

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	As at 31.12.2012 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	74,918	92,378	94,523
Prepaid land lease payments	1,173	1,254	1,174
Base inventory	3,000	3,000	3,000
Intangible assets	7,886	1,721	1,547
Investment in associates and jointly controlled entity	162,103	174,181	148,539
Investment securities	13,520	17,736	34,367
Other non-current assets	22,474	99,172	84,531
Other receivables	-	4,523	2,607
Deferred tax assets	5,413	17,950	11,083
	290,487	411,915	381,371
Current assets			
Inventories	159,884	303,122	404,320
Trade and other receivables	192,435	309,030	258,768
Other current assets	2,997	4,570	7,144
Tax recoverable	217	7,525	22,162
Derivative financial instruments	312	-	1,162
Cash, bank balances and deposits	138,185	235,697	119,244
	494,030	859,944	812,800
Assets of disposal group classified as held for sale	237,022	-	25,476
	731,052	859,944	838,276
Total assets	1,021,539	1,271,859	1,219,647
Equity and liabilities			
Current liabilities			
Provisions	-	15,119	6,088
Borrowings	360,680	525,383	618,648
Trade and other payables	120,205	178,976	146,175
Current tax payable	4,414	20,600	25,870
Derivative financial instruments	115	419	1
	485,414	740,497	796,782
Liabilities directly associated with disposal group classified as held for sale	178,608	-	11,309
	664,022	740,497	808,091
Net current assets	67,030	119,447	30,185
Non-current liabilities			
Provisions	4,744	39,742	30,324
Deferred tax liabilities	547	645	297
Borrowings	7,656	38,070	82,392
Derivative financial instruments	369	865	1,375
	13,316	79,322	114,388
Total liabilities	677,338	819,819	922,479
Net assets	344,201	452,040	297,168
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	25,107	29,140	19,478
Retained earnings	138,927	213,541	164,180
Reserves of disposal group classified as held for sale	3,596	-	(3,256)
	344,002	419,053	257,108
Non-controlling interests	199	32,987	40,060
Total Equity	344,201	452,040	297,168
Total equity and liabilities	1,021,539	1,271,859	1,219,647

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 year ended 31 December 2012

Note	← 4 th Quarter →		← Year to Date →		
	3 months ended		12 months ended		
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	
Revenue	571,414	601,008	2,328,688	3,098,551	
(Loss)/Profit from operations	(26)	(35,153)	(64,233)	102,692	
Gross interest income	2,499	4,642	13,044	12,967	
Gross interest expense	(4,088)	(5,983)	(16,865)	(23,921)	
Share of results of associates and jointly controlled entity	4,203	1,372	5,355	24,692	
Profit/(Loss) before unusual items	5	2,588	(35,122)	(62,699)	116,430
Unusual items	6	(15,185)	(24,822)	(17,258)	(25,298)
(Loss)/Profit before tax		(12,597)	(59,944)	(79,957)	91,132
Income tax expense	17	(13,740)	4,417	(13,204)	(34,476)
(Loss)/Profit net of tax		(26,337)	(55,527)	(93,161)	56,656
Attributable to:					
Owners of the Company		(19,649)	(45,866)	(61,114)	60,523
Non-controlling interests		(6,688)	(9,661)	(32,047)	(3,867)
		(26,337)	(55,527)	(93,161)	56,656
Basic (loss)/earnings per share (sen)	25	(19.6)	(45.9)	(61.1)	61.6
Proposed/Declared dividend per share (sen)	27	-	18.0	-	30.0
Net assets per share attributable to owners of the Company (RM)			As at end of current quarter	As at preceding financial year end (restated)	
			3.44	4.19	

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

(Tempatan 43072 -A)
MALAYSIA SMELTING CORPORATION BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

Note	4 th Quarter 3 months ended		Year to Date 12 months ended	
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000
(Loss)/Profit net of tax	(26,337)	(55,527)	(93,161)	56,656
Other comprehensive income:				
Foreign currency translation	(428)	9,152	(5,003)	11,396
Net fair value changes in available-for-sale investment securities	(511)	-	(380)	-
Net fair value changes on cash flow hedges	(364)	3,158	51	(801)
Net revaluation surplus on land and buildings	4,154	-	4,154	-
Other comprehensive income for the period, net of tax	2,851	12,310	(1,178)	10,595
Total comprehensive income for the period	(23,486)	(43,217)	(94,339)	67,251
Total comprehensive income attributable to:				
Owners of the Company	(16,766)	(32,916)	(61,551)	70,266
Non-controlling interests	(6,720)	(10,301)	(32,788)	(3,015)
	(23,486)	(43,217)	(94,339)	67,251

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 year ended 31 December 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	(94,339)	(61,551)	-	-	4,154	(4,262)	(380)	51	-	(61,114)	(32,788)
Dividend on ordinary shares	(13,500)	(13,500)	-	-	-	-	-	-	-	(13,500)	-
Reserves attributable to disposal group classified as held for sale	-	-	-	-	(3,016)	(580)	-	-	3,596	-	-
At 31 December 2012	344,201	344,002	100,000	76,372	19,816	5,709	(380)	(38)	3,596	138,927	199

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

For the year ended 31 December 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	67,251	70,266	-	-	-	10,551	-	(801)	(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 disposal group classified as held for sale	(795)	3,263	-	-	-	-	-	-	3,263	-	(4,058)
Realisation of revaluation reserve	-	-	-	-	(88)	-	-	-	-	88	-
Dividend on ordinary shares	(11,250)	(11,250)	-	-	-	-	-	-	-	(11,250)	-
At 31 December 2011	452,040	419,053	100,000	76,372	18,678	10,551	-	(89)	-	213,541	32,987

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2012

	Note	2012 RM'000	2011 RM'000
Operating activities			
Operating cash flows before changes in working capital		22,109	185,150
Decrease in inventories		6,603	114,971
Decrease/(Increase) in receivables		95,535	(67,956)
(Decrease)/Increase in payables		(22,034)	2,465
Decrease in amount due to holding company		(17)	(62)
Increase in amount due to associates and jointly controlled entities		9,037	28,278
Cash generated from operations		<u>111,233</u>	<u>262,846</u>
Income tax paid		(29,113)	(30,516)
Interest paid		(16,479)	(23,254)
Severance benefits paid		-	(263)
Net cash generated from operating activities		<u>65,641</u>	<u>208,813</u>
Investing activities			
Interest received		13,141	11,062
Net dividend received from an associate		21	21
Receipt/(Payment) for an insurance scheme		4,804	(11,234)
Payment for deferred mine development and deferred exploration and evaluation expenditure		(4,325)	(42,346)
Payment for mining rights		(7,000)	-
Payment for mine closure deposit		(21,438)	-
Payment for prepaid land lease payments		-	(141)
Proceeds from disposal of property, plant and equipment		2,067	438
Proceeds from disposal of disposal group classified as held for sale		-	10,530
Purchase of corporate club membership		-	(350)
Purchase of property, plant and equipment		(11,868)	(12,171)
Purchase of shares in associates and jointly controlled entity		(1,274)	-
Net cash used in investing activities		<u>(25,872)</u>	<u>(44,191)</u>
Financing activities			
Dividends paid on ordinary shares		(13,500)	(11,250)
Repayment of short term trade financing and other borrowings		(93,459)	(110,653)
Proceeds from issuance of ordinary shares, net		-	99,666
Repayment of term loans		(30,000)	(30,595)
Net cash used in financing activities		<u>(136,959)</u>	<u>(52,832)</u>
Net (decrease)/increase in cash and cash equivalents		(97,190)	111,790
Effect of changes in foreign exchange rates		476	4,138
Cash and cash equivalents as at 1 January		234,491	118,563
Cash and cash equivalents as at 31 December		<u>137,777</u>	<u>234,491</u>

Cash and bank balances comprise the following at 31 December 2012:

	2012 RM'000	2011 RM'000
Cash and short term deposits	75,875	172,191
Amounts reserved for the development of new mines	61,026	62,300
	<u>136,901</u>	<u>234,491</u>
Deposit of more than three months maturity with a licensed bank	1,284	1,206
Cash and bank balances	<u>138,185</u>	<u>235,697</u>

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

	2012 RM'000	2011 RM'000
Cash and short term deposits:		
- Continuing operations	136,901	234,491
- Attributable to disposal group classified as held for sale	876	-
	<u>137,777</u>	<u>234,491</u>

Included in cash and cash equivalents of the Group, is an amount of RM61,026,000 (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.