

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2017

		As at 31.03.2017 Unaudited RM'000	As at 31.12.2016 Audited RM'000
Assets	Note		
Non-current assets			
Property, plant and equipment		152,341	154,615
Prepaid land lease payments		765	773
Base inventory		3,000	3,000
Intangible assets		6,827	6,995
Investment in associates and joint ventures		37,389	37,336
Investment securities		23,842	23,423
Other non-current assets		14,906	15,025
Deferred tax assets		3,054	3,986
Derivative financial instruments		249	-
		242,373	245,153
Current assets			
Inventories		323,780	374,249
Trade receivables		23,180	30,733
Other receivables		11,971	12,969
Trade prepayments		48,383	36,267
Other prepayments		5,120	3,352
Tax recoverable		10,291	11,480
Derivative financial instruments		145	-
Cash, bank balances and deposits		64,883	80,391
		487,753	549,441
Total assets		730,126	794,594
Equity and liabilities			
Current liabilities			
Provisions		12,035	12,035
Borrowings	B5	233,330	289,187
Trade and other payables		99,345	126,159
Current tax payable		6,125	5,338
Derivative financial instruments		-	2,676
		350,835	435,395
Net current assets		136,918	114,046
Non-current liabilities			
Provisions		26,983	26,728
Deferred tax liabilities		2,373	1,959
Borrowings	B5	51,278	50,282
Derivative financial instruments		-	847
		80,634	79,816
Total liabilities		431,469	515,211
Net assets		298,657	279,383
Equity attributable to owners of the Company			
Share capital		100,000	100,000
Share premium		76,372	76,372
Other reserves		40,227	38,383
Retained earnings		81,764	64,334
		298,363	279,089
Non-controlling interest		294	294
Total Equity		298,657	279,383
Total equity and liabilities		730,126	794,594

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 2016 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 PROFIT OR LOSS

for the period ended 31 March 2017

	Note	← 1 st Quarter → 3 months ended		← Year to Date → 3 months ended	
		31.03.2017 RM'000	31.03.2016 RM'000	31.03.2017 RM'000	31.03.2016 RM'000
Revenue		406,614	408,401	406,614	408,401
Profit from operations		26,242	34,876	26,242	34,876
Gross interest income		521	1,807	521	1,807
Gross interest expense		(2,985)	(4,200)	(2,985)	(4,200)
Share of results of associates and joint ventures		247	349	247	349
Profit before tax	B2	24,025	32,832	24,025	32,832
Income tax expense	B3	(6,595)	(7,896)	(6,595)	(7,896)
Profit net of tax		17,430	24,936	17,430	24,936
Attributable to:					
Owners of the Company		17,430	24,936	17,430	24,936
Non-controlling interest		-	-	-	-
		17,430	24,936	17,430	24,936
Earnings per share attributable to owners of the Company (sen):	B11				
Basic and diluted		17.4	24.9	17.4	24.9
Proposed/Declared dividend per share (sen)	B13	-	-	-	-
				As at end of current quarter	As at preceding financial year end
Net assets per share attributable to owners of the Company (RM)				2.98	2.79

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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MALAYSIA SMELTING CORPORATION BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended 31 March 2017

	1 st Quarter		Year to Date	
	3 months ended		3 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	17,430	24,936	17,430	24,936
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Net fair value changes in quoted investments at Fair Value through Other Comprehensive Income ("FVOCI")	318	(573)	318	(573)
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	-	5	-	5
Net fair value changes on cash flow hedges	1,720	8,683	1,720	8,683
Share of foreign currency translation of an associate and a joint venture	(194)	(4,842)	(194)	(4,842)
	<u>1,526</u>	<u>3,846</u>	<u>1,526</u>	<u>3,846</u>
Other comprehensive income for the period, net of tax	1,844	3,273	1,844	3,273
Total comprehensive income for the period	<u>19,274</u>	<u>28,209</u>	<u>19,274</u>	<u>28,209</u>
Total comprehensive income attributable to:				
Owners of the Company	19,274	28,209	19,274	28,209
Non-controlling interest	-	-	-	-
	<u>19,274</u>	<u>28,209</u>	<u>19,274</u>	<u>28,209</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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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MALAYSIA SMELTING CORPORATION BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 31 March 2017

	←----- 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	FVOCI reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Non-controlling interest RM'000
At 1 January 2017	279,383	279,089	100,000	76,372	31,726	3,206	5,171	(1,720)	64,334	294
Profit for the period	17,430	17,430	-	-	-	-	-	-	17,430	-
Other comprehensive income	1,844	1,844	-	-	-	(194)	318	1,720	-	-
Total comprehensive income	19,274	19,274	-	-	-	(194)	318	1,720	17,430	-
At 31 March 2017	298,657	298,363	100,000	76,372	31,726	3,012	5,489	-	81,764	294

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)
for the period ended 31 March 2016

	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 reserves RM'000	FVOCI reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Non-controlling interest RM'000
At 1 January 2016	241,254	240,958	100,000	76,372	28,845	11,313	391	-	(7,114)	31,151	296
Effect of MFRS 9 <i>Financial Instruments</i> adoption	(4,345)	(4,345)	-	-	-	-	(391)	(2,803)	-	(1,151)	-
At 1 January 2016 (restated)	236,909	236,613	100,000	76,372	28,845	11,313	-	(2,803)	(7,114)	30,000	296
Profit for the period	24,936	24,936	-	-	-	-	-	-	-	24,936	-
Other comprehensive income	3,273	3,273	-	-	-	(4,837)	-	(573)	8,683	-	-
Total comprehensive income	28,209	28,209	-	-	-	(4,837)	-	(573)	8,683	24,936	-
At 31 March 2016	265,118	264,822	100,000	76,372	28,845	6,476	-	(3,376)	1,569	54,936	296

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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MALAYSIA SMELTING CORPORATION BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 31 March 2017

	3 months ended	
	31.03.2017	31.03.2016
	RM'000	RM'000
Operating activities		
Operating cash flows before changes in working capital	28,354	23,645
Decrease in inventories	50,469	6,886
Decrease/(Increase) in receivables	10,834	(96,777)
(Increase)/Decrease in trade prepayments	(12,116)	81,007
Increase in other prepayments	(1,950)	(927)
Decrease in payables	(26,425)	(19,595)
Decrease in amount due to holding company	(600)	(9)
(Increase)/Decrease in amount due from associates and joint ventures	(2,008)	1,551
Cash generated from/(used in) operations	46,558	(4,219)
Income tax paid	(3,915)	(2,103)
Interest paid	(2,336)	(3,729)
Net cash generated from/(used in) operating activities	40,307	(10,051)
Investing activities		
Interest received	494	1,398
Payment for deferred mine exploration and evaluation expenditures and mine properties	(132)	(506)
Payment for corporate club memberships	(65)	-
Withdrawal of deposits of more than three months maturity with licensed banks	-	3,234
Proceeds from disposal of property, plant and equipment	184	83
Purchase of property, plant and equipment	(989)	(1,361)
Net cash (used in)/generated from investing activities	(508)	2,848
Financing activities		
Repayment of short term trade financing and other borrowings	(55,793)	(16,829)
Repayment of term loan	-	(6,011)
Net cash used in financing activities	(55,793)	(22,840)
Net decrease in cash and cash equivalents	(15,994)	(30,043)
Effect of changes in foreign exchange rates	486	(281)
Cash and cash equivalents as at 1 January	76,873	127,191
Cash and cash equivalents as at 31 March	61,365	96,867
	2017	2016
	RM'000	RM'000
Cash and bank balances comprise the following at 31 March:		
Cash and short term deposits	61,365	96,867
Deposits of more than three months maturity with licensed banks	3,518	3,449
	64,883	100,316

Reconciliation of liabilities arising from financing activities:

	Carrying amount as at 1 January 2017	Cash flows	Non-cash changes Foreign exchange movement	Carrying amount as at 31 March 2017
	RM'000	RM'000	RM'000	RM'000
Short term borrowings	289,187	(55,793)	(64)	233,330
Term loan	50,282	-	996	51,278
Total liabilities from financing activities	339,469	(55,793)	932	284,608

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

Notes to the Interim financial report for the First Quarter ended 31 March 2017

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. 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 2016. 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 2016.

A2. Changes in Accounting Policies

i) New Standards, Annual Improvements and Amendments adopted by the Group

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016 except for the adoption of the pronouncements that became effective from 1 January 2017.

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 12: Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2017

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A2. Changes in Accounting Policies (cont'd)

i) New Standards, Annual Improvements and Amendments adopted by the Group (cont'd)

The adoption of the above pronouncements did not have material impact on the financial statements of the Group, except as disclosed below:

Amendments to MFRS 107: Disclosure Initiative

The amendments to MFRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted.

The amendments affect presentation and disclosure in financial statements only and have no impact on the Group's financial position or performance.

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact. The amendment has no material impact on the Group's financial position or performance.

Notes to the Interim financial report for the First Quarter ended 31 March 2017

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A2. Changes in Accounting Policies (cont'd)

ii) Standards 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 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
Amendments to MFRS 128: Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above pronouncements is not expected to have material impact on the financial statements in the period of initial application, except as disclosed below:

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.

A2. Changes in Accounting Policies (cont'd)

ii) Standards issued but not yet effective (cont'd)

MFRS 15 Revenue from Contracts with Customers (cont'd)

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's financial statements.

The Group is currently assessing the impact of MFRS 15.

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group is currently assessing the impact of MFRS 16.

Notes to the Interim financial report for the First Quarter ended 31 March 2017

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A3. Seasonal or Cyclical Factors

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

A4. Unusual Items

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

A5. Changes in Estimates

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

A6. 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.

A7. Dividend Paid

There was no dividend paid during the current quarter.

Notes to the Interim financial report for the First Quarter ended 31 March 2017

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A8. 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:

	International Tin Smelting RM'000	Tin Mining RM'000	Others RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
3 months ended 31 March 2017					
Revenue					
Sales to external customers	406,614	-	-	-	406,614
Inter-segment sales	-	48,311	449	(48,760)	-
Total revenue	406,614	48,311	449	(48,760)	406,614
Results					
Profit/(Loss) from operations	8,184	14,972	(24)	3,887	27,019
Finance costs	(2,772)	(256)	(213)	-	(3,241)
Share of results of associates and joint ventures	-	-	247	-	247
Profit before tax	5,412	14,716	10	3,887	24,025
Income tax expense	(1,869)	(3,793)	-	(933)	(6,595)
Profit net of tax	3,543	10,923	10	2,954	17,430
3 months ended 31 March 2016					
Revenue					
Sales to external customers	408,401	-	-	-	408,401
Inter-segment sales	-	42,194	449	(42,643)	-
Total revenue	408,401	42,194	449	(42,643)	408,401
Results					
Profit from operations	30,174	6,403	77	209	36,863
Finance costs	(3,791)	(180)	(409)	-	(4,380)
Share of results of associates and joint ventures	-	-	349	-	349
Profit before tax	26,383	6,223	17	209	32,832
Income tax expense	(6,119)	(1,690)	(35)	(52)	(7,896)
Profit net of tax	20,264	4,533	(18)	157	24,936

Notes to the Interim financial report for the First Quarter ended 31 March 2017

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A8. Segmental Reporting (cont'd)

	International Tin Smelting RM'000	Tin Mining RM'000	Others RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
At 31 March 2017					
Assets					
Segment assets	605,893	65,201	24,069	(2,426)	692,737
Investment in associates and joint ventures	-	-	37,389	-	37,389
Total assets	605,893	65,201	61,458	(2,426)	730,126
Liabilities					
Segment liabilities	386,966	44,842	110	(449)	431,469
At 31 December 2016					
Assets					
Segment assets	670,061	68,936	23,642	(5,381)	757,258
Investment in associates and joint ventures	-	-	37,336	-	37,336
Total assets	670,061	68,936	60,978	(5,381)	794,594
Liabilities					
Segment liabilities	468,281	46,899	480	(449)	515,211

A9. Property, Plant and Equipment

The same valuation of land and buildings has been brought forward from the previous audited financial statements for the year ended 31 December 2016.

A10. Subsequent Events

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

A11. 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 discontinued operations.

Notes to the Interim financial report for the First Quarter ended 31 March 2017

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A12. Changes in Contingent Liabilities and Contingent Assets

Since 31 December 2015, there were no material changes in contingent liabilities or contingent assets.

A13. Capital Commitments

The amount of capital commitments at 31 March 2017 was as follows:

	31.03.2017 RM'000
Approved and contracted for	3,775
Approved but not contracted for	28,008
	31,783

A14. Related Party Transactions

The following were significant related party transactions:

	3 months ended 31.03.2017 RM'000
Sales of products to an associate	16,971

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.

Notes to the Interim financial report for the First Quarter ended 31 March 2017

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A15. Fair Value of Assets and Liabilities

As at 31 March 2017, the Group's quoted equity instruments fair value of RM23,842,000 (31 December 2016: RM23,423,000) is at Level 1 which is determined directly by reference to the published market closing price at the reporting date. The Group also held forward currency contracts carried at fair value of approximately RM394,000 (31 December 2016: RM3,523,000) 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 may subsequently resulted in a different classification of that assets/liabilities during the quarter.

The Group held land and buildings amounting to RM83,693,000 (31 December 2016: RM83,755,000) carried at Level 3: significant unobservable inputs.

Notes to the Interim financial report for the First Quarter ended 31 March 2017

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 year ended 31 December 2016 was not qualified.

B2. Profit/(Loss) Before Tax

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

	1st Quarter ended 31.03.2017 RM'000	1st Quarter ended 31.03.2016 RM'000
After charging/(crediting):		
Depreciation and amortization	3,385	2,746
Fair value gain in derivative financial instruments	(1,654)	(675)
Loss/(Gain) on disposal of property, plant and equipment	184	(58)
Net foreign exchange loss/(gain)	3,134	(8,735)
Other income including investment income	(109)	(1,918)
Property, plant and equipment written off	1	-
Favourable inventory valuation adjustment	-	(10,100)
(Gain)/Loss on disposal of investment securities	-	-
Impairment of investment in associates and joint ventures	-	-
Impairment of receivables	-	-

B3. Income Tax Credit/(Expense)

Income tax credit/(expense) comprises the following:

	1st Quarter ended 31.03.2017 RM'000	1st Quarter ended 31.03.2016 RM'000
Income tax		
- Current provision	(5,892)	(7,893)
Deferred tax		
- Relating to origination and reversal of temporary differences	(703)	(3)
Total income tax expense	(6,595)	(7,896)

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

Notes to the Interim financial report for the First Quarter ended 31 March 2017

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

B4. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at 3 May 2017, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

B5. Interest-Bearing Loans and Borrowings

Group borrowings as at 31 March 2017 comprise the following:

	As at 31.03.2017 RM'000
a) Short Term Borrowings (unsecured)	
Foreign currency trade finance	5,344
Bankers' acceptances	227,986
	233,330

	As at 31.03.2017 RM'000
b) Long Term Borrowings (unsecured)	
Term loan	51,278

Amount denominated in foreign currency	'000
Foreign currency trade finance (US dollars)	1,208
Term loan (Singapore dollars)	16,200

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

Short term borrowings bear interest at rates ranging from 1.85% to 4.03% (2016: 1.25% to 4.52%) per annum.

The term loan which is repayable in one lump sum at maturity bears interest at rate of 4.00% per annum.

Notes to the Interim financial report for the First Quarter ended 31 March 2017

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

B6. Derivative Financial Instruments

As at 31 March 2017, 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
Forward Currency Contracts			
- Less than 1 year	40,585	40,440	110
- 1 year to 3 years	52,366	52,615	249

The forward currency contracts are entered for hedging purposes.

During the current financial year-to-date, a fair value gain net of tax of RM1,520,000 in respect of these contracts has been recognised in profit or loss.

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 2016.

B7. Changes in Material Litigation

Since 31 December 2016, there was no material litigation against the Group as at 3 May 2017, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

B8. Material Change in the Quarterly Results as Compared with the Preceding Quarter

The Group recorded a profit before tax of RM24.02 million in 1Q 2017 compared with RM2.91 million in 4Q 2016. This was mainly due to higher tin prices, lower net foreign exchange loss and the absence of impairment of receivables and prepayments. In the previous quarter there was a tax write-back relating to a joint venture.

Notes to the Interim financial report for the First Quarter ended 31 March 2017

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

B9. Review of Performance of the Company and its Principal Subsidiaries

Group revenue was RM406.61 million in 1Q 2017, slightly lower compared with RM408.40 million in 1Q 2016.

Group profit before tax was RM24.02 million in 1Q 2017 compared with RM32.83 million in 1Q 2016. This was mainly due to the absence of a favourable inventory valuation adjustment and a higher net foreign exchange loss.

The international tin smelting segment recorded a profit before tax of RM5.41 million in 1Q 2017 compared with RM26.38 million in 1Q 2016. This was mainly due to lower production, a higher net foreign exchange loss and the absence of a favourable inventory valuation adjustment.

The tin mining segment recorded a higher profit before tax of RM14.72 million in 1Q 2017 compared with RM6.22 million in 1Q 2016. This was mainly due to higher tin prices in 1Q 2017.

The Group's share of results of associates and joint ventures recorded a net share of profit of RM0.25 million in 1Q 2017 compared with RM0.35 million in 1Q 2016.

B10. Current Year Prospects

Market conditions remain challenging as the foreign exchange, global commodity and metal prices including tin are still volatile. However, the Group will continue to focus on operational efficiencies to mitigate these challenges.

Notes to the Interim financial report for the First Quarter ended 31 March 2017
PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING
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B11. Earnings/(Loss) Per Share Attributable to Owners of the Company

	3 months ended 31.03.2017	3 months ended 31.03.2016
Profit net of tax attributable to owners of the Company:	17,430	24,936
Weighted average number of ordinary shares in issue ('000)	100,000	100,000
Basic and diluted earnings per share (sen)	<u>17.4</u>	<u>24.9</u>

B12. Breakdown of Retained Earnings into Realised and Unrealised

	As at end of current quarter RM'000	As at preceding financial year end RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	55,034	49,798
- Unrealised	<u>7,223</u>	<u>(1,774)</u>
	62,257	48,024
Total share of (accumulated losses)/retained earnings from associated companies:		
- Realised	(2,382)	(2,782)
- Unrealised	464	464
Total share of retained earnings/(accumulated losses) from joint ventures:		
- Realised	17,519	17,672
- Unrealised	<u>(125)</u>	<u>(125)</u>
	77,733	63,253
Add: Consolidation adjustments	<u>4,031</u>	<u>1,081</u>
Retained earnings as per financial statements	<u>81,764</u>	<u>64,334</u>

Notes to the Interim financial report for the First Quarter ended 31 March 2017

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

B13. Dividend Payable

The Board of Directors has recommended, for approval of the members at the forthcoming Annual General Meeting to be held on 17 May 2017, the payment of a first and final single-tier dividend of RM0.08 per share (2015: RM Nil) amounting to RM8,000,000 (2015: RM Nil) for the financial year ended 31 December 2016.

By Order of the Board
Tan Ai Ning
Secretary

Kuala Lumpur
9 May 2017