

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	As at 30.06.2014 Unaudited RM'000	As at 31.12.2013 Audited RM'000
Assets		
Non-current assets		
Property, plant and equipment	81,239	82,521
Prepaid land lease payments	855	1,214
Base inventory	3,000	3,000
Intangible assets	9,344	8,157
Investment in associates and joint ventures	79,446	107,426
Investment securities	8,725	7,098
Other non-current assets	8,440	7,211
Other receivables	7,773	7,520
Deferred tax assets	4,290	4,669
	<u>203,112</u>	<u>228,816</u>
Current assets		
Inventories	272,362	275,574
Trade and other receivables	184,437	69,432
Other current assets	4,535	4,762
Tax recoverable	4	3
Derivative financial instruments	3,113	-
Cash, bank balances and deposits	130,326	104,347
	<u>594,777</u>	<u>454,118</u>
Assets of disposal group classified as held for sale	-	125,679
	<u>594,777</u>	<u>579,797</u>
Total assets	<u>797,889</u>	<u>808,613</u>
Equity and liabilities		
Current liabilities		
Provisions	9,659	54
Borrowings	427,256	344,053
Trade and other payables	105,549	98,649
Current tax payable	4,599	3,501
Derivative financial instruments	-	2,329
	<u>547,063</u>	<u>448,586</u>
Liabilities directly associated with disposal group classified as held for sale	-	143,046
	<u>547,063</u>	<u>591,632</u>
Net current assets/(liabilities)	<u>47,714</u>	<u>(11,835)</u>
Non-current liabilities		
Provisions	10,530	10,597
Deferred tax liabilities	906	992
Borrowings	14,411	24,623
Derivative financial instruments	117	113
	<u>25,964</u>	<u>36,325</u>
Total liabilities	<u>573,027</u>	<u>627,957</u>
Net assets	<u>224,862</u>	<u>180,656</u>
Equity attributable to owners of the Company		
Share capital	100,000	100,000
Share premium	76,372	76,372
Other reserves	16,471	7,263
Retained earnings	31,736	46,102
	<u>224,579</u>	<u>229,737</u>
Reserves of disposal group classified as held for sale	-	(6,969)
	<u>224,579</u>	<u>222,768</u>
Non-controlling interests	283	(42,112)
Total Equity	<u>224,862</u>	<u>180,656</u>
Total equity and liabilities	<u>797,889</u>	<u>808,613</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2014

	Note	← 2 nd Quarter →		← Year to Date →	
		3 months ended		6 months ended	
		30.06.2014	30.06.2013	30.06.2014	30.06.2013
		RM'000	RM'000	RM'000	RM'000
Revenue		431,709	404,498	860,806	825,478
Profit from operations		6,145	15,684	32,324	40,216
Gross interest income		1,301	1,248	2,282	3,661
Gross interest expense		(3,236)	(3,495)	(6,332)	(6,628)
Share of results of associates and joint ventures		1,843	126	1,818	(3,340)
Profit before exceptional items	5	6,053	13,563	30,092	33,909
Exceptional items	6	-	(3,743)	-	(3,743)
Profit before tax from continuing operations		6,053	9,820	30,092	30,166
Income tax expense	17	(5,759)	(4,671)	(11,660)	(11,955)
Profit from continuing operations, net of tax		294	5,149	18,432	18,211
Discontinued operations					
Loss from discontinued operations, net of tax	5,13	(29,128)	(13,257)	(32,630)	(7,557)
(Loss)/Profit net of tax		(28,834)	(8,108)	(14,198)	10,654
Attributable to:					
Owners of the Company		(28,791)	(4,879)	(14,075)	10,171
Non-controlling interests		(43)	(3,229)	(123)	483
		(28,834)	(8,108)	(14,198)	10,654
Earnings per share attributable to owners of the Company (sen):	25				
Basic/Diluted					
- from continuing operations		0.3	5.1	18.4	18.2
- from discontinued operations		(29.1)	(10.0)	(32.5)	(8.0)
		(28.8)	(4.9)	(14.1)	10.2
Proposed/Declared dividend per share (sen)	27	-	-	-	-
				As at end of current quarter	As at preceding financial year end
Net assets per share attributable to owners of the Company (RM)				2.25	2.23

The unaudited condensed consolidated income statement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2013 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 STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2014

	Note	2 nd Quarter 3 months ended		Year to Date 6 months ended	
		30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
(Loss)/Profit net of tax		(28,834)	(8,108)	(14,198)	10,654
Items that will not be reclassified to profit or loss					
Share of a joint venture's loss on remeasurement of retirement benefits obligation		(484)	-	(484)	-
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation		3,428	1,141	5,377	(684)
Realisation of foreign currency translation reserves to profit or loss upon disposal of disposal group classified as held for sale	13(a)	4,158	-	4,158	-
Realisation of foreign currency translation reserves to profit or loss upon disposal of a subsidiary	13(b)	3,705	-	3,705	-
Net fair value changes in available-for-sale investment securities		(1,956)	387	1,238	379
Net fair value changes on cash flow hedges		1,136	(1,264)	2,825	(1,083)
		10,471	264	17,303	(1,388)
Other comprehensive income for the period, net of tax		9,987	264	16,819	(1,388)
Total comprehensive income for the period		(18,847)	(7,844)	2,621	9,266
Total comprehensive income attributable to:					
Owners of the Company		(19,395)	(3,680)	1,811	9,987
Non-controlling interests		548	(4,164)	810	(721)
		(18,847)	(7,844)	2,621	9,266

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 2013 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2014

	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 reserves RM'000	Foreign currency translation reserves RM'000	Available- for-sale ("AFS") reserves RM'000	Hedging reserves RM'000	Reserves of disposal group classified as held for sale RM'000	Retained earnings RM'000	Non-controlling interests RM'000
At 1 January 2014	180,656	222,768	100,000	76,372	21,116	(14,198)	1,661	(1,316)	(6,969)	46,102	(42,112)
Profit for the period	(14,198)	(14,075)	-	-	-	-	-	-	-	(14,075)	(123)
Other comprehensive income	16,819	15,886	-	-	-	8,149	1,238	2,825	4,158	(484)	933
Total comprehensive income	2,621	1,811	-	-	-	8,149	1,238	2,825	4,158	(14,559)	810
Acquisition of a subsidiary	299	-	-	-	-	-	-	-	-	-	299
Reserve of disposal group classified as held for sale	-	-	-	-	-	(2,811)	-	-	2,811	-	-
Disposal of disposal group classified as held for sale	41,286	-	-	-	-	-	-	-	-	-	41,286
Realisation of revaluation reserves upon disposal of a subsidiary	-	-	-	-	(193)	-	-	-	-	193	-
At 30 June 2014	224,862	224,579	100,000	76,372	20,923	(8,860)	2,899	1,509	-	31,736	283

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

For the period ended 30 June 2013

	Attributable to owners of the Company										Distributable
	← Non - 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 reserves RM'000	Foreign currency translation reserves RM'000	AFS reserves RM'000	Hedging reserves RM'000	Reserves of disposal group classified as held for sale RM'000	Retained earnings RM'000	Non-controlling interests RM'000
At 1 January 2013 (as previously stated)	199,054	232,845	100,000	76,372	19,816	6,288	(379)	(38)	-	30,786	(33,791)
Effect of adoption of IC Interpretation 20	(1,467)	(1,467)	-	-	-	-	-	-	-	(1,467)	-
At 1 January 2013 (as restated)	197,587	231,378	100,000	76,372	19,816	6,288	(379)	(38)	-	29,319	(33,791)
Total comprehensive income	9,266	9,987	-	-	-	520	379	(1,083)	-	10,171	(721)
At 30 June 2013	206,853	241,365	100,000	76,372	19,816	6,808	-	(1,121)	-	39,490	(34,512)

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 2013 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 June 2014

	Note	6 months ended	
		30.06.2014 RM'000	30.06.2013 RM'000
Operating activities			
Operating cash flows before changes in working capital		48,881	51,545
Decrease/(Increase) in inventories		5,943	(71,597)
(Increase)/Decrease in receivables		(119,546)	5,840
Increase in payables		17,491	7,753
Decrease in amount due to holding company		(43)	(5)
(Decrease)/Increase in amount due to associates and joint ventures		(2,762)	12,541
Cash (used in)/generated from operations		(50,036)	6,077
Income tax paid		(11,253)	(8,679)
Interest paid		(7,566)	(7,535)
Severance benefits paid		(5,490)	(1,125)
Net cash used in operating activities		(74,345)	(11,262)
Investing activities			
Acquisition of a subsidiary, net of cash acquired	13(c)	(228)	-
Disposal of a subsidiary, net of cash disposed	13(b)	(22)	-
Interest received		1,244	3,426
Net dividend received from associates and joint ventures		29,315	-
Payment for deferred mine exploration and evaluation expenditure and deferred mine development expenditure		(1,589)	(528)
Payment for mining rights		-	(378)
Payment for corporate club memberships		(215)	-
Payment for mine closure deposit		-	(30,089)
Payment for prepaid land lease payments		(200)	-
Proceeds from disposal of property, plant and equipment		-	10
Proceeds from disposal of disposal group classified as held for sale	13(a)	558	-
Purchase of investment securities		-	(3,933)
Purchase of property, plant and equipment		(2,870)	(4,513)
Net cash generated from/(used in) investing activities		25,993	(36,005)
Financing activities			
Drawdown/(Repayment) of short term trade financing and other borrowings		84,177	(1,079)
Drawdown of term loan		-	55,581
Repayment of term loans		(9,866)	(18,483)
Net cash generated from financing activities		74,311	36,019
Net increase/(decrease) in cash and cash equivalents		25,959	(11,248)
Effect of changes in foreign exchange rates		(37)	158
Cash and cash equivalents as at 1 January		103,075	134,800
Cash and cash equivalents as at 30 June		128,997	123,710
Cash and bank balances comprise the following at 30 June:			
		2014	2013
		RM'000	RM'000
Cash and short term deposits		128,997	66,617
Amounts reserved for the development of new mines and mining projects		-	57,093
		128,997	123,710
Deposit of more than three months maturity with a licensed bank		1,329	1,329
Cash and bank balances		130,326	125,039

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 2013 and the accompanying explanatory notes attached to the interim financial statements.