

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	As at end of current quarter 31.12.2011 RM'000	As at preceding financial year end 31.12.2010 RM'000
Assets			
Non-current assets			
Property, plant and equipment		92,378	94,523
Prepaid land lease payments		1,254	1,174
Base inventory		3,000	3,000
Intangible assets		1,720	1,547
Investment in associates and jointly controlled entity		174,181	148,539
Investment securities		17,735	34,367
Other non-current assets		99,172	84,531
Other receivables		4,523	2,607
Deferred tax assets		17,952	11,083
		411,915	381,371
Current assets			
Inventories		292,852	404,320
Trade and other receivables		319,025	258,768
Other current assets		4,570	7,144
Tax recoverable		7,525	22,162
Derivative financial instruments		-	1,162
Cash, bank balances and deposits		235,697	119,244
		859,669	812,800
Assets of disposal group classified as held for sale		-	25,476
		859,669	838,276
Total assets		1,271,584	1,219,647
Equity and liabilities			
Current liabilities			
Provisions		15,120	6,088
Borrowings	21	525,383	618,648
Trade and other payables		178,708	146,175
Current tax payable		20,600	25,870
Derivative financial instruments		418	1
		740,229	796,782
Liabilities directly associated with disposal group classified as held for sale		-	11,309
		740,229	808,091
Net current assets		119,440	30,185
Non-current liabilities			
Provisions		29,478	20,067
Deferred tax liabilities		645	297
Borrowings	21	38,070	82,392
Derivative financial instruments		865	1,375
		69,058	104,131
Total liabilities		809,287	912,222
Net assets		462,297	307,425
Equity attributable to equity holders of the Company			
Share capital		100,000	75,000
Other reserves		77,445	(6,883)
Retained earnings		249,301	199,940
Reserve of disposal group classified as held for sale		-	(3,256)
		426,746	264,801
Minority interests		35,551	42,624
Total Equity		462,297	307,425
Total equity and liabilities		1,271,584	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 year ended 31 December 2011

	Note	← 4 th Quarter →		← Year to Date →	
		3 months ended		12 months ended	
		31.12.2011	31.12.2010	31.12.2011	31.12.2010
		RM'000	RM'000	RM'000	RM'000
Revenue		601,008	744,563	3,098,551	2,738,834
Profit from operations		(35,153)	18,157	102,692	87,502
Gross interest income		4,642	1,137	12,967	6,374
Gross interest expense		(5,983)	(6,310)	(23,921)	(22,243)
Share of results of associates and jointly controlled entity		1,372	(4,523)	24,692	4,382
Profit/(loss) before unusual items	5	(35,122)	8,461	116,430	76,015
Unusual items	6	(24,822)	(32,844)	(25,298)	(154,478)
Profit/(loss) before tax		(59,944)	(24,383)	91,132	(78,463)
Income tax expense	17	4,417	(3,453)	(34,476)	(21,768)
Profit/(loss) net of tax		(55,527)	(27,836)	56,656	(100,231)
Attributable to:					
Equity holders of the Company		(45,866)	(22,049)	60,523	(80,249)
Minority interests		(9,661)	(5,787)	(3,867)	(19,982)
		(55,527)	(27,836)	56,656	(100,231)
Basic earnings/(loss) per share (sen)	27	(45.9)	(29.4)	61.6	(107.0)
Proposed/Declared dividend per share (sen)	29	18.0	3.0	18.0	3.0
				As at end of current quarter	As at preceding financial year end
Net assets per share attributable to equity holders of the Company (RM)				4.27	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 year ended 31 December 2011

Note	4 th Quarter		Year to Date	
	3 months ended		12 months ended	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Profit/ (loss) net of tax	(55,527)	(27,836)	56,656	(100,231)
Other comprehensive income:				
Foreign currency translation	9,153	(10,846)	11,397	(29,670)
Net fair value changes in available-for-sale investment securities	-	-	-	354
Net fair value changes on cash flow hedges	3,157	16,082	(802)	8,340
Net revaluation surplus on land and buildings	-	3,759	-	3,759
Other comprehensive income for the year, net of tax	12,310	8,995	10,595	(17,217)
Total comprehensive income for the year	(43,217)	(18,841)	67,251	(117,448)
Total comprehensive income attributable to:				
Equity holders of the Company	(32,916)	(15,392)	70,266	(91,753)
Minority interests	(10,301)	(3,449)	(3,015)	(25,695)
	(43,217)	(18,841)	67,251	(117,448)

(116,025.00)

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 year ended 31 December 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
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
Dividend	(117,448)	-	-	3,661	(22,969)	354	7,450	-	(80,249)	(25,695)
Dividend	(1,687)	-	-	-	-	-	-	-	(1,687)	-
Reserve attributable to disposal group classified as held for sale	-	-	-	-	3,256	-	-	(3,256)	-	-
At 31 December 2010	307,425	264,801	1,706	18,766	(28,067)	-	712	(3,256)	199,940	42,624

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)

For the year ended 31 December 2011

	Attributable to equity holders of the Company										Distributable
	Equity attributable to equity holders of the Company					Non - 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	67,251	70,266	-	-	-	10,552	-	(802)	(7)	60,523	(3,015)
Issue of ordinary shares	104,187	104,187	25,000	79,187	-	-	-	-	-	-	-
Share issuance expense	(4,521)	(4,521)	-	(4,521)	-	-	-	-	-	-	-
Disposal of subsidiaries	(795)	3,263	-	-	-	-	-	-	3,263	-	(4,058)
Realisation of revaluation reserve	-	-	-	-	(88)	-	-	-	-	88	-
Dividend	(11,250)	(11,250)	-	-	-	-	-	-	-	(11,250)	-
At 31 December 2011	462,297	426,746	100,000	76,372	18,678	(17,515)	-	(90)	-	249,301	35,551

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 year ended 31 December 2011

	Note	2011 RM'000	2010 RM'000
Cash generated from/(used in) operations		266,820	85,474
Income tax paid		(30,515)	(18,637)
Interest paid		(23,270)	(23,693)
Severance benefits paid		(43)	(3,430)
Net cash generated from/(used in) operating activities		<u>212,992</u>	<u>39,714</u>
Investing activities			
Acquisition of subsidiaries		-	965
Interest received		11,062	6,250
Net dividend received from an associate		21	21
Payment for an insurance scheme		(11,275)	(10,722)
Payment for deferred mine development and deferred exploration and evaluation expenditure		(42,346)	(37,397)
Payment for prepaid land lease payments		(141)	-
Proceeds from disposal of property, plant and equipment		438	137
Proceeds from disposal of shares in an associate		-	16,988
Proceeds from disposal of assets classified as held for sale		10,530	-
Purchase of corporate club membership		(350)	-
Purchase of property, plant and equipment		(12,170)	(25,088)
Purchase of shares in associate		-	(3,529)
Net cash used in investing activities		<u>(44,231)</u>	<u>(52,375)</u>
Financing activities			
Dividends paid on ordinary shares		(11,250)	(1,687)
Drawdown/(repayment) of short term trade financing and other borrowings		(110,653)	94,916
Proceeds from issuance of ordinary shares, net		99,666	-
Repayment of term loans		(30,595)	(26,084)
Net cash (used in)/generated from financing activities		<u>(52,832)</u>	<u>67,145</u>
Net increase in cash and cash equivalents		115,929	54,484
Cash and cash equivalents as at 1 January		119,768	65,285
Cash and cash equivalents as at 31 December		<u>235,697</u>	<u>119,769</u>

For the purpose of the consolidated statement of cash flow, cash and cash equivalents comprise the following at 31 December 2010:

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.