

(Tempatan 43072 - A )  
**MALAYSIA SMELTING CORPORATION BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at 31 December 2015

	As at 31.12.2015 Unaudited RM'000	As at 31.12.2014 Audited RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	98,893	88,465
Prepaid land lease payments	806	839
Base inventory	3,000	3,000
Intangible assets	7,930	8,868
Investment in associates and joint ventures	84,469	71,318
Investment securities	12,930	7,792
Other non-current assets	12,375	11,458
Other receivables	5,637	5,982
Deferred tax assets	2,099	3,981
	228,139	201,703
<b>Current assets</b>		
Inventories	269,602	253,952
Trade and other receivables	166,096	104,003
Other current assets	3,027	3,190
Tax recoverable	10,327	3,528
Cash, bank balances and deposits	133,874	118,311
	582,926	482,984
<b>Total assets</b>	811,065	684,687
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Provisions	9,635	10,505
Borrowings	392,049	335,921
Trade and other payables	138,484	81,225
Current tax payable	185	25
Derivative financial instruments	10,064	5,661
	550,417	433,337
<b>Net current assets</b>	32,509	49,647
<b>Non-current liabilities</b>		
Provisions	18,000	10,350
Deferred tax liabilities	1,394	1,092
Borrowings	-	5,208
Derivative financial instruments	-	478
	19,394	17,128
<b>Total liabilities</b>	569,811	450,465
<b>Net assets</b>	241,254	234,222
<b>Equity attributable to owners of the Company</b>		
Share capital	100,000	100,000
Share premium	76,372	76,372
Other reserves	33,435	21,603
Retained earnings	31,151	35,946
	240,958	233,921
<b>Non-controlling interests</b>	296	301
<b>Total Equity</b>	241,254	234,222
<b>Total equity and liabilities</b>	811,065	684,687

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

(Tempatan 43072 -A )  
**MALAYSIA SMELTING CORPORATION BERHAD**  
(Incorporated in Malaysia )

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

for the year ended 31 December 2015

	Note	← 4 th Quarter →		← Year to Date →	
		3 months ended		12 months ended	
		31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
<b>Revenue</b>	<b>5</b>	354,649	525,444	1,464,855	1,915,179
(Loss)/Profit from operations		(1,364)	14,349	10,450	58,333
Gross interest income		779	2,766	4,713	7,156
Gross interest expense		(3,993)	(3,908)	(13,608)	(14,302)
Share of results of associates and joint ventures		195	(3,364)	1,683	(1,995)
(Loss)/Profit before exceptional items	<b>5</b>	(4,383)	9,843	3,238	49,192
Exceptional items	<b>6</b>	-	(4,200)	-	(4,200)
<b>(Loss)/Profit before tax from continuing operations</b>		(4,383)	5,643	3,238	44,992
Income tax expense	<b>17</b>	(3,039)	(6,146)	(8,038)	(22,332)
<b>(Loss)/Profit from continuing operations, net of tax</b>		(7,422)	(503)	(4,800)	22,660
<b>Discontinued operations</b>					
Loss from discontinued operations, net of tax		-	-	-	(32,630)
<b>Loss net of tax</b>		(7,422)	(503)	(4,800)	(9,970)
<b>Attributable to:</b>					
Owners of the Company		(7,421)	(511)	(4,795)	(9,865)
Non-controlling interests		(1)	8	(5)	(105)
		(7,422)	(503)	(4,800)	(9,970)
(Loss)/Earnings per share attributable to owners of the Company (sen):	<b>26</b>				
Basic/Diluted					
- from continuing operations		(7.4)	(0.5)	(4.8)	22.6
- from discontinued operations		-	-	-	(32.5)
		(7.4)	(0.5)	(4.8)	(9.9)
Proposed/Declared dividend per share ( sen )	<b>28</b>	-	-	-	-
				As at end of current quarter	As at preceding financial year end
Net assets per share attributable to owners of the Company ( RM )				2.41	2.34

The unaudited condensed consolidated income statement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

(Tempatan 43072 -A )  
**MALAYSIA SMELTING CORPORATION BERHAD**  
(Incorporated in Malaysia )

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2015

Note	4 th Quarter 3 months ended		Year to Date 12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Loss net of tax	(7,422)	(503)	(4,800)	(9,970)
Items that will not be reclassified to profit or loss:				
Revaluation surplus on property, plant and equipment, net	4,179	3,743	4,179	3,743
Share of a joint venture's loss on remeasurement of retirement benefits obligation	-	-	-	(484)
	<u>4,179</u>	<u>3,743</u>	<u>4,179</u>	<u>3,259</u>
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	(1,655)	8,190	12,049	13,501
Realisation of foreign currency translation reserves to profit or loss upon sale of disposal group classified as held for sale	-	-	-	4,158
Realisation of foreign currency translation reserves to profit or loss upon sale of a subsidiary	-	-	-	3,705
Net fair value changes on available-for-sale investment securities	(2,800)	789	(1,868)	598
Net fair value changes on cash flow hedges	10,195	(2,952)	(2,528)	(3,270)
	<u>5,740</u>	<u>6,027</u>	<u>7,653</u>	<u>18,692</u>
Other comprehensive income for the period, net of tax	9,919	9,770	11,832	21,951
Total comprehensive income for the period	<u>2,497</u>	<u>9,267</u>	<u>7,032</u>	<u>11,981</u>
Total comprehensive income attributable to:				
Owners of the Company	2,498	9,259	7,037	11,153
Non-controlling interests	(1)	8	(5)	828
	<u>2,497</u>	<u>9,267</u>	<u>7,032</u>	<u>11,981</u>

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

(Tempatan 43072 -A )  
**MALAYSIA SMELTING CORPORATION BERHAD**  
(Incorporated in Malaysia )

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2015

	Attributable to owners of the Company										
	← Non - Distributable →							Distributable			
	Total equity RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Share premium RM'000	Revaluation reserves RM'000	Foreign currency translation reserves RM'000	Available-for-sale ("AFS") reserves RM'000	Hedging reserves RM'000	Reserve of disposal group classified as held for sale RM'000	Retained earnings RM'000	Non-controlling interests ("NCI") RM'000
<b>At 1 January 2015</b>	234,222	233,921	100,000	76,372	24,666	(736)	2,259	(4,586)	-	35,946	301
Loss for the year	(4,800)	(4,795)	-	-	-	-	-	-	-	(4,795)	(5)
Other comprehensive income	11,832	11,832	-	-	4,179	12,049	(1,868)	(2,528)	-	-	-
Total comprehensive income	7,032	7,037	-	-	4,179	12,049	(1,868)	(2,528)	-	(4,795)	(5)
<b>At 31 December 2015</b>	<b>241,254</b>	<b>240,958</b>	<b>100,000</b>	<b>76,372</b>	<b>28,845</b>	<b>11,313</b>	<b>391</b>	<b>(7,114)</b>	<b>-</b>	<b>31,151</b>	<b>296</b>

(Tempatan 43072 -A )  
**MALAYSIA SMELTING CORPORATION BERHAD**  
(Incorporated in Malaysia )

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)**  
for the year ended 31 December 2014

	Attributable to owners of the Company										
	← Non - Distributable					→ Distributable					
	Total equity RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Share premium RM'000	Revaluation reserves RM'000	Foreign currency translation reserves RM'000	AFS reserves RM'000	Hedging reserves RM'000	Reserve of disposal group classified as held for sale RM'000	Retained earnings RM'000	Non-controlling interests ("NCI") RM'000
<b>At 1 January 2014</b>	180,656	222,768	100,000	76,372	21,116	(14,198)	1,661	(1,316)	(6,969)	46,102	(42,112)
Loss for the year	(9,970)	(9,865)	-	-	-	-	-	-	-	(9,865)	(105)
Other comprehensive income	21,951	21,018	-	-	3,743	16,273	598	(3,270)	4,158	(484)	933
Total comprehensive income	11,981	11,153	-	-	3,743	16,273	598	(3,270)	4,158	(10,349)	828
Acquisition of a subsidiary	299	-	-	-	-	-	-	-	-	-	299
Reserve of disposal group classified as held for sale	-	-	-	-	-	(2,811)	-	-	2,811	-	-
Derecognition of NCI upon sale of disposal group classified as held for sale	41,286	-	-	-	-	-	-	-	-	-	41,286
Realisation of revaluation reserves upon sale of a subsidiary	-	-	-	-	(193)	-	-	-	-	193	-
<b>At 31 December 2014</b>	<b>234,222</b>	<b>233,921</b>	<b>100,000</b>	<b>76,372</b>	<b>24,666</b>	<b>(736)</b>	<b>2,259</b>	<b>(4,586)</b>	<b>-</b>	<b>35,946</b>	<b>301</b>

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited annual financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

(Tempatan 43072 - A )  
**MALAYSIA SMELTING CORPORATION BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

for the year ended 31 December 2015

	Note	12 months ended	
		31.12.2015 RM'000	31.12.2014 RM'000
<b>Operating activities</b>			
Operating cash flows before changes in working capital		47,202	86,935
(Increase)/Decrease in inventories		(29,850)	21,152
Increase in receivables		(58,550)	(39,185)
Increase in payables		47,055	1,269
Decrease in amount due to holding company		-	(43)
(Increase)/Decrease in amount due from associates and joint ventures		(2,595)	48
<b>Cash generated from operations</b>		<b>3,262</b>	<b>70,176</b>
Income tax paid		(11,745)	(28,108)
Interest paid		(14,480)	(14,671)
Severance benefits paid		-	(5,910)
<b>Net cash (used in)/generated from operating activities</b>		<b>(22,963)</b>	<b>21,487</b>
<b>Investing activities</b>			
Interest received		4,166	7,019
Net cash outflow on acquisition of a subsidiary		-	(478)
Net cash outflow on sale of a subsidiary		-	(22)
Net cash inflow on sale of disposal group classified as held for sale		-	558
Net dividend received from associates and joint ventures		9	29,343
Payment for deferred mine exploration and evaluation expenditures and mine properties		(1,935)	(5,049)
Payment for corporate club memberships		-	(215)
Payment for prepaid land lease payments		-	(200)
Placement of deposits of more than three months maturity with licensed banks		(5,234)	-
Proceeds from disposal of property, plant and equipment		12	3
Purchase of an investment security		(7,925)	-
Purchase of property, plant and equipment		(5,692)	(9,041)
<b>Net cash (used in)/generated from investing activities</b>		<b>(16,599)</b>	<b>21,918</b>
<b>Financing activities</b>			
Drawdown/(Repayment) of short term trade financing and other borrowings		70,843	(9,859)
Repayment of term loans		(21,009)	(19,731)
<b>Net cash generated from/(used in) financing activities</b>		<b>49,834</b>	<b>(29,590)</b>
<b>Net increase in cash and cash equivalents</b>		<b>10,272</b>	<b>13,815</b>
Effect of changes in foreign exchange rates		(17)	46
<b>Cash and cash equivalents as at 1 January</b>		<b>116,936</b>	<b>103,075</b>
<b>Cash and cash equivalents as at 31 December</b>		<b>127,191</b>	<b>116,936</b>
<b>Cash and bank balances comprise the following at 31 December:</b>			
Cash and short term deposits		127,191	116,936
Deposits of more than three months maturity with licensed banks		6,683	1,375
		<b>133,874</b>	<b>118,311</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

## **NOTES TO THE 4<sup>th</sup> INTERIM FINANCIAL REPORT – 31 DECEMBER 2015**

### **1. Basis of Preparation**

This condensed consolidated interim financial statements (Condensed Report) has been prepared in accordance with *MFRS 134: Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with *IAS 34: Interim Financial Reporting* issued by the International Accounting Standards Board (IASB).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014. 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 2014.

### **2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014 except for the adoption of the following pronouncements:

#### **Effective for financial periods beginning on or after 1 July 2014**

Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions  
Annual Improvements to MFRSs 2010–2012 Cycle  
Annual Improvements to MFRSs 2011–2013 Cycle

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

#### **Effective for financial periods beginning on or after 1 January 2016**

Annual Improvements to MFRSs 2012-2014 Cycle  
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception  
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations  
Amendments to MFRS 101: Disclosure Initiative  
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation  
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants  
Amendments to MFRS 127: Equity Method in Separate Financial Statements  
MFRS 14: Regulatory Deferral Accounts

**Effective for financial periods beginning on or after 1 January 2018**

MFRS 9: Financial Instruments  
MFRS 15: Revenue from Contracts with Customers

**Effective date to be announced by Malaysian Accounting Standards Board (MASB)**

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The directors expect that the adoption of the above pronouncements will have no material impact on the financial statements in the period of initial application, except as disclosed below:

MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces MFRS 139 *Financial Instruments: Recognition and Measurement* and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.



Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is in the process of assessing the impact of MFRS 15.

### **3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

### **4. Seasonal or Cyclical Factors**

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

### **5. Profit/(Loss) Before Exceptional Items**

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

	<b>4<sup>th</sup> Quarter ended 31.12.2015 RM'000</b>	<b>Year to date ended 31.12.2015 RM'000</b>
After charging/(crediting):		
Depreciation and amortisation	2,403	9,374
Fair value loss in derivative financial instruments	93	599
Gain on disposal of property, plant and equipment	-	(12)
Impairment of investment in associates and joint ventures	580	580
Impairment of investment securities	329	329
Impairment of other current assets	1,429	1,429
Impairment of receivables	4,265	4,395
Net foreign exchange loss	6,989	54,555
Other income including investment income	(1,271)	(2,475)
Unfavourable valuation adjustment on tin inventory	17,400	14,200
(Gain)/Loss on disposal of investment securities	-	-
Property, plant and equipment written off	-	-

**5. Profit/(Loss) Before Exceptional Items (cont'd)**

Restatement of revenue for financial year ended 31 December 2015:

	<b>1<sup>st</sup> Quarter ended 31.03.2015 RM'000</b>	<b>2<sup>nd</sup> Quarter ended 30.06.2015 RM'000</b>	<b>3<sup>rd</sup> Quarter ended 30.09.2015 RM'000</b>	<b>4<sup>th</sup> Quarter ended 31.12.2015 RM'000</b>	<b>Year to date ended 31.12.2015 RM'000</b>
Revenue	381,640	452,975	557,485	354,649	1,746,749
Less: Adjustments	-	(108,504)	(173,390)	-	(281,894)
Restated revenue	<u>381,640</u>	<u>344,471</u>	<u>384,095</u>	<u>354,649</u>	<u>1,464,855</u>

The adjustments involved revenue and cost of sales and had no financial impact to the profit or loss for the affected quarters or the year under review.

**6. Exceptional Items**

There were no exceptional items affecting assets, liabilities, equity, net income or cash flow because of their nature, size or incidence for the current financial year-to-date.

**7. Changes in Estimates**

There were no changes in estimates that have had a material effect for the current financial year-to-date.

**8. Issuance and Repayment of Debt and Equity Securities**

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year-to-date.

**9. Dividend Paid**

There was no dividend paid during the current quarter.

**10. Segmental Reporting**

The Company and its principal subsidiaries operate principally within the tin industry in two business segments, namely tin smelting and tin mining.

The segmental reporting for the current financial year-to-date and the comparative period were as follows:

<b>2015</b>	<b>International Tin Smelting RM'000</b>	<b>Tin Mining RM'000</b>	<b>Others RM'000</b>	<b>(Eliminations)/ Adjustments RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>					
Sales to external customers	1,464,855	-	-	-	1,464,855
Inter-segment sales	4	114,482	1,796	(116,282)	-
<b>Total revenue</b>	<b>1,464,859</b>	<b>114,482</b>	<b>1,796</b>	<b>(116,282)</b>	<b>1,464,855</b>
<b>Results</b>					
Profit/(Loss) from operations	5,550	14,531	(5,470)	914	15,525
Finance costs	(11,031)	(362)	(2,577)	-	(13,970)
Share of results of associates and joint ventures	-	-	1,683	-	1,683
(Loss)/Profit before tax	(5,481)	14,169	(6,364)	914	3,238
Income tax expense	(2,917)	(4,620)	(272)	(229)	(8,038)
<b>(Loss)/Profit net of tax</b>	<b>(8,398)</b>	<b>9,549</b>	<b>(6,636)</b>	<b>685</b>	<b>(4,800)</b>

<b>At 31 December 2015</b>	<b>International Tin Smelting RM'000</b>	<b>Tin Mining RM'000</b>	<b>Others RM'000</b>	<b>(Eliminations)/ Adjustments RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>					
Segment assets	611,162	113,350	2,690	(606)	726,596
Investment in associates and joint ventures	-	-	84,469	-	84,469
<b>Total assets</b>	<b>611,162</b>	<b>113,350</b>	<b>87,159</b>	<b>(606)</b>	<b>811,065</b>
<b>Liabilities</b>					
Segment liabilities	<b>536,876</b>	<b>32,775</b>	<b>609</b>	<b>(449)</b>	<b>569,811</b>

### **11. Property, Plant and Equipment**

The land and buildings have been revalued in December 2015, giving net revaluation surplus of RM4.2 million.

### **12. Subsequent Events**

There was no material event subsequent to end of the current quarter up to 13 February 2016, the latest practical date which is not earlier than 7 days from the date of issue of this quarterly report.

### **13. Changes in the Composition of the Group**

There was no change in the composition of the Group during the current financial year-to-date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations, except that on 2 September 2015, the Company subscribed, via a private placement, for 12,350,000 equity units (“Units”) in Alphamin Resources Corp. (“Alphamin”) for a total purchase consideration of approximately RM7.93 million. Each Unit sold at a price of CAD0.20 per Unit consists of one common share and one-third of one common share purchase warrant (“Warrant”). Each whole Warrant entitles the holder to acquire one additional common share of Alphamin at a price of CAD0.25 until 2 September 2016. The common shares sold including any shares issued on exercise of the Warrants, are subject to a four month hold period in Canada which expired on 3 January 2016. The Company’s shareholding interest in Alphamin has increased from 1.9% to 5.0% upon completion of the private placement.

### **14. Changes in Contingent Liabilities and Contingent Assets**

Since 31 December 2014, there were no changes in contingent liabilities or contingent assets as at 13 February 2016, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

### **15. Capital Commitments**

The amount of capital commitments at 31 December 2015 was as follows:

	<b>31.12.2015 RM'000</b>
Approved but not contracted for	19,400
Contracted but not provided for	1,531
	<b>20,931</b>

**16. Related Party Transactions**

The following were significant related party transactions:

	<b>12 months ended 31.12.2015</b>
	<b>RM'000</b>
Sales of products to an associate	48,872

The above transactions were entered in the normal course of business and were established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

**17. Income Tax Expense**

Income tax expense comprises the following:

	<b>Year to date ended 31.12.2015</b>
	<b>RM'000</b>
Current taxation	
Malaysian income tax	6,347
Over provision in prior years	(1,241)
Deferred tax	2,932
<b>Total</b>	<b>8,038</b>

For the current year ended 31 December 2015, the effective tax rate for the Group was higher than the statutory tax rate in Malaysia mainly due to certain non-tax deductible expenses.

**18. Status of Corporate Proposal**

There was no corporate proposal announced but not completed as at 13 February 2016, the latest practical date which is not earlier than 7 days from the date of issue of this quarterly report.

**19. Interest-Bearing Loans and Borrowings**

Group borrowings as at 31 December 2015 comprise the following:

	<b>31.12.2015</b>
	<b>RM'000</b>
<b>Short Term Borrowings (unsecured)</b>	
Foreign currency trade finance	17,584
Bankers' acceptances	368,078
	385,662
Term loan	6,387
	392,049

<b>Amount denominated in foreign currency</b>	<b>'000</b>
Foreign currency trade finance (US dollar)	4,095
Term loan (US dollar)	1,487

Foreign currency trade finance is utilised for working capital requirements involving purchases and sales of tin concentrates and tin metal denominated in US dollar.

Short term borrowings bear interest at rates ranging from 0.93% to 4.50% per annum (2014: 1.05% to 4.43% per annum) for the Group.

Term loan which is repayable by quarterly instalments bears interest at a rate of 3.30% per annum (2014: 3.30% per annum) for the Group.

**20. Derivative Financial Instruments**

As at 31 December 2015, the Group had the following outstanding derivative financial instruments:-

Derivatives	Contract/ Notional Value RM'000	Fair Value RM'000	Fair Value Gain/(Loss) – Net of Tax RM'000
i. Interest Rate Swap Contract - Less than 1 year	4,478	4,476	(1)
ii. Forward Currency Contracts - Less than 1 year	130,664	136,072	(4,151)
iii. Forward Commodity Contracts - Less than 1 year	9,678	5,077	(3,497)

The interest rate swap contract, forward currency contracts and forward commodity contracts are all entered for hedging purposes.

During the current financial year-to-date, the Group has recognised a fair value loss net of tax of RM455,000 relating to the ineffective portion of the hedges in its income statement.

The risks and policies relating to the management of derivative financial instruments are similar to those disclosed in the annual financial statements for the year ended 31 December 2014.

**21. Fair value of assets and liabilities**

As at 31 December 2015, the Group's quoted equity instruments fair value of RM12,930,000 (31 December 2014: RM7,792,000) is at Level 1 which is determined directly by reference to the published market closing price at the reporting date. The Group also held interest rate swap contract, forward currency contracts and forward commodity contracts carried at fair value of approximately RM10,064,000 (31 December 2014: RM6,139,000) based on Level 2: significant observable inputs for identical assets or liabilities. There was no transfer between any levels of the fair value hierarchy and there was no change in the purpose of any financial assets/liabilities that subsequently resulted in a different classification of that assets/liabilities during the quarter.

The Group held freehold land and buildings amounting to RM48,967,000 (31 December 2014: RM44,804,000) carried at Level 3: significant unobservable inputs.

## **22. Changes in Material Litigation**

Since 31 December 2014, there was no material litigation against the Group as at 13 February 2016, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

## **23. Material Change in the Quarterly Results as Compared with the Preceding Quarter**

The Group recorded a loss before tax of RM4.38 million in 4Q 2015 compared with a profit before tax of RM28.78 million in 3Q 2015 mainly due to an unfavourable valuation adjustment on tin inventory arising from lower closing tin price at end of 4Q 2015.

## **24. Review of Performance of the Company and its Principal Subsidiaries**

### Current Quarter 4Q 2015

Group revenue decreased to RM354.65 million in 4Q 2015 compared with RM525.44 million in 4Q 2014 from continuing operations mainly due to lower sales quantity of refined tin and lower tin prices in 4Q 2015.

The Group recorded a loss of RM4.38 million before exceptional items in 4Q 2015 compared with a profit of RM9.84 million before exceptional items in 4Q 2014 from continuing operations mainly due to an unfavourable valuation adjustment on tin inventory in 4Q 2015.

The Butterworth international smelting business recorded a loss before tax of RM4.83 million in 4Q 2015 (4Q 2014: a profit before tax of RM8.60 million) mainly due to an unfavourable valuation adjustment on tin inventory in 4Q 2015.

Rahman Hydraulic Tin mining operations recorded a higher profit before tax of RM7.29 million in 4Q 2015 (4Q 2014: RM6.04 million) mainly due to higher sales quantity in 4Q 2015.

The associates and joint ventures recorded a net share of profit of RM0.20 million in 4Q 2015 (4Q 2014: a net share of losses of RM3.36 million).



## **24. Review of Performance of the Company and its Principal Subsidiaries (cont'd)**

### **Current Financial Year-to-date**

Group revenue decreased to RM1.46 billion for the year ended 31 December 2015 compared with RM1.92 billion in the previous year from continuing operations mainly due to lower sales quantity of refined tin and lower tin prices in 2015.

The Group recorded a profit of RM3.24 million before exceptional items in 2015 compared with a profit of RM49.19 million before exceptional items in 2014 from continuing operations mainly due to lower tin prices, unfavourable stock valuation adjustment and a negative impact of foreign currency translation.

The Butterworth international smelting business recorded a loss before tax of RM5.48 million in 2015 (2014: a profit before tax of RM38.62 million) mainly due to lower tin prices, unfavourable stock valuation adjustment and a negative impact of foreign currency translation.

Rahman Hydraulic Tin mining operations recorded a lower profit before tax of RM14.19 million in 2015 (2014: RM29.80 million) mainly due to lower tin prices and lower sales quantity in 2015.

The associates and joint ventures recorded a net share of profit of RM1.68 million in 2015 (2014: a net share of losses of RM2.00 million).

## **25. Current Year Prospects**

Market conditions remain challenging as the global commodity and resource sectors continued to be depressed resulting in lower commodity and metal prices including tin.

Despite these challenges, the underlying operations of the Group comprising Butterworth International Smelter and the Rahman Hydraulic Tin mine are expected to perform satisfactorily for the current financial year 2016 but the Board remains cautious that the Group's financial results will continue to be impacted by tin price and foreign exchange fluctuations.

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

	<b>12 months ended 31.12.2015</b>	<b>12 months ended 31.12.2014</b>
(Loss)/Profit net of tax attributable to owners of the Company:		
- from continuing operations (RM'000)	(4,795)	22,658
- from discontinued operations (RM'000)	-	(32,523)
Total (RM'000)	<u>(4,795)</u>	<u>(9,865)</u>
Weighted average number of ordinary shares in issue ('000)	<u>100,000</u>	<u>100,000</u>
<u>Basic/Diluted:</u>		
- from continuing operations (sen)	(4.8)	22.6
- from discontinued operations (sen)	-	(32.5)
Loss per share (sen)	<u>(4.8)</u>	<u>(9.9)</u>

**27. Breakdown of Retained Earnings into Realised and Unrealised**

	<b>Current Quarter Ended 31.12.2015 RM'000</b>	<b>Preceding Quarter Ended 30.09.2015 RM'000</b>
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	25,029	34,614
- Unrealised	(4,243)	(6,919)
	20,786	27,695
Total share of (accumulated losses)/retained earnings from associated companies:		
- Realised	(4,719)	(5,050)
- Unrealised	283	283
Total share of retained earnings/(accumulated losses) from joint ventures:		
- Realised	19,784	19,920
- Unrealised	(11,571)	(11,571)
	24,563	31,277
Add: Consolidation adjustments	6,588	7,295
Retained earnings as per financial statements	31,151	38,572

**28. Dividend Payable**

No dividend is declared for the quarter ended 31 December 2015.

The Directors also do not recommend the payment of any final dividend for the financial year ended 31 December 2015.

By Order of the Board  
Sharifah Faridah Abd Rasheed  
Secretary

Kuala Lumpur  
19 February 2016