

EONMETALL GROUP BERHAD
(Company No. 631617 D)

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007

	Three Months Ended		Period To Date Ended	
	30-Sep-07	30-Sep-06	30-Sep-07	30-Sep-06
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Revenue	<u>42,591</u>	<u>20,177</u>	<u>101,663</u>	<u>61,434</u>
Operating profit	4,615	3,837	12,503	12,313
Interest expense	(1,244)	(834)	(2,777)	(1,955)
Interest income	1	23	4	92
Share of loss of associated company	(50)	-	(50)	-
Profit before tax	<u>3,322</u>	<u>3,026</u>	<u>9,680</u>	<u>10,450</u>
Tax expense	(177)	(273)	2,196	686
Profit after tax	<u>3,145</u>	<u>2,753</u>	<u>11,876</u>	<u>11,136</u>
Attributable to:				
Shareholders of the Company	<u>3,145</u>	<u>2,753</u>	<u>11,876</u>	<u>11,136</u>
Basic earnings per share (sen)	<u>1.87</u>	<u>1.67</u>	<u>7.13</u>	<u>6.75</u>
Diluted earnings per share (sen)	<u>1.83</u>	<u>NA</u>	<u>7.03</u>	<u>NA</u>

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

EONMETALL GROUP BERHAD
(Company No. 631617 D)

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2007

	At 30 September 2007 RM'000	(Audited) At 31 December 2006 RM'000 (Restated)
Assets		
Property, plant and equipment	89,448	70,838
Investment in associated company	227	-
Other investment	-	57
Deferred tax assets	7,369	4,301
Total non-current assets	97,044	75,196
Total current assets		
Receivables, deposits and prepayments	39,049	31,108
Inventories	63,983	37,498
Current tax assets	220	876
Cash and cash equivalents	2,336	7,284
	105,588	76,766
Total assets	202,632	151,962
Equity		
Share capital	85,255	55,000
Share premium	834	9,200
Share option reserve	1,287	1,020
Exchange fluctuation reserve	(5)	-
Retained profits	30,376	40,847
Total equity	117,747	106,067
Liabilities		
Loans and Borrowings	28,223	7,085
Deferred tax liabilities	6,983	6,696
	35,206	13,781
Current liabilities		
Trade and other payables	4,304	10,278
Loans and Borrowings	45,375	21,831
Taxation	-	5
	49,679	32,114
Total liabilities	84,885	45,895
Total equity and liabilities	202,632	151,962
	-	-
Net assets per share (RM)	0.71	0.64

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

EONMETALL GROUP BERHAD
(Company No. 631617 D)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

	←	<i>Non-distributable</i>		→	<i>Distributable</i>	
	Share capital	Share premium	Share option reserve	Exchange fluctuation reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2006	55,000	9,200	-	-	22,604	86,804
Effect of adopting FRS 2	-	-	347	-	(347)	-
Effect of adopting FRS 112	-	-	-	-	3,306	3,306
At 1 January 2006 (restated)	<u>55,000</u>	<u>9,200</u>	<u>347</u>	<u>-</u>	<u>25,563</u>	<u>90,110</u>
Profit for the period	-	-	-	-	11,136	11,136
Share-based payment	-	-	660	-	-	660
At 30 September 2006	<u>55,000</u>	<u>9,200</u>	<u>1,007</u>	<u>-</u>	<u>36,699</u>	<u>101,906</u>
At 1 January 2007	55,000	9,200	1,020	-	36,546	101,766
Effect of adopting FRS 112	-	-	-	-	4,301	4,301
At 1 January 2007 (restated)	<u>55,000</u>	<u>9,200</u>	<u>1,020</u>	<u>-</u>	<u>40,847</u>	<u>106,067</u>
Issue of shares pursuant to ESOS	2,655	1,034	-	-	-	3,689
Bonus issue (1 for 2)	27,600	(9,400)	-	-	(18,200)	-
Share-based payment	-	-	267	-	-	267
Dividend paid	-	-	-	-	(4,147)	(4,147)
Profit for the period	-	-	-	-	11,876	11,876
Exchange differences on translation of foreign entities	-	-	-	(5)	-	(5)
At 30 September 2007	<u>85,255</u>	<u>834</u>	<u>1,287</u>	<u>(5)</u>	<u>30,376</u>	<u>117,747</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

EONMETALL GROUP BERHAD
(Company No. 631617 D)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007

	Nine Months Ended	
	30-Sep-07	30-Sep-06
Cash flows from operating activities		
Profit before tax	9,680	10,450
Adjustments for:		
Depreciation	3,989	3,358
Interest expenses	2,777	1,955
Interest income	(4)	(92)
Share of loss of associated company	50	-
(Gain)/Loss on disposal of plant and equipment	3	(83)
Fixed assets written off	9	-
Gain on disposal of investment	(18)	-
Share-based payment	267	660
Operating profit before working capital changes	16,753	16,248
Increase in :		
Inventories	(26,485)	(13,599)
Trade and other receivables	(7,941)	(1,234)
Increase/(Decrease) in :		
Trade and other payables	(5,974)	729
Cash generated from/(used in) operations	(23,647)	2,144
Tax refund/paid	66	(818)
Net cash generated from/(used in) operating activities	(23,581)	1,326
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	7	214
Purchase of property, plant and equipment	(22,533)	(11,974)
Purchase of other investment	-	(25)
Investment in associated company	(282)	-
Proceeds from disposal of other investment	75	-
Deposits pledged with licenced bank	-	(1)
Interest received	4	92
Net cash used in investing activities	(22,729)	(11,694)
Cash flows from financing activities		
Short term borrowings, net	20,296	2,833
Drawdown of term loans	14,726	969
Repayment of term loans	8,347	(840)

EONMETALL GROUP BERHAD
(Company No. 631617 D)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007

	Nine Months Ended	
	30-Sep-07	30-Sep-06
Repayment of hire purchase creditors	(41)	(31)
Proceeds from issue of shares for share option exercised	3,689	-
Dividend paid	(4,147)	-
Interest paid	(2,777)	(1,955)
Net cash generated from financing activities	40,093	976
Net decrease in cash and cash equivalents	(6,217)	(9,392)
Cash and cash equivalents at beginning of period	4,433	10,369
Cash and cash equivalents at end of financial period	(1,784)	977

Notes:

A. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Cash & bank balances	2,256	1,755
Deposits with licensed banks (excluding deposits pledged)	80	3,000
Bank overdrafts	(4,120)	(3,778)
	<u>(1,784)</u>	<u>977</u>

The condensed cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134₂₀₀₄, Interim Financial Reporting and paragraph 9.22 of the Listing Requirement 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 2006. These explanatory notes attached to the interim financial report 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 financial year ended 31 December 2006.

2. Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for the financial period beginning 1 January 2007:

FRS 112 Income Taxes
FRS 117 Leases
FRS 124 Related Party Disclosures

The Group and the company plan to apply FRS 139 (which its effective date has yet to be announced), for the annual period beginning 1 January 2008.

The adoption of the above revised FRSs does not result in any significant change in the group’s accounting policies except for the following:

FRS 112 : Income Taxes

The Group adopted an accounting policy to recognise the deferred tax assets arising from reinvestment allowances (“RA”), to the extent that it is probable that future taxable profit will be utilised against any unutilised RA.

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

2. Changes in accounting policies (Cont'd)

The application is retrospective and accordingly, the comparative amounts as at 31 December 2006 are restated and the opening retained earnings as at 1 January 2007 has been adjusted. The financial impact to the Group arising from this change in accounting policy is as follows:-

	At 1.1.2007	
	RM'000	
Increase in retained earnings		4,301
Increase in deferred tax assets		4,301
	9 months ended	
	30.09.2007	30.09.2006
	RM'000	RM'000
Increase in profit for the period	3,068	995

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2006 was not qualified.

4. Seasonality of operations

The business operations of the Group are not significantly affected by any seasonal or cyclical factors.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial period-to-date.

6. Material changes in estimates

There were no changes in estimates that have had material effect in the current quarter and financial period-to-date results.

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

7. Issuances and repayment of debt and equity securities

There were no issuance, cancellations, repurchase, resale and repayment of debt and equity securities for the current quarter under review except for the followings:-

- a) On 23 January 2007, the issued and paid up share capital of the Company was increased from 110,000,000 ordinary shares of RM0.50 each to 110,401,000 ordinary shares of RM0.50 each via the allotment of 401,000 ordinary shares issued pursuant to the exercise of Employee Share Option Scheme at the exercise price of RM1.00 per share.
- b) On 14 February 2007, the Company issued Bonus Shares of 55,200,500 new ordinary shares of RM0.50 each on the basis of 1 new ordinary share for every 2 existing ordinary shares held. The issued and paid-up share capital of the Company was increased from 110,401,000 ordinary shares of RM0.50 each to 165,601,500 ordinary shares of RM0.50 each.
- c) On 15 March 2007, the issued and paid up share capital of the Company was increased from 165,601,500 ordinary shares of RM0.50 each to 165,631,500 ordinary shares of RM0.50 each via the allotment of 30,000 ordinary shares issued pursuant to the exercise of Employee Share Option Scheme at the exercise price of RM0.67 (ex-bonus price) per share.
- d) On 25 April 2007, the issued and paid up share capital of the Company was increased from 165,631,500 ordinary shares of RM0.50 each to 165,901,500 ordinary shares of RM0.50 each via the allotment of 270,000 ordinary shares issued pursuant to the exercise of Employee Share Option Scheme at the exercise price of RM0.67 (ex-bonus price) per share.
- e) On 22 June 2007, the issued and paid up share capital of the Company was increased from 165,901,500 ordinary shares of RM0.50 each to 166,012,500 ordinary shares of RM0.50 each via the allotment of 111,000 ordinary shares issued pursuant to the exercise of Employee Share Option Scheme at the exercise price of RM0.67 (ex-bonus price) per share.
- f) On 16 July 2007, the issued and paid up share capital of the Company was increased from 166,012,500 ordinary shares of RM0.50 each to 166,444,500 ordinary shares of RM0.50 each via the allotment of 432,000 ordinary shares issued pursuant to the exercise of Employee Share Option Scheme at the exercise price of RM0.67 (ex-bonus price) per share.
- g) On 25 July 2007, the issued and paid up share capital of the Company was increased from 166,444,500 ordinary shares of RM0.50 each to 166,979,500 ordinary shares of RM0.50 each via the allotment of 535,000 ordinary shares issued pursuant to the exercise of Employee Share Option Scheme at the exercise price of RM0.67 (ex-bonus price) per share.

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2007

7. Issuances and repayment of debt and equity securities (Cont'd)

- h) On 13 August 2007, the issued and paid up share capital of the Company was increased from 166,979,500 ordinary shares of RM0.50 each to 169,484,000 ordinary shares of RM0.50 each via the allotment of 2,504,500 ordinary shares issued pursuant to the exercise of Employee Share Option Scheme at the exercise price of RM0.67 (ex-bonus price) per share.
- i) On 14 August 2007, the issued and paid up share capital of the Company was increased from 169,484,000 ordinary shares of RM0.50 each to 169,890,500 ordinary shares of RM0.50 each via the allotment of 406,500 ordinary shares issued pursuant to the exercise of Employee Share Option Scheme at the exercise price of RM0.67 (ex-bonus price) per share.
- j) On 13 September 2007, the issued and paid up share capital of the Company was increased from 169,890,500 ordinary shares of RM0.50 each to 170,468,000 ordinary shares of RM0.50 each via the allotment of 577,500 ordinary shares issued pursuant to the exercise of Employee Share Option Scheme at the exercise price of RM0.67 (ex-bonus price) per share.
- k) On 26 September 2007, the issued and paid up share capital of the Company was increased from 170,468,000 ordinary shares of RM0.50 each to 170,509,000 ordinary shares of RM0.50 each via the allotment of 41,000 ordinary shares issued pursuant to the exercise of Employee Share Option Scheme at the exercise price of RM0.67 (ex-bonus price) per share.

8. Dividends

During the financial period, the Company paid a first and final dividend of 5% or 2.5 sen per share (Tax Exempt) totaling RM4,147,537.49 in respect of the financial year ended 31 December 2006 on 29 June 2007.

9. Segment revenue and results

Financial data by business segment for the Group:

	Period ended 30.09.2007	
	Revenue RM'000	Operating profit/(loss) RM'000
Machinery and equipment	22,863	9,775
Secondary flat steel and related products	78,788	3,619
IT solutions and automation	12	(273)
Investment holding	-	(618)
	<u>101,663</u>	<u>12,503</u>

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2007

10. Valuation of property, plant and equipment

Not applicable. No valuation policy was adopted for property, plant and equipment of the Group.

11. Material events subsequent to the balance sheet date

There were no material events subsequent to the balance sheet date apart from:

The issuance of 122,000 ordinary share of RM0.50 each for cash pursuant to the exercise of Employee Share Option Scheme at the exercise price of RM0.67 (ex-bonus price) per share as follow:-

- 38,000 ordinary shares allotted on 17 October 2007;
- 84,000 ordinary shares allotted on 15 November 2007;

12. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter save as:

- a) On 6 April 2007, the Company incorporated a new company known as Eonmetall Petro-Chem (M) Sdn. Bhd. ("EMPC"). EMPC is a 100% owned subsidiary of the Company. The initial paid-up capital of EMPC is RM2/= with the authorised share capital of RM100,000/=. EMPC will be principally involved in the business of engineering services in oil, gas and chemical industry. The first Directors of EMPC are Dato' Goh Cheng Huat and Mr Yeoh Cheng Chye.
- b) On 29 May 2007, the company's wholly-owned subsidiary, Eonmetall Industries Sdn Bhd increased its issued and paid up capital from RM2,500,000 to RM10,000,000 by allotting additional 7,500,000 ordinary shares of RM1.00 each.
- c) On 30 October 2007, EMPC had subsequently acquired 60% of the issued and paid-up capital of Eonmetall Bintai Koyo JV Pte. Ltd (Formerly known as Victorious Builders Pte. Ltd.) for a total cash consideration of SGD60.00.
- d) As at to-date, EMPC had invested 30% equity interest amounting to RM282,000 in Eonmetall Global Composites LLC, an associated company incorporated in Dubai.

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

13. Capital commitments

	As at 30.09.2007 RM'000	As at 31.12.2006 RM'000
Contracted but not provided for	<u>600</u>	<u>1,400</u>

14. Review of earnings and/or revenue of the Company and its subsidiaries for current quarter and financial period-to-date

The Group's revenue for the current quarter increased by RM22.4million (from RM20.2million to RM42.6million) or 111% as compared to the corresponding quarter in the previous year. The major increase in revenue arises from distribution of coil, contributed approximately 36% of current quarter's revenue.

The Group's revenue for the current financial period-to-date increased by RM40.3 million (from RM61.4 million to RM101.7 million) or 66% as compared to the corresponding financial period-to-date in previous year. The incremental revenue is mainly contributed by the distribution of coils.

However, the Group's profit before tax show a marginal increase by RM0.8 million (from RM10.5 million to RM9.7 million) or 8% as compared to the corresponding financial period-to-date in the previous year. This was mainly due to the distribution of coil in general yielded a lower margin as compare to other product.

15. Material change in Profit Before Taxation ("PBT") reported on as compared with the immediate preceding quarter.

The Group's profit before tax increased by RM0.6million (from RM2.7million to RM3.3 million), 22% as compared to the preceding quarter mainly due to the higher sales of machinery and equipment in the current quarter which yielded a higher profit margin than other segment of business. Sales on machinery and equipment showed an encouraging growth of approximately 139% over preceding quarter from RM3.6 million to RM8.6million in the current quarter. Sales of secondary flat steel and related products also showed a increase of 16% over preceding quarter mainly due to distribution of coil. However profit before tax contributed from this segment only marginal because distribution of coil in general yielded a lower margin.

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

16. Commentary of Prospects

Barring any unforeseen circumstances, the Board of Directors of Eonmetall anticipates the performance of the group for the financial year 2007 to be further improved.

17. Variance of actual and forecast profit

Not applicable. The Group did not publish any profit forecast for the financial period under review.

18. Taxation

	3 months ended 30.09.07 RM'000	Period to date ended 30.09.07 RM'000
Current tax expense	12	585
Deferred tax expense	165	287
Deferred tax asset	-	(3,068)
	<u>177</u>	<u>(2,196)</u>

19. Unquoted investments and/ or properties

There were no material purchases or disposals of unquoted investment and/or properties in the current quarter and financial period-to-date except for EMPC had invested 30% equity interest amounted RM282,000 in Eonmetall Global Composites LLC, an associated company incorporated in Dubai.

20. Quoted investments

There were no material purchases or disposals of quoted investment during the current quarter and financial period-to-date except for disposal of quoted shares for a total proceeds of RM75,500 with a gain on disposal of RM18,454.

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

21. Status of corporate proposal announced

As announced to the Bursa Securities on 8 May 2006, the Company proposed to undertake the following corporate exercises: -

- a) Bonus issue of up to 63,250,000 new ordinary shares of RM0.50 each in Eonmetall to be credited as fully paid-up, on the basis of one (1) Bonus Share for every two (2) existing ordinary shares held in Eonmetall on the entitlement date to be determined later (“Proposed Bonus Issue”); and
- b) Transfer of the listing of and quotation for the entire enlarged issued and paid-up share capital of Eonmetall from the Second Board to the Main Board of Bursa Securities (“Proposed Transfer of Listing”).

The proposals are conditional upon approval being obtained from the following parties:

- a) the Securities Commission (“SC”) for the Proposed Transfer of Listing;
- b) the shareholders of Eonmetall at an extraordinary general meeting to be convened for the proposed Bonus Issue; and
- c) the Bursa Securities for the following:-
 - (i) the listing of and quotation for the Bonus Shares pursuant to the Proposed Bonus Issue; and
 - (ii) transfer of the listing of and quotation for the entire enlarged issued and paid up share capital of Eonmetall after the proposed Bonus Issue from the Second Board to the Main Board of Bursa Securities.

The Proposed Bonus Issue and Proposed Transfer of Listing are inter-conditional upon each other.

On 9 May 2006, the Company has submitted the application in relation to the Proposed Transfer of Listing to the SC.

On 19 July 2006, SC had informed that it will only consider the application for the proposed transfer of listing after fulfillment of the following: -

- a) Eonmetall is to provide the SC with the Company’s latest financial results after the first full anniversary year of the Company’s listing on the Second Board of Bursa Malaysia Securities Berhad; and
- b) The above financial results shall be accompanied by the directors’ report in relation to the latest financial position of the Eonmetall Group and forecast financial position for the financial year ending 31 December 2006.

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

21. Status of corporate proposal announced (Cont'd)

On 13 October 2006, the Company has furnished the requested information to the SC for their further review.

On 7 December 2006, MIMB on behalf of the Board announced the SC's approval for the Proposed Transfer of Listing vide its letter dated 5 December 2006 subject to the following condition: -

- (i) MIMB should confirm to the SC that Eonmetall has complied with the term and condition of approval and all other relevant requirements in relation to the proposal as stipulated in the Policies and Guidelines on Issue/Offer of Securities.

MIMB on behalf of the company announced that Bursa Securities has, vide its letter dated 25 January 2007 approved-in-principal the following:-

- a) Listing of up to 63,250,000 new ordinary shares of RM0.50 each to be issued pursuant to the Proposed Bonus Issue; and
- b) The transfer of Eonmetall's entire enlarged issued and paid-up share capital of up to RM94, 875,000 comprising up to 189,780,000 ordinary shares of RM0.50 each (after the Proposed Bonus Issue) from the Second Board to the Main Board of Bursa Securities.

The Bonus Issue was approved by the shareholders of the Company at an EGM held on 12 January 2007 and 55,200,500 new shares were issued and allotted pursuant to the Bonus Issue on 14 February 2007.

The entire enlarged issued and paid-up share capital of RM82,800,750 comprising 65,601,500 ordinary shares of RM0.50 each of the Company was transferred from the Second Board to the Main Board of Bursa Malaysia Securities Berhad on 2 March 2007.

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007****22. Group borrowings**

The Group's borrowings as at the end of the current reporting period are as follows: -

	Payable within 12 months RM' 000	Payable after 12 months RM' 000
RM denominated borrowings		
<u>Secured</u>		
Term loans	3,270	28,057
Hire purchases	56	166
	3,326	28,223
<u>Unsecured</u>		
Bank overdrafts	4,120	-
ECR	3,046	-
Trust Receipt	1,517	-
Bankers' acceptances	33,366	-
	42,049	-
Total RM denominated borrowing	45,375	28,223

23. Foreign Currency Contracts

As at 21 November 2007, the Group has entered into the following outstanding Foreign Currency Contracts ("FCC") to hedge its confirmed sales in foreign currencies:

<u>Foreign Currency</u>	<u>Outstanding Contract (‘000)</u>	<u>Equivalent Amount (RM'000)</u>	<u>Expiry Dates</u>
EURO	1,130	5,393	Different maturity dates up to November 2007

FCCs are entered into to hedge the Group's confirmed sales in foreign currency. The contracted rates will be used to convert the foreign currency amounts into Ringgit Malaysia. The purpose of the hedging is to mitigate the Group's exposure to foreign currency risk.

As at balance sheet date, no adjustment has been made for the above foreign currency contracts to account for the difference between the contracted rate and the prevailing market rate as the amount is immaterial.

The Group does not foresee any significant credit and market risk associated with the above foreign currency contracts as these were entered into with creditworthy financial institutions.

There is no cash outlay requirement for these contracts.

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

24. Changes in material litigation

There is no material litigation involving the Group as at the date of this report.

25. Earnings per share

The earnings per share was computed based on the net profit divided by the weighted average number of shares in issue:

	Three months ended 30.09.07	Period to date ended 30.09.07
Net profit (RM'000)	3,145	11,876
Basic :		
Weighted average number of shares in issue ('000)	168,431	166,588
Basic earnings per share (sen)	<u>1.87</u>	<u>7.13</u>
Diluted :		
Weighted average number of shares ('000):		
- In issue	168,431	166,588
- Effect of ESOS	<u>3,109</u>	<u>2,414</u>
	<u>171,540</u>	<u>169,002</u>
Diluted earnings per share (sen)	<u>1.83</u>	<u>7.03</u>

By order of the Board

Dato' Goh Cheng Huat
Group Managing Director

DATED THIS 21st November 2007