

EONMETALL GROUP BERHAD
(Company No. 631617 D)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2009**

	Three Months Ended		Period To Date Ended	
	30-Jun-09 RM'000	30-Jun-08 RM'000	30-Jun-09 RM'000 (Unaudited)	30-Jun-08 RM'000
Revenue	<u>47,546</u>	<u>28,211</u>	<u>67,917</u>	<u>63,373</u>
Operating profit	4,005	3,345	5,640	4,552
Interest expense	(833)	(602)	(1,279)	(1,214)
Interest income	6	38	6	46
Share of profit/(loss) after tax of equity accounted associates	327	(445)	1,097	806
Profit before tax	<u>3,505</u>	<u>2,336</u>	<u>5,464</u>	<u>4,190</u>
Tax expense	(134)	(153)	(273)	(107)
Profit after tax	<u>3,371</u>	<u>2,183</u>	<u>5,191</u>	<u>4,083</u>
Attributable to:				
Shareholders of the Company	<u>3,371</u>	<u>2,183</u>	<u>5,191</u>	<u>4,083</u>
Basic earnings per share (sen)	<u>1.97</u>	<u>1.28</u>	<u>3.03</u>	<u>2.39</u>
Diluted earnings per share (sen)	<u>NA</u>	<u>1.26</u>	<u>NA</u>	<u>2.36</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 30 JUNE 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	212	72	-	-	-	-	284	-	284
Profit for the period	-	-	-	-	-	4,083	4,083	-	4,083
Share-based payment	-	-	38	-	-	-	38	-	38
Disposal of a subsidiary	-	-	-	-	-	-	-	*	-
Dividend to shareholders	-	-	-	-	-	(4,279)	(4,279)	-	(4,279)
At 30 June 2008	85,585	1,502	788	102	69	30,088	118,134	-	118,134
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	-	-	-	-	-	5,191	5,191	-	5,191
Share-based payment	-	-	13	-	-	-	13	-	13
At 30 June 2009	85,585	1,549	729	102	69	34,438	122,472	-	122,472

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 30 JUNE 2009

	Unaudited At 30 June 2009 RM'000	Audited At 31 December 2008 RM'000
Assets		
Property, plant and equipment	102,683	101,606
Investment in associates	3,627	2,529
Deferred tax assets	2,673	2,673
Total non-current assets	108,983	106,808
Receivables, deposits and prepayments	26,136	24,085
Inventories	51,136	54,498
Current tax assets	301	303
Cash and cash equivalents	4,696	2,806
Total current assets	82,269	81,692
Total assets	191,252	188,500
Equity		
Share capital	85,585	85,585
Share premium	1,549	1,549
Share option reserve	729	716
Translation reserve	69	69
Statutory reserve	102	102
Retained earnings	34,438	29,247
Total equity attributable to shareholders of the company	122,472	117,268
Liabilities		
Loans and borrowings	25,154	23,486
Deferred tax liabilities	2,043	2,043
Total non-current liabilities	27,197	25,529
Payables and accruals	11,342	19,305
Loans and borrowings	30,194	26,351
Current tax liabilities	47	47
Total current liabilities	41,583	45,703
Total liabilities	68,780	71,232
Total equity and liabilities	191,252	188,500
Net assets per share (RM)	0.72	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 30 JUNE 2009**

	Six Months Ended	
	30-Jun-09	30-Jun-08
	RM	RM
Cash flows from operating activities		
Profit before tax	5,464	4,190
Adjustments for:		
Depreciation of property, plant and equipment	3,481	3,090
Amortisation of prepaid land lease payments	-	9
Interest expense	1,279	1,214
Interest income	(6)	(46)
Share of profit after tax of equity accounted associates	(1,097)	(806)
Gain on disposal of subsidiary	-	(148)
Share-based payment	13	38
Operating profit before changes in working capital	9,134	7,541
Changes in working capital:		
Inventories	3,362	6,436
Receivables, deposits and prepayments	(2,051)	(2,765)
Payables and accruals	(7,963)	815
Cash generated from operations	2,482	12,027
Tax (paid) /refunded	(274)	(82)
Net cash from operating activities	2,208	11,945
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,558)	(11,338)
Net cash inflow from disposal of subsidiary	-	79
Interest received	6	46
Net cash used in investing activities	(4,552)	(11,213)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2009**

	Six Months Ended	
	30-Jun-09 RM	30-Jun-08 RM
Cash flows from financing activities		
Short term borrowings, net	3,010	7,400
Drawdown of term loans	5,091	-
Repayment of term loans	(2,818)	(2,213)
Repayment of finance lease liabilities	(54)	(30)
Proceeds from issuance of shares	-	284
Dividend paid to shareholders of the Company	-	(4,279)
Interest paid	(1,279)	(1,214)
Net cash generated from/(used in) financing activities	3,950	(52)
Net increase in cash and cash equivalents	1,606	680
Cash and cash equivalents at beginning of period	(183)	7,205
Cash and cash equivalents at end of financial period	1,423	7,885

Notes:

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

Cash & bank balances	4,610	8,261
Deposits with licensed banks (excluding deposits pledged)	86	83
Bank overdrafts	(3,273)	(459)
	<u>1,423</u>	<u>7,885</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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(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 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
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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 30.06.09	
	Revenue RM'000	Operating profit/(loss) RM'000
Machinery and equipment	11,149	935
Secondary flat steel and related products	35,030	2,799
IT solutions and automation	8	315
Trading activities	21,730	1,761
Investment holding	-	(170)
	<u>67,917</u>	<u>5,640</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 completed with the settlement of the balance purchase price of RM6,082,857.36 on 14 August 2009.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 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 30.06.09 RM'000	As at 31.12.08 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>168,646</u>	<u>177,146</u>

13. Capital commitments

The capital commitments as at 30 June 2009 were as follows:

	As at 30.06.09 RM'000
Contracted but not provided for	<u>6,083</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 achieved revenue of RM47.5million, representing a increase of RM19.3 million (from RM28.2million to RM47.5million) or 68% as compared to the corresponding quarter preceding year. The increase in revenue was largely attributed by high volume of trading activities and the revenue from the palm-pressed fibre oil extraction project.

The Group's revenue for the current financial period-to-date increase by RM4.5 million (from RM63.4 million to RM67.9million) or 7% as compared to corresponding financial period-to-date in prior year. The increase of revenue is mainly contributed by the higher volume of trading activities and the revenue from the palm-pressed fibre oil extraction project.

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**SELECTED EXPLANATORY NOTES
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14. Review of earnings and/or revenue of the Company and its subsidiaries for current quarter and financial period-to-date (Cont'd)

Similarly, the Group's profit before tax ("PBT") showed an increase by RM1.3million (from RM4.2 million to RM5.5 million) or 31% as compared to the corresponding financial period-to-date in the previous year. The higher PBT was mainly contributed by higher margin generated from trading activities, share of higher profit from associated company in Dubai and writeback of allowance for doubtful debts of RM4.2million following the recovery of debts during this quarter. However, the impact was partially setoff with the additional allowance for doubtful debts of RM3.3million made under current quarter.

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

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

The Group's Profit before tax increased by RM1.5million (from RM2.0 million to RM3.5 million), 75% as compared to the immediate preceding quarter. The higher PBT for the current quarter under review was contributed by higher margin earned from trading activities and the net writeback of allowance for doubtful debts of RM0.9million during this quarter as mentioned above.

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 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	Period to date ended
	30.06.09	30.06.09
	RM'000	RM'000
Current taxation	<u>(134)</u>	<u>(273)</u>

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2009**

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 apart from the acquisition of a vacant land as mentioned in Note 10.

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	25,053
Hire purchases	106	101
	5,765	25,154
<u>Unsecured</u>		
Bank overdrafts	3,273	-
Bankers' acceptances	21,156	-
	24,429	-
Total RM denominated borrowing	30,194	25,154

23. Off balance sheet financial instruments

There were no financial instruments negotiated with off balance sheet risk at the date of issuance of this report.

24. Changes in material litigation

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

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
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25. Dividends

The Board of Eonmetall had on 27 August 2009 declared an interim dividend of 2.5% tax exempt in respect of the financial year ended 31 December 2009. The interim dividend will be paid on 23 September 2009 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 14 September 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 30.06.09	Period to date ended 30.06.09
Net profit (RM'000)	3,371	5,191
Basic :		
Weighted average number of shares in issue ('000)	171,171	171,171
Basic earnings per share (sen)	<u>1.97</u>	<u>3.03</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
Managing Director

DATED THIS 27th August 2009