

Report Of The Directors

The Directors have pleasure in presenting their report together with the audited accounts of the Group and of the Company for the year ended 31st December, 1999.

Principal Activities

The principal activity of the Company is the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal under the MSC brand name and the sale and delivery of refined tin metal and by-products. Malaysia Smelting Corporation (Warehousing) Sdn Bhd, a wholly owned subsidiary company provides an authorised warehouse for tin metal under Kuala Lumpur Tin Market and Kuala Lumpur Commodity Exchange warrants. MSC Properties Sdn Bhd, another wholly owned subsidiary company which is still dormant is intended to undertake activities related to property development and investment.

There have been no significant changes in the nature of these activities during the year.

Financial Results

	Group RM'000	Company RM'000
Profit for the year before taxation	24,809	24,810
Taxation	920	920
	<hr/>	<hr/>
Profit after taxation attributable to shareholders	25,729	25,730
Retained profits brought forward	34,532	34,440
	<hr/>	<hr/>
Profits available for appropriation	60,261	60,170
Dividends		
Interim : 8 sen per share tax exempt, paid	(6,000)	(6,000)
Final : 10 sen per share tax exempt, proposed	(7,500)	(7,500)
	<hr/>	<hr/>
Retained profits carried forward	<u>46,761</u>	<u>46,670</u>

Reserves And Provisions

There were no material transfers to or from reserves or provisions during the year, other than as disclosed in the accounts.

Dividends

The Directors recommend the payment of a final dividend of 10 sen per RM1.00 ordinary share, tax exempt amounting to RM7,500,000 which subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 17th July, 2000 to members registered on the Company's register at the close of business at 5.00 p.m. 19th June, 2000.

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Since the end of the previous financial year, the Company distributed the following dividends:

- a) a final dividend of 9 sen per RM1.00 ordinary share, less 28% tax, amounting to RM4,860,000 on 16th July, 1999 in respect of the previous financial year; and
- b) an interim dividend of 8 sen per RM1.00 ordinary share, tax exempt, amounting to RM6,000,000 on 8th October, 1999 for the year ended 31st December, 1999.

Directors

The Directors of the Company who have held office since the date of the last report and at the date of this report are:-

Tan Sri Datuk Ibrahim Menudin (*Chairman*)
 Dato' Mohd Ajib Hj Anuar (*CEO/Executive Director*)
 Jeneral (B) Tan Sri Datuk Ibrahim bin Datuk Ismail
 Hj Ab Sukor bin Shahar
 Choi Siew Hong
 Norman Ip Ka Cheung
 Dato' Mohd Desa Pachi
 Dato' Siew Nim Chee

In accordance with Article 101 of the Articles of Association of the Company, the Director retiring by rotation this year is Tan Sri Datuk Ibrahim Menudin and, being eligible offers himself for re-election.

Jeneral (B) Tan Sri Datuk Ibrahim bin Datuk Ismail, Mr. Choi Siew Hong and Dato' Siew Nim Chee all being over seventy years of age, retire in accordance with Section 129 (2) of the Companies Act, 1965 and offer themselves for reappointment in accordance with Section 129 (6) of the said Act to hold office until the conclusion of the next Annual General Meeting.

Directors' Interest In Shares

The following Directors who held office at the end of the financial year had according to the register required to be kept under Section 134 of the Companies Act, 1965 an interest in shares of the Company, as stated below:-

	Number of Ordinary Shares of RM1.00 each			
	At 1.1.99	Acquired	Disposed	At 31.12.99
Tan Sri Datuk Ibrahim Menudin	315,000	-	-	315,000
Dato' Mohd Ajib Hj Anuar	250,000	-	-	250,000
Jeneral (B) Tan Sri Datuk Ibrahim bin Datuk Ismail	10,000	-	-	10,000
Choi Siew Hong	10,000	-	-	10,000
Norman Ip Ka Cheung	10,000	-	-	10,000
Hj Ab Sukor bin Shahar	298,000	-	28,000	270,000

Report Of The Directors

Directors' Benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments or other benefits received or due and receivable by the Directors shown in the accounts or the salary of a full-time employee of the Company as disclosed in Note 14 to the accounts) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169 (8) of the Companies Act, 1965.

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share Capital

No shares were issued by the Company and no option has been granted to any person or party to acquire shares in the Company during the year.

Other Statutory Information

- (a) Before the Profit and Loss Accounts and Balance Sheets of the Group and of the Company were made out, the Directors took reasonable steps:-
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts but that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of circumstances which would render:-
- (i) it necessary to write off any debts or the amount of the provision for doubtful debts inadequate to any substantial extent;
 - (ii) the values attributed to current assets in the accounts of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the accounts of the Group and of the Company which would render any amount stated in the accounts of the Group and of the Company misleading.

Report Of The Directors

- (e) As at the date of this report there does not exist:-
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other persons; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:-
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due;
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made; and
 - (iii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Auditors

Ernst & Young have expressed their willingness to accept reappointment as auditors and a resolution proposing their appointment will be submitted at the Annual General Meeting.

On behalf of the Board

Tan Sri Datuk Ibrahim Menudin
Director

Dato' Mohd Ajib Hj Anuar
Director

28th February, 2000

Report Of The Auditors To The Members Of Malaysia Smelting Corporation Berhad

We have audited the accounts set out on pages 20 to 31. These accounts are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company as at 31st December, 1999 and of the results of the Group and of the Company and the cash flows of the Group for the year then ended, and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the accounts and consolidated accounts.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries for which we are the auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's accounts are in the form and content appropriate and proper for the purpose of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for those purposes.

The Auditors' Reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174 (3) of the Companies Act, 1965.

ERNST & YOUNG AF: 0039

Public Accountants

Nordin Baharuddin 837/3/00(J)

Partner

28th February, 2000

Balance Sheets

at 31st December, 1999

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
FIXED ASSETS	3	37,189	40,026	37,189	40,026
BASE STOCK	4	3,000	3,000	3,000	3,000
DEFERRED EXPENDITURE	5	16	16	-	-
INVESTMENT	6	-	-	-	-
CURRENT ASSETS					
Stocks	7	72,829	47,766	72,829	47,766
Debtors	8	26,501	40,018	26,501	40,018
Amount due from a subsidiary company		-	-	16	15
Cash, bank balances and deposits	9	55,922	44,124	55,922	44,124
		155,252	131,908	155,268	131,923
CURRENT LIABILITIES					
Creditors	10	26,686	18,118	26,684	18,116
Amount due to a subsidiary company		-	-	93	96
Bank borrowings, unsecured	11	26,378	21,142	26,378	21,142
Taxation		-	7,648	-	7,645
Proposed dividend		7,500	4,860	7,500	4,860
		60,564	51,768	60,655	51,859
NET CURRENT ASSETS		94,688	80,140	94,613	80,064
		134,893	123,182	134,802	123,090
LONG TERM LIABILITY					
Deferred taxation		(1,664)	(2,182)	(1,664)	(2,182)
		133,229	121,000	133,138	120,908
Financed by:					
SHARE CAPITAL	12	75,000	75,000	75,000	75,000
RESERVES	13	58,229	46,000	58,138	45,908
		133,229	121,000	133,138	120,908

The notes on pages 23 to 31 form part of these accounts.

Profit And Loss Accounts
for the year ended 31st December, 1999

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Turnover	1(f)	742,136	701,075	742,135	701,072
Cost of sales		711,785	671,130	711,785	671,130
Profit before taxation	14	24,809	25,327	24,810	25,326
Taxation	15	920	(7,444)	920	(7,444)
Profit after taxation attributable to shareholders		25,729	17,883	25,730	17,882
Retained profits brought forward		34,532	25,829	34,440	25,738
Profits available for appropriation		60,261	43,712	60,170	43,620
Dividends					
Interim : 8 sen per share tax exempt (1998 : 8 sen per share less 28% tax), paid		(6,000)	(4,320)	(6,000)	(4,320)
Final : 10 sen per share tax exempt (1998 : 9 sen per share less 28% tax), proposed		(7,500)	(4,860)	(7,500)	(4,860)
Retained profits carried forward	13	46,761	34,532	46,670	34,440
Earnings per share (sen)	16	34	24		

The notes on pages 23 to 31 form part of these accounts.

Consolidated Cash Flow Statement
for the year ended 31st December, 1999

	1999	1998
Note	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	24,809	25,327
Adjustments for:		
Depreciation	3,386	2,975
Gain on disposal of fixed assets	(43)	(52)
Interest income	(2,235)	(3,109)
Interest expense	1,924	1,487
Operating profit before working capital changes	27,841	26,628
Increase in stocks	(25,063)	(19,208)
Decrease/(Increase) in debtors	13,341	(16,106)
Increase in creditors	8,715	2,090
Cash generated from/(used in) operations	24,834	(6,596)
Interest paid	(2,071)	(1,235)
Income tax paid	(7,246)	(5,314)
Net Cash From/(Used In) Operating Activities	15,517	(13,145)
Cash Flows From Investing Activities		
Interest received	2,411	3,057
Deferred expenditure incurred	-	(2)
Purchase of fixed assets	(553)	(2,256)
Proceeds from disposal of fixed assets	47	52
Net Cash From Investing Activities	1,905	851
Cash Flows From Financing Activities		
Deferred expenditure	-	-
Borrowing from short term trade financing	5,236	21,142
Dividends paid	(10,860)	(8,100)
Net Cash (Used In)/From Financing Activities	(5,624)	13,042
Net Increase In Cash And Cash Equivalents	11,798	748
Cash And Cash Equivalents At 1 January	44,124	43,376
Cash And Cash Equivalents At 31 December	9 55,922	44,124

The notes on pages 23 to 31 form part of these accounts.

1. ACCOUNTING POLICIES

a. Basis of Accounting

The accounts of the Group and of the Company are prepared under the historical cost convention, modified by the revaluation of certain fixed assets, and comply with approved Accounting Standards issued by the Malaysian Accounting Standards Board.

In the current financial year, the Group and the Company applied certain transitional provisions in International Accounting Standard No. 16 (Revised), Property, Plant and Equipment by virtue of which a reporting enterprise which does not adopt a policy of revaluation is allowed to retain revalued amounts on the basis of their previous valuation (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount).

b. Basis of Consolidation

The accounts of the Group consolidate the accounts of the Company and its subsidiary companies for the year ended 31 December, 1999.

c. Depreciation and Amortisation

Depreciation is not provided against freehold land. Leasehold land is amortised over the unexpired period of the lease. Depreciation of all other fixed assets is provided on a straight line basis to write off the cost or valuation of the fixed assets over their estimated useful lives as follows:

Buildings	20 to 40 years
Plant, equipment and vehicles	5 to 40 years
Furniture	5 to 10 years

d. Base Stock

Base stock is the fixed recirculating stock in the smelting process. The value of this stock which comprises a metallic tin content of 381 tonnes is reviewed at each Balance Sheet date and stated in the accounts at conservative net realisable value which is lower than cost. In view of the long term nature of the stock it is not intended to adjust the figure for short-term price fluctuations.

e. Stocks

Stocks are valued at the lower of cost and net realisable value.

Cost of tin stock is determined on a first-in first-out basis. Stock of tin-in-concentrates and tin-in-process which have matching sales contracts for refined tin metal from tin smelting operation, are stated at the value of such contracts less provision for conversion. This value is consistent with cost, as it is the practice of the Company to buy tin-in-concentrates and sell refined tin metal on a back to back price basis for its tin smelting operation.

Cost of other stocks comprising stores, spares, fuels and saleable by-products is determined on the weighted average cost basis. Production cost is not allocated to by-products notwithstanding that they may have sale value.

Notes To The Accounts

– 31st December, 1999

f. Turnover

Turnover of the Group and of the Company represents invoiced value of refined tin metal, by-products and services rendered.

g. Deferred Taxation

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future. Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.

h. Currencies

The accounts are stated in Ringgit Malaysia.

Transactions during the year in foreign currencies are recorded in Ringgit Malaysia at the rates prevailing or applicable at transaction dates. Current assets and current liabilities in foreign currencies at the year end are reported in Ringgit Malaysia at year end rates. All gains and losses on exchange are dealt with through the Profit and Loss account.

i. Deferred Expenditure

Preliminary and pre-operation expenses relating to the subsidiary companies are stated at cost and are to be written off against future operating profits of those companies.

j. Investment

Investments are stated at cost. Provision is made against cost of investment when, in the opinion of the Directors, a permanent diminution in value has arisen.

k. Cash & Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash and bank balances, overdrafts and deposits with licensed banks and licensed finance companies.

2. SUBSIDIARY COMPANIES

Details of the wholly-owned subsidiary companies which are incorporated in Malaysia are as follows:-

Company	Issued & Paid-Up Capital	Principal Activity
Malaysia Smelting Corporation (Warehousing) Sdn Bhd	RM2.00	Tin Warehousing
MSC Properties Sdn Bhd	RM2.00	Dormant

Notes To The Accounts

– 31st December, 1999

3. FIXED ASSETS

Group/Company	Freehold land	Short		Buildings	Plant, equipment vehicles & furniture	1999 Total	1998 Total
		land	Leasehold				
1999	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost or Valuation							
At 1 January 1999	18,207	700	11,693	34,287	64,887	55,464	
Additions	-	-	-	553	553	2,256	
Disposals	-	-	-	(1,506)	(1,506)	(218)	
Revaluation	-	-	-	-	-	7,385	
At 31 December 1999	18,207	700	11,693	33,334	63,934	64,887	
Representing							
Cost	-	-	-	33,334	33,334	34,287	
Valuation 1998	18,207	700	11,693	-	30,600	30,600	
	18,207	700	11,693	33,334	63,934	64,887	
Accumulated Depreciation							
At 1 January 1999	-	-	-	24,861	24,861	26,187	
Additions	-	31	1,459	1,896	3,386	2,975	
Disposals	-	-	-	(1,502)	(1,502)	(218)	
Revaluation	-	-	-	-	-	(4,083)	
At 31 December 1999	-	31	1,459	25,255	26,745	24,861	
Net Book Value							
At 31 December 1999	18,207	669	10,234	8,079	37,189	-	
At 31 December 1998	18,207	700	11,693	9,426	-	40,026	
Net Book Value (had the assets been carried at cost less depreciation)							
At 31 December 1999	7,680	176	4,039	8,079	19,974	-	
At 31 December 1998	7,680	183	4,488	9,426	-	21,777	

The short leasehold land comprises leases with a current duration of between 7 to 28 years. Plant, equipment, vehicles and furniture includes capital work-in-progress of RM56,000 (1998 : RM182,000).

Notes To The Accounts

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The land and buildings were revalued by the Directors in December 1998 on the basis of an independent professional valuation on a present use basis. As allowed by the transitional provision in International Accounting Standard No. 16 (Revised), Property, Plant and Equipment, issued by Malaysian Accounting Standards Board, these assets have continued to be stated on the basis of their 1998 valuation.

4. BASE STOCK

As stated in note 1.d, base stock which comprises a metallic tin content of 381 tonnes is stated in the accounts at RM3,000,000 based on a conservative net realisable value calculated at a tin metal price of RM11 per kg, as compared with the tin metal price of RM22.33 per kg as at 31 December, 1999.

5. DEFERRED EXPENDITURE

	Group	
	1999 RM'000	1998 RM'000
Preliminary expenses, at cost	12	12
Pre-operation expenses, at cost	4	4
	16	16

6. INVESTMENT

	Group/Company	
	1999 RM'000	1998 RM'000
Unquoted shares at cost	3,663	3,663
Provision for diminution in value of investment	(3,663)	(3,663)
	-	-

The shares were previously quoted on the Toronto Stock Exchange, Canada and were delisted on 26 May 1998.

Notes To The Accounts
 – 31st December, 1999

7. STOCKS

	Group/Company	
	1999	1998
	RM'000	RM'000
Stocks of tin-in-concentrates, tin-in-process and tin metal	53,053	39,385
Other stocks (stores, spares, fuels, and by-products)	19,776	8,381
	72,829	47,766

8. DEBTORS

	Group/Company	
	1999	1998
	RM'000	RM'000
Trade debtors	24,795	39,206
Specific provision for doubtful debts	(814)	(815)
	23,981	38,391
Other debtors, deposits and prepayments	2,520	1,627
	26,501	40,018

9. CASH, BANK BALANCES AND DEPOSITS

	Group/Company	
	1999	1998
	RM'000	RM'000
Deposits with licensed banks	34,689	20,312
Deposits with licensed finance companies	20,020	19,210
Cash and bank balances	1,213	4,602
	55,922	44,124

Notes To The Accounts

– 31st December, 1999

10. CREDITORS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Trade creditors	7,926	7,465	7,926	7,465
Other creditors and accruals	18,760	10,653	18,758	10,651
	<u>26,686</u>	<u>18,118</u>	<u>26,684</u>	<u>18,116</u>

11. BANK BORROWINGS, UNSECURED

	Group/Company	
	1999 RM'000	1998 RM'000
Short term trade financing	<u>26,378</u>	<u>21,142</u>

The bank borrowings bear interest at rates ranging from 5.50% to 6.80% (1998: 6.10% to 7.30%) per annum.

12. SHARE CAPITAL

	Company	
	1999 RM'000	1998 RM'000
Ordinary shares of RM1.00 each Authorised	<u>100,000</u>	<u>100,000</u>
Issued and fully paid	<u>75,000</u>	<u>75,000</u>

Notes To The Accounts
 – 31st December, 1999

13. RESERVES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Non-distributable -				
Surplus on revaluation of land and buildings				
Balance at 1 January	11,468	-	11,468	-
Revaluation arising during the year	-	11,468	-	11,468
Balance at 31 December	11,468	11,468	11,468	11,468
Distributable -				
Retained profits	46,761	34,532	46,670	34,440
	58,229	46,000	58,138	45,908

As at 31 December 1999, the Company has, pending agreement with the tax authorities, sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank by way of dividends all of its distributable reserves.

In addition, the Company also has, pending agreement with the tax authorities, tax exempt profit of approximately RM20,500,000 (1998 - RM6,500,000) as at 31 December 1999 available for distribution.

Notes To The Accounts

– 31st December, 1999

14. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting):-

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Rents on land and buildings	181	204	181	204
Hire of equipment and vehicles	45	49	45	49
Directors' remuneration:				
Fees	120	90	120	90
Emoluments	458	320	458	320
Auditors' remuneration	61	56	60	55
Gain on disposal of fixed assets	(43)	(52)	(43)	(52)
Bad debts recovered	(12)	-	(12)	-
Bad debts written off	8	-	8	-
Specific provision for doubtful debts	-	48	-	48
Depreciation	3,386	2,975	3,386	2,975
Interest expense	1,924	1,487	1,924	1,487
Interest received and receivable	(2,235)	(3,109)	(2,235)	(3,109)
Loss/(Gain) on foreign exchange	20	(57)	20	(57)

15. TAXATION

	Group/Company	
	1999 RM'000	1998 RM'000
Malaysian taxation based on profit for the year - current	-	(7,506)
- deferred	518	62
Over-provision in respect of prior years	402	-
	920	(7,444)

There is no tax charge for the year as tax on chargeable income is waived under the Income Tax (Amendment) Act, 1999.

16. EARNINGS PER SHARE

The calculation of earnings per share is based on profit after taxation of RM25,729,000 (1998: RM17,883,000) for the Group and 75,000,000 (1998: 75,000,000) shares in issue during the year.

Notes To The Accounts

– 31st December, 1999

17. CAPITAL COMMITMENTS

Outstanding commitments at the end of the year on uncompleted capital items were as follows:-

	Group/Company	
	1999	1998
	RM'000	RM'000
Authorised and contracted	10,613	774
Authorised and not contracted	-	189
	10,613	963

Included in the authorised and contracted capital commitments are capital commitments for investment of RM9,962,000 (1998: Nil). These represent the balance of the purchase consideration for the acquisition of shares in Redring Solder (Malaysia) Sdn Bhd from a third party as well as subscription of additional shares in the investee company which will result in the Company holding 40% of its equity interest. The acquisition of the shares from the third party has been approved by the relevant authorities.

18. GROUP SEGMENT REPORTING

There is no disclosure of segmental information as required by International Accounting Standard No. 14 as the Group operates principally within one industry and one country.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

List Of Properties

Location	Description	Approximate Area	Tenure	Year of Expiry	Approximate Age of Building	Net Book Value at 31.12.99 RM'000
1. 27 Jalan Pantai 12000 Butterworth						
a. Lot 142-187 and 362	Land with offices and factory buildings	12.5 acres	Freehold	-	2 - 46 years	24,877
b. Lot 268	Land with offices and factory buildings	45,575 sq ft	Leasehold	2028	2 - 46 years	572
c. Lot 263	seabed leases with main wharf	15,000 sq ft	Leasehold	2006	NA	668
d. Lot 264-265, 267 and 851	seabed leases with jetty	3,250 sq ft	Leasehold	2018	NA	93
2. Lot 1199 Mukim 12, Daerah Seberang Perai Tengah	Vacant Land	13.40 acres	Freehold	-	NA	2,900

Tin Market Review 1999

Prices

Tin prices at the Kuala Lumpur Tin Market (KLTM) were more stable in 1999 and moved in tandem with LME prices after the introduction of selective currency controls by the Malaysian Government and the pegged rate for US\$/RM conversion. Prices were transacted between the RM19.00 and RM20.00 per kg price range for most part of the year. The average price for 1999 was RM20.16 per kg with the high and low for the year at RM22.33 per kg and RM18.72 per kg respectively. In tandem with firmer LME prices towards the end of the year, the KLTM prices started to move upwards during end November, closing the year at its highest level.

In the London Metal Exchange (LME), the 3 months' buying prices declined slightly by 1.5% from an average of US\$5,489 per tonne in 1998 to US\$5,406 per tonne in 1999. In line with the strong recovery of the other base metals' prices towards the end of the year, the LME 3 months' tin prices also surged upwards in November closing the year strongly at US\$6,095 per tonne. The market was trading at a small backwardation during the early part of 1999 reflecting a continuing tightness in the physical spot market. A contango market appeared during mid-1999 with the spread cash to 3 months trading at a range of US\$30 to US\$60 per tonne towards the close of the year.

Supply and Demand

Malaysian domestic production of tin-in-concentrates increased by 27.6% to 7,340 tonnes. The higher RM tin prices as a result of the US\$/RM pegged rate and the issuance of new mining leases have encouraged further opening of mines in Malaysia. However, the present lack of a coherent mining policy, particularly among the mining states, will pose a hindrance to any large-scale revival of the mining industry in Malaysia.

The US Bureau of Mines has estimated Malaysian tin resources at 1.2 million tonnes and, although a portion of these resources may not be recoverable due to lower grades and alternative land use, we believe that potential still exists for the commodity to contribute significantly to the country's GDP again.

World mine production of tin-in-concentrates remained relatively unchanged at around 220,000 tonnes. China continued to be the world's largest producer with a reported mine production of 81,869 tonnes of tin-in-concentrates or 37% of the world's output in 1999. Falls in mine production in Indonesia, Bolivia, Brazil and Portugal were offset by increases in Peru, Malaysia and Thailand. Brazilian production continued to decline sharply with the near depletion of its alluvial deposits and substantial capital investments in exploration and infrastructure will be required to mine their hard rock deposits. The mine in Portugal is in its final mining phase of their tin deposits and would be reducing their output significantly in the next few years if no new deposits are identified. Indonesia reported lower output for 1999 and no significant increase is expected in 2000 as the continuing social unrest and falling ore grades will hamper any efforts to raise its production to pre-crisis levels.

Total western world consumption of refined tin increased by 2.8% to 205,500 tonnes on the back of strong recovery in the crisis-hit Asian countries. With the exception of Japan, which registered a small decline in consumption, the other Asian consuming countries collectively registered a significant increase of 10.4% in tin consumption. Tin consumption in U.S.A. and Europe continued to maintain its upward momentum, registering increases of 2.0% and 1.7% respectively. Although no reliable figures are available, it is believed that rising demand in China will make her a potential major tin consuming country.

Tin Market Review 1999

ITRI Ltd. continues to make significant progress in the development and promotion of new products and markets for tin. The new tin applications developed over recent years are slowly beginning to make an impact particularly in lead-free solder. Tin consumed in solder has grown significantly over the last few years in tandem with the growth in the electronics industry worldwide. It has in fact overtaken tinsplate as the biggest end-user with a reported share of 64% of the western world refined tin consumption by end-user in 1999. *Therefore, the expected switch to lead-free solder alloy with typical tin content of 98% and above will open a huge market for increased tin consumption in the future.*

The rapid recovery of the crisis-hit East Asian economies and its potential future GDP growth will continue to underpin a strong consumption trend in the region and we believe that the supply and demand equation will gradually shift its focus to the East Asian market. *In 1999, Asian countries accounted for 80% of world production of tin-in-*

concentrates and nearly 40% of world tin consumption. Rising consumption prospects in China and the high growth rate in the electronics industry, where solder is mainly consumed in the region's strong electronics-manufacturing base, will potentially make East Asia both the largest producer as well as the largest consumer of refined tin metal in the world.

LME/DLA Stocks

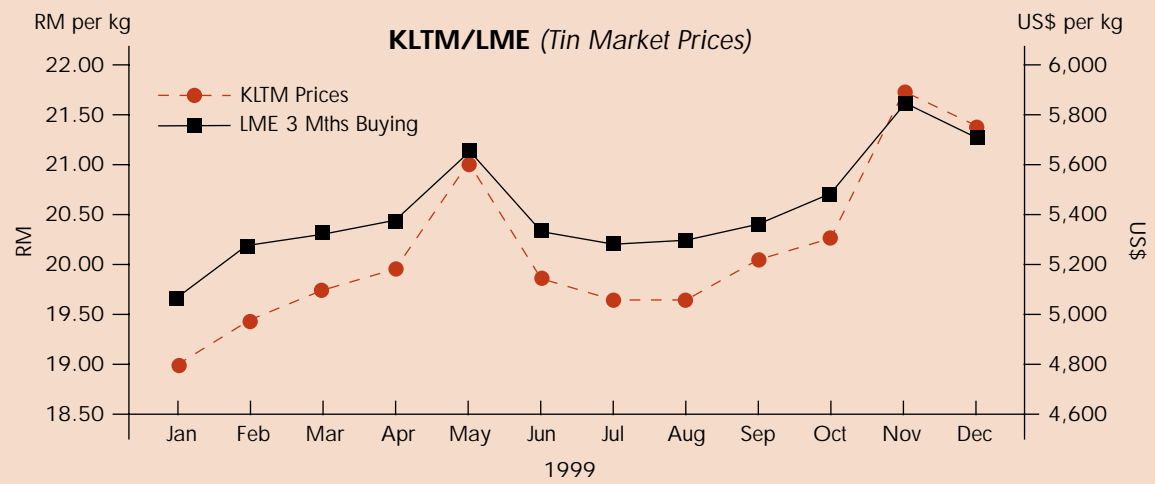
LME warehouse stocks, which stood at about 8000 tonnes at the beginning of 1999, rose gradually during the year due to increased tin shipments from China to the various LME warehouse locations. The LME warehouse stocks stood at 9,560 tonnes at the close of the year.

US Defense Logistics Agency (DLA) continued its disposal program with an annual sales target of 12,000 tonnes. The DLA stocks continued to be depleted with each sale and are now less than 80,000 tonnes as compared to 350,000 tonnes at the outset of the disposal program in 1962.

Tin Market Prices

	Highest	KLTM Prices RM per kg		Average	KLTM Turnover (Tonnes)	LME
		Lowest				3 Months Buying Average US\$ Per Tonne
1994	16.06	12.17		14.13	19,022	5,532
1995	17.60	13.33		15.36	22,614	6,233
1996	16.24	14.31		15.26	26,083	6,202
1997	21.13	13.52		15.61	25,421	5,670
1998	24.68	17.80		21.24	16,323	5,489
1999	22.33	18.72		20.16	18,599	5,406
1999						
January	19.45	18.72		18.99	1,354	5,095
February	20.08	19.12		19.46	1,494	5,234
March	19.92	19.52		19.75	1,804	5,279
April	20.78	19.45		19.96	1,629	5,357
May	21.42	20.48		21.03	1,692	5,626
June	20.56	19.33		19.87	1,334	5,300
July	19.84	19.48		19.64	1,411	5,250
August	19.88	19.42		19.64	1,398	5,260
September	20.68	19.60		20.03	1,873	5,393
October	21.16	19.94		20.36	1,472	5,475
November	22.10	21.27		21.73	1,532	5,854
December	22.33	21.13		21.47	1,606	5,748

Tin Market Review 1999



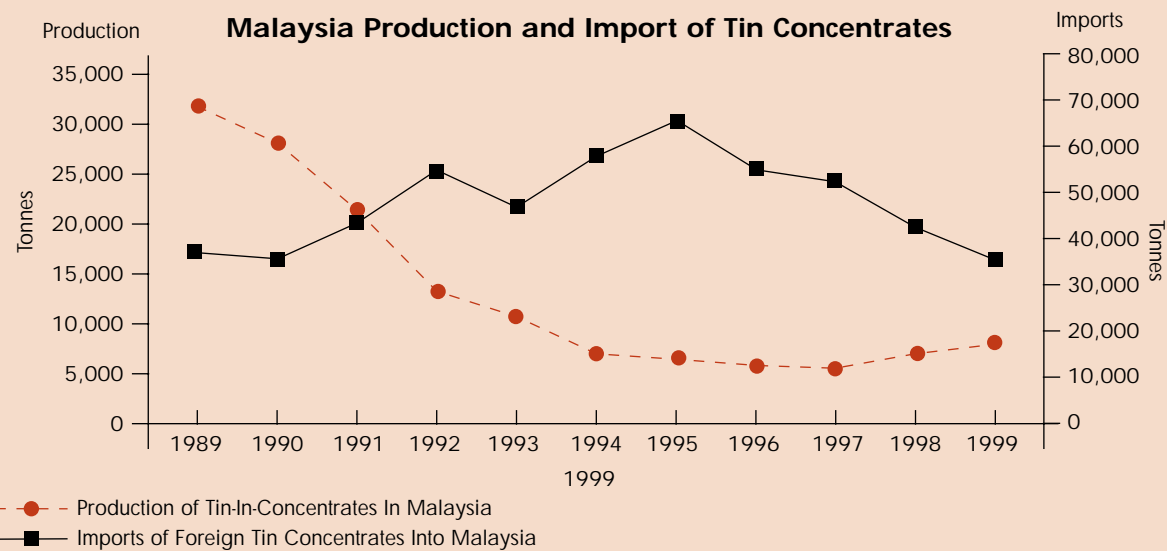
Production Of Tin-In-Concentrates In Malaysia

Year	Tonnes
1989	32,034
1990	28,468
1991	20,710
1992	14,339
1993	10,384
1994	6,517
1995	6,403
1996	5,176
1997	5,060
1998	5,764
1999	7,340

Imports Of Foreign Tin Concentrates Into Malaysia

Year	Tonnes
1989	39,235
1990	38,252
1991	46,458
1992	58,638
1993	48,702
1994	59,539
1995	67,346
1996	57,762
1997	52,954
1998	40,547 *
1999	32,955

* After the closure of Escoy Smelting Sdn Bhd in mid-1998, MSC became the sole tin smelter in Malaysia.



Tin Market Review 1999

Deliveries Of Refined Tin From Penang (Tonnes Refined Tin by reported destination)

Destination	1995	1996	1997	1998	1999
Afghanistan	18	-	-	-	-
Africa	-	1,384	1,309	1,250	1,322
Australia & New Zealand	708	767	692	283	233
Canada	20	-	-	-	-
China	-	161	2	4	-
EEC (Incl. UK)	13,555	12,941	12,116	10,706	11,558
India, Pakistan & Bangladesh	1,502	1,730	1,831	2,339	2,106
Japan	7,170	5,622	6,800	2,299	3,395
Middle East	538	1,334	1,326	958	360
Taiwan	4,086	4,156	2,125	1,636	2,561
Korea	1,229	1,870	2,176	1,355	1,369
Rest of Asia Pacific	632	450	403	106	136
Singapore	574	144	521	377	665
South America	646	7	-	100	-
USA	1,292	1,385	485	657	416
Russia & Eastern Europe	2	-	-	-	-
	31,972	31,951	29,786	22,070	24,121
Malaysia (for domestic consumption)	6,159	6,062	6,034	4,747	5,087
Total	38,131	38,013	35,820	26,817	29,208

Shareholdings Statistic
as at 31st March, 2000

Analysis Of Shareholdings

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 – 1,000	1,327	57.57	1,327,000	1.77
1,001 – 5,000	776	33.67	2,303,000	3.07
5,001 – 10,000	117	5.08	967,000	1.29
10,001 – 100,000	69	2.99	1,965,000	2.62
100,001 – 1,000,000	10	0.43	3,026,000	4.03
More than 1,000,000	6	0.26	65,412,000	87.22
TOTAL	2,305	100.00	75,000,000	100.00

Twenty Largest Shareholders as at 31st March, 2000

Name	No. of Shares	% of Issued Capital
1. Pacific Nominees (Asing) Sdn Bhd	29,995,000	39.99
2. Malaysia Mining Corporation Berhad	28,080,000	37.44
3. Malaysia Nominees (Tempatan) Sdn Bhd	3,812,000	5.08
4. Malaysia Nominees (Asing) Sdn Bhd	3,108,000	4.14
5. Permodalan Nasional Berhad	1,251,000	1.67
6. Anglo-Oriental (Annuities) Sdn Bhd	564,000	0.75
7. Malaysia Trustees Berhad	500,000	0.67
8. Ibrahim Bin Menudin	315,000	0.42
9. Mayban Securities Nominees (Tempatan) Sdn Bhd	262,000	0.35
10. Mayban Nominees (Tempatan) Sdn Bhd	150,000	0.20
11. Winnie Hamzah Sendut Nee Toh Wee Nee	132,000	0.18
12. Eng Nominees (Tempatan) Sdn Bhd	117,000	0.16
13. Chong Fa @ Chong Nam Yen	116,000	0.15
14. Wong Kum Fatt	110,000	0.15
15. Cartaban Nominees (Tempatan) Sdn Bhd	100,000	0.13
16. Howe Yoon Chong	100,000	0.13
17. Mayfin Nominees (Tempatan) Sdn Bhd	100,000	0.13
18. Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Selangor	91,000	0.12
19. Syarikat Pembangunan Hawa Bersih Sdn Bhd	87,000	0.12
20. Yap Song Yung	84,000	0.11
TOTAL	69,074,000	92.09

Shareholdings Statistic

as at 31st March, 2000

Substantial Shareholders

Name	Direct Interest	Deemed Interest	% of Issued Capital
1. Malaysia Mining Corporation Berhad	28,080,000	564,000	38.19
2. The Straits Trading Company Limited	-	29,945,000	39.99
3. The Great Eastern Life Assurance Company Ltd	3,108,000	3,812,000	9.23
4. Overseas-Chinese Banking Corporation Limited	-	6,920,000	9.23

Proxy Form

I/We _____ (Full Name in Block Letter)

of _____ (Address)

being a member/members of MALAYSIA SMELTING CORPORATION BERHAD hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings %

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings %

as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company, to be held on Tuesday 30th May, 2000 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No	Resolutions	For	Against
1	Adoption of Report and Accounts		
2	Declaration of Dividend		
3	Re-election of Tan Sri Datuk Ibrahim Menudin		
4	Reappointment of Jeneral (B) Tan Sri Datuk Ibrahim bin Datuk Ismail as a Director		
5	Reappointment of Mr. Choi Siew Hong as a Director		
6	Reappointment of Dato' Siew Nim Chee as a Director		
7	Approval of Directors' Fee		
8	Reappointment of Auditors		

Dated this _____ day of _____ 2000.

Total Number of Shares	
------------------------------	--

 Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES BELOW

Note:

A proxy may but need not be a member of the Company and the provisions of Section 149(1) of the Act shall not apply to the Company.

To be valid this form duly completed must be deposited at the Registered Office of the Company at 27, Jalan Pantai, 12000 Butterworth, Penang not less than forty-eight (48) hours before the time for holding the meeting.

A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting.

Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.



Affix
Stamp

To:

THE COMPANY SECRETARY
MALAYSIA SMELTING CORPORATION BERHAD (Co. No. 43072-A)
27 Jalan Pantai, 12000 Butterworth,
P. O. Box 2, 12700, Butterworth,
Penang.
