

EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

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

	Three Months Ended		Period To Date Ended	
	30-Sep-12	30-Sep-11	30-Sep-12	30-Sep-11
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Continuing Operations				
Revenue	<u>39,054</u>	<u>42,817</u>	<u>107,735</u>	<u>119,160</u>
Operating profit	3,954	4,719	8,898	12,605
Interest expense	(1,157)	(755)	(2,714)	(2,520)
Interest income	5	8	19	20
Share of (loss)/profit after tax of equity accounted associates	(70)	(142)	(266)	(3)
Profit before tax	<u>2,732</u>	<u>3,830</u>	<u>5,937</u>	<u>10,102</u>
Tax expense	(490)	44	(861)	(133)
Profit after tax from continuing operations	<u>2,242</u>	<u>3,874</u>	<u>5,076</u>	<u>9,969</u>
Other comprehensive income	(44)	-	43	-
Total comprehensive income	<u>2,198</u>	<u>3,874</u>	<u>5,119</u>	<u>9,969</u>
Profit after tax attributable to:				
Owners of parent	2,249	3,874	5,084	9,969
Non-controlling interests	(7)	-	(8)	-
	<u>2,242</u>	<u>3,874</u>	<u>5,076</u>	<u>9,969</u>
Total comprehensive income attributable to:				
Owners of parent	2,205	3,874	5,127	9,969
Non-controlling interests	(7)	-	(8)	-
	<u>2,198</u>	<u>3,874</u>	<u>5,119</u>	<u>9,969</u>
Earnings per share attributable to owners of the Company				
Basic earnings per share (sen)	<u>1.33</u>	<u>2.26</u>	<u>2.99</u>	<u>5.82</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 THIRD QUARTER ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2012

	Unaudited 30-Sep-12 RM'000	Audited 31-Dec-11 RM'000 (Restated)	Audited 01-Jan-11 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	107,419	100,162	118,663
Investment properties	30,403	29,044	6,489
Investment in associates	2,557	2,824	3,335
Deferred tax assets	1,625	1,625	2,267
	<u>142,004</u>	<u>133,655</u>	<u>130,754</u>
Current assets			
Trade and other receivables	24,754	25,302	15,831
Inventories	45,958	53,962	59,831
Current tax assets	8	263	174
Cash and cash equivalents	5,427	2,942	7,412
	<u>76,147</u>	<u>82,469</u>	<u>83,248</u>
Assets classified as held for sale	22,619	22,145	-
TOTAL ASSETS	<u>240,770</u>	<u>238,269</u>	<u>214,002</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	85,585	85,585	85,585
Treasury share, at cost	(779)	(293)	-
Share premium	1,549	1,549	1,549
Share option reserve	790	790	792
Statutory reserve	102	102	102
Translation reserve	94	51	81
Retained earnings	56,300	55,470	50,250
	<u>143,641</u>	<u>143,254</u>	<u>138,359</u>
Non-controlling interests	144	152	-
TOTAL EQUITY	<u>143,785</u>	<u>143,406</u>	<u>138,359</u>
LIABILITIES			
Non-current liabilities			
Loans and borrowings	18,321	24,176	20,234
Deferred tax liabilities	2,991	3,029	3,029
	<u>21,312</u>	<u>27,205</u>	<u>23,263</u>
Current liabilities			
Trade and other payables	23,065	14,820	12,751
Loans and borrowings	52,176	52,385	39,629
Current tax liabilities	432	453	-
	<u>75,673</u>	<u>67,658</u>	<u>52,380</u>
TOTAL LIABILITIES	<u>96,985</u>	<u>94,863</u>	<u>75,643</u>
TOTAL EQUITY AND LIABILITIES	<u>240,770</u>	<u>238,269</u>	<u>214,002</u>
	-	-	-
Net assets per share (RM)	<u>0.85</u>	<u>0.84</u>	<u>0.81</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 2011.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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	RM'000				RM'000	RM'000
Balance at 1 January 2011, as previously stated	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			
Balance at 1 January 2011, as restated	85,585	1,549	-	792	102	81	50,250	138,359	-	138,359			
Profit for the period	-	-	-	-	-	-	9,969	9,969	-	9,969			
Foreign exchange translation differences	-	-	-	-	-	45	-	45	-	45			
Total comprehensive income for the period	-	-	-	-	-	45	9,969	10,014	-	10,014			
Dividend to shareholders	-	-	-	-	-	-	(4,279)	(4,279)	-	(4,279)			
Balance at 30 September 2011, as restated	85,585	1,549	-	792	102	126	55,940	144,094	-	144,094			

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 THIRD QUARTER ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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	RM'000				RM'000	RM'000
Balance at 1 January 2012, as previously stated	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			
Balance at 1 January 2012, as restated	85,585	1,549	(293)	790	102	51	55,470	143,254	152	143,406			
Profit for the period	-	-	-	-	-	-	5,084	5,084	(8)	5,076			
Foreign exchange translation differences	-	-	-	-	-	43	-	43	-	43			
Total comprehensive income for the period	-	-	-	-	-	43	5,084	5,127	(8)	5,119			
Purchase of treasury shares	-	-	(486)	-	-	-	-	(486)	-	(486)			
Dividend to shareholders	-	-	-	-	-	-	(4,254)	(4,254)	-	(4,254)			
Balance at 30 September 2012, as restated	85,585	1,549	(779)	790	102	94	56,300	143,641	144	143,785			

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 THIRD QUARTER ENDED 30 SEPTEMBER 2012

(The figures have not been audited)

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

	Period ended	
	30-Sep-12 RM'000	30-Sep-11 RM'000
Cash flows from operating activities		
Profit after tax from continuing operations	5,937	10,246
Adjustments for:		
Depreciation of property, plant and equipment	5,480	5,715
Depreciation of investment properties	194	55
Depreciation of assets held for sale	270	-
Interest expense	2,714	2,520
Interest income	(19)	(20)
Share of loss after tax of equity accounted associates	266	3
Gain on disposal of plant and equipment	(6)	(46)
Operating profit before changes in working capital	14,836	18,473
Changes in working capital:		
Inventories	8,004	(9,526)
Trade and other receivables	548	(8,001)
Trade and other payables	8,245	(257)
Cash generated from/(used in) operations	31,633	689
Tax paid	(665)	(273)
Net cash generated from operating activities	30,968	416
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,760)	(20,674)
Purchase of assets held for sale	(744)	-
Purchase of investment property	(1,552)	(125)
Interest received	19	20
Proceeds from disposal of plant and equipment	29	198
Purchase of treasury shares	(486)	-
Net cash used in investing activities	(15,494)	(20,581)
Cash flows from financing activities		
Short term borrowings, net	1,663	21,187
Drawdown of term loans	-	11,872
Repayment of term loans	(6,225)	(5,484)
Repayment of hire purchase liabilities	3	(94)
Dividend paid to shareholders of the Company	(4,254)	(4,279)
Interest paid	(2,714)	(2,520)
Net cash generated (used in)/from financing activities	(11,527)	20,682
Net increase in cash and cash equivalents	3,947	517
Effect of exchange rate changes	43	45
Cash and cash equivalents at beginning of period	(3,563)	2,396
Cash and cash equivalents at end of financial period	427	2,958
Notes:		
A) Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise :		
Cash & bank balances	5,427	7,015
Deposits with licensed banks (excluding deposits pledged)	-	200
Bank overdrafts	(5,000)	(4,257)
	427	2,958

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.

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

	As previously reported RM'000	Effects of transition to MFRSs RM'000	As restated RM'000
Operating profit	12,749	(144)	12,605
Tax expense	(172)	39	(133)

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

	As previously reported RM'000	Effects of transition to MFRSs RM'000	As restated RM'000
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

	As previously reported RM'000	Effects of transition to MFRSs RM'000	As restated RM'000
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 SEPTEMBER 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.

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.

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

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 September 2012:-

- 1,000 of its own shares at RM0.345 per share for a total cash consideration of RM345 had purchased as treasury shares on 25 May 2012
- 1,500,000 of its own shares at RM0.324 per share for a total cash consideration of RM486,000 had purchased as treasury shares on 23 Jul 2012.

8. Dividends paid

During the financial period, the Company paid a final dividend of 5.0% or 2.50 sen per share (Tax Exempt) totaling RM4,254,000.00 in respect of the financial year ended 31 December 2011 on 26 July 2012.

9. Segment revenue and results

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

Period-to-date ended 30-September-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	45,049	71,415	-	116,464
Inter-segment revenue	(3,188)	(5,541)	-	(8,729)
External revenue	41,861	65,874	-	107,735
Interest income	11	4	4	19
Interest expense	483	1,422	809	2,714
Depreciation and amortisation	670	4,863	411	5,944
Share of results of associates	-	-	(266)	(266)
Segment profit/(loss)	10,949	(3,634)	(1,378)	5,937

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2012****9. Segment revenue and results (cont'd)**

Period-to-date ended 30-September-11(Restated)	Machinery and equipment RM'000	Steel product and trading activity RM'000	Property, investment holding and others RM'000	Total of all segments RM'000
External revenue	40,698	106,684	7	147,389
Inter-segment revenue	(19,001)	(9,228)	-	(28,229)
Total revenue	21,697	97,456	7	119,160
Interest income	12	8	-	20
Interest expense	670	1,660	190	2,520
Depreciation and amortisation	483	5,059	228	5,770
Share of results of associates	-	-	3	3
Segment profit	3,684	5,351	1,067	10,102

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

There were no materials events subsequent to the end of the quarter under review which has not been reflected in this interim financial report save as below:

On 16 November 2012, the Company acquired a new subsidiary, Eonsteel Sarawak Sdn Bhd (formally known as Ecogreen Tech Sdn Bhd) ("Eonsteel Sarawak") for a total cash consideration of RM2.00. Eonsteel Sarawak is a 100% owned subsidiary of the Company. The initial paid-up capital of Eonsteel Sarawak is RM2 with the authorised share capital of RM100,000. Eonsteel Sarawak will be principally engaged in manufacturing of steel products. The directors of Eonsteel Sarawak are Mr Yeoh Cheng Chye and Mr Goh Hong Kent.

11. Changes in the composition of the Group

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

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
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12. Changes in contingent liabilities or contingent assets

	As at 30.09.2012 RM'000	As at 31.12.2011 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>204,752</u>	<u>207,546</u>

13. Capital commitments

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

	As at 30.09.2012 RM'000
Contracted but not provided for	<u>8,864</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 nine months period ended 30 September 2012.

	Period ended 30.09.2012 RM'000
Rental of premises	702
Sale of goods	42,971
Purchase of goods	<u>5,099</u>

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**SELECTED EXPLANATORY NOTES
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FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

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

15. Review of performance

For the current year quarter ended 30 September 2012, the Group recorded consolidated revenue of approximately RM39.1 million. This represents a reduction of 9% as compared to RM42.8 million recorded in corresponding period in the prior financial year. The Group's revenue for the financial period-to-date also recorded a drop of 10% from RM119.2 million down to RM107.7 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 RM5.9 million, a decline of 42% as compared to the preceding year corresponding financial period of RM10.1 million (restated). The performances of the operating business segment are as follows:-

(a) Machinery and equipment segment

Revenue for this segment showed an encouraging growth of 37% from RM10.9 million to RM14.9 million for current quarter under review over corresponding quarter preceding year. Revenue generated from this segment increased by 93% to RM41.9 million for the financial period under review as compared to revenue of RM21.7 million reported in the previous year corresponding period. In tandem with the increase in revenue from of this segment, profit before tax ("PBT") increased from RM3.7 million to RM10.9 million for the current financial period.

(b) Steel product and trading activity segment

This segment recorded revenue of RM24.1 million for the current quarter under review as compared to RM31.9 million during corresponding quarter preceding year. Revenue for the current financial period of RM65.9 million, representing a decrease of RM31.6 million (from RM97.5 million down to RM65.9 million) as compared to the corresponding financial period preceding year. PBT contributed from this segment dropped from RM5.4 million to a loss before tax of RM3.6 million mainly due to decline in market demand for steel products and lower volume of 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 SEPTEMBER 2012

16. Variation of results against preceding quarter

	Individual quarter ended	
	30.09.2012	30.06.2012
	RM'000	RM'000
Revenue	39,054	38,842
Profit before tax ("PBT")	<u>2,732</u>	<u>1,704</u>

The Group recorded a current quarter profit before tax of RM2.7 million, an increase of RM1.0 million over the preceding quarter primarily contributed by higher sale from machinery and equipment segment which generally yields a higher profit margin as compared to other segment.

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
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FOR THE PERIOD ENDED 30 SEPTEMBER 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 30.09.2012 RM'000	Period ended 30.09.2012 RM'000
Other income	(292)	(1,944)
Depreciation of property, plant and equipment	1,814	5,480
Depreciation of investment properties	194	194
Depreciation of asset held for sale	91	270
Gain on disposal of property, plant and equipment	-	(6)
Net loss on foreign exchange	95	193

20. Taxation

	3 months ended 30.09.2012 RM'000	Period to date ended 30.09.2012 RM'000
Current tax expense	(503)	(900)
Deferred tax expense	13	39
	<u>(490)</u>	<u>(861)</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
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21. Status of corporate proposal announced

There were no corporate proposals announced but not completed as at the date of this announcement save as below:-

- a) Eonchem Biomass Sdn Bhd, a wholly-owned subsidiary of Eonmetall, had on 6 September 2012, entered into a conditional sale and purchase agreement with Astral Dragon Sdn Bhd for the acquisition of a parcel of an industrial land measuring approximately 39,606.58 square metres (or equivalent to approximately 426,321.68 square feet or 3.96 hectares) held under Title No. GM 390, Lot No. 391, Mukim 12, Daerah Seberang Perai Selatan, Pulau Pinang, but excluding the buildings (which comprise a single-storey factory, a palm fibre oil extraction plant, a single-storey warehouse and a boiler house) and site improvements (which include clearing and levelling of the land, drainage, fencing and gate, paving and etc.) erected thereon, situated in a locality known as Kawasan Perindustrian Valdor (also known as Kawasan Perusahaan Valdor), Sungai Bakap, Pulau Pinang, for a cash consideration of RM7,673,782.74 (“Proposed acquisition”) and,
- b) Eonmetall Systems Sdn Bhd, a wholly-owned subsidiary of Eonmetall, had on 6 September 2012, entered into a conditional sale and purchase agreement with Leader Steel Sdn Bhd, a wholly-owned subsidiary of Leader Steel Holdings Berhad, for the disposal of a parcel of an industrial land together with an almost completed single-storey detached factory with an office erected thereon measuring approximately 39,250.05 square metres (or equivalent to approximately 422,484.02 square feet or 3.93 hectares) held under Title No. GRN 77765, Lot No. 1596, Mukim 12, Daerah Seberang Perai Selatan, Pulau Pinang, situated in a locality known as Kawasan Perindustrian Valdor (also known as Kawasan Perusahaan Valdor), Sungai Bakap, Pulau Pinang, for a cash consideration of RM12,100,000.00 (Proposed Disposal”).

Both Proposed Acquisition and Proposed Disposal are subject to approvals being obtained from the shareholders of the Company at an Extraordinary General Meeting (“EGM”) to be convened and the date of EGM have not determined at the date of this interim report.

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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 period are as follows: -

	Payable within 12 months	Payable after 12 months
RM denominated borrowings	RM'000	RM'000
<u>Secured</u>		
Term loans	8,047	17,463
Hire purchases	315	858
	8,362	18,321
<u>Unsecured</u>		
Bank overdrafts	5,000	-
Bankers' acceptances	36,078	-
Revolving credit	2,500	-
	43,578	-
Total RM denominated borrowing	51,940	18,321
USD denominated borrowings		
<u>Unsecured</u>		
Trade loan	236	-
Total borrowings	52,176	18,321

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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 Company had on 17 October 2012, announced that following hearing of both parties and their witnesses, the Kuala Lumpur High Court had, on 16 October 2012, ordered that the Plaintiff’s claim be dismissed with cost and the Defendants’ counter-claim be dismissed with cost as well.

24. Dividends

The Board of Directors does not recommend any dividend for the time being this financial year.

EONMETALL GROUP BERHAD**(Company No. 631617-D)****(Incorporated in Malaysia)****SELECTED EXPLANATORY NOTES
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FOR THE PERIOD ENDED 30 SEPTEMBER 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 30.09.2012 RM'000	As at 31.12.2011 RM'000 (Restated)
Total retained profits of Eonmetall Group Berhad and its subsidiaries:		
- Realized	113,160	112,369
- Unrealized	(2,188)	(1,438)
Total share of retained profits from associated companies:		
- Realized	1,117	1,384
- Unrealized	-	-
Total share of retained profits from jointly controlled entities:		
- Realized	-	-
- Unrealized	-	-
Less: Consolidation adjustments	(55,789)	(56,845)
Total Group retained profits as per consolidation accounts	<u>56,300</u>	<u>55,470</u>

EONMETALL GROUP BERHAD
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**SELECTED EXPLANATORY NOTES
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 FOR THE PERIOD ENDED 30 SEPTEMBER 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
	30.09.2012	30.09.2012
Profit after tax attributable to owners of the Company (RM'000)	2,249	5,084
Basic :		
Weighted average number of shares in issue ('000)	169,019	169,777
Basic earnings per share (sen)	1.33	2.99
Diluted :		
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 29th November 2012