

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

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

at 30 June 2006

	As at end of current quarter 30.06.2006 RM'000	As at preceding financial year end 31.12.2005 RM'000 Restated ( Note 3 )
<b>NON-CURRENT ASSETS</b>		
Property, Plant and equipment	104,492	133,219
Base Inventory	3,000	3,000
Investment in associates	18,949	19,566
Other investments	358	520
Prepaid lease payments	7,366	6,632
Other assets	20,555	22,466
Deferred tax asset	8,256	9,887
Mining rights	7,738	8,518
<b>CURRENT ASSETS</b>		
Inventories	312,723	380,543
Trade receivables	126,452	42,970
Other receivables	61,863	51,774
Tax recoverable	21,170	11,660
Amount due from associates	193	1,794
Cash, bank balances and deposits	53,152	64,582
	<u>575,553</u>	<u>553,323</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	11,341	15,522
Other payables	18,848	35,065
Provisions for liabilities	2,824	2,714
Amount due to an associate	1,000	1,000
Taxation	5,638	6,081
Borrowings (unsecured)	349,890	340,530
	<u>389,541</u>	<u>400,912</u>
<b>NET CURRENT ASSETS</b>	<u>186,012</u>	<u>152,411</u>
	<u>356,726</u>	<u>356,219</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	75,000	75,000
Reserves	214,921	209,094
	<u>289,921</u>	<u>284,094</u>
<b>Minority interests</b>	<u>33,905</u>	<u>36,684</u>
<b>Total Equity</b>	<u>323,826</u>	<u>320,778</u>
<b>NON-CURRENT LIABILITIES</b>		
Provisions for liabilities	28,772	30,572
Deferred tax liabilities	2,701	2,541
Borrowings (unsecured)	1,427	2,328
	<u>32,900</u>	<u>35,441</u>
	<u>356,726</u>	<u>356,219</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

for the period ended 30 June 2006

	← 2nd Quarter →	← Year to Date →		
		3 months ended	6 months ended	
Note	30.06.2006	30.06.2005	30.06.2006	30.06.2005
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<u>377,419</u>	<u>424,112</u>	<u>684,051</u>	<u>875,315</u>
Profit from operations	12,071	25,763	29,403	58,465
Gross interest income	813	2,175	1,368	4,049
Gross interest expense	(2,892)	(2,398)	(6,701)	(4,119)
Share of profit of associates	<u>519</u>	<u>355</u>	<u>222</u>	<u>609</u>
<b>Profit before taxation</b>	<u>10,511</u>	<u>25,895</u>	<u>24,292</u>	<u>59,004</u>
Taxation	<u>17 (2,763)</u>	<u>(7,538)</u>	<u>(7,257)</u>	<u>(17,467)</u>
<b>Profit for the period</b>	<u>7,748</u>	<u>18,357</u>	<u>17,035</u>	<u>41,537</u>
Attributable to:				
Equity holders of the parent	10,041	14,505	19,814	33,195
Minority interest	<u>(2,293)</u>	<u>3,852</u>	<u>(2,779)</u>	<u>8,342</u>
	<u>7,748</u>	<u>18,357</u>	<u>17,035</u>	<u>41,537</u>
Basic earnings per share ( sen )	<u>28 13.4</u>	<u>19.3</u>	<u>26.4</u>	<u>44.3</u>
Net dividend per share ( sen )	<u>9</u>		<u>13.6</u>	<u>18.0</u>
			As at end of current quarter	As at preceding financial year end
Net assets per share attributable to ordinary holders of the parent ( RM )			<u>3.87</u>	<u>3.79</u>

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

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

Note	Attributable to equity holders of the parent							Minority Interest RM ' 000	Total Equity RM ' 000
	Non - Distributable				Distributable				
	Share capital RM ' 000	Share premium RM ' 000	Reserve on consolidation RM ' 000	Revaluation reserve RM ' 000	Foreign exchange reserve RM ' 000	Retained profits RM ' 000	Sub-total RM ' 000		
<b>At 1 January, 2005</b>	75,000	1,706	13,880	9,194	1,298	147,357	248,435	38,454	286,889
Foreign exchange differences representing net gain not recognised in the income statement	-	-	-	-	389	-	389	-	389
Net income recognised directly in equity	-	-	-	-	389	-	389	-	389
Profit for the period	-	-	-	-	-	33,195	33,195	8,342	41,537
Total recognised income and expense for the period	-	-	-	-	389	33,195	33,584	8,342	41,926
Dividend	-	-	-	-	-	(13,500)	(13,500)	-	(13,500)
<b>At 30 June, 2005</b>	<b>75,000</b>	<b>1,706</b>	<b>13,880</b>	<b>9,194</b>	<b>1,687</b>	<b>167,052</b>	<b>268,519</b>	<b>46,796</b>	<b>315,315</b>

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

Note	Attributable to equity holders of the parent							Minority Interest RM ' 000	Total Equity RM ' 000	
	Non - Distributable				Distributable					
	Share capital RM ' 000	Share premium RM ' 000	Reserve on consolidation RM ' 000	Revaluation reserve RM ' 000	Foreign exchange reserve RM ' 000	Retained profits RM ' 000	Sub-total RM ' 000			
<b>At 1 January, 2006 As previously stated</b>	75,000	1,706	13,880	11,415	420	181,673	284,094	36,684	320,778	
Effect of adopting:										
<u>FRS 3</u> Transfer reserve on consolidation to opening retained profits	3	-	-	(13,880)	-	-	13,880	-	-	
<b>At 1 January 2006 (restated)</b>		75,000	1,706	-	11,415	420	195,553	284,094	36,684	320,778
Foreign exchange differences representing net loss not recognised in the income statement		-	-	-	-	(3,787)	-	(3,787)	-	(3,787)
Net expense recognised directly in equity		-	-	-	-	(3,787)	-	(3,787)	-	(3,787)
Profit/ (loss) for the period		-	-	-	-	-	19,814	19,814	(2,779)	17,035
Total recognised income and expense for the period		-	-	-	-	(3,787)	19,814	16,027	(2,779)	13,248
Dividend	9	-	-	-	-	-	(10,200)	(10,200)	-	(10,200)
<b>At 30 June, 2006</b>		75,000	1,706	-	11,415	(3,367)	205,167	289,921	33,905	323,826

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 2005 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

for the period ended 30 June 2006

	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash (used in)/ generated from operations</b>	(5,741)	40,723
Interest paid	(6,193)	(3,673)
Income tax paid	(15,953)	(47,926)
Severance benefits paid	(4,158)	(1,440)
<b>Net cash used in operating activities</b>	<u>(32,045)</u>	<u>(12,316)</u>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(2,159)	(27,565)
Payment of deferred mine development and exploration expenditure	(228)	(3,112)
Proceeds from disposal of property, plant and equipment	22,733	71
Gross dividend received from an associate	47	-
Interest received	1,455	3,043
<b>Net cash from/ (used in) investing activities</b>	<u>21,848</u>	<u>(27,563)</u>
<b>Financing Activities</b>		
Borrowing from short term trade financing	14,918	19,970
Repayment of term loans	(5,951)	(5,951)
Dividend paid	(10,200)	(13,500)
<b>Net cash (used in)/ from financing activities</b>	<u>(1,233)</u>	<u>519</u>
<b>Net Change in Cash &amp; Cash Equivalents</b>	(11,430)	(39,360)
<b>Cash &amp; Cash Equivalents at 1 January</b>	64,582	112,981
<b>Cash &amp; Cash Equivalents at 30 June</b>	<u>53,152</u>	<u>73,621</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 2005 and the accompanying explanatory notes attached to the interim financial statements.