Interim report for the fourth quarter ended 31 December 2018.

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 2017. 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 2017.

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 2017, 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 2018:-

Description	**Effective for 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
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

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 except as set out below:

Impact of initial application of MFRS 9 "Financial Instruments"
The new standard is applicable to financial assets and financial liabilities, and covers the classification, measurement, impairment and derecognition of financial assets and financial liabilities together with a new hedge accounting model.

The Group has undertaken an accounting impact analysis of the new standard based on the nature of the financial instruments it holds and the way in which they are used. The impact of adopting the standard on the Group is as follows:

Classification and measurement: MFRS 9 establishes a principles-based approach to determining whether a financial asset should be measured at amortised cost or fair value, based on the cash flow characteristics of the asset and the business model in which the asset is held. The classification and measurement basis for the Group's financial assets are largely unchanged under this model.

Impairment: Based on the Group's assessment, the introduction of an 'expected credit loss' model for the assessment of impairment of financial assets held at amortised cost did not have a material impact on the Group's results, given the low exposure to counterparty default risk as a result of the credit risk management processes that are in place.

Presentation & disclosure: MFRS 9 allows reclassification of financial asset from one category to another when and only when an entity changes its business model for managing financial assets. As the Group does not intend to change its business model there are no material changes in presentation and disclosure of financial instruments.

Impact of initial application of MFRS 15 "Revenue from Contracts with Customers"
The adoption of the new revenue recognition standard did not change the timing and measurement of revenue of the Group. The new standard however, introduces expanded disclosure requirements and changes in presentation which the Group has duly adopted.

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.

MFRS 16: Leases	1 January 2019
IC Interpretation 23 "Uncertainty over Income Tax Treatments"	1 January 2019

The Group will adopt the above pronouncements when they become effective in the respective financial periods. None of the above is expected to have a significant effect on the consolidated financial statements of the Group.

2) Audit qualification of preceding annual financial statements
The auditors' report for the preceding annual financial statements for the year ended 31 December 2017 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 hospitality business 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 31 December 2018.

The Directors now recommend the payment of a final dividend of 6 sen per share on 120,000,004 ordinary shares amounting to RM 7,200,000 which, subject to the approval of members at the forthcoming Annual General Meeting of the Company will be paid on 13 July 2019 to shareholders registered on the Company's Register of Members at the close of business on 29 June 2019.

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 and Copper 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 31 December 2018				
Revenue				
External	2,792,453	75,042	0	2,867,495
Inter segment revenue	0	0	0	0
Total revenue	2,792,453	75,042	0	2,867,495
Results				
Segment results	31,688	16,230	(7,709)	40,209
Finance costs				(31,652)
Tax expense				(2,364)
Net profit for the financial period				**(6,193)**
As at 31 December 2018				
Net assets				
Segment assets	977,624	454,230	13,425	1,445,279
Segment liabilities	729,024	313,171	(88,365)	953,830
Other Information				
Depreciation	5,284	12,458	0	17,742
Capital expenditure	97,557	8,551	0	106,108
Interest income	(6,293)	(717)	0	(7,010)
Interest expense	16,097	22,165	(6,610)	31,652
Financial period ended 31 December 2017				
Revenue				
External	2,499,770	81,043	0	2,580,813
Inter segment revenue	0	0	0	0
Total revenue	2,499,770	81,043	0	2,580,813
Results				
Segment results	35,468	13,239	(4,034)	44,673
Finance costs				(22,924)
Tax expense				(2,418)
Net profit for the financial period				**19,331**
As at 31 December 2017				
Net assets				
Segment assets	851,261	492,581	13,070	1,356,912
Segment liabilities	613,581	335,362	(95,098)	853,845
Other Information				
Depreciation	4,366	13,646	0	18,012
Capital expenditure	6,967	3,129	0	10,096
Interest income	(4,336)	(942)	0	(5,278)
Interest expense	11,340	20,864	(9,280)	22,924

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Copper business RM RM'000	Hospitality business RM RM'000	Group RM RM'000
As at 31 December 2018			
Sale of copper products	2,792,453	0	2,792,453
Room rentals	0	52,356	52,356
Food and beverages	0	18,558	18,558
Others	0	4,128	4,128
	2,792,453	75,042	2,867,495
Geographical market			
Malaysia	1,179,589	0	1,179,589
Asia Pacific	1,612,864	75,042	1,687,906
	2,792,453	75,042	2,867,495
Timing of revenue recognition			
At a point in time	2,792,453	22,686	2,815,139
Over-time	0	52,356	52,356
	2,792,453	75,042	2,867,495

The Group's non-current excluding deferred tax assets by geographical location are as follows:

	2018 RM	2017 RM
Malaysia**	**157,480**	**65,419,310**
India	**430,543**	**464,841,034**
	588,023	**530,260,344**

*** Company's home country*

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 2017.

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 fourth quarter ended 31 December 2018, 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 31 December 2018 is as follows:

	RM'000
Property, plant and equipment :-	
• Authorised and contracted for	9,300
• Authorised but not contracted for	8,800
Total :	**18,100**

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

	Individual Period (4th quarter)				Cumulative Period			
	Current Year Quarter	**Preceding year corresponding quarter**			**Current Year to Date**	**Preceding year corresponding period**		
	31/12/2018	31/12/2017	Change	Change	**31/12/2018**	31/12/2017	Change	Change
	RM'000	RM'000	RM'000	%	**RM'000**	RM'000	RM'000	%
Revenue	713,104	713,762	-658	0%	2,867,495	2,580,813	286,682	11%
Profit before interest and tax	19,245	16,210	3,035	19%	40,209	44,673	-4,464	-10%
Profit before tax	11,351	13,712	-2,361	-17%	8,557	21,749	-13,192	-61%
Profit after tax	11,652	14,003	-2,351	-17%	6,193	19,331	-13,138	-68%
Profit for the financial period attributable to :								
- Owners of the Company	10,454	11,579	-1,125	-10%	9,100	23,066	-13,966	-61%
- Non-controlling interest	1,198	2,424	-1,226	-51%	-2,907	-3,735	828	-22%

Cumulatively, Group registered EBITDA of RM50.941 million and pre-tax profit of RM8.557 million as compared to previous year's EBITDA of RM57.407 million and pre-tax profit of RM21.749 million. The current year includes net negative impact of RM8.493 million arising from fair value loss on foreign exchange derivative and exchange translation loss on the investment in Compulsory Convertible Debenture (CCD) of a subsidiary as compared to a net positive impact of RM6.264 million on the same items in the previous year. Current year EBITDA is also impacted by pre-operating expenses of continuous cast copper rod plant which was commissioned during December.

For the fourth quarter under review, Group registered a pre-tax profit of RM11.351 million as compared to previous year corresponding period pre-tax profit of RM13.712 million. Pre-tax profit for the current quarter includes net negative impact of RM0.723 million arising from fair value loss on foreign exchange derivatives and exchange translation gain on the investment in Compulsory Convertible Debenture (CCD) of a subsidiary, as compared to a net positive impact of RM2.100 million on the same items in previous year's corresponding period. Both Copper and Hospitality business segments showed a better operating performance.

Revenue for the year was higher as compared to the previous year corresponding period mainly due to higher sales volume and higher average London Metal Exchange (LME) copper prices. Revenue for the current quarter was marginally lower as compared to the previous year corresponding period mainly due to lower LME copper prices.

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 and in view of potential impact of uncertainties arising from trade war between US and China.

Hotel performance during the year 2018, was marginally better than previous year. Strong business during the last quarter of the year helped to achieve satisfactory performance from this segment of the business.

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

Financial review of the current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter		
	31/12/2018	30/09/2018	Change	Change
	RM'000	RM'000	RM'000	%
Revenue	713,104	763,015	-49,911	-7%
Profit before interest and tax	19,245	-2,535	21,780	-859%
Profit before tax	11,351	-11,524	22,875	-198%
Profit after tax	11,652	-11,309	22,961	-203%
Profit for the financial period attributable to :				
- Owners of the Company	10,454	-8,084	18,538	-229%
- Non-controlling interest	1,198	-3,225	4,423	-137%

The Group reported a pre-tax profit for the quarter of RM11.351 million as compared to preceding quarter's pre-tax loss of RM11.524 million mainly attributable to the good performance by both Copper and Hospitality businesses and exchange translation adjustments. Third quarter is typically a low season period for the Hospitality business.

16) Current Year Prospects

Post-election, the general mood has been positive. It is expected that the new government is business friendly and is reviewing various policies to support the manufacturing industry and business in general. Ringgit has been relatively volatile in line with several other currencies. These together with the potential impact of trade war between US and China and uncertainty in UK and EU due to Brexit and other global markets together with demonetisation and 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. New capacity has now been commissioned and the production and quality are being stabilized. It is expected to yield lower operating cost though there will be cost of capex in terms of interest and depreciation.

Performance of the Hospitality business is expected to be satisfactory although high tax on luxury spend is expected to soften the pace of growth.

The Board expects the performance of the Group for the financial year 2019 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 31/12/2018 RM'000	Comparative Quarter 31/12/2017 RM'000	Current year YTD 31/12/2018 RM'000	Comparative YTD 31/12/2017 RM'000
In respect of current period - Income tax - Deferred	**1,109** **(1410)**	(206) 499	**1,692** **486**	534 2,468
tax Subtotal	**(301)**	293	**2,178**	3,002
In respect of prior years - Income tax - Deferred tax	**0** **0**	(60) (524)	**186** **0**	(60) (524)
Subtotal	**0**	(584)	**186**	(584)
Total	**(301)**	(291)	**2,364**	2,418

Effective tax rate for the year is higher mainly due to certain expenses not deductible for tax purposes and non-recognition of deferred tax assets on the tax losses of a subsidiary.

19) Corporate proposals (status as at 19 February 2019)

There are no corporate proposals announced but not completed as at 19 February 2019.

20) Group Borrowings and Debt Securities

Group borrowings as at 31 December 2018 are as follows:-

As at quarter ended 31 December 2018

		Long Term		Short Term		Total Borrowings	
		Foreign Currency '000	RM'000	Foreign Currency '000	RM'000	Foreign Currency '000	RM'000
Secured							
Term Loan	USD	4,375	18,098	3,000	12,408	7,375	30,506
Term Loan	INR	1,983,854	117,599	166,573	9,874	2,150,427	127,473
Unsecured							
Term Loan	RM	0	50,471	0	0	0	50,471
Foreign Currency Trade Loan	USD	0	0	119,756	495,310	119,756	495,310
Compulsorily Convertible Debenture	INR	1,227,450	72,761			1,227,450	72,761
Total			**258,929**		**517,592**		**776,521**

As at quarter ended 31 December 2017

		Long Term		Short Term		Total Borrowings	
		Foreign Currency '000	RM'000	Foreign Currency '000	RM'000	Foreign Currency '000	RM'000
Secured							
Term Loan	USD	7,270	29,426	3000	12,143	10,270	41,569
Term Loan	INR	2,109,352	133,707	80,000	10,142	2,189,352	143,849
Unsecured							
Term Loan	RM	0	15,062	0	0	0	15,062
Foreign Currency Trade Loan	USD	0	0	120,380	487,237	120,380	487,237
Compulsorily Convertible Debenture	INR	1,227,450	77,805			1,227,450	77,805
Total			**256,000**		**509,522**		**765,522**

21) Material litigation

As on 19 February 2019, the Metrod Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and 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 31/12/2018 RM'000	Comparative Year Quarter 31/12/2017 RM'000	**Current Year To Date 31/12/2018 RM'000**	Comparative Year To Date 31/12/2017 RM'000
Basic Net profit for the period attributable to Owners of the Company (RM'000)	**10,454**	**11,579**	**9,100**	**23,066**
Weighted average number of ordinary shares in issue ('000)	**120,000**	**120,000**	**120,000**	**120,000**
Basic earnings per share (sen)	**8.71**	**9.65**	**7.58**	**19.22**

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 RM3,273,000 in debit (31.12.2017: RM6,034,000 in debit) 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 31/12/2018	Comparative Year Quarter 31/12/2017	**Current Year To Date 31/12/2018**	Comparative Year To Date 31/12/2017
	RM'000	RM'000	**RM'000**	RM'000
Interest income	**(2,015)**	(1,368)	**(7,010)**	(5,278)
Other income	**(96)**	(355)	**(1,309)**	(1,440)
Interest expense	**7,984**	2,498	**31,652**	22,924
Depreciation and amortisation	**5,065**	4,549	**17,742**	18,012
Provision for and write off of receivables	**0**	0	**0**	0
Provision for and write off of inventories	**(844)**	830	**(844)**	830
(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) #	**(2,445)**	(26,993)	**15,082**	(29,191)
(Gain) / loss on foreign exchange derivatives (net)	**3,643**	(1,560)	**3,242**	(3,835)

Significant part of foreign exchange (gains)/losses, both realised and unrealised, pertain to cost of sales due to back to back nature of covering raw material copper prices and have been classified as “other (gains)/losses” in the income statement.

25) Authorisation for issue

The interim financial statements were issued by the Board of Directors in accordance with a resolution of the directors on 26 February 2019.