

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

| | As at 31.03.2012 Unaudited RM'000 | As at 31.12.2011 Unaudited RM'000 (restated) | As at 01.01.2011 Unaudited RM'000 (restated) |
|---|--|--|--|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 91,070 | 92,378 | 94,523 |
| Prepaid land lease payments | 1,215 | 1,254 | 1,174 |
| Base inventory | 3,000 | 3,000 | 3,000 |
| Intangible assets | 1,677 | 1,721 | 1,547 |
| Investment in associates and jointly controlled entity | 164,578 | 174,181 | 148,539 |
| Investment securities | 23,510 | 17,736 | 34,367 |
| Other non-current assets | 93,206 | 99,172 | 84,531 |
| Other receivables | 4,419 | 4,523 | 2,607 |
| Deferred tax assets | 18,281 | 17,950 | 11,083 |
| | <u>400,956</u> | <u>411,915</u> | <u>381,371</u> |
| Current assets | | | |
| Inventories | 340,171 | 303,122 | 404,320 |
| Trade and other receivables | 223,864 | 309,030 | 258,768 |
| Other current assets | 3,619 | 4,570 | 7,144 |
| Tax recoverable | 8,056 | 7,525 | 22,162 |
| Derivative financial instruments | - | - | 1,162 |
| Cash, bank balances and deposits | 201,244 | 235,697 | 119,244 |
| | <u>776,954</u> | <u>859,944</u> | <u>812,800</u> |
| Assets of disposal group classified as held for sale | - | - | 25,476 |
| | <u>776,954</u> | <u>859,944</u> | <u>838,276</u> |
| Total assets | <u>1,177,910</u> | <u>1,271,859</u> | <u>1,219,647</u> |
| Equity and liabilities | | | |
| Current liabilities | | | |
| Provisions | 14,537 | 15,119 | 6,088 |
| Borrowings | 468,795 | 525,383 | 618,648 |
| Trade and other payables | 168,731 | 178,976 | 146,175 |
| Current tax payable | 17,720 | 20,600 | 25,870 |
| Derivative financial instruments | 636 | 419 | 1 |
| | <u>670,419</u> | <u>740,497</u> | <u>796,782</u> |
| Liabilities directly associated with disposal group classified as held for sale | - | - | 11,309 |
| | <u>670,419</u> | <u>740,497</u> | <u>808,091</u> |
| Net current assets | <u>106,535</u> | <u>119,447</u> | <u>30,185</u> |
| Non-current liabilities | | | |
| Provisions | 38,897 | 39,742 | 30,324 |
| Deferred tax liabilities | 648 | 645 | 297 |
| Borrowings | 22,247 | 38,070 | 82,392 |
| Derivative financial instruments | 748 | 865 | 1,375 |
| | <u>62,540</u> | <u>79,322</u> | <u>114,388</u> |
| Total liabilities | <u>732,959</u> | <u>819,819</u> | <u>922,479</u> |
| Net assets | <u>444,951</u> | <u>452,040</u> | <u>297,168</u> |
| Equity attributable to owners of the Company | | | |
| Share capital | 100,000 | 100,000 | 75,000 |
| Share premium | 76,372 | 76,372 | 1,706 |
| Other reserves | 24,563 | 29,140 | 19,478 |
| Retained earnings | 219,214 | 213,541 | 164,180 |
| Reserve of disposal group classified as held for sale | - | - | (3,256) |
| | <u>420,149</u> | <u>419,053</u> | <u>257,108</u> |
| Non-controlling interests | 24,802 | 32,987 | 40,060 |
| Total Equity | <u>444,951</u> | <u>452,040</u> | <u>297,168</u> |
| Total equity and liabilities | <u>1,177,910</u> | <u>1,271,859</u> | <u>1,219,647</u> |

These condensed consolidated statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 31 March 2012

| Note | ← 1 st Quarter → | | ← Year to Date → | |
|---|----------------------|----------------------|--------------------------------------|---|
| | 3 months ended | | 3 months ended | |
| | 31.03.2012 RM'000 | 31.03.2011 RM'000 | 31.03.2012 RM'000 | 31.03.2011 RM'000 |
| Revenue | 771,904 | 737,873 | 771,904 | 737,873 |
| Profit from operations | 8,959 | 47,437 | 8,959 | 47,437 |
| Gross interest income | 4,061 | 1,592 | 4,061 | 1,592 |
| Gross interest expense | (4,594) | (5,750) | (4,594) | (5,750) |
| Share of results of associates and jointly controlled entity | 274 | 2,544 | 274 | 2,544 |
| Profit before tax | 5 8,700 | 45,823 | 8,700 | 45,823 |
| Income tax expense | 17 (10,060) | (13,221) | (10,060) | (13,221) |
| (Loss)/Profit net of tax | (1,360) | 32,602 | (1,360) | 32,602 |
| Attributable to: | | | | |
| Owners of the Company | 5,673 | 28,276 | 5,673 | 28,276 |
| Non-controlling interests | (7,033) | 4,326 | (7,033) | 4,326 |
| | (1,360) | 32,602 | (1,360) | 32,602 |
| Basic earnings per share (sen) | 25 5.7 | 30.4 | 5.7 | 30.4 |
| Proposed/Declared dividend per share (sen) | 27 - | - | - | - |
| Net assets per share attributable to owners of the Company (RM) | | | As at end of current quarter 4.20 | As at preceding financial year end (restated) 4.19 |

These condensed consolidated income statement should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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MALAYSIA SMELTING CORPORATION BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2012

| Note | 1 st Quarter | | Year to Date | |
|---|--|--|--|--|
| | 3 months ended 31.03.2012 RM'000 | 3 months ended 31.03.2011 RM'000 | 3 months ended 31.03.2012 RM'000 | 3 months ended 31.03.2011 RM'000 |
| (Loss)/Profit net of tax | (1,360) | 32,602 | (1,360) | 32,602 |
| Other comprehensive income: | | | | |
| Foreign currency translation | (6,701) | (4,820) | (6,701) | (4,820) |
| Net fair value changes in available-for-sale investment securities | 1,019 | 11 | 1,019 | 11 |
| Net fair value changes on cash flow hedges | (47) | (520) | (47) | (520) |
| Other comprehensive income for the period, net of tax | <u>(5,729)</u> | <u>(5,329)</u> | <u>(5,729)</u> | <u>(5,329)</u> |
| Total comprehensive income for the period | <u>(7,089)</u> | <u>27,273</u> | <u>(7,089)</u> | <u>27,273</u> |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 1,096 | 23,846 | 1,096 | 23,846 |
| Non-controlling interests | (8,185) | 3,427 | (8,185) | 3,427 |
| | <u>(7,089)</u> | <u>27,273</u> | <u>(7,089)</u> | <u>27,273</u> |

These condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 March 2012

| | Note | Attributable to owners of the Company | | | | | | | | | | |
|--|------|---------------------------------------|--|----------------------------|----------------------------|----------------------------------|---|-----------------------|------------------------------|---|--------------------------------|--|
| | | Non - Distributable | | | | | Distributable | | | | | |
| | | Total equity RM'000 | Equity attributable to owners 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 | Non-controlling interests RM ' 000 |
| At 1 January 2012 (as previously stated) | | 462,297 | 426,746 | 100,000 | 76,372 | 18,678 | (17,516) | - | (89) | - | 249,301 | 35,551 |
| Adjustment for MFRS 1 | 2 | (10,257) | (7,693) | - | - | - | 28,067 | - | - | - | (35,760) | (2,564) |
| At 1 January 2012 (as restated) | | 452,040 | 419,053 | 100,000 | 76,372 | 18,678 | 10,551 | - | (89) | - | 213,541 | 32,987 |
| Total comprehensive income | | (7,089) | 1,096 | - | - | - | (5,549) | 1,019 | (47) | - | 5,673 | (8,185) |
| At 31 March 2012 | | 444,951 | 420,149 | 100,000 | 76,372 | 18,678 | 5,002 | 1,019 | (136) | - | 219,214 | 24,802 |

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

For the period ended 31 March 2011

| | Attributable to owners of the Company | | | | | | | | | | |
|---|---------------------------------------|--|----------------------------|----------------------------|----------------------------------|---|---|------------------------------|---|--------------------------------|--|
| | Non - Distributable | | | | | Distributable | | | | | |
| Note | Total equity RM'000 | Equity attributable to owners 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 | Non-controlling interests RM'000 |
| At 1 January 2011 (as previously stated) | 307,425 | 264,801 | 75,000 | 1,706 | 18,766 | (28,067) | - | 712 | (3,256) | 199,940 | 42,624 |
| Adjustment for MFRS 1 | (10,257) | (7,693) | - | - | - | 28,067 | - | - | - | (35,760) | (2,564) |
| At 1 January 2011 (as restated) | 297,168 | 257,108 | 75,000 | 1,706 | 18,766 | - | - | 712 | (3,256) | 164,180 | 40,060 |
| Total comprehensive income | 27,273 | 23,846 | - | - | - | (3,921) | 11 | (520) | - | 28,276 | 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) | - | - |
| At 31 March 2011 | 424,368 | 380,881 | 100,000 | 76,633 | 18,766 | (3,795) | 11 | 192 | (3,382) | 192,456 | 43,487 |

These condensed consolidated statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2012

| | Note | 2012 RM'000 | 2011 RM'000 |
|---|------|-----------------|-----------------|
| Operating activities | | | |
| Operating cash flows before changes in working capital | | 12,276 | 65,031 |
| Increase in inventories | | (34,103) | (19,041) |
| (Decrease)/Increase in receivables | | 89,018 | (76,852) |
| Increase in amount due from associates and jointly controlled entity | | (1,294) | (4,753) |
| (Decrease)/Increase in payables | | (16,030) | 24,104 |
| Decrease in amount due to holding company | | (6) | - |
| Increase in amount due to an associate and jointly controlled entity | | 7,528 | - |
| Cash generated from/(used in) operations | | <u>57,389</u> | <u>(11,511)</u> |
| Income tax paid | | (13,932) | (7,114) |
| Interest paid | | (3,966) | (5,674) |
| Severance benefits paid | | (87) | (3,979) |
| Net cash generated from operating activities | | <u>39,404</u> | <u>(28,278)</u> |
| Investing activities | | | |
| Interest received | | 4,014 | 1,373 |
| Payment for deferred mine development and deferred exploration and evaluation expenditure | | (2,280) | (14,925) |
| Proceeds from disposal of property, plant and equipment | | 174 | 110 |
| Purchase of corporate club membership | | - | (350) |
| Purchase of property, plant and equipment | | (3,767) | (5,807) |
| Net cash used in investing activities | | <u>(1,859)</u> | <u>(19,599)</u> |
| Financing activities | | | |
| Drawdown/(repayment) of short term trade financing and other borrowings | | (61,644) | 36,885 |
| Proceeds from issuance of ordinary shares, net | | - | 99,927 |
| Repayment of term loans | | (7,340) | (7,563) |
| Net cash (used in)/generated from financing activities | | <u>(68,984)</u> | <u>129,249</u> |
| Net (decrease)/increase in cash and cash equivalents | | (31,439) | 81,372 |
| Effect of changes in foreign exchange rates | | (4,354) | (2,951) |
| Cash and cash equivalents as at 1 January | | 235,697 | 119,769 |
| Cash and cash equivalents as at 31 March | | <u>199,904</u> | <u>198,190</u> |

Cash and cash equivalents comprise the following at 31 March 2012:

| | 2012 RM'000 |
|---|----------------|
| Cash and short term deposits | 138,944 |
| Amounts reserved for the development of new mines | 62,300 |
| Bank overdrafts | (1,340) |
| Cash and cash equivalents | <u>199,904</u> |

Included in cash and cash equivalents of the Group, is an amount of RM62,300,000 (2011: RM62,300,000) reserved for the development of new mines through the selective acquisitions of suitable mining concessions or leases, as well as mining projects and assets primarily in Malaysia, Indonesia and other countries.

These condensed consolidated statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.