

NOTES TO THE 4TH INTERIM FINANCIAL REPORT – 31 DECEMBER 2007

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (FRS) 134 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board (MASB) and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2006. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2006.

2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following amendment to FRS effective for the financial period beginning 1 January 2007:

Amendment to FRS 119²⁰⁰⁴ Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of the amendment to FRS 119²⁰⁰⁴ : Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosure will have no impact on the financial statements of the Group and the Company except for the following:

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses arising from post-employment defined benefit plans. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group does not intent to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the financial statements.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2006 was not qualified.

4. Seasonal or Cyclical Factors

There were no significant seasonal or cyclical factors affecting the business operations of the Group.

5. **Unusual Items**

There were no unusual items affecting assets, liabilities, equity, net income or cashflow because of their nature, size or incidence in the current quarter.

6. **Changes in Estimates**

There were no changes in estimates that have had a material effect in the current quarter.

7. **Issuance and Repayment of Debt and Equity Securities**

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

8. **Dividends**

The amount of dividends paid or declared during the financial year ended 31 December 2007 were as follows :

	Net Amount Jan/Dec 2007 RM'000	Net Dividend Per Share Jan/Dec 2007 Sen
2006, Final		
12 sen less 27% tax per share paid on 28.05.07	6,570	8.8
2007, Interim		
8 sen less 27% tax per share paid on 30.10.07	4,380	5.8
	10,950	14.6

9. **Segmental Reporting**

The Company and its principal subsidiaries operate principally within one industry. The segmental reporting by geographical locations for the current financial year-to-date was as follows :-

Geographical Location	Total Assets Employed RM'000	Revenue RM'000	Pre-Tax Profit RM'000
Malaysia	669,839	1,952,331	59,108
Indonesia	380,980	383,594	60,072
Others	62,323	-	1,815
	1,113,142	2,335,925	120,995
Consolidation adjustments related to intra group transactions	(271,734)	(422,782)	-
	841,408	1,913,143	120,995

10. **Property, Plant and Equipment**

The valuation of land and buildings have been brought forward without amendment from the previous audited annual financial statements for the year ended 31 December 2006.

11. **Events subsequent to Balance Sheet Date**

There were no material events subsequent to balance sheet date up to 9 February 2008, the latest practical date which is not earlier than 7 days from the date of issue of this quarterly report except the following:

- a. On 29 January 2008, the Company announced that the local police force in Bangka, Indonesia had asked PT Koba Tin to stop receiving tin ore from its sub-contractors and to cease production of tin ingots. This was to facilitate the police to carry out investigations following allegations that two of PT Koba Tin's appointed sub-contractors had been mining in a forest area within PT Koba Tin's contract of work area where mining is prohibited. . PT Koba Tin's internal control measures and investigations have, however, confirmed that all production from its appointed sub-contractors have been derived from mining activities carried out within the contract of work and outside the forest area.
- b. On 12 February 2008, the Company also announced that it had entered into a conditional subscription agreement with Beaconsfield Gold NL (BCD), a company listed on the Australian Stock Exchange, to subscribe for 70,000,000 common shares representing approximately 19% of the enlarged issued and paid-up share capital of BCD for a total cash consideration of approximately AUD 19.6 million (or approximately RM57 million).

12. **Changes in the Composition of the Group**

Save as disclosed in Note 18, there was no change in the composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

13. **Changes in Contingent Liabilities and Contingent Assets**

As at 9 February 2008, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report, there were no material changes in contingent liabilities or contingent assets since the announcement of the 3rd Quarter 2007 Interim Financial Report on 2 November 2007.

14. **Capital Commitments**

The amount of capital commitments at 31 December 2007 was as follows :

	31.12.2007 RM'000
Approved but not contracted	26,456
Contracted but not provided for	179
	26,635

15. **Related Party Transactions**

The following are significant related party transactions :

	12 months ended 31.12.2007 RM'000
Management fee paid to a related company	5,158
Sales of products to an associate	40,996

The above transactions were entered in the normal course of business based on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

16. **Taxation**

Taxation comprises the following :

	12 months ended 31.12.2007 RM'000
Current taxation	
Malaysian income tax	13,356
Foreign tax	40,973
Deferred tax	(10,635)
Overprovided in prior year	(915)
Total	42,779

The overall effective tax rate for the current year was higher than the statutory tax rate in Malaysia mainly due to certain rationalization and other expenses not being tax deductible and losses incurred by certain foreign subsidiaries not being available for tax relief against the Group profit.

17. **Profit on Sale of Unquoted Investment and/or Property**

There was no profit on sale of unquoted investment and/or property for the current quarter.

18. **Purchase and Sale of Quoted Securities**

Save as disclosed below, there was no purchase or sale of quoted securities in the current quarter.

- i. The Company had subscribed for a total of 226,863,490 new ordinary shares amounting to approximately RM5.5 million in a renounceable rights issue in an associate, Australia Oriental Minerals NL (AOM). The Company's direct shareholding in AOM increased from 39.45% to 49.11%. AOM is listed on the Australian Stock Exchange.
- ii. The Company had subscribed for a total of 11,428,571 new common shares in Asian Mineral Resources Limited (AMRL), representing approximately 12.8% of the enlarged issued and paid-up share capital of AMRL, for a total cash consideration of approximately RM66.7 million. AMRL is listed on the TSX Venture Exchange, Canada.

19. **Status of Corporate Proposal**

There was no corporate proposal announced but not completed as at 9 February 2008, the latest practical date which is not earlier than 7 days from the date of issue of this quarterly report, except for the following:-

- i. On 16 August 2007, the Company announced that it had entered into a heads of agreement with Metal Resources Capital Limited (MERC) in relation to the intention of the Company and MERC to collaborate in the development of tin and other mineral resources in Indonesia.

- ii. On 29 October 2007, the Company announced that it had entered into a Joint Venture Contract with Guangxi Guilin Jinwei Realty Co Ltd and Vertex Metals Incorporation to establish a joint venture company named Guilin Hinwei Tin Co. Ltd, for smelting and refining of tin, and the production and sale of tin and tin-based products in the People's Republic of China.

On 12 February 2008, the Company also announced that it had entered into a conditional subscription agreement with Beaconsfield Gold NL (BCD), a company listed on the Australian Stock Exchange, to subscribe for 70,000,000 common shares representing approximately 19% of the enlarged issued and paid-up share capital of BCD for a total cash consideration of approximately AUD 19.6 million (or approximately RM57 million).

20. Group Borrowings and Debts Securities

Group borrowings as at 31 December 2007 comprise the following :

	31.12.2007 RM'000
a) Short Term Borrowings (unsecured)	
Foreign currency trade finance	289,239
Revolving credit	8,612
Bankers' acceptance	33,083
	330,934
Current portion of term loans	3,000
	333,934

	31.12.2007 RM'000
b) Long Term Borrowing (unsecured)	
Term Loan	9,000

Amount denominated in foreign currency	'000
Foreign currency trade finance (US dollar)	87,317
Revolving credit (US dollar)	2,600

Foreign currency trade finance and revolving credit are utilized for working capital requirements involving purchases and sales of tin concentrates and tin metal denominated in US dollar.

Short term borrowings bear interest at rates ranging from 3.70% to 7.80% (2006 : 3.32% to 7.25%) per annum. The Malaysian Ringgit term loan is repayable by 8 semi-annual instalments of RM1,500,000 each commencing 1 May 2008 with interest rate at 1.00% above 3 month cost of fund.

21. Financial Instrument with Off Balance Sheet

As 9 February 2008, the Group had the following outstanding financial instruments:

Forward foreign currency hedging contracts in respect of the Group's sales and purchases of tin :-

Currency	Contract Amount Million	Equiv. Amount RM'000	
US Dollar	17.16	56,391	Different maturity dates up to December 2008
Indonesian Rupiah	79,773	28,156	Different maturity dates up to January 2009

22. Material Litigation

Since the Company's last announcement on 2 November 2007 relating to the 3rd Quarter 2007 Interim Financial Report, there was no new development on the outstanding material litigations at 9 February 2008, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

23. Material Change in the Quarterly Results as Compared with the Preceding Quarter

Group pre-tax profit for the 4th quarter 2007 was RM77.83 million compared with RM16.37 million recorded in the preceding quarter. The higher profit was contributed by higher production of tin and higher tin prices.

24. **Review of Performance of the Company and its Principal Subsidiaries**

Group pre-tax profit increased by 87.1 % from 64.68 million in 2006 to RM120.99 million in 2007 despite disruptions in the Group's Indonesian operations in 1st half of 2007 and PT Koba Tin only resumed export of tin metal in May 2007 and small-scale mining in August 2007. The improvement was attributable mainly to strong tin prices, better overall performance by Malaysian operations and the results of the rationalization programme of PT Koba Tin .

No item, transaction or event of a material and unusual nature has arisen which would affect substantially the results of the operations of the Group from the end of the financial year of 2007 to the date of this announcement, except as stated in Note 25.

25. **Current Year Prospects**

Subject to early resolution to the current investigation being carried out by the local police in Bangka, Indonesia on PT Koba Tin's appointed sub-contractors as reported in note 11(a) and in the light of the current high tin prices and barring any further unforeseen circumstances, the Board expects the Group's overall performance for the current year to continue to be positive.

26. **Variance of Actual Profit from Forecast Profit (Final Quarter Only)**

Not applicable.

27. **Basic Earnings Per Share**

	12 months ended 31.12.2007
Net profit attributable to equity holders of the parent (RM)	67,441,000
Number of ordinary shares in issue	75,000,000
Basic earnings per share (sen)	89.9

28. **Dividend**

The Directors recommend the payment of a final dividend of 10 sen per ordinary share tax exempt and 10 sen per ordinary share less 26% tax (2006: 12 sen less 27% tax per share) amounting to RM13.05 million (2006: RM6.57 million) which subject to the approval of the members at the forthcoming Annual General Meeting of the Company on 22 April, 2008, will be paid on 28 May, 2008 to members registered on the Company's register at the close of business at 5.00 p.m. 12 May, 2008.

By Order of the Board
Sharifah Faridah Abd Rasheed
Secretary

Kuala Lumpur
15 February 2008