

EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

	Three Months Ended		Period Ended	
	30-Sep-14 RM'000	30-Sep-13 RM'000	30-Sep-14 RM'000	30-Sep-13 RM'000
Continuing Operations				
Revenue	<u>13,114</u>	<u>13,078</u>	<u>47,761</u>	<u>59,045</u>
Operating (loss)/profit	(515)	(1,752)	371	798
Interest expense	(773)	(1,177)	(2,451)	(3,085)
Interest income	1	-	3	1
Loss before tax	<u>(1,287)</u>	<u>(2,929)</u>	<u>(2,077)</u>	<u>(2,286)</u>
Tax expense	(28)	(87)	(182)	(357)
Loss after tax from continuing operations	<u>(1,315)</u>	<u>(3,016)</u>	<u>(2,259)</u>	<u>(2,643)</u>
Other comprehensive income/(expense)	13	(3)	16	(80)
Total comprehensive expense	<u>(1,302)</u>	<u>(3,019)</u>	<u>(2,243)</u>	<u>(2,723)</u>
Loss after tax attributable to:				
Owners of parent	(1,312)	(3,015)	(2,261)	(2,632)
Non-controlling interests	<u>(3)</u>	<u>(1)</u>	<u>2</u>	<u>(11)</u>
	<u>(1,315)</u>	<u>(3,016)</u>	<u>(2,259)</u>	<u>(2,643)</u>
Total comprehensive expense attributable to:				
Owners of parent	(1,302)	(3,017)	(2,242)	(2,721)
Non-controlling interests	<u>-</u>	<u>(2)</u>	<u>(1)</u>	<u>(2)</u>
	<u>(1,302)</u>	<u>(3,019)</u>	<u>(2,243)</u>	<u>(2,723)</u>
Loss per share attributable to owners of the Company				
Basic loss per share (sen)	<u>(0.78)</u>	<u>(1.79)</u>	<u>(1.34)</u>	<u>(1.56)</u>
Diluted loss per share (sen)	<u>(0.78)</u>	<u>(1.79)</u>	<u>(1.34)</u>	<u>(1.56)</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 2013.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2014

	Unaudited 30-Sep-14 RM'000	Audited 31-Dec-13 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	102,919	111,197
Investment properties	31,205	30,058
Deferred tax assets	1,625	1,625
Trade and other receivables	927	927
	<u>136,676</u>	<u>143,807</u>
Current assets		
Trade and other receivables	19,794	29,820
Inventories	42,617	37,661
Current tax assets	-	23
Cash and cash equivalents	3,096	2,059
	<u>65,507</u>	<u>69,563</u>
TOTAL ASSETS	<u>202,183</u>	<u>213,370</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	85,585	85,585
Treasury share, at cost	(781)	(780)
Share premium	1,549	1,549
Share option reserve	738	738
Translation reserve	(118)	(134)
Retained earnings	57,303	59,564
	<u>144,276</u>	<u>146,522</u>
Non-controlling interests	321	322
TOTAL EQUITY	<u>144,597</u>	<u>146,844</u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	17,727	27,489
Deferred tax liabilities	3,066	3,065
	<u>20,793</u>	<u>30,554</u>
Current liabilities		
Trade and other payables	5,318	8,688
Loans and borrowings	31,475	26,777
Current tax liabilities	-	507
	<u>36,793</u>	<u>35,972</u>
TOTAL LIABILITIES	<u>57,586</u>	<u>66,526</u>
TOTAL EQUITY AND LIABILITIES	<u>202,183</u>	<u>213,370</u>
	-	-
Net assets per share (RM)	<u>0.86</u>	<u>0.87</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 2013.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	← Non-distributable			→ Distributable			Total	Non-	Total	
	Share capital	Share premium	Treasury shares	Share option reserve	Statutory reserve	Translation reserve	Retained earnings	attributable to owner of the parent	controlling interest	equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2013	85,585	1,549	(779)	742	102	121	56,262	143,582	339	143,921
Loss for the period	-	-	-	-	-	-	(2,632)	(2,632)	(11)	(2,643)
Reversal of translation reserves upon disposal of a subsidiary	-	-	-	-	-	(69)	-	(69)	-	(69)
Foreign currency translations	-	-	-	-	-	(11)	-	(11)	-	(11)
Total comprehensive expense for the period	-	-	-	-	-	(80)	(2,632)	(2,712)	(11)	(2,723)
Purchase of treasury shares	-	-	(1)	-	-	-	-	(1)	-	(1)
Reversal of statutory reserves upon disposal of a subsidiary	-	-	-	-	(102)	-	-	(102)	-	(102)
Dividend to shareholders	-	-	-	-	-	-	(2,952)	(2,952)	-	(2,952)
Balance at 30 September 2013	85,585	1,549	(780)	742	-	41	50,678	137,815	328	138,143
Balance at 1 January 2014	85,585	1,549	(780)	738	-	(134)	59,564	146,522	322	146,844
Loss for the period	-	-	-	-	-	-	(2,261)	(2,261)	2	(2,259)
Foreign currency translations	-	-	-	-	-	16	-	16	(3)	13
Total comprehensive income for the period	-	-	-	-	-	16	(2,261)	(2,245)	(1)	(2,246)
Purchase of treasury shares	-	-	(1)	-	-	-	-	(1)	-	(1)
Balance at 30 September 2014	85,585	1,549	(781)	738	-	(118)	57,303	144,276	321	144,597

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 2013.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	Period ended	
	30-Sep-14 RM'000	30-Sep-13 RM'000
Cash flows from operating activities		
Loss before tax from continuing operations	(2,077)	(2,286)
Adjustments for:		
Depreciation of property, plant and equipment	3,020	4,006
Depreciation of investment property	302	291
Interest expense	2,451	3,085
Interest income	(3)	(1)
Reversal of impairment loss on trade receivable	(18)	-
Inventories written down	(433)	-
Gain on disposal of a subsidiary	-	(338)
Gain on disposal of plant and equipment	(428)	(5)
Operating profit before changes in working capital	2,814	4,752
Changes in working capital:		
Inventories	(4,523)	5,388
Trade and other receivables	10,044	(556)
Trade and other payables	(3,370)	(155)
Cash generated from operations	4,965	9,429
Tax paid	(665)	(514)
Net cash generated from operating activities	4,300	8,915
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,094)	(803)
Purchase of investment property	(1,449)	(49)
Interest received	3	1
Proceeds from disposal of plant and equipment	8,780	5
Purchase of treasury shares	(1)	(1)
Net cash generatedfrom/(used in) investing activities	4,239	(847)
Cash flows from financing activities		
Drawdown of short term borrowings, net	6,107	(10,753)
Drawdown of term loans	-	23,700
Repayment of term loans	(10,776)	(11,486)
Repayment of hire purchase creditors	(321)	(303)
Dividend paid to shareholders of the Company	-	(2,952)
Interest paid	(2,451)	(3,085)
Net cash used in from financing activities	(7,441)	(4,879)
Net increase in cash and cash equivalents	1,098	3,189
Effect of exchange rate changes	13	(11)
Cash and cash equivalents at beginning of period	(414)	(5,094)
Cash and cash equivalents at end of financial period	697	(1,916)

Notes:

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

Cash & bank balances	3,096	1,310
Bank overdrafts	(2,399)	(3,226)
	697	(1,916)

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 2013.

EONMETALL GROUP BERHAD

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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 statements have been reviewed by the external auditors.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013. 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 2013.

2. Significant Accounting Policies

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2013 except for the adoption of the following MFRSs and Amendment to MFRSs and Interpretation:-

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

- Amendment to MFRS 10, Consolidated Financial Statements
- Amendment to MFRS 12, Disclosure of Interests in Other Entities
- Amendment to MFRS 127, Separate Financial Statements (2011)
- Amendment to MFRS 132, Offsetting Financial Assets and Financial Liabilities
- Amendment to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets
- Amendment to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21 Levies

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

- Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions
- Amendments to MFRSs Annual Improvements 2010 – 2012 Cycle
- Amendments to MFRSs Annual Improvements 2011 – 2013 Cycle

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2013 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 financial period-to-date.

6. Material changes in estimates

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

7. 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 quarter under review.

8. Dividends paid

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

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014****9. Segment revenue and results**

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

Period-to-date ended	Machinery and equipment RM'000	Steel product and trading activity RM'000	Property, investment holding and others RM'000	Total RM'000
30-September-14				
Total revenue	11,967	60,005	21	71,993
Inter-segment revenue	(2,800)	(21,432)	-	(24,232)
External revenue	9,167	38,573	21	47,761
Interest income	1	2	-	3
Interest expense	1,152	605	694	2,451
Depreciation and amortisation	732	2,150	440	3,322
Segment (loss)/profit	(2,114)	2,246	(2,209)	(2,077)
Period-to-date ended				
30-September-13				
Total revenue	24,741	42,994	33	67,768
Inter-segment revenue	-	(8,723)	-	(8,723)
External revenue	24,741	34,271	33	59,045
Interest income	1	-	-	1
Interest expense	903	1,261	921	3,085
Depreciation and amortisation	752	3,060	485	4,297
Segment profit/(loss)	439	(173)	(2,552)	(2,286)

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

There were no material events subsequent to the end of the quarter under review which has not been reflected in this interim financial report.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

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 30.09.2014 RM'000	As at 31.12.2013 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>212,324</u>	<u>212,324</u>

13. Capital commitments

As at the date of this announcement, the Group has no material capital commitments.

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 period ended 30 September 2014.

	Period ended 30.09.2014 RM'000
Rental of premises	75
Sale of goods	8,681
Purchase of goods	<u>158</u>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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 third quarter ended 30 September 2014 slightly increased by 0.3% from RM13.0 million to RM13.1 million as compared to the corresponding quarter in the prior financial year while the Group's revenue for the financial period-to-date recorded a drop of 19% from RM59.0 million down to RM47.8 million as compared to the corresponding financial period-to-date. This is mainly attributed by the lower revenue generated from machinery and equipment segment.

The Group's loss before tax ("LBT") of RM2.1million, improved by 9% as compared to the LBT of RM2.3 million recorded in preceding year corresponding financial period. The performance of the operating business segment is presented as follows:-

(a) Machinery and equipment segment

This segment recorded revenue of RM1.3 million for the current quarter as compared to RM3.4 million achieved in the previous year corresponding quarter, representing a decrease of 61%. Revenue for the current financial period decreased by 63% to RM9.2 million as compared to RM24.7 million recorded in previous year corresponding period. This segment recorded LBT of RM0.3 million, an increase of 69% as compared to LBT of RM1.1 million earned from the corresponding quarter in prior year due to lower expenses incurred for the current quarter.

(b) Steel product and trading activity segment

The revenue for the current quarter is RM11.8 million, representing an increase of RM2.1 million (from RM9.7 million to RM11.8 million) as compared to the corresponding quarter preceding year. Revenue generated from this segment increased by 13% to RM38.6 million for the financial period under review as compared to revenue of RM34.3 million reported in the previous year corresponding period. The LBT of RM0.2 million registered in previous year corresponding period increased to PBT of RM2.2 million mainly contributed by the higher revenue coupled with lower production cost.

(c) Property, investment holding and other segment

This segment represents rental income derived from the Group's property offsetting with the operating expenses from all other segments.

EONMETALL GROUP BERHAD

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

16. Variation of results against preceding quarter

	Individual quarter ended	
	30.09.2014	30.06.2014
	RM'000	RM'000
Revenue	13,114	15,310
Loss before tax	<u>(1,287)</u>	<u>(322)</u>

The Group recorded a current quarter LBT of RM1.3 million, a decrease of RM1.0 million LBT over the preceding quarter mainly due to lower revenue generated from machinery and equipment segment.

17. Commentary of prospects

Based on the current global business environment, the Board of Directors of Eonmetall anticipates the performance of the Group for the financial year 2014 to be challenging.

18. Profit forecast

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

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	Period
	ended	ended
	30.09.2014	30.09.2014
	RM'000	RM'000
Other income	(190)	(398)
Interest Income	(1)	(3)
Depreciation of property, plant and equipment	971	3,020
Depreciation of investment property	105	302
Reversal of impairment loss on trade receivable	-	(18)
Inventories written down	16	433
Realised (gain)/loss on foreign exchange	(18)	58
Unrealised (gain)/loss on foreign exchange	<u>(9)</u>	<u>10</u>

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

20. Taxation

	3 months ended 30.09.2014 RM'000	Period ended 30.09.2014 RM'000
Current tax expense	(28)	(195)
Deferred tax expense	-	13
	<u>(28)</u>	<u>(182)</u>

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) On 2 May 2014, the Company announced that its wholly owned subsidiary, Eonmetall Agro Sdn. Bhd. (“EAGRO”) came to an agreement with POIC Sabah Sdn Bhd (“POIC”) vide exchange of letters with POIC for POIC to exercise its right to repurchase all that Said Lot (hereinafter defined) pursuant to Clause 22.3 of the Sale and Purchase Agreement entered into on 2 May 2012 (“SPA”) for a total cash consideration of Ringgit Malaysia Eight Million Two Hundred and Fifty Eight Thousand Nine Hundred and Seventy Six (RM8,258,976) only (“Disposal Price”) (“Disposal”). An agreement would be signed later to formalise the Disposal.

On 28 May 2014, the Company had announced that EAGRO has entered into a Deed of Mutual Release with POIC in relation to the Disposal to formalise the Disposal.

On 01 July 2014, EAGRO had received the Disposal Price from POIC. Hence, the Disposal is deemed completed on the event date.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014****22. Group borrowings**

The Group's borrowings as at the end of the current reporting period are as follows: -

	Payable within 12 months RM'000	Payable after 12 months RM'000
RM denominated borrowings		
<u>Secured</u>		
Term loans	5,093	17,322
Hire purchases	355	405
	5,448	17,727
<u>Unsecured</u>		
Bank overdrafts	2,399	-
Bankers' acceptances	14,628	-
Revolving credit	9,000	-
	26,027	-
Total borrowings	31,475	17,727

23. Changes in material litigation

There was no material litigation as at the date of the interim financial statements.

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
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014****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 30.09.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of Eonmetall Group Berhad and its subsidiaries:		
- Realized	103,924	106,152
- Unrealized	(2,100)	(2,104)
	<u>101,824</u>	<u>104,048</u>
Less: Consolidation adjustments	<u>(44,521)</u>	<u>(44,484)</u>
Total Group retained profits as per consolidation accounts	<u>57,303</u>	<u>59,564</u>

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
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26. Earnings per share

The loss per share was computed based on the net loss divided by the weighted average number of shares in issue net of treasury shares:

	Three months ended 30.09.2014	Period ended 30.09.2014
Loss after tax attributable to owners of the Company (RM'000)	(1,312)	(2,261)
Basic :		
Weighted average number of shares in issue ('000)	168,657	168,657
Basic loss per share (sen)	<u>(0.78)</u>	<u>(1.34)</u>
Diluted :		
Diluted loss per share (sen)	<u>(0.78)</u>	<u>(1.34)</u>

The Group does not have any dilutive potential ordinary shares as the market price of the shares was lower than the exercise price. As a result, these share options are anti-dilutive in nature and have not been considered in the computation of diluted earnings per share.

By order of the Board

Yeoh Cheng Chye
Managing Director and Chief Executive Director

DATED THIS 25th November 2014