MSC
Malaysia Smelting Corporation Berhad

MALAYSIA SMELTING CORPORATION BERHAD (43072-A)

Variance between Audited and Unaudited Results for the Financial Year Ended 31 December 2012

Pursuant to Paragraph 9.19(35) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board of Directors of MSC wishes to announce that the Group's loss after taxation and non-controlling interests for the financial year ended 31 December 2012 has deviated significantly from the unaudited loss after taxation and non-controlling interests of RM61.114 million as reported on 26 February 2013. The audited total loss after taxation and non-controlling interests as at 31 December 2012 now amounts to RM172.271 million.

The deviation is reconciled and explained as below:

	Group	
	RM'000	RM'000
Unaudited loss after taxation and non-controlling interests as previously announced		61,114
Add/(Less):		
Impairment and provisions as a result of expiry of PT Koba Tin's Contract of Work		
- Impairment of receivables	14,929	
- Impairment of property, plant and equipment	9,860	
- Impairment of deferred mine development expenditure	53,970	
- Write down of inventories	26,782	
- Provision for employee benefits	2,226	
- Provision for mining cessation liabilities	20,653	
-	128,420	128,420
Taxation		
- Impairment of tax recoverable	1,017	
- Reversal of deferred tax assets	15,710	
	16,727	16,727
Net adjustment after taxation		145,147
Less: Non-controlling interests		(33,990)
Net adjustment after taxation and non-controlling interests		111,157
Audited loss after taxation and non-controlling interests		172,271

The deviation resulted from the impairment and provisions made due to the uncertainty of the renewal of the Contract of Work ("CoW") of PT Koba Tin, a 75% owned subsidiary of MSC, following its expiry after 31 March 2013.

On 2 April 2013, MSC announced that PT Koba Tin received a notification from the Government of Republic of Indonesia ("GOI") that it is still continuing with its evaluation for the extension of the CoW. In the meantime, the GOI has given permission to PT Koba Tin to continue undertaking production operations until the completion of its evaluation up to a maximum period of three months with effect from 1 April 2013.

In the announcement made on 26 February 2013, it was stated that "in the event the CoW is not renewed by 31 March 2013, it will have an adverse impact on the Company's investment and contingent liabilities totaling approximately RM150 million in PT Koba Tin."

In the event that an extension of the CoW (or an alternative mine operating licence) is granted, the amount of the impairment and provisions recognized in the income statement that may be subject to reversal, depending inter alia on the specific terms and conditions of such grant and on the circumstances prevailing at that time, may be substantial.

This announcement is dated 29 April 2013.