

**EONMETALL GROUP BERHAD**

(Company No. 631617 D)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2012**

	Three Months Ended		Period To Date Ended	
	30-Jun-12 RM'000	30-Jun-11 RM'000 (Restated)	30-Jun-12 RM'000	30-Jun-11 RM'000 (Restated)
<b>Continuing Operations</b>				
<b>Revenue</b>	<u>38,842</u>	<u>50,458</u>	<u>68,681</u>	<u>76,343</u>
Operating profit	2,575	5,339	4,944	7,886
Interest expense	(802)	(949)	(1,557)	(1,765)
Interest income	14	8	14	12
Share of (loss)/profit after tax of equity accounted associates	(83)	113	(196)	139
<b>Profit before tax</b>	<u>1,704</u>	<u>4,511</u>	<u>3,205</u>	<u>6,272</u>
Tax expense	(147)	(69)	(371)	(177)
<b>Profit after tax from continuing operations</b>	<u>1,557</u>	<u>4,442</u>	<u>2,834</u>	<u>6,095</u>
Other comprehensive income	30	-	87	-
<b>Total comprehensive income</b>	<u>1,587</u>	<u>4,442</u>	<u>2,921</u>	<u>6,095</u>
<b>Profit after tax attributable to:</b>				
Owners of parent	1,560	4,442	2,838	6,095
Non-controlling interests	(3)	-	(4)	-
	<u>1,557</u>	<u>4,442</u>	<u>2,834</u>	<u>6,095</u>
<b>Total comprehensive income attributable to:</b>				
Owners of parent	1,588	4,442	2,922	6,095
Non-controlling interests	(1)	-	(1)	-
	<u>1,587</u>	<u>4,442</u>	<u>2,921</u>	<u>6,095</u>
<b>Earnings per share attributable to owners of the Company</b>				
Basic earnings per share (sen)	<u>0.92</u>	<u>2.60</u>	<u>1.67</u>	<u>3.56</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 2011.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012**

	<b>Unaudited 30-Jun-12 RM'000</b>	<b>Audited 31-Dec-11 RM'000 (Restated)</b>	<b>Audited 01-Jan-11 RM'000 (Restated)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	100,191	100,162	118,663
Investment properties	30,847	29,044	6,489
Investment in associates	2,628	2,824	3,335
Deferred tax assets	1,625	1,625	2,267
	135,291	133,655	130,754
<b>Current assets</b>			
Trade and other receivables	26,775	25,302	15,831
Inventories	45,374	53,962	59,831
Current tax assets	7	263	174
Cash and cash equivalents	4,377	2,942	7,412
	76,533	82,469	83,248
Assets classified as held for sale	22,710	22,145	-
<b>TOTAL ASSETS</b>	234,534	238,269	214,002
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	85,585	85,585	85,585
Treasury share, at cost	(293)	(293)	-
Share premium	1,549	1,549	1,549
Share option reserve	790	790	792
Statutory reserve	102	102	102
Translation reserve	138	51	81
Retained earnings	54,054	55,470	50,250
	141,925	143,254	138,359
Non-controlling interests	147	152	-
<b>TOTAL EQUITY</b>	142,072	143,406	138,359
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	20,168	24,176	20,234
Deferred tax liabilities	3,004	3,029	3,029
	23,172	27,205	23,263
<b>Current liabilities</b>			
Trade and other payables	31,623	14,820	12,751
Loans and borrowings	37,222	52,385	39,629
Current tax liabilities	445	453	-
	69,290	67,658	52,380
<b>TOTAL LIABILITIES</b>	92,462	94,863	75,643
<b>TOTAL EQUITY AND LIABILITIES</b>	234,534	238,269	214,002
<b>Net assets per share (RM)</b>	0.83	0.84	0.81

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

(The figures have not been audited)

#### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2012

	← Non-distributable				Distributable →			Total attributable to owner of the parent	Non- controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Share option reserve	Statutory reserve	Translation reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance at 1 January 2011, as previously stated</b>	85,585	1,549	-	792	102	81	42,266	130,375	-	130,375
- prior year adjustment	-	-	-	-	-	-	(5,471)	(5,471)	-	(5,471)
- effects of the adoption of MFRSs	-	-	-	-	-	-	13,455	13,455	-	13,455
<b>Balance at 1 January 2011, as restated</b>	85,585	1,549	-	792	102	81	50,250	138,359	-	138,359
Profit for the period	-	-	-	-	-	-	6,095	6,095	-	6,095
Foreign exchange translation differences	-	-	-	-	-	(16)	-	(16)	-	(16)
Total comprehensive income for the period	-	-	-	-	-	(16)	6,095	6,079	-	6,079
Dividend to shareholders	-	-	-	-	-	-	(4,279)	(4,279)	-	(4,279)
<b>Balance at 30 June 2011, as restated</b>	85,585	1,549	-	792	102	65	52,066	140,159	-	140,159

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 December 2011.

## EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

(The figures have not been audited)

#### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2012

	←————— <i>Non-distributable</i> —————→						<i>Distributable</i>		Total attributable to owner of the parent	Non- controlling interest	Total equity
	Share capital	Share premium	Treasury shares	Share option reserve	Statutory reserve	Translation reserve	Retained earnings	RM'000			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Balance at 1 January 2012, as previously stated</b>	85,585	1,549	(293)	790	102	51	42,157	129,941	152	130,093	
- effects of the adoption of MFRSs	-	-	-	-	-	-	13,313	13,313	-	13,313	
<b>Balance at 1 January 2012, as restated</b>	85,585	1,549	(293)	790	102	51	55,470	143,254	152	143,406	
Profit for the period	-	-	-	-	-	-	2,838	2,838	(4)	2,834	
Foreign exchange translation differences	-	-	-	-	-	87	-	87	(1)	86	
Total comprehensive income for the period	-	-	-	-	-	87	2,838	2,925	(5)	2,920	
Dividend to shareholders	-	-	-	-	-	-	(4,254)	(4,254)	-	(4,254)	
<b>Balance at 30 June 2012, as restated</b>	85,585	1,549	(293)	790	102	138	54,054	141,925	147	142,072	

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 December 2011.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2012**

	Period ended	
	30-Jun-12 RM'000	30-Jun-11 RM'000
<b>Cash flows from operating activities</b>		
Profit after tax from continuing operations	3,205	6,272
Adjustments for:		
Depreciation of property, plant and equipment	3,666	3,906
Depreciation of investment properties	-	37
Depreciation of assets held for sale	179	-
Interest expense	1,557	1,765
Interest income	(14)	(12)
Share of loss after tax of equity accounted associates	196	(139)
Gain on disposal of plant and equipment	(6)	-
Operating profit before changes in working capital	8,783	11,829
Changes in working capital:		
Inventories	8,588	(8,312)
Trade and other receivables	(1,473)	(16,149)
Trade and other payables	16,803	2,738
Cash generated from/(used in) operations	32,701	(9,894)
Tax paid	(149)	(191)
<b>Net cash generated from/(used in) operating activities</b>	32,552	(10,085)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,718)	(8,408)
Purchase of assets held for sale	(744)	-
Purchase of investment property	(1,803)	(99)
Interest received	14	12
Proceeds from disposal of plant and equipment	29	-
<b>Net cash used in investing activities</b>	(6,222)	(8,495)
<b>Cash flows from financing activities</b>		
Short term borrowings, net	(10,513)	28,106
Drawdown of term loans	-	2,485
Repayment of term loans	(4,211)	(3,624)
Repayment of hire purchase liabilities	(140)	(28)
Dividend paid to shareholders of the Company	(4,254)	-
Interest paid	(1,557)	(1,765)
<b>Net cash generated (used in)/from financing activities</b>	(20,674)	25,174
Net increase in cash and cash equivalents	5,656	6,594
Effect of exchange rate changes	87	(16)
Cash and cash equivalents at beginning of period	(3,563)	2,396
<b>Cash and cash equivalents at end of financial period</b>	2,180	8,974

**Notes:**

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

Cash & bank balances	4,377	9,179
Deposits with licensed banks (excluding deposits pledged)	-	200
Bank overdrafts	(2,197)	(405)
	2,180	8,974

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 2011.

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

**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2012**

**A. DISCLOSURE REQUIREMENTS PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134 INTERIM FINANCIAL REPORTING**

**1. Basis of preparation**

The condensed consolidated interim financial report is unaudited and has been prepared in compliance with MFRS 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011. 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 2011.

These condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 *First –Time Adoption of Malaysian Financial Reporting Standards* (“MFRS”) has been applied.

The date of transition to the MFRS framework is on 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transition from FRS to MFRS is described in Note 2 below.

**2. Significant Accounting Policies**

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with Financial Reporting Standards (“FRS”). As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing the condensed report are consistent with those of the audited financial statements for the year ended 31 December 2011 except as described below:-

Property, plant and equipment

Under FRSs, the Group measured its land and buildings at cost. Upon transition to MFRSs, the Group elected to apply the optional exemption to use that fair value at the date of transition as deemed cost under MFRSs. The revaluation surplus at 1 January 2011 was transferred to retained earnings.

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(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2012****2. Significant Accounting Policies (Cont'd)****(a) Reconciliation of Comprehensive Income for the period ended 30 June 2011**

	<b>As previously reported RM'000</b>	<b>Effects of transition to MFRSs RM'000</b>	<b>As restated RM'000</b>
Operating profit	7,982	(96)	7,886
Tax expense	(203)	26	(177)

**(b) Reconciliation of Statement of Financial Position as at 1 January 2011**

	<b>As previously reported RM'000</b>	<b>Effects of transition to MFRSs RM'000</b>	<b>As restated RM'000</b>
Property, plant and equipment	104,873	13,790	118,663
Deferred tax liabilities	(2,694)	(335)	(3,029)
Retained earnings	36,795	13,455	50,250

**(c) Reconciliation of Statement of Financial Position as at 31 December 2011**

	<b>As previously reported RM'000</b>	<b>Effects of transition to MFRSs RM'000</b>	<b>As restated RM'000</b>
Property, plant and equipment	90,749	9,413	100,162
Investment properties	24,859	4,185	29,044
Deferred tax liabilities	(2,744)	(285)	(3,029)
Retained earnings	42,157	13,313	55,470

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2012**

**2. Significant Accounting Policies (Cont'd)**

MFRSs, Amendments to MFRSs and IC Interpretation

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:-

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012**

- Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013**

- MFRS 7, Disclosures - Offsetting Financial Assets and Financial Liabilities
- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Value Measurement
- MFRS 119, Employee Benefits (Revised)
- MFRS 127, Separate Financial Statements
- MFRS 128, Investments in Associates and Joint Ventures
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014**

- Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities

**3. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

**4. Seasonality of operations**

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.



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(Company No. 631617-D)

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### SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012

#### 5. 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 under review.

#### 6. Material changes in estimates

There were no changes in estimates that have a material effect in the current quarter and financial period-to-date.

#### 7. Issuances and repayment of debt and equity securities

Save as disclosed below, there were no cancellation, repurchases resale and repayment of debt and equity securities for the financial period ended 30 June 2012:-

The Company had purchased 1,000 of its own shares at RM0.345 per share for a total cash consideration of RM345 as treasury shares on 25 May 2012.

#### 8. Dividends paid

No dividend was paid by the Company during the current quarter under review.

#### 9. Segment revenue and results

Segmental reporting for the financial period-to-date is as below:-

Period-to-date ended 30-June-12	Machinery and equipment RM'000	Steel product and trading activity RM'000	Property, investment holding and others RM'000	Total RM'000
Total revenue	30,142	47,024	-	77,166
Inter-segment revenue	(3,187)	(5,298)	-	(8,485)
External revenue	26,955	41,726	-	68,681
Interest income	10	3	1	14
Interest expense	322	1,080	155	1,557
Depreciation and amortisation	440	3,390	15	3,845
Share of results of associates	-	-	(196)	(196)
Segment profit/(loss)	6,716	(3,581)	70	3,205

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2012**

**9. Segment revenue and results (cont'd)**

<b>Period-to-date ended 30-June-11(Restated)</b>	<b>Machinery and equipment RM'000</b>	<b>Steel product and trading activity RM'000</b>	<b>Property, investment holding and others RM'000</b>	<b>Total of all segments RM'000</b>
External revenue	15,779	74,117	7	89,903
Inter-segment revenue	(4,969)	(8,591)	-	(13,560)
Total revenue	<u>10,810</u>	<u>65,526</u>	<u>7</u>	<u>76,343</u>
Interest income	8	4	-	12
Interest expense	523	1,050	192	1,765
Depreciation and amortisation	415	3,478	50	3,943
Share of results of associates	-	-	139	139
Segment profit	<u>402</u>	<u>4,709</u>	<u>1,161</u>	<u>6,272</u>

**10. Material events subsequent to the end of the reporting period**

There were no material events as at the date of this announcement save as below:-

- On 23 July 2012, the Company had purchased 1,500,000 of its own shares at RM0.324 per share for a total cash consideration of RM486,000. The 1,500,000 shares are retained as treasury shares.

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

There were no changes in the composition of the Group during the financial period-to-date.

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

	As at 30.06.2012 RM'000	As at 31.12.2011 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>207,546</u>	<u>207,546</u>

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2012**

**13. Capital commitments**

The capital commitments as at 30 June 2012 was as follows:-

	As at 30.06.2012 RM'000
Approved but not contracted for	<u>7,674</u>
Contracted but not provided for	<u>9,449</u>

**14. Related Party Transactions**

Below are transactions with companies in which a Director / his spouse and persons connected to them have controlling interests during the six months period ended 30 June 2012.

	Period ended 30.06.2012 RM'000
Rental of premise	416
Sale of goods	26,685
Purchase of goods	<u>4,724</u>

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(Company No. 631617-D)

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### **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012**

#### **B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD**

##### **15. Review of performance**

The Group's revenue for the second quarter ended 30 June 2012 reduced by 23% from RM50.5 million reported in the corresponding period in the prior financial year down to RM38.8 million. The Group's revenue for the financial period-to-date also recorded a drop of 10% from RM76.3 million down to RM68.7 million as compared to the corresponding financial period-to-date primarily driven by lower demand in steel product and trading activity segment.

The Group recorded a profit before tax ("PBT") of RM3.2 million, declined by 49% as compared to the preceding year corresponding financial period of RM6.3 million (restated). The performance of the operating business segment are as follows:-

##### **(a) Machinery and equipment segment**

Revenue for this segment showed an encouraging growth of 79% from RM7.8 million to RM14.0 million for current quarter under review over corresponding quarter preceding year. Revenue generated from this segment increased by 149% to RM27.0 million for the financial period under review as compared to revenue of RM10.8 million reported in the previous year corresponding period. In tandem with the increase in revenue from of this segment, profit before tax ("PBT") increased by RM6.3 million to RM6.7 million for the current financial period.

##### **(b) Steel product and trading activity segment**

This segment recorded a revenue of RM24.9 million for the current quarter under review as compared to RM42.7 million during corresponding quarter preceding year. Revenue for the current financial period of RM41.7 million, representing a decrease of RM23.8 million (from RM65.5 million down to RM41.7 million) as compared to the corresponding financial period preceding year. PBT contributed from this segment dropped from RM4.7 million to a loss before tax of RM3.6 million mainly due to weakening of market demands for steel products and trading activity.

##### **(c) Property, investment holding and other segment**

The income derived from this segment represents rental income derived from the Group's properties offsetting with the operating expenses from all other segments.

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2012**

**16. Variation of results against preceding quarter**

	Individual quarter ended	
	30.06.2012	31.03.2012
	RM'000	RM'000
Revenue	38,842	29,839
Profit before tax ("PBT")	1,704	1,501

The Group recorded a current quarter profit before tax of RM1.7 million, an increase of RM0.2 million over the preceding quarter primarily contributed by higher sale from machinery and equipment segment which yields a higher profit margin.

**17. Commentary of prospects**

Barring any unforeseen circumstances, the Board of Directors of Eonmetall anticipates the performance of the Group for the financial year 2012 to be improved.

The Group foresees the performance of the steel product segment for the financial year shall remain challenging due to the uncertainties in the global market coupled with the delay of national steel policy liberalization. Notwithstanding this adversity, the Group will continue to focus on cost rationalisation and production efficiency to enhance its competitive edge.

Under the machinery and equipment division, realising the potentials from the patented Palm Fibre Oil Extraction ("PFOE") technology in both Malaysia and Indonesia markets, the Group has identified the oil palm industry as its main business focus going forward. The PFOE plants are expected to be the main revenue contributor to the Group and to further provide the Group with an opportunity to undertake research and development on oil palm downstream activities.

**18. Profit forecast**

The Group did not publish any profit forecast in a public documents in the current financial period-to-date.

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2012****19. Notes to the Condensed Consolidated Statement of Comprehensive Income**

Save as disclosed below and included in the consolidated income statements, there were no other items applicable to be disclosed pursuant to item 16 of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia:

	3 months ended 30.06.2012 RM'000	Period ended 30.06.2012 RM'000
Other income	(909)	(1,651)
Depreciation of property, plant and equipment	1,804	3,666
Depreciation of asset held for sale	91	179
Gain on disposal of property, plant and equipment	(4)	(6)
Net (gain)/loss on foreign exchange	(92)	98

**20. Taxation**

	3 months ended 30.06.2012 RM'000	Period to date ended 30.06.2012 RM'000
Current tax expense	(160)	(397)
Deferred tax expense	13	26
	<u>(147)</u>	<u>(371)</u>

The Group's effective tax rate for the current period and financial period to-date are lower than the statutory rate of tax applicable mainly due to utilization of tax incentives by certain subsidiaries of the Group.

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 JUNE 2012****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	Payable after 12 months
	RM' 000	RM' 000
<b>RM denominated borrowings</b>		
<b><u>Secured</u></b>		
Term loans	8,112	19,414
Hire purchases	275	754
	8,387	20,168
<b><u>Unsecured</u></b>		
Bank overdrafts	2,197	-
Bankers' acceptances	26,402	-
Revolving credit	-	-
	28,599	-
Total RM denominated borrowing	36,986	20,168
<b>USD denominated borrowings</b>		
<b><u>Unsecured</u></b>		
Trade loan	236	-
<b>Total borrowings</b>	<b>37,222</b>	<b>20,168</b>

## **EONMETALL GROUP BERHAD**

(Company No. 631617-D)

(Incorporated in Malaysia)

### **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012**

#### **23. Changes in material litigation**

There was 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 (Transferred and registered in Kuala Lumpur High Court as Civil Suit No. 22NCVC-513-2011)

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.

The defendants have counter-claimed on the basis that the defamation suit is an abuse of the court process.

The trial of the matter proceeded before the Kuala Lumpur High Court on the 9th to 10th of May 2012 and 4<sup>th</sup> to 5<sup>th</sup> June 2012 and proceeded with submission and clarification on the 6th August 2012. The judgement is expected to be delivered on the 16th October 2012.

#### **24. Dividends**

The Board of Eonmetall had on 23 February 2012 recommended a final dividend of 5.0% tax exempt in respect of the financial year ended 31 December 2011 which was approved by the shareholders at the Annual General Meeting on 21 June 2012. The final dividend was paid on 26 July 2012 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 29 June 2012.



## EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

### SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012

#### 25. 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 30.06.2012 RM'000	As at 31.12.2011 RM'000 (Restated)
Total retained profits of Eonmetall Group Berhad and its subsidiaries:		
- Realized	111,328	112,369
- Unrealized	(2,082)	(1,438)
Total share of retained profits from associated companies:		
- Realized	1,188	1,384
- Unrealized	-	-
Total share of retained profits from jointly controlled entities:		
- Realized	-	-
- Unrealized	-	-
Less: Consolidation adjustments	(56,380)	(56,845)
Total Group retained profits as per consolidation accounts	<b><u>54,054</u></b>	<b><u>55,470</u></b>

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

**SELECTED EXPLANATORY NOTES  
 TO THE INTERIM FINANCIAL REPORT  
 FOR THE PERIOD ENDED 30 JUNE 2012**

**26. Earnings per share**

The earnings per share were computed based on the net profit divided by the weighted average number of shares in issue net of treasury shares:

	Three months ended	Period to date ended
	30.06.2012	30.06.2012
Profit after tax attributable to owners of the Company (RM'000)	1,560	2,838
<b>Basic :</b>		
Weighted average number of shares in issue ('000)	170,160	170,160
Basic earnings per share (sen)	<u>0.92</u>	<u>1.67</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 24<sup>th</sup> August 2012**