

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2002

Condensed Consolidated Income Statements

	Current Quarter 30/09/2002 RM'000	Comparative Quarter 30/09/2001 RM'000	Current Year To Date 30/09/2002 RM'000	Comparative Year To Date 30/09/2001 RM'000
Revenue	133,698	157,703	389,843	502,333
Operating Expenses	-131,461	-155,210	-382,988	-494,204
Other Operating Income	317	390	1,468	1,160
Profit from Operations	2,554	2,883	8,323	9,289
Finance costs	-53	-747	-518	-1,625
Investing Results	0	0	0	0
Profit from ordinary activities before tax	2,501	2,136	7,805	7,664
Taxation	-435	-314	-702	-828
Profit from ordinary activities after tax	2,066	1,822	7,103	6,836
Minority Interest	0	0	0	0
Net Profit for the period	2,066	1,822	7,103	6,836
Earnings per share (Sen)				
- Basic	5.17	4.56	17.76	17.09
- Diluted	N.A	N.A	N.A	N.A

N.A - Not Applicable

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2001

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2002

Condensed Consolidated Balance Sheets

	As at end of Current Quarter 30/09/2002 RM'000	As at Preceding Financial Year end 31/12/2001 RM'000
Non current assets		
Property, plant and equipment	44,874	49,333
Current assets		
Inventories	39,168	46,119
Trade and other receivables	58,543	57,407
Deposits, bank and cash balances	16,576	20,033
	114,287	123,559
Less : Current Liabilities		
Trade and other payables	14,655	20,859
Current tax liabilities	1,159	638
Short term borrowings (interest bearing)	1,384	11,900
	17,198	33,397
Net Current Assets	97,089	90,162
Less: Non current liabilities		
Provision for retirement benefits	1,663	1,683
Deferred taxation	2,398	3,013
	4,061	4,696
	137,902	134,799
Capital and reserves		
Share capital	40,000	40,000
Share premium	16,200	16,200
Retained earnings	81,702	78,599
	137,902	134,799

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2001

METROD (MALAYSIA) BEERHAD

Interim report for the third quarter ended 30 September 2002

Condensed Consolidated Statement of Changes in Equity

	Share Capital RM'000	Non-distributable Share premium RM'000	Revaluation and other reserves RM'000	Distributable Retained earnings RM'000	Total RM'000
9 months ended 30/9/2002					
Balance at 01/01/2002	40,000	16,200	0	78,599	134,799
Net Profit for the period	0	0	0	7,103	7,103
Dividends for the year ended 31 December 2001	0	0	0	-4,000	-4,000
Balance at 30/09/2002	40,000	16,200	0	81,702	137,902

Note: There are no comparative figures as this is the first interim financial report prepared in accordance with MASB 26 *Interim Financial Reporting*.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2001

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2002

Condensed Consolidated Cash Flow Statements

	Current Year To Date ended 30/09/2002 RM'000
<i>Operating activities</i>	
Cash from operations	11,671
Interest paid	-518
Tax paid	-686
Net cash flow from operating activities	<u>10,467</u>
<i>Investing Activities</i>	
Purchase of property, plant and equipment	-176
Proceeds from disposal of property, plant and equipment	106
Interest received	662
Net cash flow from investing activities	<u>592</u>
<i>Financing Activities</i>	
Proceeds from short term bank borrowings (net)	0
Repayments of short term bank borrowings	-11,900
Dividends paid to shareholders	-4,000
Net cash flow from financing activities	<u>-15,900</u>
Changes in cash and cash equivalents	-4,841
Cash and cash equivalents	
- at start of period	<u>20,033</u>
- at end of period	<u>15,192</u>

Note: There are no comparative figures as this is the first interim financial report prepared in accordance with MASB 26 *Interim Financial Reporting*.

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2001

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2002

Notes :

1) Basis of preparation and Accounting Policies

This consolidated interim financial statements are prepared in accordance with MASB26 : "Interim Financial Reporting" and paragraph 9.22 of the Kuala Lumpur Stock Exchange Listing Requirements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2001.

The accounting policies used and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2001, except for the adoption of new applicable approved accounting standards which have come into force during this year.

2) Audit qualification of preceding annual financial statements

The audit report for preceding annual financial statements was not subject to any qualification.

3) Seasonal or cyclical factors.

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the interim period.

4) Unusual items

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the interim period.

5) Changes in estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, that have a material effect in the interim period.

6) Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the interim period.

7) Dividends

	9 months ended 30/9/02		9 months ended 30/9/01	
	Gross dividend per share	Amount of dividend	Gross dividend per share	Amount of dividend
	Sen	RM'000	Sen	RM'000
Final dividend approved by shareholders in respect of the year ended 31 December 2001, paid on 28 June 2002 (2000:paid on 17 July 2001)	10	4000 (tax-exempt)	10	4000 (tax-exempt)

No dividend has been proposed till date for the current year.

8) Segmental information

The Group is principally engaged in the manufacturing and sales of electrical conductivity grade copper wire, rod and strip i.e. within one industry and one geographical area, as such no segmental analysis is prepared.

9) Carrying amount of revalued assets

Valuations of property, plant and equipment have been brought forward without any amendment from the previous annual financial statements.

10) Material subsequent events

There were no material events subsequent to the end of the interim period reported on that have not been reflected in the financial statements for the said interim period.

11) Changes in composition of the Group

There were no changes in the composition of the Group during the interim period, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

12) Contingent liabilities / assets

There were no contingent liabilities or contingents assets as at the date of this report.

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

For the third quarter under review, the Group recorded a pre-tax profit of RM2.501 million and turnover of RM133.698 million. Cumulatively, for first nine months, the Group recorded a pre-tax profit of RM7.805 million with turnover of RM389.843 million.

The markets remained difficult due to slow recovery in domestic demand in the construction sector and intense competition. The financial position of many units in the wire and cable industry continues to be weak affecting timely collections. Collections are being monitored closely and continuously.

Subject to above, in the opinion of the Directors, the results of the operations for the Group have not been substantially affected by any item, transaction or event of a material and unusual nature as at the date of this report.

14) Material Changes in Quarterly Results.

Pre-tax profit for the quarter of RM2.501 million was marginally lower compared to preceeding quarter pre-tax profit of RM2.758 million, mainly due to lower realisation.

15) Current year prospects

The growth of Malaysian economy in the current year is projected at above 4%. The construction sector remains overbuilt and the domestic demand is improving at a modest rate. In view of the continued slowing down of the global economy, impact on the Malaysian economy remains uncertain. Market conditions in both domestic and export sectors continues to be extremely competitive.

Credit risks remains significant in the domestic market due to weak financial position of several units in the cable and wire industry and inadequate support from the banks.

The company is continuing to seek new opportunities for growth in this difficult market environment.

The Board expects the performance of the Group for the financial year 2002 to be satisfactory in the context of a difficult and oversupplied market.

16) Profit forecast and variance

There were no profit forecast or profit guarantee issued during the financial period to-date.

17) Taxation

	Current Year Quarter 30/9/02 RM'000	Comparative Year Quarter 30/9/01 RM'000	Current Year To Date 30/9/02 RM'000	Comparative Year To Date 30/9/01 RM'000
In respect of current period:				
- income tax	750	559	1317	1332
- deferred tax	(315)	(245)	(615)	(504)
	435	314	702	828

The effective tax rate for the current quarter and for the financial year-to-date was lower than the statutory tax rate due to utilisation of unabsorbed reinvestment allowances and unabsorbed capital allowances and business loss carried forward in a subsidiary.

18) Profits/(losses) on sales of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties for the current financial period to-date.

19) Purchase/disposal of quoted securities

- There were no purchases / sales of quoted securities for the current financial period to-date.
- There were no investments in quoted shares as at end of the reporting period.

20) Corporate proposals (status as at 7 November 2002)

On 29 August 2002, the Board of Directors of Metrod announced that the Company proposes to implement a bonus issue of 20,000,000 new ordinary shares of RM1.00 each ("Shares") on the basis of one new Share for every two existing Shares held in Metrod on an entitlement date to be determined ("Proposed Bonus Issue").

The Securities Commission ("SC") has, vide its letter dated 26 September 2002, approved the following:

- the proposed bonus issue of 16,075,000 new Shares to be effected via the capitalisation of RM16,075,000 from the Company's share premium account; and
- the listing of and quotation for 16,075,000 new Shares to be issued pursuant to the Proposed Issue on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE")

THE SC has also noted in the said approval letter that the Proposed Bonus Issue of the remaining 3,925,000 new Shares, which shall be effected via the capitalisation of Metrod's retained earnings account, does not require the approval of the SC.

The Proposed Bonus Issue has been approved by the shareholders of Metrod at the extraordinary general meeting held on 7 November 2002. On the same date, the Board of Directors of Metrod announced that the entitlement date has been fixed on 26 November 2002. Approval from the KLSE shall be sought for the additional listing of and quotation for the 20,000,000 new Shares to be issued pursuant to the Proposed Bonus Issue.

21) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 30/09/2002 are as follows:

	<u>Amount</u> RM'000	<u>Denominated in Foreign Currency</u>		<u>Secured/ Unsecured</u>
		<u>Foreign Currency</u>	<u>Foreign Currency Amount (000)</u>	
Long-term borrowings	0	-	0	N.A.
Short-term borrowings:				
- Bank overdraft	1,384	-	0	N.A.
	<u>1,384</u>			

22) Off-balance sheet financial instruments

As at 31 October 2002, the foreign exchange currency contracts that have been entered into by the Group to hedge its trade payables/receivables are as follows:-

<u>Currency</u>	<u>Purpose</u>	<u>Contracts amounts (in thousands)</u>	<u>Equivalent amount in RM'000</u>
US Dollars	Trade payables	6,256	23,868
Euro	Trade receivables	325	1,196

All of these contracts mature within six months.

There are no cash requirements risks as the Group only uses forward foreign currency contracts as its hedging instrument.

23) Changes in Material litigations (including status of any pending material litigation)

There were no material litigations pending as at 31 October 2002 except for a case filed in last financial year by the Group against one of the customers for recovery of debts amounting to RM4.425 million.

Judgement In Default of Appearance(" the Judgement") has been entered against the customer on 6 May 2002. The approved draft copy has been extracted from the Court and the fair copy of the Judgement has been filed on 12 September 2002. The sealed copy of the Judgement has yet to be extracted from the Shah Alam High Court. Upon extraction of the sealed copy of the Judgement, execution of the same may be enforced by petitioning for winding up of the said customer.

24) Earnings per share

	<u>Current Year Quarter 30/9/02</u>	<u>Comparative Year Quarter 30/9/01</u>	<u>Current Year To Date 30/9/02</u>	<u>Comparative Year To Date 30/9/01</u>
a) Basic				
Net profit for the period (RM'000)	2,066	1,822	7,103	6,836
Weighted average number of ordinary shares in issue ('000)	40,000	40,000	40,000	40000
Basic earnings per share (sen)	5.17	4.56	17.76	17.09

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.

25) Dividends

The Directors do not recommend any payment of dividends in respect of the quarter ended 30 September 2002 as stated in Note 7 above.