



MALAYSIA SMELTING CORPORATION BERHAD

INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

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

17 FEBRUARY 2023



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

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

		As at 31.12.2022 Unaudited RM'000	As at 31.12.2021 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment		155,888	138,240
Right-of-use assets		5,430	5,300
Land held for development		78,654	78,654
Mining rights		141,617	3,154
Corporate club memberships		433	441
Investments in associate and joint venture		29,974	30,477
Investment securities		32,885	58,456
Deferred mine exploration and evaluation expenditures		1,326	1,056
Mine properties		12,185	12,678
Deferred tax assets		2,630	6,348
		461,022	334,804
Current assets			
Inventories		570,709	789,862
Trade receivables	B5	31,523	11,798
Other receivables		705	546
Trade prepayments		66,503	36,505
Other prepayments		1,652	1,250
Tax recoverable		17,495	17,539
Derivative financial instruments		1,115	-
Cash, bank balances and deposits		151,221	122,576
		840,923	980,076
Total assets		1,301,945	1,314,880
Equity and liabilities			
Current liabilities			
Provisions		14,294	-
Borrowings	B6	268,976	416,306
Trade and other payables		111,236	188,441
Lease liabilities		777	380
Current tax payable		4,491	29,335
Derivative financial instruments		153	310
		399,927	634,772
Net current assets		440,996	345,304
Non-current liabilities			
Provisions		48,346	52,461
Deferred tax liabilities		3,098	2,961
Borrowings	B6	68,889	40,000
Lease liabilities		4,137	4,045
		124,470	99,467
Total liabilities		524,397	734,239
Net assets		777,548	580,641
Equity attributable to owners of the Company			
Share capital		237,194	237,194
Other reserves		37,860	57,517
Retained earnings		444,178	285,727
		719,232	580,438
Non-controlling interest		58,316	203
Total Equity		777,548	580,641
Total equity and liabilities		1,301,945	1,314,880
Net assets per share attributable to owners of the Company (RM)		1.71	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 YEAR ENDED 31 DECEMBER 2022**

	Note	4 th Quarter 3 months ended		Year to Date 12 months ended	
		31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Revenue	A8	<u>391,150</u>	<u>255,057</u>	<u>1,503,591</u>	<u>1,076,560</u>
Operating profit		43,836	88,539	163,063	169,697
Finance costs		(4,470)	(4,351)	(18,991)	(15,768)
Share of results of associate and joint venture		<u>(907)</u>	<u>1,028</u>	<u>(456)</u>	<u>4,433</u>
Profit before tax	B2	38,459	85,216	143,616	158,362
Income tax expense	B3	(10,638)	(20,665)	(42,121)	(39,876)
Profit net of tax		<u>27,821</u>	<u>64,551</u>	<u>101,495</u>	<u>118,486</u>
Attributable to:					
Owners of the Company		25,890	64,069	98,358	118,058
Non-controlling interests		1,931	482	3,137	428
		<u>27,821</u>	<u>64,551</u>	<u>101,495</u>	<u>118,486</u>
Earnings per share attributable to owners of the Company (sen):					
Basic and diluted	B12	<u>6.2</u>	<u>15.3</u>	<u>23.4</u>	<u>28.3</u>

The unaudited condensed consolidated statement of profit or loss should be read in conjunction with the audited annual financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	4 th Quarter		Year to Date	
	3 months ended		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	27,821	64,551	101,495	118,486
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Revaluation reserves on properties, net	1,382	546	1,382	546
Net fair value changes in quoted investments at Fair Value through Other Comprehensive Income ("FVOCI")	6,850	8,375	3,121	35,097
	<u>8,232</u>	<u>8,921</u>	<u>4,503</u>	<u>35,643</u>
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	6	-	(6)	(3)
Share of foreign currency translation of associate and joint venture	152	(34)	(19)	45
	<u>158</u>	<u>(34)</u>	<u>(25)</u>	<u>42</u>
Other comprehensive income for the year, net of tax	8,390	8,887	4,478	35,685
Total comprehensive income for the year	<u>36,211</u>	<u>73,438</u>	<u>105,973</u>	<u>154,171</u>
Total comprehensive income attributable to:				
Owners of the Company	34,256	72,956	102,812	153,743
Non-controlling interests	1,955	482	3,161	428
	<u>36,211</u>	<u>73,438</u>	<u>105,973</u>	<u>154,171</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 2021 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

		Attributable to owners of the Company								
		← Non - Distributable →				→ Distributable				
RM'000	Note	Share capital	Revaluation reserves	Foreign currency translation reserves	FVOCI reserves	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2022		237,194	12,906	1,067	41,838	1,706	285,727	580,438	203	580,641
Profit for the year		-	-	-	-	-	98,358	98,358	3,137	101,495
Other comprehensive income		-	1,358	(25)	3,121	-	-	4,454	24	4,478
Total comprehensive income		-	1,358	(25)	3,121	-	98,358	102,812	3,161	105,973
Transfer of FVOCI reserves		-	-	-	(24,111)	-	24,111	-	-	-
Transactions with owners of the Company:										
Dilution of interest in a subsidiary without a loss in control	A12	-	-	-	-	-	65,382	65,382	73,193	138,575
Dividend on ordinary shares	A7	-	-	-	-	-	(29,400)	(29,400)	-	(29,400)
Dividend to non-controlling interests		-	-	-	-	-	-	-	(18,241)	(18,241)
Total transactions with owners of the Company		-	-	-	-	-	35,982	35,982	54,952	90,934
At 31 December 2022		237,194	14,264	1,042	20,848	1,706	444,178	719,232	58,316	777,548
At 1 January 2021		200,000	12,360	1,025	6,741	1,706	171,669	393,501	(225)	393,276
Profit for the year		-	-	-	-	-	118,058	118,058	428	118,486
Other comprehensive income		-	546	42	35,097	-	-	35,685	-	35,685
Total comprehensive income		-	546	42	35,097	-	118,058	153,743	428	154,171
Transactions with owners of the Company:										
Issue of ordinary shares	A7	37,194	-	-	-	-	-	37,194	-	37,194
Dividend on ordinary shares		-	-	-	-	-	(4,000)	(4,000)	-	(4,000)
		37,194	-	-	-	-	(4,000)	33,194	-	33,194
At 31 December 2021		237,194	12,906	1,067	41,838	1,706	285,727	580,438	203	580,641

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



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	12 months ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
Operating activities		
Operating cash flows before changes in working capital	167,978	153,880
Decrease/(Increase) in inventories	219,153	(161,731)
(Increase)/Decrease in trade and other receivables	(19,741)	14,407
Increase in trade prepayments	(29,998)	(26,250)
Increase in other prepayments	(117)	(313)
(Decrease)/Increase in payables	(13,920)	54,586
Decrease in amount due to immediate holding company	-	(30)
Increase in amount due to an associate	2,683	-
Cash generated from operations	<u>326,038</u>	<u>34,549</u>
Income tax paid	(63,498)	(8,127)
Interest paid	(18,081)	(14,066)
Net cash generated from operating activities	<u>244,459</u>	<u>12,356</u>
Investing activities		
Dividend received from an associate	28	-
Dividend received from investment securities	3,071	-
Interest received	2,198	367
Acquisition of subsidiaries, net of cash acquired	36	-
Payment for deferred mine exploration and evaluation expenditures and mine properties	(536)	(835)
Payment for right-of-use assets	-	(34)
Proceeds from disposal of investment securities	28,691	-
Proceeds from disposal of property, plant and equipment	35	-
Purchase of property, plant and equipment	(17,870)	(8,740)
Net cash generated from/(used in) investing activities	<u>15,653</u>	<u>(9,242)</u>
Financing activities		
Dividend paid to shareholders	(29,400)	(4,000)
Dividend paid to a non-controlling shareholder of a subsidiary	(10,073)	-
(Repayment)/Drawdown of short term trade borrowings	(107,280)	10,851
Drawdown of term loan	40,000	40,000
Repayment of term loan	(50,946)	-
Repayment of loan from immediate holding company	(73,461)	-
Payment of lease liabilities	(133)	(1,383)
Proceeds from issuance of ordinary shares	-	37,194
Net cash (used in)/generated from financing activities	<u>(231,293)</u>	<u>82,662</u>
Net increase in cash and cash equivalents	28,819	85,776
Effect of changes in foreign exchange rates	(174)	(46)
Cash and cash equivalents as at 1 January	<u>122,576</u>	<u>36,846</u>
Cash and cash equivalents as at 31 December	<u>151,221</u>	<u>122,576</u>

Reconciliation of liabilities arising from financing activities:

	← Non-cash changes →					
	Carrying amount as at 1 January 2022	Cash flows	Accrued interest	Additions	Foreign exchange movement	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Lease liabilities	4,425	(133)	179	443	-	4,914
Loan from immediate holding company	73,461	(73,461)	-	-	-	-
Short term trade borrowings	366,298	(107,280)	-	-	(1,153)	257,865
Term loans	90,008	(10,946)	-	-	938	80,000
Total liabilities from financing activities	<u>534,192</u>	<u>(191,820)</u>	<u>179</u>	<u>443</u>	<u>(215)</u>	<u>342,779</u>

	← Non-cash changes →					
	Carrying amount as at 1 January 2021	Cash flows	Accrued interest	Additions	Foreign exchange movement	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Lease liabilities	5,808	(1,383)	-	-	-	4,425
Loan from immediate holding company	73,461	-	-	-	-	73,461
Short term trade borrowings	355,223	10,851	-	-	224	366,298
Term loans	49,357	40,000	-	-	651	90,008
Total liabilities from financing activities	<u>483,849</u>	<u>49,468</u>	<u>-</u>	<u>-</u>	<u>875</u>	<u>534,192</u>

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

Description	Effective for annual periods beginning on or after
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:

Description	Effective for annual periods beginning on or after
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 16 Leases (<i>Lease Liability in a Sale and Leaseback</i>)	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements (<i>Non-current Liabilities with Covenants</i>)	1 January 2024
Amendments to MFRS 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 and financial year ended 31 December 2022, except for legal case settlement of RM4.7 million as disclosed in Note B2.

A5. Significant Changes in Estimates

There were no significant changes in estimates that have had a material effect during the current quarter and financial year ended 31 December 2022.

A6. Debt and Equity Securities

There were no issuance and repayment of debts and equity securities during the current quarter and financial year ended 31 December 2022.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A7. Dividend Paid

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

	31.12.2022	31.12.2021
First and final single-tier dividend:		
For financial year ended	31 December 2021	31 December 2020
Approved and declared on	27 May 2022	18 June 2021
Date paid	30 June 2022	23 July 2021
Number of ordinary shares on which dividends were paid ('000)	420,000	400,000
Dividend per share	7.0 sen	1.0 sen
Dividend paid	RM29,400,000	RM4,000,000

A8. Revenue

Disaggregation of revenue

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

	Tin Smelting RM'000	Tin Mining RM'000	Sub-total RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
For 3 months ended 31 December 2022					
Major products or services:					
Sale of tin	380,315	54,239	434,554	(54,239)	380,315
Smelting revenue	6,984	-	6,984	-	6,984
Sale of by-products	3,504	-	3,504	-	3,504
Others	347	-	347	-	347
	<u>391,150</u>	<u>54,239</u>	<u>445,389</u>	<u>(54,239)</u>	<u>391,150</u>
Timing of revenue recognition					
At a point in time	<u>391,150</u>	<u>54,239</u>	<u>445,389</u>	<u>(54,239)</u>	<u>391,150</u>
For 3 months ended 31 December 2021					
Major products or services:					
Sale of tin	248,643	104,368	353,011	(104,368)	248,643
Smelting revenue	3,781	-	3,781	-	3,781
Sale of by-products	2,290	-	2,290	-	2,290
Others	343	-	343	-	343
	<u>255,057</u>	<u>104,368</u>	<u>359,425</u>	<u>(104,368)</u>	<u>255,057</u>
Timing of revenue recognition					
At a point in time	<u>255,057</u>	<u>104,368</u>	<u>359,425</u>	<u>(104,368)</u>	<u>255,057</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) / Adjustments RM'000	Total RM'000
For 12 months ended 31 December 2022					
Major products or services:					
Sale of tin	1,468,349	324,026	1,792,375	(324,026)	1,468,349
Smelting revenue	26,352	-	26,352	-	26,352
Sale of by-products	7,689	-	7,689	-	7,689
Others	1,201	-	1,201	-	1,201
	<u>1,503,591</u>	<u>324,026</u>	<u>1,827,617</u>	<u>(324,026)</u>	<u>1,503,591</u>
Timing of revenue recognition					
At a point in time	<u>1,503,591</u>	<u>324,026</u>	<u>1,827,617</u>	<u>(324,026)</u>	<u>1,503,591</u>
For 12 months ended 31 December 2021					
Major products or services:					
Sale of tin	1,047,504	303,673	1,351,177	(303,673)	1,047,504
Smelting revenue	20,109	-	20,109	-	20,109
Sale of by-products	7,299	-	7,299	-	7,299
Others	1,648	-	1,648	-	1,648
	<u>1,076,560</u>	<u>303,673</u>	<u>1,380,233</u>	<u>(303,673)</u>	<u>1,076,560</u>
Timing of revenue recognition					
At a point in time	<u>1,076,560</u>	<u>303,673</u>	<u>1,380,233</u>	<u>(303,673)</u>	<u>1,076,560</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 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 December 2022						
Revenue						
Sales to external customers	391,150	-	-	391,150	-	391,150
Inter-segment sales	-	54,239	-	54,239	(54,239)	-
Total revenue	391,150	54,239	-	445,389	(54,239)	391,150
Results						
Operating profit/(loss)	29,386	13,567	(26)	42,927	909	43,836
Finance costs	(3,798)	(422)	(250)	(4,470)	-	(4,470)
Share of results of associate and joint venture	-	-	(907)	(907)	-	(907)
Profit/(Loss) before tax	25,588	13,145	(1,183)	37,550	909	38,459
Income tax expense	(6,370)	(4,004)	-	(10,374)	(264)	(10,638)
Profit/(Loss) net of tax	19,218	9,141	(1,183)	27,176	645	27,821
Results for 3 months ended 31 December 2021						
Revenue						
Sales to external customers	255,057	-	-	255,057	-	255,057
Inter-segment sales	-	104,368	-	104,368	(104,368)	-
Total revenue	255,057	104,368	-	359,425	(104,368)	255,057
Results						
Operating profit/(loss)	17,632	58,229	(24)	75,837	12,702	88,539
Finance costs	(3,775)	(330)	(246)	(4,351)	-	(4,351)
Share of results of associate and joint venture	-	-	1,028	1,028	-	1,028
Profit before tax	13,857	57,899	758	72,514	12,702	85,216
Income tax expense	(3,857)	(13,759)	-	(17,616)	(3,049)	(20,665)
Profit net of tax	10,000	44,140	758	54,898	9,653	64,551

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
Results for 12 months ended 31 December 2022						
Revenue						
Sales to external customers	1,503,591	-	-	1,503,591	-	1,503,591
Inter-segment sales	-	324,026	-	324,026	(324,026)	-
Total revenue	1,503,591	324,026	-	1,827,617	(324,026)	1,503,591
Results						
Operating profit/(loss)	9,976	136,118	(36)	146,058	17,005	163,063
Finance costs	(16,633)	(1,689)	(669)	(18,991)	-	(18,991)
Share of results of associate and joint venture	-	-	(456)	(456)	-	(456)
(Loss)/Profit before tax	(6,657)	134,429	(1,161)	126,611	17,005	143,616
Income tax credit/(expense)	1,177	(39,310)	-	(38,133)	(3,988)	(42,121)
(Loss)/Profit net of tax	(5,480)	95,119	(1,161)	88,478	13,017	101,495
Results for 12 months ended 31 December 2021						
Revenue						
Sales to external customers	1,076,560	-	-	1,076,560	-	1,076,560
Inter-segment sales	-	303,673	-	303,673	(303,673)	-
Total revenue	1,076,560	303,673	-	1,380,233	(303,673)	1,076,560
Results						
Operating profit/(loss)	31,882	146,571	(38)	178,415	(8,718)	169,697
Finance costs	(13,694)	(1,328)	(746)	(15,768)	-	(15,768)
Share of results of associate and joint venture	-	-	4,433	4,433	-	4,433
Profit/(Loss) before tax	18,188	145,243	3,649	167,080	(8,718)	158,362
Income tax (expense)/credit	(6,080)	(35,888)	-	(41,968)	2,092	(39,876)
Profit/(Loss) net of tax	12,108	109,355	3,649	125,112	(6,626)	118,486

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
Assets and Liabilities as at 31 December 2022						
Assets						
Segment assets	935,358	305,040	32,895	1,273,293	(1,322)	1,271,971
Investments in associate and joint venture	-	-	29,974	29,974	-	29,974
Total assets	935,358	305,040	62,869	1,303,267	(1,322)	1,301,945
Liabilities						
Segment liabilities	441,627	82,613	157	524,397	-	524,397
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 land and buildings have been revalued in December 2022, giving a net revaluation surplus of approximately RM1.4 million.

A11. Event After the Reporting Period

There was no material event subsequent to financial year ended 31 December 2022.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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 ended 31 December 2022, except as disclosed in below.

Acquisition of Asas Baiduri Sdn. Bhd. (“ABSB”) and its subsidiary (“ABSB Group”)

On 4 July 2022, Rahman Hydraulic Tin Sdn. Bhd. (“RHT”), a wholly-owned subsidiary of the Company, acquired 100% equity interest in ABSB by way of issuance 272,250 new ordinary shares in RHT, at RM509 per share (“Purchase Consideration”).

Subsequent to the completion of the abovesaid acquisition, RHT ceased to be a wholly-owned subsidiary of the Company and has now become an 80% owned subsidiary of the Company.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of ABSB Group as at the date of acquisition were as follows:

	RM’000
Assets	
Mining rights	138,550
Other non-current assets (Deferred mine exploration and evaluation expenditures)	108
Tax recoverable	1
Cash and cash equivalents	36
	<u>138,695</u>
Liabilities	
Other payables	<u>(120)</u>
Fair value of net assets acquired/ Purchase consideration	138,575
Non-controlling interests	<u>(73,193)</u>
An increase in equity attributable to owners of the Company arising from gain on dilution of interest in RHT, without a loss of control	<u>65,382</u>

Analysis of cash flows on the acquisition was as follows:

	RM’000
Net cash flow on acquisition/ Net cash acquired with the subsidiaries (included in cash flows from investing activities)	<u>36</u>

From the date of acquisition, there was no revenue and profit before tax from ABSB Group.

If the acquisition had occurred on 1 January 2022, the Group’s profit before tax would have reduced by RM39,000. There was no revenue from ABSB Group.

Transaction costs of RM881,000 have been expensed off in the statement of profit or loss, and are part of operating cash flows in the statement of cash flows.

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 ended 31 December 2022 except for the following:

- (i) A subsidiary had instituted legal action against two former executive officers of the Company and other relevant parties (collectively known as the “Defendants”), claiming for damages for breach of fiduciary duties, conspiracy and dishonest assistance.

Based on the settlement agreement entered into with the other relevant parties in respect of a separate case, the subsidiary has discontinued its claim against the other relevant parties who have also discontinued their counterclaim against the subsidiary. Both are without liberty to file afresh and with no order as to costs. However, the suit is ongoing against the two former executives of the Company and pre-trial matters are ongoing.

In view of the above events, all trial dates fixed thus far have been vacated until further notice. In the Directors’ opinion, disclosure of additional information about the above matter would be prejudicial to the interests of the Group.

- (ii) 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 proceeded on 15 and 16 August 2022 wherein the Plaintiff concluded their case. The next hearing was conducted on 20 January 2023. At the hearing, after the Company closed its case, the Court directed parties to file written submission on/or before 29 March 2023. The matter has been fixed for oral submission on 13 April 2023. The Board of Directors, having obtained advice from its legal counsel, is of the opinion that the Company has a good chance of winning the case.
- (iii) 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 (hereinafter referred to as the “Plaintiff”) solicitors served a copy of the Plaintiff’s Writ of Summons dated 26 April 2022 and Statement of Claim dated 20 April 2022 to the Company’s legal counsel. The Company entered its appearance on 29 April 2022 and filed its defence on 25 May 2022.

Before the Case Management (“CM”) on 5 August 2022, the Company’s legal counsel received the amended Writ and Statement of Claim whereby the Plaintiff’s proposed to reduce their claim from RM 22,042,117.30 to RM 2,152,533.06 as they are no longer claiming for certain items as per their original writ and Statement of Claim. Pre-trial matters are ongoing for this case.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A14. Capital Commitments

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

	31.12.2022	31.12.2021
	RM'000	RM'000
Approved and contracted for	14,766	8,004
Approved but not contracted for	5,003	1,494
	19,769	9,498

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)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
At 31 December 2022				
Assets measured at fair value:				
Land and buildings	-	-	60,086	60,086
Investment securities	32,885	-	-	32,885
Derivative financial instruments – current	-	1,115	-	1,115
Liabilities measured at fair value:				
Derivative financial instruments – current	-	153	-	153
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 and financial year ended 31 December 2022.



**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:

	4 th Quarter ended 31.12.2022 RM'000	4 th Quarter ended 31.12.2021 RM'000	12 months ended 31.12.2022 RM'000	12 months ended 31.12.2021 RM'000
<i>After charging/(crediting):</i>				
Depreciation and amortisation	1,790	2,102	10,714	12,036
Fair value loss/(gain) in derivative financial instruments				
- Forward currency contracts	1,667	(8)	(157)	404
- Forward tin contracts	2,828	-	(1,115)	(1,075)
Gain on disposal of property, plant and equipment	-	-	(35)	-
Net foreign exchange (gain)/loss	(2,144)	218	245	3,755
Interest income	(797)	(160)	(2,198)	(367)
Other income including investment income	(1,589)	(70)	(4,162)	(384)
Property, plant and equipment written off	-	-	12	12
Legal case settlement	-	-	4,700	-
Provision/(Reversal of provision) for retrenchment compensation	1,067	(1,440)	1,067	(1,440)
Reversal of impairment of mine properties	-	(1,920)	-	(1,920)
Reversal of impairment of mining rights	-	(590)	-	(590)
Reversal of inventories written down to net realisable value	-	-	-	(24,000)

Save as disclosed above, there was no material impairment of assets recognised as a loss during the current quarter and financial year ended 31 December 2022.

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

B3. Income Tax (Expense)/Credit

Income tax (expense)/credit comprises the following:

	4 th Quarter ended 31.12.2022 RM'000	4 th Quarter ended 31.12.2021 RM'000	12 months ended 31.12.2022 RM'000	12 months ended 31.12.2021 RM'000
Income tax				
- Current provision	(4,106)	(15,224)	(38,772)	(37,353)
- Over provision in prior years	-	449	72	449
	(4,106)	(14,775)	(38,700)	(36,904)
Deferred tax				
- Relating to origination and reversal of temporary differences	(6,920)	(5,186)	(4,318)	(2,268)
- Over/(Under) provision in prior years	388	(704)	897	(704)
	(6,532)	(5,890)	(3,421)	(2,972)
Total income tax expense	(10,638)	(20,665)	(42,121)	(39,876)

For the current financial year ended 31 December 2022, the effective tax rate for the Group was higher than the statutory tax rate in Malaysia mainly due to the impact of Prosperity Tax for one of the subsidiary companies, certain non-tax deductible expenses and the absence of Group tax relief.

B4. Corporate Proposal

There was no corporate proposal announced but not completed as at 11 February 2023, being the latest practicable date which is not earlier than 7 days from the issuance date of this Interim Financial Report.

B5. Trade Receivables

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

	Not past due RM'000	← 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	
Trade receivables as at 31.12.2022	31,516	-	7	-	-	-	31,523
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.

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

B5. Trade Receivables (cont'd)

The Group has trade receivables amounting to RM7,000 that are past due at the reporting date but not impaired. Although these balances are unsecured in nature, they are from creditworthy customers.

B6. Loans and Borrowings

Details of the Group's loans and borrowings as at 31 December 2022 are as follows:

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
Short Term Borrowings		
Unsecured:		
Short term trade financing	30,144	11,858
Bankers' acceptances / Trust receipts	197,721	324,440
Revolving credit	30,000	30,000
Unsecured term loan	-	50,008
Secured term loan	11,111	-
	268,976	416,306
Long Term Borrowings		
Secured term loan	68,889	40,000
	337,865	456,306

Amount denominated in foreign currency	'000	'000
Short term trade financing (US dollars)	6,828	2,841
Term loan (Singapore dollars)	-	16,200

During the financial year, the Group reduced its total borrowings by approximately 26% from RM456.3 million as at 31 December 2021 to RM337.9 million as at 31 December 2022. The gearing ratio of the Group improved to 0.4 as at 31 December 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 December 2022 for the Group was 4.1% (2021: 2.7%) per annum. Revolving credit as at 31 December 2022 bears average interest rate of 5.6% (2021: 4.1%) per annum.

The unsecured term loan that denominated in Singapore dollar (SGD) was fully repaid in November 2022. The secured term loan as at 31 December 2022 bears interest rate of 4.8% (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 and forward tin contracts as at 31 December 2022 are as follows:

Derivative Financial Instruments	Contract Value RM'000	Fair Value RM'000	Fair Value – Financial Assets/(Liabilities) RM'000
At 31 December 2022			
Forward Currency Contracts - Less than 1 year	2,598	2,445	(153)
Forward Tin Contracts - Less than 1 year	19,106	20,271	1,115
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 11 February 2023, being the latest practicable date which is not earlier than 7 days from the issuance date of this Interim Financial Report, except as disclosed in Note A13.

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

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

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31.12.2022 RM'000	Immediate Preceding Quarter 30.09.2022 RM'000	Changes %
Revenue	391,150	344,127	14%
Operating Profit/(Loss)	43,836	(34,532)	> 100%
Profit/(Loss) Before Interest and Tax	42,929	(34,797)	> 100%
Profit/(Loss) Before Tax	38,459	(39,712)	> 100%
Profit/(Loss) After Tax	27,821	(30,062)	> 100%
Profit/(Loss) Attributable to Owners of the Company	25,890	(31,323)	> 100%

4Q 2022 vs. 3Q 2022 (QoQ)

The Group recorded revenue of RM391.2 million in 4Q 2022 as compared with RM344.1 million in 3Q 2022. This was mainly due to higher sales quantity of refined tin in 4Q 2022, despite lower average tin price of RM98,100 (4Q 2022) as compared with RM104,700 (3Q 2022) per metric tonne.

The Group recorded a profit before tax of RM38.5 million in 4Q 2022 as compared with a loss before tax of RM39.7 million in 3Q 2022. The better performance in 4Q 2022 was mainly due to improved performance in the tin smelting segment and the tin mining segment, as explained in the following paragraphs.

The tin smelting segment recorded a profit before tax of RM25.6 million in 4Q 2022 as compared with a loss before tax of RM61.1 million in 3Q 2022. The better performance in 4Q 2022 was mainly due to higher profits from increased sales of refined tin derived from the processed tin intermediates and sales of by-products. Besides, there was absence of furnace outage at Pulau Indah plant in 4Q 2022 as compared to 3Q 2022.

The tin mining segment recorded a profit before tax of RM13.1 million in 4Q 2022 as compared with RM10.9 million in 3Q 2022. This was mainly due to the absence of the one-off legal case settlement of RM4.7 million that was recorded in 3Q 2022. The 4Q 2022 results was affected by lower average tin price, and lower tin production quantity due to shortage of workers and inclement weather.

The Group's share of results of associate and joint venture recorded a net share loss of RM0.9 million in 4Q 2022 as compared with a net share loss of RM0.3 million in 3Q 2022.

**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 (12 months)		Changes %	Individual Period (4 th quarter)		Changes %
	Current Year To- date	Preceding Year Corresponding Period		Current Year Quarter	Preceding Year Corresponding Quarter	
	31.12.2022 RM'000	31.12.2021 RM'000		31.12.2022 RM'000	31.12.2021 RM'000	
Revenue	1,503,591	1,076,560	40%	391,150	255,057	53%
Operating Profit	163,063	169,697	(4%)	43,836	88,539	(50%)
Profit Before Interest and Tax	162,607	174,130	(7%)	42,929	89,567	(52%)
Profit Before Tax	143,616	158,362	(9%)	38,459	85,216	(55%)
Profit After Tax	101,495	118,486	(14%)	27,821	64,551	(57%)
Profit Attributable to Owners of the Company	98,358	118,058	(17%)	25,890	64,069	(60%)

12M 2022 vs. 12M 2021 (YoY)

Group revenue was RM1.5 billion for the year ended 31 December 2022 (2022) as compared with RM1.1 billion in 2021. This was mainly due to higher average tin prices of RM136,700 (2022) as compared with RM130,600 (2021) per metric tonne and higher sales quantity of refined tin in 2022.

The Group recorded a profit before tax of RM143.6 million in 2022 as compared with RM158.4 million in 2021.

The tin smelting segment recorded a loss before tax of RM6.7 million in 2022 as compared with a profit before tax of RM18.2 million in 2021. Loss was mainly due to longer than expected furnace outage at Pulau Indah plant following logistic delay to secure specialized fire rated furnace bricks and higher operating cost arising from higher energy, fuel, reductant (anthracite), furnace re-bricking and labour costs.

The tin mining segment recorded a profit before tax of RM134.4 million in 2022 as compared with RM145.2 million in 2021. This was mainly due to a one-off legal case settlement of RM4.7 million and higher operating cost in 2022.

The Group's share of results of associate and joint venture recorded a net share loss of RM0.5 million in 2022 as compared with a net share profit of RM4.4 million in 2021.



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

B10. Review of Performance (cont'd)

4Q 2022 vs. 4Q 2021 (YoY)

Group revenue was RM391.2 million in 4Q 2022 as compared with RM255.1 million in 4Q 2021. This was mainly due to higher sales quantity of refined tin in 4Q 2022, despite lower average tin price of RM98,100 (4Q 2022) as compared with RM158,300 (4Q 2021) per metric tonne.

The Group recorded a profit before tax of RM38.5 million in 4Q 2022 as compared with RM85.2 million in 4Q 2021, mainly due to the lower average tin price.

The tin smelting segment recorded a profit before tax of RM25.6 million in 4Q 2022 as compared with RM13.9 million in 4Q 2021. This was mainly due to higher smelting revenue and higher profit from increased sales of refined tin derived from the processed tin intermediates in 4Q 2022.

The tin mining segment recorded a profit before tax of RM13.1 million in 4Q 2022 as compared with RM57.9 million in 4Q 2021. This was mainly due to lower average tin prices and lower tin production quantity in 4Q 2022, affected by shortage of workers and inclement weather.

The Group's share of results of associate and joint venture recorded a net share loss of RM0.9 million in 4Q 2022 as compared with a net share profit of RM1.0 million in 4Q 2021.

B11. Prospects

The current global landscape of high inflation, tight monetary policy, financial stress and weakness in major economies, and rising geopolitical tension could push the global economy into the brink of recession. The high inflationary costs situation is not easing from the prolonged Russia's invasion of Ukraine that has disrupted the energy and commodities market worldwide.

The three major economies, the US, Euro zone, and China are undergoing period of weakness, be it from the tightening of monetary policies or recent COVID-19 lockdown. And the adverse spill-over effects are felt around the world, with many developing economies struggling with weakened domestic conditions.

As a result of these negative headwinds, the Group remains cautious, and will continue to focus on its operational efficiencies and improve on all areas of operations, technology, manpower and logistics in its smelting and mining segments.

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

For the tin mining segment, the Group continues to focus on improving and increasing daily mining output and overall mining productivity. Recent acquisition of an adjacent mining landbank allows the Group to expand its mining activities and potential tin resource within its current mine vicinity.



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

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

	4 th Quarter ended 31.12.2022	4 th Quarter ended 31.12.2021	12 months ended 31.12.2022	12 months ended 31.12.2021
Profit net of tax attributable to owners of the Company (RM'000)	25,890	64,069	98,358	118,058
Weighted average number of ordinary shares in issue ('000)	420,000	420,000	420,000	416,848
Basic and diluted earnings per share (sen)	6.2	15.3	23.4	28.3

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 (2021: RM0.07 per share) amounting to RM29,400,000 (2021: RM29,400,000) for the financial year ended 31 December 2022. The book closure date and the date of the payment of the dividend will be determined and announced at a later date.

Authorised for Issue

The Interim results was authorised for issue by the Board in accordance with a resolution of the Directors on 17 February 2023.