734,239	-	734,239

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 2021.

A11. Event After the Reporting Period

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

A12. Changes in the Composition of the Group

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A13. Changes in Contingent Liabilities and Contingent Assets

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

- (i) A subsidiary defended a legal action brought about by two companies (“Plaintiffs”) for the payment of tributes of RM54.6 million. Following completion of the trial on 26 July 2019, the decision delivered by the judge on 31 July 2019 was in the subsidiary’s favour. The two companies had filed an Appeal at the Court of Appeal (“COA”). The hearing of the Appeal was conducted on 25 August 2021 and 11 October 2021. The COA’s decision was handed down on 25 November 2021 whereby the COA dismissed the Appeal in favour of the subsidiary. Thereafter, the Plaintiffs had applied for leave to appeal to the Federal Court (“FC”) against the decision of the COA. The hearing for the leave application was held on 11 April 2022 where the FC granted leave to the Plaintiffs to appeal. A case management (“CM”) has been fixed on 9 June 2022 for the Plaintiffs to file their records of appeal. Thereafter, a date will be fixed for the hearing before the FC. The Board, having previously obtained advice from its legal counsel in respect of the Plaintiffs’ appeal to the COA, 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.
- (ii) In connection with the case mentioned in (i), 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 (collectively known as the “Defendants”), claiming for damages for breach of fiduciary duties, conspiracy and dishonest assistance. Initially, the Defendants applied to the High Court (“HC”) to strike out the subsidiary’s claim. On 17 December 2020, the HC dismissed all the striking out applications by the Defendants. Except for one Defendant, all the other Defendants had filed an appeal to the COA against the HC’s decision to dismiss their striking out application. On 23 August 2021, the COA dismissed all of the Defendants’ appeals in favour of the subsidiary.

On 23 September 2021, the Defendants had submitted their application to the FC for leave to appeal against the decision of the COA to dismiss their application to strike out the case. The hearings for their applications were fixed on 21 February 2022. However, based on the application submitted by a former executive officer of the Company, the above two companies, and certain persons connected with the two companies (collectively known as the 2nd to 5th “Defendants”), the hearing was vacated and re-scheduled to 6 April 2022.

A former executive officer of the Company (1st Defendant) thereafter applied for the hearing on 6 April 2022 to be vacated and a CM was held on 23 March 2022 to fix the new hearing date. At the CM, the new hearing date was fixed for 14 June 2022. There will be a CM on 30 May 2022 to ensure that all papers are in order before the hearing.

In respect of the Defendant that did not appeal against the decision of the HC, the deadline to file an appeal against this decision has passed

Notwithstanding the above, the trial dates were initially fixed for 18 April 2022 to 22 April 2022. However, the case was recently transferred to a different court and the trial can no longer proceed on these dates. A CM was held on 6 April 2022 to update the Court on the status of the relevant Defendants leave applications and for the Court to give further directions on trial dates and the filing of witness statements. At the CM, trial dates were fixed for 19 to 20 September 2022, 7 October 2022 and 12 to 13 October 2022. There will be a CM on 16 June 2022 to update the Court on the status of the Defendants’ leave applications as well as further directions on the filing of witness statements.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A13. Changes in Contingent Liabilities and Contingent Assets (cont'd)

- (ii) In the Directors' opinion, disclosure of additional information about the above matter would be prejudicial to the interests of the Group.
- (iii) A Plaintiff who is representing a supplier of foreign workers, has commenced legal proceedings against the Company, amongst others for the sum of RM2,597,621. The Plaintiff's cause of action is premised upon a purported breach of contract. The Company denies any breach of contract as alleged. The trial for this matter was originally fixed for 7 and 8 February 2022. However, the hearing on these dates were vacated and rescheduled to 4 and 5 April 2022. The trial on these dates were also vacated and the Court proceeded to reschedule the trial to 15 and 16 August 2022 without consulting the parties. Unfortunately, due to a scheduling conflict, the Company's legal counsel has had to request the Court to reschedule the hearing. To date, the Court has yet to revert with the new dates. 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.
- (iv) On 23 December 2021, the Company received a letter of demand from a third party claiming the Company has breached a sale and purchase agreement entered into between the Company and the third party dated 8 July 2019, that the Company agreed to supply 60,000 MT of tin slag at the price of RM 50 per MT within 12 months from the date of agreement (the "Agreement").

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.

On 27 April 2022, the third party's solicitors served a copy of the third party's Writ of Summons dated 26 April 2022 and Statement of Claim dated 20 April 2022 to the Company's legal counsel. The Company has to enter its appearance on or before 11 May 2022 and file its defence on or before 25 May 2022. The first CM for the matter has been fixed on 8 June 2022.

A14. Capital Commitments

Capital commitments of the Group as at 31 March 2022 are as follows:

	31.03.2022	31.12.2021
	RM'000	RM'000
Approved and contracted for	7,742	8,004
Approved but not contracted for	4,994	1,494
	12,736	9,498

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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 2021.

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 2022				
Assets measured at fair value:				
Land and buildings	-	-	59,240	59,240
Investment securities	58,519	-	-	58,519
Derivative financial instruments – current	-	50	-	50
Liabilities measured at fair value:				
Derivative financial instruments – current	-	402	-	402
At 31 December 2021				
Assets measured at fair value:				
Land and buildings	-	-	59,613	59,613
Investment securities	58,456	-	-	58,456
Liabilities measured at fair value:				
Derivative financial instruments – current	-	310	-	310

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 2021 was unqualified.

B2. Profit/(Loss) Before Tax

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

	3 months ended 31.03.2022 RM'000	3 months ended 31.03.2021 RM'000
After charging/(crediting):		
Depreciation and amortisation	2,847	4,461
Fair value loss in derivative financial instruments		
- Forward currency contracts	42	3,108
- Forward tin contracts	-	4,876
Gain on disposal of property, plant and equipment	(35)	-
Net foreign exchange loss	1,097	40
Interest income	(355)	(18)
Reversal of inventories written down to net realisable value	-	(24,000)
Other income including investment income	(51)	(43)
Property, plant and equipment written off	10	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 31.03.2022 RM'000	3 months ended 31.03.2021 RM'000
Income tax		
- Current provision	(26,334)	(6,724)
Deferred tax		
- Relating to origination and reversal of temporary differences	395	(1,398)
Total income tax expense	(25,939)	(8,122)

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 12 May 2022, being the latest practicable date which is not earlier than 7 days from the issuance date of this Interim Financial Report except for the following:

Private Placement

On 2 August 2021, 20,000,000 ordinary shares were listed under the private placement exercise at an issue price of RM1.90 per ordinary share. The private placement raised proceeds of RM37.2 million (net of equity transaction costs). As at 31 March 2022, the proceeds have been fully utilised.

B5. Trade Receivables

The age analysis of trade receivable of the Group as at 31 March 2022 is as follows:

	Not past due	← 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	
Trade receivables as at 31.03.2022	37,658	-	4	1	159	203	38,025
Trade receivables as at 31.12.2021	11,544	-	8	24	222	-	11,798

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 RM367,000 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 2022 are as follows:

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
Short Term Borrowings (unsecured)		
Short term trade financing	25,749	11,858
Bankers' acceptances / Trust receipts	260,218	324,440
Revolving credit	30,000	30,000
Unsecured term loan	50,345	50,008
	366,312	416,306
Long Term Borrowings		
Secured term loan	80,000	40,000
	446,312	456,306

Amount denominated in foreign currency	'000	'000
Short term trade financing (US dollars)	6,126	2,841
Term loan (Singapore dollars)	16,200	16,200

During the 3 months ended 31 March 2022, the Group reduced its total borrowings by approximately 2.2% from RM456.3 million as at 31 December 2021 to RM446.3 million as at 31 March 2022. The gearing ratio of the Group improved to 0.7 as at 31 March 2022 from 0.8 as at 31 December 2021. 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 2022 for the Group was 2.6% (2021: 2.7%) per annum. Revolving credit as at 31 March 2022 bears interest rate of 4.1% (2021: 4.1%) per annum.

The unsecured 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 unsecured term loan bears a fixed interest rate of 3.5% per annum. The secured term loan as at 31 March 2022 bears interest rate of 3.7% (2021: 3.7%) 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 2021.

The outstanding forward foreign currency contracts as at 31 March 2022 are as follows:

Derivative Financial Instruments	Contract Value RM'000	Fair Value RM'000	Fair Value – Financial Assets/(Liabilities) RM'000
At 31 March 2022			
Forward Currency Contracts			
- Less than 1 year	63,622	63,170	(352)
At 31 December 2021			
Forward Currency Contracts			
- Less than 1 year	50,946	50,636	(310)

B8. Material Litigation

There was no material litigation as at 12 May 2022, 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

	Current Quarter 31.03.2022 RM'000	Immediate Preceding Quarter 31.12.2021 RM'000	Changes %
Revenue	359,478	255,057	41%
Operating Profit	94,731	88,539	7%
Profit Before Interest and Tax	95,437	89,567	7%
Profit Before Tax	90,236	85,216	6%
Profit After Tax	64,297	64,551	-
Profit Attributable to Owners of the Company	64,341	64,069	-

1Q 2022 vs. 4Q 2021 (QoQ)

The Group recorded revenue of RM 359.5 million in 1Q 2022 as compared with RM 255.1 million in 4Q 2021, while the Group's profit before tax in 1Q 2022 was RM 90.2 million as compared with RM 85.2 million in 4Q 2021. The better Group performance in 1Q 2022 was mainly due to increase in average tin prices from RM158,267 (4Q 2021) to RM180,006 (1Q 2022) per metric tonne and higher sales quantity of refined tin in 1Q 2022.

The tin smelting segment recorded a profit before tax of RM 37.0 million in 1Q 2022 as compared with RM 13.9 million in 4Q 2021, mainly due to higher profit margins from sale of refined tin derived from the processed tin intermediates, and also higher average tin prices and higher sales quantity of refined tin as stated above.

The tin mining segment recorded a profit before tax of RM62.8 million in 1Q 2022 as compared with RM57.9 million in 4Q 2021. This was mainly due to higher average tin prices in 1Q 2022 as stated above.

The Group's share of results of associate and joint venture recorded a net share of profit of RM 0.7 million in 1Q 2022 as compared with RM 1.0 million in 4Q 2021.

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

B10. Review of Performance

Financial review for current quarter and financial year to date

	Individual Period (1 st quarter)		Changes %
	Current Year Quarter	Preceding Year Corresponding Quarter	
	31.03.2022 RM'000	31.03.2021 RM'000	
Revenue	359,478	275,907	30%
Operating Profit	94,731	32,789	> 100%
Profit Before Interest and Tax	95,437	33,767	> 100%
Profit Before Tax	90,236	30,227	> 100%
Profit After Tax	64,297	22,105	> 100%
Profit Attributable to Owners of the Company	64,341	22,121	> 100%

1Q 2022 vs. 1Q 2021 (YoY)

Group revenue was RM359.5 million in 1Q 2022 as compared with RM275.9 million in 1Q 2021, while the Group recorded a profit before tax of RM90.2 million in 1Q 2022 as compared with RM30.2 million in 1Q 2021. The better Group performance in 1Q 2022 was mainly due to higher average tin prices of RM180,006 (1Q 2022) as compared with RM100,115 (1Q 2021) per metric tonne.

The tin smelting segment recorded a profit before tax of RM37.0 million in 1Q 2022 as compared with RM14.6 million in 1Q 2021, benefited from higher profit margins from sale of refined tin derived from the processed tin intermediates, and also from higher average tin prices as stated above. Included in 1Q 2021 was a reversal of inventories written down of RM24.0 million.

The tin mining segment recorded a profit before tax of RM62.8 million in 1Q 2022 as compared with RM26.3 million in 1Q 2021. This was mainly due to higher average tin prices in 1Q 2022 as stated above.

The Group's share of results of associate and joint venture recorded a net share of profit of RM0.7 million in 1Q 2022 as compared with RM1.0 million in 1Q 2021.

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

B11. Prospects

Despite changes in world trades, supply and consumption patterns of major commodities due to the war at Ukraine which has pushed commodity prices to record highs, the market is now experiencing some correction as fears of supply disruption allay. Tin price has recently eased but should remain high in the near to medium term due to increased demand for tin usage driven by global growth of EVs, photovoltaic installations, and electronics applications.

The Group will benefit from high tin price despite inflationary pressure, higher logistics, and operating costs in its smelting and tin mining businesses. Nevertheless, 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 (“PI”) plant, using newer and more efficient technology has reached 75% capacity, and is expected to achieve full capacity in 2022. With the PI plant at full commission, the Group expects higher operational efficiency, lower operational and manpower costs, while improving its overall carbon footprint.

For the tin mining segment, apart from improving and increasing daily mining output and overall mining productivity, the Group is also looking at expanding its mining activities via potential joint ventures. In line with its ESG program, the Group plans to upgrade the mini hydro plant which is currently generating 0.75MW to 5.00MW. This will provide zero-carbon energy to the existing mine.

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

	3 months ended 31.03.2022	3 months ended 31.03.2021
Profit net of tax attributable to owners of the Company (RM'000)	64,341	22,121
Weighted average number of ordinary shares in issue ('000)	420,000	400,000
Basic and diluted earnings per share (sen)	15.3	5.5



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

B13. Dividend

The Board of Directors has recommended, for approval at the forthcoming Annual General Meeting, payment of a first and final single tier dividend of RM0.07 per share (2020: RM0.01 per share) amounting to RM29,400,000 (2020: RM4,000,000) for the financial year ended 31 December 2021.

The Book Closure Date and Payment Date are set at 13 June 2022 and 30 June 2022 respectively, subject to the approval of the shareholders as mentioned above.

Authorised for Issue

The Interim results was authorised for issue by the Board in accordance with a resolution of the Directors on 18 May 2022.