

**METROD (MALAYSIA) BERHAD**

Interim report for the fourth quarter ended 31 December 2002

**Condensed Consolidated Income Statements***The figures for the individual quarters have not been audited and figures for the cumulative quarters have been audited.*

	<b>Current Quarter 31/12/2002 RM'000</b>	Comparative Quarter 31/12/2001 RM'000	<b>Current Year To Date 31/12/2002 RM'000</b>	Comparative Year To Date 31/12/2001 RM'000
Revenue	<b>115,023</b>	134,506	<b>504,866</b>	636,839
Operating Expenses	<b>-112,991</b>	-132,149	<b>-495,979</b>	-626,353
Other Operating Income	<b>666</b>	382	<b>2,134</b>	1,542
Profit from Operations	<b>2,698</b>	2,739	<b>11,021</b>	12,028
Finance costs	<b>-2</b>	-385	<b>-520</b>	-2,010
Investing Results	<b>0</b>	0	<b>0</b>	0
Profit from ordinary activities before tax	<b>2,696</b>	2,354	<b>10,501</b>	10,018
Taxation	<b>314</b>	296	<b>-388</b>	-532
Profit from ordinary activities after tax	<b>3,010</b>	2,650	<b>10,113</b>	9,486
Minority Interest	<b>0</b>	0	<b>0</b>	0
Net Profit for the period	<b>3,010</b>	2,650	<b>10,113</b>	9,486
Earnings per share (Sen)				
- Basic	<b>5.02</b>	4.42	<b>16.86</b>	15.81
- Diluted	<b>N.A</b>	N.A	<b>N.A</b>	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 fourth quarter ended 31 December 2002

**Condensed Consolidated Balance Sheets**

	<b>As at Current Financial Year end 31/12/2002</b>	<b>As at Preceding Financial Year end 31/12/2001</b>
	<b>AUDITED</b>	
	<b>RM'000</b>	<b>RM'000</b>
<b>Non current assets</b>		
Property, plant and equipment	43,976	49,333
<b>Current assets</b>		
Inventories	55,377	46,119
Trade and other receivables	49,191	55,818
Deposits, bank and cash balances	46,742	20,033
Tax recoverable	1,799	1,589
	<b>153,109</b>	<b>123,559</b>
<b>Less : Current Liabilities</b>		
Trade and other payables	50,323	20,859
Current tax liabilities	1,168	638
Short term borrowings (interest bearing)	717	11,900
	<b>52,208</b>	<b>33,397</b>
<b>Net Current Assets</b>	<b>100,901</b>	<b>90,162</b>
<b>Less: Non current liabilities</b>		
Provision for retirement benefits	1,678	1,683
Deferred taxation	2,395	3,013
	<b>4,073</b>	<b>4,696</b>
	<b>140,804</b>	<b>134,799</b>
<b>Capital and reserves</b>		
Share capital	60,000	40,000
Share premium	17	16,200
Retained earnings	80,787	78,599
	<b>140,804</b>	<b>134,799</b>

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

**METROD (MALAYSIA) BERHAD**

Interim report for the fourth quarter ended 31 December 2002

**Condensed Consolidated Statement of Changes in Equity***The figures are audited.*

	<b>Share Capital RM'000</b>	<b>Non-distributable Share premium RM'000</b>	<b>Revaluation and other reserves RM'000</b>	<b>Distributable Retained earnings RM'000</b>	<b>Total RM'000</b>
<b>12 months ended 31/12/2002</b>					
Balance at 01/01/2002	40,000	16,200	0	78,599	134,799
Net Profit for the period	0	0	0	10,113	10,113
Dividends for the year ended 31 December 2001	0	0	0	-4,000	-4,000
Capitalised as bonus issue	20,000	-16,075	0	-3,925	0
Share issue expenses	0	-108	0	0	-108
Balance at 31/12/2002	<b>60,000</b>	<b>17</b>	<b>0</b>	<b>80,787</b>	<b>140,804</b>
<b>12 months ended 31/12/2001</b>					
Balance at 01/01/2001	40,000	16,200	0	73,114	129,314
Net Profit for the period	0	0	0	9,485	9,485
Dividends for the year ended 31 December 2000	0	0	0	-4,000	-4,000
Balance at 31/12/2001	<b>40,000</b>	<b>16,200</b>	<b>0</b>	<b>78,599</b>	<b>134,799</b>

*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 fourth quarter ended 31 December 2002

**Condensed Consolidated Cash Flow Statements**

	<b>AUDITED</b>	
	<b>Current Year ended 31/12/2002 RM'000</b>	<b>Previous Year ended 31/12/2001 RM'000</b>
<b><i>Operating activities</i></b>		
Cash from operations	42,818	-34,076
Interest paid	-520	-2,061
Tax paid	-686	-2,063
Net cash flow from operating activities	<b>41,612</b>	<b>-38,200</b>
<b><i>Investing Activities</i></b>		
Purchase of property, plant and equipment	-622	-388
Proceeds from disposal of property, plant and equipment	106	18
Interest received	904	1,439
Net cash flow from investing activities	<b>388</b>	<b>1,069</b>
<b><i>Financing Activities</i></b>		
Proceeds from short term bank borrowings (net)	0	11,900
Repayments of short term bank borrowings	-11,900	-8,477
Bonus shares issue expenses	-108	0
Dividends paid to shareholders	-4,000	-4,000
Net cash flow from financing activities	<b>-16,008</b>	<b>-577</b>
Changes in cash and cash equivalents	<b>25,992</b>	<b>-37,708</b>
<b>Cash and cash equivalents</b>		
- at start of year	<b>20,033</b>	<b>57,741</b>
- at end of year	<b>46,025</b>	<b>20,033</b>

*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 fourth quarter ended 31 December 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. The new applicable approved accounting standards adopted and applied in these interim financial statements, which have come into force during this year, are as follows:-

- MASB Standard 23 “Impairment of Assets”
- MASB Standard 24 “Financial Instrument : Disclosure and Presentation”

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

The audit report for the 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 period 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 paid**

	12 months ended 31/12/02		12 months ended 31/12/01	
	Gross dividend per share Sen	Amount of dividend RM'000	Gross dividend per share Sen	Amount of dividend RM'000
First and final ordinary 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)

**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 contingent assets as at the date of this report.

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

For the fourth quarter under review, the Group recorded a pre-tax profit of RM2.696 million and turnover of RM115.023 million. Cumulatively for the year, the Group recorded pre-tax profit of RM10.501 million, marginally higher than pre-tax profit of RM10.018 million in the previous year. The cumulative turnover of RM504.866 million was lower than previous year of RM636.839 million primarily due to lower sales volumes and copper prices.

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. Adequate provision amounting to RM1.944 million has been made for doubtful debts.

Insurance claims amounting to RM5.869 million were received arising from the explosion of plant and machinery during the year.

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 RM2.696 million was marginally higher compared to preceding quarter pre-tax profit of RM2.501 million.

**15) Current year Prospects**

The growth of Malaysian economy in the current year is projected at around 4-5%. The construction sector remains overbuilt and domestic demand is improving only at a modest rate. Market conditions in both domestic and export sectors continues to be extremely competitive. Uncertainties in external environment continues to weigh on global economy and its impact on Malaysian economy remains uncertain.

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. Collections are being monitored closely and continuously.

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 2003 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**

	<b>Current Year Quarter 31/12/02 RM'000</b>	<b>Comparative Year Quarter 31/12/01 RM'000</b>	<b>Current Year To Date 31/12/02 RM'000</b>	<b>Comparative Year To Date 31/12/01 RM'000</b>
In respect of current period:				
- income tax	<b>(311)</b>	(264)	<b>1006</b>	1068
- deferred tax	<b>(3)</b>	(32)	<b>(618)</b>	(536)
	<b>(314)</b>	(296)	<b>388</b>	532

The effective tax rate for the current quarter and for the financial year-to-date was lower than the statutory tax rate due to utilization of unabsorbed reinvestment allowances and tax losses in a subsidiary.

**18) Profit/(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**

a. There were no purchases / sales of quoted securities for the current financial period to-date.

b. There were no investments in quoted shares as at end of the reporting period.

**20) Corporate proposals (status as at 20 February 2003)**

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 in Metrod ("Bonus Shares") on the basis of one (1) new share for every two (2) existing shares held in the Company via the capitalization of RM16,075,000 from the Company's share premium account and the remaining RM3,925,000 from the retained earnings of Metrod. The Bonus Shares were allotted on 29 November 2002 and were subsequently listed and quoted on the Main Board of the Kuala Lumpur Stock Exchange on 12 December 2002.

**21) Group Borrowings and Debt Securities**

Group borrowings and debt securities as at 31/12/2002 are as follows:-

	<b>Amount RM'000</b>	<b>Denominated in Foreign Currency</b>		<b>Secured / Unsecured</b>
		<b>Foreign Currency</b>	<b>Foreign Currency Amount ('000)</b>	
Long-term borrowings	0	-	0	N.A.
Short-term borrowings:				
- Bank overdraft	717	-	0	N.A.
	<u>717</u>			

## 22) Off-balance sheet financial instruments

As at 20 February 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	776	2949
US Dollars	Trade receivables	11220	42915
Euro	Trade receivables	62	233

Part of US Dollars trade receivables will be maturing within twelve months while all other contracts mature within six months.

There are no cash requirement 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 20 February 2003 except for a case filed in 2001 by the Group against one of the customers for recovery of debts amounting to RM4.425 million together with interest.

Judgement In Default of Appearance (“the Judgement”) has been entered against the customer on 6 May 2002. The sealed copy of the Judgement has been served on the Defendant and the Receiver and Manager of the Defendant on 20 December 2002. However, an application to rectify the name in respect of plaintiff is being made.

## 24) Earnings per share

	<b>Current Year Quarter <u>31/12/02</u></b>	Comparative Year Quarter <u>31/12/01</u>	<b>Current Year To Date <u>31/12/02</u></b>	Comparative Year To Date <u>31/12/01</u>
<b>Basic</b>				
Net profit for the period (RM'000)	<b>3,010</b>	2,650	<b>10,113</b>	9,486
Weighted average number of ordinary shares in issue ('000)	<b>60,000</b>	60,000	<b>60,000</b>	60,000
Basic earnings per share (sen)	<b>5.02</b>	4.42	<b>16.86</b>	15.81

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 last quarter of financial year (Note 20) as if the bonus issue had occurred at the beginning of 2001.

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 Board recommends a first and final ordinary dividend of 8 sen per share tax-exempt (2001 – 10 sen per share tax-exempt) amounting to RM4,800,000 (2001 – RM4,000,000) for the year 2002 subject to approval of the shareholders at the Annual General Meeting, to be held on 29 May 2003. The dividend will be paid on 18 July 2003 to the shareholders. In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 7 July 2003. These financial statements do not reflect this first and final dividend which will be accrued as a liability in the year ending 31 December 2003, when approved by shareholders as per the requirement of MASB Standard 19 “Events After the Balance Sheet Date”.