

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2003

Condensed Consolidated Income Statements

	Current Quarter 30/09/2003 RM'000	Comparative Quarter 30/09/2002 RM'000	Current Year To Date 30/09/2003 RM'000	Comparative Year To Date 30/09/2002 RM'000
Revenue	137,592	133,698	384,520	389,843
Operating Expenses	-136,176	-131,461	-380,508	-382,988
Other Operating Income	739	317	2,314	1,468
Profit from Operations	2,155	2,554	6,326	8,323
Finance costs	-114	-53	-312	-518
Investing Results	0	0	0	0
Profit from ordinary activities before tax	2,041	2,501	6,014	7,805
Taxation	-297	-435	85	-702
Profit from ordinary activities after tax	1,744	2,066	6,099	7,103
Minority Interest	0	0	0	0
Net Profit for the period	1,744	2,066	6,099	7,103
Earnings per share (Sen)				
- Basic	2.91	3.44	10.17	11.84
- 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 2002*

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2003

Condensed Consolidated Balance Sheets

	As at Current Period Year end 30/09/2003 RM'000	Audited As at Preceding Financial Year end 31/12/2002 RM'000
Non current assets		
Property, plant and equipment	43,897	43,976
Deferred tax assets	1,049	1,342
Current assets		
Inventories	53,473	55,377
Trade and other receivables	64,824	49,191
Deposits, bank and cash balances	101,130	46,742
Tax recoverable	916	1,799
	220,343	153,109
Less : Current Liabilities		
Trade and other payables	90,994	50,852
Current tax liabilities	807	1,168
Short term borrowings (interest bearing)	26,600	717
	118,401	52,737
Net Current Assets	101,942	100,372
Less: Non current liabilities		
Provision for retirement benefits	1,865	1,678
Deferred taxation	2,388	2,676
	4,253	4,354
	142,635	141,336
Capital and reserves		
Share capital	60,000	60,000
Share premium	17	17
Retained earnings	82,618	81,319
	142,635	141,336

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2002

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2003

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 30/09/2003					
Balance at 01/01/2003	60,000	17	0	81,319	141,336
Net Profit for the period	0	0	0	6,099	6,099
Dividends for the year ended 31 December 2002	0	0	0	-4,800	-4,800
Balance at 30/09/2003	60,000	17	0	82,618	142,635
9 months ended 30/09/2002					
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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2002

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2003

Condensed Consolidated Cash Flow Statements

	Current Year To date ended 30/09/2003 RM'000	Year To date ended 30/09/2002 RM'000
<i>Operating activities</i>		
Cash from operations	31,669	11,671
Interest paid	-253	-518
Tax refund (net of tax paid)	-137	-686
Net cash flow from operating activities	31,279	10,467
<i>Investing Activities</i>		
Purchase of property, plant and equipment	-4,437	-176
Proceeds from disposal of property, plant and equipment	110	106
Interest received	1,553	662
Net cash flow from investing activities	-2,774	592
<i>Financing Activities</i>		
Proceeds from short term bank borrowings (net)	26,600	0
Repayments of short term bank borrowings	0	-11,900
Bonus shares issue expenses	0	0
Dividends paid to shareholders	0	-4,000
Net cash flow from financing activities	26,600	-15,900
Changes in cash and cash equivalents	55,105	-4,841
Cash and cash equivalents		
- at start of year	46,025	20,033
- at end of period	101,130	15,192

*The Condensed Consolidated Cash Flow Statements should be read in conjunction with
the Annual Financial Report for the year ended 31 December 2002*

METROD (MALAYSIA) BERHAD

Interim report for the third quarter ended 30 September 2003.

Notes:-

1) Basis of preparation and Accounting Policies

This consolidated interim financial statements are unaudited and have been prepared in accordance with requirements of MASB26: "Interim Financial Reporting" and paragraph 9.22 of the Kuala Lumpur Stock Exchange Listing Requirements. The interim financial statements should be read in conjunction with the Group's financial statements for the year ended 31 December 2002.

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 2002, except for the adoption of MASB 25 and MASB 29 which became effective from 1st January 2003 and have been applied retrospectively :-

i) MASB 25 : Income Taxes

Pursuant to MASB 25, deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax assets are recognized to the extent that it is probable that future taxation profit will be available against which the temporary deductible difference can be utilized. In addition, deferred tax liability is recognized on revaluation of property, plant and equipment.

ii) MASB 29 : Employee Benefits

The adoption of MASB 29 resulted in the Group and the Company making accruals for obligations in respect of short-term employee benefits in the form of accumulated compensated absences. These obligations were not provided for prior to the adoption of MASB 29.

The effects of adoption of new accounting policies are as follows :-

	2003	2002
	RM'000	RM'000
Effects on retained profits:		
At 1 January, as previously stated	80,787	78,599
Effects of adopting MASB 25	1,061	1,166
Effects of adopting MASB 29	-529	-423
	532	743
At 1 January, as re-stated	81,319	79,342

Comparative amounts as at 31 December 2002 have been re-stated as follows :-

	Previously		
	Stated	Adjustments	Re-stated
	RM'000	RM'000	RM'000
Deferred tax assets	0	1,342	1,342
Deferred tax liabilities	2,395	281	2,676
Trade and other payables	50,323	529	50,852

2) Audit qualification of preceding annual financial statements

The auditors' report for the preceding annual financial statements for the year ended 31 December 2002 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**
A first and final of dividend of 8 sen per share, tax-exempt (previous year 10 sen per share, tax-exempt) amounting to RM4.8 million (previous year RM4.0 million) was paid on 17 July 2003 (previous year 28 June 2002) in respect of the financial year ended 31 December 2002.
- 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 for the year ended 31 December 2002.
- 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) **Capital Commitments**
The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 September 2003 is as follows :

	<u>RM'000</u>
Property, plant and equipment :-	
Authorised and contracted for	6,104,000
Authorised but not contracted for	2,293,000
	<u>8,397,000</u>

14) 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 RM2.041 million. Cumulatively, for first nine-months, the Group recorded a pre-tax profit of RM6.014 million with turnover of RM384.520 million. The profit was lower compared to corresponding period of previous year mainly due to lower sales volumes and margins.

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.

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

15) Material Changes in Quarterly Results

Pre-tax profit for the quarter of RM2.041 million was marginally higher compared to preceding quarter's pre-tax profit of RM2.033 million.

16) Current year Prospects

Business conditions for the copper rod and wire industry remains difficult while raw material costs are increasing and selling prices remain under pressure due to over capacity in the region.

The poor health and the fragmented nature of the cable industry, which is the principal user of the company's products, has increased the credit risks. Collections are being monitored closely and continuously.

The Group is focusing its efforts on improving its overall margin and is continuing to seek new opportunities for growth in the region.

Barring any unforeseen events, 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 as explained above.

17) Profit forecast and variance

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

18) Taxation

	Current Year Quarter 30/09/03 RM'000	Comparative Year Quarter 30/09/02 RM'000	Current Year To Date 30/09/03 RM'000	Comparative Year To Date 30/09/02 RM'000
In respect of current period:				
- income tax	364	750	782	1317
- deferred tax	(67)	(315)	5	(615)
	297	435	787	702
In respect of prior year:				
- income tax	-	-	(872)	-
	297	435	(85)	702

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 allowance, unabsorbed capital allowance and tax losses in a subsidiary.

19) 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.

20) 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.

21) Corporate proposals (status as at 21 November 2003)

There were no corporate proposals announced but not completed as at 21 November 2003.

22) Group Borrowings and Debt Securities

Group borrowings and debt securities as at 30 September 2003 are as follows:-

	Amount RM'000	Denominated in Foreign Currency		Secured / Unsecured
		Foreign Currency	Foreign Currency Amount ('000)	
Long-term borrowings	0	-	0	N.A.
Short-term borrowings:				
- Foreign Currency Trade Loan	26,600	USD	7,000	N.A.
- Bank Overdraft	0			
	<u>26,600</u>			

23) Off-balance sheet financial instruments

As at 21 November 2003, 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	1,726	6,566
US Dollars	Trade receivables	17,750	67,917
THB	Trade payables	26,000	2,475

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.

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

There is no material litigation pending as at 21 November 2003 except as below :

(a) A case filed in 2001 by the Group against a customer M/s : Wire Malaysia Sdn Bhd (WMSB) for recovery of debts amounting to RM4.425 million. The application to amend the Judgment in Default of Appearance dated 12 September 2002 and the Writ and Statement of Claim dated 7 December 2001 was filed in Shah Alam High Court on 20 March 2003. The said application has been extracted from Court and served on the Defendant and the Receiver and Manager of the Defendant on 19 May 2003. The said application is yet to be heard by the Court. To date, no affidavit in reply has been filed by WMSB to object to the abovementioned application.

- (b) Suit no D4-22-1019-2003 is a case filed with the Kuala Lumpur High Court on 20 June 2003 by the Group against a customer M/s : Gunung Kabel Sdn Bhd (GKSB) for recovery of debts amounting to RM2.112 million and an alternative claim of the sum of the dishonored cheques RM424K as partial payment. An application was filed on 4 August 2003 for summary judgment to be entered against GKSB for the recovery of debts. All affidavits in relation to the summary judgment application have been filed. The court has fixed the hearing of this application on 29 January 2004. GKSB since has filed its Statement of Defence on 5 August 2003.

Necessary allowances for the said amounts have already been made in earlier years.

25) Earnings per share

	Current Year Quarter <u>30/09/03</u>	Comparative Year Quarter <u>30/09/02</u>	Current Year To Date <u>30/09/03</u>	Comparative Year To Date <u>30/09/02</u>
Basic				
Net profit for the period (RM'000)	1,744	2,066	6,099	7,103
Weighted average number of ordinary shares in issue ('000)	60,000	60,000	60,000	60,000
Basic earnings per share (sen)	2.91	3.44	10.17	11.84

The calculation of earnings per share for 2002 has been adjusted to reflect the bonus issue of 20,000,000 new ordinary shares during the last quarter of financial year as if the bonus issue had occurred at the beginning of 2002.

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.

26) Dividends

No dividend has been proposed till date for the current financial period ended 30 September 2003.

27) Authorisation for issue

The interim financial statements were issued by the Board of Directors in accordance with a resolution of the directors on **28 November 2003**.