

Contents

Vision, Mission and Core Values	2
MSC Group Business Profile	3
Notice of Annual General Meeting	4
Corporate Information	5
Group Financial Highlights	6 – 7
Board of Directors	8
Directors' Profile	9 – 12
Statement by the Chairman & the Group Chief Executive Officer	13 – 18
Review of the Global Tin Industry	19 – 24
Statement on Corporate Governance	25 – 30
Audit Committee	31 – 32
Audit Committee Report	33 – 34
Statement on Internal Control	35 – 36
Financial Statements	37 – 87
List of Properties of the Group	88
Tin Statistics	89 – 91
Shareholdings Statistics	92 – 94
Proxy Form	



VISION

- To be a successful world-class organization in its integrated core businesses of mining, smelting, manufacturing and global marketing for tin and tin-based products delivering sustainable shareholder value through quality operations.

MISSION

- Whether in the upstream or downstream sectors of the world tin industry, the name MSC will be synonymous with creativity, value, service and quality.
- MSC Group will be a creative organization, caring about its employees and its customers.
 - We will provide the highest levels of service to all the Group's suppliers and customers by participating and contributing solutions and values in all stages of the world tin supply chains - mining, smelting, refining, recycling, products transformation, engineering and marketing;
 - We will respond quickly and sensitively to the changing needs of the Group's suppliers and customers;
 - We aim to nurture an atmosphere of continuous self-development by emphasizing on training and development while adhering to the highest standard of integrity.
- MSC Group's growth strategy is to leverage on its core competencies to focus on organic growth as well as on strategic acquisitions that will broaden the Group's core businesses and strengthen its global leadership position in both upstream and downstream sectors of the world tin industry.

CORE VALUES

- Intellectual honesty and integrity.
- Adding value through innovation and continuous improvement.
- Global perspective and competitiveness spirit.
- Respect for the environment and the health and safety of its employees.
- Creating sustainable shareholder value through quality operations.

DATU' DR MOHD AJIB ANUAR
GCEO/Executive Director

MALAYSIA SMELTING CORPORATION BERHAD (43072-A)

27, Jalan Pantai, 12000 Butterworth, Malaysia. Tel: 604-333 3500 Fax: 604-332 6499 E-mail: msc@msmelt.com
B-15-11, Block B, 15th Floor, Unit 11, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Malaysia.
Tel: (+60-3) 2166 9260-61 Fax: (+60-3) 2166 9245 E-mail: msck@pojaring.my



MSC GROUP BUSINESS PROFILE



The MSC Group is currently one of the world's largest integrated producers of tin metal and tin-based products. The Group's combined production of 58,251 tonnes of tin metal from its Malaysian and Indonesian operations in 2005 maintains its position as the world's largest supplier of tin metal and tin based products, having contributed about 18% to the world's production for two years' consecutively. As of 16 March 2005, MSC has become a subsidiary of The Straits Trading Company Limited (STC) which is listed on the Singapore Stock Exchange. STC's core businesses are focused on hotel development and management, financial investments and fund management, property development and investments, and metals and mineral resources. Thus today, the MSC Group benefits from the full support and backing of STC Group of Companies.

From its origin as a domestic tin smelter in 1887, the Company has transformed itself to become a global integrated tin producer with investment at every stage of the global tin supply chain from exploration, on-shore dredging and open pit alluvial mining, smelting and refining, solder products manufacturing to international marketing and trading of tin and tin-based products.

With over a century's smelting excellence to its credit, the Group's smelting facility in Butterworth operates one of the most cost efficient smelting plants in the world converting primary, secondary and often complex tin bearing ores into high purity tin metal for industrial application. The plant has a production capacity of approximately

35,000 tonnes of refined tin a year. MSC Straits Refined tin brand which is registered at London Metal Exchange (LME) and Kuala Lumpur Tin Market (KLTM) is accepted worldwide and has purity ranging from the standard Grade A (99.85% Sn) to the premium grade electrolytic tin (99.99% Sn).

The Group's Indonesian operations are primarily undertaken through its two subsidiaries - 75% owned PT Koba Tin and wholly owned PT MSC Indonesia. PT Koba Tin operates two dredges and gravel-pump mining units in rich alluvial grounds within an area of 41,680 hectares under a contract of work agreement with the Government of Republic of Indonesia. PT Koba Tin has its own smelter with a production capacity of 25,000 tonnes of refined tin a year and produces the premium grade Koba brand (99.9% Sn) which is also widely consumed as a premier brand with superior quality.

PT MSC Indonesia is the Group's vehicle undertaking major exploratory programmes to search for new tin deposits in Indonesia under production sharing agreements with local Indonesian counterparts. PT MSC Indonesia has entered into four exploration and production sharing agreements covering a total prospective area of approximately 16,000 hectares in Bangka Island, Indonesia.

The Group has also gained a foothold in the Australian tin mining industry with its 40.0% equity interest in Australian Oriental Minerals NL (AOM). AOM is currently undertaking exploration and development of prospective and potential tin mining areas in Australia.

In November 2004, MSC acquired a 100% interest in Rahman Hydraulic Tin Sdn. Bhd. (RHT), Malaysia's long established and largest operating open-pit alluvial tin mine. Currently exploration works and expansion plans for the milling/ concentrator circuit and recovery operations are in the pipeline in order to transform RHT to once again become a significant tin producer.

In the downstream sector, the Group has a 40% equity interest in Redring Solder (M) Sdn. Bhd. Redring Solder's principal activities are the manufacture and sale of solder products for jointing and semi-conductor applications in the electrical and electronic industries.

MSC Group will continue to focus its growth strategy on its core business through strategic acquisitions and organic growth where its core expertise, skills and capabilities can add value and make a difference particularly in increasing operating efficiencies, innovating products and services and forging global commercial networks.

Strategic acquisitions will offer significant synergies and strategic fit in optimizing MSC's sourcing capability and in aligning the group companies' marketing strategies in the global market place. The Group's tin business will also benefit from the STC Group's core expertise in geology, mining, mineral processing, smelting and resource management in the global metals and mineral resources sector.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of members of Malaysia Smelting Corporation Berhad will be held at Function Hall 2, Level 2, The Gurney, 18 Persiaran Gurney, 10250 Penang, Malaysia on Thursday 20 April 2006 at 11.30 am for the purpose of considering and, if thought fit, passing the following as ordinary resolutions :

1. "THAT the audited Financial Statements for the year ended 31 December 2005 and the Report of the Directors and Auditors thereon be and are hereby received and adopted."
2. "THAT Tuan Hj Ahmad Kamal bin Abdullah Al-Yafii, who retires in accordance with Article 101 of the Company's Articles of Association, be and is hereby re-elected a Director of the Company."
3. "THAT Encik Razman bin Ariffin, who retires in accordance with Article 106 of the Company's Articles of Association, be and is hereby re-elected a Director of the Company."
4. "THAT the following Directors, who retire pursuant to Section 129(6) of the Companies Act, 1965 be and are hereby reappointed Directors of the Company to hold office until the conclusion of the next Annual General Meeting."
 - a. YBhg. Jen (B) Tun Ibrahim bin Datuk Ismail
 - b. Mr Choi Siew Hong
5. "THAT the Directors' fees of RM400,000 in respect of the year ended 31 December 2005 be and is hereby approved payable to Directors in such proportion and manner as the Directors may determine."
6. "THAT Messrs Ernst & Young, who are eligible and have given their consent for reappointment be and are hereby reappointed the Company's Auditors for the period until the conclusion of the next Annual General Meeting and that the remuneration to be paid to them be fixed by the Board."
7. To transact any other business of an Annual General Meeting.

BY ORDER OF THE BOARD

Abdul Rahim Hussain

Sharifah Faridah Abd Rasheed

Company Secretaries

Butterworth

29 March 2006

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint one(1) or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints more than one(1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. A proxy form is enclosed and to be valid must reach the Registered Office of the Company at 27 Jalan Pantai, 12000 Butterworth, Penang not less than forty-eight (48) hours before the meeting.
3. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

BOARD OF DIRECTORS**Non-Independent Non-Executive Directors**

Jeneral (B) Tun Ibrahim bin Datuk Ismail
(*Chairman*)
Mr Norman Ip Ka Cheung
Dato' Wira Syed Abdul Jabbar bin Syed Hassan
Dato' Ismail bin Shahudin

Executive Director

Dato' Dr Mohd Ajib Anuar

Senior Independent Non-Executive Director

Mr Choi Siew Hong

Independent Non-Executive Directors

Tuan Hj Ahmad Kamal bin Abdullah Al-Yafii
En Razman Ariffin

COMPANY SECRETARIES

En Abdul Rahim Hussain (LS007064)
Cik Sharifah Faridah Abd Rasheed (LS0008899)

MANAGEMENT

Dato' Dr Mohd Ajib Anuar
(*Group CEO / Executive Director*)
Mr Lai Fook Hoy
(*Group Chief Operating Officer*)
Mr Yap Fook Ping
(*Group Chief Financial Officer*)
Mr Chua Cheong Yong
(*Group Senior General Manager, Commercial*)
En Abdul Rahim Hussain
(*Senior Human Resources Manager*)
Dato' Mohd Anuar Sidek
(*President Director, PT Koba Tin*)
En Omar Mohd Alwi
(*President Director, PT MSC Indonesia*)
En Mohd Najib Jaafar
(*Director of Operations, PT Koba Tin*)

REGISTERED OFFICE/SMELTER

27 Jalan Pantai,
12000 Butterworth, Penang, Malaysia.

Tel: (604) 333 3500
Fax: (604)331 7405 / 332 6499
E-mail : msc@msmelt.com
Website: www.msmelt.com

KUALA LUMPUR CORPORATE AND MARKETING OFFICE

B-15-11, Block B, 15th Floor, Unit 11,
Megan Avenue II, 12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur, Malaysia.

Tel: (603) 2166 9260-61
Fax: (603) 2166 6599
E-mail: msckl@po.jaring.my

PT KOBA TIN OFFICE

Arthaloka Bld. 12th Floor
Jl. Jend. Sudirman No. 2
Jakarta 10220, Indonesia.

Tel: (62) (21) 251 1566
Fax: (62) (21) 251 1532
E-mail : kobatin@jkt.ptkoba.co.id
Website : www.ptkoba.co.id

PT MSC INDONESIA OFFICE

Arthaloka Bld. 12th Floor
Jl. Jend. Sudirman No. 2
Jakarta 10220, Indonesia.

Tel: (62) (21) 5793 9120/1
Fax: (62) (21) 5793 9119
E-mail: tanti@ptmsci.co.id

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur

Tel: (603) 2721 2222
Fax: (603) 2721 2530

AUDITORS

Ernst & Young

BANKERS

Bumiputra-Commerce Bank Berhad
Citibank Berhad
Calyon
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Bhd
Southern Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad Main Board