

Metrod (Malaysia) Berhad

Company no: 66954 H

Press release of audited results for the financial year ended 31 December 2004

PROFITS OF METROD MORE THAN DOUBLED IN 2004 TO A RECORD HIGH OF RM19.9 MILLION

Metrod (Malaysia) Berhad reported a 131.3% increase in its pre-tax profits for the year ended 31 December 2004, from RM8.6 million to RM19.9 million. The Group registered a net profit after taxation of RM17.2 million, a 99.9% increase from the previous year of RM8.6 million.

The strong performance of the Group was driven by Metrod's strategic investment in ASTA Elektrodraht GmbH and ASTA Elektrodraht GmbH and Co, which were completed in June 2004. Profitability was also enhanced by improved efficiency and margins in Metrod.

Group turnover increased by 80.6% during the financial year ended 31 December 2004, from RM534.1 million to RM964.6 million. The increase is partly due to the significant increase in copper prices which have increased from USD2,423.57/MT in January 2004 to USD3,145.45/MT (29.8%) in December 2004 and also the acquisition of ASTA in 2004.

Continuously Transposed Conductors (CTC), ASTA's flagship product, along with other specialist wires made a significant contribution to the total revenue and profitability of the Group. CTC is primarily used in large power transformers. Over 90% of CTC product developments worldwide originate from ASTA. Today, ASTA is one of the largest suppliers of CTC to global transformer leaders such as ABB, Siemens and VA Tech. It has about 40% market share in Europe and a worldwide market share of about 20%. One of the major strengths of ASTA is that it is also a customised solutions provider to the global transformer industry.

The complementary product lines of Metrod and ASTA are expected to further enhance the future performance of the Group. With ASTA's leading edge technology and customer base, Metrod is confident that it will be able to capture a larger market share of the rectangular wire business. In addition, by leveraging on ASTA's branding, Metrod is confident that it can also increase its presence and market share in Asia. ASTA in turn will be able to tap into Metrod's know-how in sourcing copper raw materials in a better manner. Metrod is also exploring various opportunities to expand ASTA's operations in other parts of the world to leverage its leading edge technology.

Return on equity (ROE) of the Group for the year ended 31 December 2004 improved by 78%, from 6.0% to 10.7%. As an integral part of improving its capital management, Metrod announced an annual tax exempt dividend of 10 sen per share, 25% higher than previous year. At an illustrative price of RM2.40 per share, tax exempt dividend yield is 4.2% or a gross dividend yield of 5.8%.

In summarising the year, The Lord Bagri CBE (Rajkumar Bagri), Chairman of Metrod, said “The management of Metrod was very encouraged by the strong performance of the enlarged Metrod Group. The acquisition of ASTA by Metrod was completed at an opportune time, amidst the difficult landscape of the copper rod and wire industry where raw material cost continues to rise and competition intense due to over capacity in the region. The challenging operating environment of the wire and copper industry is expected to continue. However, with the business synergies of the alliance between Metrod and ASTA beginning to materialise, we are optimistic of the future performance of the Group.”

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Company no: 66954 H

(Incorporated in Malaysia)

Audited Results – Additional Information

THE AUDITED RESULTS (ADDITIONAL INFORMATION) FOR 31 DECEMBER 2004 HAS BEEN PREPARED FOR ILLUSTRATIVE PURPOSES ONLY AND DOES NOT FORM PART OF THE QUARTERLY RESULTS.

Income statements for the financial year ended 31 December 2004

| | Group | | Company | |
|---|----------------------|---------------|---------------------|--------------|
| | 2004 RM | 2003 RM | 2004 RM | 2003 RM |
| Revenue | 964,586,823 | 534,105,588 | 46,836,806 | 36,190,125 |
| Cost of sales | (906,068,835) | (514,746,116) | (30,771,107) | (30,054,812) |
| Gross profit | 58,517,988 | 19,359,472 | 16,065,699 | 6,135,313 |
| Other operating income | 4,960,270 | 2,852,089 | 3,304,484 | 3,041,640 |
| Selling and distribution costs | (17,082,891) | (7,607,125) | (151,236) | (743,127) |
| Administrative expenses | (11,900,866) | (5,153,225) | (4,418,940) | (3,441,824) |
| Other operating expenses | (5,568,570) | (443,908) | (250,711) | (267,781) |
| Profit from operations | 28,925,931 | 9,007,303 | 14,549,296 | 4,724,221 |
| Finance cost | (9,066,221) | (419,348) | (5,623,338) | (1,942) |
| Profit from ordinary activities before tax | 19,859,710 | 8,587,955 | 8,925,958 | 4,722,279 |
| Tax expense | (2,639,236) | 26,676 | (847,000) | 545,676 |
| Net profit for the financial year | 17,220,474 | 8,614,631 | 8,078,958 | 5,267,955 |
| Earnings per share (sen) | | | | |
| - basic | 28.70 | 14.36 | | |
| Dividend per ordinary share in respect of the financial year (sen) | 10* | 8* | 10* | 8* |

* Tax exempt