

EONMETALL GROUP BERHAD
(Company No. 631617 D)

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

| | Three Months Ended | | Period To Date Ended | |
|--|---------------------|---------------------|------------------------------------|---------------------|
| | 30-Sep-09 RM'000 | 30-Sep-08 RM'000 | 30-Sep-09 RM'000 (Unaudited) | 30-Sep-08 RM'000 |
| Revenue | <u>36,926</u> | <u>27,276</u> | <u>104,843</u> | <u>90,649</u> |
| Operating profit | 2,838 | 4,821 | 8,478 | 9,373 |
| Interest expense | (631) | (1,640) | (1,910) | (2,854) |
| Interest income | 12 | 3 | 18 | 49 |
| Share of profit/(loss) after tax of equity accounted associates | (411) | (402) | 686 | 404 |
| Profit before tax | <u>1,808</u> | <u>2,782</u> | <u>7,272</u> | <u>6,972</u> |
| Tax expense | (25) | (275) | (298) | (382) |
| Profit after tax | <u>1,783</u> | <u>2,507</u> | <u>6,974</u> | <u>6,590</u> |
| Attributable to: | | | | |
| Shareholders of the Company | <u>1,783</u> | <u>2,507</u> | <u>6,974</u> | <u>6,590</u> |
| Basic earnings per share (sen) | <u>1.04</u> | <u>1.46</u> | <u>4.07</u> | <u>3.85</u> |
| Diluted earnings per share (sen) | <u>NA</u> | <u>1.46</u> | <u>NA</u> | <u>3.79</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
(Company No. 631617 D)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2009**

| | 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 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 |
| Disposal of a subsidiary | - | - | - | - | - | - | - | * | - |
| 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 |
| 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 | - | - | - | - | - | 6,974 | 6,974 | - | 6,974 |
| Share-based payment | - | - | 20 | - | - | - | 20 | - | 20 |
| Dividend to shareholders | - | - | - | - | - | (2,140) | (2,140) | - | (2,140) |
| At 30 September 2009 | 85,585 | 1,549 | 736 | 102 | 69 | 34,081 | 122,122 | - | 122,122 |

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
(Company No. 631617 D)

CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2009

| | Unaudited At 30 September 2009 RM'000 | Audited At 31 December 2008 RM'000 |
|---|--|---|
| Assets | | |
| Property, plant and equipment | 109,719 | 101,606 |
| Investment in associates | 3,216 | 2,529 |
| Deferred tax assets | 2,673 | 2,673 |
| Total non-current assets | <u>115,608</u> | <u>106,808</u> |
| Receivables, deposits and prepayments | 25,104 | 24,085 |
| Inventories | 40,219 | 54,498 |
| Current tax assets | 261 | 303 |
| Cash and cash equivalents | 10,856 | 2,806 |
| Total current assets | <u>76,440</u> | <u>81,692</u> |
| Total assets | <u>192,048</u> | <u>188,500</u> |
| Equity | | |
| Share capital | 85,585 | 85,585 |
| Share premium | 1,549 | 1,549 |
| Share option reserve | 736 | 716 |
| Translation reserve | 69 | 69 |
| Statutory reserve | 102 | 102 |
| Retained earnings | 34,081 | 29,247 |
| Total equity attributable to shareholders of the company | <u>122,122</u> | <u>117,268</u> |
| Liabilities | | |
| Loans and borrowings | 23,599 | 23,486 |
| Deferred tax liabilities | 2,043 | 2,043 |
| Total non-current liabilities | <u>25,642</u> | <u>25,529</u> |
| Payables and accruals | 10,361 | 19,305 |
| Loans and borrowings | 33,876 | 26,351 |
| Current tax liabilities | 47 | 47 |
| Total current liabilities | <u>44,284</u> | <u>45,703</u> |
| Total liabilities | <u>69,926</u> | <u>71,232</u> |
| Total equity and liabilities | <u>192,048</u> | <u>188,500</u> |
| | - | - |
| Net assets per share (RM) | <u>0.71</u> | <u>0.69</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
(Company No. 631617 D)

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

| | Nine Months Ended | |
|--|--------------------------|------------------|
| | 30-Sep-09 | 30-Sep-08 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 7,272 | 6,972 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 5,378 | 4,821 |
| Amortisation of prepaid land lease payments | - | 9 |
| Interest expense | 1,910 | 2,854 |
| Interest income | (18) | (49) |
| Share of profit after tax of equity accounted associates | (686) | (404) |
| Gain on disposal of subsidiary | - | (148) |
| Share-based payment | 20 | 73 |
| Operating profit before changes in working capital | 13,876 | 14,128 |
| Changes in working capital: | | |
| Inventories | 14,279 | (6,832) |
| Receivables, deposits and prepayments | (1,019) | (630) |
| Payables and accruals | (8,944) | 4,071 |
| Cash generated from operations | 18,192 | 10,737 |
| Tax paid | (255) | (353) |
| Net cash from operating activities | 17,937 | 10,384 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (13,491) | (19,850) |
| Net cash inflow from disposal of subsidiary | - | 79 |
| Interest received | 18 | 49 |
| Net cash used in investing activities | (13,473) | (19,722) |

EONMETALL GROUP BERHAD

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

| | Nine Months Ended | |
|---|---------------------|---------------------|
| | 30-Sep-09 RM'000 | 30-Sep-08 RM'000 |
| Cash flows from financing activities | | |
| Short term borrowings, net | 9,298 | 20,692 |
| Drawdown of term loans | 5,091 | 674 |
| Repayment of term loans | (4,353) | (2,825) |
| Repayment of finance lease liabilities | (82) | (54) |
| Proceeds from issuance of shares | - | 284 |
| Dividend paid to shareholders of the Company | (2,140) | (4,279) |
| Interest paid | (1,910) | (2,854) |
| Net cash generated from/(used in) financing activities | 5,904 | 11,638 |
| Net increase in cash and cash equivalents | 10,368 | 2,300 |
| Cash and cash equivalents at beginning of period | (183) | 7,205 |
| Cash and cash equivalents at end of financial period | 10,185 | 9,505 |

Notes:

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

| | | |
|---|---------------|--------------|
| Cash & bank balances | 10,770 | 9,883 |
| Deposits with licensed banks (excluding deposits pledged) | 86 | 83 |
| Bank overdrafts | (671) | (461) |
| | <u>10,185</u> | <u>9,505</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

(Company No. 631617-D)
(Incorporated in Malaysia)

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

During the financial period, the Company paid a interim dividend of 2.5% or 1.25 sen per share (Tax Exempt) totaling RM2,139,639.06 in respect of the financial year ending 31 December 2009 on 23 September 2009.

8. Segment revenue and results

Financial data by business segment for the Group:

| | Period ended 30.09.09 | |
|---|-----------------------|---------------|
| | Revenue | Operating |
| | RM'000 | profit/(loss) |
| | | RM'000 |
| Machinery and equipment | 19,904 | 2,622 |
| Secondary flat steel and related products | 60,379 | 4,650 |
| IT solutions and automation | 11 | 226 |
| Trading activities | 24,549 | 1,216 |
| Investment holding | - | (236) |
| | <u>104,843</u> | <u>8,478</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 period under review which has not been reflected in this interim financial report.

EONMETALL GROUP BERHAD

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

11. Changes in the composition of the Group

On 2 November 2009, the Company incorporated a new offshore company in Labuan known as Eonmetall International Limited ("EIL"). EIL is a 100% owned subsidiary of the Company. The initial paid-up capital of EIL is USD1/= with the authorised share capital of USD10,000/=. EIL will be principally engaged in trading of steel materials and minerals.

12. Changes in contingent liabilities or contingent assets

| | As at 30.09.09 RM'000 | As at 31.12.08 RM'000 |
|---|--------------------------|--------------------------|
| Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries | <u>197,446</u> | <u>177,146</u> |

13. Capital commitments

As at the date of this announcement, 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 RM36.9million, representing an increase of RM9.6 million (from RM27.3million to RM36.9million) or 35% as compared to the corresponding quarter preceding year. The increase in revenue was attributed by trading activities and the revenue from the palm-pressed fibre oil extraction project.

The Group's revenue for the current financial period-to-date increased by RM14.2 million (from RM90.6 million to RM104.8million) or 16% as compared to corresponding financial period-to-date in prior year. Revenue from trading activities increased significantly by approximately 77% over preceding financial period-to-date. Revenue earned from palm-pressed fibre oil extraction project also contributed to the increase in the Group's revenue.

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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 a marginal increase by RM0.3million (from RM7.0 million to RM7.3 million) or 4% as compared to the corresponding financial period-to-date in previous year. The higher PBT was mainly contributed by higher profit from trading activities and share of higher profit from associated company in Dubai. A writeback of allowance for doubtful debts of RM4.2million following the recovery of debts was partially setoff with the additional allowance for doubtful debts of RM3.3million made during last quarter under current financial period-to-date resulted to a net impact of RM0.9 million to the Group's PBT.

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 decreased by RM1.7million (from RM3.5 million to RM1.8 million) or 49% as compared to the immediate preceding quarter. Lower PBT for the current quarter under review mainly attributed by share of loss from associated company, representing a drop of RM0.7 million over preceding quarter (from share of profit of RM0.3 million to share of loss of RM0.4 million) and lower revenue, representing a drop of 22% if compared to the last quarter. The higher PBT during last quarter was also contributed by net writeback of allowance for doubtful debts of RM0.9million.

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.

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

18. Taxation

| | 3 months ended 30.09.09 RM'000 | Period to date ended 30.09.09 RM'000 |
|------------------|---|---|
| Current taxation | (25) | (298) |

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 by its wholly owned subsidiary, Eonsteel Sdn Bhd for a total cash consideration of RM6,758,730.40

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 RM' 000 | Payable after 12 months RM' 000 |
|----------------------------------|--|---------------------------------------|
| RM denominated borrowings | RM' 000 | RM' 000 |
| <u>Secured</u> | | |
| Term loans | 5,659 | 23,521 |
| Hire purchases | 102 | 78 |
| | 5,761 | 23,599 |
| <u>Unsecured</u> | | |
| Bank overdrafts | 671 | - |
| Bankers' acceptances | 27,444 | - |
| | 28,115 | - |
| Total RM denominated borrowing | 33,876 | 23,599 |

EONMETALL GROUP BERHAD
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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2009**

23. Off balance sheet financial instruments

As at 20 November 2009, the Group has entered into the following outstanding Foreign Currency Contracts (“FCC”) to hedge its confirmed purchases and sales in USD currency:

| <u>Foreign Currency</u> | <u>Transaction</u> | <u>Outstanding Contract ('000)</u> | <u>Equivalent Amount (RM'000)</u> | <u>Expiry Date</u> |
|-----------------------------|--------------------|--|---|------------------------|
| USD | Purchases | 4,685 | 15,925 | Dec 2009 |
| USD | Sales | 3,030 | 10,266 | Dec 2009 |

FCCs are entered into to hedge the Group’s confirmed purchases and 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 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 further dividend for the time being this financial year.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 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 30.09.09 | Period to date ended 30.09.09 |
|---|-----------------------------------|-------------------------------------|
| Net profit (RM'000) | 1,783 | 6,974 |
| Basic : | | |
| Weighted average number of shares in issue ('000) | 171,171 | 171,171 |
| Basic earnings per share (sen) | <u>1.04</u> | <u>4.07</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 25TH NOVEMBER 2009