

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2004

Condensed Consolidated Income Statements

	Current Quarter 30/09/2004 RM'000	Comparative Quarter 30/09/2003 RM'000	Current Year To Date 30/09/2004 RM'000	Comparative Year To Date 30/09/2003 RM'000
Revenue	282,581	137,592	691,182	384,520
Operating Expenses	-275,864	-136,176	-678,399	-380,508
Other Operating Income	534	63	856	541
Profit from Operations	7,251	1,479	13,639	4,553
Finance costs	-1,710	562	-1,254	1,461
Investing Results	0	0	0	0
Profit from ordinary activities before tax	5,541	2,041	12,385	6,014
Taxation	-1,131	-297	-1,337	85
Profit from ordinary activities after tax	4,410	1,744	11,048	6,099
Minority Interest	0	0	0	0
Net Profit for the period	4,410	1,744	11,048	6,099
Earnings per share (Sen)				
- Basic	7.35	2.91	18.41	10.17
- Diluted	N.A	N.A	N.A	N.A

N.A - Not Applicable

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2004

Condensed Consolidated Balance Sheets

	As at Current Financial Period end 30/09/2004 RM'000	As at Preceding Financial Year end 31/12/2003 RM'000
Non current assets		
Property, plant and equipment	156,116	49,017
Unquoted investment, at cost	187	0
Deferred tax assets	5,431	0
Intangible assets	11,876	0
Goodwill on consolidation	25,938	0
Current assets		
Inventories	111,818	65,020
Trade and other receivables	141,972	73,437
Deposits, bank and cash balances	118,495	98,975
Tax recoverable	888	807
	373,173	238,239
Less : Current Liabilities		
Trade and other payables	153,321	100,944
Current tax liabilities	2,347	1,004
Post-employment benefit obligations	368	406
Short term bank borrowings (interest bearing)	71,013	38,000
	227,049	140,354
Net Current Assets	146,124	97,885
Less: Non current liabilities		
Term loan	171,068	0
Post-employment benefit obligations	23,188	1,472
Deferred tax liabilities	882	1,926
	195,138	3,398
	150,534	143,504
Capital and reserves		
Share capital	60,000	60,000
Share premium	17	17
Exchange fluctuation reserve	999	217
Retained earnings	89,518	83,270
	150,534	143,504

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2004

Condensed Consolidated Statement of Changes in Equity

	Share Capital RM'000	Non-distributable Share premium RM'000	Exchange fluctuation reserves RM'000	Distributable Retained earnings RM'000	Total RM'000
<u>9 months ended 30/09/2004</u>					
Balance at 01/01/2004					
- as previously reported	60,000	17	217	83,270	143,504
- change in accounting policies	0	0	0	0	0
- as restated	<u>60,000</u>	<u>17</u>	<u>217</u>	<u>83,270</u>	<u>143,504</u>
Currency translation differences arising in the period	0	0	782	0	782
Net Profit for the period	0	0	0	11,048	11,048
Dividends for the year ended 31 December 2003	0	0	0	-4,800	-4,800
Balance at 30/09/2004	<u>60,000</u>	<u>17</u>	<u>999</u>	<u>89,518</u>	<u>150,534</u>
 <u>9 months ended 30/09/2003</u>					
Balance at 01/01/2003					
- as previously reported	60,000	17	0	80,787	140,804
- change in accounting policies	0	0	0	-1,331	-1,331
- as restated	<u>60,000</u>	<u>17</u>	<u>0</u>	<u>79,456</u>	<u>139,473</u>
Net Profit for the period	0	0	0	6,099	6,099
Dividends for the year ended 31 December 2002	0	0	0	-4,800	-4,800
Balance at 30/09/2003	<u>60,000</u>	<u>17</u>	<u>0</u>	<u>80,755</u>	<u>140,772</u>

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2004

Condensed Consolidated Cash Flow Statements

	Current Year To Date ended 30/09/2004 RM'000	Year To Date ended 30/09/2003 RM'000
<i>Operating activities</i>		
Cash from operations	26,544	31,669
Interest paid	-2,730	-253
Tax refund	977	0
Tax paid	-731	-137
Net cash flow from operating activities	24,060	31,279
<i>Investing Activities</i>		
Purchase of property, plant and equipment	-3,091	-4,437
Proceeds from disposal of property, plant and equipment	349	110
Net purchase of investments	-164,568	0
Interest received	2,834	1,553
Net cash flow from investing activities	-164,476	-2,774
<i>Financing Activities</i>		
Proceeds from short term bank borrowings (net)	9,317	26,600
Repayments of short term bank borrowings	-28,458	0
Drawdown of term loan	183,886	0
Dividends paid to shareholders	-4,800	0
Net cash flow from financing activities	159,945	26,600
		0
Changes in cash and cash equivalents	19,529	55,105
Currency translation differences	-9	0
Cash and cash equivalents		
- at start of year	98,975	46,025
- at end of period	118,495	101,130

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003

METROD (MALAYSIA) BERHAD (66954-H)

Interim report for the third quarter ended 30 September 2004

Notes:-

1) Basis of preparation and Accounting Policies

This consolidated interim financial statements have been prepared in accordance with requirements of MASB26: "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. The interim financial statements should be read in conjunction with the Group's financial statements for the year ended 31 December 2003.

The accounting policies used and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2003

2) Audit qualification of preceding annual financial statements

The auditors' report for the preceding annual financial statements for the year ended 31 December 2003 was not subject to any qualification.

3) Seasonal or cyclical factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the interim period.

4) Unusual items

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence during the interim period.

5) Changes in estimates

There were no changes in estimates of amounts reported in prior interim period of the current financial year or changes in estimates of amounts reported in prior financial years, that have a material effect in the interim period.

6) Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the interim period.

7) Dividends paid

A first and final dividend of 8 sen per share, tax exempt (previous year 8 sen per share, tax exempt) amounting to RM4.8 million (previous year RM4.8 million) was paid on 16 July 2004 (previous year 17 July 2003) in respect of the financial year ended 31 December 2003.

8) Segmental information

The Group is principally engaged in the manufacturing of copper products in Malaysia, Thailand and Austria. Accordingly, geographical segment reporting of the Group is set out below between Malaysia and Overseas. For commercial reasons, the results of overseas subsidiaries have been grouped together.

Segment reporting period ended 30.09.2004	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Group RM'000
Revenue				
External	571,900	119,282	0	691,182
Inter segment revenue	7,285	0	(7,285)	0
Total revenue	579,185	119,282	(7,285)	691,182
Results				
Profit/(loss) from operations	9,566	3,995	78	13,639
Finance cost	220	(1,344)	(130)	(1,254)
Tax	(399)	(938)	0	(1,337)
Profit after tax	9,387	1,713	(52)	11,048
As at 30.09.2004				
Total assets	352,068	321,885	(101,232)	572,721
Total liabilities	(201,183)	(239,200)	18,196	(422,187)
	150,885	82,685	(83,036)	150,534

The financial results of Austrian subsidiaries are incorporated only for post-acquisition period of four months effective June 2004.

9) Carrying amount of revalued assets

Valuations of property, plant and equipment have been brought forward without any amendment from the previous annual financial statements for the year ended 31 December 2003.

10) Material subsequent events

There were no material events subsequent to the end of the interim period reported on that have not been reflected in the financial statements for the said interim period.

11) Changes in composition of the Group

There were no changes in the composition of the Group during the interim period, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

12) Contingent liabilities / assets

There were no contingent liabilities or contingent assets as at the date of this report.

13) Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 September 2004 is as follows :

RM'000

Property, plant and equipment :-

Authorised and contracted for 4994

Authorised but not contracted for 1712

6706

14) Review of the performance of the Company and its principal subsidiaries

For the third quarter under review, the Group recorded a pre-tax profit of RM5.541 million and turnover of RM282.581 million. The Group's pre-tax profit was higher compared to previous year period pre-tax profit of RM2.041 million mainly due to incorporation of financial results of recently acquired subsidiaries viz. ASTA KG and ASTA GmbH. The turnover for the quarter was also accordingly higher compared to previous year period of RM137.592 million and also due to higher London Metal Exchange (LME) copper prices.

Consequently on cumulative basis, for the first nine months, Group's pre-tax profit more than doubled from RM6.014 million to RM12.385 million, and turnover increased from RM384.520 million to RM691.182 million.

Malaysia :

The markets remained difficult due to slow recovery in domestic demand in the construction sector and intense competition due to over capacity. The financial position of many units in the wire and cable industry continues to be weak affecting timely collections.

Thailand :

The activity levels are being gradually increased.

Austria :

Increase in prices of raw materials like copper, steel, oil, energy etc are impacting customers' costs with a corresponding effect on the demand and prices for the company's products. ASTA is working hard to improve sales volumes to mitigate as far as possible the impact of lower prices and increasing competition.

Subject to above, in the opinion of the Directors, the results of the operations for the Group have not been substantially affected by any item, transaction or event of a material and unusual nature as at the date of this report.

15) Material Changes in Quarterly Results

Pre-tax profit for the quarter of RM5.541 million was significantly higher compared to preceding quarter's pre-tax profit of RM4.417 million mainly due to incorporation of financial results of Austrian subsidiaries for the full quarter.

16) Current year Prospects

Malaysia :

Business conditions for the copper rod and wire industry remains difficult. Raw material cost continues to be high and competition remains intense due to over capacity in the region. Raw material availability on long-term basis has become uncertain and premiums have gone up significantly.

The poor health and the fragmented nature of the cable industry, which is the principal user of the company's products, has increased credit risks. Collections are being monitored closely and continuously. London Metal Exchange (LME) copper prices have increased by more than 50% over last year thereby increasing working capital requirements and credit exposure.

Thailand :

As the trial production started in February 2004, the production and quality is being stabilized. Consequently, the production and sales volumes are expected to increase gradually.

Austria :

The business environment in which the company operates has become more challenging. An acceleration in the restructuring of the European power transformer industry and the substantial change in the Euro vs. USD exchange rate, is putting ASTA's operating margins under increasing pressure. This is likely to continue.

The Company has retained professional valuers to carry out valuation of unoccupied land. Valuers' reports are expected during December 2004 and any impairment in value will be provided for accordingly in the next quarter results.

Barring any unforeseen events, the Board expects the performance of the Group for the financial year 2004 to be satisfactory as explained above.

17) Profit forecast and variance

There was no profit forecast or profit guarantee issued during the financial period to-date.

18) Taxation

	Current Year Quarter 30/09/04 RM'000	Comparative Year Quarter 30/09/03 RM'000	Current Year To Date 30/09/04 RM'000	Comparative Year To Date 30/09/03 RM'000
In respect of current period:				
- income tax	457	364	1455	782
- deferred tax	674	(67)	(118)	5
	1131	297	1337	787
In respect of prior year:				
- income tax	-	-	-	(872)
	1131	297	1337	(85)

The effective rate for the current quarter was lower than the statutory tax rate mainly due to utilization of unabsorbed reinvestment allowance, recognition of deductible temporary differences, losses including tax losses due to higher tax deductibility of certain expenses in certain subsidiaries.

19) Profit/(losses) on sales of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties for the current financial period to-date.

20) Purchase/disposal of quoted securities

(a) There were no purchases / sales of quoted securities for the current financial period to-date.

(b) There were no investments in quoted shares as at end of the reporting period.

21) Corporate proposals (status as at 23 November 2004)

There were no corporate proposals announced but not completed as at 30 September 2004.

22) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 30 September 2004 are as follows:-

	Amount RM'000	Denominated in Foreign Currency		Secured / Unsecured
		Foreign Currency	Foreign Currency Amount ('000)	
Long-term borrowings				
- Term Loans	171,068	EUR	36,068	Secured
Short-term borrowings:				
- Foreign Currency Trade Loan	45,600	USD	12,000	Unsecured
- Export Financing	23,715	EUR	5,000	Secured
- Banker Acceptance	1,698	THB	18,177	Unsecured
	71,013			
Total	242,081			

23) Off-balance sheet financial instruments

As at 23 November 2004, the foreign exchange currency contracts that have been entered into by the Group to hedge its trade payables/receivables are as follows:-

Currency	Purpose	Contracts amounts (in thousands)	Equivalent amount (in RM'000)
US Dollars	Trade payables	2,108	8,076
US Dollars	Trade receivables	2,000	7,673

All the trade receivables and payables will be maturing within six months.

There are no cash requirement risks as the Group only uses forward foreign currency contracts as its hedging instrument.

24) Changes in Material litigations (including status of any pending material litigation)

There is no material litigation pending as at 23 November 2004 except as below :

- (a) A case was filed in 2001 by the Group against a customer M/s : Wire Malaysia Sdn Bhd (WMSB) for recovery of debts amounting to RM4.425 million. The sealed copy of the amended Judgment in Default of Appearance, extracted from Court, was served on the Defendant and the Receiver and Manager of the Defendant on 8 July 2004. The Receiver and Manager of the Defendant had replied on 15 July 2004 that no surplus fund was available for unsecured creditors. In view of the said reply, it is concluded that no further action will be instituted at the moment.
- (b) Suit no D4-22-1019-2003 is a case filed with the Kuala Lumpur High Court on 20 June 2003 by the Group against a customer M/s : Gunung Kabel Sdn Bhd (GKSB) for recovery of debts amounting to RM2.099 million and an alternative claim of the sum of the dishonored cheques RM424K as partial payment. GKSB filed its Statement of Defence on 5 August 2003. An application was filed on 4 August 2003 for summary judgment to be entered against GKSB for the recovery of the said debts. The court directed parties to file in written submission for the hearing of the summary judgment application. The Deputy Registrar dismissed the application for summary judgment on 17 May 2004. An appeal has been filed by Metrod on 18 May 2004 against this decision. On the hearing date of 29 September 2004 the Judge has directed the parties to file their respective written submission in reply by 29 November 2004 and fixed the matter for decision on 14 April 2005.

Necessary allowances for the said amounts have already been made in earlier years.

25) Earnings per share

	Current Year Quarter <u>30/09/04</u>	Comparative Year Quarter <u>30/09/03</u>	Current Year To Date <u>30/09/04</u>	Comparative Year To Date <u>30/09/03</u>
Basic				
Net profit for the period (RM'000)	4,410	1,744	11,048	6,099
Weighted average number of ordinary shares in issue ('000)	60,000	60,000	60,000	60,000
Basic earnings per share (sen)	7.35	2.91	18.41	10.17

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.

26) Dividends

No dividend has been proposed till date for the current financial period ended 30 September 2004.

27) Authorisation for issue

The interim financial statements were issued by the Board of Directors in accordance with a resolution of the directors on **30 November 2004**.