

**METROD (MALAYSIA) BERHAD**

Interim report for the first quarter ended 31 March 2009

**Condensed Consolidated Income Statements**

	<b>Current Quarter 31/03/2009 RM'000</b>	Comparative Quarter 31/03/2008 RM'000	<b>Current Year To Date 31/03/2009 RM'000</b>	Comparative Year To Date 31/03/2008 RM'000
Revenue	<b>306,448</b>	515,942	<b>306,448</b>	515,942
Operating Expenses	<b>-298,247</b>	-503,826	<b>-298,247</b>	-503,826
Other Operating Income	<b>3,248</b>	1,638	<b>3,248</b>	1,638
Profit from Operations	<b>11,449</b>	13,754	<b>11,449</b>	13,754
Finance costs	<b>-5,191</b>	-5,093	<b>-5,191</b>	-5,093
Investing Results	<b>0</b>	0	<b>0</b>	0
Profit from ordinary activities before tax	<b>6,258</b>	8,661	<b>6,258</b>	8,661
Taxation	<b>-1,478</b>	-2,182	<b>-1,478</b>	-2,182
Profit from ordinary activities after tax	<b>4,780</b>	6,479	<b>4,780</b>	6,479
Minority Interest	<b>0</b>	0	<b>0</b>	0
Profit attributable to ordinary equity holders of the parent	<b>4,780</b>	6,479	<b>4,780</b>	6,479
Earnings per share (Sen)				
- Basic	7.97	10.80	<b>7.97</b>	10.80
- 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 2008*

**METROD (MALAYSIA) BERHAD**

Interim report for the first quarter ended 31 March 2009

**Condensed Consolidated Balance Sheets**

	<b>As at Current Financial Period end 31/03/2009 RM'000</b>	<b>As at Preceding Financial Year end 31/12/2008 RM'000</b>
<b>Non current assets</b>		
Property, plant and equipment	290,105	263,983
Deferred tax assets	27,170	27,666
Intangible assets	2,861	3,393
Goodwill on consolidation	25,770	25,989
Prepaid Lease Payment	9,039	8,834
	<u>354,945</u>	<u>329,865</u>
<b>Current assets</b>		
Inventories	129,718	185,380
Trade and other receivables	201,300	232,984
Marketable securities	424	4,795
Deposits, bank and cash balances	204,179	215,461
Tax recoverable	1,697	5,995
	<u>537,318</u>	<u>644,615</u>
<b>Less : Current Liabilities</b>		
Trade and other payables	77,044	112,733
Provision	8,163	9,155
Current tax liabilities	5,498	5,570
Post-employment benefit obligations	279	595
Short term bank borrowings (interest bearing)	280,544	336,452
	<u>371,528</u>	<u>464,505</u>
<b>Net Current Assets</b>	<u>165,790</u>	<u>180,110</u>
<b>Less: Non current liabilities</b>		
Term loan	191,686	193,315
Post-employment benefit obligations	24,347	24,162
Deferred tax liabilities	1,278	1,182
Deferred income	4,031	5,420
	<u>221,342</u>	<u>224,079</u>
	<u>299,393</u>	<u>285,896</u>
<b>Capital and reserves</b>		
Share capital	60,000	60,000
Share premium	17	17
Exchange fluctuation reserve	11,401	2,684
Retained earnings	227,975	223,195
	<u>299,393</u>	<u>285,896</u>

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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 2008*

**METROD (MALAYSIA) BERHAD**

Interim report for the first quarter ended 31 March 2009

**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>3 months ended 31/03/2009</u></b>					
Balance at 01/01/2009	<b>60,000</b>	<b>17</b>	<b>2,684</b>	<b>223,195</b>	<b>285,896</b>
Currency translation differences arising in the period	<b>0</b>	<b>0</b>	<b>8,717</b>	<b>0</b>	<b>8,717</b>
Net Profit for the period	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,780</b>	<b>4,780</b>
Dividends for the year ended 31 December 2008	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Balance at 31/03/2009	<b>60,000</b>	<b>17</b>	<b>11,401</b>	<b>227,975</b>	<b>299,393</b>
<b><u>3 months ended 31/03/2008</u></b>					
Balance at 01/01/2008	60,000	17	338	165,459	225,814
Currency translation differences arising in the period	0	0	-3,363	0	-3,363
Net Profit for the period	0	0	0	6,479	6,479
Dividends for the year ended 31 December 2007	0	0	0	0	0
Balance at 31/03/2008	60,000	17	-3,025	171,938	228,930

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008*

**METROD (MALAYSIA) BERHAD**

Interim report for the first quarter ended 31 March 2009

**Condensed Consolidated Cash Flow Statements**

	<b>Current Year To Date ended 31/03/2009 RM'000</b>	<b>Preceding Year To Date ended 31/03/2008 RM'000</b>
<b><i>Operating activities</i></b>		
Cash from operations	71,479	-62,406
Interest paid	-5,283	-5,241
Tax refund	3,373	1,492
Tax paid	-2,717	-1,642
Net cash flow from operating activities	<b>66,852</b>	<b>-67,797</b>
<b><i>Investing Activities</i></b>		
Purchase of property, plant and equipment	-24,624	-8,502
Proceeds from disposal of property, plant and equipment	356	935
Investment in subsidiaries	0	0
Proceeds from disposal of investment	0	0
Disposal of / (Investment in) marketable securities	4,244	-3,747
Dividend received	56	0
Interest received	1,428	898
Net cash flow from investing activities	<b>-18,540</b>	<b>-10,416</b>
<b><i>Financing Activities</i></b>		
(Repayment)/ drawdown of short term borrowings (net)	-60,988	39,503
Deposits pledged as securities	250	0
(Repayment) / drawdown of term loan (net)	0	40,295
Cash grant received	0	0
Dividends paid to shareholders	0	0
Net cash flow from financing activities	<b>-60,738</b>	<b>79,798</b>
Changes in cash and cash equivalents	-12,426	1,585
Currency translation differences	1,401	730
<b>Cash and cash equivalents</b>		
- at start of year	<b>173,581</b>	<b>48,317</b>
- at end of year	<b>162,556</b>	<b>50,632</b>

*The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2008*

## **METROD (MALAYSIA) BERHAD (66954-H)**

Interim report for the first quarter ended 31 March 2009

*Notes:-*

**1) Basis of preparation and Accounting Policies**

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (FRS) 134 “Interim Financial Reporting” and paragraph 9.22 and Appendix 9B 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 2008. 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 2008.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

**2) Audit qualification of preceding annual financial statements**

The auditors’ report for the preceding annual financial statements for the year ended 31 December 2008 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 2009.

**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
<b>Period ending 31.03.2009</b>						
<b>Revenue</b>						
External	153,385	28,839	124,224	0	0	306,448
Inter segment revenue	4,902	0	0	0	(4,902)	0
Total revenue	158,287	28,839	124,224	0	(4,902)	306,448
<b>Results</b>						
Segment Results	6,284	(477)	9,348	(3,582)	(124)	11,449
Finance cost						(5,191)
Tax expense						(1,478)
Net profit for the period						4,780
<b>As at 31.03.2009</b>						
Segment assets	351,373	221,648	300,581	75,723	(85,930)	863,395
Unallocated assets						28,867
Total assets						892,262
Segment liabilities	13,487	19,922	84,646	3,616	(7,808)	113,863
Unallocated liabilities						479,006
Total liabilities						592,869

**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 March 2009.

**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 2009 is as follows :

	<b>RM'000</b>
Property, plant and equipment :-	
Authorised and contracted for	18,024
Authorised but not contracted for	6,358
Total	24,382

**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 RM6.258 million. Group's pre-tax profit was lower compared to corresponding previous year period pre-tax profit of RM8.661 million mainly due to a reduction in business volumes and start-up costs associated with green-field projects under execution in India and USA. The revenue for the period was also lower at RM306.448 million as compared to corresponding previous year period of RM515.942 million mainly due to lower copper prices and lower sales volumes.

Malaysia :

The markets remained 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 have increased.

Austria :

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

China :

The transformer industry showed sign of slowing down. Competition from local producers of CTC has been strong with government support and prices remained 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 RM6.258 million was lower compared to preceding quarter's pre-tax profit of RM11.029 million mainly due to lower volumes and costs associated with green-field projects in India and USA.

**16) Current year Prospects**

Although a fragile stability appears to have returned to financial markets, the impact of recent events suggest a continuing adverse impact on the business segments in which the Group is involved. There is poor visibility in respect of forward business and price competition remains intense.

Malaysia :

Market demand for copper rod, wire and strip in Malaysia has been severely affected due to the current weak domestic and regional demand. Commercial risks have increased. Domestic business remains slow with delays in several major projects and a soft 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 slowing down. Significant new capacity has been 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. The transformer industry is showing signs of slow down.

USA & India :

The green-field projects in USA and India have been completed and have commenced trial production. Gestation period is expected to remain about eighteen months to two years.

Volatility in copper prices has also increased the risks. Copper prices which had come down significantly have again increased by about 50% from the lower levels seen earlier this year.

The Board expects the performance of the Group for the financial year 2009 to be negatively impacted due to the global recession, the extent of which is difficult to determine at this stage. Nevertheless, the Board expects the performance to be satisfactory in the context of current economic conditions.

**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 31/03/09 RM'000</b>	Comparative Year Quarter 31/03/08 RM'000	<b>Current Year To Date 31/03/09 RM'000</b>	Comparative Year To Date 31/03/08 RM'000
In respect of current period:				
- income tax	<b>914</b>	2,210	<b>914</b>	2,210
- deferred tax	<b>564</b>	(28)	<b>564</b>	(28)
	<b>1,478</b>	2,182	<b>1,478</b>	2,182
In respect of prior year:				
- income tax	-	-	-	-
<b>TOTAL :</b>	<b>1,478</b>	2,182	<b>1,478</b>	2,182

Effective tax rate was lower due to lower tax rate for 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 21 May 2009)**

There were no corporate proposals announced but not completed as at 21 May 2009.

**22) Group Borrowings and Debt Securities**

Group borrowings and debt securities as at 31 March 2009 are as follows:-

	Amount RM'000	Denominated in Foreign Currency		Secured / Unsecured
		Foreign Currency	Foreign Currency Amount ('000)	
Long-term borrowings				
- Term Loans	133,755	EUR	27,665	Secured
- Term Loan	57,931	EUR	11,982	Unsecured
	191,686			
Short-term borrowings:				
- Foreign Currency Trade Loan	111,963	USD	30,700	Unsecured
- Working Capital Loan	44,917	RMB	84,000	Unsecured
- Export Financing	50,765	EUR	10,500	Secured
- Term Loans	63,229	EUR	13,078	Secured
- Term Loan	9,670	EUR	2,000	Unsecured
	280,544			
<b>Total :</b>	<b>472,230</b>			

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

As at 21 May 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	2,800	9,502	Jun'09-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 31/03/09 RM'000	Comparative Year Quarter 31/03/08 RM'000	Current Year To Date 31/03/09 RM'000	Comparative Year To Date 31/03/08 RM'000
<b>Basic</b>				
Net profit for the period (RM'000)	4,780	6,479	4,780	6,479
Weighted average number of ordinary shares in issue ('000)	60,000	60,000	60,000	60,000
Basic earnings per share (sen)	7.97	10.80	7.97	10.80

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 **28 May 2009**.