

METROD (MALAYSIA) BERHAD

Interim report for the first quarter ended 31 March 2005

Condensed Consolidated Income Statements

	Current Quarter 31/03/2005 RM'000	Comparative Quarter 31/03/2004 RM'000	Current Year To Date 31/03/2005 RM'000	Comparative Year To Date 31/03/2004 RM'000
Revenue	328,269	174,234	328,269	174,234
Operating Expenses	-322,738	-172,672	-322,738	-172,672
Other Operating Income	756	1,096	756	1,096
Profit from Operations	6,287	2,658	6,287	2,658
Finance costs	264	-231	264	-231
Investing Results	0	0	0	0
Profit from ordinary activities before tax	6,551	2,427	6,551	2,427
Taxation	-897	-151	-897	-151
Profit from ordinary activities after tax	5,654	2,276	5,654	2,276
Minority Interest	0	0	0	0
Net Profit for the period	5,654	2,276	5,654	2,276
Earnings per share (Sen)				
- Basic	9.42	3.79	9.42	3.79
- 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 2004

METROD (MALAYSIA) BERHAD

Interim report for the first quarter ended 31 March 2005

Condensed Consolidated Balance Sheets

	As at Current Financial Period end 31/03/2005 RM'000	Audited As at Preceding Financial Year end 31/12/2004 RM'000
Non current assets		
Property, plant and equipment	152,949	161,653
Deferred tax assets	5,581	5,712
Intangible assets	10,061	11,176
Goodwill on consolidation	25,931	27,854
Current assets		
Inventories	135,883	130,656
Trade and other receivables	156,593	141,162
Deposits, bank and cash balances	100,065	95,129
Tax recoverable	1,243	1,772
	393,784	368,719
Less : Current Liabilities		
Trade and other payables	63,235	97,471
Provision	7,094	6,082
Current tax liabilities	4,126	2,459
Post-employment benefit obligations	221	688
Short term bank borrowings (interest bearing)	160,851	94,838
	235,527	201,538
Net Current Assets	158,257	167,181
Less: Non current liabilities		
Term loan	164,655	186,902
Post-employment benefit obligations	24,076	25,088
Deferred tax liabilities	389	794
	189,120	212,784
	163,659	160,792
Capital and reserves		
Share capital	60,000	60,000
Share premium	17	17
Exchange fluctuation reserve	2,297	5,084
Retained earnings	101,345	95,691
	163,659	160,792

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004

METROD (MALAYSIA) BERHAD

Interim report for the first quarter ended 31 March 2005

Condensed Consolidated Statement of Changes in Equity

	Share Capital RM'000	Share premium RM'000	Non-distributable Exchange fluctuation reserves RM'000	Distributable Retained earnings RM'000	Total RM'000
<u>3 months ended 31/03/2005</u>					
Balance at 01/01/2005	60,000	17	5,084	95,691	160,792
Currency translation differences arising in the period	0	0	-2,787	0	-2,787
Net Profit for the period	0	0	0	5,654	5,654
Dividends for the year ended 31 December 2004	0	0	0	0	0
Balance at 31/03/2005	60,000	17	2,297	101,345	163,659
<u>3 months ended 31/03/2004</u>					
Balance at 01/01/2004	60,000	17	217	83,270	143,504
Currency translation differences arising in the period	0	0	99	0	99
Net Profit for the period	0	0	0	2,276	2,276
Dividends for the year ended 31 December 2003	0	0	0	0	0
Balance at 31/03/2004	60,000	17	316	85,546	145,879

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004

METROD (MALAYSIA) BERHAD

Interim report for the first quarter ended 31 March 2005

Condensed Consolidated Cash Flow Statements

	Current Year To Date ended 31/03/2005 RM'000	Year To Date ended 31/03/2004 RM'000
<i>Operating activities</i>		
Cash from operations	-44,979	-19,241
Interest paid	-2,010	-231
Tax refund	526	0
Tax paid	-1,841	-127
Net cash flow from operating activities	-48,304	-19,599
<i>Investing Activities</i>		
Purchase of property, plant and equipment	-1,143	-851
Proceeds from disposal of property, plant and equipment	0	5
Net purchase of investments	0	0
Interest received	620	838
Net cash flow from investing activities	-523	-8
<i>Financing Activities</i>		
Proceeds from borrowings	66,539	95,000
Repayments of borrowings	-12,527	0
Deposits pledged as securities	0	0
Dividends paid to shareholders	0	0
Net cash flow from financing activities	54,012	95,000
Changes in cash and cash equivalents	5,185	75,393
Currency translation differences	-973	4
Cash and cash equivalents		
- at start of year	54,481	98,975
- at end of period	58,693	174,372

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004

METROD (MALAYSIA) BERHAD (66954-H)

Interim report for the first quarter ended 31 March 2005

Notes:-

1) Basis of preparation and Accounting Policies

This consolidated interim financial statements have been prepared in accordance with requirements of FRS 134: "Interim Financial Reporting" (formerly known as MASB26) 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 2004.

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 2004.

2) Audit qualification of preceding annual financial statements

The auditors' report for the preceding annual financial statements for the year ended 31 December 2004 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 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 March 2005.

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	Malaysia RM'000	Rest of Asia RM'000	European Union RM'000	Eliminations RM'000	Group RM'000
Period ending 31.03.2005					
Revenue					
External	211,031	5,866	111,373	0	328,269
Inter segment revenue	8,281	1,101	0	(9,382)	0
Total revenue	219,311	6,967	111,373	(9,382)	328,269
Results					
Segment Results	750	(476)	6,037	(24)	6,287
Finance cost					264
Tax expense					(897)
Net profit for the period					5,654
As at 31.03.2005					
Segment assets	351,478	67,549	270,733	(108,278)	581,482
Unallocated assets					6,825
Total assets					588,307
Segment liabilities	22,241	10,734	71,944	(9,707)	94,626
Unallocated liabilities					330,022
Total liabilities					424,648

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 2004.

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 March 2005 is as follows :

	<u>RM'000</u>
Property, plant and equipment :-	
Authorised and contracted for	3,033
Authorised but not contracted for	59
	<u>3,092</u>

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

For the first quarter under review, the Group recorded a pre-tax profit of RM6.551 million and turnover of RM328.269 million. The Group's pre-tax profit was higher compared to previous year period pre-tax profit of RM2.427 million mainly due to incorporation of financial results of recently acquired subsidiaries, ASTA KG and ASTA GmbH. The revenue for the quarter was accordingly higher compared to previous year period. Higher London Metal Exchange (LME) copper prices also contributed to higher revenues.

Malaysia :

The markets remained difficult due to weak recovery in domestic demand in the construction sector and intense competition due to over capacity.

Thailand :

The activity levels were lower during the first quarter but are expected to increase gradually.

Austria :

ASTA is working hard to improve sales volumes to mitigate as far as possible the impact of lower selling prices and increasing competition. The relative strength of the Euro against the US Dollar is also affecting business conditions.

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 RM6.551 million was marginally lower compared to preceding quarter's pre-tax profit of RM7.475 million mainly due to lower sales volumes during the quarter.

16) Current year Prospects

Malaysia :

Business conditions for the copper rod and wire industry in Malaysia remain challenging. Raw material prices continue to be high and competition remains intense due to over capacity in the region.

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. Copper prices continue to be high thereby increasing working capital requirement and credit exposure.

The Government of Malaysia has recently announced to fast-forward some Ninth Malaysia Plan projects to revive the weak construction sector and strengthen the economy. This is expected to help improve demand for the products of the Company.

Thailand :

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

Austria :

The company's performance is expected to be satisfactory in the context of the challenging business environment in which it operates.

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 31/03/05 RM'000	Comparative Year Quarter 31/03/04 RM'000	Current Year To Date 31/03/05 RM'000	Comparative Year To Date 31/3/04 RM'000
In respect of current period:				
- income tax	1,450	394	1,450	394
- deferred tax	(553)	(243)	(553)	(243)
	897	151	897	151
In respect of prior year:				
- income tax	-	-	-	-
	897	151	897	151

The effective rate for the current quarter was lower than the statutory tax rate mainly due to utilization of reinvestment allowance loss in a subsidiary company and lower tax rate for a foreign subsidiary.

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) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 31 March 2005 are as follows:-

	Amount RM'000	Denominated in Foreign Currency		Secured / Unsecured
		Foreign Currency	Foreign Currency Amount ('000)	
Long-term borrowings				
- Term Loans	164,655	EUR	33,518	Secured
Short-term borrowings:				
- Bank Overdraft	871			Unsecured
- Foreign Currency Trade Loan	133,000	USD	35,000	Unsecured
- Export Financing	24,563	EUR	5,000	Secured
- Bankers' Acceptance	2,417	THB	24,919	Unsecured
	160,851			
Total	325,506			

22) Off-balance sheet financial instruments

As at 24 May 2005, the foreign exchange currency contracts that have been entered into by the Group to hedge its trade payables/receivables are as follows:-

<u>Currency</u>	<u>Purpose</u>	<u>Contracts amounts (in thousands)</u>	<u>Equivalent amount (in RM'000)</u>
US Dollars	Trade payables	6,568	24,967
US Dollars	Trade receivables	7,500	28,309

Part of US Dollars trade receivables will be maturing within twelve months while all other contracts mature within six months.

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

23) 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.

24) Earnings per share

	Current Year Quarter <u>31/03/05</u>	Comparative Year Quarter <u>31/03/04</u>	Current Year To Date <u>31/03/05</u>	Comparative Year To Date <u>31/03/04</u>
Basic				
Net profit for the period (RM'000)	5,654	2,276	5,654	2,276
Weighted average number of ordinary shares in issue ('000)	60,000	60,000	60,000	60,000
Basic earnings per share (sen)	9.42	3.79	9.42	3.79

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.

25) Dividends

No dividend has been proposed till date for the current financial period ended 31 March 2005.

26) Authorisation for issue

The interim financial statements were issued by the Board of Directors in accordance with a resolution of the directors on **31 May 2005**.