

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2010**

	Three Months Ended		Period To Date Ended	
	30-Jun-10 RM'000	30-Jun-09 RM'000	30-Jun-10 RM'000 (Unaudited)	30-Jun-09 RM'000
<b>Continuing Operations</b>				
<b>Revenue</b>	<u>27,638</u>	<u>47,546</u>	<u>52,550</u>	<u>67,917</u>
Operating profit	4,198	4,005	7,674	5,640
Interest expense	(439)	(833)	(1,114)	(1,279)
Interest income	13	6	47	6
Share of (loss)/profit after tax of equity accounted associates	(247)	327	(588)	1,097
<b>Profit before tax</b>	<u>3,525</u>	<u>3,505</u>	<u>6,019</u>	<u>5,464</u>
Tax expense	(54)	(134)	(91)	(273)
<b>Profit after tax from continuing operations</b>	<u>3,471</u>	<u>3,371</u>	<u>5,928</u>	<u>5,191</u>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<u>3,471</u>	<u>3,371</u>	<u>5,928</u>	<u>5,191</u>
<b>Profit after tax attributable to owners of the Company</b>	<u>3,471</u>	<u>3,371</u>	<u>5,928</u>	<u>5,191</u>
<b>Total comprehensive income attributable to owners of the Company</b>	<u>3,471</u>	<u>3,371</u>	<u>5,928</u>	<u>5,191</u>
<b>Earnings per share attributable to owners of the Company</b>				
Basic earnings per share (sen)	<u>2.03</u>	<u>1.97</u>	<u>3.46</u>	<u>3.03</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**  
(Company No. 631617 D)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2010**

	← Attributable to owners of the Company →						
	← Non-distributable →			Distributable			
	Share capital	Share premium	Share option reserve	Statutory reserve	Translation reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2009</b>	85,585	1,549	716	102	69	29,247	117,268
Total comprehensive income for the period	-	-	-	-	-	5,191	5,191
Share-based payment	-	-	13	-	-	-	13
<b>At 30 June 2009</b>	85,585	1,549	729	102	69	34,438	122,472
<b>At 1 January 2010</b>	85,585	1,549	711	102	69	36,330	124,346
Total comprehensive income for the period	-	-	-	-	-	5,928	5,928
Dividend to shareholders	-	-	-	-	-	(2,140)	(2,140)
<b>At 30 June 2010</b>	85,585	1,549	711	102	69	40,118	128,134

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

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2010**

	<b>Unaudited</b> <b>At 30 June 2010</b> <b>RM'000</b>	<b>Audited</b> <b>At 31 December 2009</b> <b>RM'000</b>
<b>Assets</b>		
Property, plant and equipment	104,322	109,814
Investment property	5,104	-
Investment in associates	3,088	3,676
Deferred tax assets	2,015	2,015
<b>Total non-current assets</b>	<b>114,529</b>	<b>115,505</b>
Receivables, deposits and prepayments	23,418	19,771
Inventories	46,257	61,542
Current tax assets	162	162
Cash and cash equivalents	4,028	11,642
<b>Total current assets</b>	<b>73,865</b>	<b>93,117</b>
<b>Total assets</b>	<b>188,394</b>	<b>208,622</b>
<b>Equity</b>		
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	40,118	36,330
<b>Total equity attributable to owners of the Company</b>	<b>128,134</b>	<b>124,346</b>
<b>Liabilities</b>		
Loans and borrowings	23,335	26,333
Deferred tax liabilities	2,653	2,653
<b>Total non-current liabilities</b>	<b>25,988</b>	<b>28,986</b>
Payables and accruals	12,588	10,048
Loans and borrowings	21,132	44,690
Current tax liabilities	552	552
<b>Total current liabilities</b>	<b>34,272</b>	<b>55,290</b>
<b>Total liabilities</b>	<b>60,260</b>	<b>84,276</b>
<b>Total equity and liabilities</b>	<b>188,394</b>	<b>208,622</b>
	-	-
<b>Net assets per share (RM)</b>	<b>0.75</b>	<b>0.73</b>

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 30 JUNE 2010**

	Period Ended	
	Unaudited 30-Jun-10 RM'000	30-Jun-09 RM'000
<b>Cash flows from operating activities</b>		
Profit after tax from continuing operations	6,019	5,464
Adjustments for:		
Depreciation of property, plant and equipment	3,709	3,481
Interest expense	1,114	1,279
Interest income	(47)	(6)
Share of loss/(profit) after tax of equity accounted associates	588	(1,097)
Share-based payment	-	13
Operating profit before changes in working capital	11,383	9,134
Changes in working capital:		
Inventories	16,092	3,362
Receivables, deposits and prepayments	(3,647)	(2,051)
Payables and accruals	2,540	(7,963)
Cash generated from operations	26,368	2,482
Tax paid	(91)	(275)
Interest received	47	6
<b>Net cash from operating activities</b>	26,324	2,213
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,649)	(4,558)
Subsequent expenditure on investment property	(480)	-
<b>Net cash used in investing activities</b>	(4,129)	(4,558)
<b>Cash flows from financing activities</b>		
Short term borrowings, net	(25,063)	3,010
Drawdown of term loans	-	5,091
Repayment of term loans	(3,350)	(2,818)
Drawdown /(Repayment) of finance lease liabilities	412	(54)
Interest paid	(1,114)	(1,279)
<b>Net cash generated (used in) / from financing activities</b>	(31,255)	3,950
Net (decrease)/increase in cash and cash equivalents	(9,060)	1,605
Cash and cash equivalents at beginning of period	11,452	(182)
<b>Cash and cash equivalents at end of financial period</b>	2,392	1,423

**Notes:**

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

Cash & bank balances	3,740	4,610
Deposits with licensed banks (excluding deposits pledged)	288	86
Bank overdrafts	(1,636)	(3,273)
	2,392	1,423

B) There was a reclassification of property, plant and equipment amounting to RM807,706 to cost of goods sold during the current financial period ended 30 June 2010.

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 30 JUNE 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.

**EONMETALL GROUP BERHAD**

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

**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 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 30.06.2010	
	Revenue RM'000	Operating profit/(loss) RM'000
Machinery and equipment	9,417	2,886
Steel product and trading activity	43,133	5,329
All other segments	-	(541)
	<u>52,550</u>	<u>7,674</u>

**EONMETALL GROUP BERHAD**  
(Company No. 631617-D)  
(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2010**

**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.

**11. Changes in the composition of the Group**

There were no changes in the composition of the Group during the current quarter save as:

- a) On 1 July 2010, the Company incorporated a new company known as Eonchem Biomass Sdn. Bhd. ("EBSB"). EBSB is a 100% owned subsidiary of the Company. The initial paid-up capital of EBSB is RM2/= with the authorised share capital of RM100,000/=. EBSB will be principally involved in the manufacture of palm oil related products. The first Directors of EBSB are Dato' Goh Cheng Huat and Mr Yeoh Cheng Chye. On 15 July 2010, EBSB increased its issued and paid up capital from RM2.00 to RM100,000 by allotting additional 99,998 ordinary shares of RM1.00 each.

**12. Changes in contingent liabilities or contingent assets**

	As at 30.06.2010 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.

**EONMETALL GROUP BERHAD**

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

**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2010**

**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 RM27.6million, representing a decrease of RM19.9 million (from RM47.5million to RM27.6million) or 42% as compared to the corresponding quarter preceding year. The decrease in revenue was largely attributed to the higher volume of trading activity during corresponding preceding quarter.

The Group's revenue for the current financial period-to-date decreased by RM15.3 million (from RM67.9 million to RM52.6million) or 23% as compared to corresponding financial period-to-date in prior year. The decrease in the Group's revenue was mainly due to lower sales recorded in steel product and trading activity segment.

The Group's profit before tax ("PBT") of RM6.0 million in the financial period-to-date was RM0.5million or 9% higher as compared to the corresponding period prior year. The higher PBT was mainly derived from machinery and equipment segment.

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

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

	Individual quarter ended	
	30.06.2010	31.03.2010
	RM'000	RM'000
Revenue	27,638	24,912
Profit before tax	3,525	2,494

The Group's Profit before tax increased by RM1.0million (from RM2.5 million to RM3.5 million) or 40% as compared to the immediate preceding quarter. The increase in Group's PBT was due to the higher sale of machinery and equipment for the current quarter under review.



**EONMETALL GROUP BERHAD**

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

**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2010**

**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 30.06.2010 RM'000	Period to date ended 30.06.2010 RM'000
Current taxation	<u>(54)</u>	<u>(91)</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.

**21. Status of corporate proposal announced**

There were no corporate proposal announced but not completed as at the date of this announcement.

**EONMETALL GROUP BERHAD**

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

**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2010**

**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
<b>RM denominated borrowings</b>	RM' 000	RM' 000
<b><u>Secured</u></b>		
Term loans	6,755	22,929
Hire purchases	154	406
	6,909	23,335
<b><u>Unsecured</u></b>		
Bank overdrafts	1,636	-
Bankers' acceptances	12,587	-
	14,223	-
Total RM denominated borrowing	21,132	23,335

**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 litigation as at the date of the interim financial statements 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").

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.

**EONMETALL GROUP BERHAD**  
 (Company No. 631617-D)  
 (Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES  
 TO THE INTERIM FINANCIAL REPORT  
 FOR THE PERIOD ENDED 30 JUNE 2010**

**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 was paid on 30 July 2010 to the shareholders whose names appeared 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 30.06.2010	Period to date ended 30.06.2010
Profit after tax attributable to owners of the Company (“RM’000”)	3,471	5,928
<b>Basic :</b>		
Weighted average number of shares in issue (’000)	171,171	171,171
Basic earnings per share (sen)	2.03	3.46
<b>Diluted :</b>		
Diluted earnings per share (sen)	NA	NA

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 26<sup>th</sup> August 2010**