

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	As at 30.09.2012 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	84,601	92,378	94,523
Prepaid land lease payments	1,187	1,254	1,174
Base inventory	3,000	3,000	3,000
Intangible assets	8,457	1,721	1,547
Investment in associates and jointly controlled entity	164,907	174,181	148,539
Investment securities	22,617	17,736	34,367
Other non-current assets	77,513	99,172	84,531
Other receivables	4,372	4,523	2,607
Deferred tax assets	19,638	17,950	11,083
	<u>386,292</u>	<u>411,915</u>	<u>381,371</u>
Current assets			
Inventories	294,969	303,122	404,320
Trade and other receivables	248,278	309,030	258,768
Other current assets	4,013	4,570	7,144
Tax recoverable	15,794	7,525	22,162
Derivative financial instruments	2,251	-	1,162
Cash, bank balances and deposits	119,632	235,697	119,244
	<u>684,937</u>	<u>859,944</u>	<u>812,800</u>
Assets of disposal group classified as held for sale	-	-	25,476
	<u>684,937</u>	<u>859,944</u>	<u>838,276</u>
Total assets	<u>1,071,229</u>	<u>1,271,859</u>	<u>1,219,647</u>
Equity and liabilities			
Current liabilities			
Provisions	23,830	15,119	6,088
Borrowings	462,776	525,383	618,648
Trade and other payables	161,928	178,976	146,175
Current tax payable	4,448	20,600	25,870
Derivative financial instruments	1,253	419	1
	<u>654,235</u>	<u>740,497</u>	<u>796,782</u>
Liabilities directly associated with disposal group classified as held for sale	-	-	11,309
	<u>654,235</u>	<u>740,497</u>	<u>808,091</u>
Net current assets	<u>30,702</u>	<u>119,447</u>	<u>30,185</u>
Non-current liabilities			
Provisions	40,490	39,742	30,324
Deferred tax liabilities	655	645	297
Borrowings	7,669	38,070	82,392
Derivative financial instruments	493	865	1,375
	<u>49,307</u>	<u>79,322</u>	<u>114,388</u>
Total liabilities	<u>703,542</u>	<u>819,819</u>	<u>922,479</u>
Net assets	<u>367,687</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	25,820	29,140	19,478
Retained earnings	158,576	213,541	164,180
Reserve of disposal group classified as held for sale	-	-	(3,256)
	<u>360,768</u>	<u>419,053</u>	<u>257,108</u>
Non-controlling interests	6,919	32,987	40,060
Total Equity	<u>367,687</u>	<u>452,040</u>	<u>297,168</u>
Total equity and liabilities	<u>1,071,229</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.

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MALAYSIA SMELTING CORPORATION BERHAD
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UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2012

Note	← 3 rd Quarter →		← Year to Date →		
	3 months ended		9 months ended		
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000	
Revenue	441,587	907,043	1,757,274	2,497,543	
(Loss)/Profit from operations	(1,321)	51,643	(64,207)	137,369	
Gross interest income	3,691	3,233	10,545	8,325	
Gross interest expense	(3,787)	(5,883)	(12,777)	(17,938)	
Share of results of associates and jointly controlled entity	2,410	2,912	1,152	23,320	
Profit/(Loss) before unusual items	5	993	51,905	(65,287)	151,076
Unusual items	6	-	-	(2,073)	-
Profit/(Loss) before tax		993	51,905	(67,360)	151,076
Income tax expense	17	(7,526)	(9,768)	536	(38,893)
(Loss)/Profit net of tax		(6,533)	42,137	(66,824)	112,183
Attributable to:					
Owners of the Company		(926)	41,812	(41,465)	106,389
Non-controlling interests		(5,607)	325	(25,359)	5,794
		(6,533)	42,137	(66,824)	112,183
Basic (loss)/earnings per share (sen)	25	(0.9)	41.8	(41.5)	108.9
Proposed/Declared dividend per share (sen)	27	-	-	-	12.0
Net assets per share attributable to owners of the Company (RM)			As at end of current quarter	As at preceding financial year end (restated)	
			3.61	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 30 September 2012

Note	3 rd Quarter 3 months ended		Year to Date 9 months ended	
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
(Loss)/Profit net of tax	(6,533)	42,137	(66,824)	112,183
Other comprehensive income:				
Foreign currency translation	(5,127)	6,709	(4,575)	2,244
Net fair value changes in available-for-sale investment securities	(3,816)	-	131	-
Net fair value changes on cash flow hedges	424	(6,818)	415	(3,959)
Other comprehensive income for the period, net of tax	(8,519)	(109)	(4,029)	(1,715)
Total comprehensive income for the period	(15,052)	42,028	(70,853)	110,468
Total comprehensive income attributable to:				
Owners of the Company	(8,943)	39,325	(44,785)	103,182
Non-controlling interests	(6,109)	2,703	(26,068)	7,286
	(15,052)	42,028	(70,853)	110,468

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 30 September 2012

	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	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	(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	(70,853)	(44,785)	-	-	-	(3,866)	131	415	-	(41,465)	(26,068)
Dividend on ordinary shares	(13,500)	(13,500)	-	-	-	-	-	-	-	(13,500)	-
At 30 September 2012	367,687	360,768	100,000	76,372	18,678	6,685	131	326	-	158,576	6,919

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

For the period ended 30 September 2011

	Attributable to owners of the Company										
	←					→					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	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	
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	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 disposal group classified as held for sale	(795)	3,263	-	-	-	-	-	-	3,263	-	(4,058)
Dividend on ordinary shares	(11,250)	(11,250)	-	-	-	-	-	-	-	(11,250)	-
At 30 September 2011	495,518	452,230	100,000	76,633	18,766	759	-	(3,247)	-	259,319	43,288

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 30 September 2012

	Note	2012 RM'000	2011 RM'000
Operating activities			
Operating cash flows before changes in working capital		(20,580)	228,585
Decrease in inventories		7,043	25,812
Decrease/(Increase) in receivables		68,020	(53,131)
(Increase)/Decrease in amount due from associates and jointly controlled entity		(9,051)	933
(Decrease)/Increase in payables		(18,959)	5,157
Decrease in amount due to holding company		(30)	-
Increase in amount due to associates and jointly controlled entity		7,528	68
Cash generated from operations		<u>33,971</u>	<u>207,424</u>
Income tax paid		(30,031)	(15,949)
Interest paid		(11,900)	(16,966)
Severance benefits paid		(1,349)	(14,954)
Net cash (used in)/generated from operating activities		<u>(9,309)</u>	<u>159,555</u>
Investing activities			
Interest received		10,664	6,505
Net dividend received from an associate		21	-
Payment for deferred mine development and deferred exploration and evaluation expenditure		(1,994)	(23,567)
Payment for mining rights		(7,000)	-
Proceeds from disposal of property, plant and equipment		1,564	116
Proceeds from disposal of disposal group classified as held for sale		-	8,283
Purchase of corporate club membership		-	(350)
Purchase of property, plant and equipment		(6,598)	(8,934)
Purchase of shares in associates and jointly controlled entity		(1,274)	-
Net cash used in investing activities		<u>(4,617)</u>	<u>(17,947)</u>
Financing activities			
Dividends paid on ordinary shares		(13,500)	(11,250)
Repayment of short term trade financing and other borrowings		(75,610)	(101,769)
Proceeds from issuance of ordinary shares, net		-	99,927
Repayment of term loans		(16,459)	(21,665)
Net cash used in financing activities		<u>(105,569)</u>	<u>(34,757)</u>
Net (decrease)/increase in cash and cash equivalents		(119,495)	106,851
Effect of changes in foreign exchange rates		466	8,483
Cash and cash equivalents as at 1 January		235,697	119,769
Cash and cash equivalents as at 30 September		<u>116,668</u>	<u>235,103</u>

Cash and cash equivalents comprise the following at 30 September 2012:

	2012 RM'000
Cash and short term deposits	57,332
Amounts reserved for the development of new mines	62,300
Bank overdrafts	(2,964)
Cash and cash equivalents	<u>116,668</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.