

MEDIA RELEASE

LOW TIN PRICE AFFECTS MALAYSIA SMELTING CORPORATION BOTTOMLINE IN FIRST QUARTER 2015

Kuala Lumpur
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Malaysia Smelting Corporation Berhad ("MSC"), an integrated Tin Group, today announced its first quarter financial results for the period ended 31 March 2015 (1Q 2015). The Group reported a loss before tax from continuing operations of RM1.9 million, compared with a profit of RM24.0 million in the first quarter of 2014. Weaker tin prices contributed to the loss but the primary reason for the negative bottom line was due to significant non-cash adjustments linked to tin price and forex fluctuations. This includes an unfavourable valuation adjustment of RM12.7 million on its Butterworth smelter's closing stock of in-plant inventory, comprising mainly of recirculating tin-stock, resulting from a significant decline in the tin price as of 31 March 2015 compared to the preceding quarter, and a net foreign exchange translation loss of RM11.0 million due to a weaker Ringgit. Net of tax, the loss in 1Q 2015 was RM2.9 million, compared with profit net of tax of RM14.6 million in previous year corresponding period.

Worldwide commodity prices for the first quarter of 2015 continued to decline significantly from the fourth quarter of 2014. This is reflected in the lower average tin price for 1Q 2015 which has decreased by 18.6% to USD18,400 per tonne from USD22,600 in 1Q 2014, or by 10.5% in our reporting currency to RM66,600 per tonne for 1Q 2015 compared with RM74,400 per tonne for 1Q 2014. As a result, Group revenue from continuing operations was lower at RM381.6 million in 1Q 2015 compared with RM429.1 million in the corresponding quarter last year.

Operationally, the Group's core-operating units continued to perform credibly and generated healthy cash flows in 1Q 2015 as the aforementioned closing stock valuation adjustments and foreign translation loss were non-cash in nature. Operating cash flows before changes in working capital was RM21.1 million for 1Q 2015 down slightly from RM24.8 million in previous year corresponding period despite the sharp fall in tin prices.

The Group continues to face difficult market conditions in 2015, particularly with further weakening of tin prices since the end of March. The Group believes current price levels are unsustainable and the Group is well-placed to build on its existing strengths to benefit from the positive long term trends in the global tin market. Barring unforeseen circumstances and subject to tin price and foreign exchange fluctuations, the operations of the Butterworth International Smelter and the Rahman Hydraulic Tin mine are expected to perform satisfactorily for the current financial year.

As at 31 March 2015, MSC Group's financial position remains healthy, with a net asset value per share of RM2.36 and cash & bank balances of about RM100 million.

For media inquiries:

Chan Yaw Phang
Corporate & Investor Relations Manager
Malaysia Smelting Corporation Berhad
Tel : +603-2162 0868
Mobile: +6012 9388 078
Email: chan.y.p@msmelt.com