

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

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

at 30 June 2004

	As at end of current quarter 30.06.2004 RM'000	As at preceding financial year end 31.12.2003 RM'000
<b>Note</b>		
<b>NON CURRENT ASSETS</b>		
Property , Plant and equipment	116,129	113,864
Base Inventory	3,000	3,000
Investment in associates	25,998	30,616
<b>CURRENT ASSETS</b>		
Inventories	240,144	211,038
Trade receivables	122,672	36,001
Other receivables	33,654	10,747
Tax recoverable	-	9
Amount due from an associate	2,583	2,536
Cash, bank balances and deposits	62,410	78,260
	461,463	338,591
<b>CURRENT LIABILITIES</b>		
Trade payables	69,203	17,828
Other payables	23,431	15,459
Provisions for liabilities	1,532	1,902
Amount due to an associate	891	1,000
Taxation	14,407	12,183
Borrowings (unsecured) <b>19</b>	171,939	139,433
	281,403	187,805
<b>NET CURRENT ASSETS</b>	180,060	150,786
	325,187	298,266
<b>Financed by -</b>		
Share capital	75,000	75,000
Reserves	151,743	131,933
Shareholders' equity	226,743	206,933
Minority interests	40,922	31,362
	267,665	238,295
<b>NON-CURRENT LIABILITIES</b>		
Provisions for liabilities	27,170	22,629
Deferred tax liabilities	9,370	9,266
Borrowings (unsecured) <b>19</b>	20,982	28,076
	325,187	298,266

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

for the six months period ended 30 June 2004

	Note	← 2 nd Quarter →		← Year to Date →	
		3 months ended		6 months ended	
		30.06.2004	30.06.2003	30.06.2004	30.06.2003
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		500,162	177,491	796,946	309,250
<b>Profit from operations</b>		39,645	16,149	58,695	26,036
<b>Gross interest income</b>		440	251	834	973
<b>Finance cost</b>		(1,071)	(669)	(2,040)	(1,227)
<b>Share of profit / ( loss ) of associates</b>		(640)	(200)	(404)	(41)
<b>Profit before taxation</b>		38,374	15,531	57,085	25,741
<b>Taxation</b>	15	(14,377)	(4,836)	(19,872)	(8,438)
<b>Profit after taxation</b>		23,997	10,695	37,213	17,303
<b>Minority interest</b>		(7,201)	(2,689)	(9,560)	(3,985)
<b>Net profit for the period</b>		16,796	8,006	27,653	13,318
<b>Basic earnings per share ( sen )</b>	26	22.4	10.7	36.9	17.8
<b>Net dividend per share ( sen )</b>	7			10.1	10.0
			As at end of current quarter	As at preceding financial year end	
<b>Net tangible assets per share ( RM )</b>			2.99	2.72	

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the six months period ended 30 June 2004

Note	← Non - Distributable →					Distributable	
	Share capital RM ' 000	Capital reserve RM ' 000	Reserve on consolidation RM ' 000	Revaluation reserve RM ' 000	Foreign exchange reserve RM ' 000	Retained profits RM ' 000	Total RM ' 000
At 1 January, 2003 -							
As previously stated	75,000	1,706	18,460	11,468	-	86,669	193,303
Prior year adjustment	-	-	(61)	(1,806)	-	(153)	(2,020)
As restated	75,000	1,706	18,399	9,662		86,516	191,283
Foreign exchange differences representing net losses not recognised in the income statement	-	-	-	-	(295)	-	(295)
Deferred tax on revaluation surplus not recognised in the income statement	-	-	-	(63)	-	-	(63)
Net profit for the period	-	-	-	-	-	13,318	13,318
Dividend	-	-	-	-	-	(7,500)	(7,500)
At 30 June, 2003	75,000	1,706	18,399	9,599	(295)	92,334	196,743
At 1 January, 2004	75,000	1,706	18,399	9,194	662	101,972	206,933
Foreign exchange differences representing net losses not recognised in the income statement	-	-	-	-	(228)	-	(228)
Deferred tax on revaluation surplus not recognised in the income statement	-	-	-	(55)	-	-	(55)
Net profit for the period	-	-	-	-	-	27,653	27,653
Dividend	7	-	-	-	-	(7,560)	(7,560)
At 30 June, 2004	75,000	1,706	18,399	9,139	434	122,065	226,743

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 2003 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

for the six months period ended 30 June 2004

	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash generated from operations	(4,152)	(970)
Interest paid	(1,599)	(1,090)
Income tax paid	(17,417)	(1,852)
Severance benefits paid	(547)	(806)
Net cash used in operating activities	<u>(23,715)</u>	<u>(4,718)</u>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(6,811)	(979)
Proceeds from disposal of property, plant and equipment	21	3,035
Investment	(5,407)	(12,138)
Interest received	764	2,040
Gross dividend received from an associate	-	93
Net cash used in investing activities	<u>(11,433)</u>	<u>(7,949)</u>
<b>Financing Activities</b>		
Borrowing from short term trade financing	32,808	7,476
Drawdown of term loan	-	9,603
Repayment of term loan	(5,950)	(4,750)
Dividend paid	(7,560)	(7,500)
Net cash from financing activities	<u>19,298</u>	<u>4,829</u>
Net Change in Cash & Cash Equivalents	(15,850)	(7,838)
Cash & Cash Equivalents at 1 January 2004	78,260	56,475
Cash & Cash Equivalents at 30 June 2004	<u>62,410</u>	<u>48,637</u>

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to the interim financial statements.