Interim report for the second quarter ended 30 June 2023.

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 2022. 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 2022.

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 2022, 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 2023:-

New MFRSs adopted during the financial year

Title	Effective Date
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

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 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 2022 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 30 June 2023.

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 30 June 2023				
Revenue				
External	1,974,730	45,114	0	2,019,844
Inter segment revenue	0	0	0	0
Total revenue	1,974,730	45,114	0	2,019,844
Results				
Segment results	19,832	13,613	5,136	38,581
Finance costs				(31,702)
Tax expense				1,850
Net profit for the financial period				8,729
As at 30 June 2023				
Net assets				
Segment assets	1,344,340	434,568	213	1,799,121
Segment liabilities	1,093,287	294,315	(99,051)	1,288,551
Other Information				
- Depreciation	4,860	3,942	0	8,802
- Capital expenditure	2,002	1,362	0	3,364
- Interest income	(2,553)	(300)	0	(2,853)
- Interest expense	26,089	5,613	0	31,702

Segment reporting	**Copper Business**	**Hospitality Business**	**Holding Company, Others & eliminations**	**Group**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial period ended 30 June 2022				
Revenue				
External	2,272,223	50,692	0	2,322,915
Inter segment revenue	0	0	0	0
Total revenue	2,272,223	50,692	0	2,322,915
Results				
Segment results	10,802	16,566	170	27,538
Finance costs				(14,434)
Tax expense				(1,012)
Net profit for the financial period				12,092
As at 30 June 2022				
Net assets				
Segment assets	1,372,960	417,106	133	1,790,199
Segment liabilities	1,123,448	294,563	(100,012)	1,317,999
Other Information				
- Depreciation	4,216	3,740	0	7,956
- Capital expenditure	3,021	1,208	0	4,229
- Interest income	(2,247)	(310)	0	(2,557)
- Interest expense	8,862	5,572	0	14,434

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 2022.

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 2023, 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 2023 is as follows:

	RM'000
Property, plant and equipment :-	
• Authorised and contracted for	26,200
• Authorised but not contracted for	74,500
Total :	**100,700**

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

Financial review of current quarter and year to date

	Individual period (2nd quarter)				**Cumulative Period**			
	Current Year Quarter	**Preceding year corresponding quarter**			**Current Year to Date**	**Preceding year corresponding period**		
	30/06/2023	30/06/2022	Change	Change	**30/06/2023**	30/06/2022	Change	Change
	RM'000	RM'000	RM'000	%	**RM'000**	RM'000	RM'000	%
Revenue	**1,117,572**	1,159,480	-41,908	-4%	**2,019,844**	2,322,915	-303,071	-13%
E.B.I.T.D.A. *	**21,894**	15,594	6,300	40%	**44,530**	32,937	11,593	35%
Profit before depreciation,amortisation, difference in fair value on foreign exchange derivatives and exchange translation on the investment in CCD	**5,877**	11,028	-5,151	-47%	**20,724**	24,113	-3,389	-14%
Profit before tax	**1,226**	5,297	-4,071	-77%	**6,879**	13,104	-6,225	-48%
Profit after tax	**3,660**	4,795	-1,135	-24%	**8,729**	12,092	-3,363	-28%
Profit for the financial period attributable to :								
- Owners of the Company	**4,717**	2,619	2,098	80%	**4,811**	6,707	-1,896	-28%
- Non-controlling interest	**-1,057**	2,176	-3,233	-149%	**3,918**	5,385	-1,467	-27%

**** Earnings before Interest, Taxes, Depreciation and Amortisation***

The Group registered a higher cumulative EBITDA of RM44.530 million as compared to previous year's corresponding period EBITDA of RM32.937 million. Cumulative pre-tax profit of RM6.879 million was lower as compared to previous corresponding period's pre-tax profit of RM13.104 million mainly due to higher interest costs and non-availability of rooms due to renovation of the hotel.

Pre-tax profit for the current quarter includes net negative impact of RM0.183 million (cumulatively net negative impact of RM5.043 million) arising from fair value loss on foreign exchange derivatives and exchange translation gain on the investment in Compulsory Convertible Debentures (CCD) of a subsidiary, as compared to a net negative impact of RM2.080 million (cumulative net negative impact of RM 3.053 million) in previous year's corresponding period.

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

Demand for copper products in Malaysia and other key markets in Australia, Asean and India has shown some signs of recovery despite elevated interest rates and energy costs. Competition arising from over capacity remained intense. Credit, commercial and security risks remained high due to the difficult conditions in financial markets and high and volatile copper prices.

Performance of the hospitality segment during the quarter was negatively impacted by the non-availability of rooms due to renovation in the hotel. However good focus on cost reduction helped in mitigating some of the impact.

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		
	30/06/2023	31/03/2023	Change	Change
	RM'000	RM'000	RM'000	%
Revenue	**1,117,572**	902,272	215,300	24%
E.B.I.T.D.A.	**21,894**	22,636	-742	-3%
Profit before depreciation,amortisation, difference in fair value on foreign exchange derivatives and exchange translation on the investment in CCD	**5,877**	14,846	-8,969	-60%
Profit before tax	**1,226**	5,653	-4,427	-78%
Profit after tax	**3,660**	5,069	-1,409	-28%
Profit for the financial period attributable to :				
- Owners of the Company	**4,717**	94	4,623	4918%
- Non-controlling interest	**-1,057**	4,975	-6,032	-121%

The Group reported a lower pre-tax profit for the quarter as compared to preceding quarter's pre-tax profit mainly due to non- availability of rooms in hotel segment due to renovation and refurbishment together with higher interest expense in the copper business segment.

16) Current Year Prospects

As Malaysia's economy continues its recovery trajectory from the pandemic, it does so amidst a challenging economic backdrop of global inflation and, extremely high USD interest rates. Prolonged geopolitical uncertainties, slowdown in China market with its impact on global economy, further rise in US interest rates resulting in higher financing cost, volatility in financial and copper markets and rising energy prices continue to add to the business challenges. With the new government in place and political stability in Malaysia, it bodes well for the domestic economic outlook as new initiatives announced in Budget 2023 could revitalize and further reform the economy. Supply chain constraints and shipping challenges are gradually improving.

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.

Going forward, despite a major portion of the St Regis Resort Goa, under renovation, financial performance of the hospitality segment is expected to be strong. Average room rates and occupancy are expected to improve as the fresh product becomes available to the guests.

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 30/06/2023 RM'000	Comparative Quarter 30/06/2022 RM'000	**Current year YTD 30/06/2023 RM'000**	Comparative YTD 30/06/2022 RM'000
In respect of current period				
- Income tax	**(707)**	174	**1,785**	347
- Deferred tax	**(1,727)**	328	**(3,635)**	665
Total	**(2,434)**	502	**(1,850)**	1,012

Effective tax rate for the period is lower mainly due to profits of a subsidiary subject to tax at lower rate and recognition of previously unrecognised deferred tax assets of another subsidiary.

19) Corporate proposals

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

20) Group Borrowings and Debt Securities

Group borrowings as at 30 June 2023 are as follows:-

<u>As at quarter ended 30 June 2023</u>

		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	1,961,761	111,548	134,416	7,643	2,096,177	119,191
Unsecured							
Foreign Currency Trade Loans	USD	0	0	223,090	1,040,714	223,090	1,040,714
Term Loan	RM		6,844	0	16,200	0	23,044
Compulsorily Convertible Debenture	INR	1,227,450	69,794	0	0	1,227,450	69,794
Total			**188,186**		**1,064,557**		**1,252,743**

As at quarter ended 30 June 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	1,099,236	61,369	102,075	5,698	1,201,311	67,067
Term Loan	USD	13,047	57,353	1,468	6,454	14,515	63,807
Unsecured							
Foreign Currency Trade Loans	USD	0	0	206,756	899,825	206,756	899,825
Term Loan	RM		23,044	0	16,200	0	39,244
Compulsorily Convertible Debenture	INR	1,227,450	68,527	0	0	1,227,450	68,527
Total			**210,293**		**928,177**		**1,138,470**

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 June 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 30/06/2023	Comparative Year Quarter 30/06/2022	**Current Year To Date 30/06/2023**	Comparative Year To Date 30/06/2022
Basic Net profit for the period attributable to Owners of the Company (RM'000)	**4,717**	2,619	**4,811**	6,707
Weighted average number of ordinary shares in issue ('000)	**120,000**	120,000	**120,000**	120,000
Basic earnings per share (sen)	**3.93**	2.18	**4.01**	5.59

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 RM8,378,000 in credit (30.6.2022: RM2,033,000 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 30/06/2023	Comparative Year Quarter 30/06/2022	**Current Year To Date 30/06/2023**	Comparative Year To Date 30/06/2022
	RM'000	RM'000	**RM'000**	RM'000
Interest income	**(1,638)**	(1,309)	**(2,853)**	(2,557)
Other income	**(447)**	(239)	**(696)**	(649)
Interest expense	**17,838**	7,955	**31,702**	14,434
Depreciation and amortisation	**4,468**	3,651	**8,802**	7,956
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 loss/(gains) (net) #	**4,067**	23,746	**2,562**	29,621
Fair value loss /(gain) on foreign exchange derivatives (net)	**5,704**	2,405	**9,908**	2,580
Other material items	**0**	0	**0**	0

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 August 2023.