

EONMETALL GROUP BERHAD
(Company No. 631617 D)

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

	Three Months Ended		Period To Date Ended	
	30-Sep-08	30-Sep-07	30-Sep-08	30-Sep-07
	RM'000	RM'000	RM'000	RM'000
Revenue	<u>27,276</u>	<u>42,591</u>	<u>90,649</u>	<u>101,663</u>
Operating profit	4,821	4,615	9,373	12,503
Interest expense	(1,640)	(1,244)	(2,854)	(2,777)
Interest income	3	1	49	4
Share of (loss) / profit of associates	(402)	(50)	404	(50)
Profit before tax	<u>2,782</u>	<u>3,322</u>	<u>6,972</u>	<u>9,680</u>
Tax expense	(275)	(177)	(382)	2,196
Profit after tax	<u>2,507</u>	<u>3,145</u>	<u>6,590</u>	<u>11,876</u>
Attributable to:				
Shareholders of the Company	<u>2,507</u>	<u>3,145</u>	<u>6,590</u>	<u>11,876</u>
Basic earnings per share (sen)	<u>1.46</u>	<u>1.87</u>	<u>3.85</u>	<u>7.13</u>
Diluted earnings per share (sen)	<u>1.46</u>	<u>1.83</u>	<u>3.79</u>	<u>7.03</u>

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 2008

	Unaudited At 30 September 2008 RM'000	Audited At 31 December 2007 RM'000
Assets		
Property, plant and equipment	98,971	83,812
Prepaid land lease payments	-	1,061
Investment in associates	2,898	2,494
Deferred tax assets	4,286	4,286
Total non-current assets	106,155	91,653
Receivables, deposits and prepayments	36,621	35,991
Inventories	62,828	55,996
Current tax assets	178	288
Cash and cash equivalents	9,966	7,393
Total current assets	109,593	99,668
Total assets	<u>215,748</u>	<u>191,321</u>
Equity		
Share capital	85,585	85,373
Share premium	1,502	1,430
Share option reserve	823	750
Translation reserve	69	69
Statutory reserve	102	102
Retained earnings	32,595	30,284
Total equity attributable to shareholders of the company	<u>120,676</u>	<u>118,008</u>
Minority interest	-	*
Liabilities		
Loans and borrowings	25,817	28,419
Deferred tax liabilities	2,561	2,643
Total non-current liabilities	28,378	31,062
Current liabilities		
Payables and accruals	22,392	18,767
Loans and borrowings	44,302	23,484
Current tax liabilities	-	-
Total current liabilities	66,694	42,251
Total liabilities	<u>95,072</u>	<u>73,313</u>
Total equity and liabilities	<u>215,748</u>	<u>191,321</u>
	-	-
Net assets per share (RM)	<u>0.71</u>	<u>0.70</u>

Note :

1.* Represents minority interest of RM92.00

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

EONMETALL GROUP BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

	Share capital RM'000	Share premium RM'000	Non-distributable			Distributable		Minority interest RM'000	Total equity RM'000
			Share option reserve RM'000	Statutory reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000		
At 1 January 2007	55,000	9,200	1,020	-	-	36,546	101,766	-	101,766
Effect of adopting FRS 112			-	-	-	4,301	4,301	-	4,301
At 1 January 2007 (restated)	55,000	9,200	1,020	-	-	40,847	106,067	-	106,067
Issue of shares pursuant to ESOS	2,655	1,034	-	-	-	-	3,689	-	3,689
Bonus issue (1 for 2)	27,600	(9,400)	-	-	-	(18,200)	-	-	-
Profit for the period	-	-	-	-	-	11,876	11,876	-	11,876
Share-based payment	-	-	267	-	-	-	267	-	267
Dividend to shareholders	-	-	-	-	-	(4,147)	(4,147)	-	(4,147)
Exchange differences on translation of foreign entities	-	-	-	-	(5)	-	(5)	-	(5)
At 30 September 2007	85,255	834	1,287	-	(5)	30,376	117,747	-	117,747
At 1 January 2008	85,373	1,430	750	102	69	30,284	118,008	*	118,008
Issue of shares pursuant to ESOS	212	72	-	-	-	-	284	-	284
Profit for the period	-	-	-	-	-	6,590	6,590	-	6,590
Share-based payment	-	-	73	-	-	-	73	-	73
Dividend to shareholders	-	-	-	-	-	(4,279)	(4,279)	-	(4,279)
At 30 September 2008	85,585	1,502	823	102	69	32,595	120,676	-	120,676

Note :

1.* Represents minority interest of RM92.00

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 2008

	Nine Months Ended	
	30-Sep-08	30-Sep-07
	RM	RM
Cash flows from operating activities		
Profit before tax	6,972	9,680
Adjustments for:		
Depreciation of property, plant and equipment	4,821	3,989
Amortisation of prepaid land lease payments	9	-
Interest expenses	2,854	2,777
Interest income	(49)	(4)
Share of profit of associates	(404)	50
Loss on disposal of plant and equipment	-	3
Fixed assets written off	-	9
Gain on disposal of subsidiary	(148)	(18)
Share-based payment	73	267
Operating profit before working capital changes	14,128	16,753
Decrease / (Increase) in :		
Inventories	(6,832)	(26,485)
Trade and other receivables	(630)	(7,941)
Increase/(Decrease) in :		
Trade and other payables	4,071	(5,974)
Cash generated from / (used in) operations	10,737	(23,647)
Tax (paid) /refunded	(353)	66
Net cash generated from / (used in) operating activities	10,384	(23,581)
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	7
Purchase of property, plant and equipment	(19,850)	(22,533)
Investment in associated company	-	(282)
Proceeds from disposal of other investment	-	75
Net cash inflow from disposal of subsidiary	79	-
Interest received	49	4
Net cash used in investing activities	(19,722)	(22,729)

EONMETALL GROUP BERHAD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2008

	Nine Months Ended	
	30-Sep-08	30-Sep-07
	RM	RM
Cash flows from financing activities		
Short term borrowings, net	20,692	20,296
Drawdown of term loans	674	24,726
Repayment of term loans	(2,825)	(1,653)
Repayment of hire purchase creditors	(54)	(41)
Proceeds from issue of shares for share option exercised	284	3,689
Dividend paid	(4,279)	(4,147)
Interest paid	(2,854)	(2,777)
Net cash (used)/generated from financing activities	11,638	40,093
Net increase/ (decrease) in cash and cash equivalents	2,300	(6,217)
Cash and cash equivalents at beginning of period	7,205	4,433
Cash and cash equivalents at end of financial period	9,505	(1,784)

Notes:

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

Cash & bank balances	9,883	2,256
Deposits with licensed banks (excluding deposits pledged)	83	80
Bank overdrafts	(461)	(4,120)
	<u>9,505</u>	<u>(1,784)</u>

The condensed cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 2008

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 2007. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007.

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 2007 except for the adoption of the following Financial Reporting Standards (“FRS”), Amendment to FRS and IC Interpretations issued by MASB that is effective for the Group’s annual financial period commencing 1 January 2008.

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

FRS 139 Financial Instruments : Recognition and Measurement which the effective date has yet to be announced has not been adopted by the Group.

The adoption of the abovementioned FRSs does not result in any significant change in the group’s accounting policies.

3. Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements for the year ended 31 December 2007 was not qualified.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

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.

7. Issuances and repayment of debt and equity securities

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

a) Issuance of shares

For the current quarter under review, the issued and paid-up share capital was increased from 170,746,000 ordinary shares of RM0.50 each to 171,171,000 ordinary shares of RM0.50 each by issuance of 425,000 new shares pursuant to the exercise of options granted under the Employees' Share Option Scheme at the exercise price of RM0.67 per share as follow:-

- 50,000 ordinary shares allotted on 02 January 2008;
- 226,000 ordinary shares allotted on 17 January 2008;
- 144,000 ordinary shares allotted on 20 February 2008;
- 5,000 ordinary shares allotted on 20 May 2008.

8. Dividends paid

During the financial period, the Company paid a first and final dividend of 5% or 2.5 sen per share (Tax Exempt) totaling RM4,279,275.02 in respect of the financial year ended 31 December 2007 on 30 June 2008.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2008

9. Segment revenue and results

Financial data by business segment for the Group:

	Period ended 30.09.2008	
	Revenue RM'000	Operating profit/(loss) RM'000
Machinery and equipment	8,255	(1,135)
Secondary flat steel and related products	69,031	10,687
IT solutions and automation	(539)	(586)
Trading activities	13,902	663
Investment holding	-	(256)
	<u>90,649</u>	<u>9,373</u>

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 end of the period

There were no material events subsequent to the end of the period under review which has not been reflected in this interim financial report.

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 1 April 2008, the Company announced that its wholly owned subsidiary, Eonmetall Petrol-Chem (M) Sdn Bhd had on the same date, disposed off its entire equity interest of 60 shares of SGD1.00 each, representing 60% of the issued and paid up share capital of Eonmetall Bintai Koyo JV Pte. Ltd. (formerly known as Victorious Builders Pte. Ltd.) for a total cash consideration of SGD60 to an independent party.
- b) On 18 June 2008, the company announced it had on the same date disposed off 100,000 ordinary shares of RM1.00 each, representing 100% of the total issued and paid up share capital in De Bio Channel (M) Sdn Bhd, currently a dormant company for a total cash consideration of RM108,551.47 to Eonlipids Sdn Bhd.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

13. Capital commitments

The capital commitments as at 30 September 2008 were as follows :

	As at 30.09.08 RM'000
Approved but not contracted for	<u>159</u>
Contracted but not provided for	<u>5,396</u>

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

During the quarter under review, the Group recorded revenue of RM27.3million, representing a decrease of RM15.3 million (from RM42.6million to RM27.3million) or 36% as compared to the corresponding quarter preceding year. The decrease in revenue was attributable by lower volume of trading activities and lower demand of machinery and equipment in current quarter. However, sales of secondary flat steel products showed encourage growth of 34% over corresponding quarter in previous year.

The Group's revenue for the current financial period-to-date decreased by RM11.1 million (from RM101.7 million to RM90.6 million) or 11% as compared to corresponding financial period-to-date in prior year. The drop in Group's revenue is mainly contributed by the lower volume of trading activities and substantial decrease in sales of machinery and equipment. Secondary flat steel and related products segment showed a substantial increase of 38% over corresponding preceding financial period-to-date.

Simultaneously, the Group's profit before tax ("PBT") showed a decrease by RM2.7million (from RM9.7 million to RM7.0 million) or 28% as compared to the corresponding financial period-to-date in the previous year. The decrease in the Group's PBT is contributed by lower sales of machinery and equipment which normally yielded a higher profit margin than other segment of business. The drop in the Group's PBT is also due to new factory CAPEX investment with depreciation increased by 20% to RM4.8million.

There were no material factors affecting the earnings and/ or revenue of the Group for the current quarter under review.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

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 RM0.5million (from RM2.3 million to RM2.8million), 22% as compared to the immediate preceding quarter mainly due to the higher sales of secondary flat steel and related products under current quarter. Sales of secondary flat steel and related products showed a marginal increase of 8% over preceding quarter

16. Commentary of Prospects

Barring any unforeseen circumstances, the Board of Directors of Eonmetall anticipates the performance of the group for the financial year 2008 to be maintained.

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 30.09.08 RM’000	Period to date ended 30.09.08 RM’000
Current tax expense	(275)	(464)
Deferred tax expense	-	82
	<u>(275)</u>	<u>(382)</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.

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2008****20. Quoted investments**

There were no material purchases or disposals of quoted investment during the current quarter and financial period-to-date.

21. Status of corporate proposal announced

There are no corporate proposals announced but not completed as at the date of this announcement.

22. Group borrowings

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

	Payable within 12 months	Payable after 12 months
	RM' 000	RM' 000
RM denominated borrowings		
<u>Secured</u>		
Term loans	4,260	25,611
Hire purchases	77	206
	4,337	25,817
<u>Unsecured</u>		
Bank overdrafts	461	-
Bankers' acceptances	39,504	-
	39,965	-
Total RM denominated borrowing	44,302	25,817

EONMETALL GROUP BERHAD

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

23. Foreign Currency Contracts

As at 19 November 2008, 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>
USD	367	1,171	Different maturity dates up to April 2009

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.

24. Changes in material litigation

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

25. Dividends

The Board of Directors does not recommend any dividend for the nine months ended 30 September 2008.

EONMETALL GROUP BERHAD**(Company No. 631617-D)****(Incorporated in Malaysia)****SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2008****26. 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 30.09.08	Period to date ended 30.09.08
Net profit (RM'000)	2,507	6,590
Basic :		
Weighted average number of shares in issue ('000)	171,171	171,129
Basic earnings per share (sen)	<u>1.46</u>	<u>3.85</u>
Diluted :		
Weighted average number of shares ('000):		
- In issue	171,171	171,129
- Effect of ESOS	-	2,616
	<u>171,171</u>	<u>173,745</u>
Diluted earnings per share (sen)	<u>1.46</u>	<u>3.79</u>

By order of the Board

Dato' Goh Cheng Huat
Group Managing Director

DATED THIS 28th NOVEMBER 2008