

METROD (MALAYSIA) BERHAD

Interim report for the fourth quarter ended 31 December 2008

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 31/12/2008 RM'000 | Comparative Quarter 31/12/2007 RM'000 | Current Year To Date 31/12/2008 RM'000 | Comparative Year To Date 31/12/2007 RM'000 |
|---|--|--|---|---|
| Revenue | 400,531 | 490,564 | 1,996,514 | 2,018,780 |
| Operating Expenses | -385,849 | -476,817 | -1,944,159 | -1,968,507 |
| Other Operating Income | 3,605 | 5,960 | 12,002 | 12,160 |
| Profit from Operations | 18,287 | 19,707 | 64,357 | 62,433 |
| Finance costs | -7,258 | -5,343 | -22,659 | -17,619 |
| Investing Results | 0 | 0 | 0 | 0 |
| Profit from ordinary activities before tax | 11,029 | 14,364 | 41,698 | 44,814 |
| Taxation | 8,881 | -1,611 | 23,238 | -8,300 |
| Profit from ordinary activities after tax | 19,910 | 12,753 | 64,936 | 36,514 |
| Minority Interest | 0 | 0 | 0 | 0 |
| Profit attributable to ordinary equity holders of the parent | 19,910 | 12,753 | 64,936 | 36,514 |
| Earnings per share (Sen) | | | | |
| - Basic | 33.18 | 21.26 | 108.23 | 60.86 |
| - 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 2007

METROD (MALAYSIA) BERHAD

Interim report for the fourth quarter ended 31 December 2008

Condensed Consolidated Balance Sheets

| | As at Current Financial Period end 31/12/2008 | As at Preceding Financial Year end 31/12/2007 |
|---|--|--|
| | AUDITED | |
| | RM'000 | RM'000 |
| Non current assets | | |
| Property, plant and equipment | 263,983 | 186,110 |
| Deferred tax assets | 27,666 | 9,400 |
| Intangible assets | 3,393 | 4,268 |
| Goodwill on consolidation | 25,989 | 25,987 |
| Prepaid Lease Payment | 8,834 | 4,983 |
| Current assets | | |
| Inventories | 185,380 | 237,417 |
| Trade and other receivables | 232,984 | 256,295 |
| Marketable securities | 4,795 | 1,562 |
| Deposits, bank and cash balances | 215,461 | 92,795 |
| Tax recoverable | 5,995 | 5,107 |
| | 644,615 | 593,176 |
| Less : Current Liabilities | | |
| Trade and other payables | 112,733 | 193,180 |
| Provision | 9,155 | 7,699 |
| Current tax liabilities | 5,570 | 5,240 |
| Post-employment benefit obligations | 595 | 558 |
| Short term bank borrowings (interest bearing) | 336,452 | 195,797 |
| | 464,505 | 402,474 |
| Net Current Assets | 180,110 | 190,702 |
| Less: Non current liabilities | | |
| Term loan | 193,315 | 169,377 |
| Post-employment benefit obligations | 24,162 | 23,106 |
| Deferred tax liabilities | 1,182 | 27 |
| Deferred income | 5,420 | 3,126 |
| | 224,079 | 195,636 |
| | 285,896 | 225,814 |
| Capital and reserves | | |
| Share capital | 60,000 | 60,000 |
| Share premium | 17 | 17 |
| Exchange fluctuation reserve | 2,684 | 338 |
| Retained earnings | 223,195 | 165,459 |
| | 285,896 | 225,814 |

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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 2007

METROD (MALAYSIA) BERHAD

Interim report for the fourth quarter ended 31 December 2008

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 31/12/2008</u> | | | | | |
| Balance at 01/01/2008 | 60,000 | 17 | 338 | 165,459 | 225,814 |
| Currency translation differences arising in the period | 0 | 0 | 2,346 | 0 | 2,346 |
| Net Profit for the year | 0 | 0 | 0 | 64,936 | 64,936 |
| Dividends for the year ended 31 December 2007 | 0 | 0 | 0 | -7,200 | -7,200 |
| Balance at 31/12/2008 | 60,000 | 17 | 2,684 | 223,195 | 285,896 |
| <u>12 months ended 31/12/2007</u> | | | | | |
| Balance at 01/01/2007 | 60,000 | 17 | -2,028 | 136,145 | 194,134 |
| Currency translation differences arising in the period | 0 | 0 | 2,366 | 0 | 2,366 |
| Net Profit for the year | 0 | 0 | 0 | 36,514 | 36,514 |
| Dividends for the year ended 31 December 2006 | 0 | 0 | 0 | -7,200 | -7,200 |
| Balance at 31/12/2007 | 60,000 | 17 | 338 | 165,459 | 225,814 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007

METROD (MALAYSIA) BERHAD

Interim report for the fourth quarter ended 31 December 2008

Condensed Consolidated Cash Flow Statements

| | AUDITED | |
|---|---------------------|---------------------|
| | Current | Year To Date |
| | Year To Date | Year To Date |
| | ended | ended |
| | 31/12/2008 | 31/12/2007 |
| | RM'000 | RM'000 |
| <i>Operating activities</i> | | |
| Cash from operations | 77,077 | 207,005 |
| Interest paid | -22,681 | -18,286 |
| Tax refund | 7,908 | 0 |
| Tax paid | -5,934 | -15,621 |
| Net cash flow from operating activities | 56,370 | 173,098 |
| <i>Investing Activities</i> | | |
| Purchase of property, plant and equipment | -95,781 | -93,899 |
| Proceeds from disposal of property, plant and equipment | 6,955 | 1,266 |
| Investment in subsidiaries | 0 | -12 |
| Proceeds from disposal of investment | 0 | 1,883 |
| Investment in marketable securities | -3,168 | -1,562 |
| Dividend received | 212 | 22 |
| Interest received | 5,279 | 2,935 |
| Net cash flow from investing activities | -86,503 | -89,367 |
| <i>Financing Activities</i> | | |
| (Repayment)/ drawdown of short term borrowings (net) | 66,323 | -88,239 |
| Deposits pledged as securities | -1,352 | 0 |
| (Repayment) / drawdown of term loan (net) | 95,566 | 32,910 |
| Cash grant received | 1,988 | 0 |
| Dividends paid to shareholders | -7,200 | -7,200 |
| Net cash flow from financing activities | 155,325 | -62,529 |
| Changes in cash and cash equivalents | 125,192 | 21,202 |
| Currency translation differences | 72 | 1,208 |
| Cash and cash equivalents | | |
| - at start of year | 48,317 | 25,907 |
| - at end of year | 173,581 | 48,317 |

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007

METROD (MALAYSIA) BERHAD (66954-H)

Interim report for the fourth quarter ended 31 December 2008

Notes:-

1) Basis of preparation and Accounting Policies

The interim financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2007. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007, except that the Group had adopted the new / revised standards mandatory for annual periods beginning on or after 1 January 2008, which are as below :

| | | |
|----------------------|---|--|
| FRS 107 | : | Cash Flow Statements |
| FRS 112 | : | Income Taxes |
| FRS 118 | : | Revenue |
| FRS 119 | : | Employee Benefits |
| Amendment to FRS 121 | : | The effects of Changes in Foreign Exchange Rates – New Investment in a Foreign Operation |
| FRS 126 | : | Accounting and Reporting by Retirement Benefit Plan |
| FRS 134 | : | Interim Financial Reporting |
| FRS 137 | : | Provisions, Contingent Liabilities and Contingent Assets |

The adoption of these new / revised standard and interpretation does not result in significant changes in accounting policies of the Group.

2) Audit qualification of preceding annual financial statements

The auditors’ report for the preceding annual financial statements for the year ended 31 December 2007 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 2008.

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 | North America RM'000 | Eliminations RM'000 | Group RM'000 |
|---------------------------------|--------------------|---------------------------|-----------------------------|----------------------------|------------------------|-----------------|
| Period ending 31.12.2008 | | | | | | |
| Revenue | | | | | | |
| External | 1,258,539 | 132,128 | 605,847 | 0 | 0 | 1,996,514 |
| Inter segment revenue | 20,675 | 168 | 782 | 0 | (21,625) | 0 |
| Total revenue | 1,279,214 | 132,296 | 606,629 | 0 | (21,625) | 1,996,514 |
| Results | | | | | | |
| Segment Results | 21,318 | 1,149 | 45,827 | (5,690) | 1,753 | 64,357 |
| Finance cost | | | | | | (22,659) |
| Tax expense | | | | | | 23,238 |
| Net profit for the period | | | | | | 64,936 |
| As at 31.12.2008 | | | | | | |
| Segment assets | 433,498 | 239,909 | 547,737 | 64,970 | (345,295) | 940,819 |
| Unallocated assets | | | | | | 33,661 |
| Total assets | | | | | | 973,480 |
| Segment liabilities | 61,009 | 25,221 | 78,097 | 7,957 | (20,219) | 152,065 |
| Unallocated liabilities | | | | | | 535,519 |
| Total liabilities | | | | | | 687,584 |

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 2008.

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 2008 is as follows :

| | RM'000 |
|-----------------------------------|---------------|
| Property, plant and equipment :- | |
| Authorised and contracted for | 22,488 |
| Authorised but not contracted for | 7,669 |
| Total | 30,157 |

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 RM11.029 million and turnover of RM400.531 million. Cumulatively, Group's pre-tax profit of RM41.698 million was marginally lower compared to previous year pre-tax profit of RM44.814 million mainly due to the fall in business volumes during fourth quarter and costs associated with greenfield projects under execution in India and USA. The revenue for the year was also marginally lower at RM1996.514 million as compared to previous year of RM2018.780 million

Malaysia :

The markets were depressed mainly due to weak domestic demand in the construction sector and intense competition due to over capacity. Due to difficult conditions in financial markets, credit and commercial risks increased significantly.

Austria :

The demand from Power Transmission & Distribution sector remained good. ASTA was able to utilize its full capacity.

China :

The transformer industry performed well. However, competition from local producers of CTC has been strong and prices remained very competitive. Utilisation of new capacity has been augmented gradually. Quality has been stabilized with the introduction of ASTA technology. The process of end-customer certification for the plant and products has been initiated.

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 RM11.029 million was marginally lower compared to preceding quarter's pre-tax of RM11.159 million.

16) Current year Prospects

Global financial markets are in turmoil. The magnitude and severity of these events on the business of the Metrod Group going forward is unfolding with varying adverse impacts on business segments and locations.

Malaysia :

Market demand for copper rod, wire and strip in Malaysia has been severely affected due to current weak domestic and international demand. Commercial risks have increased. Domestic business has slowed down considerably with delays in several major projects and softening of property market.

Austria :

The demand from the power transmission and distribution sector remains satisfactory though as a result of the global financial crisis new order in-take is softening. Significant new capacity is being added in Europe and in global markets which could have an adverse effect on ASTA's profitability in the long run.

China :

Capacity utilization is being increased. Quality has stabilized and efficiencies are being pursued. Competition from domestic producers remains intense with considerable pressure on operating margins. Volumes will be affected due to the impact of global financial crisis.

USA & India :

USA and India greenfield projects are under execution and are expected to commence trial production soon with a gestation period of about eighteen months to two years.

Volatility in copper prices has also increased the risks though copper prices have come down significantly and seems to be stabilising at lower levels.

The Board expects the performance of the Group for the financial year 2009 to be impacted due to the global recession. The on-going slow down in economic activity is likely to have an adverse impact on the performance of the Group going forward.

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 31/12/08 RM'000 | Comparative Year Quarter 31/12/07 RM'000 | Current Year To Date 31/12/08 RM'000 | Comparative Year To Date 31/12/07 RM'000 |
|-------------------------------|---|---|---|---|
| In respect of current period: | | | | |
| - income tax | (796) | 1,658 | 7,140 | 9,914 |
| - deferred tax | (7,478) | (75) | (4,727) | (381) |
| | (8,274) | 1,583 | 2,413 | 9,533 |
| In respect of prior year: | | | | |
| - income tax | (491) | 28 | (13,175) | (1,233) |
| - deferred tax | (116) | - | (12,476) | - |
| | (607) | 28 | (25,651) | (1,233) |
| TOTAL : | (8,881) | 1,611 | (23,238) | 8,300 |

Effective tax rate was lower due to lower tax rate for two foreign subsidiaries.

The tax credit for the current year-to-date for the Group and the Company was mainly due to impact of tax incentive accrued as explained in notes to the second quarter announced on 29 August 2008.

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 18 February 2009)

There were no corporate proposals announced but not completed as at 18 February 2009.

22) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 31 December 2008 are as follows:-

| | Amount RM'000 | Denominated in Foreign Currency | | Secured / Unsecured |
|-------------------------------|------------------|---------------------------------|-----------------------------------|------------------------|
| | | Foreign Currency | Foreign Currency Amount ('000) | |
| Long-term borrowings | | | | |
| - Term Loans | 134,892 | EUR | 27,665 | Secured |
| - Term Loan | 58,423 | EUR | 11,982 | Unsecured |
| | 193,315 | | | |
| Short-term borrowings: | | | | |
| - Export Financing | 51,197 | EUR | 10,500 | Secured |
| - Foreign Currency Trade Loan | 103,432 | USD | 29,859 | Unsecured |
| - Term Loans | 63,765 | EUR | 13,077 | Secured |
| - Banker Acceptance | 50,780 | RM | | Unsecured |
| - Term Loans | 9,752 | EUR | 2,000 | Unsecured |
| - Short Term Credit Facility | 57,526 | RMB | 114,000 | Unsecured |
| | 336,452 | | | |
| Total : | 529,767 | | | |

23) Off-balance sheet financial instruments

As at 18 February 2009, 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) | Maturity Date |
|----------|-------------------------|-------------------------------------|----------------------------------|------------------|
| USD | Future Sales | 7,683 | 26,569 | Feb'09-Dec'09 |
| USD | Future Sales | 1,540 | 5,389 | Feb'09-Mar'09 |
| USD | Capital Contribution | 4,096 | 14,628 | Feb'09-Mar'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 31/12/08 RM'000 | Comparative Year Quarter 31/12/07 RM'000 | Current Year To Date 31/12/08 RM'000 | Comparative Year To Date 31/12/07 RM'000 |
|---|--|---|---|---|
| Basic | | | | |
| Net profit for the period (RM'000) | 19,910 | 12,753 | 64,936 | 36,514 |
| Weighted average number of ordinary shares in issue ('000) | 60,000 | 60,000 | 60,000 | 60,000 |
| Basic earnings per share (sen) | 33.18 | 21.26 | 108.23 | 60.86 |

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. Basic earnings per share are affected by an unusual item pertaining to tax credit as explained in Note 18.

26) Authorisation for issue

The interim financial statements were issued by the Board of Directors in accordance with a resolution of the directors on **25 February 2009**.