

Interim report for the fourth quarter ended 31 December 2022.

Notes:-

1) Basis of preparation and Significant Accounting Policies

The interim financial statements are unaudited and these 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 2021. 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 2021.

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 2021, 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 2022: -

New MFRSs adopted during the financial year

Title	Effective Date
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022

The adoption of the above pronouncements did not have any material financial impact on the Group and the Company.

As at the date of authorisation of these interim financial statements, the new and revised MFRSs and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group are:

Title	Effective Date
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies	1 January 2024
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16 ‘Lease Liability in a Sale and Leaseback’	1 January 2024

The Group will apply the above MFRSs, Amendments to MFRSs that are applicable when they become effective. The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

2) Audit qualification of preceding annual financial statements

The auditors' report for the preceding annual financial statements for the year ended 31 December 2021 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 the 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 the fourth quarter ended 31 December 2022.

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 year ended 31 December 2022				
Revenue				
External	4,052,960	93,686	0	4,146,646
Inter segment revenue	0	0	0	0
Total revenue	<u>4,052,960</u>	<u>93,686</u>	<u>0</u>	<u>4,146,646</u>
Results				
Segment results	38,565	29,196	(3,879)	63,882
Finance costs				(35,815)
Tax expense				(2,182)
Net profit for the financial year				<u>25,885</u>
As at 31 December 2022				
Net assets				
Segment assets	1,124,859	402,297	6,017	1,533,173
Segment liabilities	870,140	279,257	(88,784)	1,060,613
Other Information				
- Depreciation	9,515	7,498	0	17,013
- Capital expenditure	5,045	10,328	0	15,373
- Interest income	(3,711)	(888)	0	(4,599)
- Interest expense	24,684	11,131	0	35,815
Financial year ended 31 December 2021				
Revenue				
External	3,435,967	73,297	0	3,509,264
Inter segment revenue	0	0	0	0
Total revenue	<u>3,435,967</u>	<u>73,297</u>	<u>0</u>	<u>3,509,264</u>
Results				
Segment results	16,885	15,139	1.817	33,841
Finance costs				(23,446)
Tax expense				32
Net profit for the financial year				<u>10,427</u>
As at 31 December 2021				
Net assets				
Segment assets	1,283,364	414,990	(1,436)	1,696,918
Segment liabilities	1,025,540	302,664	(93,389)	1,234,815
Other Information				
- Depreciation	13,756	8,319	0	22,075
- Capital expenditure	6,409	843	0	7,252
- Interest income	(8,860)	(406)	124	(9,142)
- Interest expense	12,082	11,488	(124)	23,446
- Stamp duty & registration fee	0	6,477	0	6,477

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

	Copper business	Hospitality business	Group
	RM	RM	RM
<u>As at 31 December 2022</u>	RM'000	RM'000	RM'000
Sale of copper products	4,052,960	0	4,052,960
Room rentals	0	65,732	65,732
Food and beverages	0	22,673	22,673
Others	0	5,281	5,281
	4,052,960	93,686	4,146,646
<u>Geographical market</u>			
Malaysia	1,092,406	0	1,092,406
Asia Pacific	2,960,554	93,686	3,054,240
	4,052,960	93,686	4,146,646
<u>Timing of revenue recognition</u>			
At a point in time	4,052,960	27,954	4,080,914
Over-time	0	65,732	65,732
	4,052,960	93,686	4,146,646

	Copper business	Hospitality business	Group
	RM	RM	RM
<u>As at 31 December 2021</u>	RM'000	RM'000	RM'000
Sale of copper products	3,435,967	0	3,435,967
Room rentals	0	51,825	51,825
Food and beverages	0	17,888	17,888
Others	0	3,584	3,584
	3,435,967	73,297	3,509,264
<u>Geographical market</u>			
Malaysia	1,055,421	0	1,055,421
Asia Pacific	2,380,546	73,297	2,453,843
	3,435,967	73,297	3,509,264
<u>Timing of revenue recognition</u>			
At a point in time	3,435,967	21,472	3,457,439
Over-time	0	51,825	51,825
	3,435,967	73,297	3,509,264

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

	2022	2021
	RM'000	RM'000
Malaysia**	152,707	155,598
India	368,511	387,145
Singapore	0	367
	521,218	543,110

** 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 2021.

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 2022, 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 2022 is as follows:

	RM'000
Property, plant and equipment :-	
• Authorised and contracted for	9,600
• Authorised but not contracted for	800
Total :	10,400

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	Change	Change	Current Year to Date	Preceding year corresponding period	Change	Change
	31/12/2022	31/12/2021			31/12/2022	31/12/2021		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	903,025	1,072,776	-169,751	-16%	4,146,646	3,509,264	637,382	18%
E.B.I.T.D.A. *	30,715	23,088	7,627	33%	76,296	46,774	29,522	63%
Profit before depreciation, amortisation, difference in fair value on foreign exchange derivatives and exchange translation on the investment in CCD	8,227	24,277	-16,050	-66%	41,080	37,134	3,946	11%
Profit before tax	14,525	14,925	-400	-3%	28,067	10,395	17,672	170%
Profit after tax	11,179	12,729	-1,550	-12%	25,885	10,427	15,458	148%
Profit for the financial period attributable to :								
- Owners of the Company	9,566	7,368	2,198	30%	17,036	8,639	8,397	97%
- Non-controlling interest	1,613	5,361	-3,748	-70%	8,849	1,788	7,061	395%

* Earnings before Interest, Taxes, Depreciation and Amortisation

The Group registered higher EBITDA of RM76.296 million for the year as compared to previous year's EBITDA of RM46.774 million. Profit before Tax ("PBT") for the year was also higher at RM28.067 million (PBT for the quarter RM14.525 million) as compared to preceding year's PBT of RM10.395 million (corresponding quarter PBT RM14.925 million).

Pre-tax profit for the year includes net positive impact of RM4.000 million (net positive impact of RM11.388million for the quarter) arising from fair value gain on foreign exchange derivatives and exchange translation loss on the investment in Compulsory Convertible Debentures (CCD) of a subsidiary as compared to a net negative impact of RM 4.664 million (corresponding quarter net negative impact of RM0.698million) in previous year. Current quarter also includes the impact of one time brand upgradation cost and renovation cost of RM2.729 million in the Hospitality business segment. Pre-tax profit and EBITDA for the previous year includes a negative impact of RM6.477 million on account of stamp duty and registration fee of prior year relating to the Hospitality business segment.

Revenue for the current quarter was lower as compared to previous year's corresponding period mainly due to lower volumes and lower copper prices.

The improving business sentiment and growth momentum noticed in the first half of the year in key markets in which the Group operates started to dampen in the second half of the year due to a general slow-down resulting from aggressive USD interest rate hikes, uncertainty with China's zero-covid policy, prolonged geo-political tensions impact and the political uncertainty in Malaysia. The rising interest rates and energy prices continued to put pressure on the margins. Competition has been intense. Credit, commercial and security risks remained high due to the difficult conditions in financial markets and volatile copper prices.

Hospitality business in the current quarter was impacted by one time brand upgrade costs and renovation of the public areas and lobby of the Hotel as a result of the upgrade. Operating results during the quarter were also impacted by lower occupancy though business under the St Regis brand started picking up from Nov 2022.

For the year as a whole the business and performance results have exceeded the estimates.

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		
	31/12/2022	30/9/2022	Change	Change
	RM'000	RM'000	RM'000	%
Revenue	903,025	920,706	-17,681	-2%
E.B.I.T.D.A.	30,715	12,644	18,071	143%
Profit before depreciation, amortisation, difference in fair value on foreign exchange derivatives and exchange translation on the investment in CCD	8,227	8,741	-514	-6%
Profit before tax	14,525	438	14,087	3216%
Profit after tax	11,179	2,614	8,565	328%
Profit for the financial period attributable to :				
- Owners of the Company	9,566	763	8,803	1154%
- Non-controlling interest	1,613	1,851	-238	-13%

As compared to preceding quarter's pre-tax profit of RM0.438 million, the Group reported a higher pre-tax profit for the quarter of RM14.525 mainly due to the net impact of higher fair value gains on foreign exchange derivatives and exchange translation losses on CCD of a subsidiary. The revenue for the quarter was marginally lower than the preceding quarter mainly due to lower volumes.

16) Current Year Prospects

With the new government in place and political stability in Malaysia, it bodes well for the domestic economic outlook as new initiatives are expected to be announced in Budget 2023 to revitalize and further reform the economy. Supply chain constraints and shipping challenges are gradually improving but the slowdown in manufacturing sector which started during second half of 2022 continues as we move into the new year. As Malaysia's economy continues its recovery trajectory from the pandemic, it does so amidst a challenging economic backdrop of global inflation, extremely high USD interest rates and the specter of an impending recession. Prolonged geopolitical uncertainties from the Russia and Ukraine conflict, further rise in US interest rates resulting in high financing costs, volatility in financial and copper markets and rising energy prices would continue to add to the business challenges and uncertainty.

Credit, commercial and security risks are expected to remain high due to volatile copper prices and currency and the uncertainties surrounding weak economic sentiment and forecasts. The Group continues to manage the copper and exchange exposure due to its hedging policies. LME copper prices continue to remain at high levels resulting in significant increase in working capital funding requirements. The Group is optimizing the working capital cycle while working with banks to secure additional financing.

Part of the Hotel property is expected to go under further renovation and refurbishment during the period April - Sept 2023. Business during rest of the period is expected to remain strong. Operating results of the hospitality segment for the full year ahead would therefore be impacted by this partial shutdown due to renovation.

Despite all the above challenges and headwinds, the Group continues with its efforts optimize cost, improve operational efficiencies and internal processes to mitigate the impact of these challenges.

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 31/12/2022 RM'000	Comparative Quarter 31/12/2021 RM'000	Current year YTD 31/12/2022 RM'000	Comparative YTD 31/12/2021 RM'000
In respect of current period				
- Income tax	3,421	353	3,980	729
- Deferred	(220)	1,779	(1943)	(825)
Subtotal	3,201	2,132	2,037	(96)
In respect of prior years				
- Income tax	145	64	145	64
- Deferred tax	0	0	0	0
Subtotal	145	64	145	64
Total	3,346	2,196	2,182	(32)

Effective tax rate for the year is lower mainly due to profits of a subsidiary subject to tax at lower rate.

19) Corporate proposals

There are no corporate proposals announced but not completed as at 21 February 2023.

20) Group Borrowings and Debt Securities

Group borrowings as at 31 December 2022 are as follows:-

As at quarter ended 31 December 2022

		Long Term		Short Term		Total Borrowings	
		Foreign Currency '000	RM'000	Foreign Currency '000	RM'000	Foreign Currency '000	RM'000
Secured							
Term Loan	INR	1,876,501	99,553	286,233	15,186	2,162,734	114,739
Unsecured							
Foreign Currency Trade Loans	USD	0	0	162,506	713,400	162,506	713,400
Term Loan	RM		14,944	0	16,200	0	31,144
Compulsorily Convertible Debenture	INR	1,227,450	65,120	0	0	1,227,450	65,120
Total			179,617		744,786		924,403

As at quarter ended 31 December 2021

		Long Term		Short Term		Total Borrowings	
		Foreign Currency '000	RM'000	Foreign Currency '000	RM'000	Foreign Currency '000	RM'000
Secured							
Term Loan	INR	1,154,696	64,892	91,653	5,151	1,246,349	70,043
Term Loan	USD	13,728	57,450	1,573	6,496	15,301	63,946
Unsecured							
Foreign Currency Trade Loans	USD	0	0	199,360	830,402	199,360	830,402
Term Loan	RM		31,144	0	16,200	0	47,344
Compulsorily Convertible Debenture	INR	1,227,450	68,982	0	0	1,227,450	68,982
Total			222,468		858,249		1,080,717

21) Material litigation

Effective January 2020 Director General of Trade Remedies (DGTR) under Ministry of Commerce, Government of India had imposed a Countervailing duty (CVD) for the export of copper wires from Malaysia, Indonesia, Thailand and Vietnam. Metrod had appealed for the same to Customs Excise & Service Tax Appellate Tribunal New Delhi (CESTAT). The principal bench of CESTAT pronounced an order in the open court on 8th March 2021 setting aside the imposition of CVD on Metrod. An appeal was filed in the Supreme Court (SC) of India against the decision of CESTAT by the Indian domestic industry. No stay was granted by the SC at the initial hearing. The next hearing date is yet to be listed.

Other than as stated above, 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 31/12/2022 RM'000	Comparative Year Quarter 31/12/2021 RM'000	Current Year To Date 31/12/2022 RM'000	Comparative Year To Date 31/12/2021 RM'000
Basic Net profit for the period attributable to Owners of the Company (RM'000)	9,566	7,368	17,036	8,639
Weighted average number of ordinary shares in issue ('000)	120,000	120,000	120,000	120,000
Basic earnings per share (sen)	7.97	6.14	14.20	7.20

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 RM8,572,000 in credit (31.12.2021: RM552,000 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 31/12/2022 RM'000	Comparative Year Quarter 31/12/2021 RM'000	Current Year To Date 31/12/2022 RM'000	Comparative Year To Date 31/12/2021 RM'000
Interest income	(1,184)	(6,192)	(4,599)	(9,142)
Other income	(285)	(2,480)	(1,401)	(3,990)
Interest expense	12,284	5,701	35,815	23,446
Depreciation and amortisation	5,090	8,654	17,013	22,075
Provision for and write off of receivables	0	0	0	0
Write off/(write back) of inventories	36	(35)	36	(35)
(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) #	4,050	2,211	53,896	22,382
(Gain) / loss on foreign exchange derivatives (net)	(15,111)	438	(8,019)	6,219
Other material items: Stamp duty and registration fees	0	0	0	6,477

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 28 February 2023.