METROD HOLDINGS BERHAD

Interim report for the third quarter ended 30 September 2011

Condensed Consolidated Statements of Comprehensive Income

	Current Quarter 30/09/2011 RM'000	Comparative Quarter 30/09/2010 RM'000	**Current Year To Date 30/09/2011 RM'000**	Comparative Year To Date 30/09/2010 RM'000
Revenue	**553,322**	478,708	**1,656,977**	1,458,308
Operating expenses	**-539,156**	-475,115	**-1,631,980**	-1,444,489
Other operating income	**-2,399**	6,415	**6,991**	14,320
Profit from operations	**11,767**	10,008	**31,988**	28,139
Finance costs	**-3,800**	-3,452	**-11,332**	-9,447
Profit before tax	**7,967**	6,556	**20,656**	18,692
Taxation	**-2,030**	-10,392	**-8,634**	-18,110
Profit after tax	**5,937**	-3,836	**12,022**	582
Minority interest	**0**	0	**0**	0
Net profit for the period attributable to owners of the parent	**5,937**	-3,836	**12,022**	582
Other comprehensive income				
Currency translation differences	**1,634**	-5,857	**1,094**	-5,813
Other comprehensive income for the financial period	**1,634**	-5,857	**1,094**	-5,813
Total comprehensive income for the period attributable to owners of the parent	**7,571**	-9,693	**13,116**	-5,231
Earnings per share (Sen)				
- Basic	**4.95**	-3.20	**10.02**	0.49
- Diluted	**N.A**	N.A	**N.A**	N.A

N.A - Not Applicable

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010

METROD HOLDINGS BERHAD

Interim report for the third quarter ended 30 September 2011

Condensed Consolidated Statements of Financial Position

	As at Current Financial Period end 30/09/2011 RM'000	Audited As at Preceding Financial Year end 31/12/2010 RM'000
Non current assets		
Property, plant and equipment	**234,173**	246,273
Deferred tax assets	**33,001**	32,760
Intangible assets	**1,617**	1,848
Goodwill on consolidation	**21,589**	20,411
	290,380	301,292
Current assets		
Inventories	**209,814**	216,714
Trade and other receivables	**327,861**	239,818
Marketable securities	**0**	0
Derivative financial assets	**3,094**	4,297
Deposits, bank and cash balances	**120,576**	140,403
Tax recoverable	**3,053**	3,085
	664,398	604,317
Less : Current Liabilities		
Trade and other payables	**115,128**	128,134
Provision	**2,236**	1,290
Derivative financial liabilities	**4,796**	78
Current tax liabilities	**4,267**	179
Post-employment benefit obligations	**297**	801
Short term bank borrowings (interest bearing)	**358,873**	287,552
	485,597	418,034
Net Current Assets	**178,801**	186,283
Less: Non current liabilities		
Term loan	**90,525**	121,123
Post-employment benefit obligations	**24,455**	22,219
Deferred tax liabilities	**1,448**	1,409
Non current tax liabilities	**15,962**	12,174
Deferred income	**4,824**	4,599
	137,214	161,524
	331,967	326,051
Capital and reserves		
Share capital	**60,000**	60,000
Share premium	**96,563**	17
Exchange fluctuation reserve	**-3,059**	-4,153
Retained earnings	**275,009**	270,187
Internal reorganisation reserve	**-96,546**	0
	331,967	326,051

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010

METROD HOLDINGS BERHAD

Interim report for the third quarter ended 30 September 2011

Condensed Consolidated Statement of Changes in Equity

	Attributable to the owners of the parent					
		Non-distributable			Distributable	
	Share capital RM'000	Share premium RM'000	Exchange fluctuation reserves RM'000	Internal Reorganisation reserve * RM'000	Retained earnings RM'000	Total RM'000
9 months ended 30/09/2011						
Balance at 01/01/2011	**60,000**	**17**	**-4,153**	**0**	**270,187**	**326,051**
Net profit for the period	*0*	*0*	*0*	*0*	*12,022*	*12,022*
Other comprehensive income	*0*	*0*	*1,094*	*0*	*0*	*1,094*
Arising from internal reorganisation	*0*	*96,546*	*0*	*-96,546*	*0*	*0*
Total comprehensive income for the period	**0**	**96,546**	**1,094**	**-96,546**	**12,022**	**13,116**
Dividends for the year ended 31 December 2010	**0**	**0**	**0**	**0**	**-7,200**	**-7,200**
Balance at 30/09/2011	**60,000**	**96,563**	**-3,059**	**-96,546**	**275,009**	**331,967**
9 months ended 30/09/2010						
Balance at 01/01/2010	60,000	17	3,718	0	250,071	313,806
Effects arising from adoption of FRS139			-1,560	0	10,597	9,037
Balance at 01/01/2010	60,000	17	2,158	0	260,668	322,843
Net profit for the period	*0*	*0*	*0*	*0*	*582*	*582*
Other comprehensive income	*0*	*0*	*-5,813*	*0*	*0*	*-5,813*
Total comprehensive income for the period	0	0	-5,813	0	582	-5,231
Dividends for the year ended 31 December 2009	0	0	0	0	-7,200	-7,200
Balance at 30/09/2010	60,000	17	-3,655	0	254,050	310,412

*- This represents the difference between the cost of acquisition and the aggregate carrying value of assets and liabilities of the original Metrod Group.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010

METROD HOLDINGS BERHAD

Interim report for the third quarter ended 30 September 2011

Condensed Consolidated Statements of Cash Flow

	Current Year To Date ended 30/09/2011 RM'000	Preceding Year To Date ended 30/09/2010 RM'000
Operating Activities		
Cash from operations	**-18,406**	-82,697
Interest paid	**-10,316**	-8,518
Tax refund	**2,063**	1,393
Tax paid	**-3,354**	-3,632
Net cash flow from operating activities	**-30,013**	-93,454
Investing Activities		
Purchase of property, plant and equipment	**-5,285**	-5,332
Proceeds from disposal of property, plant and equipment	**302**	0
Realisation if investment in subsidiaries	**0**	-46
Disposal / (investment) of marketable securities	**0**	-2,492
Interest received	**1,757**	1,331
Net cash flow from investing activities	**-3,226**	-6,539
Financing Activities		
Drawdown of short term borrowings (net)	**44,891**	85,655
Deposits released from securities (net)	**-128**	40,608
Repayment of term loan	**-25,038**	-40,179
Dividends paid to shareholders	**-7,200**	-7,200
Net cash flow from financing activities	**12,525**	78,884
Changes in cash and cash equivalents	**-20,714**	-21,109
Currency translation differences	**2,230**	-11,108
Cash and cash equivalents		
- at start of year	**119,024**	114,259
- at end of period	**100,540**	82,042

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2010

METROD HOLDINGS BERHAD (916531-A)

Interim report for the third quarter ended 30 September 2011

Notes:-

1) **Basis of preparation and Accounting Policies**
The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. It should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2010.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2010, except that the Group has adopted a new accounting policy set out in Note 1.1 and the new standards, amendments to standard and interpretation mandatory for annual periods beginning on or after 1 January 2011as stated in Note 1.2 and 1.3 :

1.1 The restructuring of the original Metrod Group in which the Company was established as a new holding company of the original Metrod Group is accounted for as an internal reorganisation when:

(a) The Company obtains control of the original Metrod Group via a share for share exchange with the shareholders of the original Metrod Group;
(b) the assets and liabilities of the Metrod Group are the same immediately before and after the reorganisation; and
(c) the owners of the original Metrod Group before the reorganisation have the same absolute and relative interests in the net assets of the original Metrod Group and new Metrod Group immediately before and after the reorganisation.

In the separate financial statements of the Company, the cost of the acquisition of the original Metrod Group is measured at the carrying amount of the Company's share of the equity items shown in the separate financial statements of Metrod at the date of the reorganisation.

The consolidated financial statements of new Metrod Group are presented using the values from the consolidated financial statements of the original Metrod Group. Any resulting difference between the cost of acquisition and the aggregate carrying value of assets and liabilities of the original Metrod Group is taken directly to equity.

1.2 <u>FRSs and Interpretation</u>

- The revised FRS 3 "Business combinations"
- The revised FRS 127 "Consolidated and separate financial statements"
- Amendments to FRS 7 "Financial instruments: Disclosures" and FRS 1 "First-time adoption of financial reporting standards".
- Amendment to FRS 132 "Financial instruments: Presentation"
- IC Interpretation 4 "Determining whether an arrangement contains a lease"
- IC Interpretation 17 "Distribution of non-cash assets to owners"

- IC Interpretation 19 "Extinguishing financial liabilities with equity instruments"
- Amendments to IC Interpretation 14 "FRS 119 The limit on a defined benefits assets, minimum funding requirements and their interaction"

1.3 **Improvements to FRSs:**

- FRS 2 "Share based payment" - amendment to the scope in line with the revised FRS 3
- FRS 3 "Business Combination"- relates to choice of measuring non-controlling interest and amendments to FRS7, FRS 132 and FRS 139:
- FRS 5 "Non-current assets held for sale and discontinued operations" - in connection with classification of subsidiary's assets and liabilities as held for sale and relevant disclosure.
- FRS 101 "Presentation of financial statements" – relates to presentation of an analysis of other comprehensive income..
- FRS 138 "Intangible Assets" – pertains to recognition of a group of complementary intangible assets acquired in a business combination. .
- IC Interpretation 9 - clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.

The adoption of the above standards, amendments to published standards and interpretations to existing standards did not result in any significant financial impact on 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 2010 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 by the Company during the financial quarter ended 30 September 2011. However, as a Group and under previous holding company viz Metrod (Malaysia) Berhad, a first and final dividend of 12 sen per share, tax exempt (previous year 12 sen per share, tax exempt) amounting to RM7.2 million (previous year RM 7.2 million) was

paid on 28 July 2011 (previous year 16 July 2010) in respect of the financial year ended 31 December 2010.

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 30.09.2011						
Revenue						
External	927,017	179,078	520,840	30,042	0	1,656,977
Inter segment revenue	85,528	0	869	0	(86,397)	0
Total revenue	1,012,545	179,078	521,709	30,042	(86,397)	1,656,977
Results						
Segment Results	14,356	(7,348)	35,897	(10,549)	(368)	31,988
Finance cost						(11,332)
Tax expense						(8,634)
Net profit for the period						12,022
As 30.09.2011						
Segment assets	500,146	239,543	550,845	79,623	(451,878)	918,279
Unallocated assets						36,054
Total assets						954,333
Segment liabilities	51,124	50,621	78,920	32,447	(61,822)	151,290
Unallocated liabilities						471,076
Total liabilities						622,366
Other Information						
Depreciation	1,865	6,979	8,575	4,554	0	21,973
Interest income	(1,169)	(83)	(679)	0	251	(1,679)
Amortisation of intangible Assets	0	0	242	0	0	242
Interest expenses	2,905	2,152	4,690	1,641	(251)	11,137
Capital expenditure	76	1,095	3,555	609	(302)	5,033

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 2010.

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 :

- The proposed rationalisation of group structure as announced on 16 December 2010.
- The acquisition of 100% of ICEW GmbH in Austria as announced on 17 October 2011.
- The acquisition of 99.99% of ASTA Copper Products Private Limited in India as announced on 17 October 2011.
- The acquisition of 100% shares of ICEW Inc. in USA as announced on 18 October 2011.

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 2011 is as follows :

	RM'000
Property, plant and equipment :-	
Authorised and contracted for	821
Authorised but not contracted for	1,587
Total	**2,408**

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 RM7.967 million and turnover of RM553.322 million. Cumulatively, Group's pre-tax profit of RM20.656 million was marginally higher compared to corresponding previous year pre-tax profit of RM18.692 million. Revenue for the third quarter and cumulative period was higher as compared to corresponding previous year quarter and period mainly due to higher copper prices.

Malaysia :

The demand especially from export segment remained weak and competition arising from over capacity remained intense. Credit, commercial and security risks remain high due to the difficult conditions in financial markets and volatile copper prices.

European Union:

The order backlog and demand from Power Transmission & Distribution sector continued to be stable. ASTA was able to utilize its full capacity. Competition also increased though ASTA's technology and high quality products helped to mitigate the impact.

North America & Rest of Asia :

In India, quality and productivity stabilized further. Competition remained strong and ASTA resisted significant price drop to maintain the quality differentiation thereby sacrificing some volumes in the short-term. The transformer industry remains in slow growth in China. Competition from local producers of CTC had been strong with government support and prices have fallen significantly. Penetration into export markets helped ASTA tremendously. Demand in US remains weak and operating costs are high. Gestation period is getting extended due to unforeseen weaknesses in market conditions and learning curve.

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 RM7.967 million was marginally higher compared to preceding quarter's pre-tax profit of RM6.871million mainly due to better sales-mix and operating efficiencies.

16) **Current year Prospects**

Current economic environment in global markets especially the debt crisis has caused uncertainty and volatility in business environment. Copper prices remain volatile and high. This economic situation might adversely impact some of the business segments in which the Group is involved. Price competition remains intense.

Malaysia :

Earlier expectations of increased market demand for copper rod and wire especially in export segment are unlikely to be realised. Domestic competition remains high. Prices have stabilized after a year of implementation of the ASEAN free trade agreements and bilateral ASEAN agreements with China and Korea. The strip business continues to pose challenges due to drop in demand and pressure on margins. Credit, commercial and security risks are expected to remain high due to high and volatile copper prices. Several projects announced under 10^{th} Malaysian Plan if implemented as per schedule are expected to have positive impact on the demand of the company's products in due course

European Union:

The current order backlog will keep ASTA running at almost full capacity despite the stagnating demand from the power transmission and distribution sector. New capacity added in Europe and in global markets could have an adverse effect on ASTA's profitability though ASTA due to its technological strengths is able to mitigate the impact to a large extent.

North America & Rest of Asia :

The green-field projects in USA and India are expected to remain in gestation for a longer period than envisaged earlier due to adverse market conditions and longer learning curve. While Indian project has made significant progress in terms of quality, a strategic decision with respect to US plant is being contemplated. In China, competition from domestic producers remains intense with considerable pressure on operating margins. The transformer industry is expected to start recovering after a considerable slow down last year.

The Board is in the midst of reviewing the Group's strategy for overseas business units including US plant. The Board expects the performance of the Group for the financial year 2011 to be reasonable in the above context considering its focus on technological products, cost optimization and improved product-mix.

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 30.09.2011 RM'000	Comparative Quarter 30.09.2010 RM'000	**Current year YTD 30.09.2011 RM'000**	Comparative YTD 30.09.2010 RM'000
In respect of current period				
- Income tax	**1,991**	1,985	**8,574**	8,544
- Deferred tax	**39**	480	**60**	1,639
	2,030	2,465	**8,634**	10,183
In respect of prior year				
- Income tax	**-**	7,927	**-**	7,927
- Deferred tax	**-**	-	**-**	-
	2,030	10,392	**8,634**	18,110

Effective tax rate was higher mainly due to loss in a 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 22November 2011) Save as disclosed below, there are no other corporate proposal announced but not completed as at 22November 2011:

- On 16 December 2010, Metrod (Malaysia) Berhad ("Metrod") announced that it proposes to undertake the following:

  i) proposed exchange of the entire 60,000,000 issued and paid-up ordinary shares of RM1.00 each in Metrod(**"Metrod Shares"**) with 120,000,000 ordinary shares of RM0.50 each in Metrod Holdings Berhad (**"NewCo"**) (**"NewCo Shares"**), via a members' scheme of arrangement under Section 176 of the Companies Act, 1965 on the basis of 2 new NewCo Shares for every 1 Metrod Share held (**"Proposed Share Exchange"**);
  ii) proposed transfer of the listing status of Metrod to NewCo and the admission of NewCo to the official list of Bursa Malaysia Securities Berhad (**"Bursa Securities"**) (**"Proposed Transfer Listing"**); and
  iii) proposed transfer of Metrod's entire shareholding in Metrod (Singapore) Pte Ltd, which it holds directly, to NewCo.("Proposed Metrod Singapore Transfer")

(Collectively referred to as the **"Proposals"**)

- On 11 May 2011, CIMB Investment Bank Berhad (**"CIMB"**) announced on behalf of Metrod that Bursa Securities has, via its letter dated 10 May 2011, granted its approval for the Proposed Transfer Listing and the listing of and quotation for the entire enlarged issued and paid-up share capital of NewCo on the Main Market of Bursa Securities.

- On 30 June 2011, Metrod announced that the shareholders of Metrod have on the same day approved the following:

  i) a scheme of arrangement pertaining to the Proposed Share Exchange at the Court Convened Meeting of Metrod; and
  ii) the special resolutions relating to the Proposals at the Extraordinary General Meeting of Metrod.

- On 4 August 2011, CIMB announced on behalf of Metrod that the High Court of Malaya had granted an order approving the scheme of arrangement pertaining to the Proposed Share Exchange (**"Court Order"**).

- On 22 August 2011, CIMB announced on behalf of Metrod that the entitlement date for the Proposed Share Exchange will be on 12 September 2011.

- On 23 September 2011, NewCo was admitted to the Official List of Bursa Securities in the place of Metrod, marking the completion of the Proposed Share Exchange and Proposed Transfer Listing.

- The proposals are still pending completion of the Proposed Metrod Singapore Transfer, which is expected to take place by the end of 2011.

22) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 30 September 2011 are as follows:-

	Amount RM'000	Denominated in Foreign Currency: Foreign Currency	Denominated in Foreign Currency: Foreign Currency Amount ('000)	Secured / Unsecured
Long-term borrowings				
- Term Loans	51,665	EUR	11,971	Secured
- Term Loan	3,759	EUR	871	Unsecured
- Term Loan	35,101	USD	11,000	Unsecured
	90,525			
Short-term borrowings:				
- Foreign Currency Trade Loan	134,979	USD	42,300	Unsecured
- Banker Acceptance	37,835			Unsecured
- Term Loans	19,545	EUR	4,528	Unsecured
- Term Loan	17,222	EUR	3,990	Secured
- Term Loan	28,719	USD	9,000	Unsecured
- Export Financing	36,686	EUR	8,500	Unsecured
- Working Capital Loans	31,742	USD	10,000	Secured
- Working Capital Loans	10,434	RMB	21,000	Secured
- Working Capital Loans	34,349	USD	10,821	Unsecured
- Short-term Facilities	7,337	EUR	1,700	Unsecured
- Bank Overdraft	25	INR	386	Secured
	358,873			
Total :	**449,398**			

23) Financial Instruments

Derivatives

As at 30 September 2011, the derivative contracts that have been entered into by the Group to hedge its trade payables forecasted sale and loan are as follows:-

Type of Derivatives	Contract Value (RM'000)	Fair Value (RM'000)
1) Forward Foreign Exchange Contracts		
(i) Forecast Sales		
- Less than 1 year	(USD9,558) 32,086	1,606
- 1 year to 3 years	(USD8,000) 25,290	-446
(ii) Trade Payables:		
- Less than 1 year	(USD12,759) 39,957	841
	(USD683) RM2,191	-23
2) Cross Currency Swap		
– 3 years	(USD20,000) 63,820	647
3) Forward Copper Contracts		
– Less than 1 year	(RMB57,170) 28,406	-4,327
	TOTAL :	**-1,702**

There is no change to the related accounting policies, cash requirements of the derivatives, risk associated with the derivatives and policies to mitigate those risks since the last financial year.

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 the Group.

25) **Earnings per share**

	Current Year Quarter 30/09/11 RM'000	Comparative Year Quarter 30/09/10 RM'000	**Current Year To Date 30/09/11 RM'000**	Comparative Year To Date 30/09/10 RM'000
Basic Net profit for the period (RM'000)	**5,937**	(3,836)	**12,022**	582
Weighted average number of ordinary shares in issue ('000)	**120,000**	120,000	**120,000**	120,000
Basic earnings per share (sen)	**4.95**	(3.20)	**10.02**	0.49

The calculation of earnings per share for the comparative period has been adjusted as a result of an increase in the number of shares outstanding pursuant to the Share Exchange which was completed on 23 September 2011 via a Member's Scheme of Agreement under Section 176 of the Companies Act, 1965. The adjustment is to reflect the effect of the Share Exchange as if it had occurred at the beginning of 2010.

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) **Disclosure of realised and unrealised profits/losses pursuant to the directive issued by Bursa Malaysia Securities Berhad**

	Group Quarter ended 30 September 2011 RM'000	Group Year ended 31 December 2010 RM'000
Total retained profitsof the Company and its subsidiaries		
- Realised	**254,725**	239,810
- Unrealised	**24,243**	33,894
	278,968	273,704
Less: Consolidation adjustments	**(3,960)**	(3,518)
Total retained profits as per consolidated accounts	**275,008**	270,186

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 November 2011**.