

EONMETALL GROUP BERHAD
(Company No. 631617 D)

CONDENSED CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2008

	Unaudited At 31 December 2008 RM'000	Audited At 31 December 2007 RM'000
Assets		
Property, plant and equipment	101,141	83,812
Prepaid land lease payments	-	1,061
Investment in associates	2,529	2,494
Deferred tax assets	4,104	4,286
Total non-current assets	107,774	91,653
Receivables, deposits and prepayments	22,597	35,991
Inventories	54,498	55,996
Current tax assets	303	288
Cash and cash equivalents	2,806	7,393
Total current assets	80,204	99,668
Total assets	187,978	191,321
Equity		
Share capital	85,585	85,373
Share premium	1,660	1,430
Share option reserve	735	750
Translation reserve	69	69
Statutory reserve	102	102
Retained earnings	29,152	30,284
Total equity attributable to shareholders of the company	117,303	118,008
Minority interest	-	*
Liabilities		
Loans and borrowings	23,487	28,419
Deferred tax liabilities	3,475	2,643
Total non-current liabilities	26,962	31,062
Current liabilities		
Payables and accruals	17,305	18,767
Loans and borrowings	26,351	23,484
Current tax liabilities	57	-
Total current liabilities	43,713	42,251
Total liabilities	70,675	73,313
Total equity and liabilities	187,978	191,321
	-	-
Net assets per share (RM)	0.69	0.69

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
(Company No. 631617 D)

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2008

	Three Months Ended		Year To Date Ended	
	31-Dec-08 RM'000	31-Dec-07 RM'000	31-Dec-08 RM'000	31-Dec-07 RM'000
Revenue	<u>21,914</u>	<u>38,698</u>	<u>112,563</u>	<u>140,361</u>
Operating profit/(loss)	(1,283)	(1,103)	8,091	11,400
Interest expense	(763)	(1,493)	(3,617)	(4,270)
Interest income	14	6	63	10
Share of profit of associates	(368)	1,104	35	1,054
Profit/(Loss) before tax	<u>(2,400)</u>	<u>(1,486)</u>	<u>4,572</u>	<u>8,194</u>
Tax expense	(1,128)	1,324	(1,510)	3,520
Profit/(Loss) after tax	<u>(3,528)</u>	<u>(162)</u>	<u>3,062</u>	<u>11,714</u>
Attributable to:				
Shareholders of the Company	<u>(3,528)</u>	<u>(162)</u>	<u>3,062</u>	<u>11,714</u>
Basic earnings/(loss) per share (sen)	<u>(2.06)</u>	<u>(0.09)</u>	<u>1.79</u>	<u>6.99</u>
Diluted earnings per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>1.77</u>	<u>6.89</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
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2008**

	Share capital RM'000	Non-distributable			Distributable		Minority interest RM'000	Total equity RM'000
		Share premium RM'000	Share option reserve RM'000	Statutory reserve RM'000	Translation reserve RM'000	Retained earnings RM'000		
At 1 January 2007	55,000	9,200	1,020	-	-	40,847	-	106,067
Issue of shares pursuant to ESOS	2,773	1,075	-	-	-	3,848	-	3,848
Bonus issue (1 for 2)	27,600	(9,400)	-	-	-	(18,200)	-	-
Profit for the year	-	-	-	-	-	11,714	-	11,714
Foreign currency translation - associates	-	-	-	-	69	-	-	69
Statutory reserve - associate	-	-	-	102	-	-	-	102
Share-based payment	-	-	355	-	-	-	-	355
Option exercised and lapsed due to resignation	-	555	(625)	-	-	70	-	-
Dividend to shareholders	-	-	-	-	-	(4,147)	-	(4,147)
At 31 December 2007	30,373	(7,770)	(270)	102	69	(10,563)	-	11,941
At 1 January 2008	85,373	1,430	750	102	69	30,284	*	118,008
Issue of shares pursuant to ESOS	212	73	-	-	-	285	-	285
Profit for the period	-	-	-	-	-	3,062	-	3,062
Share-based payment	-	111	116	-	-	-	-	227
Option exercised and lapsed due to resignation	-	46	(131)	-	-	85	-	-
Dividend to shareholders	-	-	-	-	-	(4,279)	-	(4,279)
At 31 December 2008	85,585	1,660	735	102	69	29,152	-	117,303

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
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2008

	12 Months Ended	
	31-Dec-08 RM'000	31-Dec-07 RM'000
Cash flows from operating activities		
Profit before tax	4,572	8,194
Adjustments for:		
Depreciation of property, plant and equipment	6,341	5,507
Amortisation of prepaid land lease payments	9	18
Interest expenses	3,617	4,270
Interest income	(63)	(10)
Share of profit of associates	(35)	(1,054)
Loss on disposal of plant and equipment	-	3
Fixed assets written off	1	9
Gain on disposal of subsidiary	(148)	-
Gain on disposal of other investment	-	(18)
Share-based payment	116	355
Operating profit before working capital changes	14,410	17,274
Decrease / (Increase) in :		
Inventories	1,498	(18,498)
Trade and other receivables	13,394	(4,884)
(Decrease) / Increase in :		
Trade and other payables	334	7,930
Cash generated from operations	29,636	1,822
Tax (paid) / refunded	(454)	66
Net cash generated from operating activities	29,182	1,888
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	-	6
Prepayment of land lease	-	(1,079)
Purchase of property, plant and equipment	(24,779)	(18,415)
Shares issued to minority interest	-	*
Investment in associated company	-	(709)
Proceeds from disposal of other investment	-	75
Net cash inflow from disposal of subsidiary	79	-
Interest received	63	10
Net cash used in investing activities	(24,637)	(20,112)

EONMETALL GROUP BERHAD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2008

	12 Months Ended	
	31-Dec-08 RM'000	31-Dec-07 RM'000
Cash flows from financing activities		
Short term borrowings, net	(666)	1,179
Drawdown of term loans	674	26,657
Repayment of term loans	(4,254)	(2,215)
Repayment of hire purchase creditors	(75)	(56)
Proceeds from issue of shares for share option exercised	285	3,848
Dividend paid	(4,279)	(4,147)
Interest paid	(3,617)	(4,270)
Net cash (used in) / generated from financing activities	(11,932)	20,996
Net (decrease) / increase in cash and cash equivalents	(7,387)	2,772
Cash and cash equivalents at beginning of period	7,205	4,433
Cash and cash equivalents at end of financial period	(182)	7,205

Notes:

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

Cash & bank balances	2,721	5,360
Deposits with licensed banks (excluding deposits pledged)	85	2,033
Bank overdrafts	(2,988)	(188)
	(182)	7,205

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)

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134, 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 an 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 new/revised Financial Reporting Standards (“FRSs”) effective for the financial year beginning 1 January 2008:

FRS 107	Cash Flow Statement
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
IC interpretation 8	Scope of FRS 2

The adoption of the abovementioned FRSs and IC Interpretation 8 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.

4. Seasonality of operations

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

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
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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 year-to-date.

6. Material changes in estimates

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

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) 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 share of RM0.50 each by issuance of 425,000 new shares pursuant to exercise of options granted under the Employees' Option Scheme at the exercise price of RM0.67 per share as follow:-

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

8. Dividends

During the financial year, 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
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9. Segment revenue and results

Financial data by business segment for the Group:

	Year ended 31.12.2008	
	Revenue RM'000	Operating profit/(loss) RM'000
Machinery and equipment	9,987	(2,257)
Secondary flat steel and related products	89,061	10,443
IT solutions and automation	(387)	(639)
Trading activities	13,902	917
Investment holding	-	(373)
	112,563	8,091

10. Revaluation 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 end of the year 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 financial year to-date 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 of 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 of 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 total cash consideration of RM108,551.47 to Eonlipids Sdn Bhd.

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13. Capital commitments

	As at 31.12.2008 RM'000
Contracted but not provided for	<u>1,324</u>

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

During the current quarter under review, the Group recorded a revenue of RM21.9 million, representing a decrease of RM16.8 million (from RM38.7 million to RM21.9 million) or 43% lower as compared to the corresponding quarter in the preceding year. The decrease in revenue was attributable to the lower demand of machinery and equipment in current quarter.

The Group's revenue for the current financial year to-date decreased by RM27.8 million (from RM140.4 million to RM112.6 million) or 19.8% lower as compared to the previous financial year. The decrease was due to substantial drop in sale of machinery and equipment and trading activities in current year.

The Group's year to-date profit before tax ("PBT") decreased by RM3.6 million (from RM8.2 million to RM4.6 million) or 44% as compared to the previous financial year to-date. The substantial drop in Group's PBT was largely attributed to the lower sale of machinery and equipment in the current year which generally yielded a higher profit margin than other segment of business. The drop in the Group's PBT is also due to the write down in inventory value of RM1.9 million or 41% of the Group's PBT and higher depreciation of RM6.3 million from the investment of new property, plant and equipment.

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

The Group's profit before tax decreased by RM5.2 million (from RM2.8 million profit to losses RM2.4 million) or 186% as compared to the immediate preceding quarter mainly due to the lower sale of machinery and equipment, and write down in inventory value of RM1.9 million.

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**SELECTED EXPLANATORY NOTES
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16. Commentary of Prospects

In view of the unpredictable economic situation, the Board of Directors of Eonmetall anticipates the performance of the Group for the financial year 2009 to be more of a challenge.

17. Variance of actual and forecast profit

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

18. Taxation

	3 months ended 31.12.08 RM'000	Year to date ended 31.12.08 RM'000
Current tax expense	(33)	(415)
Deferred tax expense	(1,095)	(1,095)
	<u>(1,128)</u>	<u>(1,510)</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 year-to-date.

20. Quoted investments

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

21. Status of corporate proposal announced

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

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**SELECTED EXPLANATORY NOTES
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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	5,112	23,332
Hire purchases	105	155
	5,217	23,487
<u>Unsecured</u>		
Bank overdrafts	2,988	-
Bankers' acceptances	18,146	-
	21,134	-
Total RM denominated borrowing	26,351	23,487

23. Foreign Currency Contracts

As at 24 January 2009, 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	533	1,708	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, adjustment for unrealized loss on foreign exchange contract of about RM129,000 has been made for the above foreign currency contracts to account for the difference between the contracted rate and the prevailing market rate.

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 until settlement date.

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**SELECTED EXPLANATORY NOTES
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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 (loss)/profit divided by the weighted average number of shares in issue:

	Three months ended 31.12.08	Year to date ended 31.12.08
Net (loss)/profit (RM'000)	(3,528)	3,062
Basic :		
Weighted average number of shares in issue ('000)	171,171	171,139
Basic (loss)/earnings per share (sen)	<u>(2.06)</u>	<u>1.79</u>
Diluted :		
Weighted average number of shares ('000):		
- In issue	NA	171,139
- Effect of ESOS	<u>NA</u>	<u>1,622</u>
	<u>NA</u>	<u>172,761</u>
Diluted earnings per share (sen)	<u>N/A</u>	<u>1.77</u>

Fully diluted earnings per share for the quarter ended 31 December 2008 has not been calculated and presented as the effect of the employees' share options is anti-dilutive.

By order of the Board

Dato' Goh Cheng Huat
 Group Managing Director

DATED THIS 27 February 2009