

**MEDIA RELEASE**

**MALAYSIA SMELTING CORPORATION  
SECOND QUARTER 2016 LOSSES NARROWED ON HIGHER SALES VOLUME AND TIN PRICES**

Kuala Lumpur  
10 August 2016

Tin miner and metal producer Malaysia Smelting Corporation Berhad ("MSC") reported a group loss before tax of RM3.0 million in the second quarter of 2016 (2Q 2016), compared with a loss before tax of RM19.2 million in 2Q 2015. On a year to date basis, in the first six months of 2016, MSC reported a turnaround in group profit before tax of RM29.8 million compared with a loss before tax of RM21.1 million in the same period of 2015. Net of tax, group profit for the first half of 2016 was RM14.6 million.

The Group's core operating units in mining and smelting continued to deliver higher profit on a quarterly and year to date comparison against the previous year. The increase in profit was primarily due to higher revenue, favourable valuation adjustment on tin inventory arising from a higher quarter closing tin price and a positive impact from foreign currency translations. The profit was however off-set by a higher share of losses from its associates and joint ventures, due to the need to make a significant provision for additional tax liabilities for prior years by KM Resources Inc..

In the first six months of 2016, revenue rose by 10.8% from a year earlier to RM804.7 million due to higher tin prices and sales quantity. While tin prices have improved this year, Management maintains a cautious view that market conditions for the global commodity and resource sector remain challenging against the backdrop of Brexit uncertainties impacting the global economy and volatile financial markets.

MSC's financial position continues to be healthy as the operations generated strong cash flows of RM90.8 million in the first half of 2016. Net assets value per share has also improved from RM2.41 as at 31 December 2015 to RM2.53 as of 2Q 2016.

On 15 Jun 2016, MSC reported the acquisition of the plant & machinery and 3 parcels of industrial land located in Pulau Indah, Klang from Metal Reclamation Industries (MRI) through its wholly owned subsidiary, M Smelt (C) Sdn Bhd. The MRI acquisition is expected to cater to MSC long term business plans and is targeted to be completed by 4Q 2016.

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