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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	As at 30.06.2013 Unaudited RM'000	As at 31.12.2012 Restated RM'000
Assets			
Non-current assets			
Property, plant and equipment		80,443	79,210
Prepaid land lease payments		1,164	1,173
Base inventory		3,000	3,000
Intangible assets		8,601	8,675
Investment in associates and jointly controlled entities		158,763	162,103
Investment securities		14,090	13,520
Other non-current assets		6,940	6,451
Other receivables		60,296	28,306
Deferred tax assets		7,564	5,413
		340,861	307,851
Current assets			
Inventories		305,508	243,592
Trade and other receivables		181,504	189,814
Other current assets		7,397	7,219
Tax recoverable		3	217
Derivative financial instruments		226	312
Cash, bank balances and deposits		125,039	139,061
		619,677	580,215
Total assets		960,538	888,066
Equity and liabilities			
Current liabilities			
Provisions		39,105	39,816
Borrowings	19	443,002	429,501
Trade and other payables		183,216	167,471
Current tax payable		8,775	4,414
Derivative financial instruments		3,256	116
		677,354	641,318
Net current liabilities		(57,677)	(61,103)
Non-current liabilities			
Provisions		42,385	41,006
Deferred tax liabilities		620	130
Borrowings	19	33,313	7,656
Derivative financial instruments		13	369
		76,331	49,161
Total liabilities		753,685	690,479
Net assets		206,853	197,587
Equity attributable to owners of the Company			
Share capital		100,000	100,000
Share premium		76,372	76,372
Other reserves		25,503	25,687
Retained earnings		39,490	29,319
		241,365	231,378
Non-controlling interests		(34,512)	(33,791)
Total Equity		206,853	197,587
Total equity and liabilities		960,538	888,066

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 2012 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2013

	Note	2 nd Quarter 3 months ended 30.06.2013 RM'000	2 nd Quarter 3 months ended 30.06.2012 RM'000	Year to Date 6 months ended 30.06.2013 RM'000	Year to Date 6 months ended 30.06.2012 RM'000
Revenue		404,498	543,783	852,030	1,315,687
Profit/(Loss) from operations		2,471	(71,845)	33,450	(62,886)
Gross interest income		1,248	2,793	3,684	6,854
Gross interest expense		(3,539)	(4,396)	(7,442)	(8,990)
Share of results of associates and jointly controlled entities		126	(1,532)	(3,340)	(1,258)
Profit/(Loss) before exceptional items	5	306	(74,980)	26,352	(66,280)
Exceptional items	6	(3,743)	(2,073)	(3,743)	(2,073)
(Loss)/Profit before tax		(3,437)	(77,053)	22,609	(68,353)
Income tax expense	17	(4,671)	18,122	(11,955)	8,062
(Loss)/Profit net of tax		(8,108)	(58,931)	10,654	(60,291)
Attributable to:					
Owners of the Company		(4,879)	(46,212)	10,171	(40,539)
Non-controlling interests		(3,229)	(12,719)	483	(19,752)
		(8,108)	(58,931)	10,654	(60,291)
Basic (loss)/earnings per share (sen)	25	(4.9)	(46.2)	10.2	(40.5)
Proposed/Declared dividend per share (sen)	27	-	-	-	-

	As at end of current quarter	As at preceding financial year end
Net assets per share attributable to owners of the Company (RM)	2.41	2.31

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 2012 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 COMPREHENSIVE INCOME

For the period ended 30 June 2013

		2 nd Quarter		Year to Date	
		3 months ended		6 months ended	
	Note	30.06.2013 RM'000	30.06.2012 RM'000	30.06.2013 RM'000	30.06.2012 RM'000
(Loss)/Profit net of tax		(8,108)	(58,931)	10,654	(60,291)
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation		1,141	7,253	(684)	552
Net fair value changes in available-for-sale investment securities		387	2,928	379	3,947
Net fair value changes on cash flow hedges		(1,264)	38	(1,083)	(9)
Other comprehensive income for the period, net of tax		264	10,219	(1,388)	4,490
Total comprehensive income for the period		(7,844)	(48,712)	9,266	(55,801)
Total comprehensive income attributable to:					
Owners of the Company		(3,680)	(36,938)	9,987	(35,842)
Non-controlling interests		(4,164)	(11,774)	(721)	(19,959)
		(7,844)	(48,712)	9,266	(55,801)

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 2012 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 CHANGES IN EQUITY
For the period ended 30 June 2013

			Attributable to owners of the Company								
				Non - Distributable						Distributable	
	Note	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 ("AFS") reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Non-controlling interests RM'000
At 1 January 2013 (as previously stated)		199,054	232,845	100,000	76,372	19,816	6,288	(379)	(38)	30,786	(33,791)
Effect of adoption IC Interpretation 20	2	(1,467)	(1,467)	-	-	-	-	-	-	(1,467)	-
At 1 January 2013 (as restated)		197,587	231,378	100,000	76,372	19,816	6,288	(379)	(38)	29,319	(33,791)
Total comprehensive income		9,266	9,987	-	-	-	520	379	(1,083)	10,171	(721)
At 30 June 2013		206,853	241,365	100,000	76,372	19,816	6,808	-	(1,121)	39,490	(34,512)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)
For the period ended 30 June 2012

			Attributable to owners of the Company								
				Non - Distributable						Distributable	
	Note	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	AFS reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Non-controlling interests RM'000
At 1 January 2012 (as previously stated)		452,040	419,053	100,000	76,372	18,678	10,551	-	(89)	213,541	32,987
Effect of adoption IC Interpretation 20	2	(1,467)	(1,467)	-	-	-	-	-	-	(1,467)	-
At 1 January 2012 (as restated)		450,573	417,586	100,000	76,372	18,678	10,551	-	(89)	212,074	32,987
Total comprehensive income		(55,801)	(35,842)	-	-	-	759	3,947	(9)	(40,539)	(19,959)
Dividend on ordinary shares		(13,500)	(13,500)	-	-	-	-	-	-	(13,500)	-
At 30 June 2012		381,272	368,244	100,000	76,372	18,678	11,310	3,947	(98)	158,035	13,028

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 2012 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 CASH FLOWS
For the period ended 30 June 2013

	Note	6 months ended 30.06.2013 RM'000	6 months ended 30.06.2012 RM'000
Operating activities			
Operating cash flows before changes in working capital		51,545	(35,368)
(Increase)/Decrease in inventories		(71,597)	46,657
Decrease in receivables		5,840	58,692
Increase in payables		7,753	9,029
Decrease in amount due to holding company		(5)	(30)
Increase in amount due to associates and jointly controlled entities		12,541	4,924
Cash generated from operations		6,077	83,904
Income tax paid		(8,679)	(25,124)
Interest paid		(7,535)	(8,323)
Severance benefits paid		(1,125)	(1,250)
Net cash (used in)/generated from operating activities		(11,262)	49,207
Investing activities			
Interest received		3,426	6,834
Payment for deferred mine exploration and evaluation expenditure and deferred mine development expenditure		(528)	(1,487)
Payment for mining rights		(378)	(4,500)
Payment for mine closure deposit		(30,089)	-
Proceeds from disposal of property, plant and equipment		10	1,043
Purchase of investment securities		(3,933)	-
Purchase of property, plant and equipment		(4,513)	(5,191)
Purchase of shares in associates and jointly controlled entitities		-	(1,274)
Net cash used in investing activities		(36,005)	(4,575)
Financing activities			
Dividends paid on ordinary shares		-	(13,500)
Repayment of short term trade financing and other borrowings		(1,079)	(37,434)
Drawdown of term loan		55,581	-
Repayment of term loans		(18,483)	(16,459)
Net cash generated from/(used in) financing activities		36,019	(67,393)
Net decrease in cash and cash equivalents		(11,248)	(22,761)
Effect of changes in foreign exchange rates		158	29
Cash and cash equivalents as at 1 January		134,800	234,491
Cash and cash equivalents as at 30 June		123,710	211,759

Cash and bank balances comprise the following at 30 June:	2013 RM'000	2012 RM'000
Cash and short term deposits	66,617	152,552
Amounts reserved for the development of new mines and mining projects	57,093	62,300
	123,710	214,852
Deposit of more than three months maturity with a licensed bank	1,329	1,206
Cash and bank balances	125,039	216,058

Cash and cash equivalents comprise the following at 30 June:	2013 RM'000	2012 RM'000
Cash and short term deposits	123,710	214,852
Bank overdrafts	-	(3,093)
	123,710	211,759

Included in cash and cash equivalents of the Group, is an amount of RM57,093,000 (2012: RM62,300,000) reserved for the development of new mines through the selective acquisitions of suitable mining concessions or leases, as well as mining projects and assets primarily in Malaysia, Indonesia and other countries.

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 2012 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE 2nd INTERIM FINANCIAL REPORT – 30 JUNE 2013

1. 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 2012. 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 2012.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations:

Effective for financial periods beginning on or after 1 July 2012
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2013
Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
MFRS 3 Business Combinations (IFRS 3 *Business Combinations* issued by IASB in March 2004)
MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits
MFRS 127 Separate Financial Statements
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
MFRS 128 Investments in Associates and Joint Ventures
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Amendment to IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance

Amendments to MFRS 11: Joint Arrangements: Transition Guidance
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 116: Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132: Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS134: Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2015

MFRS 9 Financial Instruments

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

MFRS 10 Consolidated Financial Statements

MFRS 10 replaces the portion of MFRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. MFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by MFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in MFRS 127. This standard has no material impact on the Group's financial position or performance.

MFRS 11 Joint Arrangements

MFRS 11 establishes the principles for classification and accounting for joint arrangements and supersedes MFRS 131, Interest in Joint Ventures. Under MFRS 11, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture will be accounted for using equity method whilst interest in joint operation will be accounted for using the applicable MFRSs relating to the underlying assets, liabilities, income and expense items arising from the joint operations. This standard has no material impact on the Group's financial position or performance.

MFRS 12 Disclosure of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

MFRS 13 Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted. This standard has no material impact on the Group's financial position or performance.

MFRS 127 Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in the separate financial statements of the Company.

MFRS 128 Investments in Associates and Joint Ventures

As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to the waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The Interpretation states that an entity must recognise production stripping costs as part of an asset when all the following criteria are met:-

1. It is probable that the future economic benefits (improved access to an ore body) associated with the stripping activity will flow to the entity
2. The entity can identify the component of an ore body for which access has been improved, and
3. The costs relating to the improved access to that component can be measured reliably.

Accordingly, at the earliest comparative period presented – 1 January 2012, the carrying amount of stripping costs net of tax included in other non-current assets under non-current assets of RM1,467,000 were adjusted to retained earnings.

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. In subsequent phases, it will address hedge accounting and impairment of financial assets. The adoption of this first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of MFRS 9.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

4. Seasonal or Cyclical Factors

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

5. (Loss)/Profit Before Exceptional Items

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

	2nd Quarter ended 30.06.2013 RM'000	Year to date ended 30.06.2013 RM'000
After charging and (crediting):		
Depreciation and amortisation	1,970	3,873
Inventories write down to net realisable value	7,147	7,147
Property, plant and equipment written off	99	99
Net foreign exchange loss	1,979	1,829
Fair value loss in derivatives	1,183	1,426
Other income including investment income	(1,528)	(1,720)
Gain on disposal of property, plant and equipment	-	(10)

6. Exceptional Items

There were no exceptional 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 for the impairment on the following investment securities due to a significant or prolonged decline in their share prices:

	2nd Quarter ended 30.06.2013 RM'000	Year to date ended 30.06.2013 RM'000
Impairment for investment in Asian Mineral Resources Limited	1,916	1,916
Impairment for investment in Alphamin Resources Corp.	1,865	1,865
Other investment	(38)	(38)
Total	3,743	3,743

7. Changes in Estimates

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

8. 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.

9. Dividend Paid

There was no dividend paid during the current quarter.

10. 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 was as follows:

	International Tin Smelting RM'000	Tin Mining RM'000	Others RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
Revenue					
Sales to external customers	825,478	26,552	-	-	852,030
Inter-segment sales	-	71,628	898	(72,526)	-
Total revenue	825,478	98,180	898	(72,526)	852,030
Results					
Profit/(Loss) from operations	28,821	8,160	80	147	37,208
Finance costs	(5,050)	(889)	(1,577)	-	(7,516)
Share of loss of associates and jointly controlled entities	(907)	-	(2,433)	-	(3,340)
Profit/(Loss) before exceptional items	22,864	7,271	(3,930)	147	26,352
Exceptional items	-	-	(3,743)	-	(3,743)
Profit/(Loss) before tax	22,864	7,271	(7,673)	147	22,609
Income tax expense	(7,730)	(4,016)	(172)	(37)	(11,955)
Profit/(Loss), net of tax	**15,134**	**3,255**	**(7,845)**	**110**	**10,654**

	International Tin Smelting RM'000	Tin Mining RM'000	Others RM'000	(Eliminations)/ Adjustments RM'000	Total RM'000
Assets					
Segment assets	527,212	273,549	2,170	(1,156)	801,775
Investment in associates and jointly controlled entities	367	-	158,396	-	158,763
Total assets	**527,579**	**273,549**	**160,566**	**(1,156)**	**960,538**
Liabilities					
Segment liabilities	**579,930**	**173,210**	**994**	**(449)**	**753,685**

11. 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 2012.

12. Subsequent Events

There was no material event subsequent to end of the current quarter up to 31 July 2013, the latest practical date which is not earlier than 7 days from the date of issue of this quarterly report except as disclosed in Note 18 (c).

13. 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 discontinuing operations, except that on 3 April 2013, the Company's subscription, via a non-brokered private placement, for 6,500,000 new common shares which constitute a 4.84% shareholding interest in Alphamin Resources Corp. ("Alphamin") for a total purchase consideration of approximately RM3.93 million, has been duly accepted. Alphamin is a Toronto Venture Exchange listed, Canadian-based mineral exploration company targeting tin and these securities are subject to a hold period of up to 4 August 2013.

14. Changes in Contingent Liabilities and Contingent Assets

Since 31 December 2012, there was no new development on the outstanding contingent liabilities or contingent assets as at 31 July 2013, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

15. Capital Commitments

The amount of capital commitments at 30 June 2013 was as follows:

	30.06.2013 RM'000
Approved but not contracted for	327
Contracted but not provided for	12,648
	12,975

16. Related Party Transactions

The following are significant related party transactions:

	6 months ended 30.06.2013
	RM'000
Sales of products to an associate	20,861

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.

17. Income Tax Expense

Income tax expense comprises the following:

	6 months ended 30.06.2013 RM'000
Current taxation	
Malaysian income tax	13,253
Foreign tax	-
Deferred tax	(1,298)
Total	11,955

The overall effective tax rate for the current period was higher than the statutory tax rate in Malaysia mainly due to certain non-tax deductible expenses, losses incurred by certain subsidiaries which cannot be set off against taxable profits made by other companies within the Group and net share of losses recorded from associates and jointly controlled entities.

18. Status of Corporate Proposal

There was no corporate proposal announced but not completed as at 31 July 2013, the latest practical date which is not earlier than 7 days from the date of issue of this quarterly report, except for the following:-

a. On 29 October 2007, the Company announced that it had entered into a Joint Venture Contract with Guangxi Guilin Jinwei Realty Co Ltd (GGJR) and Vertex Metals Incorporation to establish a joint venture company named Guilin Hinwei Tin Co. Ltd, for smelting and refining of tin, and the production and sale of tin and tin-based products in the People's Republic of China. GGJR has difficulties in fulfilling certain obligations within the specific time frame and the Group had made a full impairment provision totalling RM12.9 million reducing the book carrying amount of the investment to nil as at 30 June 2012.

b. On 27 January 2011, the secondary listing of the Company was completed following the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company of RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each on the Main Board of Singapore Exchange Securities Trading Limited (SGX-ST).

The status of utilisation of proceeds from the public issue of 25,000,000 new ordinary shares of the Company as at 30 June 2013 was:

Purpose	**Proposed utilisation RM mil**	**Actual utilisation RM mil**	**Expected Timeframe for utilisation**
Expansion of mining and smelting operations	19.69	19.69	Fully utilised
Development of new mines through selective acquisitions of suitable mining concessions or leases, mining projects and assets in Malaysia, Indonesia and other countries	62.30	5.21	Three (3) years (by Feb 2014)
General working capital	13.34	13.34	Fully utilised
Estimated expenses in relation to the public issue and secondary listing	8.86	8.69	Fully utilised
Total	104.19	46.93	

In the prospectus dated 21 January 2011 issued in conjunction with the secondary listing of the Company on the Singapore Exchange Securities Trading Limited, it was stated that the MSC Group intends to pursue its growth strategy in its tin business through the selective acquisition of suitable mining concessions or leases, as well as mining projects in Malaysia, Indonesia and other countries. The Group will continue to monitor investment opportunities in other countries and it may in future decide to invest in selective projects in such countries that meet its investment criteria. Development activities in this direction are currently on-going.

Investments in mining projects require long term commitments due to high capital outlay, and long lead time before earnings and positive cash flows could be generated. Equity funding is normally the preferred avenue for raising long term funds for such capital investments in such volatile market conditions. From time to time, the Group will consider various funding options to further strengthen its capital base to fund any significant cash requirements for the Group's long term growth and expansion in its tin business.

c. On 9 March 2012, the Company announced that it has entered into a strategic alliance agreement ("SAA") with Optima Synergy Resources Limited ("OSRL") that would allow the latter to immediately subscribe up to 479,833,766 shares of USD0.01 each equivalent to 23% equity interest in Bemban Corporation Limited ("BCL"), the penultimate holding company of PT Koba Tin ("PT Koba").

   Among others, the objectives and purposes of the SAA are as follows:

   (i) Facilitating greater local Indonesian participation in PT Koba by way of increased equity ownership and management through an Indonesian affiliate company of OSRL;

   (ii) Securing the PT Koba Contract of Work ("CoW") extension or new mining permits over the existing CoW area for 10 years up to 31 March 2023 through joint effort of OSRL and MSC;

   (iii) Enabling BCL and operating companies to expand their businesses through performance improvement and value enhancement as well as through acquisition of additional mining permits for long term sustainable operations in Indonesia.

Upon renewal of PT Koba CoW, OSRL will be able to increase up to 50% equity interest in BCL through subscription of additional 1,126,566,234 shares of USD0.01 each subject to fulfillment of certain conditions precedent stipulated in the SAA.

On 4 July 2012, the Company further announced that an addendum agreement to the SAA was made in view of the latest developments at PT Koba in Indonesia.

It was proposed that OSRL shareholding in BCL be increased from 50% to 60% by way of a single subscription of shares. The OSRL subscription for the 60% shareholding in BCL will only become effective upon PT Koba obtaining the approval for the CoW extension.

On 2 April 2013, the Company announced that PT Koba has received notification from the Government of Republic of Indonesia ("GOI") that it is still continuing with its evaluation for the extension of PT Koba CoW which expired after 31 March 2013. In the meantime, the GOI has given permission to PT Koba to continue undertaking production operations until the completion of its evaluation up to a maximum period of three months with effect from 1 April 2013.

On 1 July 2013, the Company announced that PT Koba is still awaiting for the decision of the GOI concerning the application for extension of its CoW.

On 2 August 2013, the Company announced that PT Koba has received a further notification from the Minister of Energy and Mineral Resources, Republic of Indonesia, for a further 2-month extension of the evaluation period. The notification dated 31 July 2013 considered this extension retrospectively from 1 July to end of August 2013.

19. Interest-Bearing Loans and Borrowings

Group borrowings as at 30 June 2013 comprise the following:

	30.06.2013 RM'000
a) Short Term Borrowings (unsecured)	
Foreign currency trade finance	130,419
Bankers' acceptances	277,642
	408,061
Current portion of long term borrowings	34,941
	443,002

	30.06.2013 RM'000
b) Long Term Borrowings (unsecured)	
Term loan	33,313

Amount denominated in foreign currency	**'000**
Foreign currency trade finance (US dollar)	41,057
Term loan (US dollar)	16,487
Revolving credits (US dollar)	5,000

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

Short term borrowings bear interest at rates ranging from 0.76% to 3.97% per annum for the Group and the Company (2012: 0.73% to 5.20% per annum for the Group; 0.73% to 3.97% per annum for the Company).

The long term borrowings which are repayable by quarterly and semi-annual installments bear interest at rates of between 2.56% and 3.30% per annum for the Group and the Company (2012: 2.56% and 3.82% per annum for the Group; 2.56% per annum for the Company).

20. Derivative Financial Instruments

As at 30 June 2013, 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
i. Interest Rate Swap Contracts			
- Less than one year	17,718	17,541	(132)
- 1 to 3 years	35,820	35,807	(10)
ii. Foreign Currency Forward Contracts			
- Less than 1 year	143,857	146,933	(2,307)
iii. Tin Forward Contract			
- Less than 1year	2,748	2,525	167

The interest rate swap contract, foreign currency forward contracts and tin forward sales contracts are all entered for hedging purposes.

During the current financial year-to-date, the Group has recognised a fair value loss net of tax of RM1,070,000 in its income statement.

21. Changes in Material Litigation

Since 31 December 2012, there was no new development on the outstanding material litigations as at 31 July 2013, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

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

The Group recorded a profit of RM0.31 million before exceptional items in 2Q 2013 compared with a profit of RM26.05 million in 1Q 2013 mainly due to weakening of tin prices and losses incurred by PT Koba.

PT Koba recorded a loss of RM12.92 million in 2Q 2013 compared with a small profit in 1Q 2013 mainly as a result of write down of its tin inventory's net realizable value by RM7.15 million as a result of a 16% fall in the tin price over the quarter and care and maintenance costs incurred pending the renewal of its Contract of Work which expired on 31 March 2013.

The lower realized tin prices in 2Q 2013 also adversely affected results of the Butterworth international smelting business and Rahman Hydraulic Tin which recorded a lower profit of RM8.84 million (1Q 2013: RM 14.02 million) and RM5.5 million (1Q 2013: RM9.49 million) before exceptional items respectively in 2Q 2013.

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

Current Quarter 2Q 2013

Group revenue decreased by 25.6% to RM404.50 million in 2Q 2013 from RM543.78 million in 2Q 2012 due to lower sales quantity of refined tin.

The Group recorded a profit of RM0.31 million before exceptional items in 2Q 2013 compared with a loss of RM74.98 million before exceptional items in 2Q 2012.

The Butterworth international tin smelting business recorded a profit of RM8.84 million before exceptional items in 2Q 2013 compared with a loss of RM9.57 million before exceptional items in 2Q 2012.

Rahman Hydraulic Tin mining operations recorded a profit of RM5.50 million in 2Q 2013, compared with a profit of RM5.94 million in 2Q 2012.

PT Koba Tin recorded a lower loss of RM12.92 million in 2Q 2013 compared with a loss of RM68.85 million in 2Q 2012. The loss in 2Q 2013 was mainly due to the reasons stated in Note 22.

The associates and jointly controlled entities recorded a small net share of profit in 2Q 2013 compared with a net share of losses of RM1.53 million in 2Q 2012.

Current Financial Year-to-date

Group revenue decreased by 35.6% to RM852.0 million in the 6 months (1H) of the current financial period from RM1.32 billion in the previous corresponding period due to lower sales quantity of refined tin.

The Group recorded a profit of RM26.35 million before exceptional items in 1H 2013 compared with a loss of RM66.28 million before exceptional items in 1H 2012.

The Butterworth international tin smelting business recorded a profit of RM22.86 million before exceptional items in 1H 2013 compared with a profit of RM20.27 million before exceptional items in 1H 2012.

Rahman Hydraulic Tin mining operations recorded a profit of RM14.99 million in 1H 2013 compared with RM15.99 million in 1H 2012.

PT Koba Tin recorded a lower loss of RM8.33 million in 1H 2013 compared with a loss of RM97.01 million in 1H 2012. The loss in 1H 2013 was mainly due to the reasons stated in Note 22.

The associates and jointly controlled entities recorded a net share of losses of RM3.34 million in 1H 2013 compared with a net share of losses of RM1.26 million in 1H 2012.

24. Current Year Prospects

The operating environment remains difficult and challenging amid the prevailing global economic uncertainties and low commodity prices. Aside from on-going care and maintenance expenditure incurred by PT Koba, the Board does not expect the outcome of the CoW extension to materially affect the Group's operating performance.

25. Earnings Per Share

	6 months ended 30.06.2013	**6 months ended 30.06.2012**
Profit/(Loss) attributable to owners of the Company (RM'000)	10,171	(40,539)
Weighted average number of ordinary shares in issue ('000)	100,000	100,000
Basic earnings/(loss) per share (sen)	10.2	(40.5)

26. Realised and Unrealised Profits/Losses

	Current Quarter Ended 30.06.2013 RM'0000	Preceding Quarter Ended 31.03.2013 RM'0000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(27,302)	(20,357)
- Unrealised	(11,622)	(10,249)
	(38,924)	(30,606)
Total share of (accumulated losses)/retained profits from associated companies:		
- Realised	(5,817)	(6,838)
- Unrealised	250	250
Total share of retained profits/(accumulated losses) from jointly controlled entities:		
- Realised	37,636	38,516
- Unrealised	(11,113)	(11,099)
	(17,968)	(9,777)
Add: Consolidation adjustments	57,458	54,146
Retained profits as per financial statements	39,490	44,369

27. Dividend Payable

No dividend is declared for the quarter ended 30 June 2013.

By Order of the Board
Sharifah Faridah Abd Rasheed
Secretary

Kuala Lumpur
6 August 2013