

**METROD (MALAYSIA) BERHAD**

Interim report for the third quarter ended 30 September 2005

**Condensed Consolidated Income Statements**

	<b>Current Quarter 30/09/2005 RM'000</b>	Comparative Quarter 30/09/2004 RM'000	<b>Current Year To Date 30/09/2005 RM'000</b>	Comparative Year To Date 30/09/2004 RM'000
Revenue	<b>350,129</b>	282,581	<b>1,019,031</b>	691,182
Operating Expenses	<b>-343,834</b>	-275,864	<b>-1,000,992</b>	-678,399
Other Operating Income	<b>3,001</b>	1,174	<b>9,519</b>	3,543
Profit from Operations	<b>9,296</b>	7,891	<b>27,558</b>	16,326
Finance costs	<b>-1,806</b>	-2,350	<b>-6,233</b>	-3,941
Investing Results	<b>0</b>	0	<b>0</b>	0
Profit from ordinary activities before tax	<b>7,490</b>	5,541	<b>21,325</b>	12,385
Taxation	<b>-3,088</b>	-1,131	<b>-6,027</b>	-1,337
Profit from ordinary activities after tax	<b>4,402</b>	4,410	<b>15,298</b>	11,048
Minority Interest	<b>0</b>	0	<b>0</b>	0
Net Profit for the period	<b>4,402</b>	4,410	<b>15,298</b>	11,048
Earnings per share (Sen)				
- Basic	<b>7.34</b>	7.35	<b>25.50</b>	18.41
- Diluted	<b>N.A</b>	N.A	<b>N.A</b>	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 third quarter ended 30 September 2005

**Condensed Consolidated Balance Sheets**

	<b>As at Current Financial Period end 30/09/2005 RM'000</b>	<b>Audited As at Preceding Financial Year end 31/12/2004 RM'000</b>
<b>Non current assets</b>		
Property, plant and equipment	134,208	161,653
Unquoted investment, at cost	0	0
Deferred tax assets	5,680	5,712
Intangible assets	8,329	11,176
Goodwill on consolidation	23,102	27,854
<b>Current assets</b>		
Inventories	118,814	130,656
Trade and other receivables	161,300	141,162
Deposits, bank and cash balances	87,251	95,129
Tax recoverable	718	1,772
	<b>368,083</b>	<b>368,719</b>
<b>Less : Current Liabilities</b>		
Trade and other payables	98,364	97,471
Provision	7,573	6,082
Current tax liabilities	6,114	2,459
Post-employment benefit obligations	214	688
Short term bank borrowings (interest bearing)	136,522	94,838
	<b>248,787</b>	<b>201,538</b>
<b>Net Current Assets</b>	<b>119,296</b>	<b>167,181</b>
<b>Less: Non current liabilities</b>		
Term loan	105,820	186,902
Post-employment benefit obligations	21,823	25,088
Deferred tax liabilities	0	794
	<b>127,643</b>	<b>212,784</b>
	<b>162,972</b>	<b>160,792</b>
<b>Capital and reserves</b>		
Share capital	60,000	60,000
Share premium	17	17
Exchange fluctuation reserve	-2,034	5,084
Retained earnings	104,989	95,691
	<b>162,972</b>	<b>160,792</b>

*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 third quarter ended 30 September 2005

**Condensed Consolidated Statement of Changes in Equity**

		<u>Non-distributable</u>		<u>Distributable</u>	
	<b>Share Capital RM'000</b>	<b>Share premium RM'000</b>	<b>Exchange fluctuation reserves RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total RM'000</b>
<b><u>9 months ended 30/09/2005</u></b>					
Balance at 01/01/2005	<b>60,000</b>	<b>17</b>	<b>5,084</b>	<b>95,691</b>	<b>160,792</b>
Currency translation differences arising in the period	<b>0</b>	<b>0</b>	<b>-7,118</b>	<b>0</b>	<b>-7,118</b>
Net Profit for the period	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,298</b>	<b>15,298</b>
Dividends for the year ended 31 December 2004	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6,000</b>	<b>-6,000</b>
Balance at 30/09/2005	<b>60,000</b>	<b>17</b>	<b>-2,034</b>	<b>104,989</b>	<b>162,972</b>
<b><u>9 months ended 30/09/2004</u></b>					
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	11,048	11,048
Dividends for the year ended 31 December 2003	0	0	0	0	0
Balance at 30/09/2004	60,000	17	316	94,318	154,651

*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 third quarter ended 30 September 2005

**Condensed Consolidated Cash Flow Statements**

	<b>Current Year To Date ended 30/09/2005 RM'000</b>	<b>Year To Date ended 30/09/2004 RM'000</b>
<b><i>Operating activities</i></b>		
Cash from operations	<b>62,515</b>	26,544
Interest paid	<b>-5,684</b>	-2,730
Tax refund	<b>480</b>	977
Tax paid	<b>-5,348</b>	-731
Net cash flow from operating activities	<b>51,963</b>	24,060
<b><i>Investing Activities</i></b>		
Purchase of property, plant and equipment	<b>-4,276</b>	-3,091
Proceeds from disposal of property, plant and equipment	<b>0</b>	349
Net purchase of investments	<b>0</b>	-164,568
Interest received	<b>2,212</b>	2,834
Net cash flow from investing activities	<b>-2,064</b>	-164,476
<b><i>Financing Activities</i></b>		
Proceeds from short term borrowings (net)	<b>8,696</b>	-19,141
(Repayment) / drawdown of term loan	<b>-58,003</b>	183,886
Dividends paid to shareholders	<b>-6,000</b>	-4,800
Net cash flow from financing activities	<b>-55,307</b>	159,945
Changes in cash and cash equivalents	<b>-5,408</b>	19,529
Currency translation differences	<b>-2,322</b>	-9
<b>Cash and cash equivalents</b>		
- at start of year	<b>54,481</b>	98,975
- at end of period	<b>46,751</b>	118,495

*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 third quarter ended 30 September 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**

A first and final dividend of 10 sen per share, tax exempt (previous year 8 sen per share, tax exempt) amounting to RM6 million (previous year RM4.8 million) was paid on 18 July 2005 (previous year 16 July 2004) in respect of the financial year ended 31 December 2004.

**8) Segmental information**

The Group is principally engaged in the manufacturing of copper products in various parts of the world. 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
<b>Period ending 30.09.2005</b>					
<b>Revenue</b>					
External	693,353	28,813	296,865	0	1,019,031
Inter segment revenue	30,727	2,502	0	(33,229)	0
Total revenue	724,080	31,315	296,865	(33,229)	1,019,031
<b>Results</b>					
Segment Results	10,805	(759)	16,950	562	27,558
Finance cost					(6,233)
Tax expense					(6,027)
Net profit for the period					15,298
<b>As at 30.09.2005</b>					
Segment assets	320,730	71,553	256,579	(115,857)	533,005
Unallocated assets					6,397
Total assets					539,402
Segment liabilities	54,468	18,272	74,047	(18,814)	127,973
Unallocated liabilities					248,457
Total liabilities					376,430

**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 30 September 2005 is as follows :

	<b><u>RM'000</u></b>
Property, plant and equipment :-	
Authorised and contracted for	2,415
Authorised but not contracted for	2,589
Total	<u>5,004</u>

**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 RM7.490 million and turnover of RM350.129 million. Cumulatively, Group's pre-tax profit of RM21.325 million was higher compared to previous year period pre-tax profit of RM12.385 million mainly due to incorporation of full period financial results of recently acquired subsidiaries, ASTA KG and ASTA GmbH. The revenue for the first three quarters was also accordingly higher to RM1019.031 million compared to corresponding previous year period of RM691.182 million. Higher London Metal Exchange (LME) copper prices also contributed to higher revenues.

Malaysia :

The markets remained sluggish due to weakness of domestic demand in the construction sector and intense competition due to over capacity.

Thailand :

The activity levels are stabilizing and will be increased gradually.

Austria :

ASTA improved its sales volumes to mitigate the impact of lower selling prices due to 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 RM7.490 million was marginally higher compared to preceding quarter's pre-tax profit of RM7.284 million mainly due to higher sales volumes during the quarter.

**16) Current year Prospects**

Malaysia :

Business conditions for the copper rod and wire industry in Malaysia remains challenging. Domestic demand continues to be weak. The poor health and the fragmented nature of the cable industry, which is the principal user of the company's products, continue to pose credit risks.

The construction sector continues to stagnate. The Company is trying its best to maintain volumes. The Company's performance is expected to be satisfactory.

Thailand :

Since the commencement of trial production last year, production volumes and quality have stabilised. These are expected to increase gradually over time.

Austria :

Sales volumes and efficiencies are being increased to mitigate the impact of lower selling prices due to increasing competition.

Copper prices continue to be high thereby increasing working capital requirement and credit exposure. Competition remains intense due to over capacity.

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

The Group is also actively looking into various opportunities to make ASTA operations global.

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**

	<b>Current Year Quarter 30/09/05 RM'000</b>	<b>Comparative Year Quarter 30/09/04 RM'000</b>	<b>Current Year To Date 30/09/05 RM'000</b>	<b>Comparative Year To Date 30/09/04 RM'000</b>
In respect of current period:				
- income tax	<b>2,805</b>	457	<b>6,256</b>	1,455
- deferred tax	<b>(920)</b>	674	<b>(1,432)</b>	(118)
	<b>1,885</b>	1,131	<b>4,824</b>	1,337
In respect of prior year:				
- income tax	<b>1,203</b>	-	<b>1,203</b>	-
	<b>3,088</b>	1,131	<b>6,027</b>	1,337

The effective rate for the current quarter was lower than the statutory tax rate mainly due to utilization of reinvestment allowance, reversal of deferred tax 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) Corporate proposals (status as at 8 November 2005)**

There were no corporate proposals announced but not completed as at 8 November 2005.

**22) Group Borrowings and Debt Securities**

Group borrowings and debt securities as at 30 September 2005 are as follows:-

	<b>Amount RM'000</b>	<b>Denominated in Foreign Currency</b>		<b>Secured / Unsecured</b>
		<b>Foreign Currency</b>	<b>Foreign Currency Amount ('000)</b>	
Long-term borrowings				
- Term Loans	105,820	EUR	23,298	Secured
Short-term borrowings:				
- Foreign Currency				
Trade Loan	77,475	USD	20,500	Unsecured
- Export Financing	27,253	EUR	6,000	Secured
- Short-Term Credit	31,794	EUR	7,000	Secured
	<u>136,522</u>			
<b>Total</b>	<b><u>242,342</u></b>			

**23) Off-balance sheet financial instruments**

As at 8 November 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>
¥en	Trade payables	9,948	333
US Dollars	Trade payables	10,066	37,948
US Dollars	Trade receivables	5,000	18,864
SGD	Trade receivables	520	1,183

All the contracts will be maturing within six months.

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

	<b>Current Year Quarter 30/09/05 RM'000</b>	Comparative Year Quarter 30/09/04 RM'000	<b>Current Year To Date 30/09/05 RM'000</b>	Comparative Year To Date 30/09/04 RM'000
<b>Basic</b>				
Net profit for the period (RM'000)	<b>4,402</b>	4,410	<b>15,298</b>	11,048
Weighted average number of ordinary shares in issue ('000)	<b>60,000</b>	60,000	<b>60,000</b>	60,000
Basic earnings per share (sen)	<b>7.34</b>	7.35	<b>25.50</b>	18.41

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 2005.

**27) Authorisation for issue**

The interim financial statements were issued by the Board of Directors in accordance with a resolution of the directors on **15 November 2005**.