

Morning Star Holdings (Australia) Limited

ABN 98 008 124 025

ASX / Media release

30 April 2009

Quarterly report 31 March 2009 Highlights

ALUMICOR SA PTY LTD

Alumicor SA (**Alumicor**) treats aluminium dross for Hulamin Limited (**Hulamin**) and returns aluminium to Hulamin on an annually negotiated toll conversion fee basis.

Smelting and recovery performance comparison

Alumicor	Q3 2008	Q4 2008	Q1 2009	% change Q1 2009 from Q4 2008
Tons smelted	3,960	3,168	3,694	17%
Average recovery %	38%	51%	68%	33%

Note: MSH assumed ownership of Alumicor on 1 August 2008.

Operations

Operational performance has improved to some extent, but has not yet reached optimal levels. Hulamin have increased the delivery of aluminium dross and the overall utilisation of plant capacity has improved from the prior quarter with tonnage smelted increasing by 17% vs Q4 2008. The 33% increase in recovery resulted from process improvements and Hulamin delivering higher metal content scrap. Scheduled furnace shutdowns have and will occur, mainly for refractory re-lining and also for general maintenance. Latest shutdowns and inspections indicate that the furnaces are good working order.

Management and control systems at Alumicor continue to be reviewed and enhanced to ensure that operational efficiency is maximised and safety, health and environmental standards are met and exceeded. Man days lost for the quarter were unchanged from 1.1% over the prior quarter. Efforts are continuing to reduce injury occurrence and training is continually implemented and revised.

Financial

Following the increase in volumes of Aluminium dross treated, revenues have improved 15% over the prior quarter. Net income is positive, however, remains below target. The cost per ton processed (average for the quarter) has reduced by 13% (from the Q4 2008). Cost reduction is an ongoing focus, the cost of flux remains an issue, further emphasis being placed on sourcing alternative suppliers for key inputs.

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Negotiations with Hulamin with regards the commercial arrangement is ongoing with a view to ensure that Alumicor operations remain profitable. The overall downturn in the aluminium market is making for a challenging environment in which to negotiate.

In February 2009 an administrative fine was imposed by the KZN Agricultural and Environmental Affairs Department. A provision \$129,716 was raised in the annual financial statements. On 16 April 2009, following review by the Appeal Board in South Africa the fine was reduced to \$1,514 and the balance of the provision has been reversed.

BUSINESS DEVELOPMENT

During the quarter business development activities have been focussed on:-

- Introducing site dedicated aluminium dross treatment plants to Australia and elsewhere; and
- Sourcing good quality resource sector projects.

CORPORATE

Referring to the attached 4C, net operating cash inflows were \$273,000 (outflow of \$206,000 in the prior quarter). There was a net increase in cash held of \$247,000 (net decrease of \$349,000 in the prior quarter).

Quarter-on-quarter changes in cash position for Morning Star Holdings (Australia) Limited were as follows:

Morning Star	Q3 2008 \$A'000	Q4 2008 \$A'000	Q1 2009 \$A'000	% change Q1 2009 from Q4 2008
Cash on hand	6,526	6,346	6,277	-1%

If you have any queries please contact Richard Rossiter on 0418 688 338, or Theo Renard (CFO) on 0430 205 889.

Yours sincerely



Richard Rossiter
Managing Director

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Morning Star Holdings (Australia) Limited

ABN

98 008 124 025

Quarter ended ("current quarter")

31 March 2009

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from customers	1,795	1,795
1.2	Payments for (a) staff costs	(359)	(359)
	(b) advertising and marketing		
	(c) research and development		
	(d) leased assets		
	(e) other working capital	(1,259)	(1,259)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	99	99
1.5	Interest and other costs of finance paid	(3)	(3)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
Net operating cash flows		273	273

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	273	273
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	-	-
1.14 Total operating and investing cash flows	273	273
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings	(26)	(26)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	(26)	(26)
Net increase (decrease) in cash held	247	247
1.21 Cash at beginning of quarter/year to date	6,583	6,583
1.22 Exchange rate adjustments to item 1.20	(2)	(2)
1.23 Cash at end of quarter	6,828	6,828

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	169
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
	135	135
3.2 Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

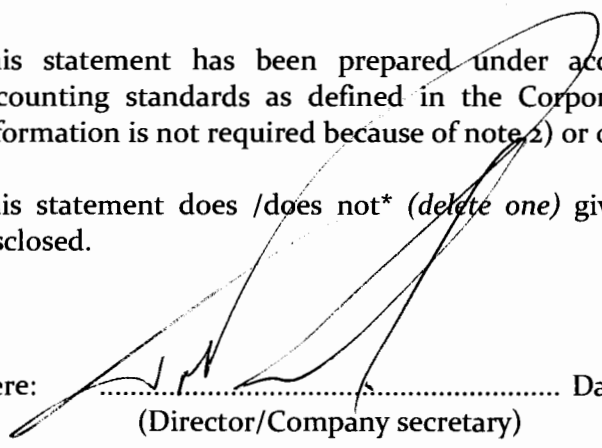
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	75	74
4.2	Deposits at call	6,202	6,272
4.3	Bank overdraft		
4.4	Other (provide details)	55 ¹	237
Total: cash at end of quarter (item 1.23)		6,828	6,583

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A	N/A
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does /does not* (~~delete one~~) give a true and fair view of the matters disclosed.

Sign here:  Date: 30 APRIL 2004
 (Director/Company secretary)

Print name: T N REWARD

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.