

# EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FORTH QUARTER ENDED 31 DECEMBER 2012

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Three Months Ended		Year Ended	
	31-Dec-12 RM'000	31-Dec-11 RM'000 (Restated)	31-Dec-12 RM'000	31-Dec-11 RM'000 (Restated)
<b>Continuing Operations</b>				
Revenue	<u>37,139</u>	<u>43,353</u>	<u>144,874</u>	<u>162,515</u>
Operating profit	733	2,133	9,631	14,738
Interest expense	(830)	(863)	(3,544)	(3,383)
Interest income	1	5	20	25
Share of loss after tax of equity accounted associates	(72)	(238)	(338)	(241)
<b>(Loss)/profit before tax</b>	<u>(168)</u>	<u>1,037</u>	<u>5,769</u>	<u>11,139</u>
Tax expense	216	(1,513)	(645)	(1,646)
<b>Profit/(loss) after tax from continuing operations</b>	<u>48</u>	<u>(476)</u>	<u>5,124</u>	<u>9,493</u>
Other comprehensive income/(expense)	9	(30)	52	(30)
<b>Total comprehensive income/(expense)</b>	<u>57</u>	<u>(506)</u>	<u>5,176</u>	<u>9,463</u>
<b>Profit/(loss) after tax attributable to:</b>				
Owners of parent	49	(472)	5,133	9,497
Non-controlling interests	<u>(1)</u>	<u>(4)</u>	<u>(9)</u>	<u>(4)</u>
	<u>48</u>	<u>(476)</u>	<u>5,124</u>	<u>9,493</u>
<b>Total comprehensive income/(expense) attributable to:</b>				
Owners of parent	58	(502)	5,185	9,467
Non-controlling interests	<u>(1)</u>	<u>(4)</u>	<u>(9)</u>	<u>(4)</u>
	<u>57</u>	<u>(506)</u>	<u>5,176</u>	<u>9,463</u>
<b>Earnings/(loss) per share attributable to owners of the Company</b>				
Basic earnings per share (sen)	<u>0.03</u>	<u>(4.63)</u>	<u>3.03</u>	<u>5.56</u>
Diluted earnings per share (sen)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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.

**EONMETALL GROUP BERHAD**

(Company No. 631617 D)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012**

	Unaudited 31-Dec-12 RM'000	Audited 31-Dec-11 RM'000 (Restated)	Audited 1-Jan-11 RM'000 (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	108,988	100,162	118,663
Investment properties	30,373	29,044	6,489
Investment in associates	2,486	2,824	3,335
Deferred tax assets	1,625	1,625	2,267
	<u>143,472</u>	<u>133,655</u>	<u>130,754</u>
<b>Current assets</b>			
Trade and other receivables	28,384	25,302	15,831
Inventories	47,769	53,962	59,831
Current tax assets	333	263	174
Cash and cash equivalents	1,245	2,942	7,412
	<u>77,731</u>	<u>82,469</u>	<u>83,248</u>
Assets classified as held for sale	22,940	22,145	-
	<u>244,143</u>	<u>238,269</u>	<u>214,002</u>
<b>TOTAL ASSETS</b>			
<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	(779)	(293)	-
Share premium	1,549	1,549	1,549
Share option reserve	742	790	792
Statutory reserve	102	102	102
Translation reserve	103	51	81
Retained earnings	56,397	55,470	50,250
	<u>143,699</u>	<u>143,254</u>	<u>138,359</u>
Non-controlling interests	361	152	-
	<u>144,060</u>	<u>143,406</u>	<u>138,359</u>
<b>TOTAL EQUITY</b>			
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	16,514	24,176	20,234
Deferred tax liabilities	3,205	3,029	3,029
	<u>19,719</u>	<u>27,205</u>	<u>23,263</u>
<b>Current liabilities</b>			
Trade and other payables	21,667	14,820	12,751
Loans and borrowings	58,574	52,385	39,629
Current tax liabilities	123	453	-
	<u>80,364</u>	<u>67,658</u>	<u>52,380</u>
	<u>100,083</u>	<u>94,863</u>	<u>75,643</u>
<b>TOTAL LIABILITIES</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>			
	<u>244,143</u>	<u>238,269</u>	<u>214,002</u>
	-	-	-
<b>Net assets per share (RM)</b>	<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.

**EONMETALL GROUP BERHAD**

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FORTH QUARTER ENDED 31 DECEMBER 2012**  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012**

	← Non-distributable					Distributable			Total attributable to owner of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share option reserve RM'000	Statutory reserve RM'000	Translation reserve RM'000	Retained earnings 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 year	-	-	-	-	-	-	9,497	9,497	(4)	9,493	
Foreign exchange translation differences	-	-	-	-	-	(30)	-	(30)	-	(30)	
Total comprehensive income for the year	-	-	-	-	-	(30)	9,497	9,467	(4)	9,463	
Non-controlling interest arising on a business combination	-	-	-	-	-	-	-	-	156	156	
Option exercised and lapsed due to resignation	-	-	-	(2)	-	-	2	-	-	-	
Purchase of treasury shares	-	-	(293)	-	-	-	-	(293)	-	(293)	
Dividend to shareholders	-	-	-	-	-	-	(4,279)	(4,279)	-	(4,279)	
<b>Balance at 31 December 2011, as restated</b>	85,585	1,549	(293)	790	102	51	55,470	143,254	152	143,406	

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)  
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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FORTH QUARTER ENDED 31 DECEMBER 2012**  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012**

	Non-distributable					Distributable			Total attributable to owner of the parent RM'000	Non- controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Share option reserve RM'000	Statutory reserve RM'000	Translation reserve RM'000	Retained earnings 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 year	-	-	-	-	-	-	5,133	5,133	(9)	5,124	
Foreign exchange translation differences	-	-	-	-	-	52	-	52	-	52	
Total comprehensive income for the year	-	-	-	-	-	52	5,133	5,185	(9)	5,176	
Purchase of treasury shares	-	-	(486)	-	-	-	-	(486)	-	(486)	
Non-controlling interest arising on a business combination	-	-	-	-	-	-	-	-	218	218	
Option lapsed due to resignation	-	-	-	(48)	-	-	48	-	-	-	
Dividend to shareholders	-	-	-	-	-	-	(4,254)	(4,254)	-	(4,254)	
<b>Balance at 31 December 2012, as restated</b>	85,585	1,549	(779)	742	102	103	56,397	143,699	361	144,060	

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 FORTH QUARTER ENDED 31 DECEMBER 2012**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012**

	Year ended	
	31-Dec-12 RM'000	31-Dec-11 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax from continuing operations	5,769	11,139
Adjustments for:		
Depreciation of property, plant and equipment	7,315	7,824
Depreciation of investment properties	290	75
Interest expense	3,544	3,383
Interest income	(20)	(25)
Impairment loss of trade receivables	566	480
Inventories written down	130	880
Share of loss after tax of equity accounted associates	338	241
Gain on disposal of plant and equipment	(6)	(60)
Operating profit before changes in working capital	17,926	23,937
Changes in working capital:		
Inventories	6,063	(2,000)
Trade and other receivables	(3,430)	(9,796)
Trade and other payables	6,847	2,069
Cash generated from operations	27,406	14,210
Tax paid	(869)	(640)
<b>Net cash generated from operating activities</b>	26,537	13,570
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(16,173)	(26,761)
Purchase of assets held for sale	(795)	-
Purchase of investment property	(1,619)	(136)
Dividend received from associated company	-	269
Interest received	20	25
Proceeds from disposal of plant and equipment	38	248
Purchase of treasury shares	(486)	(293)
<b>Net cash used in investing activities</b>	(19,015)	(26,648)
<b>Cash flows from financing activities</b>		
Short term borrowings, net	6,673	9,636
(Repayment)/proceeds of term loans	(8,298)	5,431
Repayment of hire purchase liabilities	319	(257)
Dividend paid to shareholders of the Company	(4,254)	(4,279)
Interest paid	(3,544)	(3,383)
<b>Net cash (used in)/generated from financing activities</b>	(9,104)	7,148
Net decrease in cash and cash equivalents	(1,582)	(5,930)
Effect of exchange rate changes	52	(30)
Cash and cash equivalents at beginning of year	(3,564)	2,396
<b>Cash and cash equivalents at end of financial year</b>	(5,094)	(3,564)
<b>Notes:</b>		
A) Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise :		
Cash & bank balances	1,245	2,942
Bank overdrafts	(6,339)	(6,506)
	(5,094)	(3,564)

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**

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### **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 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 YEAR ENDED 31 DECEMBER 2012****2. Significant Accounting Policies (Cont'd)****(a) Reconciliation of Comprehensive Income for the year ended 31 December 2011**

	As previously reported RM'000	Effects of transition to MFRSs RM'000	As restated RM'000
Operating profit	14,930	(192)	14,738
Tax expense	(1,696)	50	(1,646)

**(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 YEAR ENDED 31 DECEMBER 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 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits (Revised)
- MFRS 127, Separate Financial Statements
- MFRS 128, Investments in Associates and Joint Ventures
- Amendment to MFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendment to MFRSs Annual Improvements 2009-2011 Cycle
- Amendment to MFRS 10, MFRS 11 and MFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities : Transition Guidance
- 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

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015**

- MFRS 9 and Transition Disclosures (Mandatory Effective Date on 1 January 2015)
- MFRS 9 Financial Instruments



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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**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.

**6. Material changes in estimates**

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

**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 year ended 31 December 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.
- 1,000 of its own shares at RM0.32 per share for a total cash consideration of RM320 had purchased as treasury shares on 30 November 2012.

**8. Dividends paid**

During the financial year, 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.

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**9. Segment revenue and results**

Segmental reporting for the financial year is as below:-

Year-to-date ended 31-December-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	65,280	91,510	5,372	162,162
Inter-segment revenue	(3,188)	(9,043)	(5,057)	(17,288)
External revenue	62,092	82,467	315	144,874
Interest income	11	5	4	20
Interest expense	671	1,965	908	3,544
Depreciation and amortisation	914	6,091	600	7,605
Share of results of associates	-	-	(338)	(338)
Segment profit/(loss)	14,043	(5,920)	(2,354)	5,769

Year-to-date ended 31-December-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	66,126	139,531	5,335	210,992
Inter-segment revenue	(32,439)	(10,711)	(5,327)	(48,477)
Total revenue	33,687	128,820	8	162,515
Interest income	14	10	1	25
Interest expense	843	2,284	256	3,383
Depreciation and amortisation	835	6,769	295	7,899
Share of results of associates	-	-	(241)	(241)
Segment profit	6,831	3,190	1,118	11,139

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**SELECTED EXPLANATORY NOTES  
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FOR THE YEAR ENDED 31 DECEMBER 2012**

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

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 14 January 2013, the company had entered into an agreement with Corporate Cosmo Sdn Bhd for the disposal of all its 100% equity interest representing 2 ordinary shares of RM1 each in Eonmetall Petro-Chem (M) Sdn Bhd (EPCSB) for a total cash consideration of RM2,000,002. Following the disposal, EPCSB ceased to be a wholly owned subsidiary of the Company.

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

There were no changes in the composition of the Group during the financial year save as below:-.

Eonmetall International Limited ("EIL"), a wholly owned subsidiary of the Company is currently holding 95% equity shares in PT Eonmetall Investment ("PT Eonmetall") consisting of 1,000,000 shares of USD 1 per share. The Minister of Law and Human Right, Indonesia had granted its approval on 10 December 2012 vide approval number AHU-AH.01.10-43902 for the disposal of 7% equity shares of the total issued and paid-up shares in PT Eonmetall to Induk Koperasi Unit Desa for a cash consideration of USD 70,000.00. This disposal is deemed completed on the date of approval obtained.

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

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	204,252	207,546

**13. Capital commitments**

The capital commitments as at 31 December 2012 was as follows:-

	As at 31.12.2012 RM'000
Contracted but not provided for	<u>7,673</u>

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**SELECTED EXPLANATORY NOTES  
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FOR THE YEAR ENDED 31 DECEMBER 2012**

**14. Related Party Transactions**

Below are transactions with companies in which a Director / his spouse and persons connected to them having controlling interests during the financial year ended 31 December 2012.

	Year ended 31.12.2012 RM'000
Rental of premises	831
Sale of goods	50,598
Purchase of goods	<u>7,226</u>

**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 31 December 2012, the Group recorded consolidated revenue of approximately RM37.1 million. This represents a reduction of 15% as compared to RM43.4 million recorded in corresponding quarter in the prior financial year. The Group's revenue for the current financial year also recorded a drop of 11% from RM162.5 million down to RM144.9 million as compared to the corresponding financial year primarily driven by lower demand in steel product and trading activity segment.

The Group recorded a profit before tax ("PBT") of RM5.8 million, a decline of 48% as compared to the preceding year corresponding financial year of RM11.1 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 68% from RM12.0 million to RM20.2 million for current quarter under review over corresponding quarter preceding year. Revenue generated from this segment increased by 84% to RM62.1 million for the financial year under review as compared to RM33.7 million reported in the previous year. In tandem with the increase in revenue from of this segment, profit before tax ("PBT") increased from RM6.8 million to RM14.0 million for the current financial year.

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### SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

#### 15. Review of performance (Cont'd)

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

This segment recorded a revenue of RM16.6 million for the current quarter under review as compared to RM31.4 million during corresponding quarter preceding year. Revenue for the current financial year of RM82.5 million representing a decrease of RM46.3 million (from RM128.8 million down to RM82.5 million) as compared to the corresponding financial year. PBT contributed from this segment dropped from RM3.2 million to a loss before tax of RM5.9 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.

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

	Individual quarter ended	
	31.12.2012	30.09.2012
	RM'000	RM'000
Revenue	37,139	39,053
Profit before tax ("PBT")	(168)	2,732

The Group recorded a current quarter loss before tax of RM0.2 million, a decrease of RM2.9 million over the preceding quarter which is in line with the decrease in revenue for the current quarter under review. The drop also due to the allowance for doubtful debts made of RM0.5 million and inventory written down of RM0.1 million.

#### 17. Commentary of prospects

Barring any unforeseen changes in global business environment, the Board of Directors of Eonmetall anticipates the performance of the Group for the financial year 2013 to be improved.

#### 18. Profit forecast

The Group did not publish any profit forecast in a public documents in the current financial year.

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**SELECTED EXPLANATORY NOTES  
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**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 31.12.2012 RM'000	Year ended 31.12.2012 RM'000
Other income	175	(1,769)
Depreciation of property, plant and equipment	1,835	7,315
Depreciation of investment properties	96	290
Gain on disposal of property, plant and equipment	-	(6)
Impairment loss of trade receivables	566	566
Inventories written down	130	130
Realised loss on foreign exchange	116	309
Unrealised loss on foreign exchange	6	6

**20. Taxation**

	3 months ended 31.12.2012 RM'000	Year ended 31.12.2012 RM'000
Current tax expense	431	(469)
Deferred tax expense	(215)	(176)

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.

**21. Status of corporate proposal announced**

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

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**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
<b>RM denominated borrowings</b>		
<b><u>Secured</u></b>		
Term loans	8,003	15,435
Hire purchases	408	1,079
	8,411	16,514
<b><u>Unsecured</u></b>		
Bank overdrafts	6,339	-
Bankers' acceptances	36,964	-
Bill discounting	1,860	-
Revolving credit	5,000	-
	50,163	-
<b>Total borrowings</b>	<b>58,574</b>	<b>16,514</b>

**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.

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**24. Dividends**

The Board of Eonmetall had on 27 February 2013 recommended a final dividend of 3.5% tax exempt in respect of the financial year ended 31 December 2012 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

**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 31.12.2012 RM'000	As at 31.12.2011 RM'000 (Restated)
Total retained profits of Eonmetall Group Berhad and its subsidiaries:		
- Realized	112,021	112,369
- Unrealized	(2,330)	(1,438)
Total share of retained profits from associated companies:		
- Realized	1,046	1,384
- Unrealized	-	-
Total share of retained profits from jointly controlled entities:		
- Realized	-	-
- Unrealized	-	-
Less: Consolidation adjustments	(54,340)	(56,845)
Total Group retained profits as per consolidation accounts	<b><u>56,397</u></b>	<b><u>55,470</u></b>



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**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	Year ended
	31.12.2012	31.12.2012
Profit after tax attributable to owners of the Company (RM'000)	49	5,133
<b>Basic :</b>		
Weighted average number of shares in issue ('000)	168,659	169,496
Basic earnings per share (sen)	<u>0.03</u>	<u>3.03</u>
<b>Diluted :</b>		
Diluted earnings per share (sen)	<u>-</u>	<u>-</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

Yeoh Cheng Chye  
Managing Director

**DATED THIS 27<sup>th</sup> February 2013**