

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

		As at end of current quarter 31.03.2011 RM'000	As at preceding financial year end 31.12.2010 RM'000
Assets	Note		
Non-current assets			
Property, plant and equipment		95,242	94,523
Prepaid land lease payments		1,135	1,174
Base inventory		3,000	3,000
Intangible assets		1,853	1,547
Investment in associates and jointly controlled entity		148,733	148,539
Investment securities		34,378	34,367
Other non-current assets		92,183	84,531
Other receivables		2,580	2,607
Deferred tax assets		13,378	11,083
		392,482	381,371
Current assets			
Inventories		417,369	404,320
Trade and other receivables		339,874	258,768
Other current assets		8,581	7,144
Tax recoverable		21,661	22,162
Derivative financial instruments		625	1,162
Cash, bank balances and deposits		197,990	119,244
		986,100	812,800
Assets of disposal group classified as held for sale	19c	24,774	25,476
		1,010,874	838,276
Total assets		1,403,356	1,219,647
Equity and liabilities			
Current liabilities			
Provisions		4,435	6,088
Borrowings	20	660,827	618,648
Trade and other payables		171,197	146,175
Current tax payable		33,369	25,870
Derivative financial instruments		225	1
		870,053	796,782
Liabilities directly associated with disposal group classified as held for sale	19c	11,178	11,309
		881,231	808,091
Net current assets		129,643	30,185
Non-current liabilities			
Provisions		19,746	20,067
Deferred tax liabilities		648	297
Borrowings		65,964	82,392
Derivative financial instruments		1,142	1,375
		87,500	104,131
Total liabilities		968,731	912,222
Net assets		434,625	307,425
Equity attributable to equity holders of the Company			
Share capital		100,000	75,000
Other reserves		63,739	(6,883)
Retained earnings		228,217	199,940
Reserve of disposal group classified as held for sale	19c	(3,382)	(3,256)
		388,574	264,801
Minority interests		46,051	42,624
Total Equity		434,625	307,425
Total equity and liabilities		1,403,356	1,219,647

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 2010 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 31 March 2011

Note	← 1 st Quarter →		← Year to Date →		
	3 months ended		3 months ended		
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	
	RM'000	RM'000	RM'000	RM'000	
Revenue	737,873	651,181	737,873	651,181	
Profit from operations	47,437	26,169	47,437	26,169	
Gross interest income	1,592	1,530	1,592	1,530	
Gross interest expense	(5,750)	(4,158)	(5,750)	(4,158)	
Share of profit of associates and jointly controlled entity	2,544	4,211	2,544	4,211	
Profit before unusual items	45,823	27,752	45,823	27,752	
Unusual items	5	-	(48,000)	-	(48,000)
Profit/(loss) before tax	45,823	(20,248)	45,823	(20,248)	
Income tax expense	16	(13,221)	(8,210)	(13,221)	(8,210)
Profit/(loss) net of tax	32,602	(28,458)	32,602	(28,458)	
Attributable to:					
Equity holders of the Company	28,276	(29,131)	28,276	(29,131)	
Minority interests	4,326	673	4,326	673	
	32,602	(28,458)	32,602	(28,458)	
Basic earnings/(loss) per share (sen)	26	30.4	(38.8)	30.4	(38.8)
Proposed/Declared dividend per share (sen)	28	-	-	-	-
Net assets per share attributable to equity holders of the Company (RM)			As at end of current quarter	As at preceding financial year end	
			3.89	3.53	

The unaudited condensed consolidated income statement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2011

Note	1 st Quarter 3 months ended		Year to Date 3 months ended	
	31.03.2011 RM'000	31.03.2010 RM'000	31.03.2011 RM'000	31.03.2010 RM'000
Profit/ (loss) net of tax	32,602	(28,458)	32,602	(28,458)
Other comprehensive income:				
Foreign currency translation	(4,820)	(3,890)	(4,820)	(3,890)
Net fair value changes in available-for-sale investment securities	11	(42)	11	(42)
Net fair value changes on cash flow hedges	(520)	(2,514)	(520)	(2,514)
Other comprehensive income for the period, net of tax	(5,329)	(6,446)	(5,329)	(6,446)
Total comprehensive income for the period	27,273	(34,904)	27,273	(34,904)
Total comprehensive income attributable to:				
Equity holders of the Company	23,846	(33,397)	23,846	(33,397)
Minority interests	3,427	(1,507)	3,427	(1,507)
	27,273	(34,904)	27,273	(34,904)

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited annual financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2010

	Attributable to equity holders of the Company									
	Equity attributable to equity holders of the Company					Non - Distributable				
Note	Total equity RM'000	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	Available for-sale ("AFS") reserve RM'000	Hedging reserve RM'000	Reserve of disposal group classified as held for sale RM'000	Retained earnings RM'000	Minority interests RM'000
At 1 January 2010 (as previously stated)	372,371	75,000	1,706	15,105	(8,354)	-	-	-	219,386	69,528
Prior year adjustment	65,004	-	-	-	-	-	-	-	65,004	-
At 1 January 2010 (as restated)	437,375	75,000	1,706	15,105	(8,354)	-	-	-	284,390	69,528
Effects of adopting FRS 139	(10,815)	-	-	-	-	(354)	(6,738)	-	(2,514)	(1,209)
Total comprehensive income	426,560	75,000	1,706	15,105	(8,354)	(354)	(6,738)	-	281,876	68,319
	(34,904)	-	-	-	(2,634)	(42)	(1,590)	-	(29,131)	(1,507)
At 31 March 2010	391,656	324,844	75,000	15,105	(10,988)	(396)	(8,328)	-	252,745	66,812

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.

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

For the period ended 31 March 2011

	Attributable to equity holders of the Company										
	←					→					Distributable
Note	Total equity RM'000	Equity attributable to equity holders of the Company total RM'000	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	AFS reserve RM'000	Hedging Reserve RM'000	Reserve of disposal group classified as held for sale RM'000	Retained earnings RM'000	
At 1 January 2011	307,425	264,801	75,000	1,706	18,766	(28,067)	-	712	(3,256)	199,940	42,624
Total comprehensive income	27,273	23,846	-	-	-	(3,922)	11	(520)	-	28,277	3,427
Issue of ordinary shares	104,187	104,187	25,000	79,187	-	-	-	-	-	-	-
Share issuance expense	(4,260)	(4,260)	-	(4,260)	-	-	-	-	-	-	-
Reserve attributable to disposal group classified as held for sale	-	-	-	-	-	126	-	-	(126)	-	-
Dividend	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2011	434,625	388,574	100,000	76,633	18,766	(31,863)	11	192	(3,382)	228,217	46,051

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 2010 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 31 March 2011

	2011 RM'000	2010 RM'000
Cash (used in)/generated from operations	(14,462)	17,855
Income tax paid	(7,114)	1,602
Interest paid	(5,674)	(3,147)
Severance benefits paid	(3,979)	(4,345)
Net cash from/(used in) operating activities	<u>(31,229)</u>	<u>11,965</u>
Investing activities		
Interest received	1,373	1,559
Payment for deferred mine development and deferred exploration and evaluation expenditure	(14,925)	(7,749)
Proceeds from disposal of property, plant and equipment	110	-
Purchase of corporate club membership	(350)	-
Purchase of property, plant and equipment	(5,807)	(1,168)
Purchase of shares in associate	-	(3,529)
Net cash used in investing activities	<u>(19,599)</u>	<u>(10,887)</u>
Financing activities		
Drawdown of short term trade financing and other borrowings	36,885	29,813
Proceeds from issuance of ordinary shares, net	99,927	-
Repayment of term loans	(7,563)	(5,458)
Net cash generated from financing activities	<u>129,249</u>	<u>24,355</u>
Net increase in cash and cash equivalents	78,421	25,433
Cash and cash equivalents as at 1 January	119,768	65,285
Cash and cash equivalents as at 31 March	<u>198,189</u>	<u>90,718</u>

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

Cash and short term deposits:

- Continuing operations	197,990
- Disposal group classified as held for sale	199
	<u>198,189</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 2010 and the accompanying explanatory notes attached to the interim financial statements.