

EONMETALL GROUP BERHAD
(Company No. 631617 D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Three Months Ended		Year Ended	
	31-Dec-10 RM'000 (Unaudited)	31-Dec-09 RM'000 (Unaudited)	31-Dec-10 RM'000 (Unaudited)	31-Dec-09 RM'000 Audited
Continuing Operations				
Revenue	<u>16,356</u>	<u>57,448</u>	<u>95,898</u>	<u>162,291</u>
Operating (loss)/profit	(2,533)	4,365	10,221	12,843
Interest expense	(489)	(733)	(2,204)	(2,643)
Interest income	3	15	54	33
Share of profit after tax of equity accounted associates	1,093	460	310	1,146
(Loss)/Profit before tax	<u>(1,926)</u>	<u>4,107</u>	<u>8,381</u>	<u>11,379</u>
Tax expense	586	(1,889)	373	(2,187)
(Loss)/Profit after tax from continuing operations	<u>(1,340)</u>	<u>2,218</u>	<u>8,754</u>	<u>9,192</u>
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income	<u>(1,340)</u>	<u>2,218</u>	<u>8,754</u>	<u>9,192</u>
(Loss)/Profit after tax attributable to owners of the Company	<u>(1,340)</u>	<u>2,218</u>	<u>8,754</u>	<u>9,192</u>
Total comprehensive (loss)/income attributable to owners of the Company	<u>(1,340)</u>	<u>2,218</u>	<u>8,754</u>	<u>9,192</u>
(Loss)/Earnings per share attributable to owners of the Company				
Basic (loss)/earnings per share (sen)	<u>(0.78)</u>	<u>1.30</u>	<u>5.11</u>	<u>5.37</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 YEAR ENDED 31 DECEMBER 2010**

	← Attributable to owners of the Company →						Total equity
	← Non-distributable →			Distributable			
	Share capital	Share premium	Share option reserve	Statutory reserve	Translation reserve	Retained earnings	
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
Total comprehensive income for the year	-	-	-	-	-	9,192	9,192
Share-based payment	-	-	26	-	-	-	26
Option exercised and lapsed due to resignation	-	-	(31)	-	-	31	-
Dividend to shareholders	-	-	-	-	-	(2,140)	(2,140)
At 31 December 2009	85,585	1,549	711	102	69	36,330	124,346
At 1 January 2010	85,585	1,549	711	102	69	36,330	124,346
Total comprehensive income for the year	-	-	-	-	-	8,754	8,754
Share-based payment	-	-	122	-	-	-	122
Option lapsed due to resignation	-	-	(41)	-	-	41	-
Dividend to shareholders	-	-	-	-	-	(2,140)	(2,140)
At 31 December 2010	85,585	1,549	792	102	69	42,985	131,082

EONMETALL GROUP BERHAD
(Company No. 631617 D)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2010

	Unaudited At 31 December 2010 RM'000	Audited At 31 December 2009 RM'000
Assets		
Property, plant and equipment	104,937	109,814
Investment property	6,424	-
Investment in associates	3,860	3,676
Deferred tax assets	2,267	2,015
Total non-current assets	117,488	115,505
Receivables, deposits and prepayments	15,835	19,771
Inventories	65,302	61,542
Current tax assets	174	162
Cash and cash equivalents	7,422	11,642
Total current assets	88,733	93,117
Total assets	206,221	208,622
Equity		
Share capital	85,585	85,585
Share premium	1,549	1,549
Share option reserve	792	711
Translation reserve	69	69
Statutory reserve	102	102
Retained earnings	42,985	36,330
Total equity attributable to owners of the Company	131,082	124,346
Liabilities		
Loans and borrowings	20,057	26,333
Deferred tax liabilities	2,694	2,653
Total non-current liabilities	22,751	28,986
Payables and accruals	12,582	10,048
Loans and borrowings	39,806	44,690
Current tax liabilities	-	552
Total current liabilities	52,388	55,290
Total liabilities	75,139	84,276
Total equity and liabilities	206,221	208,622
	-	-
Net assets per share (RM)	0.77	0.73

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 YEAR ENDED 31 DECEMBER 2010

	Year Ended	
	Unaudited 31-Dec-10 RM'000	Audited 31-Dec-09 RM'000
Cash flows from operating activities		
Profit after tax from continuing operations	8,381	11,379
Adjustments for:		
Depreciation of property, plant and equipment	7,562	7,274
Interest expense	2,204	2,643
Interest income	(54)	(33)
Share of profit after tax of equity accounted associates	(310)	(1,146)
Gain on disposal of plant and equipment	(10)	(311)
Share-based payment	122	26
Operating profit before changes in working capital	17,895	19,832
Changes in working capital:		
Inventories	(2,953)	(8,085)
Receivables, deposits and prepayments	3,936	5,354
Payables and accruals	2,534	(9,256)
Cash generated from operations	21,412	7,845
Tax paid	(401)	(273)
Interest received	54	33
Net cash from operating activities	21,065	7,605
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,085)	(15,898)
Subsequent expenditure on investment property	(1,831)	-
Dividend received from associated company	126	-
Proceeds from disposal of plant and equipment	10	728
Net cash used in investing activities	(9,780)	(15,170)
Cash flows from financing activities		
Short term borrowings, net	(10,136)	19,504
Drawdown of term loans	-	10,491
Repayment of term loans	(6,729)	(5,901)
Drawdown/(Repayment) of finance lease liabilities	878	(112)
Dividend paid to shareholders of the Company	(2,140)	(2,140)
Interest paid	(2,204)	(2,643)
Net cash generated (used in) / from financing activities	(20,331)	19,199
Net (decrease)/increase in cash and cash equivalents	(9,046)	11,634
Cash and cash equivalents at beginning of year	11,452	(182)
Cash and cash equivalents at end of financial year	2,406	11,452

Notes:

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

Cash & bank balances	7,222	8,052
Deposits with licensed banks (excluding deposits pledged)	200	3,590
Bank overdrafts	(5,016)	(190)
	2,406	11,452

B) There was a reclassification of property, plant and equipment amounting to RM807,706 to cost of goods sold during the current financial year ended 31 December 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

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

5. Material changes in estimates

There were no changes in estimates that have had material effect in the current quarter and financial year 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 year under review.

7. Dividends paid

During the financial year, the Company paid a final dividend of 2.5% or 1.25 sen per share (Tax Exempt) totaling RM2,139,639.05 in respect of the financial year ended 31 December 2009 on 30 July 2010.

8. Segment revenue and results

Financial data by business segment for the Group:

	Year ended 31.12.2010	
	Revenue RM'000	Operating profit/(loss) RM'000
Machinery and equipment	33,273	8,003
Steel product and trading activity	62,619	3,518
All other segments	6	(1,300)
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	95,898	10,221

EONMETALL GROUP BERHAD

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 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 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.

11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year 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.
- b) On 2 December 2010, the Company acquired a new subsidiary known as Eonmetall Agro Sdn Bhd ("EAGRO") (Formerly known as Stable Palms Sdn Bhd) for a total cash consideration of RM2.00. EAGRO is a 100% owned subsidiary of the Company. The initial paid-up capital of EAGRO is RM2/= with the authorised share capital of RM100,000/=. EAGRO will be principally engaged in the cultivation of plantation, edible oil extraction and processing, mineral and trading of all kinds of oil palm related products. The directors of EAGRO are Dato' Goh Cheng Huat and Mr Goh Hong Kent.

12. Changes in contingent liabilities or contingent assets

	As at 31.12.2010 RM'000	As at 31.12.2009 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	206,946	174,046

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
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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 year

During the quarter under review, the Group achieved revenue of RM16.4million, representing a decrease of RM41.0million (from RM57.4million to RM16.4million) as compared to the corresponding quarter preceding year. The decrease in revenue was largely attributed to the lower sales generated from steel product and trading activity segment during current quarter under review.

The Group's revenue for the current financial year decreased by RM66.4 million (from RM162.3 million to RM95.9 million) as compared to prior year. The decrease in the Group's revenue was mainly due to lower sales recorded in steel product and trading activity segment this financial year.

The Group's profit before tax ("PBT") of RM8.4million in the financial year was RM3.0 million lower as compared to the previous financial year. The decrease in Group's PBT was largely attributed to lower sales of steel product and trading activities and share of lower profit from associated company in Dubai (from RM1.1million down to RM0.3million). During current financial year, the Group made an allowance for doubtful debts of RM1.6 million and was partially set off with a writeback of allowance for doubtful debts of RM0.7 million following the recovery of debts which only 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 year under review.

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

	Individual quarter ended	
	31.12.2010	30.09.2010
	RM'000	RM'000
Revenue	16,356	26,992
(Loss)/Profit before tax	(1,926)	4,288

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
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15. Material change in Profit Before Taxation reported on as compared with the immediate preceding quarter (cont'd).

The Group's Profit before tax decreased by RM6.2million (from profit before tax of RM4.3 million to loss before tax of RM1.9 million) as compared to the immediate preceding quarter. The decrease was due to lower sales generated from machinery and equipment segment and also the allowance for doubtful debts of RM1.6million made during current quarter under review.

16. Commentary of Prospects

Barring any unforeseen circumstances, the Board of Directors of Eonmetall anticipates the performance of the group for the financial year 2011 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.

18. Taxation

	3 months ended 31.12.2010 RM'000	Year ended 31.12.2010 RM'000
Current tax expense	375	162
Deferred tax expense	(41)	(41)
Deferred tax asset	252	252
	<hr/>	<hr/>
	586	373

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.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

20. Quoted investments

There were no material purchases or disposals of quoted investment during the current quarter and financial year.

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 year are as follows: -

	Payable within 12 months RM' 000	Payable after 12 months RM' 000
RM denominated borrowings		
<i>Secured</i>		
Term loans	7,027	19,278
Hire purchases	247	779
	7,274	20,057
<i>Unsecured</i>		
Bank overdrafts	5,016	-
Trade loan	564	-
Bankers' acceptances	26,596	-
	32,176	-
USD denominated borrowings		
<i>Unsecured</i>		
Trade loan	356	-
Total borrowings	39,806	20,057

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
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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.

25. Dividends

The Board of Eonmetall had on 21 February 2011 recommended a final dividend of 5.0% tax exempt in respect of the financial year ended 31 December 2010 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

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**SELECTED EXPLANATORY NOTES
 TO THE INTERIM FINANCIAL REPORT
 FOR THE YEAR ENDED 31 DECEMBER 2010**

26. Realized and Unrealized Profits/Losses

The following analysis of realized and unrealized retained profits/(accumulated losses) is prepared pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No. 1 - Determination of Realized and Unrealized Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	As at 31 December 2010 RM'000	As at 30 September 2010 RM'000
Total retained profits of Eonmetall Group Berhad and its subsidiaries:		-
- Realized	84,133	86,742
- Unrealized	1,067	1,405
 Total share of retained profits from associated companies:		
- Realized	2,546	1,453
- Unrealized	-	-
 Total share of retained profits from jointly controlled entities:		
- Realized	-	-
- Unrealized	-	-
 Less: Consolidation adjustments	(44,761)	(45,316)
 Total group retained profits as per consolidation accounts	<u>42,985</u>	<u>44,284</u>

Note: Comparative figures are not required in the first financial year of complying with the realized and unrealized profit / losses disclosure.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
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27. 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 31.12.2010	Year ended 31.12.2010
(Loss)/Profit after tax attributable to owners of the Company ("RM'000")	(1,340)	8,754
Basic :		
Weighted average number of shares in issue ('000)	171,171	171,171
Basic (loss)/earnings per share (sen)	<u>(0.78)</u>	<u>5.11</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 28th February 2011