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# MALAYSIA SMELTING CORPORATION BERHAD

INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2024



**Malaysia Smelting Corporation Berhad (197801006055 (43072-A))**  
**Interim Financial Report**  
**For the Second Quarter ended 30 June 2024**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2024**

	Note	As at 30.06.2024 Unaudited RM'000	As at 31.12.2023 Audited RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		173,845	171,415
Right-of-use assets		4,363	4,546
Land held for development		78,654	78,654
Mining rights		141,943	142,005
Corporate club memberships		421	425
Investments in associate and joint venture		30,817	30,756
Investment securities		42,209	36,243
Mining assets		13,406	13,685
Deferred tax assets		8,402	5,349
		494,060	483,078
<b>Current assets</b>			
Inventories		615,802	595,240
Trade receivables	B5	31,323	6,885
Other receivables		4,394	2,965
Trade prepayments		52,641	31,659
Other prepayments		3,262	2,184
Tax recoverable		7,757	5,391
Cash, bank balances and deposits		208,237	264,222
		923,416	908,546
<b>Total assets</b>		1,417,476	1,391,624
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Provisions		1,056	1,641
Borrowings	B6	376,739	317,543
Trade and other payables		120,691	127,692
Lease liabilities		365	319
Current tax payable		3,959	5,350
		502,810	452,545
<b>Net current assets</b>		420,606	456,001
<b>Non-current liabilities</b>			
Provisions		71,216	70,165
Deferred tax liabilities		6,306	5,952
Borrowings	B6	-	42,222
Lease liabilities		3,992	4,283
		81,514	122,622
<b>Total liabilities</b>		584,324	575,167
<b>Net assets</b>		833,152	816,457
<b>Equity attributable to owners of the Company</b>			
Share capital		237,194	237,194
Other reserves		52,576	46,558
Retained earnings		475,932	470,378
		765,702	754,130
<b>Non-controlling interests</b>		67,450	62,327
<b>Total Equity</b>		833,152	816,457
<b>Total equity and liabilities</b>		1,417,476	1,391,624
<b>Net assets per share attributable to owners of the Company (RM)</b>		<b>1.82</b>	<b>1.80</b>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited annual financial statements for the year ended 31 December 2023 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 2024**

	Note	2 nd Quarter		Year to Date	
		3 months ended		6 months ended	
		30.06.2024	30.06.2023	30.06.2024	30.06.2023
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>A8</b>	410,787	327,013	773,270	667,071
Operating profit		31,990	46,155	63,433	102,489
Finance costs		(4,566)	(4,156)	(8,965)	(8,988)
Share of results of associate and joint venture		(406)	219	33	351
<b>Profit before tax</b>	<b>B2</b>	27,018	42,218	54,501	93,852
Income tax expense	<b>B3</b>	(7,175)	(10,760)	(14,424)	(24,306)
<b>Profit net of tax</b>		19,843	31,458	40,077	69,546
<b>Attributable to:</b>					
Owners of the Company		16,719	28,449	34,954	63,859
Non-controlling interests		3,124	3,009	5,123	5,687
		19,843	31,458	40,077	69,546
<b>Earnings per share attributable to owners of the Company (sen):</b>					
Basic and diluted	<b>B12</b>	4.0	6.8	8.3	15.2

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 2023 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2024**

	2 nd Quarter		Year to Date	
	3 months ended		6 months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
<b>Profit net of tax</b>	19,843	31,458	40,077	69,546
<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")	4,943	8,020	5,966	8,094
<b>Items that may be subsequently reclassified to profit or loss:</b>				
Foreign currency translation	-	(8)	(4)	(8)
Share of foreign currency translation of associate and joint venture	(3)	58	56	136
	(3)	50	52	128
<b>Other comprehensive income for the period, net of tax</b>	4,940	8,070	6,018	8,222
<b>Total comprehensive income for the period</b>	24,783	39,528	46,095	77,768
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	21,659	36,519	40,972	72,081
Non-controlling interests	3,124	3,009	5,123	5,687
	24,783	39,528	46,095	77,768

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 2023 and the accompanying explanatory notes attached to the Interim Financial Report.





**Malaysia Smelting Corporation Berhad (197801006055 (43072-A))**  
**Interim Financial Report**  
**For the Second Quarter ended 30 June 2024**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2024**

	6 months ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
<b>Operating activities</b>		
Operating cash flows before changes in working capital	65,279	106,759
(Increase)/Decrease in inventories	(20,562)	23,396
(Increase)/Decrease in trade and other receivables	(25,977)	15,078
(Increase)/Decrease in trade prepayments	(20,982)	20,220
Increase in other prepayments	(1,035)	(1,052)
Increase/(Decrease) in payables	2,754	(3,061)
Decrease in amount due to an associate	(1,758)	(1,907)
<b>Cash (used in)/generated from operations</b>	<b>(2,281)</b>	<b>159,433</b>
Income tax paid	(20,884)	(15,081)
Interest paid	(7,550)	(7,622)
Payment for retrenchment compensation	(818)	-
<b>Net cash (used in)/generated from operating activities</b>	<b>(31,533)</b>	<b>136,730</b>
<b>Investing activities</b>		
Dividend received from an associate	28	75
Dividend received from investment securities	1,181	1,128
Interest received	3,493	2,137
Payment for deferred mine exploration and evaluation expenditures and mine properties	(80)	(181)
Purchase of property, plant and equipment	(8,143)	(10,905)
<b>Net cash used in investing activities</b>	<b>(3,521)</b>	<b>(7,746)</b>
<b>Financing activities</b>		
Dividend paid to shareholders	(29,400)	(29,400)
Dividend paid to a non-controlling shareholder of a subsidiary	(8,168)	(8,168)
Drawdown/(Repayment) of short term trade borrowings	30,217	(33,032)
Repayment of term loan	(13,333)	-
Payment of lease liabilities	(259)	(118)
<b>Net cash used in financing activities</b>	<b>(20,943)</b>	<b>(70,718)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(55,997)</b>	<b>58,266</b>
Effect of changes in foreign exchange rates	12	659
<b>Cash and cash equivalents as at 1 January</b>	<b>264,222</b>	<b>151,221</b>
<b>Cash and cash equivalents as at 30 June</b>	<b>208,237</b>	<b>210,146</b>

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

	← Non-cash changes →						
	Carrying amount as at 1 January 2024	Cash flows RM'000	Accrued interest RM'000	Additions RM'000	Foreign exchange movement RM'000		Carrying amount as at 30 June 2024
	RM'000		RM'000	RM'000	RM'000		RM'000
Lease liabilities	4,602	(259)	14	-	-	4,357	
Short term trade borrowings	290,876	30,217	-	-	90	321,183	
Term loan	68,889	(13,333)	-	-	-	55,556	
<b>Total liabilities from financing activities</b>	<b>364,367</b>	<b>16,625</b>	<b>14</b>	<b>-</b>	<b>90</b>	<b>381,096</b>	

	← Non-cash changes →						
	Carrying amount as at 1 January 2023	Cash flows RM'000	Accrued interest RM'000	Additions RM'000	Foreign exchange movement RM'000		Carrying amount as at 30 June 2023
	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>	<b>342,779</b>	<b>(33,150)</b>	<b>131</b>	<b>601</b>	<b>110</b>	<b>310,471</b>	

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited annual financial statements for the year ended 31 December 2023 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 2023.

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 2023.

### 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 2023 except for the adoption of the pronouncements that became effective from 1 January 2024.

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**Description**

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Amendments to MFRS 16 Leases (*Lease Liability in a Sale and Leaseback*)  
Amendments to MFRS 101 Presentation of Financial Statements (*Non-current Liabilities with Covenants*)  
Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures (*Supplier Finance Arrangements*)

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:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates ( <i>Lack of Exchangeability</i> )	1 January 2025
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
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 2024.

**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 2024.

**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 2024.



**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>30.06.2024</b>	<b>30.06.2023</b>
<b>Final single-tier dividend:</b>		
For financial year ended	31 December 2023	31 December 2022
Approved and declared on	29 May 2024	26 May 2023
Date paid	28 June 2024	27 June 2023
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 Group's timing of revenue recognition is at a point in time.

	<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 2024</b>					
<b>Major products or services:</b>					
Sale of tin	406,025	83,917	489,942	(83,917)	406,025
Smelting revenue	4,406	-	4,406	-	4,406
Others	356	-	356	-	356
	<u>410,787</u>	<u>83,917</u>	<u>494,704</u>	<u>(83,917)</u>	<u>410,787</u>
<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>

**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 2024</b>					
<b>Major products or services:</b>					
Sale of tin	763,561	152,384	915,945	(152,384)	763,561
Smelting revenue	9,014	-	9,014	-	9,014
Others	695	-	695	-	695
	<u>773,270</u>	<u>152,384</u>	<u>925,654</u>	<u>(152,384)</u>	<u>773,270</u>
<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>

**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 2024</b>						
<b>Revenue</b>						
Sales to external customers	410,787	-	-	410,787	-	410,787
Inter-segment sales	-	83,917	-	83,917	(83,917)	-
<b>Total revenue</b>	<b>410,787</b>	<b>83,917</b>	<b>-</b>	<b>494,704</b>	<b>(83,917)</b>	<b>410,787</b>
<b>Results</b>						
Operating profit/(loss)	9,981	34,083	(13)	44,051	(12,061)	31,990
Finance costs	(3,793)	(577)	(196)	(4,566)	-	(4,566)
Share of results of associate and joint venture	-	-	(406)	(406)	-	(406)
Profit/(Loss) before tax	6,188	33,506	(615)	39,079	(12,061)	27,018
Income tax (expense)/credit	(1,476)	(8,594)	-	(10,070)	2,895	(7,175)
<b>Profit/(Loss) net of tax</b>	<b>4,712</b>	<b>24,912</b>	<b>(615)</b>	<b>29,009</b>	<b>(9,166)</b>	<b>19,843</b>
<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>

**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 2024</b>						
<b>Revenue</b>						
Sales to external customers	773,270	-	-	773,270	-	773,270
Inter-segment sales	-	152,384	-	152,384	(152,384)	-
<b>Total revenue</b>	<b>773,270</b>	<b>152,384</b>	<b>-</b>	<b>925,654</b>	<b>(152,384)</b>	<b>773,270</b>
<b>Results</b>						
Operating profit/(loss)	26,894	54,065	(22)	80,937	(17,504)	63,433
Finance costs	(7,441)	(1,155)	(369)	(8,965)	-	(8,965)
Share of results of associate and joint venture	-	-	33	33	-	33
Profit/(Loss) before tax	19,453	52,910	(358)	72,005	(17,504)	54,501
Income tax (expense)/credit	(4,861)	(13,764)	-	(18,625)	4,201	(14,424)
<b>Profit/(Loss) net of tax</b>	<b>14,592</b>	<b>39,146</b>	<b>(358)</b>	<b>53,380</b>	<b>(13,303)</b>	<b>40,077</b>
<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>

**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 2024</b>						
<b>Assets</b>						
Segment assets	1,001,313	360,958	42,219	1,404,490	(17,831)	1,386,659
Investments in associate and joint venture	-	-	30,817	30,817	-	30,817
<b>Total assets</b>	<b>1,001,313</b>	<b>360,958</b>	<b>73,036</b>	<b>1,435,307</b>	<b>(17,831)</b>	<b>1,417,476</b>
<b>Liabilities</b>						
Segment liabilities	<b>494,486</b>	<b>89,676</b>	<b>162</b>	<b>584,324</b>	<b>-</b>	<b>584,324</b>
<b>Assets and Liabilities as at 31 December 2023</b>						
<b>Assets</b>						
Segment assets	956,073	373,070	36,252	1,365,395	(4,527)	1,360,868
Investments in associate and joint venture	-	-	30,756	30,756	-	30,756
<b>Total assets</b>	<b>956,073</b>	<b>373,070</b>	<b>67,008</b>	<b>1,396,151</b>	<b>(4,527)</b>	<b>1,391,624</b>
<b>Liabilities</b>						
Segment liabilities	<b>483,219</b>	<b>91,784</b>	<b>164</b>	<b>575,167</b>	<b>-</b>	<b>575,167</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 2023.

**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 2024.

**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 2024 except for the following:

- i. In respect of the suit against the Company with claim amount of RM2,152,533 for the purported breach of a sale and purchase agreement to supply 60,000 MT of tin slag, pre-trial matters are on-going. Trial dates are fixed on 11-12 September and 17-19 September 2024 respectively.

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.

Currently, parties are in the midst of negotiations to pursue an out-of-court settlement and the Company's management is evaluating the terms.

- ii. On 27 June 2024, the Inland Revenue Board ("IRB") issued Notices of Additional Assessment with penalties for YA 2019, YA 2021 and YA 2022 ("Notices") totalling RM31,327,414.69 to Rahman Hydraulic Tin Sdn. Bhd. ("RHT"), an 80% owned subsidiary of the Company. The Notices were raised pursuant to the disallowance of past tribute payments incurred from YA 2010 to YA 2017, and related legal and professional fees incurred by RHT in YA 2021 and YA 2022.

Based on tax and legal advice obtained from the tax consultant and tax solicitors, the Group is of the view that there are fair and reasonable grounds to defend against the Notices. The Directors are of the view that no provision is required in the condensed consolidated financial statements at this juncture.

**A14. Capital Commitments**

Capital commitments of the Group as at 30 June 2024 are as follows:

	<b>30.06.2024 RM'000</b>	<b>31.12.2023 RM'000</b>
Approved and contracted for	7,274	7,680
Approved but not contracted for	7,505	7,061
	<b>14,779</b>	<b>14,741</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 2023.

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

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

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

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

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

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>At 30 June 2024</b>				
<b>Assets measured at fair value:</b>				
Land and buildings	-	-	70,128	70,128
Investment securities	42,209	-	-	42,209
<b>At 31 December 2023</b>				
<b>Assets measured at fair value:</b>				
Land and buildings	-	-	65,908	65,908
Investment securities	36,243	-	-	36,243

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 2024.

**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 2023 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 30.06.2024 RM'000	2 <sup>nd</sup> Quarter ended 30.06.2023 RM'000	6 months ended 30.06.2024 RM'000	6 months ended 30.06.2023 RM'000
<b>After charging/(crediting):</b>				
Bad debts recovered	(3,807)	-	(3,807)	-
Depreciation and amortisation	3,184	3,401	6,254	6,706
Dividend income	(1,181)	-	(1,181)	(1,128)
Interest income	(1,681)	(1,353)	(3,493)	(2,137)
Net foreign exchange loss/(gain)	35	(3,541)	(2,097)	(4,538)
Other income	(4,686)	(645)	(5,083)	(743)

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 2024.

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

Income tax (expense)/credit comprises the following:

	2 <sup>nd</sup> Quarter ended 30.06.2024 RM'000	2 <sup>nd</sup> Quarter ended 30.06.2023 RM'000	6 months ended 30.06.2024 RM'000	6 months ended 30.06.2023 RM'000
Income tax				
- Current provision	(9,363)	(10,637)	(17,126)	(23,277)
Deferred tax				
- Relating to origination and reversal of temporary differences	2,188	(123)	2,702	(1,029)
<b>Total income tax expense</b>	<b>(7,175)</b>	<b>(10,760)</b>	<b>(14,424)</b>	<b>(24,306)</b>

For the current financial year-to-date ended 30 June 2024, 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 27 July 2024, 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 2024 is as follows:

	Not past due	← Past due →				Total	
	RM'000	< 30 days RM'000	30 to 60 days RM'000	61 to 90 days RM'000	91 to 120 days RM'000	>120 days RM'000	RM'000
Trade receivables as at 30.06.2024	31,322	-	-	-	1	-	31,323
Trade receivables as at 31.12.2023	6,875	-	9	1	-	-	6,885

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 RM1,000 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  
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**B6. Loans and Borrowings**

Details of the Group's loans and borrowings as at 30 June 2024 are as follows:

	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
<b>Short Term Borrowings</b>		
Unsecured:		
Short term trade financing	14,936	1,476
Bankers' acceptances / Trust receipts	306,247	279,400
Revolving credit	-	10,000
Secured term loan	55,556	26,667
	376,739	317,543
<b>Long Term Borrowings</b>		
Secured term loan	-	42,222
	<b>376,739</b>	<b>359,765</b>

Amount denominated in foreign currency	'000	'000
Short term trade financing (US dollars)	3,164	321

During the 6 months ended 30 June 2024, the Group increased its total borrowings by approximately 5% from RM359.8 million as at 31 December 2023 to RM376.7 million as at 30 June 2024. The gearing ratio of the Group are 0.45 as at 30 June 2024 and 0.44 as at 31 December 2023 respectively. 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 2024 for the Group was 4.1% (2023: 4.0%) per annum.

The secured term loan as at 30 June 2024 bears interest rate of 5.1% (2023: 5.2%) per annum.



**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS  
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**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 2024, there was no outstanding forward currency contract.

**B8. Material Litigation**

There was no material litigation as at 27 July 2024, 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  
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**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 30.06.2024 RM'000</b>	<b>Immediate Preceding Quarter 31.03.2024 RM'000</b>	<b>Changes %</b>
Revenue	410,787	362,483	13%
Operating Profit	31,990	31,443	2%
Profit Before Interest and Tax	31,584	31,882	(1%)
Profit Before Tax	27,018	27,483	(2%)
Profit After Tax	19,843	20,234	(2%)
Profit Attributable to Owners of the Company	16,719	18,235	(8%)

2Q 2024 vs. 1Q 2024 (QoQ)

The Group recorded revenue of RM410.8 million in 2Q 2024 as compared with RM362.5 million in 1Q 2024. This was mainly due to higher average tin price of RM153,400 (2Q 2024) as compared with RM124,900 (1Q 2024) per metric tonne.

The Group recorded a profit before tax of RM27.0 million in 2Q 2024 as compared with RM27.5 million in 1Q 2024.

The tin smelting segment recorded a profit before tax of RM6.2 million in 2Q 2024 as compared with RM13.3 million in 1Q 2024. In 2Q 2024, tin smelting segment's performance was affected by the annual re-bricking and scheduled maintenance of the TSL furnace that commenced in mid of May 2024. Consequently, lower refined tin production and smelting revenue have resulted in lower profit for tin smelting segment.

The tin mining segment recorded a profit before tax of RM33.5 million in 2Q 2024 as compared with RM19.4 million in 1Q 2024. This was mainly due to higher average tin price as stated above.

The Group's share of results of associate and joint venture recorded a net share loss of RM0.4 million in 2Q 2024 as compared with a net share profit of RM0.4 million in 1Q 2024.

**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	
	30.06.2024 RM'000	30.06.2023 RM'000		30.06.2024 RM'000	30.06.2023 RM'000	
Revenue	773,270	667,071	16%	410,787	327,013	26%
Operating Profit	63,433	102,489	(38%)	31,990	46,155	(31%)
Profit Before Interest and Tax	63,466	102,840	(38%)	31,584	46,374	(32%)
Profit Before Tax	54,501	93,852	(42%)	27,018	42,218	(36%)
Profit After Tax	40,077	69,546	(42%)	19,843	31,458	(37%)
Profit Attributable to Owners of the Company	34,954	63,859	(45%)	16,719	28,449	(41%)

1H 2024 vs. 1H 2023 (YoY)

Group revenue was RM773.3 million in the first 6 months of the current financial year (1H 2024) as compared with RM667.1 million in 1H 2023. This was mainly due to higher average tin price of RM139,100 (1H 2024) as compared with RM116,300 (1H 2023) per metric tonne.

The Group recorded a profit before tax of RM54.5 million in 1H 2024 as compared with RM93.9 million in 1H 2023.

The tin smelting segment recorded a profit before tax of RM19.5 million in 1H 2024 as compared with RM54.7 million in 1H 2023. In 1Q 2024, tin smelting segment's performance was affected by the lower incoming feed due to China buying feed directly from MSC's suppliers. Then in 2Q 2024, tin smelting segment's performance was affected by the annual re-bricking and scheduled maintenance of the TSL furnace that commenced in mid of May 2024. Consequently, lower refined tin production, smelting revenue and sales of refined tin derived from the processed tin intermediates have resulted in lower profit for tin smelting segment.

The tin mining segment recorded a profit before tax of RM52.9 million in 1H 2024 as compared with RM46.9 million in 1H 2023. This was mainly due to higher average tin price in 1H 2024 as stated above.

The Group's share of results of associate and joint venture recorded a net share profit of RM0.03 million in 1H 2024 as compared with RM0.4 million in 1H 2023.



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

2Q 2024 vs. 2Q 2023 (YoY)

Group revenue was RM410.8 million in 2Q 2024 as compared with RM327.0 million in 2Q 2023. This was mainly due to higher average tin price of RM153,400 (2Q 2024) as compared with RM116,500 (2Q 2023) per metric tonne.

The Group recorded a profit before tax of RM27.0 million in 2Q 2024 as compared with RM42.2 million in 2Q 2023.

The tin smelting segment recorded a profit before tax of RM6.2 million in 2Q 2024 as compared with RM21.6 million in 2Q 2023. In 2Q 2024, tin smelting segment's performance was affected by the annual re-bricking and scheduled maintenance of the TSL furnace that commenced in mid of May 2024. Consequently, lower refined tin production, smelting revenue and sales of refined tin derived from the processed tin intermediates have resulted in lower profit for tin smelting segment.

The tin mining segment recorded a profit before tax of RM33.5 million in 2Q 2024 as compared with RM23.2 million in 2Q 2023. This was mainly due to higher average tin price in 2Q 2024 as stated above.

The Group's share of results of associate and joint venture recorded a net share loss of RM0.4 million in 2Q 2024 as compared with a net share profit of RM0.2 million in 2Q 2023.

**B11. Prospects**

Global economic prospects remain fragile as the world maneuvers itself through a period of political and future economic policies uncertainty from major presidential and legislative elections in 2024. An escalation of trade sanction and restrictions between the US and China could further hamper global trade activities and growth. Geopolitical risks from the ongoing conflict in the Middle East and the long-drawn Russian/Ukraine war continue to weigh down on the global economy.

The Group remains cautious, with emphasis placed on operational efficiencies, improvements on operations, technology, manpower, logistics and potential new business developments in its smelting and mining business segments.

With the successful commission of the Pulau Indah ("PI") plant operation, and the planned closure of the old plant at Butterworth in the near term, the Group expects higher efficiency from lower operational and manpower costs, and its energy saving initiatives, while reducing its overall carbon footprint. The plan to de-commission the smelting facility at Butterworth in stages is on track and the Group anticipates cost savings of up to 30%.

For the tin mining segment, the Group continues to focus on improving and increasing daily mining output and overall mining productivity. This includes expanding its mining activities and mine resources, adopting new cost-effective mining methodology and participating in new mining joint ventures.



**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS  
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**B12. Earnings/(Loss) Per Share Attributable to Owners of the Company**

	2 <sup>nd</sup> Quarter ended 30.06.2024	2 <sup>nd</sup> Quarter ended 30.06.2023	6 months ended 30.06.2024	6 months ended 30.06.2023
Profit net of tax attributable to owners of the Company (RM'000)	16,719	28,449	34,954	63,859
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>4.0</b>	<b>6.8</b>	<b>8.3</b>	<b>15.2</b>

**B13. Dividend**

There was no dividend declared for the current quarter and financial year-to-date ended 30 June 2024.

**Authorised for Issue**

The Interim results was authorised for issue by the Board in accordance with a resolution of the Directors on 2 August 2024.