

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

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

at 30 September 2006

	As at end of current quarter 30.09.2006 RM'000	As at preceding financial year end 31.12.2005 RM'000 Restated ( Note 3 )
<b>Note</b>		
<b>NON-CURRENT ASSETS</b>		
Property, Plant and equipment	101,113	133,219
Base Inventory	3,000	3,000
Investment in associates	18,419	19,566
Other investments	286	520
Prepaid lease payments	7,140	6,632
Other assets	19,493	22,466
Deferred tax asset	9,519	9,887
Mining rights	7,349	8,518
<b>CURRENT ASSETS</b>		
Inventories	336,936	380,543
Trade receivables	118,494	42,970
Other receivables	73,165	51,774
Tax recoverable	25,881	11,660
Amount due from associates	1,200	1,794
Cash, bank balances and deposits	34,128	64,582
	<u>589,804</u>	<u>553,323</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	18,732	15,522
Other payables	20,702	35,065
Provisions for liabilities	2,604	2,714
Amount due to an associate	1,000	1,000
Taxation	2,192	6,081
Borrowings (unsecured)	351,375	340,530
	<u>396,605</u>	<u>400,912</u>
<b>NET CURRENT ASSETS</b>	<u>193,199</u>	<u>152,411</u>
	<u>359,518</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	216,518	209,094
	<u>291,518</u>	<u>284,094</u>
<b>Minority interests</b>	<u>35,019</u>	<u>36,684</u>
<b>Total Equity</b>	<u>326,537</u>	<u>320,778</u>
<b>NON-CURRENT LIABILITIES</b>		
Provisions for liabilities	28,832	30,572
Deferred tax liabilities	2,701	2,541
Borrowings (unsecured)	1,448	2,328
	<u>32,981</u>	<u>35,441</u>
	<u>359,518</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 September 2006

	← 3rd Quarter →	← Year to Date →		
		3 months ended	9 months ended	
Note	30.09.2006	30.09.2005	30.09.2006	30.09.2005
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	396,140	465,860	1,080,191	1,341,175
Profit from operations	14,495	16,827	43,898	75,292
Gross interest income	1,024	1,630	2,392	5,679
Gross interest expense	(4,646)	(2,963)	(11,347)	(7,082)
Share of profit of associates	(237)	(335)	(15)	274
<b>Profit before taxation</b>	10,636	15,159	34,928	74,163
Taxation	17 (2,272)	(3,209)	(9,529)	(20,676)
<b>Profit for the period</b>	8,364	11,950	25,399	53,487
Attributable to:				
Equity holders of the parent	7,250	11,293	27,064	44,488
Minority interest	1,114	657	(1,665)	8,999
	8,364	11,950	25,399	53,487
Basic earnings per share ( sen )	28 9.7	15.1	36.1	59.3
Net dividend per share ( sen )	9		21.6	28.8
Net assets per share attributable to ordinary holders of the parent ( RM )			As at end of current quarter 3.89	As at preceding financial year end 3.79

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	-	-	-	-	353	-	353	-	353
Net income recognised directly in equity	-	-	-	-	353	-	353	-	353
Profit for the period	-	-	-	-	-	44,488	44,488	8,999	53,487
Total recognised income and expense for the period	-	-	-	-	353	44,488	44,841	8,999	53,840
Dividend	-	-	-	-	-	(21,600)	(21,600)	-	(21,600)
Dividend to minority shareholders of a subsidiary company	-	-	-	-	-	-	-	(5,637)	(5,637)
<b>At 30 September, 2005</b>	<b>75,000</b>	<b>1,706</b>	<b>13,880</b>	<b>9,194</b>	<b>1,651</b>	<b>170,245</b>	<b>271,676</b>	<b>41,816</b>	<b>313,492</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		-	-	-	-	(3,440)	-	(3,440)	-	(3,440)
Net expense recognised directly in equity		-	-	-	-	(3,440)	-	(3,440)	-	(3,440)
Profit/ (loss) for the period		-	-	-	-	-	27,064	27,064	(1,665)	25,399
Total recognised income and expense for the period		-	-	-	-	(3,440)	27,064	23,624	(1,665)	21,959
Dividend	9	-	-	-	-	-	(16,200)	(16,200)	-	(16,200)
<b>At 30 September, 2006</b>		<b>75,000</b>	<b>1,706</b>	<b>-</b>	<b>11,415</b>	<b>(3,020)</b>	<b>206,417</b>	<b>291,518</b>	<b>35,019</b>	<b>326,537</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 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 September 2006

	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash (used in)/ generated from operations</b>	(5,082)	20,292
Interest paid	(9,843)	(7,567)
Income tax paid	(27,617)	(63,988)
Severance benefits paid	(4,435)	(2,899)
<b>Net cash used in operating activities</b>	<u>(46,977)</u>	<u>(54,162)</u>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(2,445)	(31,163)
Payment of deferred mine development and exploration expenditure	(1,667)	(14,031)
Proceeds from disposal of property, plant and equipment	23,903	93
Purchase of shares in an associate	-	(6,545)
Net dividend received from an associate	47	101
Interest received	2,481	4,287
<b>Net cash from/ (used in) investing activities</b>	<u>22,319</u>	<u>(47,258)</u>
<b>Financing Activities</b>		
Borrowing from short term trade financing	16,355	69,500
Repayment of term loans	(5,950)	(6,315)
Dividend paid		
shareholders of the Company	(16,200)	(21,600)
minority shareholders	-	(5,637)
<b>Net cash (used in)/ from financing activities</b>	<u>(5,795)</u>	<u>35,948</u>
<b>Net Change in Cash &amp; Cash Equivalents</b>	(30,453)	(65,472)
<b>Cash &amp; Cash Equivalents at 1 January</b>	64,582	112,981
<b>Cash &amp; Cash Equivalents at 30 September</b>	<u>34,129</u>	<u>47,509</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.