

# Morning Star Holdings (Australia) Limited

ABN 98 008 124 025

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ASX / media release

31 October 2008

## Quarterly report 30 September 2008

### Highlights

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- The acquisition of Alumicor SA Holdings (Pty) Limited was completed on 1 August 2008
- August and September saw interrupted operations at Alumicor SA as, following an independent technical and operational review (requested by the directors), there were furnace shutdowns for refurbishment and technical adjustments. Normal operations have since resumed.
- The directors are reviewing the day-to-day management and system controls at Alumicor to ensure that the business operates according to Australian standards and benchmarks
- Alumicor SA's third furnace is now fully operational
- The ongoing strategies for Morning Star Holdings (Australia) Limited are:
  - To improve and maintain efficiency at Alumicor SA
  - To investigate the commercial issues associated with bringing the Alumicor SA operational model to Australia. Management are conducting ongoing investigations and discussions with Australian smelters.
  - To investigate other good quality assets and projects that arise
- Given current metal price levels and uncertainty in global markets, the Company is focusing initially on optimising the efficiency of its Alumicor operation. This has involved the review of all costing and scheduling estimates for all proposed capital projects and management is also evaluating a number of initiatives to further reduce operating costs and corporate overhead costs, optimise procurement savings, and improve operational productivity.

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

Yours sincerely



**Richard Rossiter**  
Managing Director

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# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

Morning Star Holdings (Australia) Limited

ABN

98 008 124 025

Quarter ended ("current quarter")

30 September 2008

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from customers	900	900
1.2	Payments for (a) staff costs	(101)	(101)
	(b) advertising and marketing	(2)	(2)
	(c) research and development		
	(d) leased assets		
	(e) other working capital	(980)	(1,250)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	118	428
1.5	Interest and other costs of finance paid	(5)	(5)
1.6	Income taxes refund/(paid)		
1.7	Other (provide details if material)		
	<b>Net operating cash flows</b>	<b>(70)</b>	<b>(30)</b>

+ 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 (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(70)	(30)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses	(2,344)	(2,344)
(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)		
	(2,344)	(2,344)
<b>Net investing cash flows</b>		
1.14 <b>Total operating and investing cash flows</b>	(2,414)	(2,374)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, notes, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other – Share issue Cost		
<b>Net financing cash flows</b>		
	(2,414)	(2,374)
<b>Net increase (decrease) in cash held</b>		
1.21 Cash at beginning of quarter/year to date	9,334	9,294
1.22 Exchange rate adjustments to item 1.21		
1.23 <b>Cash at end of quarter/year to date</b>	6,920	6,920

+ 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	45
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions Nil	

**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

N/A
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- 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

N/A
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**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	169	169
3.2 Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

## Reconciliation of cash

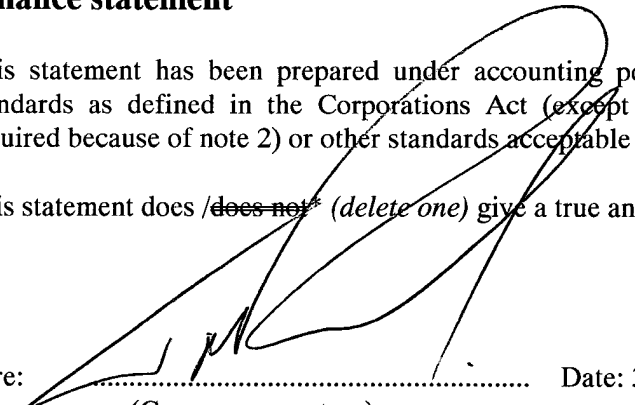
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Curent quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	37	65
4.2 Deposits at call	6,489	9,269
4.3 Bank overdraft		
4.4 Other – Foreign currencies held overseas	394	
<b>Total: cash at end of quarter (item 1.22)</b>	<b>6,920</b>	<b>9,334</b>

## Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity/business	Alumicor SA Holdings Pty Limited	N/A
5.2 Place of incorporation or registration	South Africa	N/A
5.3 Consideration for acquisition or disposal	Cash consideration \$A2,344,219	N/A
5.4 Total net assets	A\$110,347	N/A
5.5 Nature of business	Aluminium dross recovery and smelting	N/A

## 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 ~~not~~ (delete one) give a true and fair view of the matters disclosed.

Sign here:  Date: 30 October 2008  
 (Company secretary)

Print name: Theo Renard

## 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.

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