

**METROD HOLDINGS BERHAD (916531-A)**

Interim report for the first quarter ended 31 March 2012

**Condensed Consolidated Statements of Comprehensive Income**

	<b>Current Quarter 31/03/2012 RM'000</b>	<b>Comparative Quarter 31/03/2011 RM'000</b>	<b>Current Year To Date 31/03/2012 RM'000</b>	<b>Comparative Year To Date 31/03/2011 RM'000</b>
Revenue	412,960	542,144	412,960	542,144
Operating expenses	-415,105	-537,910	-415,105	-537,910
Other operating income	57,191	5,207	57,191	5,207
Profit from operations	55,046	9,441	55,046	9,441
Finance costs	-3,943	-3,634	-3,943	-3,634
Profit before tax *	51,103	5,807	51,103	5,807
Taxation	-1,920	-2,882	-1,920	-2,882
Profit after tax	49,183	2,925	49,183	2,925
Minority interest	0	0	0	0
Net profit for the period attributable to owners of the parent	49,183	2,925	49,183	2,925
<i>Other comprehensive income</i>				
Currency translation differences	2,812	-1,816	2,812	-1,816
Other comprehensive income for the financial period	2,812	-1,816	2,812	-1,816
Total comprehensive income for the period attributable to owners of the parent	51,995	1,109	51,995	1,109
Earnings per share (Sen)				
- Basic	40.99	2.44	40.99	2.44
- 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 2011*

**METROD HOLDINGS BERHAD (916531-A)**

Interim report for the first quarter ended 31 March 2012

**Condensed Consolidated Statements of Financial Position**

	As at Current Financial Period end 31/03/2012 RM'000	Restated As at Preceding Financial Year end 31/12/2011 RM'000	Restated As at The date of Transition on 1/01/2011 RM'000
<b>Non current assets</b>			
Property, plant and equipment	45,898	78,136	259,465
Deferred tax assets	15,529	15,520	29,462
Intangible assets	1,616	1,616	1,848
Goodwill on consolidation	0	0	20,411
	<u>63,043</u>	<u>95,272</u>	<u>311,186</u>
<b>Current assets</b>			
Inventories	155,845	103,431	216,714
Trade and other receivables	165,857	145,068	239,818
Derivative financial assets	1,974	1,744	4,297
Deposits, bank and cash balances	253,215	52,847	140,403
Tax recoverable	648	280	3,085
	<u>577,539</u>	<u>303,370</u>	<u>604,317</u>
Assets of disposal group classified as held-for-sale	33,116	389,762	0
	<u>610,655</u>	<u>693,132</u>	<u>604,317</u>
<b>Less : Current Liabilities</b>			
Trade and other payables	27,604	43,582	128,134
Provision	10,239	377	1,290
Derivative financial liabilities	0	250	78
Current tax liabilities	1,033	86	179
Post-employment benefit obligations	212	881	801
Short term bank borrowings (interest bearing)	222,982	136,547	287,552
	<u>262,070</u>	<u>181,723</u>	<u>418,034</u>
Liabilities of disposal group classified as held-for-sale	1,242	239,656	0
	<u>263,312</u>	<u>421,379</u>	<u>418,034</u>
<b>Net Current Assets</b>	<u>347,343</u>	<u>271,753</u>	<u>186,283</u>
<b>Less: Non current liabilities</b>			
Term loan	19,942	27,799	121,123
Post-employment benefit obligations	4,198	3,814	22,219
Deferred tax liabilities	755	836	1,409
Non current tax liabilities	0	0	12,174
Deferred income	0	1,080	4,599
	<u>24,895</u>	<u>33,529</u>	<u>161,524</u>
	<u>385,491</u>	<u>333,496</u>	<u>335,945</u>
<b>Capital and reserves</b>			
Share capital	60,000	60,000	60,000
Share premium	96,563	96,563	96,563
Currency translation reserve	-5,034	-7,846	-4,153
Retained earnings	330,508	281,325	280,081
Internal reorganisation reserve	-96,546	-96,546	-96,546
	<u>385,491</u>	<u>333,496</u>	<u>335,945</u>

*The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011*

**METROD HOLDINGS BERHAD (916531-A)**

Interim report for the first quarter ended 31 March 2012

**Condensed Consolidated Statement of Changes in Equity**

Attributable to the owners of the parent

	Share Capital RM'000	Share premium RM'000	Non-distributable		Distributable	Total RM'000
			Currency translation reserve RM'000	Internal Reorganisation Reserve * RM'000	Retained earnings RM'000	
<b><u>3 months ended 31/03/2012</u></b>						
As previously reported	60,000	96,563	-7,846	-96,546	271,473	323,644
Effects arising from adoption of MFRS 1 - Transition exemption on fair value deemed cost	0	0	0	0	9,852	9,852
Balance at 01/01/2012	60,000	96,563	-7,846	-96,546	281,325	333,496
Net profit for the period	0	0	0	0	49,183	49,183
Other comprehensive income	0	0	2,812	0	0	2,812
Total comprehensive income for the period	0	0	2,812	0	49,183	51,995
Dividends for the year ended 31 December 2011	0	0	0	0	0	0
Balance at 31/03/2012	60,000	96,563	-5,034	-96,546	330,508	385,491
<b><u>3 months ended 31/3/2011</u></b>						
As previously reported	60,000	17	-4,153	0	270,187	326,051
Arising from internal reorganisation	0	96,546	0	-96,546	0	0
Effects arising from adoption of MFRS 1 - Transition exemption on fair value deemed cost	0	0	0	0	9,894	9,894
As restated	60,000	96,563	-4,153	-96,546	280,081	335,945
<b><u>Net profit for the period</u></b>						
As previously stated	0	0	0	0	2,936	0
Effect of transition to MFRS	0	0	0	0	-11	-11
As restated	0	0	0	0	2,925	2,925
Other comprehensive income	0	0	-1,816	0	0	-1,816
Total comprehensive income for the period	0	0	-1,816	0	2,925	1,109
Dividends for the year ended 31 December 2010	0	0	0	0	0	0
Balance at 31/03/2011	60,000	96,563	-5,969	-96,546	283,006	337,054

\*- 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 2011*

**METROD HOLDINGS BERHAD (916531-A)**

Interim report for the first quarter ended 31 March 2012

**Condensed Consolidated Statements of Cash Flow**

	<b>Current Year To Date ended 31/03/2012 RM'000</b>	<b>Previous Year To Date ended 31/03/2011 RM'000</b>
<b><i>Operating Activities</i></b>		
Cash from operations	-72,484	-59,888
Interest paid	-1,458	-3,300
Tax refund	3	0
Tax paid	-1,128	-2,254
Net cash flow from operating activities	<u>-75,067</u>	<u>-65,442</u>
<b><i>Investing Activities</i></b>		
Purchase of property, plant and equipment	-654	-1,438
Proceeds from disposal of property, plant and equipment	1,188	0
Realisation of investment in subsidiaries	138,292	0
Disposal / (investment) of marketable securities	0	-68
Interest received	960	498
Net cash flow from investing activities	<u>139,786</u>	<u>-1,008</u>
<b><i>Financing Activities</i></b>		
Drawdown of short term borrowings (net)	90,413	71,676
Deposits released from/(pledged as) security for bank borrowings	7,735	-1,131
Repayment of term loan	-7,070	-8,339
Net cash flow from financing activities	<u>91,078</u>	<u>62,206</u>
Changes in cash and cash equivalents	155,797	-4,244
Currency translation differences	3,023	1,870
<b>Cash and cash equivalents</b>		
- at start of year	84,485	119,024
- at end of year	<u>243,305</u>	<u>116,650</u>

*The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011*

**METROD HOLDINGS BERHAD (916531-A)**  
Interim report for the first quarter ended 31 March 2012

*Notes:-*

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

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed reports also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standard Board (IASB). For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed reports are the Group's first MFRS compliant condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for year ending 31 December 2012. MFRS 1: First Time Adoption of Malaysian Financial Reporting Standards ("MFRS") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of event 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 2011.

**Application of MFRS1**

The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS1: The impact of the transition from FRS to MFRS is described as below

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance to FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant 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 2011, except as discussed below:-

**Deemed cost for Property, plant and equipment (PPE)**

The Group elected to apply the optional transition to measure certain property, plant, and equipment at fair value at the date of transition to MFRS and use that fair value as deemed cost under MFRS.

The aggregate fair value of these property, plant and equipment at 1 January 2011 was determined to be RM21,880,000 compared to the then carrying amount of RM8,688,445 under FRS.

The reconciliation for the comparative periods and at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

Impact on the statement of financial position

	Impact of application of exemption under MFRS 1	
As previously stated under FRS	Fair value as deemed cost adjustment	As restated under MFRS
RM'000	RM'000	RM'000

**Reconciliation as at 1 January 2011**

Property Plant & Equipment	246,273	13,192	259,465
Deferred tax assets	32,760	-3,298	29,462
Retained Earnings	270,187	9,894	280,081

**Reconciliation as at 31 March 2011**

Property Plant & Equipment	240,716	13,178	253,894
Deferred tax assets	32,585	-3,295	29,290
Retained Earnings	273,123	9,883	283,006

**Reconciliation as at 1 January 2012**

Property Plant & Equipment	65,000	13,136	78,136
Deferred tax assets	18,804	-3,284	15,520
Retained Earnings	271,473	9,852	281,325

Quarter ended	Year ended
31.3.11	31.12.11
RM'000	RM'000

**Impact on the statement of Comprehensive Income**

Increase in depreciation	14	56
Decrease in tax expense	3	14
Net decrease in comprehensive income	11	42

**MFRSs amendments to MFRSs and IC interpretations issued but not yet effective:**

At the date of authorization of these interim financial statements, the followings MFRSs, amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been adopted by the Group :

MFRSs	Amendments to MFRSs and IC interpretations	Effective for the annual periods beginning on or after
MFRS 9	Financial Instruments (IFRS9 issued by IASB In November 2009 to October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interest in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7	Disclosures – offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS101	Presentation of items of other comprehensive income	1 July 2012
Amendments To MFRS132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

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

The auditors' report for the preceding annual financial statements for the year ended 31 December 2011 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 2012.

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	Continuing Operations		Discontinued Operations			Eliminations RM'000	Group RM'000
	Malaysia RM'000	Others (RM'000)	Rest of Asia RM'000	European Union RM'000	North America RM'000		
<b>Period ending 31.3.2012</b>							
<b>Revenue</b>							
External	285,525	0	32,144	95,291	0	0	412,960
Inter segment revenue	149,222	0	0	78	0	(149,300)	0
<b>Total revenue</b>	<b>434,747</b>	<b>0</b>	<b>32,144</b>	<b>95,369</b>	<b>0</b>	<b>(101,322)</b>	<b>412,960</b>
<b>Results</b>							
Segment Results	2,368	(38)	943	6,102	(1,906)	47,577	55,046
Finance cost							(3,943)
Tax expense							(1,920)
<b>Net profit for the period</b>							<b>49,183</b>
<b>As 31.3.2012</b>							
Segment assets	646,535	52,402	0	0	33,115	(74,531)	657,521
Unallocated assets							16,177
<b>Total assets</b>							<b>673,698</b>
Segment liabilities	25,730	18,266	0	0	36,926	(37,427)	43,495
Unallocated liabilities							244,712
<b>Total liabilities</b>							<b>288,207</b>
<b>Other information</b>							
Depreciation	640	0	1,231	1,655	0	0	3,526
Interest income	(861)	0	(8)	(88)	0	0	(706)
Impairment/(write-back) of impairment of property, plant & equipment	0	0	0	0	0	0	0
Amortisation of intangible Assets	0	0	0	0	0	0	0
Interest expenses	1,003	0	533	799	311	(253)	2,393
Capital expenditure	820	0	49	609	0	0	1,478

**9) Carrying amount of revalued assets**

As disclosed in Note 1 above, the Group has adopted the transition exemption under MFRS1 by measured certain Property, Plant and Equipment (PPE) at the date of transition at their fair values and use that fair values as deemed costs at that date.

**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 except as per announcement made to Bursa on 2<sup>nd</sup> May 2012 regarding completion of disposal of assets in the United States of America.

**11) Changes in composition of the Group**

There were no changes in the composition of the Group during the first quarter ended 31 March 2012, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations except for the disposal by Metrod (Singapore) Pte Ltd on 13 March 2012 of the following:

- (i) 100% of the registered capital of ASTA Holdings GmbH (“ASTA Holdings”); and
- (ii) 1% of the registered capital of ASTA Elektrodraht GmbH (“ASTA Elektrodraht”) (the remaining 99% of the registered capital of ASTA Elektrodraht is held by ASTA Holdings).

**12) Contingent liabilities / assets**

Contingent liability exists in the form of Bank Guarantee and a Letter of Comfort in favour of GEP II Beteiligungs GmbH (GEP) for EUR7.5 million (approximately RM30.7 million) towards any claims arising from representations and warranties made in the Notarial Deed Agreement dated 23 December 2011 between the subsidiary company, Metrod (Singapore) Pte Ltd and GEP for disposal of Group’s International Operations.

Save as disclosed above, there were no other 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 2012 is as follows :

	<u>RM'000</u>
Property, plant and equipment :-	
Authorised and contracted for	0
Authorised but not contracted for	500
<b>Total</b>	<b>500</b>

**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 RM51.103 million and turnover of RM412.960 million. Group’s pre-tax profit was significantly higher compared to corresponding previous year period pre-tax profit of RM5.807 million mainly due to gain on disposal of international operations. Revenue for the first quarter was lower as compared to corresponding previous year quarter of RM542.144 million mainly due to lower copper prices and discontinued operations of US plant during last quarter of 2011.



Demand in Malaysia 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.

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 RM51.103million was significantly higher as compared to preceding quarter's pre-tax loss of RM19.359 million mainly due to gain of disposal of international operations. Preceding quarter loss was mainly due to impairment of assets of discontinued operations in United State of America.

**16) Current year Prospects**

With the completion of disposal of international operations and assets in United State of America, Metrod is now focusing on its current Malaysian operations. We expect the domestic market in Malaysia to hold although the uncertainties associated with economic crisis in EU and recovery of US are increasing. Competition remains high. Credit, commercial and security risks are expected to remain high due to volatile copper prices.

The Board is assessing and evaluating plans for the use of cash proceeds with the objective of maximizing shareholders' value.

The Board expects the performance of the Group for the financial year 2012 to be reasonable in the above context.

**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 31.03.2012 RM'000	Comparative Quarter 31.03.2011 RM'000	Current year YTD 31.03.2012 RM'000	Comparative YTD 31.03.2011 RM'000
<i>In respect of current period</i>				
- Income tax	1,703	2,483	1,703	2,483
- Deferred tax	217	399	217	399
	<b>1,920</b>	<b>2,882</b>	<b>1,920</b>	<b>2,882</b>

The low effective tax rate for the current year quarter was mainly due to gain on disposal of international operations.

**19) Corporate proposals (status as at 17 May 2012)** Save as disclosed below, there are no other corporate proposal announced but not completed as at 17 May 2012:

**Proposed Metrod Singapore Transfer**

- On 16 December 2010, CIMB Investment Bank Berhad ("CIMB") announced on behalf of Metrod (Malaysia) Berhad ("Metrod Malaysia") that Metrod Malaysia proposes to undertake, amongst others, the proposed transfer of its entire shareholding in Metrod (Singapore) Pte Ltd ("Metrod Singapore"), which it holds directly, to the Company ("Proposed Metrod Singapore Transfer").

- On 30 June 2011, CIMB announced on behalf of Metrod Malaysia that the shareholders of Metrod Malaysia had on the same day approved the special resolution pertaining to, amongst others, the Proposed Metrod Singapore Transfer at the Extraordinary General Meeting of Metrod Malaysia.
- The Proposed Metrod Singapore Transfer is expected to be completed by the end of the year 2012.

**20) Group Borrowings and Debt Securities**

Group borrowings and debt securities as at 31 March 2012 are as follows:-

	Amount RM'000	Denominated in Foreign Currency		Secured / Unsecured
		Foreign Currency	Foreign Currency Amount ('000)	
Long-term borrowings				
- Term Loan	19,942	USD	6,500	Unsecured
	<b>19,942</b>			
Short-term borrowings:				
- Foreign Currency Trade Loan	195,370	USD	63,680	Unsecured
- Term Loan	27,612	USD	9,000	Unsecured
	<b>222,982</b>			
<b>Total :</b>	<b>242,924</b>			

**21) 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 as of 17 May 2012.

**22) Earnings per share**

	Current Year Quarter 31/03/12 RM'000	Comparative Year Quarter 31/03/11 RM'000	Current Year To Date 31/03/12 RM'000	Comparative Year To Date 31/03/11 RM'000
<b>Basic</b>				
Net profit for the period (RM'000)	49,183	2,925	49,183	2,925
Weighted average number of ordinary shares in issue ('000)	120,000	120,000	120,000	120,000
Basic earnings per share (sen)	40.99	2.44	40.99	2.44

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 2011.

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.

**23) Continuing Operations and Discontinued Operations**

As disclosed in Note 10, the Group entered has completed disposal of its assets in the United States of America as per announcement made on 2<sup>nd</sup> May 2012 to Bursa. Accordingly, as at 31<sup>st</sup> March 2012, the related assets and liabilities have been presented in the balance sheet as 'assets of disposal group classified as held for sale' and as 'liabilities of disposal group classified held for sale'.

Redistribution of total comprehensive income of the Group for the year between Continuing Operations and Discontinued Operations is as follows :

	RM'000		
	Continued Operations	Discontinued Operations	Total
Net profit for the period attributable to owners for the parent	1120	48,063	49,183
Other comprehensive income for the financial period	(1,039)	3,851	2,812
Total comprehensive income for the period attributable to owners of the parent	81	51,914	51,995
Basic earnings per share (sen)	0.93	40.06	40.99

**24) Profit Before Tax**

Profit before tax is arrived at after (crediting)/ charging the following (incomes) / expenses:

	Current Quarter 31/03/2012 RM'000	Comparative Quarter 31/03/2011 RM'000	Current Year To Date 31/03/2012 RM'000	Comparative Year To Date 31/03/2011 RM'000
Interest income	(706)	(554)	(706)	(554)
Other income	(752)	(565)	(752)	(565)
Interest expense	2,335	3,301	2,335	3,301
Depreciation and amortization	3,526	7,861	3,526	7,861
Provision for and write off of receivables	0	0	0	0
Provision for and write off of inventories	0	0	0	0
(Gain)/ loss on disposal of quoted or unquoted investments or properties	0	0	0	0
Impairment of assets	0	0	0	0
Foreign exchange (gain) /loss (net)	(7,749)	(4,088)	(7,749)	(4,088)
(Gain) / loss on derivatives (net)	(567)	1,733	(567)	1,733
<b>Exceptional items</b>	0	0	0	0
Gain in disposal of subsidiaries	(45,896)	0	(45,896)	0

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

	Group Quarter ended 31 March 2012 RM'000	Group Year ended 31 December 2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	312,160	264,735
- Unrealised	18,348	20,363
	330,508	285,098
Less: Consolidation adjustments	0	(3,773)
Total retained profits as per consolidated accounts	330,508	281,325

**26) Authorisation for issue**

The interim financial statements were issued by the Board of Directors in accordance with a resolution of the directors on **24 May 2012**.