

**EONMETALL GROUP BERHAD**  
(Company No. 631617 D)

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	Three Months Ended		Year To Date Ended	
	31-Dec-09 RM'000	31-Dec-08 RM'000	31-Dec-09 RM'000 (Unaudited)	31-Dec-08 RM'000 (Audited)
<b>Revenue</b>	<u>57,448</u>	<u>21,914</u>	<u>162,291</u>	<u>112,563</u>
Operating profit/(loss)	4,364	(1,302)	12,842	8,071
Interest expense	(733)	(659)	(2,643)	(3,513)
Interest income	15	14	33	63
Share of profit/(loss) after tax of equity accounted associates	7	(368)	693	36
<b>Profit/(loss) before tax</b>	<u>3,653</u>	<u>(2,315)</u>	<u>10,925</u>	<u>4,657</u>
Tax expense	(1,889)	(1,118)	(2,187)	(1,500)
<b>Profit/(loss) after tax</b>	<u>1,764</u>	<u>(3,433)</u>	<u>8,738</u>	<u>3,157</u>
<b>Attributable to:</b>				
Shareholders of the Company	<u>1,764</u>	<u>(3,433)</u>	<u>8,738</u>	<u>3,157</u>
<b>Basic earnings per share (sen)</b>	<u>1.03</u>	<u>(2.01)</u>	<u>5.10</u>	<u>1.84</u>
<b>Diluted earnings per share (sen)</b>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>1.83</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 YEAR ENDED 31 DECEMBER 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				
<b>At 1 January 2008</b>	85,373	1,430	750	102	69	30,284	118,008	*	118,008
Issue of shares pursuant to ESOS	212	73	-	-	-	-	285	-	285
Profit for the year	-	-	-	-	-	3,157	3,157	-	3,157
Share-based payment	-	-	97	-	-	-	97	-	97
Option exercised and lapsed due to resignation	-	46	(131)	-	-	85	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	*	-
Dividend to shareholders	-	-	-	-	-	(4,279)	(4,279)	-	(4,279)
<b>At 31 December 2008</b>	<b>85,585</b>	<b>1,549</b>	<b>716</b>	<b>102</b>	<b>69</b>	<b>29,247</b>	<b>117,268</b>	<b>-</b>	<b>117,268</b>
<b>At 1 January 2009</b>	85,585	1,549	716	102	69	29,247	117,268	-	117,268
Issue of shares pursuant to ESOS	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	8,738	8,738	-	8,738
Share-based payment	-	-	26	-	-	-	26	-	26
Option lapsed due to resignation	-	-	(31)	-	-	31	-	-	-
Dividend to shareholders	-	-	-	-	-	(2,140)	(2,140)	-	(2,140)
<b>At 31 December 2009</b>	<b>85,585</b>	<b>1,549</b>	<b>711</b>	<b>102</b>	<b>69</b>	<b>35,876</b>	<b>123,892</b>	<b>-</b>	<b>123,892</b>

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 DECEMBER 2009**

	<b>Unaudited</b> <b>At 31 December 2009</b> <b>RM'000</b>	<b>Audited</b> <b>At 31 December 2008</b> <b>RM'000</b>
<b>Assets</b>		
Property, plant and equipment	109,814	101,606
Investment in associates	3,223	2,529
Deferred tax assets	2,015	2,673
<b>Total non-current assets</b>	115,052	106,808
Receivables, deposits and prepayments	19,771	24,085
Inventories	61,541	54,498
Current tax assets	162	303
Cash and cash equivalents	11,642	2,806
<b>Total current assets</b>	93,116	81,692
<b>Total assets</b>	208,168	188,500
<b>Equity</b>		
Share capital	85,585	85,585
Share premium	1,549	1,549
Share option reserve	711	716
Translation reserve	69	69
Statutory reserve	102	102
Retained earnings	35,876	29,247
<b>Total equity attributable to shareholders of the company</b>	123,892	117,268
<b>Liabilities</b>		
Loans and borrowings	26,333	23,486
Deferred tax liabilities	2,653	2,043
<b>Total non-current liabilities</b>	28,986	25,529
Payables and accruals	10,048	19,305
Loans and borrowings	44,690	26,351
Current tax liabilities	552	47
<b>Total current liabilities</b>	55,290	45,703
<b>Total liabilities</b>	84,276	71,232
<b>Total equity and liabilities</b>	208,168	188,500
	-	-
<b>Net assets per share (RM)</b>	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 YEAR ENDED 31 DECEMBER 2009**

	Year Ended	
	Unaudited 31-Dec-09 RM'000	Audited 31-Dec-08 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	10,925	4,657
Adjustments for:		
Depreciation of property, plant and equipment	7,274	6,373
Amortisation of prepaid land lease payments	-	9
Interest expense	2,643	3,513
Interest income	(33)	(63)
Share of profit after tax of equity accounted associates	(693)	(36)
Gain on disposal of plant and equipment	(114)	-
Gain on disposal of subsidiary	-	(148)
Share-based payment	26	97
Operating profit before changes in working capital	20,028	14,402
Changes in working capital:		
Inventories	(7,043)	1,498
Receivables, deposits and prepayments	4,314	11,906
Payables and accruals	(9,257)	984
Cash generated from operations	8,042	28,790
Tax paid	(273)	(454)
<b>Net cash from operating activities</b>	<b>7,769</b>	<b>28,336</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of plant and equipment	530	-
Purchase of property, plant and equipment	(15,898)	(24,038)
Net cash inflow from disposal of subsidiary	-	79
Interest received	33	63
<b>Net cash used in investing activities</b>	<b>(15,335)</b>	<b>(23,896)</b>

**EONMETALL GROUP BERHAD**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	Year Ended	
	Unaudited 31-Dec-09 RM'000	Audited 31-Dec-08 RM'000
<b>Cash flows from financing activities</b>		
Short term borrowings, net	19,505	(666)
Drawdown of term loans	10,491	673
Repayment of term loans	(5,901)	(4,251)
Repayment of finance lease liabilities	(112)	(76)
Proceeds from issuance of shares	-	285
Dividend paid to shareholders of the Company	(2,140)	(4,279)
Interest paid	(2,643)	(3,513)
<b>Net cash generated from/(used in) financing activities</b>	19,200	(11,827)
Net increase/(decrease) in cash and cash equivalents	11,634	(7,387)
Cash and cash equivalents at beginning of year	(182)	7,205
<b>Cash and cash equivalents at end of financial year</b>	11,452	(182)

Notes:

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

Cash & bank balances	8,052	2,721
Deposits with licensed banks (excluding deposits pledged)	3,590	85
Bank overdrafts	(190)	(2,988)
	11,452	(182)

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)  
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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 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 year-to-date.

**5. 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.

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
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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 year under review.

**7. Dividends paid**

During the financial year, the Company paid an 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:

	Year ended 31.12.09	
	Revenue	Operating
	RM'000	profit/(loss)
		RM'000
Machinery and equipment	27,398	4,704
Flat steel and related products	84,856	7,072
IT solutions and automation	16	(74)
Trading activities	50,021	1,649
Investment holding	-	(509)
	<u>162,291</u>	<u>12,842</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 year**

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

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**SELECTED EXPLANATORY NOTES  
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**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 31.12.09 RM'000	As at 31.12.08 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>174,046</u>	<u>177,146</u>

**13. Capital commitments**

The capital commitments as at 31 December 2009 were as follows:

	As at 31.12.09 RM'000	As at 31.12.08 RM'000
Contracted but not provided for	<u>579</u>	<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 quarter under review, the Group achieved revenue of RM57.4 million, representing an increase of RM35.5 million (from RM21.9million to RM57.4million) or 162% as compared to the corresponding quarter preceding year. The increase in revenue was mainly due the higher revenue of steel and iron ore trading activities and contribution from the sales of machinery and equipments.

The Group's revenue for the current financial year increased by RM49.7 million (from RM112.6 million to RM162.3million) or 44% as compared to previous financial year. Revenue generated from steel and iron ore trading activities increased significantly by RM36 million or 259% over preceding financial year. Revenue earned from sales of machinery and equipments 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 year-to-date (Cont'd)**

Similarly, the Group's profit before tax ("PBT") showed a substantial increase by RM6.2 million (from RM4.7 million to RM10.9 million) or 132% as compared to the previous financial year. The higher PBT was mainly contributed by profit earned from machinery and equipments segment and share of higher profit from associated company in Dubai. It was also due to the write down of inventories amounting to RM1.9 million in last year. During current financial year, the Group made an allowance for doubtful debts of RM5.0 million and was partially setoff with a writeback of allowance for doubtful debts of RM4.2million following the recovery of debts which only resulted to a net impact of RM0.8 million to the Group's PBT.

There were no material factors affecting the earnings and/ or revenue of the Group for the current year 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 RM1.9million (from RM1.8 million to RM3.7 million) or 106% as compared to the immediate preceding quarter. Higher PBT for the current quarter under review mainly attributed by profit earned from machinery and equipments segment, share of higher profit from associated company and favourable margin earned from flat steel and related products segment.

**16. Commentary of Prospects**

Barring any unforeseen circumstances, the Board of Directors of Eonmetall anticipates the performance of the group for the financial year 2010 to be further improved.

**17. Variance of actual and forecast profit**

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

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
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**18. Taxation**

	3 months ended 31.12.09 RM'000	Year to date ended 31.12.09 RM'000
Current tax expense	(621)	(919)
Deferred tax expense	(995)	(995)
Deferred tax asset	(273)	(273)
	<hr/> <hr/> (1,889)	<hr/> <hr/> (2,187)

**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 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 year-to-date.

**21. Status of corporate proposal announced**

There were no corporate proposal 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 year are as follows: -

	Payable within 12 months	Payable after 12 months
<b>RM denominated borrowings</b>	RM' 000	RM' 000
<b><u>Secured</u></b>		
Term loans	6,755	26,279
Hire purchases	94	54
	6,849	26,333
<b><u>Unsecured</u></b>		
Bank overdrafts	190	-
Bankers' acceptances	37,651	-
	37,841	-
Total RM denominated borrowing	44,690	26,333

**23. Off balance sheet financial instrument**

There were no financial instrument 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.

**25. Dividends**

The Board of Directors does not recommend any further dividend for the year ended 31 December 2009.

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**SELECTED EXPLANATORY NOTES  
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**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 31.12.09	Year to date ended 31.12.09
Net profit (RM'000)	1,764	8,738
<b>Basic :</b>		
Weighted average number of shares in issue ('000)	171,171	171,171
Basic earnings per share (sen)	<u>1.03</u>	<u>5.10</u>
<b>Diluted :</b>		
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 25<sup>TH</sup> FEBRUARY 2010**