



MALAYSIA SMELTING CORPORATION BERHAD

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

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

15 FEBRUARY 2024



Malaysia Smelting Corporation Berhad (197801006055 (43072-A))
Interim Financial Report
For the Fourth Quarter ended 31 December 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	As at 31.12.2023 Unaudited RM'000	As at 31.12.2022 Audited RM'000
Assets			
Non-current assets			
Property, plant and equipment		171,415	155,888
Right-of-use assets		4,546	5,430
Land held for development		78,654	78,654
Mining rights		142,005	141,617
Corporate club memberships		425	433
Investments in associate and joint venture		30,756	29,974
Investment securities		36,243	32,885
Deferred mine exploration and evaluation expenditures		1,537	1,326
Mine properties		12,148	12,185
Deferred tax assets		5,347	6,541
		483,076	464,933
Current assets			
Inventories		595,240	570,709
Trade receivables	B5	7,071	31,523
Other receivables		2,779	705
Trade prepayments		31,659	66,503
Other prepayments		2,186	1,650
Tax recoverable		5,391	17,495
Derivative financial instruments		-	1,115
Cash, bank balances and deposits		264,222	151,221
		908,548	840,921
Total assets		1,391,624	1,305,854
Equity and liabilities			
Current liabilities			
Provisions		1,641	14,294
Borrowings	B6	317,543	268,976
Trade and other payables		127,692	111,236
Lease liabilities		319	777
Current tax payable		5,350	8,452
Derivative financial instruments		-	153
		452,545	403,888
Net current assets		456,003	437,033
Non-current liabilities			
Provisions		70,165	48,346
Deferred tax liabilities		5,952	3,098
Borrowings	B6	42,222	68,889
Lease liabilities		4,283	4,137
		122,622	124,470
Total liabilities		575,167	528,358
Net assets		816,457	777,496
Equity attributable to owners of the Company			
Share capital		237,194	237,194
Other reserves		46,558	37,859
Retained earnings		470,378	444,127
		754,130	719,180
Non-controlling interests		62,327	58,316
Total Equity		816,457	777,496
Total equity and liabilities		1,391,624	1,305,854
Net assets per share attributable to owners of the Company (RM)		1.80	1.71

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 2022 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 2023**

	Note	4 th Quarter		Year to Date	
		3 months ended		12 months ended	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	404,632	391,150	1,435,725	1,503,591
Operating profit		18,610	43,836	145,895	163,063
Finance costs		(4,058)	(4,470)	(17,934)	(18,991)
Share of results of associate and joint venture		(176)	(907)	672	(456)
Profit before tax	B2	14,376	38,459	128,633	143,616
Income tax expense	B3	(2,009)	(10,689)	(31,417)	(42,172)
Profit net of tax		12,367	27,770	97,216	101,444
Attributable to:					
Owners of the Company		9,368	25,839	85,051	98,307
Non-controlling interests		2,999	1,931	12,165	3,137
		12,367	27,770	97,216	101,444
Earnings per share attributable to owners of the Company (sen):					
Basic and diluted	B12	2.2	6.2	20.3	23.4

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 2022 and the accompanying explanatory notes attached to the Interim Financial Report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	4 th Quarter		Year to Date	
	3 months ended		12 months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	12,367	27,770	97,216	101,444
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Revaluation reserves on properties, net	5,176	1,382	5,176	1,382
Net fair value changes in quoted investments at Fair Value through Other Comprehensive Income ("FVOCI")	1,194	6,849	3,358	3,120
	<u>6,370</u>	<u>8,231</u>	<u>8,534</u>	<u>4,502</u>
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	3	6	(6)	(6)
Share of foreign currency translation of associate and joint venture	25	152	185	(19)
	<u>28</u>	<u>158</u>	<u>179</u>	<u>(25)</u>
Other comprehensive income for the year, net of tax	6,398	8,389	8,713	4,477
Total comprehensive income for the year	<u>18,765</u>	<u>36,159</u>	<u>105,929</u>	<u>105,921</u>
Total comprehensive income attributable to:				
Owners of the Company	15,752	34,204	93,750	102,760
Non-controlling interests	3,013	1,955	12,179	3,161
	<u>18,765</u>	<u>36,159</u>	<u>105,929</u>	<u>105,921</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 2022 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 2023**

		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 2023		237,194	14,264	1,042	20,847	1,706	444,127	719,180	58,316	777,496
Profit for the year		-	-	-	-	-	85,051	85,051	12,165	97,216
Other comprehensive income		-	5,162	179	3,358	-	-	8,699	14	8,713
Total comprehensive income		-	5,162	179	3,358	-	85,051	93,750	12,179	105,929
Transactions with owners of the Company:										
Dividend on ordinary shares	A7	-	-	-	-	-	(58,800)	(58,800)	-	(58,800)
Dividend to non-controlling interests		-	-	-	-	-	-	-	(8,168)	(8,168)
Total transactions with owners of the Company		-	-	-	-	-	(58,800)	(58,800)	(8,168)	(66,968)
At 31 December 2023		237,194	19,426	1,221	24,205	1,706	470,378	754,130	62,327	816,457
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		-	-	-	-	-	98,307	98,307	3,137	101,444
Other comprehensive income		-	1,358	(25)	3,120	-	-	4,453	24	4,477
Total comprehensive income		-	1,358	(25)	3,120	-	98,307	102,760	3,161	105,921
Transfer of FVOCI reserves to retained earnings upon disposal of investment securities		-	-	-	(24,111)	-	24,111	-	-	-
Transactions with owners of the Company:										
Dilution of interest in a subsidiary without a loss in control		-	-	-	-	-	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	20,847	1,706	444,127	719,180	58,316	777,496

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 2022 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 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	12 months ended	
	31.12.2023	31.12.2022
	RM'000	RM'000
Operating activities		
Operating cash flows before changes in working capital	155,084	167,143
(Increase)/Decrease in inventories	(24,531)	219,153
Decrease/(Increase) in trade and other receivables	22,848	(19,741)
Decrease/(Increase) in trade prepayments	34,844	(29,998)
Increase in other prepayments	(420)	(117)
Increase/(Decrease) in payables	15,372	(13,920)
Increase in amount due to an associate	517	2,683
Cash generated from operations	203,714	325,203
Income tax paid	(20,003)	(63,498)
Interest paid	(15,881)	(18,080)
Net cash generated from operating activities	167,830	243,625
Investing activities		
Acquisition of subsidiaries, net of cash acquired	-	36
Dividend received from an associate	75	28
Dividend received from investment securities	2,303	3,071
Interest received	5,612	2,198
Payment for deferred mine exploration and evaluation expenditures and mine properties	(1,044)	(536)
Proceeds from disposal of investment securities	-	28,691
Proceeds from disposal of property, plant and equipment	-	35
Purchase of property, plant and equipment	(15,301)	(17,870)
Net cash (used in)/generated from investing activities	(8,355)	15,653
Financing activities		
Dividend paid to shareholders	(58,800)	(29,400)
Dividend paid to a non-controlling shareholder of a subsidiary	(8,168)	(10,073)
Drawdown/(Repayment) of short term trade borrowings	33,070	(107,384)
Repayment of term loans - net	(11,111)	(10,008)
Repayment of loan from immediate holding company	-	(73,461)
Payment of lease liabilities	(371)	(133)
Net cash used in financing activities	(45,380)	(230,459)
Net increase in cash and cash equivalents	114,095	28,819
Effect of changes in foreign exchange rates	(1,094)	(174)
Cash and cash equivalents as at 1 January	151,221	122,576
Cash and cash equivalents as at 31 December	264,222	151,221

Reconciliation of liabilities arising from financing activities:

	← Non-cash changes →					
	Carrying amount as at 1 January 2023	Cash flows	Additions	Remeasure	Foreign exchange movement	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Lease liabilities	4,914	(371)	601	(542)	-	4,602
Short term trade borrowings	257,865	33,070	-	-	(59)	290,876
Term loan	80,000	(11,111)	-	-	-	68,889
Total liabilities from financing activities	342,779	21,588	601	(542)	(59)	364,367

	← 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	(107,384)	-	-	(1,049)	257,865
Term loans	90,008	(10,008)	-	-	-	80,000
Total liabilities from financing activities	534,192	(190,986)	179	443	(1,049)	342,779

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 2022 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 2022.

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 2022.

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 2022 except for the adoption of the pronouncements that became effective from 1 January 2023.

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts (<i>Initial Application of MFRS 17 and MFRS 9 – Comparative Information</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 112 Income Taxes (<i>International Tax Reform – Pillar Two Model Rules</i>)	1 January 2023

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 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 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures (<i>Supplier Finance Arrangements</i>)	1 January 2024
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates (<i>Lack of Exchangeability</i>)	1 January 2025
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 ended 31 December 2023.

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 2023.

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 2023.



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:

	31.12.2023	31.12.2022
Single-tier interim dividend:		
For financial year ended	31 December 2023	-
Approved and declared on	28 August 2023	-
Date paid	29 September 2023	-
Number of ordinary shares on which dividends were paid ('000)	420,000	-
Dividend per share	7.0 sen	-
Dividend paid	RM29,400,000	-
First and final single-tier dividend:		
For financial year ended	31 December 2022	31 December 2021
Approved and declared on	26 May 2023	27 May 2022
Date paid	27 June 2023	30 June 2022
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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A8. Revenue

Disaggregation of revenue

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

	Tin Smelting RM'000	Tin Mining RM'000	Sub-total RM'000	Eliminations RM'000	Total RM'000
For 3 months ended 31 December 2023					
Major products or services:					
Sale of tin	395,874	67,734	463,608	(67,734)	395,874
Smelting revenue	8,339	-	8,339	-	8,339
Others	419	-	419	-	419
	<u>404,632</u>	<u>67,734</u>	<u>472,366</u>	<u>(67,734)</u>	<u>404,632</u>
Timing of revenue recognition					
At a point in time	<u>404,632</u>	<u>67,734</u>	<u>472,366</u>	<u>(67,734)</u>	<u>404,632</u>
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 12 months ended 31 December 2023					
Major products or services:					
Sale of tin	1,388,226	284,903	1,673,129	(284,903)	1,388,226
Smelting revenue	33,419	-	33,419	-	33,419
Sale of by-products	12,344	-	12,344	-	12,344
Others	1,736	-	1,736	-	1,736
	<u>1,435,725</u>	<u>284,903</u>	<u>1,720,628</u>	<u>(284,903)</u>	<u>1,435,725</u>
Timing of revenue recognition					
At a point in time	<u>1,435,725</u>	<u>284,903</u>	<u>1,720,628</u>	<u>(284,903)</u>	<u>1,435,725</u>
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>

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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
Results for 3 months ended 31 December 2023						
Revenue						
Sales to external customers	404,632	-	-	404,632	-	404,632
Inter-segment sales	-	67,734	-	67,734	(67,734)	-
Total revenue	404,632	67,734	-	472,366	(67,734)	404,632
Results						
Operating (loss)/profit	(2,423)	17,043	(3)	14,617	3,993	18,610
Finance costs	(3,317)	(562)	(179)	(4,058)	-	(4,058)
Share of results of associate and joint venture	-	-	(176)	(176)	-	(176)
(Loss)/Profit before tax	(5,740)	16,481	(358)	10,383	3,993	14,376
Income tax credit/(expense)	3,550	(4,601)	-	(1,051)	(958)	(2,009)
(Loss)/Profit net of tax	(2,190)	11,880	(358)	9,332	3,035	12,367
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	(6,421)	(4,004)	-	(10,425)	(264)	(10,689)
Profit/(Loss) net of tax	19,167	9,141	(1,183)	27,125	645	27,770

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
Results for 12 months ended 31 December 2023						
Revenue						
Sales to external customers	1,435,725	-	-	1,435,725	-	1,435,725
Inter-segment sales	-	284,903	-	284,903	(284,903)	-
Total revenue	1,435,725	284,903	-	1,720,628	(284,903)	1,435,725
Results						
Operating profit/(loss)	60,506	89,504	(19)	149,991	(4,096)	145,895
Finance costs	(14,940)	(2,276)	(718)	(17,934)	-	(17,934)
Share of results of associate and joint venture	-	-	672	672	-	672
Profit/(Loss) before tax	45,566	87,228	(65)	132,729	(4,096)	128,633
Income tax (expense)/credit	(9,525)	(22,782)	-	(32,307)	890	(31,417)
Profit/(Loss) net of tax	36,041	64,446	(65)	100,422	(3,206)	97,216
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)	1,126	(39,310)	-	(38,184)	(3,988)	(42,172)
(Loss)/Profit net of tax	(5,531)	95,119	(1,161)	88,427	13,017	101,444

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 2023 except for the following:

- (i) Trial in respect of the case against two former executive officers of the Company for breach of fiduciary duties, conspiracy and dishonest assistance was concluded on 25 August 2023. On 8 November 2023, the judge delivered his decision to dismiss the subsidiary's claim. Pursuant thereto, the court awarded cost of RM550,000 to the defendants and allowed a counterclaim of RM500,000 by the one of the defendants. The subsidiary's lawyers have filed a Notice of Appeal against the High Court's decision on 21 November 2023. A case management (CM) has been fixed on 19 February 2024. On 22 November 2023, the subsidiary's lawyers also applied to conditionally stay the execution of the judgement sum pending its appeal to the Court of Appeal, which was fixed for hearing on 14 December 2023. The judge gave his decision on 5 January 2024 and dismissed the stay application with costs of RM5,000 each to be paid to the defendants. In light of the dismissal of the stay application, the subsidiary will proceed to effect payment of the judgment sum and costs ordered in favour of the defendants.

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

- (ii) In respect of the suit by a former supplier of foreign workers against the Company for the purported breach of contract, the High Court delivered its judgement on 16 January 2024 dismissing the Plaintiff's claim with cost of RM15,000.00. The Plaintiff has 30 days to appeal to the Court of Appeal against the High Court's decision. The Company's lawyers are taking the next steps to claim for the awarded cost of RM15,000.00 from the Plaintiff.
- (iii) In respect of the suit against the Company for the purported breach of a sale and purchase agreement to supply 60,000 MT of tin slag, pre-trial matters are on-going. In the meantime, the Company, with the assistance of its lawyers, are exploring with the Plaintiff's lawyers on the possibility of a settlement. Trial dates are fixed on 11-12 September and 17-19 September 2024.

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.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A14. Capital Commitments

Capital commitments of the Group as at 31 December 2023 are as follows:

	31.12.2023 RM'000	31.12.2022 RM'000
Approved and contracted for	7,680	14,751
Approved but not contracted for	7,061	5,003
	14,741	19,754

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 2022.

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 2023				
Assets measured at fair value:				
Land and buildings	-	-	65,908	65,908
Investment securities	36,243	-	-	36,243
At 31 December 2022				
Assets measured at fair value:				
Land and buildings	-	-	60,086	60,086
Investment securities	32,885	-	-	32,885

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 2023.

**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 2022 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 31.12.2023 RM'000	4 th Quarter ended 31.12.2022 RM'000	12 months ended 31.12.2023 RM'000	12 months ended 31.12.2022 RM'000
After charging/(crediting):				
Depreciation and amortisation	2,749	1,790	12,903	10,714
Dividend income	-	(1,180)	(2,303)	(3,071)
Gain on disposal of property, plant and equipment	-	-	-	(35)
Impairment of other receivables	7	-	7	-
Interest income	(2,006)	(797)	(5,612)	(2,198)
Legal case claim/settlement	1,050	-	1,050	4,700
Net foreign exchange loss/(gain)	2,779	(2,144)	(2,928)	245
Other income	(560)	(409)	(1,991)	(1,091)
Property, plant and equipment written off	-	-	61	12
Provision for retrenchment compensation	1,680	1,067	1,680	1,067
Reversal of impairment of trade receivables	(13)	-	(13)	-
Waiver of debts	-	-	(78)	-

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 2023.

B3. Income Tax (Expense)/Credit

Income tax (expense)/credit comprises the following:

	4 th Quarter ended 31.12.2023 RM'000	4 th Quarter ended 31.12.2022 RM'000	12 months ended 31.12.2023 RM'000	12 months ended 31.12.2022 RM'000
Income tax				
- Current provision	(1,184)	(4,106)	(29,455)	(38,772)
- (Under)/Over provision in prior years	-	(3,960)	450	(3,888)
	(1,184)	(8,066)	(29,005)	(42,660)
Deferred tax				
- Relating to origination and reversal of temporary differences	(802)	(6,920)	(2,714)	(4,318)
- (Under)/Over provision in prior years	(23)	4,297	302	4,806
	(825)	(2,623)	(2,412)	488
Total income tax expense	(2,009)	(10,689)	(31,417)	(42,172)



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

B3. Income Tax (Expense)/Credit (cont'd)

For the current financial year ended 31 December 2023, 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.

B4. Corporate Proposal

There was no corporate proposal announced but not completed as at 9 February 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 31 December 2023 is as follows:

	←	Past due				→	
	Not past due	< 30 days	30 to 60 days	61 to 90 days	91 to 120 days	>120 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables as at 31.12.2023	7,061	-	9	1	-	-	7,071
Trade receivables as at 31.12.2022	31,516	-	7	-	-	-	31,523

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 RM10,000 that are past due at the reporting date but not impaired. Although these balances are unsecured in nature, they are from creditworthy customers.



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

B6. Loans and Borrowings

Details of the Group's loans and borrowings as at 31 December 2023 are as follows:

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Short Term Borrowings		
Unsecured:		
Short term trade financing	1,476	30,144
Bankers' acceptances / Trust receipts	279,400	197,721
Revolving credit	10,000	30,000
Secured term loan	26,667	11,111
	317,543	268,976
Long Term Borrowings		
Secured term loan	42,222	68,889
	359,765	337,865

Amount denominated in foreign currency	'000	'000
Short term trade financing (US dollars)	321	6,828

During the financial year, the Group increased its total borrowings by approximately 6% from RM337.9 million as at 31 December 2022 to RM359.8 million as at 31 December 2023. The gearing ratio of the Group was 0.4 as at 31 December 2023 and 31 December 2022. 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 2023 for the Group was 4.0% (2022: 4.1%) per annum. Revolving credit as at 31 December 2023 bears average interest rate of 5.7% (2022: 5.6%) per annum.

The secured term loan as at 31 December 2023 bears interest rate of 5.2% (2022: 4.8%) per annum.



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

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 31 December 2023, there was no outstanding forward currency contract.

B8. Material Litigation

There was no material litigation as at 9 February 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
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 31.12.2023 RM'000	Immediate Preceding Quarter 30.09.2023 RM'000	Changes %
Revenue	404,632	364,022	11%
Operating Profit	18,610	24,796	(25%)
Profit Before Interest and Tax	18,434	25,293	(27%)
Profit Before Tax	14,376	20,405	(30%)
Profit After Tax	12,367	15,303	(19%)
Profit Attributable to Owners of the Company	9,368	11,824	(21%)

4Q 2023 vs. 3Q 2023 (QoQ)

The Group recorded revenue of RM404.6 million in 4Q 2023 as compared with RM364.0 million in 3Q 2023. This was mainly due to higher sales quantity of refined tin in 4Q 2023, despite decrease in average tin price from RM123,800 (3Q 2023) to RM116,000 (4Q 2023) per metric tonne.

The Group recorded a profit before tax of RM14.4 million in 4Q 2023 as compared with RM20.4 million in 3Q 2023.

The tin smelting segment recorded a loss before tax of RM5.7 million in 4Q 2023 as compared with a loss before tax of RM3.4 million in 3Q 2023. Loss in 4Q 2023 was mainly due to foreign exchange loss, and additional provisions for staff bonus and retrenchment compensation cost.

The tin mining segment recorded a profit before tax of RM16.5 million in 4Q 2023 as compared with RM23.8 million in 3Q 2023. This was mainly due to lower average tin price as stated above and lower tin production quantity in 4Q 2023.

The Group's share of results of associate and joint venture recorded a net share loss of RM0.2 million in 4Q 2023 as compared with a net share profit of RM0.5 million in 3Q 2023.



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

B10. Review of Performance (cont'd)

4Q 2023 vs. 4Q 2022 (YoY)

Group revenue was RM404.6 million in 4Q 2023 as compared with RM391.2 million in 4Q 2022. This was mainly due to higher average tin price of RM116,000 (4Q 2023) as compared with RM98,100 (4Q 2022) per metric tonne, despite lower sales quantity of refined tin in 4Q 2023.

The Group recorded a profit before tax of RM14.4 million in 4Q 2023 as compared with RM38.5 million in 4Q 2022.

The tin smelting segment recorded a loss before tax of RM5.7 million in 4Q 2023 as compared with a profit before tax of RM25.6 million in 4Q 2022. Lower performance mainly due to foreign exchange loss, the absence of sale of refined tin from processed tin intermediates and sale of by-products.

The tin mining segment recorded a profit before tax of RM16.5 million in 4Q 2023 as compared with RM13.1 million in 4Q 2022. This was mainly due to higher average tin price as stated above and higher tin production quantity in 4Q 2023.

The Group's share of results of associate and joint venture recorded a net share loss of RM0.2 million in 4Q 2023 as compared with a net share loss of RM0.9 million in 4Q 2022.

B11. Prospects

The heightened geopolitical risks from the recent conflict in the Middle East and the long-drawn Russian/Ukraine war continue to weigh down heavily on the global economy. The escalating conflict could lead to surging energy prices, with negative implications on global trades/activity and inflation. This is on top of the current financial stress from the already elevated interest environment, persistent inflation, and weaker than expected growth in China.

The Group remains cautious, and continues to focus on operational efficiencies and improvements on all areas of operations, technology, manpower and logistics in its smelting and mining business segments.

With the operation in the Pulau Indah ("PI") plant, using newer and more efficient technology on target for full commission and the planned closure of the old plant at Butterworth, 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, commencing 2024 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 tin mines resources.



**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 31.12.2023	4 th Quarter ended 31.12.2022	12 months ended 31.12.2023	12 months ended 31.12.2022
Profit net of tax attributable to owners of the Company (RM'000)	9,368	25,839	85,051	98,307
Weighted average number of ordinary shares in issue ('000)	420,000	420,000	420,000	420,000
Basic and diluted earnings per share (sen)	2.2	6.2	20.3	23.4

B13. Dividend

The Board of Directors has recommended, for approval at the forthcoming Annual General Meeting, payment of a final single tier dividend of RM0.07 per share (2022: a first and final single tier dividend of RM0.07 per share) amounting to RM29,400,000 (2022: RM29,400,000) for the financial year ended 31 December 2023. 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 15 February 2024.