

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

		As at end of current quarter 30.06.2011 RM'000	As at preceding financial year end 31.12.2010 RM'000
Assets	Note		
Non-current assets			
Property, plant and equipment		90,698	94,523
Prepaid land lease payments		1,007	1,174
Base inventory		3,000	3,000
Intangible assets		1,809	1,547
Investment in associates and jointly controlled entity		166,843	148,539
Investment securities		34,338	34,367
Other non-current assets		88,384	84,531
Other receivables		4,138	2,607
Deferred tax assets		19,447	11,083
		409,664	381,371
Current assets			
Inventories		425,581	404,320
Trade and other receivables		350,457	258,768
Other current assets		3,608	7,144
Tax recoverable		10,167	22,162
Derivative financial instruments		5,587	1,162
Cash, bank balances and deposits		237,259	119,244
		1,032,659	812,800
Assets of disposal group classified as held for sale	19b	2,019	25,476
		1,034,678	838,276
Total assets		1,444,342	1,219,647
Equity and liabilities			
Current liabilities			
Provisions		5,607	6,088
Borrowings	20	677,511	618,648
Trade and other payables		149,133	146,175
Current tax payable		47,332	25,870
Derivative financial instruments		-	1
		879,583	796,782
Liabilities directly associated with disposal group classified as held for sale		-	11,309
		879,583	808,091
Net current assets		155,095	30,185
Non-current liabilities			
Provisions		31,251	20,067
Deferred tax liabilities		806	297
Borrowings	20	58,744	82,392
Derivative financial instruments		1,211	1,375
		92,012	104,131
Total liabilities		971,595	912,222
Net assets		472,747	307,425
Equity attributable to equity holders of the Company			
Share capital		100,000	75,000
Other reserves		67,331	(6,883)
Retained earnings		262,267	199,940
Reserve of disposal group classified as held for sale		-	(3,256)
		429,598	264,801
Minority interests		43,149	42,624
Total Equity		472,747	307,425
Total equity and liabilities		1,444,342	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 30 June 2011

Note	← 2 nd Quarter →		← Year to Date →		
	3 months ended		6 months ended		
	30.06.2011	30.06.2010	30.06.2011	30.06.2010	
	RM'000	RM'000	RM'000	RM'000	
Revenue	852,627	623,129	1,590,500	1,274,310	
Profit from operations	38,289	16,656	85,726	42,825	
Gross interest income	3,500	1,534	5,092	3,064	
Gross interest expense	(6,305)	(3,900)	(12,055)	(8,058)	
Share of profit of associates and jointly controlled entity	17,864	2,100	20,408	6,311	
Profit before unusual items	53,348	16,390	99,171	44,142	
Unusual items	5	-	-	(48,000)	
Profit/(loss) before tax	53,348	16,390	99,171	(3,858)	
Income tax expense	16	(15,904)	(29,125)	(19,045)	
Profit/(loss) net of tax	37,444	5,555	70,046	(22,903)	
Attributable to:					
Equity holders of the Company	36,301	7,983	64,577	(21,148)	
Minority interests	1,143	(2,428)	5,469	(1,755)	
	37,444	5,555	70,046	(22,903)	
Basic earnings/(loss) per share (sen)	26	36.3	10.6	66.9	(28.2)
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	
			4.30	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 30 June 2011

Note	2 nd Quarter		Year to Date	
	3 months ended		6 months ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Profit/ (loss) net of tax	37,444	5,555	70,046	(22,903)
Other comprehensive income:				
Foreign currency translation	355	(7,237)	(4,465)	(11,127)
Net fair value changes in available-for-sale investment securities	(11)	(61)	-	(103)
Net fair value changes on cash flow hedges	3,379	8,587	2,859	6,073
Other comprehensive income for the period, net of tax	3,723	1,289	(1,606)	(5,157)
Total comprehensive income for the period	41,167	6,844	68,440	(28,060)
Total comprehensive income attributable to:				
Equity holders of the Company	40,011	10,691	63,857	(22,706)
Minority interests	1,156	(3,847)	4,583	(5,354)
	41,167	6,844	68,440	(28,060)

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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2010

	Attributable to equity holders of the Company										
	←					→					Distributable
	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)	-	-	-	-	-	(6,738)	-	(2,868)	(1,209)	
Total comprehensive income	426,560	75,000	1,706	15,105	(8,354)	-	(6,738)	-	281,522	68,319	
Dividend	(28,060)	-	-	-	(7,063)	(103)	5,608	-	(21,148)	(5,354)	
	(1,687)	-	-	-	-	-	-	-	(1,687)	-	
At 30 June 2010	396,813	75,000	1,706	15,105	(15,417)	(103)	(1,130)	-	258,687	62,965	

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 30 June 2011

	Attributable to equity holders of the Company										
	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	Non - Distributable			Distributable		
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	Minority interests 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	68,440	63,857	-	-	-	(3,572)	-	2,859	(7)	64,577	4,583
Issue of ordinary shares	104,187	104,187	25,000	79,187	-	-	-	-	-	-	-
Share issuance expense	(4,260)	(4,260)	-	(4,260)	-	-	-	-	-	-	-
Disposal of subsidiaries	(795)	3,263	-	-	-	-	-	-	3,263	-	(4,058)
Dividend	(2,250)	(2,250)	-	-	-	-	-	-	-	(2,250)	-
At 30 June 2011	472,747	429,598	100,000	76,633	18,766	(31,639)	-	3,571	-	262,267	43,149

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 30 June 2011

	Note	2011 RM'000	2010 RM'000
Cash generated/(used in) from operations		17,329	(15,429)
Income tax paid		(4,286)	(1,801)
Interest paid		(12,048)	(8,424)
Severance benefits paid		(9,097)	(8,432)
Net cash used in operating activities		<u>(8,102)</u>	<u>(34,086)</u>
Investing activities			
Interest received		3,370	3,079
Payment for deferred mine development and deferred exploration and evaluation expenditure		(16,529)	(14,440)
Proceeds from disposal of property, plant and equipment		110	-
Proceeds from disposal of subsidiaries	12	8,283	-
Purchase of corporate club membership		(350)	-
Purchase of property, plant and equipment		(5,013)	(8,984)
Purchase of shares in associate		-	(3,529)
Net cash used in investing activities		<u>(10,129)</u>	<u>(23,874)</u>
Financing activities			
Dividends paid on ordinary shares		(2,250)	(1,687)
Drawdown of short term trade financing and other borrowings		51,715	73,781
Proceeds from issuance of ordinary shares, net		99,927	-
Repayment of term loans		(13,670)	(12,217)
Net cash generated from financing activities		<u>135,722</u>	<u>59,877</u>
Net increase in cash and cash equivalents		117,491	1,917
Cash and cash equivalents as at 1 January		119,768	65,285
Cash and cash equivalents as at 30 June		<u>237,259</u>	<u>67,202</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.