

EONMETALL GROUP BERHAD
(Company No. 631617 D)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2009**

	Three Months Ended		Period To Date Ended	
	31-Mar-09 RM'000	31-Mar-08 RM'000	31-Mar-09 RM'000 (Unaudited)	31-Mar-08 RM'000
Revenue	<u>20,371</u>	<u>35,162</u>	<u>20,371</u>	<u>35,162</u>
Operating profit	1,635	1,207	1,635	1,207
Interest expense	(446)	(612)	(446)	(612)
Interest income	-	8	-	8
Share of profit after tax of equity accounted associates	770	1,251	770	1,251
Profit before tax	<u>1,959</u>	<u>1,854</u>	<u>1,959</u>	<u>1,854</u>
Tax expense	(139)	46	(139)	46
Profit after tax	<u>1,820</u>	<u>1,900</u>	<u>1,820</u>	<u>1,900</u>
Attributable to:				
Shareholders of the Company	<u>1,820</u>	<u>1,900</u>	<u>1,820</u>	<u>1,900</u>
Basic earnings per share (sen)	<u>1.06</u>	<u>1.11</u>	<u>1.06</u>	<u>1.11</u>
Diluted earnings per share (sen)	<u>NA</u>	<u>1.10</u>	<u>NA</u>	<u>1.10</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 MARCH 2009**

	Share capital RM'000	Share premium RM'000	Non-distributable			Distributable Retained earnings RM'000	Total equity RM'000	Minority interest RM'000	Total equity RM'000
			Share option reserve RM'000	Statutory reserve RM'000	Translation reserve RM'000				
At 1 January 2008	85,373	1,430	750	102	69	30,284	118,008	*	118,008
Issue of shares pursuant to ESOS	210	71	-	-	-	-	281	-	281
Profit for the period	-	-	-	-	-	1,900	1,900	-	1,900
Share-based payment	-	-	24	-	-	-	24	-	24
At 31 March 2008	85,583	1,501	774	102	69	32,184	120,213	*	120,213
At 1 January 2009	85,585	1,549	716	102	69	29,247	117,268	-	117,268
Issue of shares pursuant to ESOS	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	1,820	1,820	-	1,820
Share-based payment	-	-	6	-	-	-	6	-	6
At 31 March 2009	85,585	1,549	722	102	69	31,067	119,094	-	119,094

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 2008 and the accompanying explanatory notes attached to the interim financial statements.

EONMETALL GROUP BERHAD
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CONDENSED CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2009

	Unaudited At 31 March 2009 RM'000	Audited At 31 December 2008 RM'000
Assets		
Property, plant and equipment	101,482	101,606
Investment in associates	3,299	2,529
Deferred tax assets	2,673	2,673
Total non-current assets	107,454	106,808
Receivables, deposits and prepayments	24,763	24,085
Inventories	51,117	54,498
Current tax assets	301	303
Cash and cash equivalents	4,493	2,806
Total current assets	80,674	81,692
Total assets	188,128	188,500
Equity		
Share capital	85,585	85,585
Share premium	1,549	1,549
Share option reserve	722	716
Translation reserve	69	69
Statutory reserve	102	102
Retained earnings	31,067	29,247
Total equity attributable to shareholders of the company	119,094	117,268
Liabilities		
Loans and borrowings	26,404	23,486
Deferred tax liabilities	2,043	2,043
Total non-current liabilities	28,447	25,529
Payables and accruals	14,069	19,305
Loans and borrowings	26,471	26,351
Current tax liabilities	47	47
Total current liabilities	40,587	45,703
Total liabilities	69,034	71,232
Total equity and liabilities	188,128	188,500
Net assets per share (RM)	0.70	0.69

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 MARCH 2009**

	Three Months Ended	
	31-Mar-09	31-Mar-08
	RM	RM
Cash flows from operating activities		
Profit before tax	1,959	1,854
Adjustments for:		
Depreciation of property, plant and equipment	1,637	1,545
Amortisation of prepaid land lease payments	-	5
Interest expense	446	612
Interest income	-	(8)
Share of profit after tax of equity accounted associates	(770)	(1,251)
Share-based payment	6	24
	3,278	2,781
Changes in working capital:		
Inventories	3,381	11,144
Receivables, deposits and prepayments	(678)	(7,731)
Payables and accruals	(5,236)	(1,181)
	745	5,013
Cash generated from operations	745	5,013
Tax (paid) /refunded	(135)	61
	610	5,074
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,513)	(6,969)
Interest received	-	8
	(1,513)	(6,961)
Net cash used in investing activities		

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2009**

	Three Months Ended	
	31-Mar-09	31-Mar-08
	RM	RM
Cash flows from financing activities		
Short term borrowings, net	1,741	2,254
Drawdown of term loans	5,091	-
Repayment of term loans	(1,599)	(1,103)
Repayment of finance lease liabilities	(27)	(15)
Proceeds from issuance of shares	-	281
Interest paid	(446)	(612)
Net cash from financing activities	4,760	805
Net increase/ (decrease) in cash and cash equivalents	<u>3,857</u>	<u>(1,082)</u>
Cash and cash equivalents at beginning of period	(183)	7,205
Cash and cash equivalents at end of financial period	<u>3,674</u>	<u>6,123</u>

Notes:

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

Cash & bank balances	4,408	6,573
Deposits with licensed banks (excluding deposits pledged)	85	83
Bank overdrafts	(819)	(533)
	<u>3,674</u>	<u>6,123</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

EONMETALL GROUP BERHAD

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2009**

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 2008. 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 2008.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with the most recent annual audited financial statements for the year ended 31 December 2008.

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2008 was not qualified.

3. Seasonality of operations

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

4. 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.

5. 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.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2009**

6. 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.

7. Dividends paid

No dividend was paid by the Company during the current quarter under review.

8. Segment revenue and results

Financial data by business segment for the Group:

	Period ended 31.03.09	
	Revenue	Operating
	RM'000	profit/(loss)
		RM'000
Machinery and equipment	2,130	24
Secondary flat steel and related products	18,241	1,780
IT solutions and automation	-	(85)
Investment holding	-	(84)
	<u>20,371</u>	<u>1,635</u>

9. Revaluation of property, plant and equipment

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

10. Material events subsequent to the end of the reporting period

There were no material events subsequent to the end of the quarter under review apart from:

On 19 May 2009, the Company entered into a sale and purchase (“S&P”) agreement through its wholly owned subsidiary, Eonsteel Sdn Bhd, for the acquisition of a piece of vacant land for a total cash consideration of RM6,758,730.40. Upon signing of the agreement, the Company had paid RM675,873.04 as deposit. The acquisition is expected to be completed upon full and final settlement of the balance purchase price within three (3) months from the date of S&P agreement (“Completion date”) and with two (2) months extension of time given from the completion date.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2009**

11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

12. Changes in contingent liabilities or contingent assets

	As at 31.03.09 RM'000	As at 31.12.08 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	177,146	177,146

13. Capital commitments

As at 31 March 2009, the Group has no material capital commitments.

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 achieved revenue of RM20.4million, representing a decrease of RM14.8 million (from RM35.2million to RM20.4million) or 42% as compared to the corresponding quarter preceding year. The decrease in revenue was largely attributed by high volume of trading activity with the Group's associates in previous corresponding quarter.

The Group recorded a current quarter profit before tax ("PBT") of RM2.0 million, a marginal increase of RM0.1 million (from RM1.9 million to RM2.0 million) or 5% higher than preceding corresponding quarter. The increase in Group's PBT was due the improved profit margin from secondary flat steel and related products as a result of the productivity improvement and various cost-cutting measures taken by the Group.

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

The Group's Profit before tax increased by RM4.3million (from Loss before tax of RM2.3 million to profit before tax of RM2.0 million), 187% as compared to the immediate preceding quarter primarily due to the improved profit margin from secondary flat steel and related products as mentioned above and share of higher profit from associated company in Dubai of RM0.8 million in the current quarter as compared to share of loss of RM0.4 million in the fourth quarter 2008. It was also due to the write down of inventories of RM1.9 million in 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 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 period under review.

18. Taxation

	3 months ended	Period to date ended
	31.03.09	31.03.09
	RM'000	RM'000
Current taxation	<u>(139)</u>	<u>(139)</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.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2009****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 were 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 denominated borrowings	RM' 000	RM' 000
<u>Secured</u>		
Term loans	5,659	26,276
Hire purchases	106	128
	5,765	26,404
<u>Unsecured</u>		
Bank overdrafts	819	-
Bankers' acceptances	19,887	-
	20,706	-
Total RM denominated borrowing	26,471	26,404

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2009**

23. Foreign Currency Contracts

As at 21 May 2009, the Group has entered into the following outstanding Foreign Currency Contracts (“FCC”) to hedge its confirmed purchases in USD currency:

<u>Foreign Currency</u>	<u>Outstanding Contract ('000)</u>	<u>Equivalent Amount (RM'000)</u>	<u>Expiry Date</u>
USD	1,656	5,853	June 2009

FCCs are entered into to hedge the Group’s confirmed purchases 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 the date of this report, 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 quarter ended 31 March 2009.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2009**

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 31.03.09	Period to date ended 31.03.09
Net profit (RM'000)	1,820	1,820
Basic :		
Weighted average number of shares in issue ('000)	171,171	171,171
Basic earnings per share (sen)	<u>1.06</u>	<u>1.06</u>
Diluted :		
Diluted earnings per share (sen)	<u>NA</u>	<u>NA</u>

Fully diluted earnings per share 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 21st May 2009