Interim report for the second quarter ended 30 June 2017.

Notes:-

1) Basis of preparation and Significant Accounting Policies

These condensed consolidated interim financial statements have been prepared in accordance with the requirements of *MFRS 134 "Interim Financial Reporting"* issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2016. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016.

Adoption of amendments to MFRSs

The significant accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2016, except during the financial year, the Group has adopted the following pronouncements issued by the Malaysian Accounting Standards Board that are mandatory for the current financial year beginning 1 January 2017:-

- Disclosure Initiative (Amendments to MFRS 107)
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)
- Disclosure of Interest in other Entities (Annual improvements to MFRS Standards 2014-2016 cycle)

The adoption of the above pronouncements did not have a significant financial impact on the Group and the Company, and did not result in substantial changes in the Group's accounting policies.

As at the date of authorisation of these condensed consolidated interim financial statements, the following new MFRS and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group.

Description	**Effective for annual periods beginning on or after**
Amendment to MFRS 1: "First-time Adoption of Malaysian Financial Reporting Standards (Annual improvements to MFRS Standards 2014-2016 cycle)	1 January 2018
Amendment to MFRS 128: "Investment in Associates and Joint Ventures" (Annual improvements to MFRS Standards 2014-2016 cycle)	1 January 2018
Amendments to MFRS 2 "Classification and Measurement of Share-based payment Transactions"	1 January 2018
Amendments to MFRS 4 "Applying MFRS 9 "Financial Instruments" with MFRS 4 "Insurance Contracts"	1 January 2018

Adoption of amendments to MFRSs (continued)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 140 "Transfers of Investment Property"	1 January 2018
IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"	1 January 2018
MFRS 15 "Revenue from Contracts with Customers"	1 January 2018
MFRS/FRS 9 "Financial Instruments" (IFRS issued by IASB in July 2014)	1 January 2018
MFRS 16: Leases	1 January 2019

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The Group is assessing the impact of the above pronouncements on the financial statements of the Group in the initial year of adoption.

2) Audit qualification of preceding annual financial statements

The auditors' report for the preceding annual financial statements for the year ended 31 December 2016 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 except the low season for Group's hotel operations generally during second and third quarters of the financial year.

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 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

No dividend was paid during financial quarter ended 30 June 2017.

8) Segment Reporting

The Board of Directors is the Group's chief operating decision-maker (CODM). Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions. The CODM considers the business both from a geographical and business segment perspective and reviews internal management reports at least on a quarterly basis. Performance is measured based on segment's profit before interest and tax as management believes that such information is most relevant in evaluating the results of the segments.

The Group's two main business segments operate in two geographical areas:-

Malaysia	Copper Business- Procurement of raw materials and manufacturing and marketing of electrical conductivity grade copper wires rods and strips
India	Hospitality Business

Information regarding each reportable business segment is as follows:-

Segment reporting	**Copper Business**	**Hospitality Business**	**Holding Company, Others & eliminations**	**Group**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial period ended 30 June2017				
Revenue				
External	1,126,106	43,146	0	1,169,252
Inter segment revenue	0	0	0	0
Total revenue	1,126,106	43,146	0	1,169,252
Results				
Segment results	13,707	7,899	(82)	21,524
Finance costs				(13,648)
Tax expense				(1,693)
Net profit for the financial period				6,183
As at 30 June2017				
Net assets				
Segment assets	828,820	518,908	7,697	1,355,425
Segment liabilities	605,573	352,364	(106,823)	851,114
Other Information				
- Depreciation	2,099	6,867		8,966
- Capital expenditure	1,793	1,512		3,305
- Interest income	(2,386)	(463)		(2,849)
- Interest expense	5,184	13,094	(4,630)	13,648
Financial period ended 30 June 2016				
Revenue				
External	871,381	36,972	0	908,353
Inter segment revenue	0	0	0	0
Total revenue	871,381	36,972	0	908,353
Results				
Segment results	19,472	9,519	(11,335)	17,656
Finance costs				(14,973)
Tax expense				(1,355)
Net profit for the financial period				1,328
As at 30 June 2016				
Net assets				
Segment assets	712,031	475,970	16,464	1,204,465
Segment liabilities	488,412	314,808	(82,255)	720,965
Other Information				
- Depreciation	1,986	5,454	0	7,440
- Capital expenditure	2,163	1,190	0	3,353
- Interest income	(2,372)	(322)	0	(2,694)
- Interest expense	2,153	17,002	(4,182)	14,973

9) Carrying amount of revalued assets

Valuation of property, plant and equipment have been brought forward without any amendment from the previous annual financial statements for the year ended 31 December 2016.

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 second quarter ended 30 June 2017, 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 June 2017 is as follows:

	RM'000
Property, plant and equipment :-	
• Authorised and contracted for	60,500
• Authorised but not contracted for	64,500
Total :	**125,000**

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

For the second quarter under review, Group registered a pre-tax profit of RM0.390 million as compared to corresponding period's pre-tax loss of RM4.409 million. This is due to better performance of hotel operation though hotel business performance during Q2 and Q3 is generally sluggish due to low season and net positive impact of RM0.710 million arising from exchange translation gain on the investment in Compulsory Convertible Debenture (CCD) of a subsidiary and fair value gain on foreign exchange derivative as compared to negative impact of RM1.112 million in previous corresponding period. Cumulatively, Group's pre-tax profit is RM7.876 million, higher as compared to corresponding year pre-tax profit of RM2.683 million. This includes higher net positive impact of RM3.930 million arising from the exchange translation gain on the investment in Compulsory Convertible Debenture (CCD) of a subsidiary and fair value gain on foreign exchange derivative as against the net positive impact of RM1.458 million on the same items in corresponding last year period and better operating performance for both copper business and hotel operations.

Revenue for the quarter and cumulatively was higher as compared to corresponding previous year period mainly due to higher copper price and exchange rate.

Demand for copper products in Malaysia and export markets during the current quarter remained steady. Competition arising from over capacity remained intense. Credit, commercial and security risks remained high due to the difficult conditions in financial markets and volatile copper prices.

Performance of the Hospitality business during Q2/ 2017 was about the same as the budget. Better ARR and cost savings against the budget helped to achieve the desired results

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

The Group reported a pre-tax profit for the quarter of RM0.390 million as compared to preceding quarter pre-tax profit of RM7.486 million mainly due to low season in hotel operations and lower net positive impact arising from exchange translation gain on the investment in Compulsory Convertible Debenture (CCD) of a subsidiary and fair value gain on foreign exchange derivative.

16) Current Year Prospects

Domestic market in Malaysia seems to be slowing down. This together with uncertainty in US, UK and EU due to Brexit and other global markets together with demonetisation and introduction of GST in India is also likely to impact exports. Competition has become further challenging. Credit, commercial and security risks are expected to remain high due to volatile copper prices and currency. Margins are under significant pressure. The Group is able to manage the copper and exchange exposure due to its hedging policies.

Outlook for 2017 for Hospitality business is positive even though introduction of GST has increased the cost of luxury travelling. Foreign tourism is expected to improve over last year, which is expected to support higher occupancy.

The Board expects the performance of the Group for the financial year 2017 to be satisfactory.

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 30/06/2017 RM'000	Comparative Quarter 30/06/2016 RM'000	**Current year YTD 30/06/2017 RM'000**	Comparative YTD 30/06/2016 RM'000
In respect of current period				
- Income tax	**314**	726	**558**	1,089
- Deferred tax	**(149)**	14	**1,135**	266
Total	**165**	740	**1,693**	1.355

Effective tax rate for the year is lower mainly due to unrealised exchange translation gain not subject to tax.

19) Corporate proposals (status as at 21 August 2017)

There are no corporate proposals announced but not completed as at 21 August 2017.

20) Group Borrowings and Debt Securities

Group borrowings as at 30 June 2017 are as follows:-

		Denominated in Foreign Currency		
	Amount RM'000	**Foreign Currency**	**Foreign Currency Amount ('000)**	**Secured / Unsecured**
Short-term borrowings:				
- Foreign Currency Trade Loan	482,694	USD	112,411	Unsecured
- Term Loan	5,307	USD	1,164	Secured
- Term Loan	12,882	USD	3,000	Secured
- Term Loan	5,308	INR	80,000	Secured
	506,191			
Long-term borrowings:				
- Term Loan	37,386	USD	8,707	Secured
- Term Loan	70,089	USD	16,441	Secured
- Term Loan	62,003	INR	934,534	Secured
- Compulsory Convertible Debenture	81,437	INR	1,227,450	Unsecured
	250,915			

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

As on 21 August 2017, the Metrod Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings which may materially or adversely affect the financial position or business of the Metrod Group.

22) Earnings per share

	Current Year Quarter 30/06/2017 RM'000	Comparative Year Quarter 30/06/2016 RM'000	**Current Year To Date 30/06/2017 RM'000**	Comparative Year To Date 3/06/2016 RM'000
Basic Net profit for the period attributable to Owners of the Company (RM'000)	**3,619**	-1,194	**8,729**	4,993
Weighted average number of ordinary shares in issue ('000)	**120,000**	120,000	**120,000**	120,000
Basic earnings per share (sen)	**3.02**	-1.00	**7.27**	4.16

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.

23) Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Input that are based on observable market data, either directly or indirectly

Level 3 - Input that are not based on observable market data.

The derivatives of the Group amounting to RM5,817,000 in credit (30.6.2016: RM4,121,000 in credit) are measured at Level 2 hierarchy.

24) Profit Before Tax

Profit before tax is arrived at after (crediting)/charging the following (incomes)/expenses:

	Current Year Quarter 31/03/2017	Comparative Year Quarter 31/03/2016	**Current Year To Date 30/06/2017**	Comparative Year To Date 30/06/2016
	RM'000	RM'000	**RM'000**	RM'000
Interest income	(1,333)	(1,384)	(2,849)	(2,694)
Other income	(348)	(172)	(679)	(379)
Interest expense	6,875	7,458	13,648	14,973
Depreciation and amortisation	4,525	3,753	8,966	7,440
Provision for and write off of receivables	0	0	0	0
Provision for and write off of inventories	0	0	0	0
(Gain)/ loss on disposal of quoted or unquoted investments or properties	0	0	0	0
Impairment of assets	0	0	0	0
Foreign exchange (gain)/loss (net)	(560)	(690)	(3,288)	6,293
(Gain) / loss on derivatives (net)	(150)	1,802	(642)	(7,751)
Exceptional items	0	0	0	0

25) Disclosure of realised and unrealised profits/losses pursuant to the directive issued by Bursa Malaysia Securities Berhad

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

The retained earnings as at period end is analysed as follows:

	Group Quarter ended 30/06/2017	Group Year ended 31/12/ 2016
	RM'000	RM'000
Retained profits of the Company and its subsidiaries		
- Realised	**379,196**	394,384
- Unrealised	**(17,242)**	(41,159)
Total as per consolidated accounts	**361,954**	353,225

26) Authorisation for issue

The interim financial statements were issued by the Board of Directors in accordance with a resolution of the directors on 28 August 2017.