METROD HOLDINGS BERHAD (916531-A)
Interim report for the second quarter ended 30 June 2012

Condensed Consolidated Statements of Comprehensive Income

	Current Quarter 30/06/2012 RM'000	Comparative Quarter 30/06/2011 RM'000	**Current Year To Date 30/06/2012 RM'000**	Comparative Year To Date 30/06/2011 RM'000
Revenue	**289,455**	561,511	**702,415**	1,103,655
Operating expenses	**-286,775**	-554,936	**-701,880**	-1,092,846
Other operating income	**1,022**	4,183	**58,213**	9,390
Profit from operations	**3,702**	10,758	**58,748**	20,199
Finance costs	**-1,394**	-3,898	**-5,337**	-7,532
Profit before tax	**2,308**	6,860	**53,411**	12,667
Taxation	**723**	-3,722	**-1,197**	-6,604
Profit after tax	**3,031**	3,138	**52,214**	6,063
Minority interest	**0**	0	**0**	0
Net profit for the period attributable to owners of the parent	**3,031**	3,138	**52,214**	6,063
Other comprehensive income				
Currency translation differences	**-1,691**	1,276	**1,121**	-540
Other comprehensive income for the financial period	**-1,691**	1,276	**1,121**	-540
Total comprehensive income for the period attributable to owners of the parent	**1,340**	4,414	**53,335**	5,523
Earnings per share (Sen)				
- Basic	**2.53**	2.62	**43.51**	**5.05**
- 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 second quarter ended 30 June 2012

Condensed Consolidated Statements of Financial Position

	As at Current Financial Period end 30/06/2012 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
Non current assets			
Property, plant and equipment	**45,417**	78,136	259,465
Deferred tax assets	**16,348**	15,520	29,462
Intangible assets	**1,616**	1,616	1,848
Goodwill on consolidation	**0**	0	20,411
	63,381	95,272	311,186
Current assets			
Inventories	**135,975**	103,431	216,714
Trade and other receivables	**213,315**	145,068	239,818
Derivative financial assets	**81**	1,744	4,297
Deposits, bank and cash balances	**172,420**	52,847	140,403
Tax recoverable	**558**	280	3,085
	522,349	303,370	604,317
Assets of disposal group classified as held-for-sale	**0**	389,762	0
	522,349	693,132	604,317
Less : Current Liabilities			
Trade and other payables	**54,654**	43,582	128,134
Provision	**10,033**	377	1,290
Derivative financial liabilities	**193**	250	78
Current tax liabilities	**722**	86	179
Post-employment benefit obligations	**210**	881	801
Short term bank borrowings (interest bearing)	**127,899**	136,547	287,552
	193,711	181,723	418,034
Liabilities of disposal group classified as held-for-sale	**0**	239,656	0
	193,711	421,379	418,034
Net Current Assets	**328,638**	271,753	186,283
Less: Non current liabilities			
Term loan	**0**	27,799	121,123
Post-employment benefit obligations	**4,367**	3,814	22,219
Deferred tax liabilities	**821**	836	1,409
Non current tax liabilities	**0**	0	12,174
Deferred income	**0**	1,080	4,599
	5,188	33,529	161,524
	386,831	333,496	335,945
Capital and reserves			
Share capital	**60,000**	60,000	60,000
Share premium	**96,563**	96,563	96,563
Currency translation reserve	**-6,725**	-7,846	-4,153
Retained earnings	**333,539**	281,325	280,081
Internal reorganisation reserve	**-96,546**	-96,546	-96,546
	386,831	333,496	335,945

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 second quarter ended 30 June 2012

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	Currency translation reserves RM'000	Internal Reorganisation Reserve * RM'000	Retained earnings RM'000	Total RM'000
6 months ended 30/06/2012						
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*	*52,214*	*52,214*
Other comprehensive income	*0*	*0*	*1,121*	*0*	*0*	*1,121*
Total comprehensive income for the period	0	0	1,121	0	52,214	53,335
Dividends for the year ended 31 December 2011	0	0	0	0	0	0
Balance at 30/06/2012	60,000	96,563	-6,725	-96,546	333,539	386,831
6 months ended 30/6/2011						
As previously reported	60,000	17	-4,153	0	270,187	326,051
Arising from internal reorgainsation	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
Net profit for the period						
As previously stated	0	0	0	0	6,085	0
Effect of transition to MFRS	0	0	0	0	-22	-22
As restated	0	0	0	0	6,063	*6,063*
Other comprehensive income	*0*	*0*	*-540*	*0*	*0*	*-540*
Total comprehensive income for the period	0	0	-540	0	6,063	5,523
Dividends for the year ended 31 December 2010	0	0	0	0	0	0
Balance at 30/06/2011	60,000	96,563	-4,693	-96,546	286,144	341,468

*- 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 second quarter ended 30 June 2012

Condensed Consolidated Statements of Cash Flow

	Current Year To Date ended 30/06/2012 RM'000	Preceding Year To Date ended 30/06/2011 RM'000
Operating Activities		
Cash from operations	**-64,061**	-43,944
Interest paid	**-2,574**	-5,998
Tax refund	**3**	0
Tax paid	**-1,386**	-4,364
Net cash flow from operating activities	**-68,018**	-54,306
Investing Activities		
Purchase of property, plant and equipment	**-855**	-2,406
Proceeds from disposal of property, plant and equipment	**37,533**	0
Realisation of investment in subsidiaries	**137,830**	0
Disposal / (investment) of marketable securities	**0**	-116
Interest received	**1,351**	1,249
Net cash flow from investing activities	**175,859**	-1,273
Financing Activities		
(Repayment)/ drawdown of short term borrowings (net)	**17,935**	53,390
Deposits released from securities (net)	**7,735**	-2,802
(Repayment) / drawdown of term loan (net)	**-55,470**	-16,453
Net cash flow from financing activities	**-29,800**	34,135
Changes in cash and cash equivalents	**78,041**	-21,444
Currency translation differences	**-956**	2,275
Cash and cash equivalents		
- at start of year	**84,485**	119,024
- at end of year	**161,570**	99,855

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 second quarter ended 30 June 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.

<u>Application of MFRS1</u>

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	As previously stated under FRS	Impact of application of exemption under MFRS 1 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 30 June 2011			
Property Plant & Equipment	236,793	13,164	249,957
Deferred tax assets	33,145	-3,291	29,854
Retained Earnings	276,272	9,872	286,144
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 30.6.11	Year to Date 30.6.11	Year ended 31.12.11
	RM'000	RM'000	RM'000
Impact on the statement of Comprehensive income			
Increase in depreciation	14	28	56
Decrease in tax expense	(3)	(6)	(14)
Net decrease in comprehensive income	11	22	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 30 June 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:

	Continuing Operations		Discontinued Operations				
Segment reporting	**Malaysia RM'000**	**Others (RM'000)**	**Rest of Asia RM'000**	**European Union RM'000**	**North America RM'000**	**Eliminations RM'000**	**Group RM'000**
Period ending 30.6.2012							
Revenue							
External	574,980	0	32,144	95,291	0	0	702,415
Inter segment revenue	148,190	0	0	78	0	(148,268)	0
Total revenue	723,170	0	32,144	95,369	0	(148,268)	702,415
Results							
Segment Results	1,462	(62)	943	6,102	2,355	47,948	58,748
Finance cost							(5,337)
Tax expense							(1,197)
Net profit for the period							52,214)
As 30/6/2012							
Segment assets	539,720	43,822	0	0	1,493	(16,210)	568,825
Unallocated assets							16,906
Total assets							585,731
Segment liabilities	37,290	10,386	0	0	892	20,891	69,459
Unallocated liabilities							129,441
Total liabilities							198,900
Other Information							
Depreciation	1,278	0	1,231	1,655	0	0	4,164
Interest income	(1,194)	0	(8)	(88)	0	169	(1,121)
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	1,841	0	533	799	311	(169)	3,173
Capital expenditure	972	0	49	609	0	0	1,630

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 announcements made to Bursa on 3 July 2012, 19 July 2012 and 23 July 2012 regarding a claim against the indirect subsidiary company, Metrod (Singapore) Pte Ltd.

11) Changes in composition of the Group

There were no changes in the composition of the Group during the second quarter ended 30 June 2012, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

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 RM30.1 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 30 June 2012 is as follows :

	RM'000
Property, plant and equipment :-	
Authorised and contracted for	0
Authorised but not contracted for	500
Total	500

14) Review of the performance of the Company and its principal subsidiaries

For the second quarter under review, the Group recorded a pre-tax profit of RM2.308 million and turnover of RM289.455 million. Cumulatively, Group's pre-tax profit of RM53.411 million was significantly higher as compared to corresponding previous year period pre-tax profit of RM12.667 million mainly due to gain on disposal of international operations. Revenue for the second quarter and cumulatively was lower as compared to corresponding previous year quarter of RM1103.655 million mainly due to disposal of international operations during first quarter this year and assets in the United States of America during second quarter this year.

Demand in Malaysia during current quarter 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 RM2.308 milion was significantly lower as compared to preceding quarter's pre-tax profit of RM51.103 million mainly due to gain of disposal of international operations during preceding quarter.

16) Current year Prospects

With the completion of disposal of international operations and assets in United States 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 recession in EU and slowdown in US, China and India remains. 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 30.06.2012 RM'000	Comparative Quarter 30.06.2011 RM'000	**Current year YTD 30.06.2012 RM'000**	Comparative YTD 30.03.2011 RM'000
In respect of current period				
- Income tax	**30**	4,100	**1,733**	6,583
- Deferred tax	**(753)**	(378)	**(536)**	21
	(723)	3,722	**1,197**	6,604

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 15 August 2012) Save as disclosed below, there are no other corporate proposal announced but not completed as at 15 August 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 30 June 2012 are as follows:-

	Amount RM'000	Denominated in Foreign Currency		Secured / Unsecured
		Foreign Currency	Foreign Currency Amount ('000)	
Short-term borrowings: - Foreign Currency Trade Loan	127,899	USD	40,100	Unsecured
	127,899			
Total :	127,899			

21) Changes in Material litigation (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 15 August 2012 except as per the announcement on 19 July 2012 that the indirect subsidiary company, Metrod (Singapore) Pte Ltd (Metrod Singapore) has received a statement of claim from GEP II Beteiligungs (GEP) for alleged breach of certain guarantees, representations and warranties, indemnifications and covenants as set out in the notarial deed agreement dated 23 December 2011 in relation to the disposal by Metrod Singapore of the international operation of the Group. Metrod Singapore and its legal counsel are currently in the process of assessing the validity of the claim and preparing a rebuttal and response accordingly.The claims are not expected to have any material adverse operational impact on the Group

22) Earnings per share

	Current Year Quarter 30/06/12 RM'000	Comparative Year Quarter 30/06/11 RM'000	**Current Year To Date 30/06/12 RM'000**	Comparative Year To Date 30/06/11 RM'000
Basic Net profit for the period (RM'000)	**3,031**	3,138	**52,214**	6,063
Weighted average number of ordinary shares in issue ('000)	**120,000**	120,000	**120,000**	120,000
Basic earnings per share (sen)	**2.53**	2.62	**43.51**	5.05

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) Profit Before Tax

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

	Current Quarter 30/06/2012 RM'000	Comparative Quarter 30/06/2011 RM'000	**Current Year To Date 30/06/2012 RM'000**	Comparative Year To Date 30/06/2011 RM'000
Interest income	(415)	(580)	(1,121)	(1,134)
Other income	(145)	(803)	(897)	(1,368)
Interest expense	838	3,639	3,173	6,940
Depreciation and amortization	638	7,481	4,164	15,342
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)	(7,500)	(2,800)	(249)	(6,888)
(Gain) / loss on derivatives (net)	676	2,291	109	4,024
Exceptional items	0	0	0	0
Gain in disposal of subsidiaries	0	0	(45,896)	0

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

	Group Quarter ended 30 June 2012 RM'000	Group Year ended 31 December 2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	**320,991**	264,735
- Unrealised	**12,548**	20,363
	333,539	285,098
Less: Consolidation adjustments	**0**	(3,773)
Total retained profits as per consolidated accounts	**333,539**	281,325

25) Authorisation for issue

The interim financial statements were issued by the Board of Directors in accordance with a resolution of the directors on **22 August 2012**.