

METROD (MALAYSIA) BERHAD

Interim report for the fourth quarter ended 31 December 2004

Condensed Consolidated Income Statements*The figures for the individual quarters have not been audited but figures for the cumulative quarters have been audited.*

	Current Quarter 31/12/2004 RM'000	Comparative Quarter 31/12/2003 RM'000	Current Year To Date 31/12/2004 RM'000	Comparative Year To Date 31/12/2003 RM'000
Revenue	273,405	149,586	964,587	534,106
Operating Expenses	-262,222	-147,443	-940,621	-527,951
Other Operating Income	1,417	538	4,960	2,852
Profit from Operations	12,600	2,681	28,926	9,007
Finance costs	-5,125	-107	-9,066	-419
Investing Results	0	0	0	0
Profit from ordinary activities before tax	7,475	2,574	19,860	8,588
Taxation	-1,302	-58	-2,639	27
Profit from ordinary activities after tax	6,173	2,516	17,221	8,615
Minority Interest	0	0	0	0
Net Profit for the period	6,173	2,516	17,221	8,615
Earnings per share (Sen)				
- Basic	10.29	4.19	28.70	14.36
- 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 fourth quarter ended 31 December 2004

Condensed Consolidated Balance Sheets

Note	As at Current Financial Period end 31/12/2004	As at Preceding Financial Year end 31/12/2003
	AUDITED	
	RM'000	RM'000
Non current assets		
Property, plant and equipment	161,653	49,017
Unquoted investment, at cost	0	0
Deferred tax assets	5,712	0
Intangible assets	11,176	0
Goodwill on consolidation	27,854	0
Current assets		
Inventories	130,656	65,020
Trade and other receivables	141,162	73,437
Deposits, bank and cash balances	95,129	98,975
Tax recoverable	1,772	807
	368,719	238,239
Less : Current Liabilities		
Trade and other payables	97,471	100,944
Provision	6,082	0
Current tax liabilities	2,459	1,004
Post-employment benefit obligations	688	406
Short term bank borrowings (interest bearing)	94,838	38,000
	201,538	140,354
Net Current Assets	167,181	97,885
Less: Non current liabilities		
Term loan	186,902	0
Post-employment benefit obligations	25,088	1,472
Deferred tax liabilities	794	1,926
	212,784	3,398
	160,792	143,504
Capital and reserves		
Share capital	60,000	60,000
Share premium	17	17
Exchnge fluctuation reserve	5,084	217
Retained earnings	95,691	83,270
	160,792	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 fourth quarter ended 31 December 2004

Condensed Consolidated Statement of Changes in Equity*The figures are audited.*

	Share Capital RM'000	Non-distributable Share premium RM'000	Exchange fluctuation reserves RM'000	Distributable Retained earnings RM'000	Total RM'000
<u>12 months ended 31/12/2004</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	60,000	17	217	83,270	143,504
Currency translation differences arising in the year	0	0	4,867	0	4,867
Net Profit for the year	0	0	0	17,221	17,221
Dividends for the year ended 31 December 2003	0	0	0	-4,800	-4,800
Balance at 31/12/2004	60,000	17	5,084	95,691	160,792
<u>12 months ended 31/12/2003</u>					
Balance at 01/01/2003					
- as previously reported	60,000	17	0	80,786	140,803
- change in accounting policies	0	0	0	-1,331	-1,331
- as restated	60,000	17	0	79,455	139,472
Currency translation differences arising in the year	0	0	217	0	217
Net Profit for the year	0	0	0	8,615	8,615
Dividends for the year ended 31 December 2002	0	0	0	-4,800	-4,800
Balance at 31/12/2003	60,000	17	217	83,270	143,504

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2003

METROD (MALAYSIA) BERHAD

Interim report for the fourth quarter ended 31 December 2004

Condensed Consolidated Cash Flow Statements

	AUDITED	
	Current	
	Year To Date	Year To Date
	ended	ended
	31/12/2004	31/12/2003
	RM'000	RM'000
<i>Operating activities</i>		
Cash from operations	-11,561	28,345
Interest paid	-4,399	-372
Tax refund	6	1,569
Tax paid	-690	-1,158
Net cash flow from operating activities	-16,644	28,384
<i>Investing Activities</i>		
Purchase of property, plant and equipment	-5,873	-12,405
Proceeds from disposal of property, plant and equipment	158	1,562
Net purchase of investments	-160,378	0
Interest received	3,625	2,209
Net cash flow from investing activities	-162,468	-8,634
<i>Financing Activities</i>		
Proceeds from borrowings	211,000	38,000
Repayments of borrowings	-31,092	0
Deposits pledged as securities	-40,500	0
Dividends paid to shareholders	-4,800	-4,800
Net cash flow from financing activities	134,608	33,200
Changes in cash and cash equivalents	-44,504	52,950
Currency translation differences	10	
Cash and cash equivalents		
- at start of year	98,975	46,025
- at end of period	54,481	98,975

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 fourth quarter ended 31 December 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

No dividend was paid during the financial quarter ended 31 December 2004.

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:

Segment reporting for the year ended 31.12.2004	Malays RM'00	Rest of Asia RM'000	European Union RM'000	Eliminations RM'000	Group RM'000
Revenue					
External	750,10	14,088	200,338	0	964,587
Inter segment revenue	16,60	902	0	(17,551)	0
Total revenue	<u>766,80</u>	<u>14,990</u>	<u>200,338</u>	<u>(17,551)</u>	<u>964,587</u>
Results					
Segment results	18,30	(1,808)	13,754	(1,376)	28,926
Finance cost					(9,066)
Tax expense					(2,639)
Net profit for the year					<u>17,221</u>
As at 31.12.2004					
Net assets					
Segment assets	328,00	65,467	279,713	(105,553)	567,630
Unallocated assets					7,484
Total assets					<u>575,114</u>
Segment liabilities	65,20	20,330	63,562	(19,810)	129,329
Unallocated liabilities					284,992
Total liabilities					<u>414,321</u>

The financial results of Austrian subsidiaries are incorporated only for post-acquisition period of seven 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 31 December 2004 is as follows :

	<u>RM'000</u>
Property, plant and equipment :-	
Authorised and contracted for	4,080
Authorised but not contracted for	3,506
	<u>7,586</u>

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

For the fourth quarter under review, the Group recorded a pre-tax profit of RM7.475 million and turnover of RM273.405 million. The Group's pre-tax profit was higher compared to previous year period pre-tax profit of RM2.574 million mainly due to incorporation of financial results of recently acquired subsidiaries, ASTA KG and ASTA GmbH and better performance of Malaysian operations. The turnover for the quarter was accordingly higher compared to previous year period of RM149.586 million and also due to higher London Metal Exchange (LME) copper prices.

On a cumulative basis for the year 2004, the Group's pre-tax profit increased from RM8.588 million to RM19.860 million and turnover increased from RM534.106 million to RM964.587 million.

Malaysia :

The markets remained difficult due to the 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. However the company improved its overall performance due to a better product-mix and realisation in pricing.

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, the strengthening of the Euro against the US Dollar is also affecting the business conditions.

In line with the Malaysian Accounting Standards, the Company has provided for the exchange translation differences and impairment in value for a vacant plot of land in Malaysia.

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 RM7.475 million was significantly higher compared to preceding quarter's pre-tax profit of RM5.541 million mainly due to better overall performance of Malaysian and Austrian operations.

16) Current year Prospects

Malaysia :

Business conditions for the copper rod and wire industry in Malaysia 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 continues to be 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 2003 thereby increasing working capital requirements and credit exposure.

Thailand :

Following the commencement of trial production in February 2004, production volumes and quality are stabilizing. These are expected to increase gradually over time.

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.

Barring any unforeseen events, the Board expects the performance of the Group for the financial year 2005 to be satisfactory in the context 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 31/12/04 RM'000	Comparative Year Quarter 31/12/03 RM'000	Current Year To Date 31/12/04 RM'000	Comparative Year To Date 31/12/03 RM'000
In respect of current period:				
- income tax	1,158	504	2,613	1,286
- deferred tax	144	(446)	26	(441)
	1,302	58	2,639	845
In respect of prior year:				
- income tax	-	-	-	(872)
	1,302	58	2,639	(27)

The effective rate for the current quarter and for the financial year was lower than the statutory tax rate mainly due to utilization of reinvestment allowance, recognition of deductible temporary differences and 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 16 February 2005)

There were no corporate proposals announced but not completed as at 16 February 2005.

22) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 31 December 2004 are as follows:-

	Amount RM'000	Denominated in Foreign Currency		Secured / Unsecured
		Foreign Currency	Foreign Currency Amount ('000)	
Long-term borrowings				
- Term Loans	186,902	EUR	36,068	Secured
Short-term borrowings:				
- Bank Overdraft	148	THB	1,505	Unsecured
- Foreign Currency Trade Loan	66,500	USD	17,500	Unsecured
- Export Financing	25,910	EUR	5,000	Secured
- Bankers' Acceptance	2,280	THB	23,267	Unsecured
	94,838			
Total	281,740			

23) Off-balance sheet financial instruments

As at 16 February 2005, 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	1,190	4,522
US Dollars	Trade receivables	7,500	28,309

Part of the trade receivables will be maturing within twelve months while all other contracts 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)

Neither Metrod nor any of its subsidiaries are engaged in any litigation, claims or arbitration either as plaintiff or defendant, which may have a material effect on the financial position of Metrod and Group.

25) Earnings per share

	Current Year Quarter 31/12/04	Comparative Year Quarter 31/12/03	Current Year To Date 31/12/04	Comparative Year To Date 31/12/03
Basic				
Net profit for the period (RM'000)	6,173	2,516	17,221	8,615
Weighted average number of ordinary shares in issue ('000)	60,000	60,000	60,000	60,000
Basic earnings per share (sen)	10.29	4.19	28.70	14.36

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

The Board recommends a first and final ordinary dividend of 10 sen per share tax-exempt (2003 – 8 sen per share tax-exempt) amounting to RM6,000,000 (2003 – RM4,800,000) for the year 2004 subject to approval of the shareholders at the Annual General Meeting, to be held on 31 May 2005.

The dividend, if approved, will be paid on 18 July 2005 to shareholders whose names appear in the record of depositors on 30 June 2005.

Further notice is hereby given that a depositor shall qualify for entitlement only in respect of :

- a) Shares transferred into the Depositor's Securities Account before 4.00p.m. on 30 June 2005 in respect of ordinary transfer.
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

27) Authorisation for issue

The interim financial statements were issued by the Board of Directors in accordance with a resolution of the directors on **23 February 2005**.