

METROD (MALAYSIA) BERHAD

Interim report for the fourth quarter ended 31 December 2005

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 31/12/2005 RM'000	Comparative Quarter 31/12/2004 RM'000	Current Year To Date 31/12/2005 RM'000	Comparative Year To Date 31/12/2004 RM'000
Revenue	363,346	273,405	1,382,377	964,587
Operating Expenses	-354,673	-266,509	-1,355,665	-944,908
Other Operating Income	1,342	1,417	10,861	4,960
Profit from Operations	10,015	8,313	37,573	24,639
Finance costs	-1,471	-839	-7,704	-4,780
Investing Results	0	0	0	0
Profit from ordinary activities before tax	8,544	7,474	29,869	19,859
Taxation	-1,811	-1,302	-7,838	-2,639
Profit from ordinary activities after tax	6,733	6,172	22,031	17,220
Minority Interest	0	0	0	0
Net Profit for the period	6,733	6,172	22,031	17,220
Earnings per share (Sen)				
- Basic	11.22	10.29	36.72	28.70
- 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 fourth quarter ended 31 December 2005

Condensed Consolidated Balance Sheets

	As at Current Financial Year end 31/12/2005	As at Preceding Financial Year end 31/12/2004
	AUDITED	
	RM'000	RM'000
Non current assets		
Property, plant and equipment	141,092	161,653
Deferred tax assets	7,163	5,712
Intangible assets	7,745	11,176
Goodwill on consolidation	23,653	27,854
Current assets		
Inventories	182,461	130,656
Trade and other receivables	189,449	141,162
Deposits, bank and cash balances	57,869	95,129
Tax recoverable	2,838	1,772
	432,617	368,719
Less : Current Liabilities		
Trade and other payables	139,912	97,471
Provision	8,986	6,082
Current tax liabilities	8,678	2,459
Post-employment benefit obligations	530	688
Short term bank borrowings (interest bearing)	181,738	94,838
	339,844	201,538
Net Current Assets	92,773	167,181
Less: Non current liabilities		
Term loan	81,602	186,902
Post-employment benefit obligations	21,707	25,088
Deferred tax liabilities	0	794
	103,309	212,784
	169,117	160,792
Capital and reserves		
Share capital	60,000	60,000
Share premium	17	17
Exchange fluctuation reserve	-2,622	5,084
Retained earnings	111,722	95,691
	169,117	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 fourth quarter ended 31 December 2005

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

	Share Capital RM'000	Share premium RM'000	Non-distributable Exchange fluctuation reserves RM'000	Distributable Retained earnings RM'000	Total RM'000
<u>12 months ended 31/12/2005</u>					
Balance at 01/01/2005	60,000	17	5,084	95,691	160,792
Currency translation differences arising in the period	0	0	-7,706	0	-7,706
Net Profit for the year	0	0	0	22,031	22,031
Dividends for the year ended 31 December 2004	0	0	0	-6,000	-6,000
Balance at 31/12/2005	60,000	17	-2,622	111,722	169,117
<u>12 months ended 31/12/2004</u>					
Balance at 01/01/2004	60,000	17	217	83,271	143,505
Currency translation differences arising in the period	0	0	4,867	0	4,867
Net Profit for the year	0	0	0	17,220	17,220
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

*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 fourth quarter ended 31 December 2005

Condensed Consolidated Cash Flow Statements

	AUDITED	
	Current	Preceding
	Year To Date	Year To Date
	ended	ended
	31/12/2005	31/12/2004
	RM'000	RM'000
<i>Operating activities</i>		
Cash from operations	9,019	-11,561
Interest paid	-6,940	-4,399
Tax refund	1,997	6
Tax paid	-6,060	-690
Net cash flow from operating activities	-1,984	-16,644
<i>Investing Activities</i>		
Purchase of property, plant and equipment	-10,722	-5,873
Proceeds from disposal of property, plant and equipment	66	158
Net purchase of investments	-18,372	-160,378
Interest received	2,903	3,625
Net cash flow from investing activities	-26,125	-162,468
<i>Financing Activities</i>		
Proceeds from short term borrowings (net)	56,804	-31,092
(Repayment) / drawdown of term loan	-57,295	211,000
Deposits pledged as securities	0	-40,500
Dividends paid to shareholders	-6,000	-4,800
Net cash flow from financing activities	-6,491	134,608
Changes in cash and cash equivalents	-34,600	-44,504
Currency translation differences	-2,512	10
Cash and cash equivalents		
- at start of year	54,481	98,975
- at end of year	17,369	54,481

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 fourth quarter ended 31 December 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 2005.

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 December 2005.

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
Period ending 31.12.2005					
Revenue					
External	944,834	41,512	396,031	0	1,382,377
Inter segment revenue	42,293	3,101	0	(45,394)	0
Total revenue	<u>987,127</u>	<u>44,613</u>	<u>396,031</u>	<u>(45,394)</u>	<u>1,382,377</u>
Results					
Segment Results	14,856	(818)	23,695	160	37,573
Finance cost					(7,704)
Tax expense					(7,838)
Net profit for the period					<u>22,031</u>
As at 31.12.2005					
Segment assets	361,684	110,938	272,651	(143,004)	602,269
Unallocated assets					10,001
Total assets					<u>612,270</u>
Segment liabilities	98,753	39,121	71,384	(38,123)	171,135
Unallocated liabilities					272,018
Total liabilities					<u>443,153</u>

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.

One of the Metrod's wholly owned subsidiary, ASTA Holdings GmbH, Austria completed the acquisition for the following subsidiaries on 21 December 2005 (announcement dated 21 December 2005):

- Insulated Conductors and Enamelled Wires N.V. (ICEW), Netherlands
- Invex Insulated Conductors (Baoying) Co. Ltd. (IICB),

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 2005 is as follows :

	<u>RM'000</u>
Property, plant and equipment :-	
Authorised and contracted for	2,446
Authorised but not contracted for	130
Total	<u>2,576</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 RM8.544 million and turnover of RM363.346 million. Cumulatively, Group's pre-tax profit of RM29.869 million was higher compared to previous year pre-tax profit of RM19.860 million mainly due to incorporation of full year financial results of recently acquired subsidiaries, ASTA KG and ASTA GmbH and overall better performance. The revenue for the year was also accordingly higher to RM1382.377 million compared to previous year of RM964.587 million. High copper prices also contributed to higher revenues.

Malaysia :

The markets remained sluggish due to the weakness of domestic demand in the construction sector and intense competition due to over capacity. However the company improved its overall performance due to a better product-mix and realisation in pricing.

Thailand :

The activity levels have stabilized and are being increased gradually.

Austria :

The investment climate within Transmission & Distribution sector is improving. ASTA was able to improve its sales volumes and market share thereby mitigating largely the impact of lower selling prices due to increasing competition.

In line with the Malaysian Accounting Standards, the Company has provided for the exchange translation differences and impairment in carrying value of assets, wherever necessary.

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 RM8.544 million was higher compared to preceding quarter's pre-tax profit of RM7.490 million mainly due to better overall performance of Malaysian and Austrian operations.

16) Current year Prospects

Malaysia :

Market demand for the copper rod, wire and strips industry in Malaysia have started to improve. However, public sector infrastructure spending remains at low levels and the construction sector continues to stagnate.

Thailand :

Production volumes and quality have now stabilised. Activity levels are being further increased gradually. However, margins remain under pressure.

Austria :

Sales volumes and efficiencies are being further increased to mitigate the impact of lower selling prices due to increasing competition. The demand from the power transmission and distribution sector is good.

Copper prices continue to be high thereby increasing working capital requirement. Competition remains intense due to over capacity. High copper prices remain a big concern as customers are finding difficulty in meeting cash flow requirements.

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

The Group is actively looking into further opportunities to expand ASTA, China operations.

Barring any unforeseen events, the Board expects the performance of the Group for the financial year 2006 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 31/12/05 RM'000	Comparative Year Quarter 31/12/04 RM'000	Current Year To Date 31/12/05 RM'000	Comparative Year To Date 31/12/04 RM'000
In respect of current period:				
- income tax	2,535	1,158	8,791	2,613
- deferred tax	(724)	144	(2,156)	26
	1,811	1,302	6,635	2,639
In respect of prior year:				
- income tax	-	-	1,203	-
	1,811	1,302	7,838	2,639

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 15 February 2006)

There were no corporate proposals announced but not completed as at 15 February 2006.

22) Group Borrowings and Debt Securities

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

	Amount RM'000	Denominated in Foreign Currency Foreign Currency	Foreign Currency Amount ('000)	Secured / Unsecured
Long-term borrowings				
- Term Loans	81,602	EUR	18,188	Secured
Short-term borrowings:				
- Foreign Currency				
Trade Loan	65,805	USD	17,500	Unsecured
- Working Capital Loan	26,920	EUR	6,000	Unsecured
	10,932	RMB	23,300	Unsecured
- Banker Acceptance	5,800	RM	6,000	Unsecured
- Export Financing	26,920	EUR	5,000	Secured
- Bridge Financing	22,434	EUR	5,110	Unsecured
- Term Loan	22,927	EUR		Secured
	<u>181,738</u>			
Total	<u>263,340</u>			

23) Off-balance sheet financial instruments

As at 15 February 2006, 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	27,505	893
US Dollars	Trade receivables	4,100	15,146

All the contracts will be maturing within twelve 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

	Current Year Quarter 31/12/05 RM'000	Comparative Year Quarter 31/12/04 RM'000	Current Year To Date 31/12/05 RM'000	Comparative Year To Date 31/12/04 RM'000
Basic				
Net profit for the period (RM'000)	6,733	6,172	22,031	17,220
Weighted average number of ordinary shares in issue ('000)	60,000	60,000	60,000	60,000
Basic earnings per share (sen)	11.22	10.29	36.72	28.70

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 11 sen per share tax-exempt (2004 – 10 sen per share tax-exempt) amounting to RM6,600,000 (2004 – RM6,000,000) for the year 2005 subject to approval of the shareholders at the Annual General Meeting, to be held on 25 May 2006.

The dividend, if approved, will be paid on 18 July 2006 to shareholders whose names appear in the record of depositors on 30 June 2006.

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 2006 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 **22 February 2006**.