

## METROD HOLDINGS BERHAD

Registration No. 201001032606 (916531-A)

Interim report for the second quarter ended 30 June 2024.

Notes: -

### 1) Basis of preparation

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, Appendix 9B 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 2023. 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 2023.

The financial information has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### 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 2023, 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 2024: -

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 101 Presentation of Financial Statements - Non-Current Liabilities with Covenants and Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangement	1 January 2024
Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'	1 January 2024

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:

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7: Classification and Measurement of Financial Instruments	1 January 2026
MFRS 18 : Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 : Subsidiaries without Public Accountability: Disclosures	1 January 2027

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 2023 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 2024.
- 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
<b>Financial period ended</b>				
<b>30 June 2024</b>				
<b>Revenue</b>				
External	2,700,122	58,463	0	2,758,585
Inter segment revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total revenue	<u>2,700,122</u>	<u>58,463</u>	<u>0</u>	<u>2,758,585</u>
<b>Results</b>				
Segment results	37,958	11,683	1,300	50,941
Finance costs				(41,711)
Tax expense				<u>(1,142)</u>
Net profit for the financial period				<u>8,088</u>
<b>As at 30 June 2024</b>				
<b>Net assets</b>				
Segment assets	1,565,036	593,264	125	2,158,425
Segment liabilities	1,209,975	367,798	(90,979)	1,486,794
<b>Other Information</b>				
- Depreciation	6,930	7,285	0	14,215
- Capital expenditure	4,019	23,158	0	27,177
- Interest income	(5,444)	(168)	0	(5,612)
- Interest expense	30,374	15,316	(3,979)	41,711
Segment reporting	Copper Business	Hospitality Business	Holding Company, Others & eliminations	Group
	RM'000	RM'000	RM'000	RM'000
<b>Financial period ended</b>				
<b>30 June 2023</b>				
<b>Revenue</b>				
External	1,974,730	45,114	0	2,019,844
Inter segment revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total revenue	<u>1,974,730</u>	<u>45,114</u>	<u>0</u>	<u>2,019,844</u>
<b>Results</b>				
Segment results	19,832	13,613	5,136	38,581
Finance costs				(31,702)
Tax expense				<u>1,850</u>
Net profit for the financial period				<u>8,729</u>
<b>As at 30 June 2023</b>				
<b>Net assets</b>				
Segment assets	1,344,340	434,568	213	1,799,121
Segment liabilities	1,093,287	294,315	(99,051)	1,288,551
<b>Other Information</b>				
- 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

**9) Valuation of Property, plant and equipment**

The valuation of property, plant, and equipment has been carried forward without any changes from the previous annual financial statements for the year ended 31 December 2023. No revaluation of property, plant, and equipment was conducted during the current financial quarter under review.

**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 2024, 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 2024 is as follows:

	RM'000
Property, plant, and equipment: -	
• Authorised and contracted for	11,200
• Authorised but not contracted for	74,800
<b>Total:</b>	<b>86,000</b>

**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)		Change	Change	Cumulative Period		Change	Change
	Current Year Quarter	Preceding year corresponding quarter			Current Year to Date	Preceding year corresponding period		
	30/6/2024	30/6/2023			30/6/2024	30/6/2023		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,430,370	1,117,572	312,798	28%	2,758,585	2,019,844	738,741	37%
E.B.I.T.D.A. *	28,921	21,894	7,027	32%	59,544	44,530	15,014	34%
Profit before depreciation, amortisation, difference in fair value on foreign exchange derivatives and exchange translation on the investment in CCD	5,289	5,877	-589	-10%	18,876	20,724	-1,848	-9%
Profit before tax	2,830	1,226	1,604	131%	9,230	6,879	2,351	34%
Profit after tax	1,961	3,660	-1,699	-46%	8,088	8,729	-641	-7%
Profit for the financial period attributable to :								
- Owners of the Company	6,927	4,717	2,210	47%	9,819	4,811	5,008	104%
- Non-controlling interest	-4,966	-1,057	-3,909	370%	-1,731	3,918	-5,649	-144%

\* Earnings before Interest, Taxes, Depreciation and Amortisation

The Group reported a higher cumulative EBITDA of RM59.544 million as compared to previous year's corresponding period EBITDA of RM44.530 million. Cumulative pre-tax profit of RM9.230 million was also higher as compared to previous corresponding period's pre-tax profit of RM6.879 million.

Pre-tax profit for the current quarter includes net positive impact of RM4.909 million (cumulatively net positive impact of RM4.569 million) 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 RM0.183 million (cumulative net negative impact of RM5.043 million) in previous year's corresponding period.

Revenue for the quarter was higher as compared to previous year's corresponding period mainly due to higher sales volumes and higher copper prices. Copper business segment showed a better performance mainly due to higher volumes.

The Malaysian economy experienced a robust 5.8% year-on-year growth, driven by strong performance in manufacturing and consumer sectors. The construction sector also recorded significant gains, supported by key government projects under Budget 2024. We are enhancing our service quality, delivery efficiency, and customer engagement enabling us to make successful inroads in Malaysia and other key markets. 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. Consistently elevated US dollar interest rates, rising energy costs and geopolitical uncertainties in Europe and the Middle East continue to exert pressure on costs and supply chain stability.

After an exceptional first quarter, the financial performance of the Hospitality Segment was impacted during the second quarter due to lower occupancy levels. During this period, the resort operated with only 155 rooms, as the remaining 51 rooms were undergoing renovation. Leisure travel was also affected by the nationwide elections in India, which extended over almost 45 days. Despite these challenges, the resort maintained its position as the market leader in Average Daily Room Rates.

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 immediately preceding quarter

	Current Quarter	Immediate Preceding Quarter	Change RM'000	Change %
	30/6/2024 RM'000	31/3/2024 RM'000		
Revenue	<b>1,430,370</b>	1,328,215	102,155	8%
E.B.I.T.D.A.	<b>28,921</b>	30,623	-1,702	-6%
Profit before depreciation, amortisation, difference in fair value on foreign exchange derivatives and exchange translation on the investment in CCD	<b>5,289</b>	13,587	-8,299	-61%
Profit before tax	<b>2,830</b>	6,400	-3,570	-56%
Profit after tax	<b>1,961</b>	6,127	-4,166	-68%
Profit for the financial period attributable to :				
- Owners of the Company	<b>6,927</b>	2,892	4,035	140%
- Non-controlling interest	<b>-4,966</b>	3,235	-8,201	-254%

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 undergoing renovation and low season.

## 16) Current Year Prospects

Malaysia's economic growth in the second quarter surpassed estimates suggesting a recovery seen at the beginning of 2024 is gathering speed. Most of the key export markets are expected to invest in expansion of rail, road, airport, property sector and renewable energy infrastructure which could boost copper demand in Asia Pacific region. However, trade restrictions through the introduction of potential tariff and non-tariff barriers is expected to create uncertainty of business in certain countries.

We continue to face shipping delays and higher logistics cost. While the potential for US interest rate cuts exists, it will largely depend on inflation trends and economic performance. The Chinese economy continues to be dragged by the weak real estate segment. The geopolitical situation in certain continents continues to be drawn-out.

Prolonged high US interest rates resulting in higher financing cost, volatility in copper markets and rising energy prices continue to add to the business challenges. Credit, commercial and security risks are expected to remain high due to volatile copper prices and currency. LME copper prices remains high resulting in increase in working capital funding requirements. The Group is optimizing the working capital cycle while working with banks to secure additional financing. The Group continues to manage such risks with robust internal systems, hedging policies & procedures and remains focused on optimizing its costs and working capital cycle, expanding its geographic reach and improving market share.

The hotel resort is expected to perform well, optimizing both room rates and occupancy with the newly renovated rooms, swimming pool and upgraded Food & Beverage areas. Early indicators point to a healthy performance in the peak season later this year.

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

	<b>Current year Quarter 30/06/2024 RM'000</b>	Comparative Quarter 30/06/2023 RM'000	<b>Current year YTD 30/06/2024 RM'000</b>	Comparative YTD 30/06/2023 RM'000
In respect of current period				
- Income tax	<b>1,034</b>	(707)	<b>1,524</b>	1,785
- Deferred tax	<b>(165)</b>	(1,727)	<b>(382)</b>	(3,635)
Total	<b>869</b>	(2,434)	<b>1,142</b>	(1,850)

Effective tax rate for the quarter is marginally higher but for the period 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 date of the report.

**20) Group Borrowings and Debt Securities**

Group borrowings as at 30 June 2024 are as follows: -

**As at quarter ended 30 June 2024**

		Long Term		Short Term		Total Borrowings	
		Foreign Currency '000	RM'000	Foreign Currency '000	RM'000	Foreign Currency '000	RM'000
<b>Secured</b>							
Term Loan	INR	2,633,564	149,031	130,768	7,400	2,764,332	156,431
<b>Unsecured</b>							
Foreign Currency Trade Loans	USD	0	0	223,296	1,053,847	223,296	1,053,847
Term Loan	RM		0	0	6,843	0	6,843
Compulsorily Convertible Debenture	INR	1,227,450	69,460	0	0	1,227,450	69,460
<b>Total</b>			<b>218,491</b>		<b>1,068,090</b>		<b>1,286,581</b>

**As at quarter ended 30 June 2023**

		Long Term		Short Term		Total Borrowings	
		Foreign Currency '000	RM'000	Foreign Currency '000	RM'000	Foreign Currency '000	RM'000
<b>Secured</b>							
Term Loan	INR	1,961,761	111,548	134,416	7,643	2,096,177	119,191
<b>Unsecured</b>							
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
<b>Total</b>			<b>188,186</b>		<b>1,064,557</b>		<b>1,252,743</b>

**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. The Group 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 8 March 2021 setting aside the imposition of CVD on the Group. 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 on 9 July 2021. The next hearing date is yet to be listed.

Other than as stated above, the 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 Group.

**22) Earnings per share**

	<b>Current Year Quarter 30/06/2024</b>	Comparative Year Quarter 30/06/2023	<b>Current Year to Date 30/06/2024</b>	Comparative Year to Date 30/06/2023
<b>Basic</b>				
Net (loss)/profit for the period attributable to Owners of the Company (RM'000)	<b>6,927</b>	4,717	<b>9,819</b>	4,811
Weighted average number of ordinary shares in issue ('000)	<b>120,000</b>	120,000	<b>120,000</b>	120,000
Basic earnings per share (sen)	<b>5.77</b>	3.93	<b>8.18</b>	4.01

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 RM961,000 in credit (30.6.2023: RM8,378,000 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:

	<b>Current Year Quarter 30/06/2024</b>	Comparative Year Quarter 30/06/2023	<b>Current Year to Date 30/06/2024</b>	Comparative Year to Date 30/06/2023
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Interest income	<b>(2,910)</b>	(1,638)	<b>(5,612)</b>	(2,853)
Other income	<b>(329)</b>	(447)	<b>(682)</b>	(696)
Interest expense	<b>21,634</b>	17,838	<b>41,711</b>	31,702
Depreciation and amortisation	<b>7,366</b>	4,468	<b>14,215</b>	8,802
Provision for and write off of receivables	<b>0</b>	0	<b>0</b>	0
Provision for and write off of inventories	<b>0</b>	0	<b>0</b>	0
(Gain)/ loss on disposal of quoted or unquoted investments or properties	<b>0</b>	0	<b>0</b>	0
Impairment of assets	<b>0</b>	0	<b>0</b>	0
Foreign exchange (gain)/loss (net) #	<b>1,980</b>	4,067	<b>10,095</b>	2,562
(Gain) / loss on derivatives (net)	<b>(4,959)</b>	4,204	<b>(2,776)</b>	9,908
Other material items	<b>0</b>	0	<b>0</b>	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 short-term borrowings used to finance the purchase of raw materials 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 29 August 2024.