

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2010

	Note	As at end of current quarter 30.09.2010 RM'000	As at preceding financial year end 31.12.2009 RM'000
NON-CURRENT ASSETS			
Property, Plant and equipment		97,611	88,165
Prepaid land lease payments		1,191	1,312
Base Inventory		3,000	3,000
Intangible assets		2,720	7,849
Mining asset		34,816	77,164
Investment in associates and jointly controlled entity		175,199	213,918
Available for sale investment		61	165
Other assets		76,934	77,179
Amount due from an associate		2,587	2,648
Deferred tax asset		18,475	12,572
		412,594	483,972
CURRENT ASSETS			
Inventories		474,217	380,550
Trade receivables		108,813	131,688
Other receivables		105,462	57,581
Tax recoverable		22,104	31,141
Amount due from related companies		-	1,102
Amount due from an associate		16,968	15,229
Derivative financial assets		1,407	-
Cash, bank balances and deposits		71,746	65,285
		800,717	682,576
Non-current asset classified as held for sale	5	19,536	-
		820,253	682,576
CURRENT LIABILITIES			
Trade payables		53,516	27,981
Other payables		65,073	49,290
Provisions for liabilities		6,481	7,308
Amount due to an associate		-	534
Taxation		25,626	19,955
Borrowings (unsecured)	20	610,859	509,520
Derivative financial liabilities		27,216	-
		788,771	614,588
NET CURRENT ASSETS			
		31,482	67,988
		444,076	551,960
EQUITY			
Equity attributable to equity holders of the parent			
Share capital		75,000	75,000
Reserves		205,193	227,843
		280,193	302,843
Minority interests		46,073	69,528
Total Equity		326,266	372,371
NON-CURRENT LIABILITIES			
Provisions for liabilities		14,600	21,000
Deferred tax liabilities		10,240	20,434
Borrowing (unsecured)	20	91,115	138,155
Derivative financial liabilities		1,855	-
		117,810	179,589
		444,076	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 September 2010

Note	← 3 rd Quarter →		← Year to Date →	
	3 months ended		9 months ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM'000	RM'000	RM'000	RM'000
Revenue	719,961	610,662	1,994,271	1,380,403
Profit from operations	26,520	17,326	69,345	30,798
Gross interest income	2,173	1,191	5,237	5,922
Gross interest expense	(7,875)	(4,467)	(15,933)	(18,315)
Share of profit/ (loss) of associates and jointly controlled entity	2,594	2,633	8,905	(217)
Profit before unusual items	23,412	16,683	67,554	18,188
Unusual items	5 (73,634)	-	(121,634)	-
Profit/ (loss) before taxation	(50,222)	16,683	(54,080)	18,188
Taxation	16 730	(7,068)	(18,315)	(10,758)
Profit/ (loss) for the period	(49,492)	9,615	(72,395)	7,430
Attributable to:				
Equity holders of the Company	(37,052)	8,773	(58,200)	10,171
Minority interests	(12,440)	842	(14,195)	(2,741)
	(49,492)	9,615	(72,395)	7,430
Basic earnings/(loss) per share (sen)	27 (49.4)	11.7	(77.6)	13.6
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 3.74	As at preceding financial year end 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

Note	Attributable to equity holders of the Company							Minority Interests	Total Equity
	Non - Distributable			Distributable					
	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		
At 1 January 2009	75,000	1,706	15,105	(7,344)	212,032	296,499	44,033	340,532	
Acquisition of subsidiaries	-	-	-	-	-	-	1,860	1,860	
Foreign exchange differences representing net gain not recognised in the income statement	-	-	-	222	-	222	199	421	
Net income recognised directly in equity	-	-	-	222	-	222	2,059	2,281	
Profit/(loss) for the period	-	-	-	-	10,171	10,171	(2,741)	7,430	
Total comprehensive income and expense for the period	-	-	-	222	10,171	10,393	(682)	9,711	
Dividend	-	-	-	-	-	-	-	-	
At 30 September 2009	75,000	1,706	15,105	(7,122)	222,203	306,892	43,351	350,243	

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

	Atributable to equity holders of the Company							Minority Interests	Total Equity	
	Share capital RM ' 000	Share premium RM ' 000	Non - Distributable Revaluation reserve RM ' 000	Foreign exchange reserve RM ' 000	Available for sale reserve RM ' 000	Hedging Reserve RM ' 000	Distributable Retained earnings RM ' 000			Sub-total 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	-	-	-	-	(354)	(6,738)	(2,514)	(9,606)	(1,209)	(10,815)
Prior year adjustment							65,004	65,004	-	65,004
At 1 January 2010 (restated)	75,000	1,706	15,105	(8,354)	(354)	(6,738)	281,876	358,241	68,319	426,560
Loss for the period	-	-	-	-	-	-	(58,200)	(58,200)	(14,195)	(72,395)
Other comprehensive income and expense	-	-	-	(11,943)	354	(6,572)	-	(18,161)	(8,051)	(26,212)
Total comprehensive income and expense for the period	-	-	-	(11,943)	354	(6,572)	(58,200)	(76,361)	(22,246)	(98,607)
Dividend	-	-	-	-	-	-	(1,687)	(1,687)	-	(1,687)
At 30 September 2010	75,000	1,706	15,105	(20,297)	-	(13,310)	221,989	280,193	46,073	326,266

Note:

The prior year adjustment is in respect of a negative goodwill arising from the purchase price allocation assessment from the acquisition of KM Resources Inc. based on a valuation by a professional firm. The fair value of assets and liabilities of KM Resources Inc. had not been finalised by the date the financial statement for year ended 31 December 2009 were authorised for issue.

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 FLOWS

for the period ended 30 September 2010

	2010	2009
	RM'000	RM'000
Cash (used in)/from operations	(1,926)	83,911
Interest paid	(17,134)	(20,017)
Income tax paid	(10,868)	(15,153)
Severance benefits paid	(6,665)	(4,242)
Net cash (used in)/from operating activities	<u>(36,593)</u>	<u>44,499</u>
Investing Activities		
Proceeds from disposal of quoted investment	14,803	-
Acquisition of subsidiaries	965	1,891
Purchase of property, plant and equipment	(24,834)	(1,542)
Payment for prepaid lease payments	-	(112)
Purchase of share in an associate	(3,529)	(768)
Payment of deferred mine development and exploration and evaluation expenditure	(18,382)	(26,815)
Net dividend received from an associate	-	21
Proceeds from disposal of property, plant and equipment	-	235
Interest received	5,139	5,945
Net cash used in investing activities	<u>(25,838)</u>	<u>(21,145)</u>
Financing Activities		
Drawdown of short term trade financing	88,798	8,409
Drawdown of term loan	-	8,683
Repayment of term loans	(18,219)	(14,109)
Dividend paid - shareholders of the Company	(1,687)	-
Net cash from financing activities	<u>68,892</u>	<u>2,983</u>
Net Change in Cash & Cash Equivalents	6,461	26,337
Cash & Cash Equivalents at 1 January	65,285	72,574
Cash & Cash Equivalents at 30 September	<u>71,746</u>	<u>98,911</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.