

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

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

at 30 September 2007

	As at end of current quarter 30.09.2007 RM'000	As at preceding financial year end 31.12.2006 RM'000
<b>Note</b>		
<b>NON-CURRENT ASSETS</b>		
Property, Plant and equipment	98,361	95,568
Base Inventory	3,000	3,000
Investment in associates	19,287	18,419
Other investments	268	249
Prepaid land lease payments	1,385	1,472
Other assets	28,029	16,509
Deferred tax asset	15,014	14,955
Mining rights	5,728	6,944
	171,072	157,116
<b>CURRENT ASSETS</b>		
Inventories	321,483	300,977
Trade receivables	92,546	70,327
Other receivables	95,868	80,964
Tax recoverable	14,811	14,852
Amount due from a related company	1,184	517
Amount due from associates	2,494	671
Cash, bank balances and deposits	59,640	99,953
	588,026	568,261
Non-current asset classified as held for sale	-	4,660
	588,026	572,921
<b>CURRENT LIABILITIES</b>		
Trade payables	22,093	30,363
Other payables	24,976	38,539
Provisions for liabilities	4,287	3,087
Amount due to an associate	500	500
Taxation	3,640	2,006
Dividend payable	4,380	-
Borrowings (unsecured)	306,195	283,281
	366,071	357,776
<b>NET CURRENT ASSETS</b>	221,955	215,145
	393,027	372,261
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	75,000	75,000
Reserves	237,582	227,349
	312,582	302,349
<b>Minority interests</b>	39,490	36,900
<b>Total Equity</b>	352,072	339,249
<b>NON-CURRENT LIABILITIES</b>		
Provisions for liabilities	28,538	31,111
Deferred tax liabilities	1,917	1,901
Borrowing (unsecured)	10,500	-
	40,955	33,012
	393,027	372,261

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2006 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 2007

	Note	← 3 rd Quarter →		← Year to Date →	
		3 months ended		9 months ended	
		30.09.2007	30.09.2006	30.09.2007	30.09.2006
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		490,522	396,140	1,178,110	1,080,191
Profit from operations		19,421	14,495	50,814	43,898
Gross interest income		967	1,024	1,951	2,392
Gross interest expense		(4,266)	(4,646)	(10,248)	(11,347)
Share of profit/(loss) of associates		244	(237)	651	(15)
<b>Profit before taxation</b>		16,366	10,636	43,168	34,928
Taxation	<b>16</b>	(7,136)	(2,272)	(17,686)	(9,529)
<b>Profit for the period</b>		9,230	8,364	25,482	25,399
Attributable to:					
Equity holders of the parent		7,460	7,250	22,107	27,064
Minority interest		1,770	1,114	3,375	(1,665)
		9,230	8,364	25,482	25,399
Basic earnings per share ( sen )	<b>27</b>	9.9	9.7	29.5	36.1
Net dividend per share ( sen )	<b>8</b>			14.6	21.6
				As at end of current quarter	As at preceding financial year end
Net assets per share attributable to ordinary holders of the parent ( RM )				4.17	4.03

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited Annual Financial Statements for the year ended 31 December 2006 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 earnings 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
Effects of adopting :									
<u>FRS 121</u> Transfer of exchange differences to retained earnings	-	-	-	-	1,495	(1,495)	-	-	-
<b>At 1 January 2006 (restated)</b>	75,000	1,706	13,880	11,415	1,915	180,178	284,094	36,684	320,778
<u>FRS 3</u> Transfer of reserve on consolidation to opening retained earnings	-	-	(13,880)	-	-	13,880	-	-	-
	75,000	1,706	-	11,415	1,915	194,058	284,094	36,684	320,778
Foreign exchange differences representing net losses 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	-	-	-	-	-	(16,200)	(16,200)	-	(16,200)
<b>At 30 September, 2006</b>	75,000	1,706	-	11,415	(1,525)	204,922	291,518	35,019	326,537

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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	
	Share capital RM ' 000	Non - Distributable			Foreign exchange reserve RM ' 000	Distributable Retained earnings RM ' 000			Sub-total RM ' 000
		Share premium RM ' 000	Revaluation reserve RM ' 000						
<b>At 1 January, 2007</b>	<b>75,000</b>	<b>1,706</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>	
Acquisition of a subsidiary							274	274	
Foreign exchange differences representing net loss not recognised in the income statement	-	-	-	(924)	-	(924)	(1,059)	(1,983)	
Net expense recognised directly in equity	-	-	-	(924)	-	(924)	(785)	(1,709)	
Profit for the period	-	-	-	-	22,107	22,107	3,375	25,482	
Total recognised income and expense for the period	-	-	-	(924)	22,107	21,183	2,590	23,773	
Dividend	8	-	-	-	(10,950)	(10,950)	-	(10,950)	
<b>At 30 September, 2007</b>	<b>75,000</b>	<b>1,706</b>	<b>11,415</b>	<b>(6,064)</b>	<b>230,525</b>	<b>312,582</b>	<b>39,490</b>	<b>352,072</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 2006 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 2007

	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash used in operations</b>	(14,976)	(5,082)
Interest paid	(10,459)	(9,843)
Income tax paid	(17,047)	(27,604)
Severance benefits paid	(7,252)	(4,435)
<b>Net cash used in operating activities</b>	<u>(49,734)</u>	<u>(46,964)</u>
<b>Investing Activities</b>		
Acquisition of a subsidiary	(411)	-
Purchase of property, plant and equipment	(13,946)	(2,445)
Payment of deferred mine development and exploration expenditure	(15,660)	(1,667)
Proceeds from disposal of property, plant and equipment	6,368	23,903
Net dividend received from an associate	34	34
Interest received	3,147	2,481
<b>Net cash (used in)/ from investing activities</b>	<u>(20,468)</u>	<u>22,306</u>
<b>Financing Activities</b>		
Borrowing of short term trade financing	25,925	16,355
Borrowing of term loan	12,000	-
Repayment of term loans	(1,466)	(5,950)
Dividend paid	(6,570)	(16,200)
<b>Net cash from/ (used in) financing activities</b>	<u>29,889</u>	<u>(5,795)</u>
<b>Net Change in Cash &amp; Cash Equivalents</b>	(40,313)	(30,453)
<b>Cash &amp; Cash Equivalents at 1 January</b>	99,953	64,582
<b>Cash &amp; Cash Equivalents at 30 September</b>	<u>59,640</u>	<u>34,129</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 2006 and the accompanying explanatory notes attached to the interim financial statements.