

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

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

at 30 June 2008

	As at end of current quarter 30.06.2008 RM'000	As at preceding financial year end 31.12.2007 RM'000
<b>Note</b>		
<b>NON-CURRENT ASSETS</b>		
Property, Plant and equipment	93,398	94,497
Prepaid land lease payments	1,269	1,354
Base Inventory	3,000	3,000
Mining rights	21,077	7,127
Investment in associates	192,994	28,464
Other investments	443	67,300
Other assets	52,243	30,062
Deferred tax asset	23,793	24,383
	388,217	256,187
<b>CURRENT ASSETS</b>		
Inventories	390,453	308,473
Trade receivables	148,145	160,075
Other receivables	126,566	60,465
Tax recoverable	1,442	1,544
Amount due from a related company	1,586	126
Amount due from associates	671	2,608
Cash, bank balances and deposits	103,600	51,930
	772,463	585,221
Non-current asset classified as held for sale	-	-
	772,463	585,221
<b>CURRENT LIABILITIES</b>		
Trade payables	45,323	10,976
Other payables	41,515	44,222
Provisions for liabilities	3,027	2,906
Amount due to a related company	-	96
Amount due to an associate	500	500
Taxation	10,743	15,037
Borrowings (unsecured) <b>20</b>	518,837	333,934
	619,945	407,671
<b>NET CURRENT ASSETS</b>		
	152,518	177,550
	540,735	433,737
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	75,000	75,000
Reserves	278,378	275,127
	353,378	350,127
<b>Minority interests</b>	46,409	45,416
<b>Total Equity</b>	399,787	395,543
<b>NON-CURRENT LIABILITIES</b>		
Provisions for liabilities	29,004	27,179
Deferred tax liabilities	2,023	2,015
Borrowing (unsecured) <b>20</b>	109,921	9,000
	140,948	38,194
	540,735	433,737

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2007 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 2008

	Note	← 2 nd Quarter →		← Year to Date →	
		30.06.2008	30.06.2007	30.06.2008	30.06.2007
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		595,769	329,717	1,168,367	687,588
Profit from operations		11,845	19,053	40,833	31,393
Gross interest income		4,209	463	5,562	984
Gross interest expense		-4,488	-3,058	-8,429	-5,982
Share of profit of associates		-3,478	233	-4,410	407
<b>Profit before taxation</b>		8,088	16,691	33,556	26,802
Taxation	16	-5,484	-6,690	-13,443	-10,550
<b>Profit for the period</b>		2,604	10,001	20,113	16,252
Attributable to:					
Equity holders of the parent		3,027	8,138	18,335	14,647
Minority interest		(423)	1,863	1,778	1,605
		2,604	10,001	20,113	16,252
Basic earnings per share ( sen )	27	4.0	10.9	24.4	19.5
Proposed/Declared dividend per share ( sen )	28			8.0	8.0
Net assets per share attributable to ordinary holders of the parent ( RM )				As at end of current quarter 4.71	As at preceding financial year end 4.67

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

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

	Attributable to equity holders of the parent							Minority Interest	Total Equity
	Non - Distributable			Distributable					
	Share capital RM ' 000	Share premium RM ' 000	Revaluation reserve RM ' 000	Foreign exchange reserve RM ' 000	Retained earnings RM ' 000	Sub-total RM ' 000	RM ' 000		
<b>At 1 January, 2007</b>	75,000	1,706	11,415	(5,140)	219,368	302,349	36,900	339,249	
Acquisition of a subsidiary	-	-	-	(889)	-	(889)	(832)	(1,721)	
Foreign exchange differences representing net loss not recognised in the income statement	-	-	-	(889)	-	(889)	(558)	(1,447)	
Net expense recognised directly in equity	-	-	-	-	14,647	14,647	1,605	16,252	
Profit for the period	-	-	-	-	14,647	13,758	1,047	14,805	
Total recognised income and expense for the period	-	-	-	-	(6,570)	(6,570)	-	(6,570)	
Dividend	-	-	-	-	-	-	-	-	
<b>At 30 June, 2007</b>	75,000	1,706	11,415	(6,029)	227,445	309,537	37,947	347,484	

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

	Attributable to equity holders of the parent						Minority Interest	Total Equity
	Share capital RM ' 000	Share premium RM ' 000	Non - Distributable Revaluation reserve RM ' 000	Foreign exchange reserve RM ' 000	Distributable Retained earnings RM ' 000	Sub-total RM ' 000		
<b>At 1 January, 2008</b>	75,000	1,706	11,415	(13,853)	275,859	350,127	45,416	395,543
Foreign exchange differences representing net loss not recognised in the income statement	-	-	-	(2,034)	-	(2,034)	(785)	(2,819)
Net expense recognised directly in equity	-	-	-	(2,034)	-	(2,034)	(785)	(2,819)
Profit for the period	-	-	-	-	18,335	18,335	1,778	20,113
Total recognised income and expense for the period	-	-	-	(2,034)	18,335	16,301	993	17,294
Dividend	-	-	-	-	(13,050)	(13,050)	-	(13,050)
<b>At 30 June, 2008</b>	75,000	1,706	11,415	(15,887)	281,144	353,378	46,409	399,787

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 2007 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 2008

	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash (used in)/ generated from operations</b>	(43,094)	39,098
Interest paid	(8,109)	(7,596)
Income tax paid	(17,120)	(11,025)
Severance benefits paid	(101)	(2,604)
<b>Net cash (used in)/ from operating activities</b>	<u>(68,424)</u>	<u>17,873</u>
<b>Investing Activities</b>		
Acquisition of a subsidiary	-	(411)
Purchase of property, plant and equipment	(5,809)	(10,563)
Purchase of shares in associates	(103,965)	-
Payment for an insurance scheme	(2,098)	-
Payment for mining rights	(15,280)	-
Payment of deferred mine development and exploration expenditure	(23,382)	(7,203)
Proceeds from disposal of property, plant and equipment	-	6,333
Interest received	5,561	2,234
<b>Net cash used in investing activities</b>	<u>(144,973)</u>	<u>(9,610)</u>
<b>Financing Activities</b>		
Borrowing/ (Repayment) of short term trade financing	164,267	(56,759)
Borrowing of term loans	115,350	12,000
Repayment of term loan	(1,500)	(1,465)
Dividend paid	(13,050)	(6,570)
<b>Net cash from/ (used in) financing activities</b>	<u>265,067</u>	<u>(52,794)</u>
<b>Net Change in Cash &amp; Cash Equivalents</b>	51,670	(44,531)
<b>Cash &amp; Cash Equivalents at 1 January</b>	51,930	99,953
<b>Cash &amp; Cash Equivalents at 30 June</b>	<u>103,600</u>	<u>55,422</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 2007 and the accompanying explanatory notes attached to the interim financial statements.