

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2011

		As at end of current quarter 30.09.2011 RM'000	As at preceding financial year end 31.12.2010 RM'000
<b>Assets</b>	<b>Note</b>		
<b>Non-current assets</b>			
Property, plant and equipment		93,293	94,523
Prepaid land lease payments		1,023	1,174
Base inventory		3,000	3,000
Intangible assets		1,765	1,547
Investment in associates and jointly controlled entity		169,755	148,539
Investment securities		34,344	34,367
Other non-current assets		91,837	84,531
Other receivables		4,497	2,607
Deferred tax assets		23,391	11,083
		<u>422,905</u>	<u>381,371</u>
<b>Current assets</b>			
Inventories		360,330	404,320
Trade and other receivables		303,989	258,768
Other current assets		3,130	7,144
Tax recoverable		10,662	22,162
Derivative financial instruments		3,831	1,162
Cash, bank balances and deposits		235,103	119,244
		<u>917,045</u>	<u>812,800</u>
Assets of disposal group classified as held for sale	<b>19b</b>	2,019	25,476
		<u>919,064</u>	<u>838,276</u>
<b>Total assets</b>		<u>1,341,969</u>	<u>1,219,647</u>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Provisions		2,527	6,088
Borrowings	<b>20</b>	537,494	618,648
Trade and other payables		152,117	146,175
Current tax payable		48,127	25,870
Derivative financial instruments		8,915	1
		<u>749,180</u>	<u>796,782</u>
Liabilities directly associated with disposal group classified as held for sale		-	11,309
		<u>749,180</u>	<u>808,091</u>
<b>Net current assets</b>		<u>169,884</u>	<u>30,185</u>
<b>Non-current liabilities</b>			
Provisions		38,520	20,067
Deferred tax liabilities		641	297
Borrowings	<b>20</b>	46,700	82,392
Derivative financial instruments		1,153	1,375
		<u>87,014</u>	<u>104,131</u>
<b>Total liabilities</b>		<u>836,194</u>	<u>912,222</u>
<b>Net assets</b>		<u>505,775</u>	<u>307,425</u>
<b>Equity attributable to equity holders of the Company</b>			
Share capital		100,000	75,000
Other reserves		64,844	(6,883)
Retained earnings		295,079	199,940
Reserve of disposal group classified as held for sale		-	(3,256)
		<u>459,923</u>	<u>264,801</u>
<b>Minority interests</b>		45,852	42,624
<b>Total Equity</b>		<u>505,775</u>	<u>307,425</u>
<b>Total equity and liabilities</b>		<u>1,341,969</u>	<u>1,219,647</u>

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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**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

For the period ended 30 September 2011

	Note	← 3 rd Quarter →		← Year to Date →	
		3 months ended		9 months ended	
		30.09.2011	30.09.2010	30.09.2011	30.09.2010
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		907,043	719,961	2,497,543	1,994,271
Profit from operations		51,643	26,520	137,369	69,345
Gross interest income		3,233	2,173	8,325	5,237
Gross interest expense		(5,883)	(7,875)	(17,938)	(15,933)
Share of profit of associates and jointly controlled entity		2,912	2,594	23,320	8,905
Profit before unusual items		51,905	23,412	151,076	67,554
Unusual items	5	-	(73,634)	-	(121,634)
<b>Profit/(loss) before tax</b>		51,905	(50,222)	151,076	(54,080)
Income tax expense	16	(9,768)	730	(38,893)	(18,315)
<b>Profit/(loss) net of tax</b>		42,137	(49,492)	112,183	(72,395)
<b>Attributable to:</b>					
Equity holders of the Company		41,812	(37,052)	106,389	(58,200)
Minority interests		325	(12,440)	5,794	(14,195)
		42,137	(49,492)	112,183	(72,395)
Basic earnings/(loss) per share ( sen )	26	41.8	(49.4)	108.9	(77.6)
Proposed/Declared dividend per share ( sen )	28	-	-	-	-
				As at end of current quarter	As at preceding financial year end
Net assets per share attributable to equity holders of the Company ( RM )				4.60	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 September 2011

Note	3 rd Quarter		Year to Date	
	3 months ended 30.09.2011 RM'000	30.09.2010 RM'000	9 months ended 30.09.2011 RM'000	30.09.2010 RM'000
Profit/ (loss) net of tax	42,137	(49,492)	112,183	(72,395)
Other comprehensive income:				
Foreign currency translation	6,709	(7,697)	2,244	(18,824)
Net fair value changes in available-for-sale investment securities	-	457	-	354
Net fair value changes on cash flow hedges	(6,818)	(13,815)	(3,959)	(7,742)
Other comprehensive income for the period, net of tax	(109)	(21,055)	(1,715)	(26,212)
Total comprehensive income for the period	42,028	(70,547)	110,468	(98,607)
Total comprehensive income attributable to:				
Equity holders of the Company	39,325	(53,655)	103,182	(76,361)
Minority interests	2,703	(16,892)	7,286	(22,246)
	42,028	(70,547)	110,468	(98,607)

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 September 2010

	Attributable to equity holders of the Company									
	←					→				
	Non - Distributable					Distributable				
	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	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
<b>At 1 January 2010 (as previously stated)</b>	372,371	75,000	1,706	15,105	(8,354)	-	-	-	219,386	69,528
Prior year adjustment	65,004	-	-	-	-	-	-	-	65,004	-
<b>At 1 January 2010 (as restated)</b>	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
Dividend	(98,607)	-	-	-	(11,943)	354	(6,572)	-	(58,200)	(22,246)
	(1,687)	-	-	-	-	-	-	-	(1,687)	-
<b>At 30 September 2010</b>	326,266	280,193	1,706	15,105	(20,297)	-	(13,310)	-	221,989	46,073

**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 September 2011

	Attributable to equity holders of the Company										
	←					→					
	Non - Distributable					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	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	110,468	103,182	-	-	-	759	-	(3,959)	(7)	106,389	7,286
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	(11,250)	(11,250)	-	-	-	-	-	-	-	(11,250)	-
<b>At 30 September 2011</b>	<b>505,775</b>	<b>459,923</b>	<b>100,000</b>	<b>76,633</b>	<b>18,766</b>	<b>(27,308)</b>	<b>-</b>	<b>(3,247)</b>	<b>-</b>	<b>295,079</b>	<b>45,852</b>

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 September 2011

	Note	2011 RM'000	2010 RM'000
<b>Cash generated from/(used in) operations</b>		215,907	(1,926)
Income tax paid		(15,949)	(10,868)
Interest paid		(16,966)	(17,134)
Severance benefits paid		(14,954)	(6,665)
<b>Net cash generated from/(used in) operating activities</b>		<u>168,038</u>	<u>(36,593)</u>
<b>Investing activities</b>			
Acquisition of subsidiaries		-	965
Interest received		6,505	5,139
Payment for deferred mine development and deferred exploration and evaluation expenditure		(23,567)	(18,382)
Proceeds from disposal of property, plant and equipment		116	-
Proceeds from disposal of shares in an associate		-	14,803
Proceeds from disposal of subsidiaries	12	8,283	-
Purchase of corporate club membership		(350)	-
Purchase of property, plant and equipment		(8,934)	(24,834)
Purchase of shares in associate		-	(3,529)
<b>Net cash used in investing activities</b>		<u>(17,947)</u>	<u>(25,838)</u>
<b>Financing activities</b>			
Dividends paid on ordinary shares		(11,250)	(1,687)
Drawdown/(repayment) of short term trade financing and other borrowings		(101,769)	88,798
Proceeds from issuance of ordinary shares, net		99,927	-
Repayment of term loans		(21,665)	(18,219)
<b>Net cash (used in)/generated from financing activities</b>		<u>(34,757)</u>	<u>68,892</u>
<b>Net increase in cash and cash equivalents</b>		115,334	6,461
<b>Cash and cash equivalents as at 1 January</b>		119,769	65,285
<b>Cash and cash equivalents as at 30 September</b>		<u>235,103</u>	<u>71,746</u>

For the purpose of the consolidated statement of cash flow, cash and cash equivalents at 1 January 2011 comprise the following :

Cash and short term deposits:	
- Continuing operations	119,244
- Attributable to disposal group classified as held for sale	525
Cash and cash equivalents	<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 2010 and the accompanying explanatory notes attached to the interim financial statements.