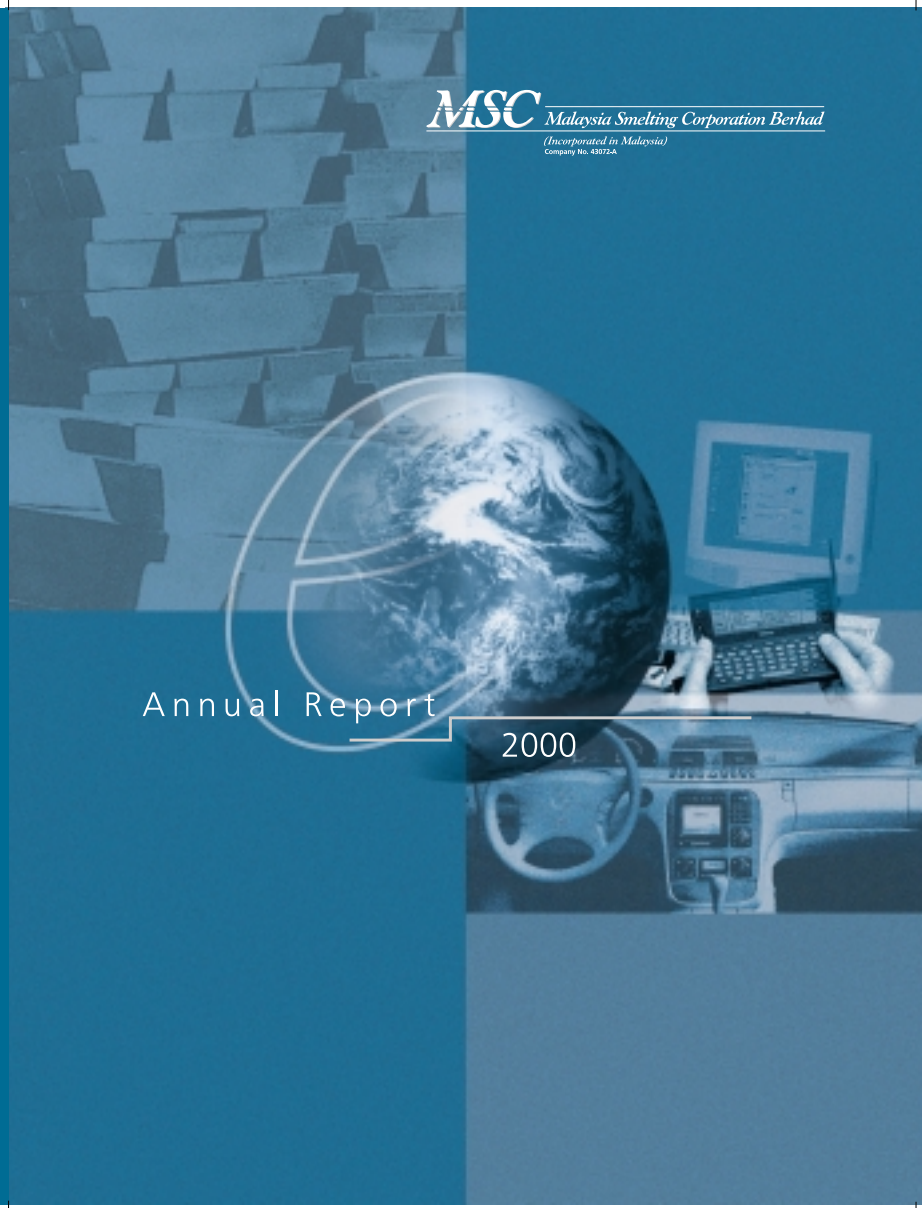


MSC *Malaysia Smelting Corporation Berhad*
(Incorporated in Malaysia)
Company No. 43072-A

MSC *Malaysia Smelting Corporation Berhad*
(Incorporated in Malaysia)
Company No. 43072-A

Annual Report
2000





Concept And Design Rationale

The cover's theme reflects the Company's involvement in driving forward the electronics and automotive industries in the "New Economy" era – MSC's tin is used in strategic products for the electronics industry and in various applications linked to the automotive sector.

In aligning itself with the "New Economy", the Company's operation is also undergoing significant transformation with the installation of an enterprise resource planning software leading to e-commerce application to integrate its various business units and linking them to an Internet based platform.

Contents



2 - 3	■	Notice Of Meeting
4	■	Corporate Information
5 - 6	■	Financial Highlights
7	■	Audit Committee
8 – 9	■	Board Of Directors
10 - 13	■	Statement By The Chairman and The Chief Executive Officer
14 - 17	■	Report Of The Directors
18	■	Statement By The Directors
18	■	Statutory Declaration
19	■	Report Of The Auditors
20	■	Balance Sheets
21	■	Income Statements
22 - 23	■	Statements Of Changes In Equity
24 - 25	■	Cash Flow Statements
26 - 39	■	Notes To The Accounts
40	■	List Of Properties
41 - 44	■	Tin Statistics
45 - 46	■	Shareholdings Statistics
		Proxy Form



MSC's Electrolytic Grade High Purity Tin
(Minimum 99.99% Sn)



Notice Of Meeting

NOTICE IS HEREBY GIVEN that the Twenty Second Annual General Meeting of members of Malaysia Smelting Corporation Berhad will be held at the Bayan Room, Equatorial Hotel Penang, Jalan Bukit Jambul, Penang, Malaysia on Monday 28th May, 2001 at 11.30 a.m. for the purpose of considering and if thought fit, passing the following as ordinary resolutions:-

1. "THAT the Report of the Directors and Accounts for the year ended 31st December, 2000 and the Report of the Auditors thereon be and are hereby received and adopted".
2. "THAT the final dividend of 10 sen per RM1.00 share, less 28% tax, for the year ended 31st December, 2000 be and is hereby approved and declared payable on 16th July, 2001 to shareholders on the Register of Members at 5.00 p.m. on 15th June, 2001".
3. "THAT Mr. Norman Ip Ka Cheung, who retires by rotation, be and is hereby re-elected a Director of the Company".
4. "THAT Y. Bhg. Jeneral (B) Tun Ibrahim bin Datuk Ismail, who retires pursuant to Section 129 (2) of the Companies Act, 1965, be and is hereby reappointed a Director of the Company pursuant to Section 129 (6) of the Companies Act, 1965, to hold office until the conclusion of the next Annual General Meeting of the Company".
5. "THAT Mr. Choi Siew Hong, who retires pursuant to Section 129 (2) of the Companies Act, 1965, be and is hereby reappointed a Director of the Company pursuant to Section 129 (6) of the Companies Act, 1965, to hold office until the conclusion of the next Annual General Meeting of the Company".
6. "THAT Y. Bhg. Dato' Siew Nim Chee, who retires pursuant to Section 129 (2) of the Companies Act, 1965, be and is hereby reappointed a Director of the Company pursuant to Section 129 (6) of the Companies Act, 1965, to hold office until the conclusion of the next Annual General Meeting of the Company".
7. "THAT the Directors' fees of RM120,000 in respect of the year ended 31st December, 2000 be and is hereby approved payable to non-executive Directors in such proportion and manner as the Directors may determine".
8. "THAT Messrs Ernst & Young, who are eligible and have given their consent for reappointment, be and are hereby reappointed the Company's Auditors for the period until the conclusion of the next Annual General Meeting and that the remuneration to be paid to them be fixed by the Board".

Notice Of Meeting



NOTICE TO CLOSE REGISTER OF MEMBERS

The Share Transfer Books and Register of Members of the Company kept by the Company's Registrar, Pernas Charter Management Sdn Bhd of 32nd Floor, Menara PNB, 201A, Jalan Tun Razak, 50400 Kuala Lumpur, will be closed from 18th to 19th June, 2001 (both days inclusive) for the purpose of determining shareholders' entitlement to the final dividend of 10 sen per RM1.00 share, in respect of the year ended 31st December, 2000.

FURTHER NOTICE IS HEREBY GIVEN that the final dividend of 10 sen per share will be payable on 16th July, 2001 to depositors registered in the Record of Depositors at the close of business on 15th June, 2001. A depositor shall qualify for the entitlement only in respect of:-

- a. Securities transferred into the Depositor's Securities Account before 12.30 p.m. on 15th June, 2001 in respect of ordinary transfers;
- b. Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 13th June, 2001 in respect of securities which are exempted from mandatory deposit; and
- c. Securities bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD

Abdul Rahim Hussain
Secretary
Butterworth
5th May, 2001

Notes:

- 1) *A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
- 2) *A proxy form is enclosed and to be valid must reach the Registered Office of the Company at 27 Jalan Pantai, 12000 Butterworth, Penang not less than forty-eight (48) hours before the meeting.*
- 3) *If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.*

Malaysia Smelting Corporation Berhad (43072-A)
(Incorporated in Malaysia)



Corporate Information

BOARD OF DIRECTORS

Tan Sri Ibrahim Menudin
(Chairman)

Dato' Mohd Ajib Anuar
(CEO/Executive Director)

Jeneral (B) Tun Ibrahim bin Datuk Ismail
Choi Siew Hong
Datuk Ab Sukor bin Shahar
Norman Ip Ka Cheung
Dato' Mohd Desa Pachi
Dato' Siew Nim Chee

COMPANY SECRETARY

Abdul Rahim Hussain (LS7064)

AUDIT COMMITTEE

Choi Siew Hong
(Chairman)
(Independent non-executive Director)
Datuk Ab Sukor bin Shahar
(Independent non-executive Director)
Norman Ip Ka Cheung
(Independent non-executive Director)
Dato' Mohd Desa Pachi
(Independent non-executive Director)
Dato' Mohd Ajib Anuar
(CEO/Executive Director)

MANAGEMENT

Dato' Mohd Ajib Anuar *(CEO/Executive Director)*
Lai Fook Hoy *(General Manager, Operations)*
Yap Fook Ping *(Financial Controller)*
Abdul Rahim Hussain *(Company Secretary)*
Chua Cheong Yong *(Senior Manager, Commercial)*

REGISTERED OFFICE

27 Jalan Pantai
12000 Butterworth, Penang
Telephone No. 04-3333500
Telefax No. 04-3317405/3326499
Website: www.msmelt.com
Email: msc@msmelt.po.my

KUALA LUMPUR MARKETING OFFICE

B-15-11, Block B, 15th Floor, Unit 11
Megan Phileo Avenue
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Telephone No. 03-21669258/21669259
03-21669260/21669261
Telefax No. 03-21669245
E-mail: msckl@po.jaring.my

SHARE REGISTRARS

Pernas Charter Management Sdn Bhd
32nd Floor, Menara PNB
201A, Jalan Tun Razak
50400 Kuala Lumpur

AUDITORS

Ernst & Young
Public Accountants
4th Floor, Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur

BANKERS

Bumiputra - Commerce Bank Berhad
Citibank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad
Southern Bank Berhad
The Bank of Nova Scotia Berhad

STOCK EXCHANGE LISTING

The Kuala Lumpur Stock Exchange

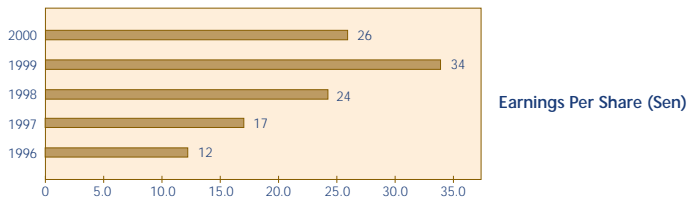
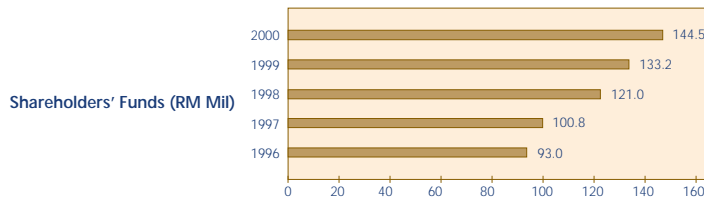
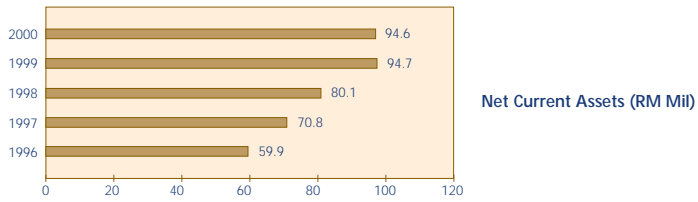
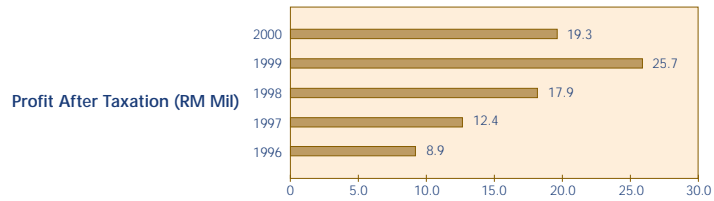
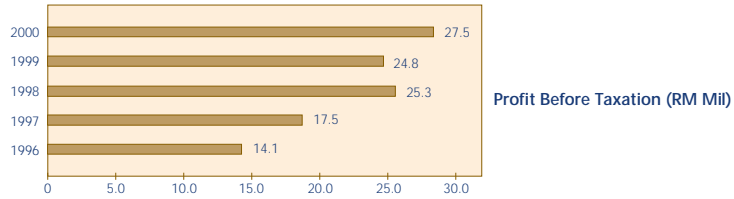
Financial Highlights



		Year Ended 31st December				
		1996	1997	1998	1999	2000
Profit before exceptional items	(RM Mil)	17.1	18.2	25.3	24.8	27.5
Exceptional items	(RM Mil)	(3.0)	(0.7)	–	–	–
Profit before taxation	(RM Mil)	14.1	17.5	25.3	24.8	27.5
Profit after taxation	(RM Mil)	8.9	12.4	17.9	25.7	19.3
Extraordinary item	(RM Mil)	–	2.3	–	–	–
Profit attributable to shareholders	(RM Mil)	8.9	14.7	17.9	25.7	19.3
Total assets	(RM Mil)	111.9	128.1	175.0	195.5	192.2
Net current assets	(RM Mil)	59.9	70.8	80.1	94.7	94.6
Shareholders' funds	(RM Mil)	93.0	100.8	121.0	133.2	144.5
Earnings per share	(sen)	12	17	24	34	26
Gross dividend per share	(sen)	13	13	17	18	18
Net asset per share	(sen)	124	134	161	178	189
Pre-tax return on average shareholders' funds	(%)	15	18	23	20	20



Financial Highlights



Audit Committee



COMPOSITION AND TERMS OF REFERENCE

Constitution

The Audit Committee was established on 30th August, 1994.

Membership

The Committee shall be appointed by the Board of Directors and shall consist of at least three and not more than five Directors, including the Chief Executive Officer. A quorum shall be three members (two, if the Committee consists of four or fewer members).

The Chairman of the Committee shall be appointed by the Board, except that the Chief Executive Officer shall not be the Chairman.

The Committee currently consists of the following members:

Choi Siew Hong
Chairman (Independent Non-Executive Director)

Datuk Ab. Sukor bin Shahar
Director (Independent Non-Executive Director)

Norman Ip Ka Cheung
Director (Independent Non-Executive Director)

Dato' Mohd. Desa Pachi
Director (Independent Non-Executive Director)

Dato' Mohd. Ajib Anuar
CEO/Executive Director

Attendance at Meetings

The General Manager (Operations), Financial Controller, Internal Audit Manager and a representative of the External Auditors shall normally attend meetings. The Company Secretary shall be the Secretary of the Committee.

Frequency of Meetings

Meetings shall be at least four times a year. Additional meetings may be called at anytime at the discretion of the Committee's Chairman.

Authority

The Committee is authorised by the Board of Directors to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the Committee.

Duties

The duties of the Committee are to review, appraise and report to the Board of Directors on the following:

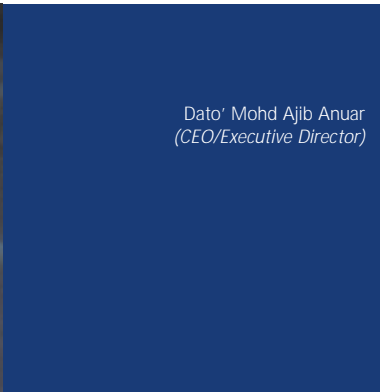
- the appointment of the External Auditors, the audit fee and any question of resignation or dismissal;
- the audit plan before the external audit commences;
- the results and findings of the audit, the External Auditors' management letter and the implementation of any recommendations made therein;
- the quarterly and annual financial statements before submission to the Board;
- the internal audit programme, major findings of internal audit and management's response; and
- any related party transactions that may arise within the Company or Group.

Reporting Procedures

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee and Board of Directors. The Committee's Chairman shall report on each meeting to the Board of Directors.



Tan Sri Ibrahim Menudin
(Chairman)



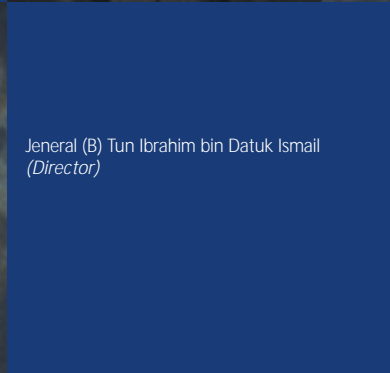
Dato' Mohd Ajib Anuar
(CEO/Executive Director)



Jeneral (B) Tun Ibrahim bin Datuk Ismail
(Director)



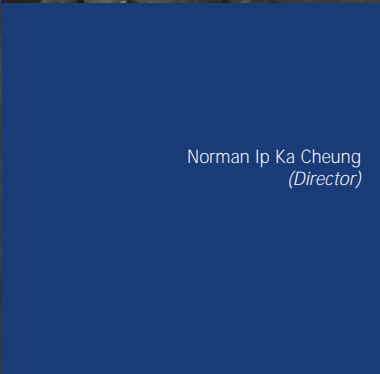
Norman Ip Ka Cheung
(Director)



Datuk Ab Sukor bin Shahr
(Director)



Dato' Siew Nim Chee
(Director)



Malaysia Smelting Corporation Berhad (43072-A)
(Incorporated in Malaysia)

Board Of Directors



Choi Siew Hong
(Director)



Tan Sri Ibrahim Menudin
(Chairman)

Dato' Mohd Ajib Anuar
(CEO/Executive Director)

Jeneral (B) Tun Ibrahim bin Datuk Ismail
(Director)

Choi Siew Hong
(Director)



Datuk Ab Sukor bin Shahar
(Director)

Norman Ip Ka Cheung
(Director)

Dato' Mohd Desa Pachi
(Director)

Dato' Siew Nim Chee
(Director)

Dato' Mohd Desa Pachi
(Director)



Statement By The Chairman And The Chief Executive Officer

On behalf of the Board of Directors, we are pleased to present the Annual Report and Accounts of Malaysia Smelting Corporation Berhad and its subsidiaries for the year ended 31st December, 2000.

During the year 2000 the Company strengthened further its global strategic position as the largest international tin smelter, focussing on its core business of smelting, refining and marketing of tin metal and associated value-added products. The Company's newly acquired associate, Redring Solder (Malaysia) Sdn. Bhd. also expanded its business in the production and marketing of tin based industrial materials for the global electronics industries. Amidst a highly competitive and challenging global market environment the Group achieved another year of impressive performance. The earnings before tax increased by 10.8% to reach a new record level of RM27.483 million giving an average pre-tax return of 20% on its shareholders' funds. The Group's financial position had also strengthened further with shareholders' funds increasing from RM133.2 million to RM144.5 million at the end of 2000.

The Global Tin Industry

The global tin industry went through a relatively stable period during the year 2000 with positive growth rates registered on both the demand for tin and production of tin-in-concentrates. While the Asian economies continued to experience positive GNP growth albeit at a slower pace, other industrialised economies were maintaining their growth rates although there were signs of a slowdown in the U.S. towards the end of the year.

Demand for tin remained strong and the growth in global tin consumption averaged close to 5% during the year. The solder sector continued to be the main growth driver in tin consumption in recent years as the intensity of tin-use in the electronics industry

increases. The potential move towards an environmentally friendly lead-free solder product will further underpin the strong growth rates in this sector. While tin consumption in chemicals continued to show positive growth, the tin plate sector retreated after a good first half and should, on balance, maintain its previous year's consumption level. Consumption growth is starting to pick up in new tin applications and should offset any slowdown in the traditional sectors of tin usage.

On the supply side, total world production of tin-in-concentrates grew by 4.3% to 229,258 tonnes. Increased production from China (+8%) and Peru (+20%) largely contributed to the increase in 2000. China continued to remain as the world largest tin producer and has, in recent years, been the dominant factor influencing the global tin demand and supply fundamentals. Export quotas designed to regulate and limit the export of tin out of China has been largely ineffective and it is reported that China exported around 60,000 tonnes of tin metal in 2000, an increase of nearly 12% from the reported figure last year. Tin-in-concentrates production in China and Peru are believed to have reached its peak in 2000 and will stabilise in the short term.

In Malaysia, tin-in-concentrates production declined by 11.6% to 6,490 tonnes. The closure of New Lahat Mines, a major producer in Perak, was the major contributory factor to the decline in the Malaysian production during the year. Despite the sustainability of healthy RM tin prices during the year, the number of operating units in Malaysia, excluding among retreatment plants, declined from 45 to 38 units as at the end of 2000. The lack of a coherent policy to convert potential tin resource land to mining leases and competing land-use has thwarted any potential increase in domestic tin-in-concentrates production.

Statement By The Chairman And The Chief Executive Officer



Domestic intake of tin concentrates accounted for almost 22% of the Company's total intake of feed materials for 2000.

The London Metal Exchange (LME) three month's average prices increased marginally by 1% from an average of US\$5,406 per tonne in 1999 to US\$5,461 per tonne in 2000. However, prices retreated towards the end of the year due to increasing Chinese tin arrivals at LME warehouses and the threat of a potential US slowdown. The LME 3 months' price closed lower at US\$5,270 per tonne with a total warehouse stock of 12,885 tonnes as at the end of 2000, an increase of 40.7% as compared to the closing stock of 9,155 tonnes at the end of 1999.

At The Kuala Lumpur Tin Market (KLTM), the average price for 2000 was RM20.45 per kilogram, an increase of RM0.29 per kilogram as compared to the previous year. In tandem with a weaker LME closing, the KLTM price closed lower at RM19.66 per kilogram at the end of the year. Turnover at the KLTM also declined by 14% to 15,972 tonnes in 2000.

ITRI Ltd., the tin research and marketing organisation based in London with whom the Company continued to maintain its pivotal link, has made tremendous strides in its efforts to develop, promote and market new tin applications to the global industry. The move towards the use of lead-free solder products has gained momentum with solder producers, including the Company's associate, Redring Solder (Malaysia) Sdn. Bhd., adopting lead-free technology and major Japanese electronics companies commencing commercial production using the lead-free alloys. Approvals from the relevant departments in the U.S. and Canada have been obtained for classification of tin shots as non-toxic and suitable for use in hunting. Positive commercial developments are also evident

in the flame retardant (zinc stannates) and tin wheel weights applications. While the use of zinc stannates as an effective flame retardant will be reviewed at the United Nations level, major car companies have expressed interest in exploring the use of tin wheel weights.

The New Economy

The rapid development of the New Economy has created new challenges and opportunities to the Company. Traditional businesses have turned into knowledge-based industries that place premium on creativity and innovation. Operating assets not only have to be worked at optimum capacity levels but also managed with flexibility and efficiency to allow the Company to draw in the most flexible terms to create profitable and high value products for the Company and its business partners. Today, business partners expect much more than before. To meet these expectations, products are becoming products and services. Global commercial networks are therefore increasingly becoming more significant business platform to provide products, services and value over the entire global supply chain. In order to expand further the Company's global networks the Company is moving into web-based technologies to connect its business partners particularly its suppliers and customers at all stages along the value chain. Full realization of the opportunities of e-business would only be possible if the Company has strong, integrated internal information systems. In moving towards this objective the Company is currently developing and installing an enterprise resource planning (ERP) software system to provide a structured approach towards implementing on-line integrated internal information systems and to optimise the Company's internal value chain. The ERP implementation is expected to be fully completed on-line by the middle of 2001. With the internet-based communication



Statement By The Chairman And The Chief Executive Officer

system already extensively being used by the Company the full transformation to web-based technologies encompassing e-commerce and e-business will become strategically crucial.

Results

Group profit before taxation increased by 10.8% to RM27.483 million in the year 2000 from RM24.809 million achieved in the previous year. Group profit after tax for 2000 however decreased to RM19.328 million from the profit of RM25.729 million for the tax exempt year of 1999. The earnings per share was consequently lower at 25.8 sen (1999: 34.3 sen).

Group turnover decreased by 22.6% to RM575.023 million due to the low volume of physical trading of tin metal transacted during 2000. The lower turnover had no material impact on earnings.

The improved earnings were primarily attributable to the increase in operational efficiencies and the more flexible smelting operations which enabled the Company to produce more profitable tantalum bearing tin slag to meet the robust demand in the global micro electronics and telecommunication industries. The Company's global commercial networks provided the sources for tantalum bearing tin concentrates and the market for the end-products.

The stocks of tin concentrates and intermediate materials were reduced to more efficient levels in 2000. The efficiency in stocks management and the improved earnings contributed significantly to the strengthening of the Group's cash position with a net cash of RM39.6 million at the end of the year compared to RM29.5 million in 1999.

Dividend

The Board has proposed the payment of a final dividend of 10 sen per share less 28% tax for the year ended 31st December 2000 (1999: 10 sen per share tax exempt). This, subject to the approval of shareholders, will be payable on 16th July 2001. Together with the interim dividend of 8 sen per share less 28% tax paid on 9th October 2000, the total dividend paid and proposed for the year is 18 sen per share less 28% tax (1999: 18 sen per share tax exempt).

Smelting And Refining Operations

The smelting and refining facilities were utilised up to their maximum potential capacity levels during the year. The total intake of tin concentrates and tin-bearing materials was 41,840 tonnes and approximately 15% of these materials contained some recoverable tantalum which needed additional smelting to produce saleable tantalum-bearing tin slag products. The main operating challenge during the year was to produce more high yield tantalum-bearing products to meet the strong demand in the global electronics market and at the same time to ensure that the Company fully met all its contractual obligations for the delivery of tin metal. The flexibility needed in determining capacity utilisation and materials mix was managed efficiently resulting in sharply increased returns in the second half of the year. Additional areas where operating results had positive impact on earnings were on inventory management, focussing on efforts to reduce stocks of concentrates and intermediate materials to more efficient levels as well as on measures to achieve greater efficiencies in process materials usage and energy consumption in order to control the overall operating costs. The positive impact generated by these efforts had more than outweighed the negative impact from the significant increase in oil price during the year.

Statement By The Chairman And The Chief Executive Officer



Redring Solder (M) Sdn Bhd

The acquisition of 40% equity interest in Redring Solder (M) Sdn Bhd was completed in March 2000 and the Company's share of post-acquisition profit for nine months to the end of 2000 amounting to RM1.282 million was included in the results for the year. Redring's overall performance during the year was in line with expectations. Its sales increased by 16.4% to RM34.529 million as compared to that of 1999. Profit before tax for the year increased by 33.1% to RM3.788 million.

The global electronics industry continued to experience a dynamic growth and change. The advent of internet and spread of the IT economy saw the sudden surge in demand for computer and digital related equipments which led to a rapid demand for all soldering products. Hence, for the year 2000, sales of Redring solder products for the domestic and overseas markets especially the North American markets increased rapidly. The trend towards environmental friendly lead-free solder products also witnessed a widespread acceptance by major electronic manufacturers. Most Japanese electronic companies have announced the elimination of lead in their products by the year 2002 or 2003. This represents a great potential for Redring Solder to tap the lead-free solder markets for bar, wire and paste. To cater for this new demand Redring Solder has invested in and installed two completely lead-free production lines for bar and wire products. To foster further expansion overseas Redring Solder has also entered into strategic alliances with leading American and European solder manufacturers to undertake private label production for solder products. This business would contribute 20-25% to Redring Solder's future growth.

Prospects

The global economic slowdown which become evident during the early part of 2001 will have an adverse impact on the earnings of the metals and minerals sectors of the world. The Company, as part of its global positioning strategy, will continue to make the necessary adjustments to strengthen further its global commercial networks focussing on value-adding activities spanning the entire global tin supply chain.

The strengthening of the Company's global networks would enable the Company to sustain its level of intake of tin concentrates and tin-bearing materials to maintain the Company's smelting plant at full capacity, amidst the growing severe global competitiveness for feed materials. Coupled with the on-going proactive measures for continuous improvements in operating efficiencies and flexibilities the Group believes that it would be able to sustain profitable operations in the year 2001 although the results are not expected to match the record earnings achieved in the previous year.

Acknowledgement

On behalf of the Board, we wish to express our deep appreciation to the management and employees for their hard work and dedication and to our shareholders, customers and business partners for their support and confidence.

Finally, we would also like to record our appreciation to our colleagues on the Board for their invaluable contributions and support throughout the year.

TAN SRI IBRAHIM MENUJIN

Chairman

DATO' MOHD AJIB ANUAR

Chief Executive Officer

12th March 2001



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, 2000.

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 has been no significant change in the nature of these activities during the year.

Financial Results

	Group RM'000	Company RM'000
Profit before taxation	27,483	26,219
Taxation	(8,155)	(7,781)
Profit after taxation attributable to shareholders	19,328	18,438
Retained profits brought forward	46,761	46,670
Profits available for appropriation	66,089	65,108
Dividends		
Interim : 8 sen per share less 28% tax, paid	(4,320)	(4,320)
Final : 10 sen per share less 28%, proposed	(5,400)	(5,400)
Retained profits carried forward	56,369	55,388

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

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

- a final dividend of 10 sen per RM1.00 ordinary share, tax exempt, amounting to RM7,500,000 on 17th July, 2000 in respect of the previous financial year; and

Report Of The Directors



- b) an interim dividend of 8 sen per RM1.00 ordinary share, less 28% tax, amounting to RM4,320,000 on 9th October, 2000 for the year ended 31st December, 2000.

The Directors recommend the payment of a final dividend of 10 sen per RM1.00 ordinary share, less 28% tax amounting to RM5,400,000 which subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 16th July, 2001 to members registered on the Company's register at the close of business at 5.00 p.m. 15th June, 2001.

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 Ibrahim Menudin (*Chairman*)
Dato' Mohd Ajib Anuar (Executive Director)
Jeneral (B) Tun Ibrahim bin Datuk Ismail
Choi Siew Hong
Datuk Ab Sukor bin Shahar
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 Mr. Norman Ip Ka Cheung and, being eligible offers himself for re-election.

Jeneral (B) Tun 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 1.1.2000	Acquired	Disposed	At 31.12.2000
Tan Sri Ibrahim Menudin	315,000	–	–	315,000
Dato' Mohd Ajib Anuar	250,000	–	–	250,000
Jeneral (B) Tun Ibrahim bin Datuk Ismail	10,000	–	–	10,000
Choi Siew Hong	10,000	–	–	10,000
Datuk Ab Sukor bin Shahar	270,000	–	8,000	262,000
Norman Ip Ka Cheung	10,000	–	–	10,000



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 18 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 Income Statements 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 and that no provision for doubtful debts was necessary; 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 any circumstances which would render:-
 - (i) it necessary to write off any debts or to make a provision for doubtful debts in the accounts;
 - (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 Ibrahim Menudin

Director

Kuala Lumpur,
28th February, 2001

Dato' Mohd Ajib Anuar

Director

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



We have audited the accounts set out on pages 20 to 39. 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, 2000 and of the results and the cash flows of the Group and of the Company 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 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

Dato' Nordin Baharuddin 837/3/02(J)

Partner

Kuala Lumpur,
28th February, 2001



Balance Sheets
as at 31st December, 2000

	Note	Group		Company	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
FIXED ASSETS	3	36,271	37,189	36,271	37,189
BASE STOCK	4	3,000	3,000	3,000	3,000
SUBSIDIARY COMPANIES	5	–	–	(75)	(77)
ASSOCIATED COMPANY	6	12,087	–	9,473	–
INVESTMENT	7	–	–	–	–
DEFERRED EXPENDITURE	8	–	16	–	–
CURRENT ASSETS					
Stocks	9	43,959	72,829	43,959	72,829
Debtors	10	36,571	26,501	36,571	26,501
Cash, bank balances and deposits	11	60,345	55,922	60,345	55,922
		140,875	155,252	140,875	155,252
CURRENT LIABILITIES					
Creditors	12	18,828	26,686	18,826	26,684
Bank borrowings, unsecured	13	20,744	26,378	20,744	26,378
Taxation		1,283	–	1,283	–
Proposed dividend		5,400	7,500	5,400	7,500
		46,255	60,564	46,253	60,562
NET CURRENT ASSETS		94,620	94,688	94,622	94,690
		145,978	134,893	143,291	134,802
DEFERRED LIABILITY					
Deferred taxation	14	1,435	1,664	1,435	1,664
		144,543	133,229	141,856	133,138
Financed by:					
SHARE CAPITAL	15	75,000	75,000	75,000	75,000
RESERVES	16	69,543	58,229	66,856	58,138
		144,543	133,229	141,856	133,138

The notes on pages 26 to 39 form an integral part of these accounts.

Income Statements
for the year ended 31st December, 2000



	Note	Group		Company	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Revenue	17	575,023	742,951	575,022	742,950
Profit from operations	17	27,628	26,733	27,646	26,734
Finance cost		(1,427)	(1,924)	(1,427)	(1,924)
Share of profit of an associated company		1,282	–	–	–
Profit before taxation	18	27,483	24,809	26,219	24,810
Taxation	19	(8,155)	920	(7,781)	920
Profits after taxation attributable to shareholders		19,328	25,729	18,438	25,730
Earnings per share:- Basic and fully diluted	20	25.8 sen	34.3 sen		

The notes on pages 26 to 39 form an integral part of these accounts.



Statements Of Changes In Equity
for the year ended 31st December, 2000

GROUP	Share Capital RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Total RM'000
At 1st January 1999	75,000	–	11,468	34,532	121,000
Profit after taxation for the year	–	–	–	25,729	25,729
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)
At 31st December 1999	75,000	–	11,468	46,761	133,229
At 1st January 2000	75,000	–	11,468	46,761	133,229
Profit after taxation for the year	–	–	–	19,328	19,328
Dividends:-					
Interim:					
8 sen per share, less 28% tax, paid	–	–	–	(4,320)	(4,320)
Final:					
10 sen per share, less 28% tax, proposed	–	–	–	(5,400)	(5,400)
Share of post acquisition capital reserve of an associated company	–	1,706	–	–	1,706
At 31st December 2000	75,000	1,706	11,468	56,369	144,543

The notes on pages 26 to 39 form an integral part of these accounts.

Statements Of Changes In Equity
for the year ended 31st December, 2000



COMPANY	Share Capital RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Total RM'000
At 1st January 1999	75,000	–	11,468	34,440	120,908
Profit after taxation for the year	–	–	–	25,730	25,730
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)
At 31st December 1999	75,000	–	11,468	46,670	133,138
At 1st January 2000	75,000	–	11,468	46,670	133,138
Profit after taxation for the year	–	–	–	18,438	18,438
Dividends:- Interim: 8 sen per share, less 28% tax, paid	–	–	–	(4,320)	(4,320)
Final: 10 sen per share, less 28% tax, proposed	–	–	–	(5,400)	(5,400)
At 31st December 2000	75,000	–	11,468	55,388	141,856

The notes on pages 26 to 39 form an integral part of these accounts.



Cash Flow Statements
for the year ended 31st December, 2000

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Cash Flows From Operating Activities				
Profit before taxation	27,483	24,809	26,219	24,810
Adjustments for:-				
Deferred expenditure written off	16	-	-	-
Depreciation	3,082	3,386	3,082	3,386
Gain on disposal of fixed assets	(95)	(43)	(95)	(43)
Interest income	(2,026)	(2,235)	(2,026)	(2,235)
Interest expense	1,427	1,924	1,427	1,924
Share of associated company's profit	(1,282)	-	-	-
Operating profit before working capital changes	28,605	27,841	28,607	27,842
Decrease/(Increase) in stocks	28,870	(25,063)	28,870	(25,063)
(Increase)/Decrease in debtors	(10,014)	13,341	(10,014)	13,341
Increase in amount due to an associated company	1,000	-	1,000	-
(Decrease)/Increase in creditors	(7,870)	8,715	(7,870)	8,715
Decrease in net amount due to subsidiary companies	-	-	(2)	(4)
Cash generated from operations	40,591	24,834	40,591	24,831
Interest paid	(1,415)	(2,071)	(1,415)	(2,071)
Income tax paid	(6,727)	(7,246)	(6,727)	(7,243)
Net Cash From Operating Activities	32,449	15,517	32,449	15,517
Cash Flows From Investing Activities				
Interest received	1,970	2,411	1,970	2,411
Investment in an associated company	(10,473)	-	(10,473)	-
Purchase of fixed assets	(2,252)	(553)	(2,252)	(553)
Proceeds from disposal of fixed assets	183	47	183	47
Net Cash (Used In)/From Investing Activities	(10,572)	1,905	(10,572)	1,905
Cash Flows From Financing Activities				
(Repayment of)/Borrowing from short term trade financing	(5,634)	5,236	(5,634)	5,236
Dividends paid	(11,820)	(10,860)	(11,820)	(10,860)
Net Cash Used in Financing Activities	(17,454)	(5,624)	(17,454)	(5,624)

The notes on pages 26 to 39 form an integral part of these accounts.

Cash Flow Statements
for the year ended 31st December, 2000



	Note	Group		Company	
		2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Net Increase In Cash And Cash Equivalents		4,423	11,798	4,423	11,798
Cash And Cash Equivalents At 1st January		55,922	44,124	55,922	44,124
Cash And Cash Equivalents At 31st December		60,345	55,922	60,345	55,922
Cash And Cash Equivalents At 31st December					
Cash, bank balances and deposits	11	60,345	55,922	60,345	55,922

The notes on pages 26 to 39 form an integral part of these accounts.



Notes To The Accounts – 31st December, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The accounts of the Group and of the Company have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets unless otherwise indicated in this summary of significant accounting policies.

The accounts of the Group and of the Company comply with approved accounting standards issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 1965.

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 annual 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 consolidated accounts include the accounts of the Company and all its subsidiary companies made up to the end of the financial year. The results of the subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the date of their acquisition or up to the date of their disposal. Intra-group transactions and resulting unrealised profits or losses are eliminated fully on consolidation and the consolidated accounts reflect external transactions only.

The difference between the cost of acquisition of the subsidiary companies and the net tangible assets at the date of acquisition is dealt with in the consolidated balance sheet as reserve or goodwill on consolidation. Goodwill is amortised over their expected useful economic lives, not exceeding 20 years.

c. Associated Company

The Group treats as associated company, a company in which a long term equity interest of between 20% and 50% is held and where it is in a position to exercise significant influence over the financial and operating policies.

The Group's share of profits or losses of the associated company is included in the consolidated income statement. Included in the Group's balance sheet, is the Group's cost and share of post-acquisition reserves in the associated company.

d. Investments

Investments in subsidiary companies, associated company and other non current investments are shown at cost which includes any incidental costs of acquisition. Provision is only made where, in the opinion of the Directors, there is a permanent diminution in value. Permanent diminution in the value of an investment is recognised as an expense in the year in which the diminution is identified.

Notes To The Accounts
– 31st December, 2000



e. Fixed Assets

Land and buildings are stated at valuation. However, land and buildings acquired since the last valuation are maintained at cost. The cost of fixed assets comprises their purchase cost and any incidental costs of acquisition.

Freehold land is not depreciated. Leasehold land is amortised over the unexpired periods of the leases. Buildings are depreciated on a straight line basis over 40 years or the unexpired lease period whichever is shorter.

Depreciation of other fixed assets is calculated so as to write off their cost or valuation on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Plant, equipment and vehicles	5 to 40 years
Furniture, fixtures and fittings	5 to 10 years

Revaluation of land and buildings is undertaken every 5 years. Surplus arising from revaluation is credited directly to revaluation reserve. Deficit in excess of the revaluation reserve arising from previous revaluation is charged to the income statement.

f. 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.

g. Stocks

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

Cost of trading stock of refined tin metal 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 as it is not material.

h. Debtors

Known bad debts are written off and specific provision is made for any debts considered to be doubtful of collection.



Notes To The Accounts – 31st December, 2000

i. Currency Translation

Foreign currency transactions are recorded in Ringgit Malaysia at exchange rates prevailing at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement in the year in which they arise.

The closing exchange rate of the foreign currency used at year end is as follows:

	2000	1999
One US Dollar	RM3.8	RM3.8

j. Revenue Recognition

Sales are recognised upon delivery or transfer of ownership of products or performance of services.

Income from investments is included in the income statement when the right to receive has been established. Interest income is recognised on an accrual basis.

k. Deferred Taxation

Deferred taxation is provided using the liability method for all material 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.

l. Cash & Cash Equivalents

Cash and cash equivalents include cash and bank balances (net of bank overdrafts), deposits which are not pledged and other short term, highly liquid investments that are readily convertible to cash and are subject to insignificant risk of changes in value.

2. 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. The principal activities of the subsidiary companies are set out in Note 5 to the accounts.

Notes To The Accounts
– 31st December, 2000



3. FIXED ASSETS

<i>Group/Company</i>	Freehold land RM'000	Short		Plant, equipment vehicles & furniture RM'000	2000 Total RM'000	1999 Total RM'000
		Leasehold land RM'000	Buildings RM'000			
2000						
Cost or Valuation						
At 1st January	18,207	700	11,693	33,334	63,934	64,887
Additions	–	–	966	1,286	2,252	553
Disposals	–	(33)	(89)	(499)	(621)	(1,506)
At 31st December	18,207	667	12,570	34,121	65,565	63,934
Representing:-						
Cost	–	–	966	34,121	35,087	33,334
Valuation 1998	18,207	667	11,604	–	30,478	30,600
	18,207	667	12,570	34,121	65,565	63,934
Accumulated Depreciation						
At 1st January	–	31	1,459	25,255	26,745	24,861
Charge for the year	–	32	1,466	1,584	3,082	3,386
Disposals	–	(3)	(48)	(482)	(533)	(1,502)
At 31st December	–	60	2,877	26,357	29,294	26,745
Net Book Value						
At 31st December 2000	18,207	607	9,693	7,764	36,271	–
At 31st December 1999	18,207	669	10,234	8,079	–	37,189
Net Book Value (had the assets been carried at cost less depreciation)						
At 31st December 2000	7,680	161	4,527	7,764	20,132	–
At 31st December 1999	7,680	176	4,039	8,079	–	19,974



Notes To The Accounts
– 31st December, 2000

The short leasehold land comprises leases with a current duration of between 6 to 27 years. Plant, equipment, vehicles and furniture includes capital work-in-progress of RM533,000 (1999: RM56,000).

The land and buildings stated at valuation were revalued by the Directors in December 1998 based on 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.f, 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 RM19.66 per kg as at 31st December, 2000.

5. SUBSIDIARY COMPANIES

	Company	
	2000 RM'000	1999 RM'000
Unquoted shares at cost	–	–
Amount due to a subsidiary company	(92)	(93)
Amount due from a subsidiary company	17	16
	<u>(75)</u>	<u>(77)</u>

Amounts due to/from subsidiary companies are unsecured, interest-free and have no fixed terms of repayment.

The subsidiary companies are:

Name of Company	Country of Incorporation	Issued & Paid-up Capital	Effective Interest		Principal Activities
			2000	1999	
Malaysia Smelting Corporation (Warehousing) Sdn Bhd	Malaysia	2 shares of RM1 each	100%	100%	Tin Warehousing
MSC Properties Sdn Bhd	Malaysia	2 shares of RM1 each	100%	100%	Dormant

Notes To The Accounts
– 31st December, 2000



6. ASSOCIATED COMPANY

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Unquoted shares, at cost	10,473	–	10,473	–
Share of reserves since acquisition	2,614	–	–	–
	<u>13,087</u>	<u>–</u>	<u>10,473</u>	<u>–</u>
Amount due to an associated company	(1,000)	–	(1,000)	–
	<u>12,087</u>	<u>–</u>	<u>9,473</u>	<u>–</u>

The Group's investment in associated company is represented by:-

	Group	
	2000 RM'000	1999 RM'000
Group's share of net tangible assets	10,282	–
Premium arising on acquisition	2,805	–
	<u>13,087</u>	<u>–</u>

The associated company is:-

Name of Company	Country of Incorporation	Effective Interest		Principal Activities
		2000	1999	
Redring Solder (M) Sdn Bhd	Malaysia	40%	–	Manufacture & sale of solder products



Notes To The Accounts
– 31st December, 2000

7. INVESTMENT

	Group/Company	
	2000	1999
	RM'000	RM'000
Unquoted shares at cost - outside Malaysia	3,663	3,663
Provision for diminution in value of investment	(3,663)	(3,663)
	<u>–</u>	<u>–</u>

8. DEFERRED EXPENDITURE

	Group	
	2000	1999
	RM'000	RM'000
Preliminary expenses, at cost	12	12
Pre-operation expenses, at cost	4	4
	<u>16</u>	<u>16</u>
Amount written off	(16)	–
	<u>–</u>	<u>16</u>

9. STOCKS

	Group/Company	
	2000	1999
	RM'000	RM'000
Stocks of tin-in-concentrates, tin-in-process and refined tin metal	37,420	53,053
Other stocks (stores, spares, fuels and by-products)	6,539	19,776
	<u>43,959</u>	<u>72,829</u>

Notes To The Accounts
– 31st December, 2000



10. DEBTORS

	Group/Company	
	2000	1999
	RM'000	RM'000
Trade debtors	35,021	24,795
Specific provision for doubtful debts	–	(814)
	<hr/>	<hr/>
	35,021	23,981
Other debtors, deposits and prepayments	1,550	2,520
	<hr/>	<hr/>
	36,571	26,501
	<hr/>	<hr/>

11. CASH, BANK BALANCES AND DEPOSITS

	Group/Company	
	2000	1999
	RM'000	RM'000
Deposits with licensed banks	39,364	34,689
Deposits with licensed finance companies	17,590	20,020
Cash and bank balances	3,391	1,213
	<hr/>	<hr/>
	60,345	55,922
	<hr/>	<hr/>

12. CREDITORS

	Group		Company	
	2000	1999	2000	1999
	RM'000	RM'000	RM'000	RM'000
Trade Creditors	7,417	7,926	7,417	7,926
Other creditors and accruals	11,411	18,760	11,409	18,758
	<hr/>	<hr/>	<hr/>	<hr/>
	18,828	26,686	18,826	26,684
	<hr/>	<hr/>	<hr/>	<hr/>



Notes To The Accounts
– 31st December, 2000

13. BANK BORROWINGS, UNSECURED

	Group/Company	
	2000	1999
	RM'000	RM'000
Short term trade financing	20,744	26,378

The bank borrowings bear interest at rates ranging from 6.08% to 7.25% (1999: 5.50% to 6.80%) per annum.

14. DEFERRED TAXATION

	Group/Company	
	2000	1999
	RM'000	RM'000
At 1st January	1,664	2,182
Transfer to Income Statement (Note 19)	(229)	(18)
At 31st December	1,435	1,664

The Group and the Company do not have any tax effect on timing differences which will not reverse for some considerable period ahead. The deferred tax effects on revalued assets are not disclosed because the amount involved is not material and the Group and the Company have no intention to dispose of these assets in the foreseeable future.

15. SHARE CAPITAL

	Company 2000		Company 1999	
	Number of Shares '000	RM'000	Number of Shares '000	RM'000
Ordinary shares of RM1.00 each Authorised	100,000	100,000	100,000	100,000
Issued and fully paid	75,000	75,000	75,000	75,000

Notes To The Accounts
– 31st December, 2000



16. RESERVES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Non-distributable –				
Surplus on revaluation of land and buildings	11,468	11,468	11,468	11,468
Capital reserve (Note 16.1)	1,706	–	–	–
Distributable –				
Retained profits	56,369	46,761	55,388	46,670
	<u>69,543</u>	<u>58,229</u>	<u>66,856</u>	<u>58,138</u>

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank by way of dividends all of its distributable reserves as at 31st December, 2000.

In addition, the Company also has, tax exempt profit of approximately RM22,370,000 (1999 – RM20,500,000) as at 31st December, 2000 available for distribution.

16.1 CAPITAL RESERVE

	Group	
	2000 RM'000	1999 RM'000
At 1st January	–	–
Share of capital reserve in an associated company	1,706	–
At 31st December	<u>1,706</u>	<u>–</u>



Notes To The Accounts
– 31st December, 2000

17. PROFIT FROM OPERATIONS

Profit from operations is calculated as follows:-

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Sale of goods	571,328	738,982	571,328	738,982
Tin warehousing and delivery charges	3,695	3,969	3,694	3,968
Revenue	575,023	742,951	575,022	742,950
Cost of goods sold and services provided	(544,375)	(711,967)	(544,375)	(711,967)
Gross profit	30,648	30,984	30,647	30,983
Other operating income	3,501	2,341	3,501	2,341
Marketing and distribution expenses	(2,335)	(2,329)	(2,335)	(2,329)
Administrative expenses	(4,186)	(4,234)	(4,167)	(4,232)
Other operating expenses	–	(29)	–	(29)
Profit from operations	27,628	26,733	27,646	26,734

Notes To The Accounts
– 31st December, 2000



18. PROFIT BEFORE TAXATION

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

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Auditors' remuneration	61	61	60	60
Bad debts written off	–	8	–	8
Deferred expenditure written off	16	–	–	–
Depreciation	3,082	3,386	3,082	3,386
Directors' remuneration:				
Fees	120	120	120	120
Emoluments	374	458	374	458
Estimated monetary value of benefits-in-kind	15	15	15	15
Hire of equipment and vehicles	15	45	15	45
Interest expense	1,427	1,924	1,427	1,924
Rents of land and buildings	284	347	284	347
Staff costs (excluding Directors' remuneration)	15,498	15,198	15,498	15,198
Bad debts recovered	(343)	(12)	(343)	(12)
(Gain)/Loss on foreign exchange	(22)	20	(22)	20
Gain on disposal of fixed assets	(95)	(43)	(95)	(43)
Interest income	(2,026)	(2,235)	(2,026)	(2,235)
Specific provision for doubtful debts no longer required	(767)	–	(767)	–

The number of employees for the Group and for the Company as at 31st December, 2000 was 599 (1999: 594).



Notes To The Accounts
– 31st December, 2000

19. TAXATION

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Profit for the year	(7,923)	–	(7,923)	–
Transfer to deferred taxation (Note 14)	229	518	229	518
	<u>(7,694)</u>	<u>518</u>	<u>(7,694)</u>	<u>518</u>
(Under)/over provision in prior years	(87)	402	(87)	402
	<u>(7,781)</u>	<u>920</u>	<u>(7,781)</u>	<u>920</u>
Share of taxation of an associated company	(374)	–	–	–
	<u>(8,155)</u>	<u>920</u>	<u>(7,781)</u>	<u>920</u>

There was no tax charge in 1999 as tax on chargeable income was waived under Section 8 of the Income Tax (Amendment) Act, 1999.

20. EARNINGS PER SHARE

The calculation of basic and fully diluted earnings per share for the year is based on consolidated profit after taxation of RM19,328,000 (1999: RM25,729,000) for the Group and 75,000,000 (1999: 75,000,000) shares in issue during the year.

21. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

	Group/Company	
	2000 RM'000	1999 RM'000
Sales to an associated company	<u>23,730</u>	<u>–</u>

The above arose from normal trade transactions on a negotiated basis. There is no outstanding balance as at year end.

Notes To The Accounts
– 31st December, 2000



22. 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.

23. CAPITAL COMMITMENTS

	Group/Company	
	2000	1999
	RM'000	RM'000
Contracted but not provided for	<u>5,385</u>	<u>10,613</u>

The Company has been granted an option by a third party to acquire three parcels of agricultural land measuring approximately 81.7 acres for a total purchase consideration of approximately RM18.6 million (1999 – Nil).

24. COMPARATIVE FIGURES

The presentation of the accounts for the current year has been changed to adopt the format prescribed in Malaysian Accounting Standards Board (MASB) Standard No. 1 – Presentation of Financial Statements. Where necessary, additional comparative figures have been provided.



List Of Properties

Location	Description	Approximate Area	Tenure	Year of Expiry	Approximate Age of Buildings	Net Book Value at 31.12.00 RM'000	Date of Last re-valuation/ acquisition
1. 27 Jalan Pantai 12000 Butterworth							
a. Lot 142-187 and 362	Land with offices and factory buildings	12.5 acres	Freehold	–	3 – 47 years	23,713	1998
b. Lot 268	Land with offices and factory buildings	45,575 sq ft	Leasehold	2028	3 – 47 years	552	1998
c. Lot 263	Seabed leases with main wharf	15,000 sq ft	Leasehold	2006	NA	390	1998
2. Lot 1199 Mukim 12, Daerah Seberang Perai Tengah	Vacant Land	13.40 acres	Freehold	–	NA	2,900	1998
3. Unit No. B-15-11 Megan Phileo Avenue 12, Jln Yap Kwan Seng 50450 Kuala Lumpur	Office premises	4,629 sq ft	Freehold	–	1 year	952	2000

Tin Statistics



Tin Market Prices

	Highest	KLTM Prices RM per kg		KLTM Turnover (Tonnes)	LME 3 Months Buying Average US\$ Per Tonne
		Lowest	Average		
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
2000	22.84	19.42	20.45	15,972	5,461
2000					
January	22.84	21.81	22.19	1,470	5,957
February	21.83	20.94	21.26	1,050	5,678
March	21.25	20.23	20.74	1,467	5,486
April	20.67	20.16	20.37	1,281	5,415
May	20.32	20.03	20.16	1,761	5,420
June	20.71	19.85	20.23	1,538	5,431
July	20.65	19.98	20.24	1,239	5,375
August	20.41	19.87	20.07	1,211	5,326
September	20.78	20.20	20.53	1,716	5,514
October	20.52	19.42	19.97	1,161	5,321
November	20.04	19.50	19.85	1,104	5,314
December	19.99	19.56	19.79	974	5,299





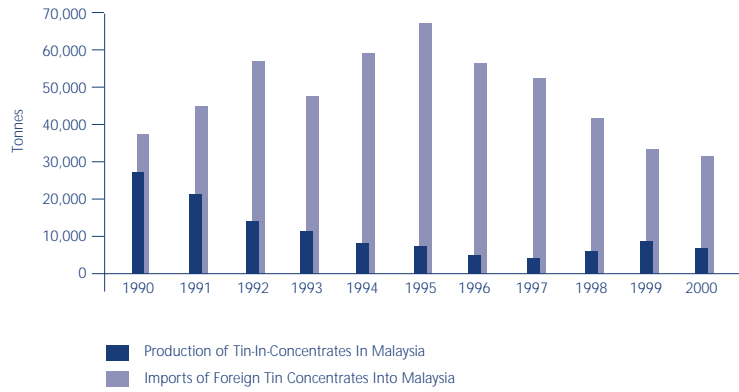
Tin Statistics

Production Of Tin-In-Concentrates In Malaysia	
Year	Tonnes
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
2000	6,490 (est.)

Imports Of Foreign Tin Concentrates Into Malaysia	
Year	Tonnes
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
2000	31,297

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

Malaysia Production and Import of Tin Concentrates



Tin Statistics



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

Destination	1996	1997	1998	1999	2000
Africa	1,384	1,309	1,250	1,322	1,232
Australia & New Zealand	767	692	283	233	332
China (incl. Hong Kong)	161	2	4	–	86
EEC (incl. UK)	12,941	12,116	10,706	11,558	7,361
India, Pakistan & Bangladesh	1,730	1,831	2,339	2,106	1,984
Japan	5,622	6,800	2,299	3,395	2,940
Middle East	1,334	1,326	958	360	888
Taiwan	4,156	2,125	1,636	2,561	1,030
Korea	1,870	2,176	1,355	1,369	4,030
Rest of Asia Pacific	450	403	106	136	64
Singapore	144	521	377	665	575
South America	7	–	100	–	–
USA	1,385	485	657	416	67
	31,951	29,786	22,070	24,121	20,589
Malaysia (for domestic consumption)	6,062	6,034	4,747	5,087	5,076
Total	38,013	35,820	26,817	29,208	25,665

Malaysia Smelting Corporation Berhad (43072-A)
 (Incorporated in Malaysia)



Tin Statistics

LME and U.S. DLA's STOCKS & DISPOSALS (In Tonnes)			
Period End	LME Stocks	DLA Stocks	DLA Disposals
1995	12,005	127,800	7,165
1996	10,610	113,000	6,400
1997	13,040	100,409	11,714
1998	8,180	88,226	12,185
1999	9,155	84,339	3,887
2000			
Jan – Sep	11,730	72,339	12,000
Oct	11,485	72,339	–
Nov	12,665	72,339	–
Dec	12,885	72,339	–

Shareholdings Statistic
as at 31st March, 2001



Analysis Of Shareholdings

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 1,000	—	—	—	—
1,000 to 10,000	2,082	95.77	4,238,000	5.65
10,001 to 100,000	76	3.49	2,224,000	2.97
100,001 to less than 5% of Issued Shares	13	0.60	12,368,000	16.49
5% and above of Issued Shares	3	0.14	56,170,000	74.89
TOTAL	2,174	100.00	75,000,000	100.00

Thirty Largest Shareholders

Name	No. of Shares	% of Issued Capital
1. Mayban Nominees (Asing) Sendirian Berhad - The Straits Trading Company Limited	28,090,000	37.45
2. Malaysia Mining Corporation Berhad	28,080,000	37.44
3. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (M'sia) Bhd (MLF)	3,817,000	5.09
4. Malaysia Nominees (Asing) Sendirian Berhad - The Great Eastern Life Assurance Co Ltd	3,108,000	4.14
5. Mayban Nominees (Asing) Sendirian Berhad - Baxterley Holdings Pte Ltd	1,145,000	1.53
6. Permodalan Nasional Berhad	1,077,000	1.44
7. Mayban Nominees (Asing) Sendirian Berhad - Sword Investments Pte Ltd	760,000	1.01
8. Anglo-Oriental (Annuities) Sendirian Berhad	564,000	0.75
9. Mayban Nominees (Tempatan) Sendirian Berhad - The Pacific Insurance Berhad	500,000	0.67
10. Ibrahim Bin Menudin	315,000	0.42
11. Mayban Securities Nominees (Tempatan) Sendirian Berhad - Ab. Sukor Bin Shahar	262,000	0.35
12. Chong Fa @ Chong Nam Yen	183,000	0.24
13. Mayban Nominees (Tempatan) Sendirian Berhad - Md Ajib Bin Hj Anuar	150,000	0.20
14. Eng Nominees (Tempatan) Sendirian Berhad - Lem Kim Wan	134,000	0.18
15. Winnie Hamzah Sendut Nee Toh Wee Nee	132,000	0.18



Shareholdings Statistic
as at 31st March, 2001

Thirty Largest Shareholders as at 31st March, 2001 (continued)

Name	No. of Shares	% of Issued Capital
16. Syarikat Pembangunan Hawa Bersih Sendirian Berhad	111,000	0.15
17. Wong Kum Fatt	110,000	0.15
18. Abdul Malik Bin Abdul Kadir	100,000	0.13
19. Cartaban Nominees (Asing) Sendirian Berhad - Mr. Royston P Holmes	100,000	0.13
20. Howe Yoon Chong	100,000	0.13
21. Mayfin Nominees (Tempatan) Sendirian Berhad - Md Ajib Bin Hj Anuar	100,000	0.13
22. Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (M'sia) Bhd (LIF)	105,000	0.14
23. Amanah Raya Nominees (Tempatan) Sendirian Berhad - Amanah Saham Selangor	91,000	0.12
24. Yap Song Yung	84,000	0.11
25. Malaysia Nominees (Tempatan) Sendirian Berhad - Wan Holdings Sdn Bhd	74,000	0.10
26. Redring Solder (Malaysia) Sendirian Berhad	74,000	0.10
27. Kua Beng Chuan	59,000	0.08
28. Pegang Mining Co Sendirian Berhad	50,000	0.07
29. Sai Ko Tin	50,000	0.07
30. Durabeau Corporation Sendirian Berhad	45,000	0.06
TOTAL	69,570,000	92.76

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	28,090,000	1,905,000	39.99
3. Overseas-Chinese Banking Corporation Limited	-	7,030,000	9.37
4. Great Eastern Life Assurance (Malaysia) Bhd	3,922,000	-	5.23
5. GEL Capital (Malaysia) Bhd	-	3,922,000	5.23

Malaysia Smelting Corporation Berhad (43072-A)
(Incorporated in Malaysia)

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 Monday 28th May, 2001 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 Mr. Norman Ip Ka Cheung		
4	Reappointment of Jeneral (B) Tun 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 _____ 2001.

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. 43072A)
27 Jalan Pantai, 12000 Butterworth,
P. O. Box 2, 12700, Butterworth,
Penang.
