

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2010

		As at end of current quarter 30.06.2010 RM'000	As at preceding financial year end 31.12.2009 RM'000
	Note		
NON-CURRENT ASSETS			
Property, Plant and equipment		88,801	88,165
Prepaid land lease payments		1,238	1,312
Base Inventory		3,000	3,000
Mining rights		1,248	1,683
Mining asset		72,878	77,164
Investment in associates		152,708	213,918
Available for sale investment		62	165
Other assets		79,677	77,179
Goodwill on consolidation		5,828	6,166
Amount due from an associate		2,652	2,648
Deferred tax asset		11,068	12,572
		419,160	483,972
CURRENT ASSETS			
Inventories		372,955	380,550
Trade receivables		147,257	131,688
Other receivables		104,393	57,581
Tax recoverable		22,139	31,141
Amount due from related companies		1,571	1,102
Amount due from an associate		16,523	15,229
Derivative financial assets		2,776	-
Cash, bank balances and deposits		67,202	65,285
		734,816	682,576
Non-current asset classified as held for sale	5	23,050	-
		757,866	682,576
CURRENT LIABILITIES			
Trade payables		22,936	27,981
Other payables		51,043	49,290
Provisions for liabilities		5,095	7,308
Amount due to an associate		-	534
Taxation		25,066	19,955
Borrowings (unsecured)	20	588,200	509,520
Derivative financial liabilities		6,094	-
		698,434	614,588
NET CURRENT ASSETS			
		59,432	67,988
		478,592	551,960
EQUITY			
Equity attributable to equity holders of the parent			
Share capital		75,000	75,000
Reserves		193,844	227,843
		268,844	302,843
Minority interests		62,965	69,528
Total Equity		331,809	372,371
NON-CURRENT LIABILITIES			
Provisions for liabilities		13,909	21,000
Deferred tax liabilities		19,961	20,434
Borrowing (unsecured)	20	111,333	138,155
Derivative financial liabilities		1,580	-
		146,783	179,589
		478,592	551,960

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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MALAYSIA SMELTING CORPORATION BERHAD
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UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

for the period ended 30 June 2010

	Note	← 2 nd Quarter →		← Year to Date →	
		3 months ended		6 months ended	
		30.06.2010	30.06.2009	30.06.2010	30.06.2009
		RM'000	RM'000	RM'000	RM'000
Revenue		623,129	418,092	1,274,310	769,741
Profit from operations		16,656	19,573	(5,175)	13,472
Gross interest income		1,534	2,113	3,064	4,731
Gross interest expense		(3,900)	(6,973)	(8,058)	(13,848)
Share of profit/ (loss) of associates		2,100	(4,051)	6,311	(2,850)
Profit/ (loss) before taxation		16,390	10,662	(3,858)	1,505
Taxation	16	(10,835)	(4,254)	(19,045)	(3,690)
Profit/ (loss) for the period		5,555	6,408	(22,903)	(2,185)
Attributable to:					
Equity holders of the Company		7,983	6,989	(21,148)	1,398
Minority interests		(2,428)	(581)	(1,755)	(3,583)
		5,555	6,408	(22,903)	(2,185)
Basic earnings/(loss) per share (sen)	27	10.6	9.3	(28.2)	1.9
Proposed/Declared dividend per share (sen)	28	-	-	-	-
Net assets per share attributable to ordinary holders of the Company (RM)				As at end of current quarter	As at preceding financial year end
				3.58	4.04

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						Minority Interests	Total Equity
	Non - Distributable			Distributable				
Note	Share capital RM ' 000	Share premium RM ' 000	Revaluation reserve RM ' 000	Foreign exchange reserve RM ' 000	Retained earnings RM ' 000	Sub-total RM ' 000	RM ' 000	RM ' 000
At 1 January 2009	75,000	1,706	15,105	(7,344)	212,032	296,499	44,033	340,532
Profit for the period	-	-	-	-	1,398	1,398	(3,583)	(2,185)
Other comprehensive incomes	-	-	-	1,866	-	1,866	833	2,699
Total comprehensive incomes for the period	-	-	-	1,866	1,398	3,264	(2,750)	514
Dividend	-	-	-	-	-	-	-	-
At 30 June 2009	75,000	1,706	15,105	(5,478)	213,430	299,763	41,283	341,046

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

	Attributable to equity holders of the Company										Minority Interests	Total Equity
	Share capital RM ' 000	Share premium RM ' 000	Non - Distributable		Foreign exchange reserve RM ' 000	Available for sale reserve RM ' 000	Hedging Reserve RM ' 000	Distributable		Sub-total RM ' 000		
			Share revaluation reserve RM ' 000	Retained earnings RM ' 000				Retained earnings RM ' 000				
At 1 January 2010												
As previously stated	75,000	1,706	15,105	(8,354)	-	-	219,386	302,843	69,528	372,371		
Effects of adopting FRS 139	-	-	-	-	-	(6,738)	(2,868)	(9,606)	(1,209)	(10,815)		
At 1 January 2010 (restated)	75,000	1,706	15,105	(8,354)	-	(6,738)	216,518	293,237	68,319	361,556		
Profit/(Loss) for the period	-	-	-	-	-	-	(21,148)	(21,148)	(1,755)	(22,903)		
Other comprehensive incomes	-	-	-	(7,063)	(103)	5,608	-	(1,558)	(3,599)	(5,157)		
Total comprehensive incomes for the period	-	-	-	(7,063)	(103)	5,608	(21,148)	(22,706)	(5,354)	(28,060)		
Dividend	-	-	-	-	-	-	(1,687)	(1,687)	-	(1,687)		
At 30 June 2010	75,000	1,706	15,105	(15,417)	(103)	(1,130)	193,683	268,844	62,965	331,809		

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

for the period ended 30 June 2010

	2010 RM'000	2009 RM'000
Cash from operations	(15,429)	(4,918)
Interest paid	(8,424)	(15,836)
Income tax paid	(1,801)	(22,652)
Severance benefits paid	(8,432)	(1,055)
Net cash used in operating activities	<u>(34,086)</u>	<u>(44,461)</u>
Investing Activities		
Purchase of property, plant and equipment	(8,984)	(945)
Payment for prepaid lease payments	-	(112)
Payment for investment in an associate	(3,529)	(692)
Payment of deferred mine development and exploration and evaluation expenditure	(14,440)	(13,556)
Proceeds from disposal of property, plant and equipment	-	203
Interest received	3,079	4,945
Net cash used in investing activities	<u>(23,874)</u>	<u>(10,157)</u>
Financing Activities		
Borrowing/ (repayment) of short term trade financing	73,781	46,141
Repayment of term loans	(12,217)	(8,701)
Dividend paid - shareholders of the Company	(1,687)	-
Net cash from/(used) in financing activities	<u>59,877</u>	<u>37,440</u>
Net Change in Cash & Cash Equivalents	1,917	(17,178)
Cash & Cash Equivalents at 1 January	65,285	72,575
Cash & Cash Equivalents at 30 June	<u>67,202</u>	<u>55,397</u>

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.