

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2007

Condensed Consolidated Income Statements

	Current Quarter 30/09/2007 RM'000	Comparative Quarter 30/09/2006 RM'000	Current Year To Date 30/09/2007 RM'000	Comparative Year To Date 30/09/2006 RM'000
Revenue	544,967	546,587	1,528,216	1,462,174
Operating Expenses	-528,681	-535,373	-1,491,690	-1,435,014
Other Operating Income	1,446	3,800	6,200	10,448
Profit from Operations	17,732	15,014	42,726	37,608
Finance costs	-4,973	-4,159	-12,276	-10,737
Investing Results	0	0	0	0
Profit from ordinary activities before tax	12,759	10,855	30,450	26,871
Taxation	-2,801	-2,777	-6,689	-6,604
Profit from ordinary activities after tax	9,958	8,078	23,761	20,267
Minority Interest	0	0	0	0
Profit attributable to ordinary equity holders of the parent	9,958	8,078	23,761	20,267
Earnings per share (Sen)				
- Basic	16.60	13.46	39.60	33.78
- 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 2006*

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2007

Condensed Consolidated Balance Sheets

	As at Current Financial Period end 30/09/2007 RM'000	Audited As at Preceding Financial Year end 31/12/2006 RM'000
Non current assets		
Property, plant and equipment	150,097	124,531
Deferred tax assets	9,240	8,708
Intangible assets	4,751	6,043
Goodwill on consolidation	25,528	24,496
Prepaid Lease Payment	4,996	5,055
Current assets		
Inventories	208,361	216,232
Trade and other receivables	284,262	276,521
Deposits, bank and cash balances	92,787	68,075
Tax recoverable	7,951	4,957
	593,361	565,785
Less : Current Liabilities		
Trade and other payables	111,472	91,469
Provision	8,142	7,141
Current tax liabilities	5,801	11,040
Post-employment benefit obligations	210	704
Short term bank borrowings (interest bearing)	269,544	298,921
	395,169	409,275
Net Current Assets	198,192	156,510
Less: Non current liabilities		
Term loan	153,829	106,237
Post-employment benefit obligations	23,148	21,796
Deferred income	3,201	3,176
	180,178	131,209
	212,626	194,134
Capital and reserves		
Share capital	60,000	60,000
Share premium	17	17
Exchange fluctuation reserve	-97	-2,028
Retained earnings	152,706	136,145
	212,626	194,134

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The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2007

Condensed Consolidated Statement of Changes in Equity

		<u>Non-distributable</u>		<u>Distributable</u>	
	Share Capital RM'000	Share premium RM'000	Exchange fluctuation reserves RM'000	Retained earnings RM'000	Total RM'000
<u>9 months ended 30/09/2007</u>					
Balance at 01/01/2007	60,000	17	-2,028	136,145	194,134
Currency translation differences arising in the period	0	0	1,931	0	1,931
Net Profit for the period	0	0	0	23,761	23,761
Dividends for the year ended 31 December 2006	0	0	0	-7,200	-7,200
Balance at 30/09/2007	60,000	17	-97	152,706	212,626
<u>9 months ended 30/09/2006</u>					
Balance at 01/01/2006	60,000	17	-2,622	111,722	169,117
Currency translation differences arising in the period	0	0	2,145	0	2,145
Net Profit for the period	0	0	0	20,267	20,267
Dividends for the year ended 31 December 2005	0	0	0	-6,600	-6,600
Balance at 30/09/2006	60,000	17	-477	125,389	184,929

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with
the Annual Financial Report for the year ended 31 December 2006*

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2007

Condensed Consolidated Cash Flow Statements

	Current Year To Date ended 30/09/2007 RM'000	Year To Date ended 30/09/2006 RM'000
<i>Operating activities</i>		
Cash from operations	86,378	-137,934
Interest paid	-12,162	-9,979
Tax refund	0	2,984
Tax paid	-16,896	-4,050
Net cash flow from operating activities	57,320	-148,979
<i>Investing Activities</i>		
Purchase of property, plant and equipment	-41,926	-5,466
Proceeds from disposal of property, plant and equipment	1,029	2,548
Net proceed from investment	1,883	0
Interest received	2,990	2,057
Net cash flow from investing activities	-36,024	-861
<i>Financing Activities</i>		
Proceeds from short term borrowings (net)	-6,545	190,538
Bonus shares issue expenses	0	0
(Repayment) / drawdown of term loan (net)	18,396	-25,139
Cash grant received	0	0
Dividends paid to shareholders	-7,200	-6,600
Net cash flow from financing activities	4,651	158,799
Changes in cash and cash equivalents	25,947	8,959
Currency translation differences	433	423
Cash and cash equivalents		
- at start of year	25,907	17,369
- at end of period	52,287	26,751

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006

METROD (MALAYSIA) BERHAD (66954-H)

Interim report for the third quarter ended 30 September 2007

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" issued by the Malaysian Accounting Standards Board ("MASB") 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 2006.

The accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2006 except that the Group has adopted two (2) new Financial Reporting Standards ("FRS") viz. FRS 117 "Lease" and FRS 124 "Related Party Disclosure" mandatory for annual period beginning on or after 1 October 2006. There is no likely significant financial impact on the Group due to adoption of new FRSSs.

2) Audit qualification of preceding annual financial statements

The auditors' report for the preceding annual financial statements for the year ended 31 December 2006 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 12 sen per share, tax exempt (previous year 11 sen per share, tax exempt) amounting to RM7.2 million (previous year 6.6 million) was paid on 17 July 2007 (previous year 18 July 2006) in respect of the financial year ended 31 December 2006.

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 30.09.2007					
Revenue					
External	1,041,590	84,649	401,977		1,528,216
Inter segment revenue	47,732	5,926	105	(53,763)	0
Total revenue	1,089,322	90,575	402,082	((53,763)	1,528,216
Results					
Segment Results	25,674	4,412	12,964	(324)	42,726
Finance cost					(12,276)
Tax expense					(6,689)
Net profit for the period					23,761
As at 30.09.2007					
Segment assets	441,061	142,861	303,410	(116,551)	770,781
Unallocated assets					17,191
Total assets					787,972
Segment liabilities	81,224	23,397	68,411	(26,860)	146,172
Unallocated liabilities					429,174
Total liabilities					575,346

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 2006.

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 except for:

- Announcement dated 24th August 2007 for acquisition of 100% shares of ASTA Singapore Pte. Ltd. in Singapore.
- Announcement dated 11th October 2007 for incorporation of ASTA Inc., a wholly-owned subsidiary in United States of America.
- Announcement dated 19th October 2007 for acquisition of 100% shares of ASTA India Pvt. Ltd. in India.
- Announcement dated 26th October 2007 regarding cessation of operations of a subsidiary in Thailand

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 2007 is as follows :

	<u>RM'000</u>
Property, plant and equipment :-	
Authorised and contracted for	21,739
Authorised but not contracted for	150,274
Total	<u>172,013</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 RM12.759 million and turnover of RM544.967 million. Cumulatively, Group's pre-tax profit of RM30.450 million was marginally higher compared to corresponding previous year period pre-tax profit of RM26.871 million mainly due to overall better operating performance. The revenue for the period was also marginally higher at RM1528.216 million as compared to corresponding previous year period of RM1462.174 million.

Malaysia :

The markets remained sluggish mainly due to higher copper prices, weak recovery of domestic demand in the construction sector and intense competition due to over capacity. The impact of construction projects under 9th Malaysian Plan is yet to be seen. High credit risks are restricting the company's sales in the domestic market.

Thailand :

The capacity has been utilized almost fully. The manufacturing operations are now in the process of relocation to Metrod Flat Product Sdn Bhd, a subsidiary of Metrod (Malaysia) Berhad in Malaysia to create more efficient operations.

Austria :

The improved demand within Power Transmission & Distribution sector was sustained during the quarter. ASTA was able to utilize almost full capacity thereby mitigating partially the impact of lower selling prices due to increasing competition and increasing costs.

China :

The transformer industry sector is performing well. The operations are being run at full capacity though competition from local producers of CTC is strong and prices remain very competitive.

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 RM12.759 million was higher compared to preceding quarter's pre-tax of RM9.370 million mainly due to overall better performance.

16) Current year Prospects

Malaysia :

Currently copper prices have increased by 50% as compared to those of January and February of this year and remains very high as compared to historical levels. Market demand for copper rod, wire and strip industry in Malaysia has been affected due to this increase. In addition, to mitigate credit and pricing risks, business volumes have been adjusted, where necessary.

The impact of major infrastructure projects announced under 9th Plan is expected to give a boost to the weak construction sector and to the demand for company's products. The impact of these have not been seen yet. Announcement of new economic development corridors is also expected to improve the demand of company's products in the longer term.

Thailand :

As per the announcement made on 26th October 2007, Thailand subsidiary will cease operations by the year end. Its operations will be relocated to the recently built new state-of-the-art plant for the production of copper flat products in Malaysia to supply to the regional markets.

The relocation is not expected to have any material financial effect on the Group for the current financial year. The consolidation of strip capacity in Malaysia is expected to create benefits of better and more efficient operations with lower overheads.

Austria :

Production facilities are operating at full capacity and additional efficiencies are being pursued to mitigate the impact of lower selling prices due to increasing competition. The demand from the power transmission and distribution sector remains good. Certain investments in equipments have been made to debottleneck the capacity at certain processes, which have just been completed.

China :

The Group is expanding ASTA, China and a new facility will come into production by the end of 2007.

Copper prices remain high thereby increasing working capital requirements and financing costs across the Group.

Barring any unforeseen events, the Board expects the performance of the Group for the financial year 2007 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 30/09/07 RM'000	Comparative Year Quarter 30/09/06 RM'000	Current Year To Date 30/09/07 RM'000	Comparative Year To Date 30/09/06 RM'000
In respect of current period:				
- income tax	4,101	2,813	8,256	6,668
- deferred tax	(39)	(36)	(306)	(64)
	4,062	2,777	7,950	6,604
In respect of prior year:				
- income tax	(1,261)	-	(1,261)	-
	2,801	2,777	6,689	6,604

The effective rate for the current quarter was marginally lower than the statutory tax rate mainly due to lower tax rate for a foreign subsidiary and tax-exempt income of two foreign 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 7 November 2007)

There were no corporate proposals announced but not completed as at 7 November 2007.

22) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 30 September 2007 are as follows:-

	Amount RM'000	Denominated in Foreign Currency Foreign Currency	Foreign Currency Amount ('000)	Secured / Unsecured
Long-term borrowings				
- Term Loans	100,414	EUR	20,743	Secured
- Term Loan	53,415	EUR	11,034	Unsecured
	<u>153,829</u>			
Short-term borrowings:				
- Foreign Currency Trade Loan	103,010	USD	30,000	Unsecured
- Working Capital Loan	14,890	RMB	33,000	Unsecured
- Working Capital Loan	44,053	EUR	9,100	Unsecured
- Banker Acceptance	3,690	THB	37,000	Unsecured
- Banker Acceptance	53,070			Unsecured
- Export Financing	50,831	EUR	10,500	Secured
Total	<u>269,544</u>			

23) Off-balance sheet financial instruments

As at 7 November 2007, 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>	<u>Maturity Date</u>
USD	Trade Payables	-	-	
¥en	Trade payables	27,250	820	Oct '07-Apr '08
US Dollars	Trade receivables	10,800	37,054	Nov '07-Dec '09

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 30/09/07 RM'000	Comparative Year Quarter 30/09/06 RM'000	Current Year To Date 30/09/07 RM'000	Comparative Year To Date 30/09/06 RM'000
Basic				
Net profit for the period (RM'000)	9,958	8,078	23,761	20,267
Weighted average number of ordinary shares in issue ('000)	60,000	60,000	60,000	60,000
Basic earnings per share (sen)	16.60	13.46	39.60	33.78

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) 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 2007**.