

# Annual Report 2001

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**METROD (MALAYSIA) BERHAD**

(66954 H)



**Metrod**

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## Corporate Information

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### BOARD OF DIRECTORS

The Lord Bagri CBE (*Chairman*)

The Lady Bagri

The Hon. Apurv Bagri (*Vice Chairman*)

Y. B. Dato' Azlan Hashim

Y. B. Datuk Nik Ibrahim bin Nik Abdullah

Abu Hassan Kendut

Ashari bin Ayub

Pratik Basu

### SECRETARY

Yeap Kok Leong (MAICSA No: 0862549)

### AUDITORS

PricewaterhouseCoopers, *Chartered Accountants*

### PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad

RHB Bank Berhad

Standard Chartered Bank Malaysia Berhad

### REGISTRARS

TENAGA KOPERAT SDN BHD

20th Floor, Plaza Permata

Jalan Kampar, Off Jalan Tun Razak

50400 Kuala Lumpur

Tel: (03) 40416522

Fax: (03) 40426352

### REGISTERED OFFICE

20th Floor, East Wing, Plaza Permata

Jalan Kampar, Off Jalan Tun Razak

50400 Kuala Lumpur

Tel: (03) 40439411

Fax: (03) 40431233

### STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange Main Board

## Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **Twenty-First** Annual General Meeting of the Company will be held at Johore Room, Lower Lobby, Shangri-La Hotel, No. 11, Jalan Sultan Ismail, 50250 Kuala Lumpur on **Friday, 26 April 2002 at 10.30 a.m.** for the following purposes:-

### AGENDA

1. To receive and adopt the Statutory Financial Statements for the year ended 31 December 2001 and the Reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To approve first and final dividend of 10 sen per share (tax exempt) for the year ended 31 December 2001. *(Resolution 2)*
3. To re-elect the following Directors retiring in accordance with Article 65 of the Company's Articles of Association and being eligible offer themselves for re-election:
  - a) The Hon. Apurv Bagri *(Resolution 3)*
  - b) Mr Pratik Basu *(Resolution 4)*
4. To re-elect the following Directors retiring in accordance with Article 70 of the Company's Articles of Association and being eligible offer themselves for re-election:
  - a) Encik Abu Hassan Kendut *(Resolution 5)*
  - b) Encik Ashari bin Ayub *(Resolution 6)*
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 7)*

### AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:-

6. **Appointment of The Lord Bagri CBE as a Director pursuant to Section 129(6) of the Companies Act, 1965** *(Resolution 8)*

“THAT The Lord Bagri CBE being over the age of 70 years and retiring in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company”.
7. **Allotment of Shares pursuant to Section 132D of the Companies Act, 1965** *(Resolution 9)*

“THAT subject always to the Companies Act, 1965 and the approvals of the regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”
8. To transact any other business for which due notice shall have been given.

NOTICE IS ALSO HEREBY GIVEN THAT the Register of Members will be closed from **4 June 2002** to **5 June 2002** both dates inclusive to determine shareholders' entitlement to the dividend payment. The dividend, if approved, will be paid on **28 June 2002** to shareholders whose names appear in the record of depositors on **3 June 2002**.

FURTHER NOTICE IS HEREBY GIVEN THAT a depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 3 June 2002 in respect of ordinary transfer.
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD

**YEAP KOK LEONG (MAICSA NO: 0862549)**

Company Secretary

Kuala Lumpur  
4 April 2002

**Notes:**

- i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
- ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a Corporation either under seal or under the hand of an officer or attorney duly authorised.
- iii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- iv) **Explanatory Notes on Special Business:-**

Section 129(6) of the Companies Act, 1965

Pursuant to Section 129(6) of the Companies Act, 1965, the proposed Ordinary Resolution under item 6, is to seek shareholders' approval on the appointment of Director who is over the age of seventy years.

Section 132D of the Companies Act, 1965

In accordance with the Companies Act, 1965, the Directors would have to call a general meeting to approve the issue of new shares even though the number of shares involved is less than 10% of the issued capital. In order to avoid any delay and cost involved in convening such a general meeting, it is considered appropriate to seek the shareholders' approval for the Directors to issue shares in the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

- v) The particulars of all Directors seeking re-election are set out on pages 5 to 7 of the Annual Report and the attendances of directors at board meetings are set out in the Corporate Governance Statement on page 11.

## Directors' Profile

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### **The Lord Bagri CBE (Rajkumar Bagri)**

*Non-Independent, Non-Executive Director*

The Chairman of the Board of Directors, The Lord Bagri who is 72 years old and of British nationality was appointed to the Board of Metrod on 28 October 1981. He has been actively involved in the Metal Trade and Industry for over 57 years. He began his career in India and moved to London in 1959. He started his own company, Metdist Limited, in London in 1970. He also started Metdist Trading Limited which is one of the 11 Ring Dealing Members of the London Metal Exchange ("LME"). The LME is by far the largest base metals futures market in the world with an annual turnover of well over USD2,000 billion. Most of the major mining and metal companies as well as commercial and investment bankers in the world are LME Members along with others involved in the metals trade and industry.

He was responsible for the setting up of Metrod in 1981. This was followed by the establishment of MetTube Sdn Bhd in 1989. MetTube Sdn Bhd is involved in the manufacturing of thin wall and inner grooved copper tubes for the air conditioning industry. He controls and presides over a group of companies dealing with the trading and manufacture of non-ferrous metals in general and copper products in particular.

He was elected to the Management Committee of LME in 1973 and appointed Vice-Chairman of the LME in 1990. In 1993, he took over as the Chairman of LME, the first person of non-British origin to hold this prestigious appointment in 123 years of the Exchange's history.

He is internationally recognised as a world leader in the field of non-ferrous metals. The Lord Bagri was made a Life Peer in 1997 and was previously awarded with the honour of the Commander of Most Excellent Order of the British Empire (CBE) in 1995 by Her Majesty the Queen of England for his services to the metals industry.

The Lord Bagri is a member of the Malaysian British Business Council, jointly set up by the Malaysian and British Governments to promote trade and investments between the two countries.

The Lord Bagri CBE was conferred with a Degree of Doctor of Science (Honoris Causa) by the City University in May 1999 and in July 2000 he received from the University of Nottingham a Degree of Doctor of Science (Honoris Causa).

The Lord Bagri is actively involved in a number of charitable and cultural organisations.

### **The Lady Bagri (Usha Bagri)**

*Non-Independent, Non-Executive Director*

The Lady Bagri who is 63 years old and of Indian nationality was appointed to the Board of Metrod on 13 March 1985. She has for many years been a Director and Secretary of a number of the Metdist Group of companies and is a keen observer of metal trade and industry internationally. She is also actively involved in various cultural and charitable organisations.

**The Hon. Apurv Bagri (Apuv Bagri)**

*Non-Independent, Non-Executive Director*

The Hon. Apurv Bagri who is 43 years old and of Indian nationality was appointed to the Board of Metrod on 28 October 1981. He is an Honours Graduate in Business Administration from the City University Business School in London which he obtained in 1980 and is a Alumnus of the Wharton Business School.

He has been with the Metdist Group of Companies for 22 years and has overall responsibility for most of the Group's activities. He is a Director of MetTube Sdn Bhd in Malaysia.

He is the Chairman of the International Wrought Copper Council (IWCC) which represents the Global Copper fabricating industry. He is a member of the South Asia Committee of IFSL (formerly British Invisibles). Amongst his non-business responsibilities, he is the Chairman of Asia-Pacific Advisory Board of London Business School and the International Board of Overseers at the City University Business School. He is also a Commissioner of the Crown Estate Paving Commission, and a Trustee of Asia House.

He is in addition the President of the U.K. chapter of the Indus Entrepreneurs (TiE UK) and a Trustee of TiE Global.

**Y. B. Dato' Azlan Hashim**

*Independent, Non-Executive Director*

Dato' Azlan Hashim who is 60 years old and of Malaysian nationality was appointed to the Board of Metrod on 24 May 1991. He also sits on the Board Audit Committee of Metrod. Dato' Azlan is a Fellow of the Institute of Chartered Accountants (Ireland), Fellow of Economic Development Institute, World Bank, Washington DC, U.S.A., and Certified Public Accountant. He is also a Fellow of Institute of Bankers Malaysia. He studied accountancy in Ireland and returned to Malaysia in 1966 to begin his career as the Assistant Chief Accountant of Malayan Railways from 1966 to 1970. He was promoted to Chief Accountant in 1970, a post he held for two years. In 1972 he became a Partner in Azman Wong Salleh & Co and was a Senior Partner of the firm prior to joining Arab-Malaysian Development Berhad ("AMDB") as Managing Director from 1981 to 1991.

Dato' Azlan is now the Director/Deputy Chairman of AMDB, AMMB Holdings Berhad, Arab-Malaysian Finance Berhad, Arab-Malaysian Merchant Bank Berhad and a Director of Arab-Malaysian Bank Berhad, Arab Malaysian Property Trust Management Berhad, and the Chairman/Director of Arab-Malaysian Assurance Berhad. He also sits on the Boards of various companies as Executive Vice-Chairman of Arab-Malaysian Corporation Berhad, Director of Kumpulan Perangsang Selangor Berhad, Paramount Corporation Berhad, Sapura Motors Berhad, Kesas Holdings Bhd and several other private companies.

**Y. B. Datuk Nik Ibrahim bin Nik Abdullah**

*Non-Independent, Non-Executive Director*

Datuk Nik Ibrahim who is 58 years old and of Malaysian nationality was appointed to the Board of Metrod on 26 July 1990. He also sits on the Board Audit Committee of Metrod. He graduated with Bachelor of Economics from University of Malaya, Malaysia. In 1970, he was attached to the Ministry of Finance as Assistant Secretary (Finance Division) from 1970 to 1972 and Malaysian Industrial Development Authority ("MIDA") as an Economist from 1968 to 1970 and from 1972 to 1974. He joined Bank Pembangunan & Infrastruktur Malaysia Berhad in 1974 as a Manager of Research and Business Development and was promoted to General Manager, Banking in 1987. He is now the Chief Operating Officer/Director of the Bank. He also sits on the Board of HPI Resources Berhad and several private companies.

**Abu Hassan Kendut**

*Independent Non-Executive Director*

Encik Abu Hassan Kendut who is 60 years old and of Malaysian nationality was appointed to the Board of Directors and Board Audit Committee of Metrod on 28 December 2001. He is a member of the Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants. He began his career with Messrs Turquand Young's & Co, Kuala Lumpur and later joined Malaysian Airline System Berhad as its Finance Manager. He joined Messrs Coopers & Lybrand in 1974 and retired as Senior Partner in 1997. Currently he is a Director of Khazanah Nasional Berhad, Rating Agency Malaysia Berhad, United Engineers (Malaysia) Berhad, Intria Berhad, Cement Industries of Malaysia Berhad, John Hancock Life Insurance (Malaysia) Berhad, Kumpulan Fima Berhad and several public and private companies. He was also a member of the Corporate Debt Restructuring Committee of Bank Negara and board member of Employees Provident Fund.

**Ashari bin Ayub**

*Independent Non-Executive Director*

Encik Ashari bin Ayub who is 60 years old and of Malaysian nationality was appointed to the Board of Directors and Board Audit Committee of Metrod on 28 December 2001. He is a member of Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants. He was previously the Senior Partner of Coopers & Lybrand, Kuala Lumpur until his retirement in 1994. Encik Ashari also holds non-executive directorships in Auto Industries Ventures, Jotech Holdings Berhad and BCB Berhad.

**Pratik Basu**

*Managing Director*

Mr Pratik Basu, who is 57 years old and of Indian nationality holds a Bachelor of Commerce (Honours) from The University of Calcutta, India and is a member of the Institute of Chartered Accountants, India since 1967 and also of the Institute of Cost and Management Accountants, London since 1969. He started his career with Pricewaterhouse and Co. in 1964 and then as the Group Finance Executive in Andrew Yule & Co. Ltd. from 1967 to 1969. In 1969, he joined ICI (India) Ltd as Group Finance Manager and worked in several responsibilities in finance, planning, supply management, human resources, information technology and management service functions for a period of 14 years. He joined TVS-Suzuki Ltd. as the General Manager, Finance and Administration in 1983 as a member of the project team to set up the first Japanese venture in the Indian automobile sector. His last appointment before joining Metrod was with Asea Brown Boveri Ltd. (ABB) as the Corporate Vice-President responsible for Power Transmission and Power Generation segments and Corporate Finance from 1986 to 1997. Mr Basu was trained in International Management at the Swedish Institute of Management, Stockholm. He joined Metrod (Malaysia) Bhd in 1997 and is now the Managing Director and Chief Executive Officer. He was also appointed a member of the Audit Committee of Metrod on 20 November 1997.

***Conflict of interest***

*None of the Directors has any family relationship with other Directors except for The Lord Bagri and The Lady Bagri who are husband and wife and their son The Hon. Apurv Bagri.*

*None of the Directors has any conflict of interest in the company.*

***Securities holdings in the company and its subsidiaries***

*None of the Directors hold any shares in the Company and its subsidiaries.*

***Convictions for offences***

*None of the Directors have been convicted for offences within the past ten (10) years.*

## Chairman's Statement



*On behalf of the Board of Directors, I have great pleasure in presenting the Annual Report and the audited Financial Statements of your Company and of the Group for the financial year ended 31 December 2001.*

### OVERVIEW

The Malaysian economy registered a growth of only 0.4% in Gross Domestic Product (GDP) during 2001 as compared to 8.3% in the year 2000. The manufacturing sector, most notably the electronics and electrical industry, felt the impact of the sharp downturn in the US economy. The recovery in domestic demand was slow due to over-capacity in the construction sector. The company faced severe competition in domestic and export sectors with new capacities being added in an already over-supplied market. Credit risks in the domestic market increased significantly due to the deteriorating financial condition of the wire and cable industry which remains fragmented and over-built.

In spite of these difficult business conditions, the performance of the Group was creditable especially when viewed in the context of the market environment in which it operates. The Group was able to achieve pre-tax profit of RM10.018 million and an after-tax profit of RM9.486 million for the financial year 2001. The Group registered a lower earnings per share of 23.7 sen in the year 2001 compared to earnings per share of 26.5 sen in the financial year 2000.

### DIVIDEND

Your Board proposes to maintain a dividend at 10% for the year ending 31 December 2001 subject to the approval of the shareholders in the forthcoming annual general meeting. The dividend is tax-exempt in the hands of shareholders.

### PROSPECTS

There is a general consensus that global economic conditions are improving. The pace of any recovery is however expected to be only moderate. The Malaysian government's expansionary fiscal and monetary policies, in particular high liquidity and low interest rates, have helped to contain the contagion effect of the global slow-down. The stimulus package announced by the Malaysian government especially for the construction sector is expected to help improve demand for the company's products.

We expect the year ahead to continue to be challenging with competition and the excess capacity in the region keeping business conditions very tough. Against this backdrop our strategy is to stay focused and continuously improve operating efficiencies and productivity, while looking into all possible new opportunities for growth.

#### **B O A R D   A P P O I N T M E N T S**

On behalf of the Board, I welcome Mr Abu Hassan Kendut and Mr Ashari bin Ayub who were appointed on 28 December 2001 as independent directors on the Board and the Audit Committee. I am sure that their considerable experience will be extremely useful to the Board and the Company.

#### **S H A R E   C A P I T A L**

As per Securities Commission requirements, a listed company on the main board is required to have a minimum paid-up share capital of RM60 million by 31 December 2002. Metrod will meet this requirement within the stipulated time.

#### **A C K N O W L E D G E M E N T**

Our success would not have been possible without the continued support of our valued customers, business partners and associates, bankers and the relevant government authorities. We sincerely thank them and look forward to their continued support in the coming years.

The overall satisfactory performance of the Company was due to the commitment, dedication and contribution of our people who worked together as a team. I take this opportunity to thank them all, as well as my fellow directors, management team and all members of the Metrod family for their valuable contribution.

On behalf of the Board of Directors, I would also like to express our sincere thanks to our shareholders for their continued support to the Company.

Thank you.

**THE LORD BAGRI CBE**  
Chairman

# Corporate Governance Statement

## INTRODUCTION

The Malaysian Code on Corporate Governance was formalised in March 2000 which sets out the broad principles and best practices for public listed companies.

The Board of Directors is committed to ensure that the highest standards of corporate governance are practised throughout the Group in discharging its responsibilities with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders value. To this end, the Board fully supports good Corporate Governance.

## THE BOARD OF DIRECTORS

An effective Board leads and controls the Group. The Board of Metrod takes full responsibility in ensuring the effective performance of the Company and the Group in all areas of operation, finance, business development, research and development, administration as well as customers and shareholders' satisfaction. The Board recognises that it has overall responsibility for corporate governance and strategic direction and has adopted the six specific responsibilities as listed in the Code.

### (a) Composition

The Board of Directors of Metrod is made up of eight (8) members comprising a Non-Independent Non-Executive Chairman, three (3) Non-Independent Non-Executive Directors, three (3) Independent Non-Executive Directors and a Managing Director. With the appointment of Encik Abu Hassan Kendut and Encik Ashari bin Ayub to the Board effective 28 December 2001, the number of independent directors has increased from one to three to comply with the revamped Kuala Lumpur Stock Exchange ("KLSE") Listing Requirements on Board's composition. The Board is satisfied with the Board's composition in respect of minority representation, as well as with regards to representation of the largest shareholder and other shareholders.

The current Directors with their diverse wealth of skills, experience and knowledge of finance, banking and general management contribute significantly towards the objectives and advancement of the Company.

Y.B. Dato' Azlan Hashim acts (Independent Non-Executive Director and Chairman of Audit Committee) as Senior Independent Non-Executive Director of the Board to whom any concerns may be conveyed.

The roles of the Chairman and Managing Director are separate with clear responsibilities divided between them to ensure balance of power and authority. Formal position descriptions for the Chairman and the Managing Director outlining their respective roles and responsibilities are in place.

The Managing Director implements the policies and decisions of the Board, overseeing both operations and business development. Independent Directors together with other Non-Executive Directors also contribute significantly in the areas of policy, performance monitoring and allocation of resources and enhancements of control and governance.

Newly appointed Directors have already been briefed by the Management through an orientation and education programme on the operations of the Group as well as the products and services offered.

The profile of each of the Directors is set out on pages 5 to 7 of this Annual Report. All Directors have served full year except for Encik Abu Hassan Kendut and Encik Ashari bin Ayub who were only appointed to the Board of Metrod on 28 December 2001.

**(b) Board Meetings**

The Board meets ordinarily four times per financial year, with additional meetings convened as necessary.

During the financial year ended 31 December 2001, four (4) Board Meetings were held. During the meetings, the Board reviewed the Group's finance and business performance, draft announcements on the quarterly results, major investments decisions and other matters raised in relation to the business of the Group.

Details of the attendance of each Director are as follows:

<b>Director</b>	<b>Status</b>	<b>No of Meetings Attended</b>	<b>%</b>
The Lord Bagri CBE	Non-Independent Non-Executive Chairman	4	100
The Lady Bagri	Non-Independent Non- Executive Director	2	50
The Hon. Apurv Bagri	Non-Independent Non-Executive Director	4	100
Mr Pratik Basu	Managing Director	4	100
Y. B. Dato' Azlan Hashim	Independent Non-Executive Director	4	100
Y. B. Datuk Nik Ibrahim bin Nik Abdullah	Non-Independent Non-Executive Director	4	100
Encik Abu Hassan Kendut* <i>(appointed on 28/12/2001)</i>	Independent Non-Executive Director	0	Not Applicable
Encik Ashari bin Ayub* <i>(appointed on 28/12/2001)</i>	Independent Non-Executive Director	0	Not Applicable

\* No meeting was held during the period from the date of their appointment to 31 December 2001.

Steps are being taken to amend the Articles of Association of the Company to enable Directors residing abroad and/or travelling to attend Board Meetings via electronic means like telephone conferencing, video conferencing or other communication equipment.

The Chairman undertakes primary responsibility for organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis.

There is a schedule of matters reserved specifically for the Board's decision, to ensure that the direction and control of the Company and the Group is firmly in its hands.

The Directors are notified well in advance of every meeting and Board papers issued are circulated sufficiently prior to the Meetings to enable Directors to deliberate on the issue to be raised at the meetings and to obtain further explanations, where necessary, in order to be briefed properly before the meeting. Minutes of the Board Meetings are maintained by the Company Secretary.

All Directors have access to the advice and services of the Company Secretary. Where necessary, the Directors, whether as a Board or in their individual capacity, may engage independent professionals at the Company's expense in the furtherance of their duties. All Directors also have access to all information within the Company whether as a full board or in their individual capacity.

**(c) Appointment and Re-election of the Board**

In accordance with Article 65 of the Company's Articles of Association, one third (1/3) of the Directors including Managing Director shall retire from office at each Annual General Meeting. Thereafter, they may offer themselves for re-election.

Shareholders' approval was also obtained at the Annual General Meeting held on 23 May 2001 for the Company's Articles of Association to be amended to take into account the Kuala Lumpur Stock Exchange Listing Requirements requiring all Directors to offer themselves for re-election once every three years.

At the forthcoming AGM, The Hon. Apurv Bagri and Mr Pratik Basu shall retire by rotation and have offered themselves for re-election.

Encik Abu Hassan Kendut and Encik Ashari bin Ayub who were appointed to the Board of Metrod during the year i.e. 28 December 2001 shall also retire pursuant to Article 70 of the Company's Articles of Association and have offered themselves for re-election.

The Articles of Association are being amended to enable independent directors to retire from office once every two years to enhance the Company's Corporate Governance practice.

The Board has access to the services of the Company Secretary who ensures that all appointments are properly made and that all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements of KLSE or other regulatory requirements.

**(d) Directors' Remuneration**

The remunerations of the Directors are determined at a level which enables the Group to attract and retain Directors with relevant experience and expertise needed to assist in managing the Group effectively. Currently, the Board undertakes the process of determining the fee, remuneration and other remuneration packages payable to executive and non-executive directors on a competitive scale with other organisations within the same industry. The determination of the remuneration of all directors is a matter for the Board as a whole.

In the case of Managing Director, remuneration is linked to individual performance. Performance is measured against profits and targets set in the Group's annual plan having regard to prevailing market and economic conditions. In the case of non-executive directors, the level of remuneration reflects the level of responsibilities undertaken by the particular Non-Executive Director concerned.

During the financial year ended 31 December 2001, the remuneration of the Directors were as follows:-

<b>Directors' Remuneration</b>	<b>Managing Director</b>	<b>Non-Executive Director</b>
RM800,000 to RM850,000	1	—
RM50,000 and below	—	—
Salary and other remuneration (RM)	735,627	—
Benefits-in-kind (RM)	104,419	—
Total (RM)	840,046	—

**(e) Directors' Training**

All Directors of Metrod have attended the KLSE's Mandatory Accreditation Programme ("MAP") pursuant to the requirements of the KLSE Listing Requirements. Directors do receive updates from time to time particularly on relevant new laws and regulations.

**THE BOARD COMMITTEES**

**Audit Committee**

The Board has delegated specific responsibilities to an Audit Committee, the details of which are set out on pages 16 to 19. The terms of reference of the Committee were reviewed during the year to be consistent with the latest KLSE listing requirements. The Committee has the authority to examine particular issues and report back to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire board.

**Nomination and Remuneration Committees**

In the context of the present nature and size of the activities of the Company, the Board feels that the need for formation of this committee should be reviewed at a later date. The Board considers that matters such as appointments to the Board, annual review of required mix of skills and experience of the Board, process for annual assessment of the effectiveness of the Board as a whole and contribution of each individual director and the remuneration paid to all directors including executive director are matters to be considered by the Board as a whole.

**SHAREHOLDERS**

**(a) Dialogue with Investors**

The Company recognises the importance of timely dissemination of information to shareholders and other stakeholders. The Board is committed to ensure that they are well informed of all major developments of the Company and the information is communicated to them through the following:

- (i) the Annual Report;
- (ii) quarterly financial statements to provide an overview of the Group's business activities and performance;
- (iii) the various disclosures and announcements made to the KLSE; and
- (iv) Metrod's website at *www.metrod.com*.

Enquiries by shareholders are dealt with as promptly as practicable.

**(b) General Meetings**

The Company's Annual General Meeting serves as a principal forum for dialogue with shareholders. Shareholders are encouraged to attend and opportunity is given to them to ask questions and to seek clarifications on the business and performance of the Group. Suggestions from shareholders are reviewed and implemented, if possible. Directors and senior management staff are present at the AGM to attend to shareholders' questions. The Chairman of the Audit Committee is also usually available to respond to shareholders' questions.

Where appropriate, the Chairman of the Board will undertake to provide the questioner with a written answer to any significant question that cannot be readily answered on the spot.

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of the proposed resolution.

## **ACCOUNTABILITY AND AUDIT**

### **(a) Director's Responsibility Statement**

The Group and Company's financial statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Board of Directors is responsible to ensure that the financial statements of the Group and the Company give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year. The Statement by Directors' pursuant to Section 169(15) of the Companies Act, 1965 is set out on page 23 of this Annual Report. The Directors have prepared these financial statements on an on-going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

### **(b) Financial Reporting**

In presenting the annual financial statements and quarterly announcements to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee of the Board assists by scrutinizing the information to be disclosed, to ensure accuracy, adequacy and transparency. This also applies to other price-sensitive public reports and reports to regulators.

### **(c) Statement of Internal Control**

The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders' investment and Group's assets, and to provide reasonable assurance on the reliability of the financial statements. In addition, equal priority is given to internal control of its business management and operational techniques. While the internal control system is devised to cater for the particular needs of the Group and the risks to which it is exposed, such controls by their nature can only provide reasonable assurance but not absolute assurance against material misstatement or loss. The management has put in place an effective system of periodic reporting of financial and operational information to control the Group's activities and its assets and liabilities.

Clear reporting structure ensures financial and operational reports are periodically prepared and presented to Management or Board for discussion and review on a timely basis. Scheduled and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues.

### **(d) Audit Committee**

The Audit Committee meets regularly with the Chief Financial Officer, and the External Auditors to review the Group's financial reporting, the nature and scope of audit review.

The composition and terms of reference have recently been revised to conform to the revamped KLSE Listing Requirements. The activities of the Committee during the financial year ended 31 December 2001 and terms of reference are set out under the Audit Committee Report on pages 16 to 19 of this Annual Report.

### **(e) Relationship with Auditors**

The Company maintains a transparent relationship with the External Auditors in seeking their professional advice and towards ensuring compliance with applicable accounting standards and all statutory requirements.

The External Auditors attended Audit Committee Meetings which deliberated on the audit plan and annual financial results.

**OTHER INFORMATION**

**(a) Non-audit fees**

The amount of non-audit fees paid to the External Auditors by the Group for the financial year amounted to RM157,398.

**(b) Recurrent Related Party Transactions Statement**

The Company has received an approval from Kuala Lumpur Stock Exchange on extension of time until 30 April 2002 by which date or earlier, an Extraordinary General Meeting will be convened to inter-alia pass a resolution allowing the Company to enter into Recurrent Related Party Transactions necessary for its day-to-day operations.

**(c) Sanctions/Penalties**

During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

**(d) Material Contracts**

During the year, there were no material contracts entered into by the Company and its subsidiaries (not being contracts entered into the ordinary course of business) involving directors and substantial shareholders.

**(e) Revaluation of Landed Properties**

The Company does not have a policy on revaluation of landed properties.

This Statement was made in accordance with a resolution of the Board dated 28 February 2002.

**THE LORD BAGRI CBE**  
Chairman

## Audit Committee

The Board of Directors of Metrod (Malaysia) Berhad is pleased to present the following report on the Audit Committee and its activities for the financial year ended 31 December 2001.

The Audit Committee was established by a resolution of the Board on 6 October 1995.

### COMPOSITION OF THE AUDIT COMMITTEE

The present Audit Committee consists of five (5) members of the Board out of which three (3) members are independent directors. Two of the independent directors were appointed to the Board on 28 December 2001. With the appointment of the new Audit Committee members, the Company has complied with the revamped KLSE Listing Requirements which require a majority of Audit Committee members to be independent Directors as newly defined. The Committee now has two (2) directors who are also members of the Malaysian Institute of Accountants ("MIA"). The Chairman of the Committee is an independent Director.

The Audit Committee comprises of the following:-

Audit Committee	Designation
Y. B. Dato' Azlan Hashim	Chairman, Independent Non-Executive Director
Y. B. Datuk Nik Ibrahim bin Nik Abdullah	Non-Independent Non-Executive Director
Encik Abu Hassan Kendut	Independent Non-Executive Director
Encik Ashari bin Ayub	Independent Non-Executive Director
Mr Pratik Basu	Managing Director

### Meetings of the Audit Committee and Attendance

The Audit Committee met four times in year 2001 and the details of the attendance of each member of the Audit Committee are as follows:

Audit Committee	Designation	No. of Meetings held during the year	No. of Meetings attended	Percentage %
Y. B. Dato' Azlan Hashim	Chairman	4	4	100
Y. B. Datuk Nik Ibrahim bin Nik Abdullah	Member	4	4	100
Mr Pratik Basu	Member	4	4	100
Encik Abu Hassan Kendut <i>(appointed on 28/12/2001)</i>	Member*	0	0	Not Applicable
Encik Ashari bin Ayub <i>(appointed on 28/12/2001)</i>	Member*	0	0	Not Applicable

\* No meeting was held during the period from the date of their appointment to 31 December 2001.

### **ACTIVITIES OF THE AUDIT COMMITTEE**

During the financial year, the Audit Committee's activities included review of:

- \* the quarterly financial results;
- \* the audit plan presented by External Auditors;
- \* the annual audited financial statements with the external auditors as well as review of their findings and recommendations;
- \* related party transactions undertaken by the Group in the ordinary course of business which were carried out on an arm's length basis.

The Committee also discussed the induction of two additional non-executive independent audit committee members.

### **Internal Audit Function**

The present management information system and internal controls have been designed with considerable professional expertise by the internal management team with external consultants and is comprehensive. These are reviewed regularly by the Managing Director along with the management team. Improvements in controls are made regularly, wherever risks are perceived and appropriate measures taken to manage these risks. In view of the adequacy of the present internal controls and management information system, the Committee would like to review the need for establishing a separate internal audit function at a later date.

### **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

#### **Membership**

1. The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:-
  - (a) the Committee must be composed of no fewer than 3 members;
  - (b) a majority of the Committee must be independent directors; and
  - (c) at least one member of the Committee:
    - (i) must be a member of the Malaysian Institute of Accountants; or
    - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
      - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
      - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967
2. The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.
3. No alternate director should be appointed as a member of the Committee.
4. In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of the Exchange pertaining to composition of audit committee, the Board of Directors shall within three months of that event fill the vacancy.
5. The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

## **Meetings**

### **1. Secretary**

The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

### **2. Frequency**

- (a) Meetings shall be held not less than four times a year.
- (b) Upon the request of the external auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.

### **3. Quorum**

A quorum shall consist of a majority of independent directors.

### **4. Attendance**

- (a) The Financial Director, the Head of Internal Audit (where such a function exists) and a representative of the external auditor shall normally attend meetings.
- (b) Other Directors and employees may attend at the Committee's invitation, specific to the relevant meeting.
- (c) At least once a year, the Committee shall meet with the external auditors without any executive Board members present.

### **5. Reporting Procedure**

The minutes of each meeting shall be circulated to all members of the Board.

### **6. Meeting Procedure**

The Committee shall regulate its own procedure, in particular:-

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

## **Rights**

1. The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:
  - (a) have authority to investigate any matter within its terms of reference;
  - (b) have the resources which are required to perform its duties;
  - (c) have full and unrestricted access to any information pertaining to the Company;
  - (d) have direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity (if any);
  - (e) be able to obtain independent professional or other advice; and
  - (f) be able to convene meetings with external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

## **Functions**

1. The Committee shall, amongst others, discharge the following functions:

To review:

- (a) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
    - (i) the going concern assumption;
    - (ii) changes in or implementation of major accounting policy changes;
    - (iii) significant and unusual events; and
    - (iv) compliance with accounting standards and other legal requirements.
  - (b) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions or management integrity.
  - (c) with the external auditor:
    - (i) the audit plan;
    - (ii) his evaluation of the system of internal controls;
    - (iii) his audit report;
    - (iv) his management letter and management's response; and
    - (v) the assistance given by the Company's employees to the external auditor.
2. In respect of the appointment of external auditors:
    - (a) to review whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment;
    - (b) to consider the nomination of a person or persons as external auditors and the audit fee; and
    - (c) to consider any questions of resignation or dismissal of external auditors.
  3. In respect of the internal audit function:
    - (a) to review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
    - (b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
    - (c) to review any appraisal or assessment of the performance of members of the internal audit function;
    - (d) to approve any appointment or termination of senior staff members of the internal audit function; and
    - (e) to inform of any resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning.
  4. To promptly report such matter to the Exchange if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.
  5. To carry out such other functions as may be agreed to by the Committee and the Board of Directors.

## **Directors' Report**

for the year ended 31 December 2001

The Directors are pleased to submit their annual report to the members together with the audited financial statements of the Group and of the Company for the year ended 31 December 2001.

### **P R I N C I P A L   A C T I V I T I E S**

The principal activity of the Company is manufacturing of electrical conductivity grade copper wires, rods and strips. The principal activities of the subsidiary companies are set out in Note 10 to the financial statements.

### **F I N A N C I A L   R E S U L T S**

	<b>Group RM</b>	<b>Company RM</b>
Net profit for the year	<u>9,485,548</u>	<u>7,724,732</u>

### **D I V I D E N D S**

Dividends paid by the Company since 31 December 2000 were as follows:

	<b>RM</b>
In respect of the year ended 31 December 2000: First and final tax exempt dividend of 10% paid on 17 July 2001	<u>4,000,000</u>

The Directors now recommend the payment of a first and final dividend of 10 sen per ordinary shares, tax exempt, amounting to RM4,000,000 which is subject to the approval of members at the forthcoming Annual General Meeting.

### **R E S E R V E S   A N D   P R O V I S I O N S**

All material transfers to or from reserves or provisions during the year are shown in the financial statements.

### **D I R E C T O R S**

The Directors who have held office during the period since the date of the last report are as follows:

The Lord Bagri CBE	
The Lady Bagri	
The Hon. Apurv Bagri	
Y.B. Dato' Azlan Hashim	
Y.B. Datuk Nik Ibrahim bin Nik Abdullah	
Pratik Basu	
Abu Hassan Kendut	<i>(Appointed on 28.12.2001)</i>
Ashari bin Ayub	<i>(Appointed on 28.12.2001)</i>

#### **D I R E C T O R S ' I N T E R E S T S I N S H A R E S**

According to the register of Directors' shareholdings, none of the Directors holding office at the end of the year held any interests in the shares in the Company and its subsidiary companies during the year.

#### **D I R E C T O R S ' B E N E F I T S**

During and at the end of the year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous year, no Director has received or become entitled to receive a benefit (other than directors' remuneration disclosed in Note 4 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, other than by virtue of transactions entered into the ordinary course of business.

#### **S T A T U T O R Y I N F O R M A T I O N O N T H E F I N A N C I A L S T A T E M E N T S**

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the year which secures the liability of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the year.

**S T A T U T O R Y I N F O R M A T I O N O N T H E F I N A N C I A L  
S T A T E M E N T S ( C O N T I N U E D )**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Group's and the Company's operations during the year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the year in which this report is made.

**A U D I T O R S**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 February 2002.

**THE LORD BAGRI CBE**

Chairman

**PRATIK BASU**

Managing Director and Chief Executive Officer

## **Statement By Directors**

pursuant to Section 169(15) of the Companies Act, 1965

We, The Lord Bagri CBE and Pratik Basu, two of the Directors of Metrod (Malaysia) Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 25 to 41 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2001 and of the results and cash flows of the Group and Company for the year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 February 2002.

**THE LORD BAGRI CBE**  
Chairman

**PRATIK BASU**  
Managing Director and Chief Executive Officer

## **Statutory Declaration**

pursuant to Section 169(16) of the Companies Act, 1965

I, Pratik Basu, the Director primarily responsible for the financial management of Metrod (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 25 to 41 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

**PRATIK BASU**  
Managing Director and Chief Executive Officer

Subscribed and solemnly declared by the abovenamed Pratik Basu at Klang on 28 February 2002, before me.

**D.M. PALANIVELOO PJK, PPS (NO. B 017)**  
Commissioner for Oaths

## **Report Of The Auditors**

to the members of Metrod (Malaysia) Berhad

We have audited the financial statements set out on pages 25 to 41. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Group and the Company as at 31 December 2001 and of the results and cash flows of the Group and Company for the year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary company of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The subsidiary company which we have not acted as auditors is indicated in Note 10 to the financial statements. We have considered the financial statements of the subsidiary company and the auditors' report thereon.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

### **PRICEWATERHOUSECOOPERS**

(AF: 1146)

Chartered Accountants

### **YAP KIM SWEE**

(1654/10/02(J))

Partner

Kuala Lumpur

28 February 2002

## Income Statements

for the year ended 31 December 2001

	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
Revenue	2	<b>636,839,090</b>	598,907,900	<b>44,442,445</b>	40,789,203
Cost of sales		<b>(609,334,721)</b>	(575,941,834)	<b>(32,367,465)</b>	(32,594,702)
Gross profit		<b>27,504,369</b>	22,966,066	<b>12,074,980</b>	8,194,501
Other operating income		<b>1,541,657</b>	2,875,836	<b>362,201</b>	832,366
Selling and distribution expenses		<b>(7,776,758)</b>	(7,166,900)	<b>(786,819)</b>	(780,991)
Administrative expenses		<b>(4,501,699)</b>	(4,422,735)	<b>(3,064,563)</b>	(2,658,105)
Other operating expenses		<b>(4,739,563)</b>	(138,380)	<b>(314,460)</b>	(92,242)
Profit from operations	3	<b>12,028,006</b>	14,113,887	<b>8,271,339</b>	5,495,529
Finance cost	5	<b>(2,010,458)</b>	(1,521,351)	<b>(14,607)</b>	(20,740)
Profit from ordinary activities before tax		<b>10,017,548</b>	12,592,536	<b>8,256,732</b>	5,474,789
Tax	6	<b>(532,000)</b>	(1,985,000)	<b>(532,000)</b>	(1,474,000)
Net profit for the year		<b>9,485,548</b>	10,607,536	<b>7,724,732</b>	4,000,789
Earnings per share (sen)					
- basic	7	<b>23.7</b>	26.5		
Dividend per share (sen)	8	<b>10.0*</b>	10.0*	<b>10.0*</b>	10.0*

\* Tax exempt

*The accounting policies on pages 30 to 32 and the notes on pages 33 to 41 form an integral part of these financial statements.*

## Balance Sheets

as at 31 December 2001

	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
<b>Non current assets</b>					
Property, plant and equipment	9	49,332,704	53,199,847	45,510,798	54,369,557
Subsidiary companies	10	–	1,746,644	21,844,116	21,746,644
		<u>49,332,704</u>	<u>54,946,491</u>	<u>67,354,914</u>	<u>76,116,201</u>
<b>Current assets</b>					
Inventories	11	46,118,649	78,153,212	4,731,197	4,217,718
Trade and other receivables	12	57,407,515	46,117,296	40,104,402	9,598,528
Deposits, bank and cash balances	13	20,033,351	57,740,617	8,258,060	27,814,025
		<u>123,559,515</u>	<u>182,011,125</u>	<u>53,093,659</u>	<u>41,630,271</u>
<b>Less: Current liabilities</b>					
Trade and other payables	14	20,858,380	93,546,894	2,247,289	2,941,151
Current tax liabilities		638,194	633,261	638,194	633,261
Short term bank borrowings (interest bearing)	15	11,900,000	8,476,375	–	–
		<u>33,396,574</u>	<u>102,656,530</u>	<u>2,885,483</u>	<u>3,574,412</u>
<b>Net current assets</b>		<b>90,162,941</b>	<b>79,354,595</b>	<b>50,208,176</b>	<b>38,055,859</b>
<b>Less: Non current liabilities</b>					
Provision for retirement benefits	16	1,683,335	1,438,324	1,395,314	1,193,016
Deferred taxation	17	3,013,000	3,549,000	3,013,000	3,549,000
		<u>4,696,335</u>	<u>4,987,324</u>	<u>4,408,314</u>	<u>4,742,016</u>
		<u>134,799,310</u>	<u>129,313,762</u>	<u>113,154,776</u>	<u>109,430,044</u>
<b>Capital and reserves</b>					
Share capital	18	40,000,000	40,000,000	40,000,000	40,000,000
Share premium		16,200,000	16,200,000	16,200,000	16,200,000
Retained earnings	19	78,599,310	73,113,762	56,954,776	53,230,044
		<u>134,799,310</u>	<u>129,313,762</u>	<u>113,154,776</u>	<u>109,430,044</u>

*The accounting policies on pages 30 to 32 and the notes on pages 33 to 41 form an integral part of these financial statements.*

## Consolidated Statement Of Changes In Equity

for the year ended 31 December 2001

Note	Issued and fully paid ordinary Shares of RM1 each		Non- Distributable	Distributable	Total RM	
	Number of shares	Nominal value RM	Share premium RM	Retained earnings RM		
<b>At 1 January 2000</b>						
		40,000,000	40,000,000	16,200,000	62,506,226	118,706,226
	20	–	–	–	4,000,000	4,000,000
		40,000,000	40,000,000	16,200,000	66,506,226	122,706,226
		–	–	–	10,607,536	10,607,536
	8	–	–	–	(4,000,000)	(4,000,000)
		40,000,000	40,000,000	16,200,000	73,113,762	129,313,762
<b>At 31 December 2000</b>						
<b>At 1 January 2001</b>						
		40,000,000	40,000,000	16,200,000	69,113,762	125,313,762
		–	–	–	4,000,000	4,000,000
		40,000,000	40,000,000	16,200,000	73,113,762	129,313,762
		–	–	–	9,485,548	9,485,548
	8	–	–	–	(4,000,000)	(4,000,000)
		40,000,000	40,000,000	16,200,000	78,599,310	134,799,310
<b>At 31 December 2001</b>						

*The accounting policies on pages 30 to 32 and the notes on pages 33 to 41 form an integral part of these financial statements.*

## Company Statement Of Changes In Equity

for the year ended 31 December 2001

Note	Issued and fully paid ordinary <u>Shares of RM1 each</u>		Non- <u>Distributable</u>	<u>Distributable</u>	Total RM	
	Number of shares	Nominal value RM	Share premium RM	Retained earnings RM		
<b>At 1 January 2000</b>						
		40,000,000	40,000,000	16,200,000	49,229,255	105,429,255
	20	–	–	–	4,000,000	4,000,000
		40,000,000	40,000,000	16,200,000	53,229,255	109,429,255
		–	–	–	4,000,789	4,000,789
	8	–	–	–	(4,000,000)	(4,000,000)
		40,000,000	40,000,000	16,200,000	53,230,044	109,430,044
<b>At 31 December 2000</b>						
<b>At 1 January 2001</b>						
		40,000,000	40,000,000	16,200,000	49,230,044	105,430,044
	20	–	–	–	4,000,000	4,000,000
		40,000,000	40,000,000	16,200,000	53,230,044	109,430,044
		–	–	–	7,724,732	7,724,732
	8	–	–	–	(4,000,000)	(4,000,000)
		40,000,000	40,000,000	16,200,000	56,954,776	113,154,776
<b>At 31 December 2001</b>						

*The accounting policies on pages 30 to 32 and the notes on pages 33 to 41 form an integral part of these financial statements.*

## Cash Flow Statements

for the year ended 31 December 2001

	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
<b>Operating activities</b>					
Cash receipts from customers		<b>627,788,246</b>	584,014,833	<b>44,619,313</b>	68,447,291
Cash paid to suppliers and employees		<b>(661,864,350)</b>	(593,967,117)	<b>(58,906,556)</b>	(26,290,805)
Cash from operations		<b>(34,076,104)</b>	(9,952,284)	<b>(14,287,243)</b>	42,156,486
Interest paid		<b>(2,060,284)</b>	(1,528,959)	<b>(14,607)</b>	(78,174)
Tax paid		<b>(2,063,067)</b>	(1,800,112)	<b>(1,063,067)</b>	(700,112)
Net cash flow from operating activities		<b>(38,199,455)</b>	(13,281,355)	<b>(15,364,917)</b>	41,378,200
<b>Investing activities</b>					
Investment in a subsidiary company		–	–	<b>(97,472)</b>	–
Purchase of property, plant and equipment		<b>(388,030)</b>	(121,093)	<b>(380,380)</b>	(114,005)
Proceeds from disposal of property, plant and equipment		<b>18,000</b>	–	<b>18,000</b>	–
Interest received		<b>1,438,594</b>	2,021,677	<b>268,804</b>	234,975
Net cash flow from investing activities		<b>1,068,564</b>	1,900,584	<b>(191,048)</b>	120,970
<b>Financing activities</b>					
Proceeds from short term bank borrowings (net)		<b>11,900,000</b>	17,440,000	–	–
Repayments of short term bank borrowings		<b>(8,476,375)</b>	(17,450,000)	–	(8,732,500)
Dividends paid to shareholders		<b>(4,000,000)</b>	(4,000,000)	<b>(4,000,000)</b>	(4,000,000)
Net cash flow from financing activities		<b>(576,375)</b>	(4,010,000)	<b>(4,000,000)</b>	(12,732,500)
<b>(Decrease)/Increase in cash and cash equivalents</b>		<b>(37,707,266)</b>	(15,390,771)	<b>(19,555,965)</b>	28,766,670
<b>Cash and cash equivalents</b>					
– at start of year		<b>57,740,617</b>	73,131,388	<b>27,814,025</b>	(952,645)
– at end of year	13	<b>20,033,351</b>	57,740,617	<b>8,258,060</b>	27,814,025

*The accounting policies on pages 30 to 32 and the notes on pages 33 to 41 form an integral part of these financial statements.*

## **Summary Of Significant Accounting Policies**

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for the year ended 31 December 2001

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

### **A BASIS OF PREPARATION**

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

### **B BASIS OF CONSOLIDATION**

The consolidated financial statements include the financial statements of the Company and all of its subsidiary companies made to the end of the year. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiary companies are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included from the date of acquisition up to the date of disposal.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

### **C INVESTMENTS**

Investments in subsidiary companies are stated at cost less amounts provided or written off for any permanent diminution in value.

### **D PROPERTY, PLANT AND EQUIPMENT**

All property, plant and equipment are initially stated at cost. Long term leasehold land of the Company is subsequently shown at market value, based on valuation by external independent valuers, less subsequent amortisation. All other property, plant and equipment are stated at historical cost less accumulated depreciation. The cost of property, plant and equipment comprise purchase cost, together with any incidental costs of acquisition.

Freehold land is not amortised as it has an infinite life. Leasehold land is amortised in equal instalments over the period of 95 years.

**D P R O P E R T Y , P L A N T A N D E Q U I P M E N T ( C O N T I N U E D )**

All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset over their expected economic useful lives at the following annual rates:

	%
Buildings	5
Plant, machinery and equipment	8 1/3
Furniture, fixtures and fittings	20
Motor vehicles	20
Computers	33 1/3

The Directors have applied the transitional provisions of International Accounting Standards No.16 (Revised), Property, Plant and Equipment, as adopted by the Malaysian Accounting Standards Board which allows the long term leasehold land of the Company be stated at its 1985 valuation less depreciation. Accordingly the valuation of long term leasehold land of the Company has not been revalued since the last valuation.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

**E I N V E N T O R I E S**

Inventories comprising raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. The cost of finished goods and work-in-progress comprises raw materials, direct expenditure and an appropriate proportion of production overheads based on the normal level of activity.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

**F T R A D E R E C E I V A B L E S**

Known bad debts are written off and specific provision is made for any debts considered to be doubtful of collection in the period in which they are identified.

**G C A S H A N D C A S H E Q U I V A L E N T S**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**H P R O V I S I O N F O R R E T I R E M E N T B E N E F I T S**

The Company and a subsidiary company operate a non-funded, accrued retirement scheme for the employees. Under the said scheme, retirement benefits are determinable by reference to employees' earning and years of service and payable upon attaining the normal retirement age. The cost of providing retirement benefits is charged against the income statement on a systematic basis, so as to be sufficient to meet the liability of the scheme over the expected remaining service lives of those employees. The cost of retirement benefit under this plan is determined using the "Projected Unit Credit" method, a form of the Projected Benefit Valuation Method once in every 3 years. The latest actuarial valuation was carried out as at 31 December 2001 and this valuation showed that the book provision in the Group financial statements adequately met the actual liabilities relating to the retirement scheme as of the valuation date.

## **I D E F E R R E D T A X A T I O N**

Provision is made using the liability method for taxation deferred in respect of all timing differences except where it is considered reasonably probable that the tax effects of such deferrals will continue in the foreseeable future.

Deferred tax benefits are recognised only if there is a reasonable expectation of their realisation.

## **J R E V E N U E R E C O G N I T I O N**

### **(i) Sales**

Sales are recognised upon delivery of products net of returns and discounts.

### **(ii) Investment income**

Dividend income from investment in subsidiary companies is accounted for in the Company's income statement as and when declared or proposed.

### **(iii) Interest income**

Interest income is recognised on an accrual basis.

## **K F O R E I G N C U R R E N C I E S**

### **(i) Foreign operations**

Financial statements of foreign operations that are integral to the operations of the company are translated using procedures in the following paragraph as if the transactions of the foreign operations had been those of the Company.

### **(ii) Foreign currency**

Foreign currency transactions in Group companies are accounted for at exchange rates ruling at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translations of foreign currency monetary assets and liabilities are included in the income statement.

### **(iii) Closing rates**

The principal closing rates used in translation of foreign currency amounts are as follows:

<b>Foreign currency</b>	<b>31.12.2001 RM</b>	<b>31.12.2000 RM</b>
1 US Dollar	3.80	3.80
1 Euro Dollar	3.41	3.26
100 Rupiah	0.0367	—
100 YEN	2.89	3.39

# Notes To The Financial Statements

for the year ended 31 December 2001

## 1 GENERAL INFORMATION

The principal activity of the Company is manufacturing of electrical conductivity grade copper wires, rods and strips. The principal activities of the subsidiary companies are set out in Note 10 to the financial statements.

The number of employees as at the end of the year amounted to 165 (31.12.2000: 170) in the Group and 145 (31.12.2000: 148) in the Company.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The address of the registered office of the Company is 20th Floor East Wing, Plaza Permata, Jalan Kampar Off Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.

The addresses of the principal place of business of the Company are 3 Lengkuk Keluli 2, Bukit Raja Prime Industrial Park, 41720 Klang, Selangor Darul Ehsan, Malaysia and Lot 2 Solok Waja Satu, Bukit Raja Industrial Estate, 41720 Klang, Selangor Darul Ehsan, Malaysia.

## 2 REVENUE

Revenue of the Group and of the Company represents invoiced value of goods sold.

## 3 PROFIT FROM OPERATIONS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>The following items have been charged/ (credited) in arriving at profit from operations:</b>				
Depreciation of property, plant and equipment	5,862,339	5,951,803	9,005,111	9,008,571
Bad debts written off	4,332,673	–	–	–
Rental of premises	337,000	323,650	1,377,400	1,366,900
Staff cost (includes Directors' other emoluments as disclosed in Note 4)	9,234,283	8,018,887	7,746,895	6,675,301
Auditors' remuneration	58,000	58,000	30,000	30,000
Loss on disposal of property, plant and equipment	74,923	–	216,028	–
Exchange gains on foreign currency trade loan				
– unrealised	–	(236,125)	–	–
– realised	–	(559,750)	–	(549,750)
Interest income	(1,456,865)	(2,005,534)	(323,986)	(270,533)

## 4 DIRECTORS' REMUNERATION

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Emoluments other than fees	735,627	640,212	735,627	640,212
Estimated money value of benefits-in-kind	104,419	86,368	104,419	86,368
	<b>840,046</b>	<b>726,580</b>	<b>840,046</b>	<b>726,580</b>

5 F I N A N C E C O S T

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Interest expense:				
– bank overdraft	14,607	4,530	14,607	4,530
– foreign currency trade loan	16,260	1,516,821	–	16,210
– bankers acceptance	1,979,591	–	–	–
	<b>2,010,458</b>	1,521,351	<b>14,607</b>	20,740

6 T A X

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Malaysian income tax				
– current	1,068,000	708,000	1,068,000	197,000
Deferred taxation (Note 17)	(536,000)	1,277,000	(536,000)	1,277,000
	<b>532,000</b>	1,985,000	<b>532,000</b>	1,474,000

The effective tax rate of the Group and Company for the year is lower than the statutory tax rate prevailing in Malaysia due to utilisation of reinvestment allowances during the year, resulting in a tax savings of approximately RM2,280,000 for the Group and Company. The unutilised reinvestment allowances amounted to RM23,296,234 as at 31 December 2001 is subject to Inland Revenue Board's approval.

7 E A R N I N G S P E R S H A R E

Basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2001 RM	2000 RM
Net profit for the year	9,485,548	10,607,536
Weighted average number of ordinary shares in issue	40,000,000	40,000,000
Basic earnings per share (sen)	<b>23.7</b>	26.5

8 D I V I D E N D S

Dividends proposed in respect of the year ended 31 December 2001 are as follows:

	2001		2000	
	Gross per share Sen	Amount of Dividend RM	Gross Per share Sen	Amount of Dividend RM
Proposed first and final tax exempt dividend	10	4,000,000	10	4,000,000

At the forthcoming Annual General Meeting on 26 April 2002, a final tax exempt dividend in respect of the year ended 31 December 2001 of 10 sen per share (31.12.2000: 10 sen per share) amounting to RM 4,000,000 (31.12.2000:RM 4,000,000) will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accrued as a liability in the year ending 31 December 2002, when approved by shareholders. This represents a change in accounting treatment from that of prior years as explained in Note 20.

## 9 P R O P E R T Y , P L A N T A N D E Q U I P M E N T

	Freehold land RM	Long term leasehold land RM	Buildings RM	Plant, machinery and equipment RM	Furniture, fixtures and fittings RM	Motor vehicles RM	Computers RM	Total RM
<b>Group</b>								
<b>Net book value at</b>								
<b>1 January 2000</b>	15,093,472	1,971,187	10,406,729	31,064,880	172,994	257,964	63,331	59,030,557
Additions	–	–	–	–	4,680	102,165	14,248	121,093
Disposals	–	–	–	–	–	–	–	–
Depreciation charge	–	(24,343)	(843,302)	(4,777,341)	(137,509)	(132,893)	(36,415)	(5,951,803)
<b>Net book value at</b>								
<b>31 December 2000</b>	15,093,472	1,946,844	9,563,427	26,287,539	40,165	227,236	41,164	53,199,847
Additions	–	–	–	280,068	13,880	–	94,082	388,030
Additions arising from consolidation of a subsidiary company (Note 10)	1,700,089	–	–	–	–	–	–	1,700,089
Disposals	–	–	–	(92,923)	–	–	–	(92,923)
Depreciation charge	–	(24,343)	(843,301)	(4,765,450)	(28,574)	(132,893)	(67,778)	(5,862,339)
<b>Net book value at</b>								
<b>31 December 2001</b>	<b>16,793,561</b>	<b>1,922,501</b>	<b>8,720,126</b>	<b>21,709,234</b>	<b>25,471</b>	<b>94,343</b>	<b>67,468</b>	<b>49,332,704</b>
<b>At 31 December 2000</b>								
Cost	15,093,472	25,720	16,866,042	68,218,114	3,837,855	668,540	1,327,451	106,037,194
Valuation	–	2,287,000	–	–	–	–	–	2,287,000
Accumulated depreciation	–	(365,876)	(7,302,615)	(41,930,575)	(3,797,690)	(441,304)	(1,286,287)	(55,124,347)
Net book value	15,093,472	1,946,844	9,563,427	26,287,539	40,165	227,236	41,164	53,199,847
<b>At 31 December 2001</b>								
Cost	18,540,206	25,720	16,866,042	68,338,886	3,851,735	668,540	1,421,533	109,712,662
Valuation	–	2,287,000	–	–	–	–	–	2,287,000
Accumulated depreciation	–	(390,219)	(8,145,916)	(46,629,652)	(3,826,264)	(574,197)	(1,354,065)	(60,920,313)
Accumulated impairment losses	(1,746,645)	–	–	–	–	–	–	(1,746,645)
<b>Net book value</b>	<b>16,793,561</b>	<b>1,922,501</b>	<b>8,720,126</b>	<b>21,709,234</b>	<b>25,471</b>	<b>94,343</b>	<b>67,468</b>	<b>49,332,704</b>

9 P R O P E R T Y , P L A N T A N D E Q U I P M E N T ( C O N T I N U E D )

	Long term leasehold land RM	Buildings RM	Plant, machinery and equipment RM	Furniture, fixtures and fittings RM	Motor vehicles RM	Computers RM	Total RM
<b>Company</b>							
Net book value at 1 January 2000	1,971,187	3,337,991	57,681,611	25,828	184,175	63,331	63,264,123
Additions	–	–	–	4,680	102,165	7,160	114,005
Depreciation charge	(24,343)	(362,564)	(8,476,263)	(15,349)	(95,999)	(34,053)	(9,008,571)
<b>Net book value at 31 December 2000</b>	<b>1,946,844</b>	<b>2,975,427</b>	<b>49,205,348</b>	<b>15,159</b>	<b>190,341</b>	<b>36,438</b>	<b>54,369,557</b>
Additions	–	–	280,068	13,880	–	86,432	380,380
Disposals	–	–	(234,028)	–	–	–	(234,028)
Depreciation charge	(24,343)	(362,564)	(8,444,214)	(15,127)	(95,998)	(62,865)	(9,005,111)
<b>Net book value at 31 December 2001</b>	<b>1,922,501</b>	<b>2,612,863</b>	<b>40,807,174</b>	<b>13,912</b>	<b>94,343</b>	<b>60,005</b>	<b>45,510,798</b>
<b>At 31 December 2000</b>							
Cost	25,720	7,251,288	78,404,812	1,222,183	484,066	983,266	88,371,335
Valuation	2,287,000	–	–	–	–	–	2,287,000
Accumulated depreciation	(365,876)	(4,275,861)	(29,199,464)	(1,207,024)	(293,725)	(946,828)	(36,288,778)
Net book value	1,946,844	2,975,427	49,205,348	15,159	190,341	36,438	54,369,557
<b>At 31 December 2001</b>							
Cost	25,720	7,251,288	78,409,061	1,236,063	484,066	1,069,698	88,475,896
Valuation	2,287,000	–	–	–	–	–	2,287,000
Accumulated depreciation	(390,219)	(4,638,425)	(37,601,887)	(1,222,151)	(389,723)	(1,009,693)	(45,252,098)
Net book value	1,922,501	2,612,863	40,807,174	13,912	94,343	60,005	45,510,798

The long term leasehold land of the Group and the Company stated at valuation were revalued by the Directors in 1985 based on a valuation carried out by independent professional valuers using the “Fair Market Value Approach”.

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Net book value of revalued long term leasehold land had the asset been carried at cost less accumulated depreciation	<b>20,671</b>	20,941	<b>20,671</b>	20,941

## 10 S U B S I D I A R Y C O M P A N I E S

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Unquoted investments in subsidiary companies, at cost	–	3,493,289	<b>23,590,761</b>	23,493,289
Provision for diminution in value	–	(1,746,645)	<b>(1,746,645)</b>	(1,746,645)
	–	1,746,644	<b>21,844,116</b>	21,746,644

Details of the subsidiary companies are as follows:

Name	Country of incorporation	Group's effective interest		Principal activities
		2001 %	2000 %	
Metrod (OFHC) Sdn Bhd*	Malaysia	100	100	Procurement of raw materials and marketing of electrical conductivity grade copper wires, rods and strips.
P.T. Metrod Indonesia	Indonesia	100	99.9	Dormant.

The shares of all subsidiary companies are held directly by the Company except for Metrod (OFHC) Sdn Bhd holding 1%(2000: Nil) equity interest in P.T. Metrod Indonesia.

During the financial year, the incorporation of P.T. Metrod Indonesia was approved by the Ministry of Justice of Indonesia, and the share capital was issued to the Company and its subsidiary company. Accordingly, the results of P.T. Metrod Indonesia were consolidated during the year.

*\* Audited by PricewaterhouseCoopers, Malaysia*

## 11 I N V E N T O R I E S

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>At cost:</b>				
Finished goods	<b>14,847,372</b>	19,830,048	–	–
Raw materials	<b>5,276,142</b>	16,009,415	–	–
Raw materials in transit	<b>21,263,938</b>	38,096,031	–	–
Spares and consumables	<b>4,731,197</b>	4,217,718	<b>4,731,197</b>	4,217,718
	<b>46,118,649</b>	78,153,212	<b>4,731,197</b>	4,217,718

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade receivables	53,056,488	44,005,644	–	–
Amount due from a subsidiary company	–	–	38,996,246	8,406,900
Other receivables	2,434,246	757,646	901,861	518,310
Deposits	245,483	230,108	177,345	145,170
Prepayments	82,298	534,898	28,950	528,148
Tax recoverable	1,589,000	589,000	–	–
	<u>57,407,515</u>	<u>46,117,296</u>	<u>40,104,402</u>	<u>9,598,528</u>

Amount due from a subsidiary company is unsecured, interest free and has no fixed terms of repayment.

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Deposits with licensed banks	16,500,000	51,000,000	7,500,000	27,400,000
Bank and cash balances	3,533,351	6,740,617	758,060	414,025
	<u>20,033,351</u>	<u>57,740,617</u>	<u>8,258,060</u>	<u>27,814,025</u>

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade payables	15,123,762	86,819,993	–	–
Trade accruals	5,734,618	6,726,901	2,247,289	2,941,151
	<u>20,858,380</u>	<u>93,546,894</u>	<u>2,247,289</u>	<u>2,941,151</u>

15 SHORT TERM BANK BORROWINGS (INTEREST BEARING)

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Foreign currency trade loan	–	8,476,375	–	–
Bankers acceptance	11,900,000	–	–	–
	<u>11,900,000</u>	<u>8,476,375</u>	<u>–</u>	<u>–</u>

The short term bank borrowings are unsecured and interest rates charged during the year ranged between 3.12% and 3.25% (2000: 1.4% and 7.3%) per annum.

16 P R O V I S I O N F O R R E T I R E M E N T B E N E F I T S

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
At 1 January	1,438,324	1,210,421	1,193,016	1,003,852
Charged to income statement	245,011	227,903	202,298	189,164
At 31 December	<u>1,683,335</u>	<u>1,438,324</u>	<u>1,395,314</u>	<u>1,193,016</u>

17 D E F E R R E D T A X A T I O N

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
At start of year	3,549,000	2,272,000	3,549,000	2,272,000
Transferred to/(from) income statement (Note 6)	(536,000)	1,277,000	(536,000)	1,277,000
At end of year	<u>3,013,000</u>	<u>3,549,000</u>	<u>3,013,000</u>	<u>3,549,000</u>

The deferred tax effect of the revalued long term leasehold land in 1985 is not disclosed because the Company has no intention to dispose of this asset in the foreseeable future.

Deferred taxation are provided for all timing differences.

18 S H A R E C A P I T A L

	Group and Company	
	2001 RM	2000 RM
Authorised ordinary shares of RM1 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid ordinary shares of RM1 each	<u>40,000,000</u>	<u>40,000,000</u>

19 R E T A I N E D E A R N I N G S

The Company has tax credit balance under Section 108(6) of the Income Tax Act 1967 to frank up to approximately RM42,199,000 (2000: RM41,069,000) of its retained earnings as at 31 December 2001 if paid out as dividends. The Company also has exempt profits as at 31 December 2001 amounting to RM44,947,000 (2000: RM39,688,000) available for distribution as tax exempt dividends to shareholders subject to the approval of Inland Revenue Board. In aggregate, the Company has sufficient tax credit balance and tax exempt profits to frank the payment of dividends out of all its retained earnings as at 31 December 2001.

## 20 P R I O R Y E A R A D J U S T M E N T

During the year, the Company changed its accounting policy with respect to recognition of proposed final dividend after balance sheet date to be in line with the forthcoming MASB Standards 19 “Events After the Balance Sheet Date”.

In previous years, final dividend proposed by Directors after balance sheet date, but before shareholders’ approval in annual general meeting, was recognised as a liability in the balance sheet and as an appropriation of retained earnings in the financial year in which the dividend was proposed.

The Company has changed this accounting policy to recognise the proposed final dividend in the shareholders’ equity as an appropriation of retained earnings in the financial year when shareholders’ approval is obtained.

This change in accounting policy has been accounted for retrospectively.

Comparative information has been restated to reflect the change in accounting policy. This change in accounting policy has the effect of increasing the retained earnings as at 31 December 2000 by RM4,000,000.

The effects of the above changes of accounting policies on the Company’s financial statements are as follows:

	<b>As previously reported RM</b>	<b>Effects of changes in policies RM</b>	<b>As restated RM</b>
<b>Group</b>			
Balance sheet:			
Retained earnings			
– 1 January 2000	62,506,226	4,000,000	66,506,226
– 1 January 2001	69,113,762	4,000,000	73,113,762
Proposed final dividend as at 31 December 2000	4,000,000	(4,000,000)	–
<b>Company</b>			
Balance sheet:			
Retained earnings			
– 1 January 2000	49,229,255	4,000,000	53,229,255
– 1 January 2001	49,230,044	4,000,000	53,230,044
Proposed final dividend as at 31 December 2000	<u>4,000,000</u>	<u>(4,000,000)</u>	<u>–</u>

## 21 S E G M E N T A L R E P O R T I N G

The Group is principally engaged in the manufacturing of electrical conductivity grade copper wires, rods and strips in Malaysia. Accordingly, the Group does not have other segment which is to be disclosed under the requirements of International Accounting Standard No. 14 Reporting Financial Information by Segment.

**22 CAPITAL COMMITMENTS**

Capital expenditure not provided for in the financial statements are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	2000	<b>2001</b>	2000
	<b>RM</b>	RM	<b>RM</b>	RM
Authorised but not contracted:				
– plant and machinery	–	2,700,000	–	2,700,000
	<hr/>	<hr/>	<hr/>	<hr/>
	–	2,700,000	–	2,700,000
	<hr/>	<hr/>	<hr/>	<hr/>

**23 SIGNIFICANT RELATED PARTY DISCLOSURES**

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions describe below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

	<b>2001</b>	2000
	<b>RM</b>	RM
<b>Group</b>		
Purchases of raw materials from:		
– Metdist Ltd.; a company in which certain Directors of the Company are able to exercise significant influence	<b>497,623,628</b>	487,712,357
Purchases of services from:		
- Metdist S.A.(marketing consultancy, technical and management services); a significant shareholder of the Company	<b>1,639,045</b>	1,725,007
Sales of goods to:		
- Mettube Sdn Bhd; a company in which certain Directors of the Company are able to exercise significant influence	<b>529,266</b>	740,832
	<hr/>	<hr/>

## Analysis Of Shareholdings

as at 28 February 2002

### Analysis Of Shareholdings By Range Group

	No. of Shares	%	No. of Holders	%
1 – 999	0	0.00	0	0.00
1,000 – 10,000	4,314,000	10.79	2,163	95.84
10,001 – 100,000	2,139,000	5.35	81	3.59
100,001 – 1,999,999	8,096,000	20.24	10	0.44
2,000,000 and above	25,451,000	63.62	3	0.13
	<b>40,000,000</b>	<b>100.00</b>	<b>2,257</b>	<b>100.00</b>

### Thirty (30) Largest Securities Account Holders

Name	No. of Shares	% of Total
1. Metdist S. A.	16,054,000	40.14
2. HLG Nominee (Asing) Sdn Bhd Commerzbank (SEA) Ltd for Tieton Group Ltd	4,800,000	12.00
3. Bank Pembangunan Dan Infrastruktur Malaysia Berhad	4,597,000	11.49
4. Bank Pembangunan Dan Infrastruktur Malaysia Berhad	1,950,000	4.88
5. Permodalan Nasional Berhad	1,758,000	4.40
6. Bank Pembangunan Dan Infrastruktur Malaysia Berhad	1,650,000	4.13
7. Infinitive Growth Sdn Bhd	918,000	2.30
8. Bank Pembangunan Dan Infrastruktur Malaysia Berhad	906,000	2.27
9. Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Muhammad Marzuki Bin A. Samad (700028)	282,000	0.71
10. Lim Hooi Teik	258,000	0.65
11. Hwang Yung Sung	140,000	0.35
12. Yeoh Kean Hua	120,000	0.30
13. Bank Kerjasama Rakyat Malaysia Berhad Bahagian Akaun dan Perbendaharaan	114,000	0.29
14. Bimsec Nominees (Tempatan) Sdn Bhd Institut Kefahaman Islam Malaysia	100,000	0.25
15. Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Noe Say Yeow (471657)	90,000	0.23
16. Tai Chin Hin	88,000	0.22
17. Soo Yut Kuan	68,000	0.17
18. Gau Ngoo Jin @ Goh Ngoo Jin	60,000	0.15
19. Bank Kerjasama Rakyat Malaysia Berhad As beneficial owner	59,000	0.15
20. Lim Kew Seng	57,000	0.14
21. Hwang Yuh Ching	55,000	0.14
22. Soh Kon Leong	54,000	0.14
23. Dexia JMF Asset Management Sdn Bhd Mint Victor (M) Sdn Bhd	50,000	0.13
24. Lim Cheng Thor	48,000	0.12
25. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Toe Kok Wah	47,000	0.12
26. Goh Yoke Kee	40,000	0.10
27. Universal Trustee (Malaysia) Berhad D.Y.T.M Tengku Abdullah Ibni Sultan Hj Ahmad Shah	40,000	0.10
28. Bank Kerjasama Rakyat Malaysia Berhad As beneficiary owner	39,000	0.10
29. Bank Kerjasama Rakyat Malaysia Berhad Bahagian Akaun dan Perbendaharaan	38,000	0.10
30. Traders Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Follow Me Sdn Bhd (M013)	33,000	0.08
<b>TOTAL</b>	<b>34,513,000</b>	<b>86.28</b>

### Substantial Shareholders

Name	Direct Holding	
	No. of Shares	% of Total
1. Metdist S. A.	16,054,000	40.14
2. Bank Pembangunan Dan Infrastruktur Malaysia Berhad	9,103,000	22.76
3. Tieton Group Ltd	4,800,000	12.00
<b>TOTAL</b>	<b>29,957,000</b>	<b>74.90</b>

## List Of Properties

owned by the Metrod Group

Registered owner and location	Description/ existing use (age of building)	Land area/ (built-up area) Sq. Ft.	Tenure/ Expiring date	Net book value as at 31.12.2001 ('000)	Date of Valuation or Acquisition
<b>Metrod (Malaysia) Berhad</b>					
2 Solok Waja Satu Bukit Rajah Industrial Estate Klang	Factory (19 years old)	152,460/ (70,000)	Unexpired leasehold of approximately 87 years (22-10-2088)	RM1,923	31-12-1985 (Note 9, Page 36)
<b>Metrod (OFHC) Sdn Bhd</b>					
3 Lengku Keluli 2 Bukit Raja Prime Industrial Park 41720 Klang	Factory (7 years old)	283,139/ (107,500)	Freehold	RM6,985	16-06-1993
Lot 48, Bukit Raja Prime Industrial Park 41720 Klang	Vacant land	141,569	Freehold	RM8,108	11-08-1997
<b>PT Metrod Indonesia</b>					
T-8 MM2100 Industrial Town Cibitung Bekasi 17250 Indonesia	Vacant Land	195,602	Freehold	USD1,374	30-06-1995



**Metrod**

**METROD (MALAYSIA) BERHAD**

(66954 H)

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
(In block letters)

being a member of METROD (MALAYSIA) BERHAD, hereby appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him/her, \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us on my/and on my behalf at the Twenty-First Annual General Meeting of the Company to be held at Johore Room, Lower Lobby, Shangri-La Hotel, No. 11, Jalan Sultan Ismail, 50250 Kuala Lumpur on Friday, 26 April 2002 at 10.30 a.m. and at any adjournment thereof and to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Adoption of Statutory Financial Statements		
2.	To approve first and final dividend of 10 sen per share (tax exempt)		
3.	Re-election of Directors (Article 65): a) The Hon. Apurv Bagri b) Mr Pratik Basu		
4.	Re-election of Directors (Article 70): a) Encik Abu Hassan Kendut b) Encik Ashari bin Ayub		
5.	Reappointment and remuneration of Auditors		
6.	As special business: ORDINARY RESOLUTION Appointment of The Lord Bagri CBE as a Director pursuant to Section 129(6) of the Companies Act, 1965		
7.	ORDINARY RESOLUTION Allotment of Shares pursuant to Section 132D of the Companies Act, 1965		

Subject to any voting instruction so given the proxy will vote, or may abstain from voting, on any resolution as he/she may think fit.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2002.

\_\_\_\_\_  
Signature

NO. OF SHARES

**NOTES :**

- (i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a Corporation either under common seal or under the hand of an officer or attorney duly authorised.
- (iii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of power or authority shall be deposited at the registered office of the Company not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall be treated as invalid.