

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2010

	As at end of current quarter 31.12.2010 RM'000	As at preceding financial year end 31.12.2009 RM'000 Restated
Note		
NON-CURRENT ASSETS		
Property, Plant and equipment	94,523	88,165
Prepaid land lease payments	1,174	1,312
Base Inventory	3,000	3,000
Intangible assets	1,547	7,849
Mining asset	-	77,164
Investment in associates and jointly controlled entity	148,539	278,922
Available for sale investments	34,367	165
Other assets	84,531	77,179
Amount due from jointly controlled entity	2,607	2,648
Deferred tax assets	16,773	12,572
	387,061	548,976
CURRENT ASSETS		
Inventories	404,320	380,550
Trade receivables	134,116	131,688
Other receivables	130,980	57,581
Tax recoverable	22,162	31,141
Amount due from related companies	-	1,102
Amount due from an associate	816	15,229
Derivative financial assets	1,162	-
Cash, bank balances and deposits	119,244	65,285
Assets of disposal group classified as held for sale	19c 25,476	-
	838,276	682,576
CURRENT LIABILITIES		
Trade payables	53,369	27,981
Other payables	92,806	49,290
Provisions for liabilities	6,088	7,308
Amount due to an associate	-	534
Taxation	25,870	19,955
Borrowings (unsecured)	20 618,648	509,520
Derivative financial liabilities	1	-
Liabilities directly associated with disposal group classified as held for sale	19c 11,309	-
	808,091	614,588
NET CURRENT ASSETS	30,185	67,988
	417,246	616,964
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	75,000	75,000
Reserves	193,057	292,847
Reserve of disposal group classified as held for sale	19c (3,256)	-
	264,801	367,847
Minority interests	42,624	69,528
Total Equity	307,425	437,375
NON-CURRENT LIABILITIES		
Provisions for liabilities	20,067	21,000
Deferred tax liabilities	5,987	20,434
Borrowing (unsecured)	20 82,392	138,155
Derivative financial liabilities	1,375	-
	109,821	179,589
	417,246	616,964

The unaudited Condensed Consolidated Statement of Financial Position 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.

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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2010

Note	← 4 th Quarter →		← Year to Date →	
	3 months ended		12 months ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
		Restated		Restaed
Revenue	744,563	471,318	2,738,834	1,851,720
Profit from operations	18,156	29,603	87,501	60,401
Gross interest income	1,138	1,364	6,375	7,286
Gross interest expense	(6,310)	(4,757)	(22,243)	(23,072)
Share of profit/ (loss) of associates and jointly controlled entity	(4,523)	438	4,382	221
Profit before unusual items	8,461	26,648	76,015	44,836
Unusual items	5 (32,844)	65,004	(154,478)	65,004
Profit/ (loss) before taxation	(24,383)	91,652	(78,463)	109,840
Taxation	16 (3,453)	(30,407)	(21,768)	(41,165)
Profit/ (loss) for the period	(27,836)	61,245	(100,231)	68,675
Attributable to:				
Equity holders of the Company	(22,048)	62,187	(80,248)	72,358
Minority interests	(5,788)	(942)	(19,983)	(3,683)
	(27,836)	61,245	(100,231)	68,675
Basic earnings/(loss) per share (sen)	26 (29.4)	82.9	(107.0)	96.5
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 3.53	As at preceding financial year end 4.90

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.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2010

Note	4 th Quarter		Year to Date	
	3 months ended		12 months ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Profit/ (loss) for the period	(27,836)	61,245	(100,231)	68,675
Other comprehensive (expense)/income:				
Currency translation reserve	(10,845)	(1,843)	(29,670)	(1,423)
Net fair value changes in available -for-sale investment securities	-	-	354	-
Net fair value changes on cash flow hedges	16,082	-	8,340	-
Net revaluation surplus on land and buildings	3,759	-	3,759	-
Other comprehensive income/(expense) for the year, net of tax	8,996	(1,843)	(17,217)	(1,423)
Total comprehensive (expense)/income for the period	(18,840)	59,402	(117,448)	67,252
Total comprehensive income/(expense) attributable to:				
Equity holders of the Company, net of tax	(15,393)	60,956	(91,753)	71,348
Minority interests, net of tax	(3,447)	(1,554)	(25,695)	(4,096)
	(18,840)	59,402	(117,448)	67,252

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with 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
	Share capital	Share premium	Revaluation reserve	Foreign exchange reserve	Retained earnings	Sub-total		
Note	RM ' 000	RM ' 000	RM ' 000	RM ' 000	RM ' 000	RM ' 000	RM ' 000	
At 1 January 2009	75,000	1,706	15,105	(7,344)	212,032	296,499	340,532	
Total comprehensive income and expense for the year	-	-	-	(1,010)	7,354	6,344	2,248	
Minority interest arising from acquisition of subsidiaries	-	-	-	-	-	-	29,591	
Dividend	-	-	-	-	-	-	-	
At 31 December 2009	75,000	1,706	15,105	(8,354)	219,386	302,843	372,371	
Purchase price allocation of investment in jointly controlled entity	-	-	-	-	65,004	65,004	65,004	
At 31 December 2009 (restated)	75,000	1,706	15,105	(8,354)	284,390	367,847	437,375	

Note a

It relates to the effects of the retrospective adjustment of the gain on bargain purchase arising from the finalisation of the fair values of the assets and liabilities arising from the acquisition of KM Resources, Inc. which was acquired during the financial year ended 31 December 2009. In accordance with FRS 103, Business Combinations, the adjustments arising from the finalisation of such provisional purchase price allocation, which are to be made within twelve months from the date of acquisition are to be made retrospectively.

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

	Attributable to equity holders of the Company										Minority Interest	Total Equity	
	Non - Distributable					Non-Distributable							
	Share capital RM ' 000	Share premium RM ' 000	Revaluation reserve RM ' 000	Foreign exchange reserve RM ' 000	Available for sale reserve RM ' 000	Hedging Reserve RM ' 000	Retained earnings RM ' 000	Reserve of non-current assets held for sale RM ' 000	Sub-total RM ' 000	RM ' 000			RM ' 000
At 1 January 2010													
As previously stated	75,000	1,706	15,105	(8,354)	-	-	284,390	-	367,847	69,528	437,375		
Effects of adopting FRS 139	-	-	-	-	(354)	(6,738)	(2,514)	-	(9,606)	(1,209)	(10,815)		
At 1 January 2010 (restated)	75,000	1,706	15,105	(8,354)	(354)	(6,738)	281,876	-	358,241	68,319	426,560		
Total comprehensive income and expense for the year	-	-	3,661	(22,969)	354	7,450	(80,249)	-	(91,753)	(25,695)	(117,448)		
Reserve of disposal group classified as held for sale	-	-	-	3,256	-	-	-	(3,256)	-	-	-		
Dividend	-	-	-	-	-	-	(1,687)	-	(1,687)	-	(1,687)		
At 31 December 2010	75,000	1,706	18,766	(28,067)	-	712	199,940	(3,256)	264,801	42,624	307,425		

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.

(Tempatan 43072 - A)
MALAYSIA SMELTING CORPORATION BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2010

	2010 RM'000	2009 RM'000
Cash from operations	81,717	36,260
Interest paid	(23,693)	(27,042)
Income tax paid	(18,637)	(23,244)
Severance benefits paid	(10,394)	(635)
Net cash from/(used in) operating activities	<u>28,993</u>	<u>(14,661)</u>
Investing Activities		
Proceeds from disposal of share in associate	16,988	-
Acquisition of subsidiaries	965	1,891
Deemed disposal of a subsidiary	-	(688)
Purchase of property, plant and equipment	(24,309)	(4,299)
Payment for prepaid lease payments	-	(112)
Purchase of share in an associate	(3,529)	(732)
Payment for an insurance scheme	-	(7,771)
Payment of deferred mine development and exploration and evaluation expenditure	(38,177)	(31,604)
Proceeds from disposal of property, plant and equipment	137	-
Net dividend received from an associate	21	21
Proceeds from disposal of property, plant and equipment	-	306
Interest received	6,250	7,305
Net cash used in investing activities	<u>(41,654)</u>	<u>(35,683)</u>
Financing Activities		
Drawdown of short term trade financing	94,916	55,445
Drawdown of term loan	-	8,683
Repayment of term loans	(26,084)	(21,073)
Dividend paid - shareholders of the Company	(1,687)	-
Net cash from financing activities	<u>67,145</u>	<u>43,055</u>
Net Change in Cash & Cash Equivalents	54,484	(7,289)
Cash & Cash Equivalents at 1 January	65,285	72,574
Cash & Cash Equivalents at 31 December	<u>119,769</u>	<u>65,285</u>

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the balance sheet date:

Cash and short term deposits:

- Continuing operations	119,244
- Disposal group classified as held for sale	525
	<u>119,769</u>

The unaudited Condensed Consolidated Statement of Cash Flows 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.