

EONMETALL GROUP BERHAD
(Company No. 631617 D)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2010**

	Three Months Ended		Period To Date Ended	
	31-Mar-10 RM'000	31-Mar-09 RM'000	31-Mar-10 RM'000 (Unaudited)	31-Mar-09 RM'000
Continuing Operations				
Revenue	<u>24,912</u>	<u>20,371</u>	<u>24,912</u>	<u>20,371</u>
Operating profit	3,476	1,635	3,476	1,635
Interest expense	(675)	(446)	(675)	(446)
Interest income	34	-	34	-
Share of (loss)/profit after tax of equity accounted associates	(341)	770	(341)	770
Profit before tax	<u>2,494</u>	<u>1,959</u>	<u>2,494</u>	<u>1,959</u>
Tax expense	(37)	(139)	(37)	(139)
Profit after tax from continuing operations	<u>2,457</u>	<u>1,820</u>	<u>2,457</u>	<u>1,820</u>
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>2,457</u>	<u>1,820</u>	<u>2,457</u>	<u>1,820</u>
Profit after tax attributable to owners of the Company	<u>2,457</u>	<u>1,820</u>	<u>2,457</u>	<u>1,820</u>
Total comprehensive income attributable to owners of the Company	<u>2,457</u>	<u>1,820</u>	<u>2,457</u>	<u>1,820</u>
Earnings per share attributable to owners of the Company				
Basic earnings per share (sen)	<u>1.44</u>	<u>1.06</u>	<u>1.44</u>	<u>1.06</u>
Diluted earnings per share (sen)	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2009.

EONMETALL GROUP BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2010**

	Share capital	<i>Non-distributable</i>			Translation reserve	<i>Distributable</i> Retained earnings	Total equity
		Share premium	Share option reserve	Statutory reserve			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2009	85,585	1,549	716	102	69	29,247	117,268
Profit for the period	-	-	-	-	-	1,820	1,820
Share-based payment	-	-	6	-	-	-	6
At 31 March 2009	85,585	1,549	722	102	69	31,067	119,094
At 1 January 2010	85,585	1,549	711	102	69	36,330	124,346
Profit for the period	-	-	-	-	-	2,457	2,457
At 31 March 2010	85,585	1,549	711	102	69	38,787	126,803

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and audited financial statements for the year ended 31 Decemcer 2009.

EONMETALL GROUP BERHAD
(Company No. 631617 D)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2010

	Unaudited At 31 March 2010 RM'000	Audited At 31 December 2009 RM'000
Assets		
Property, plant and equipment	104,795	109,814
Investment property	4,910	-
Investment in associates	3,335	3,676
Deferred tax assets	2,015	2,015
Total non-current assets	<u>115,055</u>	<u>115,505</u>
Receivables, deposits and prepayments	14,320	19,771
Inventories	55,390	61,542
Current tax assets	162	162
Cash and cash equivalents	9,885	11,642
Total current assets	<u>79,757</u>	<u>93,117</u>
Total assets	<u>194,812</u>	<u>208,622</u>
Equity		
Share capital	85,585	85,585
Share premium	1,549	1,549
Share option reserve	711	711
Translation reserve	69	69
Statutory reserve	102	102
Retained earnings	38,787	36,330
Total equity attributable to owners of the Company	<u>126,803</u>	<u>124,346</u>
Liabilities		
Loans and borrowings	25,056	26,333
Deferred tax liabilities	2,653	2,653
Total non-current liabilities	<u>27,709</u>	<u>28,986</u>
Payables and accruals	13,108	10,048
Loans and borrowings	26,640	44,690
Current tax liabilities	552	552
Total current liabilities	<u>40,300</u>	<u>55,290</u>
Total liabilities	<u>68,009</u>	<u>84,276</u>
Total equity and liabilities	<u>194,812</u>	<u>208,622</u>
	-	-
Net assets per share (RM)	<u>0.74</u>	<u>0.73</u>

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and audited financial statements for the year ended 31 December 2009.

EONMETALL GROUP BERHAD
(Company No. 631617 D)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2010**

	Period Ended	
	Unaudited 31-Mar-10 RM'000	31-Mar-09 RM'000
Cash flows from operating activities		
Profit after tax from continuing operations	2,494	1,959
Adjustments for:		
Depreciation of property, plant and equipment	1,864	1,637
Interest expense	675	446
Interest income	(34)	-
Share of loss/(profit) after tax of equity accounted associates	341	(770)
Share-based payment	-	6
Operating profit before changes in working capital	5,340	3,278
Changes in working capital:		
Inventories	6,152	3,381
Receivables, deposits and prepayments	5,451	(678)
Payables and accruals	3,060	(5,236)
Cash generated from operations	20,003	745
Tax paid	(37)	(136)
Net cash from operating activities	19,966	609
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,755)	(1,513)
Interest received	34	-
Net cash used in investing activities	(1,721)	(1,513)
Cash flows from financing activities		
Short term borrowings, net	(18,008)	1,741
Drawdown of term loans	-	5,091
Repayment of term loans	(1,668)	(1,599)
Drawdown /(Repayment) of finance lease liabilities	463	(27)
Interest paid	(675)	(446)
Net cash generated (used in) / from financing activities	(19,888)	4,760
Net (decrease)/increase in cash and cash equivalents	(1,643)	3,856
Cash and cash equivalents at beginning of period	11,452	(182)
Cash and cash equivalents at end of financial period	9,809	3,674

Notes:

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise :

Cash & bank balances	9,595	4,408
Deposits with licensed banks (excluding deposits pledged)	290	85
Bank overdrafts	(76)	(819)
	9,809	3,674

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and audited financial statements for the year ended 31 December 2009.

EONMETALL GROUP BERHAD

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

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2010

1. Basis of preparation and accounting policies

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 2009. 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 2009.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted for annual audited financial statements for the year ended 31 December 2009 except for the adoption of the following applicable new/revised Financial Reporting standards (“FRS”) and Interpretations that are effective for the financial period beginning on 1 January 2010:

FRS 7, Financial Instruments: Disclosures
FRS 101, Presentation of Financial Statements (revised)
FRS 123, Borrowing Costs (revised)
FRS 139, Financial Instruments: Recognition and Measurement
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 7, Financial Instruments: Disclosures
Amendments to FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132, Financial Instruments: Presentation
Amendments to FRS 139, Financial Instruments: Recognition and Measurement
Improvements to FRSs (2009)
IC Interpretation 9, Reassessment of Embedded Derivatives
IC Interpretation 10, Interim Financial Reporting and Impairment
IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13, Customer Loyalty Programmes
IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The adoption of the above revised FRSs does not have significant financial impact on the interim financial statements of the Group.

2. Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements for the year ended 31 December 2009 was not qualified.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2010**

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.

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 period 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 31.03.2010	
	Revenue RM'000	Operating profit/(loss) RM'000
Machinery and equipment	634	(463)
Flat steel and steel related products	21,680	3,969
IT solutions and automation	-	90
Trading activities	2,598	177
Investment holding	-	(297)
	<hr/> 24,912	<hr/> 3,476

9. Revaluation of property, plant and equipment

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

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2010**

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.

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 31.03.2010 RM'000	As at 31.12.2009 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	203,946	174,046

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 RM24.9million, representing an increase of RM4.5 million (from RM20.4million to RM24.9million) or 22% as compared to the corresponding quarter preceding year. The increase in revenue was largely attributed by high demand of flat steel and steel related products.

The Group recorded a current quarter profit before tax ("PBT") of RM2.5 million, represent an increase by RM0.5 million (from RM2.0 million to RM2.5 million) or 25% as compared to the corresponding quarter previous year. The PBT was mainly contributed by profit earned from flat steel and steel related products segment and writeback of allowance for doubtful debts following the recovery of debts during this quarter.

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

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**SELECTED EXPLANATORY NOTES
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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 decreased by RM1.6million (from RM4.1 million to RM2.5 million) or 39% as compared to the immediate preceding quarter due to lower sales of machinery and equipment in the current quarter which yielded a higher profit margin than other segment of business.

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 period under review.

18. Taxation

	3 months ended 31.03.2010 RM'000	Period to date ended 31.03.2010 RM'000
Current taxation	<u><u>(37)</u></u>	<u><u>(37)</u></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.

20. Quoted investments

There were no material purchases or disposals of quoted investment during 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 2010**

21. Status of corporate proposal announced

There were no corporate proposal 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	6,755	24,612
Hire purchases	167	444
	6,922	25,056
<u>Unsecured</u>		
Bank overdrafts	75	-
Bankers' acceptances	19,643	-
	19,718	-
Total RM denominated borrowing	26,640	25,056

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 were no material events during the quarter under review apart from:

Eonmetall Industries Sdn Bhd vs (1) Lai Chin Yang (2) Megasteel Sdn Bhd (Pulau Pinang High Court Suit No. 22-285-2010)

Eonmetall Industries Sdn. Bhd. ("EMI"), a wholly-owned subsidiary of the Company had via its solicitors filed a Writ of Summons in the High Court in Pulau Pinang ("Court") against Mr. Lai Chin Yang and Megasteel Sdn. Bhd. ("Defendants").

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**SELECTED EXPLANATORY NOTES
 TO THE INTERIM FINANCIAL REPORT
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24. Changes in material litigation (Cont'd)

In the Writ, EMI has claimed for general damages and exemplary damages amounting to RM20 million to be paid jointly and severally by the Defendants over the slander or defamatory statement made against EMI. Details of the claims are as follows:

- i) General damages of RM10 million;
- ii) Exemplary damages of RM10 million;
- iii) Interest rate of 8% per annum from 22 April 2010;
- iv) Defendants to pay EMI's cost of the legal proceeding on indemnity basis; and
- v) Other relief deemed fair by the Court.

25. Dividends

The Board of Eonmetall had on 27 April 2010 declared a Final dividend of 2.5% tax exempt in respect of the financial year ended 31 December 2009 which was approved by the shareholders at the Annual General Meeting on 27 May 2010. The Final dividend will be paid on 30 July 2010 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 12 July 2010.

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 31.03.2010	Period to date ended 31.03.2010
Profit after tax attributable to owners of the Company ("RM'000")	2,457	1,820
Basic :		
Weighted average number of shares in issue ('000)	171,171	171,171
Basic earnings per share (sen)	<u>1.44</u>	<u>1.06</u>
Diluted :		
Diluted earnings per share (sen)	<u>NA</u>	<u>NA</u>

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**SELECTED EXPLANATORY NOTES
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26. Earnings per share (Cont'd)

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 May 2010