

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

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

at 31 December 2006

	Note	As at end of current quarter 31.12.2006 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		95,568	138,158
Base Inventory		3,000	3,000
Investment in associates		18,419	19,566
Other investments		249	520
Prepaid land lease payments	2	1,472	1,693
Other assets		16,509	22,466
Deferred tax asset		14,955	9,887
Mining rights		6,944	8,518
<b>CURRENT ASSETS</b>			
Inventories		300,977	380,543
Trade receivables		70,326	42,970
Other receivables		81,481	51,774
Tax recoverable		14,852	11,660
Amount due from associates		671	1,794
Cash, bank balances and deposits		99,953	64,582
		568,260	553,323
Non-current assets classified as held for sale		4,660	-
		572,920	553,323
<b>CURRENT LIABILITIES</b>			
Trade payables		30,362	15,522
Other payables		38,539	35,065
Provisions for liabilities		3,087	2,714
Amount due to an associate		500	1,000
Taxation		2,006	6,081
Borrowings (unsecured)	21	283,281	340,530
		357,775	400,912
<b>NET CURRENT ASSETS</b>		215,145	152,411
		372,261	356,219
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		75,000	75,000
Reserves		227,349	209,094
		302,349	284,094
<b>Minority interests</b>		36,900	36,684
<b>Total Equity</b>		339,249	320,778
<b>NON-CURRENT LIABILITIES</b>			
Provisions for liabilities		31,111	30,572
Deferred tax liabilities		1,901	2,541
Borrowings (unsecured)	21	-	2,328
		33,012	35,441
		372,261	356,219

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 year ended 31 December 2006

	← 4 th Quarter →	← Year to Date →		
		3 months ended	12 months ended	
Note	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	557,513	351,655	1,637,704	1,692,830
Profit from operations	38,613	16,934	82,511	92,226
Gross interest income	1,867	1,265	4,259	6,944
Gross interest expense	(9,816)	(4,970)	(21,163)	(12,052)
Share of profit of associates	(912)	(1,632)	(927)	(1,358)
<b>Profit before taxation</b>	29,752	11,597	64,680	85,760
Taxation	17 (10,683)	(1,936)	(20,212)	(22,612)
<b>Profit for the period</b>	19,069	9,661	44,468	63,148
Attributable to:				
Equity holders of the parent	14,446	11,428	41,510	55,916
Minority interest	4,623	(1,767)	2,958	7,232
	19,069	9,661	44,468	63,148
Basic earnings per share ( sen )	28 19.3	15.2	55.3	74.6
Net dividend per share ( sen )	9		21.6	28.8
			As at end of current quarter	As at preceding financial year end
Net assets per share attributable to ordinary holders of the parent ( RM )			4.03	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
Effects of adopting FRS 121					2,320	(2,320)	-		-
<b>At 1 January 2005 (restated)</b>	75,000	1,706	13,880	9,194	3,618	145,037	248,435	38,454	286,889
Foreign exchange differences representing net (losses)/ gains not recognised in the income statement	-	-	-	-	(1,703)	825	(878)	-	(878)
Revaluation surplus for the year				3,084			3,084	740	3,824
Transfer to deferred taxation (net of minority interest)				(863)			(863)		(863)
Net income recognised directly in equity	-	-	-	2,221	(1,703)	825	1,343	740	2,083
Profit for the period	-	-	-	-	-	55,916	55,916	7,232	63,148
Total recognised income and expense for the period	-	-	-	2,221	(1,703)	56,741	57,259	7,972	65,231
Dividend	-	-	-	-	-	(21,600)	(21,600)		(21,600)
Dividend to minority shareholders of a subsidiary company	-	-	-	-	-	-	-	(9,742)	(9,742)
<b>At 31 December, 2005</b>	<b>75,000</b>	<b>1,706</b>	<b>13,880</b>	<b>11,415</b>	<b>1,915</b>	<b>180,178</b>	<b>284,094</b>	<b>36,684</b>	<b>320,778</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>	<b>75,000</b>	<b>1,706</b>	<b>13,880</b>	<b>11,415</b>	<b>420</b>	<b>181,673</b>	<b>284,094</b>	<b>36,684</b>	<b>320,778</b>	
Effect of adopting:										
<u>FRS 121</u>	3				1,495	(1,495)	-		-	
<u>FRS 3</u> Transfer reserve on consolidation to opening retained profits	3	-	-	(13,880)	-	13,880	-	-	-	
<b>At 1 January 2006 (restated)</b>		<b>75,000</b>	<b>1,706</b>	<b>-</b>	<b>11,415</b>	<b>1,915</b>	<b>194,058</b>	<b>284,094</b>	<b>36,684</b>	<b>320,778</b>
Foreign exchange differences representing net loss not recognised in the income statement		-	-	-	-	(7,055)	-	(7,055)	(2,742)	(9,797)
Net expense recognised directly in equity		-	-	-	-	(7,055)	-	(7,055)	(2,742)	(9,797)
Profit for the period		-	-	-	-	41,510	41,510	2,958	44,468	
Total recognised income and expense for the period		-	-	-	-	(7,055)	41,510	34,455	216	34,671
Dividend	9	-	-	-	-	(16,200)	(16,200)	-	(16,200)	
<b>At 31 December, 2006</b>		<b>75,000</b>	<b>1,706</b>	<b>-</b>	<b>11,415</b>	<b>(5,140)</b>	<b>219,368</b>	<b>302,349</b>	<b>36,900</b>	<b>339,249</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 statement.

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31 December 2006

	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash generated from operations</b>	140,845	33,669
Interest paid	(19,688)	(11,326)
Income tax paid	(34,253)	(74,573)
Severance benefits paid	(6,118)	(2,118)
<b>Net cash from/(used in) operating activities</b>	<u>80,786</u>	<u>(54,348)</u>
<b>Investing Activities</b>		
Release of fixed deposit pledge by a subsidiary	-	1,590
Purchase of property, plant and equipment	(2,464)	(34,660)
Payment of deferred mine development and exploration expenditure	(3,067)	(17,796)
Proceeds from disposal of property, plant and equipment	23,893	1,565
Purchase of shares in an associate	-	(5,843)
Net dividend received from an associate	34	140
Interest received	3,113	6,890
<b>Net cash from/ (used in) investing activities</b>	<u>21,509</u>	<u>(48,114)</u>
<b>Financing Activities</b>		
(Repayment)/Borrowing from short term trade financing	(37,751)	98,896
Repayment of term loans	(12,973)	(11,901)
Dividend paid		
shareholders of the Company	(16,200)	(21,600)
minority shareholders	-	(9,742)
<b>Net cash (used in)/ from financing activities</b>	<u>(66,924)</u>	<u>55,653</u>
<b>Net Change in Cash &amp; Cash Equivalents</b>	35,371	(46,809)
<b>Cash &amp; Cash Equivalents at 1 January</b>	64,582	111,391
<b>Cash &amp; Cash Equivalents at 31 December</b>	<u>99,953</u>	<u>64,582</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.