

# Contents

---

Pg.	
2	C O R P O R A T E I N F O R M A T I O N
3	N O T I C E O F A N N U A L G E N E R A L M E E T I N G
5	D I R E C T O R S ' P R O F I L E
8	C H A I R M A N ' S S T A T E M E N T
10	C O R P O R A T E G O V E R N A N C E S T A T E M E N T
17	S T A T E M E N T O N I N T E R N A L C O N T R O L
20	A U D I T C O M M I T T E E
24	D I R E C T O R S ' R E P O R T
27	S T A T E M E N T B Y D I R E C T O R S
27	S T A T U T O R Y D E C L A R A T I O N
28	R E P O R T O F T H E A U D I T O R S
29	I N C O M E S T A T E M E N T S
30	B A L A N C E S H E E T S
31	C O N S O L I D A T E D S T A T E M E N T O F C H A N G E S I N E Q U I T Y
32	C O M P A N Y S T A T E M E N T O F C H A N G E S I N E Q U I T Y
33	C A S H F L O W S T A T E M E N T S
34	S U M M A R Y O F S I G N I F I C A N T A C C O U N T I N G P O L I C I E S
38	N O T E S T O T H E F I N A N C I A L S T A T E M E N T S
51	A N A L Y S I S O F S H A R E H O L D I N G S
52	L I S T O F P R O P E R T I E S
	P R O X Y F O R M

## Corporate Information

---

### BOARD OF DIRECTORS

The Lord Bagri CBE (*Chairman*)  
The Hon. Apurv Bagri (*Vice Chairman*)  
The Lady Bagri  
Y.Bhg. Dato' Azlan Hashim  
Y.Bhg. Datuk Nik Ibrahim bin Nik Abdullah  
Y.Bhg. Datuk 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

### WEBSITE

[www.metrod.com](http://www.metrod.com)

### STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange Main Board

## Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the **Twenty-Second** 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 **Thursday, 29 May 2003 at 3.00 p.m.** for the following purposes:-

### A G E N D A

1. To receive and adopt the Statutory Financial Statements for the year ended 31 December 2002 and the Reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To approve first and final dividend of 8 sen per share (tax exempt) for the year ended 31 December 2002. *(Resolution 2)*
3. To approve payment of Directors' fees of RM144,000. *(Resolution 3)*
4. 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 Lady Bagri *(Resolution 4)*
  - b) Y.Bhg. Dato' Azlan Hashim *(Resolution 5)*
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 6)*

### A S S P E C I A L B U S I N E S S :

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 7)*

"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 Share Pursuant to Section 132D of the Companies Act, 1965** *(Resolution 8)*

"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. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")** *(Resolution 9)*

"THAT the mandate granted by the shareholders of the Company on 26 April 2002 pursuant to paragraph 10.09 of the Listing Requirements of the Kuala Lumpur Stock Exchange, authorising the Company to enter into the recurrent transactions of a revenue or trading nature as set out in paragraph 2.4 of the Circular to Shareholders dated 28 April 2003 ("Circular") with the related parties mentioned therein which are necessary for the Company's day-to-day operations, be and is hereby renewed.

THAT the Company is hereby authorised to enter into the recurrent transactions with the related parties mentioned therein provided that:

  - (a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
  - (b) disclosure of the breakdown of the aggregate value of the transactions conducted during a financial year including the type of the RRPT made, the names of the related parties involved in each type of the RRPT made and their relationship with the Company will be disclosed in the Annual Report for the said financial year.

THAT the authority conferred by such renewed mandate shall continue to be in force until:

  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which the Proposed Renewal of the Recurrent Related Party Transaction Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;

- (b) the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965("Act")(but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders in general meeting,
- whichever is earlier;

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Renewal of the Recurrent Related Party Transactions Mandate."

NOTICE IS ALSO HEREBY GIVEN THAT the Register of Members will be closed from **8 July 2003** to **9 July 2003** both dates inclusive to determine shareholders' entitlement to the dividend payment. The dividend, if approved, will be paid on **18 July 2003** to shareholders whose names appear in the record of depositors on **7 July 2003**.

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 4.00 p.m. on 7 July 2003 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**

Company Secretary

Kuala Lumpur  
28 April 2003

**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) *An authorised nominee may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number.*
- iv) *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 at 20th Floor, East Wing, Plaza Permata, Jalan Kampar off Jalan Tun Razak, 50400 Kuala Lumpur 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.*
- v) ***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.*
  - Recurrent Related Party Transaction*  
*For further information, please refer to the Circular to shareholders dated 28 April 2003 accompanying the Company's Annual Report for the year ended 31 December 2002.*
- vi) *The particulars of all Directors seeking re-election are set out on pages 5 to 7 of the Annual Report and the attendance of directors at board meetings are set out in the Corporate Governance Statement on page 11.*

## Directors' Profile

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

*Non-Independent, Non-Executive Director*

The Chairman of the Board of Directors, the Lord Bagri who is 73 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 58 years. He began his career in India and moved to London in 1959.

The Lord Bagri 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. A Group company is one of the eleven (11) "ring dealing" members of the London Metal Exchange (LME).

He was elected to the Management Committee of LME, which is the largest base metals futures market in the world with an annual turnover of appx. USD10 trillion, 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 124 years of the Exchange's history. Lord Bagri stepped down as Chairman of the London Metal Exchange in December 2002 having served for an unprecedented 10 years and has now been appointed "Honorary President of The Exchange". In addition, and in recognition of his contribution, the Exchange has made him an Honorary Life Member.

He was named 2002 Copper Man of the Year in recognition of his lifelong service to the international copper community by The Copper Club, Inc.

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.

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).

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

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

*Non-Independent, Non-Executive Director*

The Hon. Apurv Bagri who is 44 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 23 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 a member of the Governing Council of the City University London and a governor and Chairman of the Asia Pacific Board of the London Business School. He is in addition on the International Board of Overseers at the Cass Business School and a Member of the Corporation, University College School. He is also a Member of the Board of The Royal Parks, 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.

**The Lady Bagri (Usha Bagri)**

*Non-Independent, Non-Executive Director*

The Lady Bagri who is 64 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 organizations.

**Y.Bhg. Dato' Azlan Hashim**

*Independent, Non-Executive Director*

Dato' Azlan Hashim who is 61 years old and of Malaysian nationality was appointed to the Board of Metrod on 24 May 2001. He also sits on the Board Audit Committee of Metrod. Dato' Azlan is a Fellow of Institute of Chartered Accountant (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 AMDB Berhad ("AMDB") as Managing Director from 1981 to 1991.

Dato' Azlan is now the Director/Deputy Chairman of AMDB Berhad, AMMB Holdings Berhad, AMFB Holdings Berhad, AmMerchant Bank Berhad, AmAssurance Berhad and a Director of AmBank Berhad, and the Chairman/Director of AmProperty Trust Management Berhad and AmSecurities Sdn. Bhd. 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 Berhad and several other private companies.

**Y.Bhg. 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 graduated in Economics from University of Malaya, Malaysia. In 1970, he served in 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. 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.

**Y.Bhg. Datuk Abu Hassan Kendut**

*Independent Non-Executive Director*

Datuk Abu Hassan 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 the Chairman of United Engineers (Malaysia) Berhad, Intria Berhad, Cement Industries of Malaysia Berhad and Perusahaan Otomobil Nasional Berhad. He is also a Director of John Hancock Life Insurance (Malaysia) Berhad, Kumplan Fima Berhad, Rating Agency Malaysia 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 61 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 Accountant 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 58 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.

***Family Relationship***

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.

***Conflict of Interest***

The Company has entered into recurrent relation party transactions of a revenue or trading nature with Metdist Limited (as disclosed in Corporate Governance Statement) of which the Directors of the Company, namely The Lord Bagri, The Lady Bagri and The Hon. Apurv Bagri are deemed to have an interest. By virtue of their deemed interest, they are deemed to be interested in the recurrent related party transactions.

Save for the above, none of the other Directors have any conflict of interest with the Company.

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

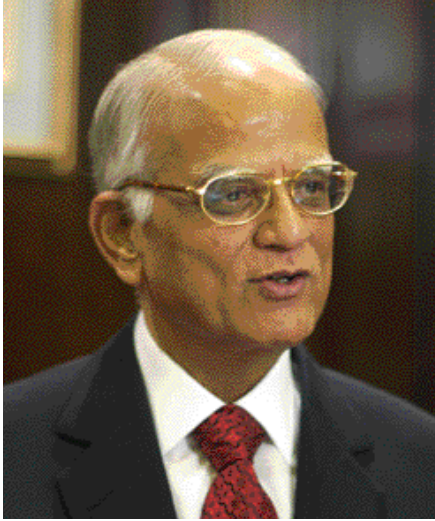
Y.Bhg. Dato' Azlan Hashim is deemed interested in 1,377,000 shares in the Company by virtue of his shareholdings of 99.99% and his sister's shareholdings of 0.01% in Infinitive Growth Sdn Bhd, a shareholder of the Company.

Save for the above, none of the other Directors hold any shares in the Company and its subsidiaries.

***Convictions for offences***

None of the Directors has been convicted for any offence within the past (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 2002.*

### O V E R V I E W

The Malaysian economy on the whole enjoyed strong fundamentals and registered a growth of 4.2% in Gross Domestic Product (GDP) during 2002 as compared to 0.4% in the year 2001. However, the growth in the manufacturing sectors in the areas which we service continued to be comparatively sluggish with the construction sector particularly adversely affected.

The Company faced severe competition in both domestic and export markets. Credit risks in the domestic market remained significant due to the deteriorating financial condition of the wire and cable industry which continues to suffer from over capacity.

In spite of difficult business conditions, the Group was able to achieve a pre-tax profit of RM10.500 million as compared to the previous year's pre-tax profit of RM10.018 million. The after-tax profit of RM10.112 million for the financial year 2002 was also marginally higher than the previous year's after-tax profit of RM9.486 million.

### D I V I D E N D

Your Board proposes a dividend of 8%, an increase in the quantum of dividend by 20% due to the enlarged share capital, for the year ending 31 December 2002 subject to the approval of the shareholders in the forthcoming annual general meeting. The dividend is tax-exempt in the hands of shareholders.

### P R O S P E C T S

With uncertain global economic outlook we expect the year ahead to remain difficult. Intense competition resulting from excess capacity in our industry will mean that business conditions will continue to be extremely challenging. Against this background our strategy is to remain focused, continuously improve operating efficiencies and productivity to the extent possible and simultaneously explore all possible new business opportunities.

## **S H A R E   C A P I T A L**

During the year, the issued and paid-up capital of the Company was increased from RM40,000,000 to RM60,000,000 by way of a bonus issue of 20,000,000 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share for every (2) two existing shares held via the capitalization of reserves of the Company.

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

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

On behalf of the Board of Directors, I would also like to express our sincere thanks to our valued customers, suppliers, bankers, business associates, shareholders and the relevant government departments for the support they have given to us throughout the year.

**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 standard 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 Group in all areas of operation, finance, business development, research and development, administration as well as customer and shareholders' satisfaction. The Board recognises that it has overall responsibility for corporate governance and strategic direction and has adopted all the six specific responsibilities as listed in the Code.

### (a) Composition

The Board of Directors of Metrod are 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. The number of independent directors represents one-third of total directors on the Board satisfying the requirement of the Code for Independent Non-Executive Directors. 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 contributes significantly towards the objectives and advancement of the Company.

Y.Bhg. 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.

The Company provides an orientation and education program for new recruits to the Board.

The profile of each of the Director is set out on pages 5 to 7 of this Annual Report. All Directors have served for the full year.

### (b) Board Meetings

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

During the financial year ended 31 December 2002, 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 Hon. Apurv Bagri	Non-Independent Non-Executive Director & Vice-Chairman	4	100
The Lady Bagri	Non-Independent Non- Executive Director	3	75
Y.Bhg. Dato' Azlan Hashim	Independent Non-Executive Director	4	100
Y.Bhg. Datuk Nik Ibrahim bin Nik Abdullah	Non-Independent Non-Executive Director	4	100
Y.Bhg. Datuk Abu Hassan Kendut	Independent Non-Executive Director	4	100
Encik Ashari bin Ayub	Independent Non-Executive Director	4	100
Mr Pratik Basu	Managing Director	4	100

The Articles of Association of the Company has already been amended to enable Directors residing abroad and/or travelling to attend Board Meetings via electronic means such as telephone conferencing, video conferencing or other communication equipments.

The Chairman undertakes primary responsibility for organizing 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 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.

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

At the forthcoming AGM, The Lady Bagri and Y.Bhg. Dato' Azlan Hashim shall retire by rotation and have offered themselves for re-election.

Directors over 70 years are required to submit themselves for re-appointment annually in accordance to Section 129(6) of Companies Act, 1965. The Lord Bagri is seeking re-appointment under this section at the forthcoming Annual General Meeting.

The Board has access to the services of the Company Secretary who ensures that all appointments are properly made, 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 remuneration of the Directors is 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 2002, the remuneration of the Directors were as follows:-

	Salary and other entitlements		Fees	Benefits in kind	Total
	Nos.	RM	RM	RM	RM
<b>Director</b>					
<i>Non-Executive</i>					
RM50,000 and below	4	–	144,000	–	144,000
<i>Executive</i>					
RM800,000 to RM850,000	1	735,688	–	108,873	844,561
	<u>5</u>	<u>735,688</u>	<u>144,000</u>	<u>108,873</u>	<u>988,561</u>

**(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 receive updates from time to time particularly on relevant new laws and regulations.

## T H E B O A R D C O M M I T T E E S

### Audit Committee

The Board has delegated specific responsibilities to an Audit Committee, the details of which are set out on pages 20 to 23. The terms of reference of the Committee are consistent with the 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, 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.

## S H A R E H O L D E R S

### (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**. The Kuala Lumpur Stock Exchange also provides for the Company to electronically publish all its announcements, including full versions of its quarterly results and Annual Reports. These can be accessed at any time through the KLSE internet website at **http://announcements.klse.com.my**

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 a 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 27 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 on 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 Group's Statement on Internal Control is set out on pages 17 to 19.

### (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 are in line with the revamped KLSE Listing Requirements. The Audit Committee met four (4) times during the financial year. The activities of the Committee during the financial year ended 31 December 2002 and terms of reference are set out under the Audit Committee Report on pages 20 to 23 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.

**(f) Compliance with the Code**

Save as set out below, the Group has substantially complied with the Principles and Best Practices of the Code:

- i. The establishment of Nomination and Remuneration Committees has not been undertaken because the Board is primarily responsible for making recommendations for any new appointments to the Board and assessment of directors on an on-going basis. In addition, the full Board recommends the Directors' fees to be approved at the AGM and determines the other emoluments of the Directors with the individual Director affected abstaining from decisions in respect of their individual remuneration.
- ii. The Internal Audit function has not yet been set-up. 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. An enterprise-wide risk management framework is being set up that will result in a systematic and periodical review and mitigation of the risks affecting the business. 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.

**O T H E R I N F O R M A T I O N**

**(a) Non-audit fees**

The amount of non-audit fees paid to the external auditors by the Group for the financial year amounted to RM40,729.

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

The Company entered into Recurrent Related Party Transactions of revenue nature for the purchase of raw materials from Metdist Limited as set out in Circular to Shareholders dated 4 April 2002 which was approved in the Extraordinary General Meeting on 26 April 2002. Metdist Limited is a related party in which certain directors of the Company namely The Lord Bagri CBE and The Hon. Apurv Bagri are the Directors and indirectly holds 100% shares. The Lady Bagri who is the Director of the Group, is also deemed to have an interest of 100% in Metdist Limited through her husband, The Lord Bagri and her son, The Hon. Apurv Bagri.

The total value of the transactions for the financial year 2002 in pursuance to the shareholders' mandate amounted to RM426,466,163.

The Directors confirmed that related party transactions were conducted at arm's length on normal commercial terms based on prevailing market rates which are not more favourable to the related parties than those extended to the general public and are not to the detriment of the minority shareholders of the Company.

**(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) Share Buybacks**

There was no share buybacks effected for the financial year.

**(f) Options, Warrants or Convertible Securities**

There were no options, warrants or convertible securities issued by the Company in respect of the financial year.

**(g) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme**

During the financial year, the Company did not sponsor any ADR or GDR programme.

**(h) Profit Guarantees**

During the year, there were no profit guarantees given by the Company.

**(i) Contracts Relating to Loans**

There were no contracts relating to loans by the Company.

**(j) 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 27 February 2003.

**THE LORD BAGRI CBE**  
Chairman

# Statement On Internal Control

---

## INTRODUCTION

Paragraph 15.27(b) of the Kuala Lumpur Stock Exchange Listing Requirements requires the Board of Directors of public listed companies to include in its annual report a “statement about the state of internal control of the listed issuer as a group.”

Set out below is the Board’s Internal Control Statement which outlines the nature and state of internal control of the Group during the year.

## BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the Company’s and the Group’s system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can provide only reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss. The system of internal control encompasses risk management and financial, organizational, operational and compliance controls.

## RISK MANAGEMENT FRAMEWORK

The Board fully supports the contents of the Statement on Internal Control : Guidance for Directors of Public Listed Companies (“Internal Control Guidance”). The Board confirms that the Group has an on-going process for identifying, evaluating and managing significant risks faced by the Group, that has been in place throughout the year and that this process is regularly reviewed by the Board. To this end, external consultants were engaged in July 2002 to assist Management in formulating the risk profile for the Group, using the Strategic Enterprise-wide Risk Management process.

The formalisation of the Strategic Enterprise-wide Risk Management framework involved the following initiatives, which were undertaken during the period from September to October 2002:-

- A Risk Management Awareness session was carried out by the external consultants to familiarize Management on the significance and overall outworking of structured risk management; and
- Workshops and interviews were conducted with Directors, Senior Management team and selected staff with an objective to identify the present and potential principal business risks faced by the Group, including the appropriate management action plans in place to manage the risks.
- Major risk groups have been identified within the operations of the Group. Key risks to each component’s objectives (aligned with the Group’s strategic objectives) were identified and scored for likelihood of occurrence and magnitude of impact. A database of all identified principal risks and controls was consolidated and the information was filtered to produce a detailed risk register and individual risk profiles for the major risk groups.
- A risk profile and risk register of the Group was submitted to the Audit Committee and Board for consideration and was approved on 7 November, 2002.

The next steps in the Enterprise-wide Risk Management Framework are as follows:-

- A Risk Management Committee will be set up to oversee and provide guidance to various business process owners on Risk Policy and Procedures;
- Regular review of the risk management process by the Board, which includes on its agenda matters relating to significant risks that may impede business objectives;
- Risk management training for selected management and staff will be conducted on an on-going basis;
- To formulate action plan for various management actions proposed to strengthen the risk profile and manage the risks involved;
- Formal periodic reviews by the Board on the adequacy and integrity of the system of internal control will be conducted with the assistance of the Audit Committee.

These initiatives would ensure that the Company and the Group have in place a formalised ongoing process to identify, measure and manage the significant risks affecting the achievement of its business objectives.

#### 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. An enterprise-wide risk management framework is being set up that will result in a systematic and periodical review and mitigation of the risks affecting the business. 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.

#### OTHER KEY COMPONENTS OF INTERNAL CONTROL SYSTEM

The other key components of the Company's and the Group's internal control systems are described below:-

- The Board meets at least quarterly and has a formal agenda on matters for discussion. The Chairman leads the presentation of board papers and provides comprehensive explanation of pertinent issues. In arriving at any major decision, a thorough deliberation and discussion by the Board is undertaken. In addition, the Board is updated on the Company's and the Group's activities and operations at every board meeting.
- There is in place an organizational structure with formally defined responsibility lines and authorities to facilitate quick response to the changes in the evolving business environment and accountability for operation performance. Capital and non-capital expenditures and acquisition and disposal of any investment interests are subject to appropriate approval processes.
- Comprehensive management reports are generated on a regular and consistent basis to facilitate the Board, the Company's and the Group's Management to perform financial and operating reviews on the various operating units. The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.
- The Company and the Group have in place a detailed and well-controlled budgeting process that provides a responsible accounting framework.
- The documented policies and procedures form an integral part of the internal control system to safeguard the Company's and the Group's assets against material losses and ensure complete and accurate financial information. The documents consists of memoranda, circulars, manuals and handbooks that are continuously being revised and updated to meet operational needs.
- During the financial year, the Group in its consolidated financial statements made an allowance of RM1,943,669 in respect of doubtful debts suffered by its subsidiary, following an assessment by the Board on the recoverability of the debts concerned. The Board is of the opinion that this loss is not due to a weakness in internal control but mainly due to external economic factors beyond the control of the Board.
- There were no material losses incurred during the financial year as a result of weaknesses in internal control. The Board, together with Management, continues to take measures to strengthen the control environment.

## **M O N I T O R I N G   A N D   R E V I E W**

As mentioned in the Statement of Corporate Governance, the Board has delegated day-to-day functions to the Managing Director, who is aided by a team of corporate officers to assist with the carrying out of his duties. Part of his role is to drive each area of the business operations in a manner to ensure the integrity of the internal control framework and that effective risk management practice is in place throughout the year.

From a process viewpoint, the Managing Director preside over all regular management meetings in each of the business operations. These meetings review financial performance, business issues including internal control matters and risk management.

This statement is made in accordance with a resolution of the Board of Directors dated 27 February 2003.

## Audit Committee Report

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 2002.

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. The Committee 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.Bhg. Dato’ Azlan Hashim (Chairman)	Independent Non-Executive Director
Y.Bhg. Datuk Nik Ibrahim	Non-Independent Non-Executive Director
Y.Bhg. Datuk Abu Hassan Kendut	Independent Non-Executive Director
Encik Ashari 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 2002 and all the members attended all the meetings held during the financial year.

### 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;
- the related party transactions undertaken by the Group in the ordinary course of business which were carried out on arm’s length basis;
- compliance with accounting standards and other legal requirements and any changes in accounting policies and practices;
- appointment of external auditors and their request for increase in audit fees.

The Committee also reviewed the framework of an enterprise-wide risk management. Being a contemporary topic, a number of workshops were conducted with the assistance of external experts for senior management and managing director. The workshops provided a forum for comprehensive understanding of the concept of managing and documenting risks. The workshops gave rise to the identification of the major financial and non-financial risks confronting each major business operation, assessment of risks and current policies and procedures in managing the risks. A documentation process is being designed to provide for regular reporting before the Committee on the dynamics of major risks, including identifying new risks and mitigating efforts to be undertaken by management on an on-going basis.

## 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. An enterprise-wide risk management framework is being set up that will result in a systematic and periodical review and mitigation of the risks affecting the business. 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 requirement 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 any particular meeting only 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.

**R I G H T S**

- 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.

## F U N C T I O N S

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; and
    - (iv) his management letter and management's response;
    - (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;
    - (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 be informed 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 2002

The Directors have pleasure in submitting 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 2002.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is manufacturing of electrical conductivity grade copper wires, rods and strips. The principal activities of the Group are procurement of raw materials, manufacturing and marketing of electrical conductivity grade copper wires, rods and strips.

### FINANCIAL RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Net profit for the year	<u>10,112,457</u>	<u>6,232,418</u>

### DIVIDENDS

Dividends paid or declared by the Company since 31 December 2001 were as follows:

	<b>RM</b>
In respect of the year ended 31 December 2001:	
First and final tax exempt dividend of 10% paid on 28 June 2002	<u>4,000,000</u>

The Directors now recommend the payment of a first and final dividend of 8 sen per ordinary shares, tax exempt, amounting to RM4,800,000 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

### RESERVES AND PROVISIONS

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

### ISSUE OF SHARES

During the year, the issued and paid-up capital of the Company was increased from RM40,000,000 to RM60,000,000 by way of a bonus issue of 20,000,000 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share for every two (2) existing shares held via the capitalisation of RM16,075,000 from the Company's share premium and remaining RM3,925,000 from the retained earnings of the Company.

The new bonus shares issued during the year ranked pari-passu in all aspects with the existing ordinary shares of the Company.

## **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 Hon. Apurv Bagri  
 The Lady Bagri  
 Y.Bhg. Dato' Azlan Hashim  
 Y.Bhg. Datuk Nik Ibrahim bin Nik Abdullah  
 Y.Bhg. Datuk Abu Hassan Kendut  
 Ashari bin Ayub  
 Pratik Basu

## **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 except as follows:-

	<b>Number of ordinary shares of RM1.00 each</b>			
	<b>At</b>	<b>Addition</b>	<b>Disposal</b>	<b>At</b>
	<b>1.1.2002</b>			<b>31.12.2002</b>
<b>Shareholdings in which the Director is deemed to have an interest</b>				
Y.Bhg. Dato' Azlan Hashim	918,000	459,000	0	1,377,000

## **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 5 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 as disclosed in Note 23 to the financial statements.

## **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.

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 27 February 2003.

#### **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 29 to 50 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 2002 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 27 February 2003.

**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 29 to 50 are, in my opinion, 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 27 February 2003, 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 29 to 50. 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 2002 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 11 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

**JAYARAJAN A/L U. RATHINASAMY**

(No. 2059/06/04 (J))

Partner

Kuala Lumpur

27 February 2003

## Income Statements

for the year ended 31 December 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Revenue	3	<b>504,866,272</b>	636,839,090	<b>35,978,611</b>	44,442,445
Cost of sales		<b>(481,437,966)</b>	(609,334,721)	<b>(26,324,803)</b>	(32,367,465)
Gross profit		<b>23,428,306</b>	27,504,369	<b>9,653,808</b>	12,074,980
Other operating income		<b>2,133,938</b>	1,541,657	<b>1,283,973</b>	362,201
Selling and distribution costs		<b>(7,498,179)</b>	(7,776,758)	<b>(716,221)</b>	(786,819)
Administrative expenses		<b>(4,605,679)</b>	(4,501,699)	<b>(3,325,050)</b>	(3,064,563)
Other operating expenses		<b>(2,437,549)</b>	(4,739,563)	<b>(291,371)</b>	(314,460)
Profit from operations	4	<b>11,020,837</b>	12,028,006	<b>6,605,139</b>	8,271,339
Finance cost	6	<b>(520,380)</b>	(2,010,458)	<b>(24,721)</b>	(14,607)
Profit from ordinary activities before tax		<b>10,500,457</b>	10,017,548	<b>6,580,418</b>	8,256,732
Tax	7	<b>(388,000)</b>	(532,000)	<b>(348,000)</b>	(532,000)
Net profit for the year		<b>10,112,457</b>	9,485,548	<b>6,232,418</b>	7,724,732
Earnings per share (sen)					
– basic	8	16.9	15.8		
Dividend per share (sen)	9	8.0*	10.0*	8.0*	10.0*

\* Tax exempt

## Balance Sheets

as at 31 December 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
<b>Non current assets</b>					
Property, plant and equipment	10	43,975,955	49,332,704	36,963,020	45,510,798
Subsidiary companies	11	0	0	21,844,116	21,844,116
		<u>43,975,955</u>	<u>49,332,704</u>	<u>58,807,136</u>	<u>67,354,914</u>
<b>Current assets</b>					
Inventories	12	55,376,718	46,118,649	4,245,705	4,731,197
Trade and other receivables	13	49,191,301	55,818,515	34,292,002	40,104,402
Deposits, bank and cash balances	14	46,742,146	20,033,351	25,568,745	8,258,060
Tax recoverable		1,798,999	1,589,000	0	0
		<u>153,109,164</u>	<u>123,559,515</u>	<u>64,106,452</u>	<u>53,093,659</u>
<b>Less: Current liabilities</b>					
Trade and other payables	15	50,322,576	20,858,380	2,010,291	2,247,289
Current tax liabilities		1,168,513	638,194	1,168,480	638,194
Short term bank borrowings (interest bearing)	16	717,345	11,900,000	717,345	0
		<u>52,208,434</u>	<u>33,396,574</u>	<u>3,896,116</u>	<u>2,885,483</u>
<b>Net current assets</b>		<b>100,900,730</b>	<b>90,162,941</b>	<b>60,210,336</b>	<b>50,208,176</b>
<b>Less: Non current liabilities</b>					
Provision for retirement benefits	17	1,677,532	1,683,335	1,342,892	1,395,314
Deferred taxation	18	2,395,000	3,013,000	2,395,000	3,013,000
		<u>4,072,532</u>	<u>4,696,335</u>	<u>3,737,892</u>	<u>4,408,314</u>
		<u>140,804,153</u>	<u>134,799,310</u>	<u>115,279,580</u>	<u>113,154,776</u>
<b>Capital and reserves</b>					
Share capital	19	60,000,000	40,000,000	60,000,000	40,000,000
Share premium		17,386	16,200,000	17,386	16,200,000
Retained earnings	20	80,786,767	78,599,310	55,262,194	56,954,776
		<u>140,804,153</u>	<u>134,799,310</u>	<u>115,279,580</u>	<u>113,154,776</u>

## Consolidated Statement Of Changes In Equity

for the year ended 31 December 2002

Note	<u>Issued and fully paid ordinary shares of RM1 each</u>		<u>Non- distributable</u>	<u>Distributable</u>	Total RM
	Number of shares	Nominal value RM	Share premium RM	Retained earnings RM	
<b>At 1 January 2001</b>	40,000,000	40,000,000	16,200,000	73,113,762	129,313,762
Net profit for the year	0	0	0	9,485,548	9,485,548
Dividends for year ended 31 December 2000	0	0	0	(4,000,000)	(4,000,000)
<b>At 31 December 2001</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>16,200,000</b>	<b>78,599,310</b>	<b>134,799,310</b>
<b>At 1 January 2002</b>	40,000,000	40,000,000	16,200,000	78,599,310	134,799,310
Net profit for the year	0	0	0	10,112,457	10,112,457
Capitalisation for bonus issue	20,000,000	20,000,000	(16,075,000)	(3,925,000)	0
Share issue expenses	0	0	(107,614)	0	(107,614)
Dividends for year ended 31 December 2001	0	0	0	(4,000,000)	(4,000,000)
<b>At 31 December 2002</b>	<b>60,000,000</b>	<b>60,000,000</b>	<b>17,386</b>	<b>80,786,767</b>	<b>140,804,153</b>

## Company Statement Of Changes In Equity

for the year ended 31 December 2002

Note	<u>Issued and fully paid ordinary shares of RM1 each</u>		<u>Non-distributable</u>	<u>Distributable</u>	<u>Total</u> RM
	<u>Number of shares</u>	<u>Nominal value</u> RM	<u>Share premium</u> RM	<u>Retained earnings</u> RM	
<b>At 1 January 2001</b>	40,000,000	40,000,000	16,200,000	53,230,044	109,430,044
Net profit for the year	0	0	0	7,724,732	7,724,732
Dividends for year ended 31 December 2000	9	0	0	(4,000,000)	(4,000,000)
<b>At 31 December 2001</b>	40,000,000	40,000,000	16,200,000	56,954,776	113,154,776
<b>At 1 January 2002</b>	40,000,000	40,000,000	16,200,000	56,954,776	113,154,776
Net profit for the year	0	0	0	6,232,418	6,232,418
Capitalisation for bonus issue	20,000,000	20,000,000	(16,075,000)	(3,925,000)	0
Share issue expenses	0	0	(107,614)	0	(107,614)
Dividends for year ended 31 December 2001	9	0	0	(4,000,000)	(4,000,000)
<b>At 31 December 2002</b>	<b>60,000,000</b>	<b>60,000,000</b>	<b>17,386</b>	<b>55,262,194</b>	<b>115,279,580</b>

## Cash Flow Statements

for the year ended 31 December 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
<b>Operating activities</b>					
Cash receipts from customers		<b>510,673,751</b>	627,788,246	<b>42,739,418</b>	44,619,313
Cash paid to suppliers and employees		<b>(467,856,137)</b>	(661,864,350)	<b>(21,296,673)</b>	(58,906,556)
Cash from operations		<b>42,817,614</b>	(34,076,104)	<b>21,442,745</b>	(14,287,243)
Interest paid		<b>(520,380)</b>	(2,060,284)	<b>(24,721)</b>	(14,607)
Tax paid		<b>(685,713)</b>	(2,063,067)	<b>(435,714)</b>	(1,063,067)
Net cash flow from operating activities		<b>41,611,521</b>	(38,199,455)	<b>20,982,310</b>	(15,364,917)
<b>Investing activities</b>					
Investment in a subsidiary company		<b>0</b>	0	<b>0</b>	(97,472)
Purchase of property, plant and equipment		<b>(622,462)</b>	(388,030)	<b>(616,922)</b>	(380,380)
Proceeds from disposal of property, plant and equipment		<b>106,000</b>	18,000	<b>74,000</b>	18,000
Interest received		<b>904,005</b>	1,438,594	<b>261,566</b>	268,804
Net cash flow from investing activities		<b>387,543</b>	1,068,564	<b>(281,356)</b>	(191,048)
<b>Financing activities</b>					
Proceeds from short term bank borrowings (net)		<b>0</b>	11,900,000	<b>0</b>	0
Repayments of short term bank borrowings		<b>(11,900,000)</b>	(8,476,375)	<b>0</b>	0
Share issue expenses		<b>(107,614)</b>	0	<b>(107,614)</b>	0
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>(16,007,614)</b>	(576,375)	<b>(4,107,614)</b>	(4,000,000)
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>25,991,450</b>	(37,707,266)	<b>16,593,340</b>	(19,555,965)
<b>Cash and cash equivalents – at start of year</b>		<b>20,033,351</b>	57,740,617	<b>8,258,060</b>	27,814,025
<b>– at end of year</b>	14	<b>46,024,801</b>	20,033,351	<b>24,851,400</b>	8,258,060

## Summary Of Significant Accounting Policies

---

for the year ended 31 December 2002

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 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. The new applicable approved accounting standards adopted and applied in these financial statements are as follows:

- (i) MASB Standard 23 "Impairment of Assets"
- (ii) MASB Standard 24 "Financial Instruments: Disclosure and Presentation"

The preparation of financial statements in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Actual results could differ from those estimates.

### 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 remaining lease period of 86 years.

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

Depreciation on capital work in progress commences when the assets are put into use.

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations.

## **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 defined benefit plan. Under the plan, 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 plan over the expected remaining service lives of those employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plan every three years. The retirement benefit obligation is measured at the present value of all benefits payable in the future in respect of service completed or accrued as at the valuation date based on projected final salaries. The cost of retirement benefit under this defined benefit plan is determined using the "Projected Unit Credit" method, a form of the Projected Benefit Valuation Method once in every 3 years.

## **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.

### **(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>31.12.2002</b>	31.12.2001
	<b>RM</b>	RM
1 US Dollar	3.80	3.80
1 Euro	3.67	3.41
100 Indonesian Rupiah	0.0420	0.0367

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

**(i) Financial instruments recognised on the balance sheet**

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

**(ii) Financial instruments not recognised on the balance sheet**

The Group is a party to financial instruments which comprise foreign currency forward contracts. This instrument is not recognised in the financial statements on inception. The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions. All other exchange gains and losses relating to hedge instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items. Gains and losses on contracts which are no longer designated as hedges are included in the income statement.

**(iii) Fair value estimation for disclosure purpose**

The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. The face values, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

# Notes To The Financial Statements

---

for the year ended 31 December 2002

## 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 11 to the financial statements.

The number of employees as at the end of the year amounted to 139 (31.12.2001: 165) in the Group and 119 (31.12.2001: 145) 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, Lengkok 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 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, market risk, credit risk, interest rate risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems, a comprehensive insurance programme and adherence to Group financial risk management policies. The Board reviews these risks and approves the treasury policies, which covers the management of these risks. The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain exposures. It does not trade in financial instruments.

### Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by the Group in currencies other than their functional currency. The Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

### Market risk

Copper raw material costs represent 80% to 90% of total cost over the Group's product range. Copper, being a traded commodity, is by nature highly volatile and fluctuates significantly. The Group, obtains from its supplier the facility of providing back-to-back hedging for its sales to customers. Therefore, pricing risk is optimally managed allowing the Group to concentrate on its manufacturing activities without any market exposure in terms of copper price itself.

Through the facility made available from its supplier, the Group is able to manage various risks of quantity, delivery, pricing, currency and payment on a cost effective basis.

### Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit. The Board of Directors approves the credit policy and reviews the credit limit periodically. The Group manages this risk by limiting the aggregate exposure to any individual customer.

Cash assets are invested safely and profitably.

The Group considers the risk of material loss in the event of non-performance by a financial counter party to be unlikely.

**Interest rate risk**

The Group's income and operating cash flows are dependent on changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits, and is managed through on-going and systematic monitoring mechanism of the rate and timing of requirement.

**Liquidity and cashflow risk**

Prudent liquidity risk management implies maintaining, sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet financial obligations. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

**3 R E V E N U E**

Revenue of the Company represents invoiced value of goods processed. Revenue of the Group represents invoiced value of goods sold, net of returns and discounts.

**4 P R O F I T F R O M O P E R A T I O N S**

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	2001	<b>2002</b>	2001
	<b>RM</b>	RM	<b>RM</b>	RM
<b>The following items have been charged/ (credited) in arriving at profit from operations:</b>				
Depreciation of property, plant and equipment	<b>5,979,211</b>	5,862,339	<b>9,164,700</b>	9,005,111
Bad debts written off	<b>0</b>	4,332,673	<b>0</b>	0
Allowance for doubtful debts	<b>1,943,669</b>	0	<b>0</b>	0
Rental of premises	<b>345,925</b>	337,000	<b>1,349,475</b>	1,377,400
Staff cost (includes Directors' other emoluments as disclosed in Note 5)	<b>8,731,063</b>	9,479,294	<b>7,207,003</b>	7,949,193
Auditors' remuneration	<b>67,257</b>	61,800	<b>32,000</b>	30,000
(Gain)/loss on disposal of property, plant and equipment	<b>(106,000)</b>	74,923	<b>(74,000)</b>	216,028
Interest income	<b>(1,064,197)</b>	(1,456,865)	<b>(258,608)</b>	(323,986)
Insurance claims received*	<b>(5,955,816)</b>	(38,215)	<b>(5,952,616)</b>	(38,215)
Compensation under Voluntary Separation Scheme	<b>908,286</b>	0	<b>908,286</b>	0
	<b>908,286</b>	0	<b>908,286</b>	0

\* Insurance claims received in respect of consequential loss arising from the explosion of plant and machinery amounting to RM5,005,431 (2001: Nil) have been included under cost of sales of the Company and Group.

5 DIRECTORS' REMUNERATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Directors' fees	144,000	0	144,000	0
Other emoluments	735,688	735,627	735,688	735,627
Estimated money value of benefits-in-kind	108,873	104,419	108,873	104,419
	<b>988,561</b>	<b>840,046</b>	<b>988,561</b>	<b>840,046</b>

6 FINANCE COST

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Interest expense:				
– bank overdraft	24,721	14,607	24,721	14,607
– bankers acceptance	495,659	1,979,591	0	0
– foreign currency trade loan	0	16,260	0	0
	<b>520,380</b>	<b>2,010,458</b>	<b>24,721</b>	<b>14,607</b>

7 TAX

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>Tax charge for the year</b>				
Malaysian income tax - current	1,006,000	1,068,000	966,000	1,068,000
Deferred taxation (Note 18)	(618,000)	(536,000)	(618,000)	(536,000)
	<b>388,000</b>	<b>532,000</b>	<b>348,000</b>	<b>532,000</b>

The effective tax rate of the Company for the year was lower than the statutory tax rate due to utilisation of reinvestment allowances, resulting in a tax savings of approximately RM2,099,000. The effective tax rate of the Group was lower than the statutory tax rate due to utilisation of reinvestment allowances and tax losses amounting to approximately RM2,322,000.

	Group	
	2002 RM	2001 RM
<b>Tax losses</b>		
Tax savings as a result of the utilisation of current year tax losses for which credit is recognised during the year	28,000	279,000
Tax saving from the utilisation of tax losses brought forward from previous years for which the related credit is recognised during the year	195,000	0
Tax losses for which the related tax credit has not been recognised in the financial statements	155,000	350,000

**8 EARNINGS PER SHARE**

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

	<b>2002</b>	2001
Net profit for the year (RM)	<b>10,112,457</b>	9,485,548
Number of ordinary shares in issue	<b>60,000,000</b>	60,000,000
Basic earnings per share (sen)	<b><u>16.9</u></b>	<u>15.8</u>

The calculation of earnings per share for 2001 has been adjusted to reflect the bonus issue of 20,000,000 new ordinary shares during the financial year (Note 19) as if the bonus issue had occurred at the beginning of 2001.

**9 DIVIDENDS**

Dividends proposed in respect of the year ended 31 December 2002 are as follows:

	<b>2002</b>		2001	
	<b>Gross per share Sen</b>	<b>Amount of Dividend RM</b>	Gross Per share Sen	Amount of Dividend RM
Proposed first and final tax exempt dividend	<b><u>8</u></b>	<b><u>4,800,000</u></b>	<u>10</u>	<u>4,000,000</u>

At the Annual General Meeting on 29 May 2003, a final tax exempt dividend in respect of the year ended 31 December 2002 of 8 sen per share amounting to RM4,800,000 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 2003 when approved by the shareholders in accordance with the requirement of MASB Standard 19 "Events After Balance Sheet Date".

**10 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	Capital work in progress RM	Total RM
<b>Group</b>									
<b>Net book value at</b>									
<b>1 January 2001</b>	15,093,472	1,946,844	9,563,427	26,287,539	40,165	227,236	41,164	0	53,199,847
Additions	0	0	0	280,068	13,880	0	94,082	0	388,030
Additions arising from consolidation of a subsidiary company	1,700,089	0	0	0	0	0	0	0	1,700,089
Disposals	0	0	0	(92,923)	0	0	0	0	(92,923)
Depreciation charge	0	(24,343)	(843,301)	(4,765,450)	(28,574)	(132,893)	(67,778)	0	(5,862,339)
<b>Net book value at</b>									
<b>31 December 2001</b>	16,793,561	1,922,501	8,720,126	21,709,234	25,471	94,343	67,468	0	49,332,704
Additions	0	0	0	0	142,600	169,225	25,664	284,973	622,462
Depreciation charge	0	(24,343)	(839,449)	(4,945,424)	(38,010)	(87,321)	(44,664)	0	(5,979,211)
<b>Net book value at</b>									
<b>31 December 2002</b>	<b>16,793,561</b>	<b>1,898,158</b>	<b>7,880,677</b>	<b>16,763,810</b>	<b>130,061</b>	<b>176,247</b>	<b>48,468</b>	<b>284,973</b>	<b>43,975,955</b>
<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	0	109,712,662
Valuation	0	2,287,000	0	0	0	0	0	0	2,287,000
Accumulated depreciation	0	(390,219)	(8,145,916)	(46,629,652)	(3,826,264)	(574,197)	(1,354,065)	0	(60,920,313)
Accumulated impairment losses	(1,746,645)	0	0	0	0	0	0	0	(1,746,645)
Net book value	16,793,561	1,922,501	8,720,126	21,709,234	25,471	94,343	67,468	0	49,332,704
<b>At 31 December 2002</b>									
Cost	18,540,206	25,720	16,866,042	68,338,886	3,994,335	650,495	1,447,197	284,973	110,147,854
Valuation	0	2,287,000	0	0	0	0	0	0	2,287,000
Accumulated depreciation	0	(414,562)	(8,985,365)	(51,575,076)	(3,864,274)	(474,248)	(1,398,729)	0	(66,712,254)
Accumulated impairment losses	(1,746,645)	0	0	0	0	0	0	0	(1,746,645)
Net book value	16,793,561	1,898,158	7,880,677	16,763,810	130,061	176,247	48,468	284,973	43,975,955

	Long term leasehold land RM	Buildings RM	Plant, machinery and equipment RM	Furniture, fixtures and fittings RM	Motor vehicles RM	Computers RM	Capital work in progress RM	Total RM
<b>Company</b>								
<b>Net book value</b>								
<b>at 1 January 2001</b>	1,946,844	2,975,427	49,205,348	15,159	190,341	36,438	0	54,369,557
Additions	0	0	280,068	13,880	0	86,432	0	380,380
Disposals	0	0	(234,028)	0	0	0	0	(234,028)
Depreciation charge	(24,343)	(362,564)	(8,444,214)	(15,127)	(95,998)	(62,865)	0	(9,005,111)
<b>Net book value</b>								
<b>at 31 December 2001</b>	1,922,501	2,612,863	40,807,174	13,912	94,343	60,005	0	45,510,798
Additions	0	0	0	142,600	169,225	20,124	284,973	616,922
Depreciation charge	(24,343)	(358,710)	(8,624,189)	(32,232)	(87,321)	(37,905)	0	(9,164,700)
<b>Net book value</b>								
<b>at 31 December 2002</b>	<b>1,898,158</b>	<b>2,254,153</b>	<b>32,182,985</b>	<b>124,280</b>	<b>176,247</b>	<b>42,224</b>	<b>284,973</b>	<b>36,963,020</b>
<b>At 31 December 2001</b>								
Cost	25,720	7,251,288	78,409,061	1,236,063	484,066	1,069,698	0	88,475,896
Valuation	2,287,000	0	0	0	0	0	0	2,287,000
Accumulated depreciation	(390,219)	(4,638,425)	(37,601,887)	(1,222,151)	(389,723)	(1,009,693)	0	(45,252,098)
<b>Net book value</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>0</b>	<b>45,510,798</b>
<b>At 31 December 2002</b>								
Cost	25,720	7,251,288	78,409,061	1,378,663	528,311	1,089,822	284,973	88,967,838
Valuation	2,287,000	0	0	0	0	0	0	2,287,000
Accumulated depreciation	(414,562)	(4,997,135)	(46,226,076)	(1,254,383)	(352,064)	(1,047,598)	0	(54,291,818)
<b>Net book value</b>	<b>1,898,158</b>	<b>2,254,153</b>	<b>32,182,985</b>	<b>124,280</b>	<b>176,247</b>	<b>42,224</b>	<b>284,973</b>	<b>36,963,020</b>

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".

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	2001	<b>2002</b>	2001
	<b>RM</b>	RM	<b>RM</b>	RM
Net book value of revalued long term leasehold land had the asset been carried at cost less accumulated depreciation	<b>20,401</b>	20,671	<b>20,401</b>	20,671

## 11 SUBSIDIARY COMPANIES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Unquoted investments in subsidiary companies, at cost	0	0	23,590,761	23,590,761
Provision for diminution in value	0	0	(1,746,645)	(1,746,645)
	<b>0</b>	<b>0</b>	<b>21,844,116</b>	<b>21,844,116</b>

The currency exposure profile of unquoted investments in subsidiary companies is as follows:

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
– Ringgit Malaysia	0	0	20,000,000	20,000,000
– US Dollar	0	0	1,844,116	1,844,116
	<b>0</b>	<b>0</b>	<b>21,844,116</b>	<b>21,844,116</b>

Details of the subsidiary companies are as follows:

Name	Country of incorporation	Group's effective interest		Principal activities
		2002 %	2001 %	
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	100	Dormant.

\* Audited by PricewaterhouseCoopers, Malaysia

The shares of all subsidiary companies are held directly by the Company except for Metrod (OFHC) Sdn Bhd holding 1% (2001: 1%) equity interest in P.T. Metrod Indonesia.

## 12 INVENTORIES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
<b>At cost:</b>				
Finished goods	14,992,389	14,847,372	0	0
Raw materials	12,785,467	5,276,142	0	0
Raw materials in transit	23,353,157	21,263,938	0	0
Spares and consumables	4,245,705	4,731,197	4,245,705	4,731,197
	<b>55,376,718</b>	<b>46,118,649</b>	<b>4,245,705</b>	<b>4,731,197</b>

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade receivables	42,851,350	53,056,488	0	0
Allowance for doubtful debts	(1,943,669)	0	0	0
	<b>40,907,681</b>	53,056,488	<b>0</b>	0
Amounts due from subsidiary companies	0	0	33,112,240	38,996,246
Other receivables	1,126,312	1,269,971	975,501	901,861
Import duty drawback receivable	6,877,610	1,164,275	0	0
Deposits	238,132	245,483	169,795	177,345
Prepayments	41,566	82,298	34,466	28,950
	<b>49,191,301</b>	55,818,515	<b>34,292,002</b>	40,104,402

The amounts due from subsidiary companies are unsecured, interest free and have no fixed terms of repayment.

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
The currency exposure profile of trade receivables is as follows:				
– Ringgit Malaysia	31,802,483	35,425,101	0	0
– US Dollar	8,395,083	16,503,923	0	0
– Euro	710,115	1,127,464	0	0
	<b>40,907,681</b>	53,056,488	<b>0</b>	0

Credit terms of trade receivables range from payment in advance to 180 days.

Concentration of credit risk with respect to trade receivables is limited due to Group's large number of customers and the policy of limiting the aggregate risk to any individual customer. The Group's historical experience in collection of accounts receivable falls within the amounts accounted for. Due to these factors, the Group believes that no additional credit risk beyond amounts already provided for doubtful debts is likely in the Group's trade receivables.

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Deposits with licensed banks	<b>45,400,000</b>	16,500,000	<b>25,500,000</b>	7,500,000
Bank and cash balances	<b>1,342,146</b>	3,533,351	<b>68,745</b>	758,060
	<hr/>	<hr/>	<hr/>	<hr/>
Deposits, bank and cash balances	<b>46,742,146</b>	20,033,351	<b>25,568,745</b>	8,258,060
Bank overdrafts (Note 16)	<b>(717,345)</b>	0	<b>(717,345)</b>	0
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents	<b>46,024,801</b>	20,033,351	<b>24,851,400</b>	8,258,060

The currency exposure profile of deposits, bank and cash balances is as follows:

– Ringgit Malaysia	<b>46,623,495</b>	19,773,145	<b>25,547,052</b>	8,225,178
– US Dollar	<b>82,081</b>	178,542	<b>21,693</b>	32,882
– Indonesian Rupiah	<b>36,570</b>	81,664	<b>0</b>	0
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>46,742,146</b>	20,033,351	<b>25,568,745</b>	8,258,060

The weighted average interest rates of deposits that were effective as at year end were as follows:

	Group		Company	
	2002 %	2001 %	2002 %	2001 %
Deposits with licensed banks	<b>2.83</b>	3.24	<b>2.81</b>	3.28

Deposits of the Group and Company as at year end have an average maturity of 108 days and 71 days (31.12.2001: 79 days and 118 days) respectively. Bank balances are deposits held at call with banks.

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade payables	46,107,782	15,123,762	0	0
Trade accruals	4,214,794	5,734,618	2,010,291	2,247,289
	<b>50,322,576</b>	<b>20,858,380</b>	<b>2,010,291</b>	<b>2,247,289</b>

The currency exposure profile of trade payables and trade accruals is as follows:

– Ringgit Malaysia	4,051,234	6,522,183	1,702,517	2,190,881
– US Dollar	46,198,589	14,290,077	235,021	10,288
– Euro	56,568	41,493	56,568	41,493
– Others	16,185	4,627	16,185	4,627
	<b>50,322,576</b>	<b>20,858,380</b>	<b>2,010,291</b>	<b>2,247,289</b>

Credit terms of trade payables and trade accruals granted to the Group vary from no credit to 60 days.

16 SHORT TERM BANK BORROWINGS (INTEREST BEARING)

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Bank overdrafts	717,345	0	717,345	0
Bankers acceptance	0	11,900,000	0	0
	<b>717,345</b>	<b>11,900,000</b>	<b>717,345</b>	<b>0</b>

	Group		Company	
	31.12.2002 %	31.12.2001 %	31.12.2002 %	31.12.2001 %
Weighted average effective interest rates				
Bank overdrafts	6.80 to 6.90	6.80 to 7.30	6.80 to 6.90	6.80 to 7.30
Bankers acceptance	3.02 to 3.16	3.12 to 3.25	0	0

The bankers acceptance and bank overdrafts are unsecured. Bankers acceptance are repayable within 30 days to 164 days. All bankers acceptance have been settled as at year end.

17 PROVISION FOR RETIREMENT BENEFITS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
At 1 January	1,683,335	1,438,324	1,395,314	1,193,016
Charged to income statement	249,595	245,011	202,976	202,298
Utilised during the year	(45,334)	0	(45,334)	0
Reversal of amounts in respect of employees who left during the year	(210,064)	0	(210,064)	0
At 31 December	<u>1,677,532</u>	<u>1,683,335</u>	<u>1,342,892</u>	<u>1,395,314</u>

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 plan as of the valuation date.

18 DEFERRED TAXATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
At 1 January	3,013,000	3,549,000	3,013,000	3,549,000
Transferred to income statement (Note 7)	(618,000)	(536,000)	(618,000)	(536,000)
At 31 December	<u>2,395,000</u>	<u>3,013,000</u>	<u>2,395,000</u>	<u>3,013,000</u>

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

19 SHARE CAPITAL

	Group and Company	
	2002 RM	2001 RM
Authorised ordinary shares of RM1.00 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid ordinary shares of RM1.00 each:		
Balance as at 1 January 2002	40,000,000	40,000,000
Bonus issue	20,000,000	0
Balance as at 31 December 2002	<u>60,000,000</u>	<u>40,000,000</u>

During the year, the issued and paid-up capital of the Company was increased from RM40,000,000 to RM60,000,000 by way of a bonus issue of 20,000,000 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share for every two (2) existing shares held via the capitalisation of RM16,075,000 from the Company's share premium and remaining RM3,925,000 from the retained earnings of the Company.

The new bonus shares issued during the year ranked pari-passu in all aspects with the existing ordinary shares of the Company.

## 20 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 RM42,385,000 (2001: RM42,199,000) of its retained earnings as at 31 December 2002 if paid out as dividends. The Company also has exempt profits as at 31 December 2002 amounting to RM52,192,000 (2001: RM44,947,000) 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 2002.

## 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 MASB Standard 22 "Segment Reporting".

## 22 C A P I T A L C O M M I T M E N T S

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Property, plant and equipment:				
– Authorised and contracted	<b>1,021,000</b>	0	<b>1,021,000</b>	0
– Authorised but not contracted	<b>3,249,000</b>	0	<b>3,249,000</b>	0
	<b>4,270,000</b>	0	<b>4,270,000</b>	0

## 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 described below were carried out on normal commercial terms not more favourable to the related parties than those generally available to the public unless otherwise stated.

<b>Group</b>	<b>2002 RM</b>	<b>2001 RM</b>
Purchases of raw materials from:		
– Metdist Ltd.; a company in which certain Directors of the Company are directors and shareholders	<b>426,466,163</b>	497,623,628
Purchases of services from:		
– Metdist S.A.(marketing consultancy, technical and management services); a significant shareholder of the Company	<b>1,536,779</b>	1,639,045
Sales of goods to:		
– Mettube Sdn Bhd; a company in which certain Directors of the Company are directors	<b>447,916</b>	<b>529,266</b>

## 24 FINANCIAL INSTRUMENTS

### (a) Forward foreign exchange contracts

Forward foreign exchange contracts are entered into by the Company in currencies other than their functional currency to limit their exposure on foreign currency exchange rate on specific transactions.

At 31 December 2002, the settlement dates on open forward contracts ranged within six (6) months. The following currency amounts to be received and contractual exchange rates of the Company's outstanding contracts are as follows:

<b>Hedged item</b>	<b>Currency to be received</b>	<b>RM equivalent</b>	<b>Contractual rate</b>
Trade receivables:			
– EUR193,686	Euro	719,464	3.6878 – 3.7500

The fair value of outstanding forward contracts of the Company at the balance sheet date (Note (b)) is RM719,464.

### (b) Fair values

The carrying amounts of financial assets and liabilities of the Company at the balance sheet date approximated their fair values.

## Analysis Of Shareholdings

as at 31 March 2003

### Analysis Of Shareholdings By Range Group

	No. of Shares	%	No. of Holders	%
1 – 999	6,000	0.01	13	0.60
1,000 – 10,000	5,486,000	9.14	1,997	91.77
10,001 – 100,000	3,745,000	6.24	149	6.85
100,001 – 2,999,999	12,643,500	21.07	14	0.64
3,000,000 and above	38,119,500	63.54	3	0.14
	<b>60,000,000</b>	<b>100.00</b>	<b>2,176</b>	<b>100.00</b>

### Thirty (30) Largest Securities Account Holders

Name	No. of Shares	% of Total
1. Metdist S. A.	24,081,000	40.14
2. HLG Nominee (Asing) Sdn Bhd Commerzbank (SEA) Ltd for Tieton Group Ltd	7,200,000	12.00
3. Bank Pembangunan Dan Infrastruktur Malaysia Berhad	6,838,500	11.40
4. Bank Pembangunan Dan Infrastruktur Malaysia Berhad	2,925,000	4.88
5. Permodalan Nasional Berhad	2,637,000	4.40
6. Bank Pembangunan Dan Infrastruktur Malaysia Berhad	2,475,000	4.13
7. Infinitive Growth Sdn Bhd	1,377,000	2.30
8. Bank Pembangunan Dan Infrastruktur Malaysia Berhad	1,359,000	2.27
9. Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Muhammad Marzuki Bin A. Samad (700028)	423,000	0.71
10. Lim Hooi Teik	387,000	0.65
11. Hwang Yung Sung	233,000	0.39
12. Bank Kerjasama Rakyat Malaysia Berhad	171,000	0.29
13. Yeoh Kean Hua	159,000	0.27
14. Bimsec Nominees (Tempatan) Sdn Bhd Institut Kefahaman Islam Malaysia	150,000	0.25
15. Tai Chin Hin	132,000	0.22
16. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Neo Say Yeow (E-SS2)	113,500	0.19
17. Soo Yut Kuan	102,000	0.17
18. Gau Ngoo Jin @ Goh Ngoo Jin	90,000	0.15
19. Hwang Yuh Ching	90,000	0.15
20. Bank Kerjasama Rakyat Malaysia Berhad As beneficial owner	88,500	0.15
21. Lim Kew Seng	87,000	0.15
22. Soh Kon Leong	84,000	0.14
23. AMMB Nominees (Tempatan) Sdn Bhd KAF Fund Management Sdn Bhd for DYMM Tuanku Bainun Mohd Ali	81,000	0.14
24. Devan Pillai	75,000	0.13
25. Lim Cheng Thor	72,000	0.12
26. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kok Wah (118AQ0172)	67,500	0.11
27. Goh Yoke Kee	60,000	0.10
28. Universal Trustee (Malaysia) Berhad D.Y.T.M Tengku Abdullah Ibni Sultan Hj Ahmad Shah	60,000	0.10
29. Bank Kerjasama Rakyat Malaysia Berhad As beneficiary owner	58,500	0.10
30. Bank Kerjasama Rakyat Malaysia Berhad	57,000	0.10
<b>TOTAL Share</b>	<b>51,733,500</b>	<b>86.22</b>

### Substantial Shareholders

Name	Direct Holding	
	No. of Shares	% of Total
1. Metdist S. A.	24,081,000	40.14
2. Bank Pembangunan Dan Infrastruktur Malaysia Berhad	13,597,500	22.66
3. Tieton Group Ltd	7,200,000	12.00
<b>TOTAL</b>	<b>44,878,500</b>	<b>74.80</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 31.12.2002 ('000)	Date of Valuation or Acquisition
<b>Metrod (Malaysia) Berhad</b>					
2 Solok Waja Satu Bukit Rajah Industrial Estate Klang	Factory (20 years old)	152,460/ (70,000)	Unexpired leasehold of approximately 87 years (22-10-2088)	RM1,898	31-12-1985 (Note 10, Page 43)
<b>Metrod (OFHC) Sdn Bhd</b>					
3 Lengku Keluli 2 Bukit Raja Prime Industrial Park 41720 Klang	Factory (8 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 \_\_\_\_\_

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

\_\_\_\_\_ of \_\_\_\_\_

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

as my/our proxy, to vote for me/us on my/our behalf at the Twenty-Second 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 Thursday, 29 May 2003 at 3.00 p.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 8 sen per share (tax exempt)		
3.	Payment of Directors' fees		
4.	Re-election of Directors (Article 65): a) The Lady Bagri		
	b) Y.Bhg. Dato' Azlan Hashim		
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		
	ORDINARY RESOLUTION Allotment of shares pursuant to Section 132D of the Companies Act, 1965		
8.	ORDINARY RESOLUTION Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		

Please indicate "X" how you wish your vote to be cast. Subject to any voting instruction so given, the proxy will vote or may abstain from voting as he/she may think fit.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2003.

No. of Shares held	CDS Account No.

\_\_\_\_\_  
Signature/Common Seal of Appointor

### 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) An authorised nominee may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number.
- (iv) 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 at 20th Floor, East Wing, Plaza Permata, Jalan Kampar off Jalan Tun Razak, 50400 Kuala Lumpur 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.