

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at 30 June 2016

	As at 30.06.2016 Unaudited RM'000	As at 31.12.2015 Audited RM'000
<b>Assets</b>		
	<b>Note</b>	
<b>Non-current assets</b>		
Property, plant and equipment	96,465	98,893
Prepaid land lease payments	790	806
Base inventory	3,000	3,000
Intangible assets	7,465	7,930
Investment in associates and joint ventures	49,780	84,469
Investment securities	18,527	12,930
Other non-current assets	13,787	12,375
Other receivables	-	5,637
Deferred tax assets	1,738	2,099
	<u>191,552</u>	<u>228,139</u>
<b>Current assets</b>		
Inventories	293,741	269,115
Trade and other receivables	81,860	162,520
Other current assets	3,056	3,027
Tax recoverable	896	10,327
Cash, bank balances and deposits	50,028	133,874
	<u>429,581</u>	<u>578,863</u>
<b>Total assets</b>	<u>621,133</u>	<u>807,002</u>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Provisions	9,635	9,635
Borrowings	229,956	392,049
Trade and other payables	105,183	134,421
Current tax payable	955	185
Derivative financial instruments	14	10,064
	<u>345,743</u>	<u>546,354</u>
<b>Net current assets</b>	<u>83,838</u>	<u>32,509</u>
<b>Non-current liabilities</b>		
Provisions	18,360	18,000
Deferred tax liabilities	3,436	1,394
	<u>21,796</u>	<u>19,394</u>
<b>Total liabilities</b>	<u>367,539</u>	<u>565,748</u>
<b>Net assets</b>	<u>253,594</u>	<u>241,254</u>
<b>Equity attributable to owners of the Company</b>		
Share capital	100,000	100,000
Share premium	76,372	76,372
Other reserves	37,818	33,435
Retained earnings	39,108	31,151
	<u>253,298</u>	<u>240,958</u>
<b>Non-controlling interest</b>	296	296
<b>Total Equity</b>	<u>253,594</u>	<u>241,254</u>
<b>Total equity and liabilities</b>	<u>621,133</u>	<u>807,002</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 2015 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 period ended 30 June 2016

	Note	← 2 nd Quarter → 3 months ended		← Year to Date → 6 months ended	
		30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
<b>Revenue</b>	<b>5</b>	396,279	344,471	804,680	726,111
Profit/(Loss) from operations		29,809	(16,712)	64,685	(17,402)
Gross interest income		819	1,325	2,626	2,728
Gross interest expense		(2,766)	(3,464)	(6,966)	(6,835)
Share of results of associates and joint ventures	<b>6</b>	(30,876)	(380)	(30,527)	352
<b>(Loss)/Profit before tax</b>	<b>5</b>	(3,014)	(19,231)	29,818	(21,157)
Income tax expense	<b>18</b>	(7,270)	4,322	(15,166)	3,358
<b>(Loss)/Profit net of tax</b>		(10,284)	(14,909)	14,652	(17,799)
<b>Attributable to:</b>					
Owners of the Company		(10,284)	(14,907)	14,652	(17,795)
Non-controlling interest		-	(2)	-	(4)
		(10,284)	(14,909)	14,652	(17,799)
<b>(Loss)/Earnings per share attributable to owners of the Company (sen):</b>	<b>27</b>				
Basic/Diluted		(10.3)	(14.9)	14.7	(17.8)
Proposed/Declared dividend per share ( sen )	<b>29</b>	-	-	-	-
				As at end of current quarter	As at preceding financial year end
Net assets per share attributable to owners of the Company ( RM )				2.53	2.41

The unaudited condensed consolidated income statement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the period ended 30 June 2016

	Note	2 nd Quarter 3 months ended		Year to Date 6 months ended	
		30.06.2016 RM'000	30.06.2015 RM'000	30.06.2016 RM'000	30.06.2015 RM'000
<b>(Loss)/Profit net of tax</b>		(10,284)	(14,909)	14,652	(17,799)
<b>Items that will not be reclassified to profit or loss:</b>					
Net fair value changes in quoted shares at Fair Value through Other Comprehensive Income ("FVOCI")		4,826	-	4,253	-
<b>Items that may be subsequently reclassified to profit or loss:</b>					
Foreign currency translation		-	(1)	5	(2)
Net fair value changes on available-for-sale investment securities		-	1,709	-	1,174
Net fair value changes on cash flow hedges		(1,202)	619	7,481	2,685
Share of foreign currency translation of a joint venture		680	1,562	(4,162)	4,533
		<u>(522)</u>	<u>3,889</u>	<u>3,324</u>	<u>8,390</u>
<b>Other comprehensive income for the period, net of tax</b>		4,304	3,889	7,577	8,390
<b>Total comprehensive income for the period</b>		<u>(5,980)</u>	<u>(11,020)</u>	<u>22,229</u>	<u>(9,409)</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		(5,980)	(11,018)	22,229	(9,405)
Non-controlling interest		-	(2)	-	(4)
		<u>(5,980)</u>	<u>(11,020)</u>	<u>22,229</u>	<u>(9,409)</u>

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 2015 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 2016

	← 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	FVOCI reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Non-controlling interest RM'000
<b>At 1 January 2016 (as previously stated)</b>	241,254	240,958	100,000	76,372	28,845	11,313	391	-	(7,114)	31,151	296
Effect of adoption of MFRS 9	2.2 (9,889)	(9,889)	-	-	-	-	(391)	(2,803)	-	(6,695)	-
<b>At 1 January 2016 (as restated)</b>	231,365	231,069	100,000	76,372	28,845	11,313	-	(2,803)	(7,114)	24,456	296
Profit for the period	14,652	14,652	-	-	-	-	-	-	-	14,652	-
Other comprehensive income	7,577	7,577	-	-	-	(4,157)	-	4,253	7,481	-	-
Total comprehensive income	22,229	22,229	-	-	-	(4,157)	-	4,253	7,481	14,652	-
<b>At 30 June 2016</b>	253,594	253,298	100,000	76,372	28,845	7,156	-	1,450	367	39,108	296

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)**  
for the period ended 30 June 2015

	← 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 reserves RM'000	Foreign currency translation reserves RM'000	AFS reserves RM'000	FVOCI reserves RM'000	Hedging reserves RM'000	Retained earnings RM'000	Non-controlling interest RM'000
<b>At 1 January 2015</b>	<b>234,222</b>	<b>233,921</b>	<b>100,000</b>	<b>76,372</b>	<b>24,666</b>	<b>(736)</b>	<b>2,259</b>	<b>-</b>	<b>(4,586)</b>	<b>35,946</b>	<b>301</b>
Loss for the period	(17,799)	(17,795)	-	-	-	-	-	-	-	(17,795)	(4)
Other comprehensive income	8,390	8,390	-	-	-	4,531	1,174	-	2,685	-	-
Total comprehensive income	(9,409)	(9,405)	-	-	-	4,531	1,174	-	2,685	(17,795)	(4)
<b>At 30 June 2015</b>	<b>224,813</b>	<b>224,516</b>	<b>100,000</b>	<b>76,372</b>	<b>24,666</b>	<b>3,795</b>	<b>3,433</b>	<b>-</b>	<b>(1,901)</b>	<b>18,151</b>	<b>297</b>

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 2015 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 2016

	Note	6 months ended	
		30.06.2016 RM'000	30.06.2015 RM'000
<b>Operating activities</b>			
Operating cash flows before changes in working capital		51,663	28,447
Increase in inventories		(7,926)	(47,444)
Decrease in receivables		72,733	13,452
(Decrease)/Increase in payables		(26,312)	2,005
(Decrease)/Increase in amount due to holding company		(9)	4
Decrease/(Increase) in amount due from associates and joint ventures		708	(4,903)
<b>Cash generated from/(used in) operations</b>		<b>90,857</b>	<b>(8,439)</b>
Income tax paid		(5,259)	(11,217)
Interest paid		(5,842)	(7,313)
<b>Net cash generated from/(used in) operating activities</b>		<b>79,756</b>	<b>(26,969)</b>
<b>Investing activities</b>			
Interest received		1,943	1,785
Payment for deferred mine exploration and evaluation expenditures and mine properties		(1,912)	(1,363)
Withdrawal of deposits of more than three months maturity with licensed banks		3,234	-
Proceeds from disposal of property, plant and equipment		83	12
Purchase of property, plant and equipment		(2,091)	(2,997)
<b>Net cash generated from/(used in) investing activities</b>		<b>1,257</b>	<b>(2,563)</b>
<b>Financing activities</b>			
(Repayment)/Drawdown of short term trade financing and other borrowings		(155,679)	34,919
Repayment of term loans		(6,011)	(10,505)
<b>Net cash (used in)/generated from financing activities</b>		<b>(161,690)</b>	<b>24,414</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(80,677)</b>	<b>(5,118)</b>
Effect of changes in foreign exchange rates		38	423
<b>Cash and cash equivalents as at 1 January</b>		<b>127,191</b>	<b>116,936</b>
<b>Cash and cash equivalents as at 30 June</b>		<b>46,552</b>	<b>112,241</b>
<b>Cash and bank balances comprise the following at 30 June:</b>			
Cash and short term deposits		46,552	112,241
Deposits of more than three months maturity with licensed banks		3,476	1,375
		<b>50,028</b>	<b>113,616</b>

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 2015 and the accompanying explanatory notes attached to the interim financial statements.