

EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FORTH QUARTER ENDED 31 DECEMBER 2015

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Three Months Ended		Year Ended	
	31-Dec-15 RM'000	31-Dec-14 RM'000	31-Dec-15 RM'000	31-Dec-14 RM'000
Continuing Operations				
Revenue	<u>20,653</u>	<u>16,658</u>	<u>79,660</u>	<u>64,419</u>
Operating profit	2,333	598	8,899	969
Interest expense	(811)	(824)	(3,343)	(3,275)
Interest income	2	-	10	3
Profit/(Loss) before tax	<u>1,524</u>	<u>(226)</u>	<u>5,566</u>	<u>(2,303)</u>
Tax expense	981	(288)	610	(470)
Profit/(Loss) after tax from continuing operations	<u>2,505</u>	<u>(514)</u>	<u>6,176</u>	<u>(2,773)</u>
Other comprehensive income/(expense)	103	(251)	(960)	(235)
Total comprehensive income/(expenses)	<u>2,608</u>	<u>(765)</u>	<u>5,216</u>	<u>(3,008)</u>
Profit/(Loss) after tax attributable to:				
Owners of parent	2,504	(516)	6,174	(2,777)
Non-controlling interests	<u>1</u>	<u>2</u>	<u>2</u>	<u>4</u>
	<u>2,505</u>	<u>(514)</u>	<u>6,176</u>	<u>(2,773)</u>
Total comprehensive income/(expenses) attributable to:				
Owners of parent	2,609	(764)	5,218	(3,006)
Non-controlling interests	<u>(1)</u>	<u>(1)</u>	<u>(2)</u>	<u>(2)</u>
	<u>2,608</u>	<u>(765)</u>	<u>5,216</u>	<u>(3,008)</u>
Earnings/(Loss) per share attributable to owners of the Company				
Basic earnings/(loss) per share (sen)	<u>1.48</u>	<u>(0.31)</u>	<u>3.66</u>	<u>(1.65)</u>
Diluted earnings/(loss) per share (sen)	<u>1.48</u>	<u>(0.31)</u>	<u>3.66</u>	<u>(1.65)</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 2014.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FORTH QUARTER ENDED 31 DECEMBER 2015

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Unaudited 31-Dec-15 RM'000	Audited 31-Dec-14 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	102,179	103,242
Investment properties	30,868	31,209
Deferred tax assets	1,625	1,625
Trade and other receivables	367	663
	<u>135,039</u>	<u>136,739</u>
Current assets		
Trade and other receivables	38,573	25,738
Inventories	51,407	44,185
Current tax assets	350	124
Cash and cash equivalents	2,118	1,573
	<u>92,448</u>	<u>71,620</u>
TOTAL ASSETS	<u>227,487</u>	<u>208,359</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	85,585	85,585
Treasury share, at cost	(781)	(781)
Share premium	1,549	1,549
Share option reserve	-	655
Translation reserve	(1,319)	(363)
Retained earnings	63,699	56,870
	<u>148,733</u>	<u>143,515</u>
Non-controlling interests	318	320
TOTAL EQUITY	<u>149,051</u>	<u>143,835</u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	10,661	16,293
Deferred tax liabilities	2,446	3,332
	<u>13,107</u>	<u>19,625</u>
Current liabilities		
Trade and other payables	18,830	7,538
Loans and borrowings	46,354	37,255
Current tax liabilities	145	106
	<u>65,329</u>	<u>44,899</u>
TOTAL LIABILITIES	<u>78,436</u>	<u>64,524</u>
TOTAL EQUITY AND LIABILITIES	<u>227,487</u>	<u>208,359</u>
Net assets per share (RM)	<u>0.88</u>	<u>0.85</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 2014.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FORTH QUARTER ENDED 31 DECEMBER 2015

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	←—————			<i>Non-distributable</i>	—————→		<i>Distributable</i>	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	Total 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 2014	85,585	1,549	(780)	738	-	(134)	59,564	146,522	322	146,844
Loss for the year	-	-	-	-	-	-	(2,777)	(2,777)	4	(2,773)
Foreign currency translations	-	-	-	-	-	(229)	-	(229)	(6)	(235)
Total comprehensive income for the year	-	-	-	-	-	(229)	(2,777)	(3,006)	(2)	(3,008)
Purchase of treasury shares	-	-	(1)	-	-	-	-	(1)	-	(1)
Option lapsed due to resignation	-	-	-	(83)	-	-	83	-	-	-
Balance at 31 December 2014	85,585	1,549	(781)	655	-	(363)	56,870	143,515	320	143,835
Balance at 1 January 2015	85,585	1,549	(781)	655	-	(363)	56,870	143,515	320	143,835
Profit for the year	-	-	-	-	-	-	6,174	6,174	2	6,176
Foreign currency translations	-	-	-	-	-	(956)	-	(956)	(4)	(960)
Option lapsed due to expiration	-	-	-	(655)	-	-	655	-	-	-
Balance at 31 December 2015	85,585	1,549	(781)	-	-	(1,319)	63,699	148,733	318	149,051

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 2014.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FORTH QUARTER ENDED 31 DECEMBER 2015

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Year ended	
	31-Dec-15 RM'000	31-Dec-14 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax from continuing operations	5,566	(2,303)
Adjustments for:		
Depreciation of property, plant and equipment	3,540	3,917
Depreciation of investment property	422	407
Interest expense	3,343	3,275
Interest income	(10)	(3)
Impairment loss on other receivables	371	376
Inventories written off	775	92
Inventories written down	-	593
Reversal of impairment loss on trade receivable	-	(18)
Gain on fair value adjustment on other receivable	(87)	(107)
Gain on disposal of plant and equipment	(8)	(617)
Gain on foreign exchange - unrealised	(1,477)	-
Operating profit before changes in working capital	12,435	5,612
Changes in working capital:		
Inventories	(7,997)	(7,209)
Trade and other receivables	(12,116)	4,096
Trade and other payables	12,062	(1,150)
Cash generated from operations	4,384	1,349
Tax paid	(463)	(705)
Net cash generated from operating activities	3,921	644
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,211)	(4,498)
Purchase of investment property	(82)	(1,557)
Interest received	10	3
Proceeds from disposal of plant and equipment	2,743	9,153
Net cash (used in)/generated from investing activities	(2,540)	3,101
Cash flows from financing activities		
Drawdown of short term borrowings, net	9,853	8,322
Repayment of term loans	(5,215)	(12,039)
Repayment of hire purchase creditors	(447)	(431)
Purchase of treasury shares	(1)	(1)
Interest paid	(3,343)	(3,275)
Net cash generated from/(used in) financing activities	847	(7,424)
Net increase/(decrease) in cash and cash equivalents	2,228	(3,679)
Effect of exchange rate changes	(960)	(235)
Cash and cash equivalents at beginning of year	(4,328)	(414)
Cash and cash equivalents at end of financial year	(3,060)	(4,328)
Notes:		
A) Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise :		
Cash & bank balances	2,118	1,573
Bank overdrafts	(5,178)	(5,901)
	(3,060)	(4,328)

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 2014.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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 2014. 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 2014.

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 2014 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 2015

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

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

2. Significant Accounting Policies (cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 JANUARY 2016

- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101 Disclosure Initiative
- Amendments to MFRS 127 Equity Method in Separate Financial Statements
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants
- Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception
- Annual Improvements to MFRSs 2012 - 2014 Cycle

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material impact to the financial statements of the Group upon their initial application.

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2014 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 and financial year.

6. Material changes in estimates

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

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015****7. Issuances and repayment of debt and equity securities**

Save as disclosed below, there were no issuance, cancellations, repurchase, resale and repayment of debt and equity securities for the financial year under review.

- 1,000 of its own shares at RM0.31 per share for a total cash consideration of RM310 had been purchased as treasury shares on 24 November 2015

8. Dividends paid

No dividend was paid by the Company during the financial year.

9. Segment revenue and results

Segmental reporting for the financial year is as below:-

Year ended	Machinery and equipment RM'000	Steel product and trading activity RM'000	Property, investment holding and others RM'000	Total RM'000
31-December-15				
Total revenue	22,502	105,336	14,137	141,975
Inter-segment revenue	(6,073)	(43,155)	(13,087)	(62,315)
External revenue	16,429	62,181	1,050	79,660
Interest income	2	8	-	10
Interest expense	1,483	1,324	536	3,343
Depreciation and amortisation	941	2,320	701	3,962
Segment (loss)/profit	(1,500)	8,064	(998)	5,566
Year ended				
31-December-14				
Total revenue	14,713	84,694	20,158	119,565
Inter-segment revenue	(2,846)	(32,221)	(20,079)	(55,146)
External revenue	11,867	52,473	79	64,419
Interest income	1	2	-	3
Interest expense	1,521	892	862	3,275
Depreciation and amortisation	973	2,772	579	4,324
Segment (loss)/profit	(6,167)	6,504	(2,640)	(2,303)

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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

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

11. Changes in the composition of the Group

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

- On 27 February 2015, the Board announced that its wholly owned subsidiary, Eonmetall International Limited (“EIL”) has established PT. Kelapa Agro Jaya in Indonesia. The intended paid-up share capital of PT. Eonmetall will be USD0.25 million of which EIL holds 95% and the remaining 5% is being held by an individual party of Indonesian nationality. PT. Kelapa Agro Jaya will be principally involved in the industry of manufacturing basic organic chemical from agriculture waste and by-products from coconut.
- On 30 September 2015, Eonmetall Agro Sdn Bhd had made application to Suruhanjaya Syarikat Malaysia to strike off the Company since the Company is dormant.

12. Changes in contingent liabilities or contingent assets

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>169,290</u>	<u>191,624</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 year ended 31 December 2015.

	Year ended 31.12.2015 RM'000
Rental of premises	314
Sale of goods	12,336
Purchase of goods	<u>1,675</u>

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

**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 fourth quarter ended 31 December 2015 increased by 24% from RM16.6 million up to RM20.6 million as compared to the corresponding quarter in the prior financial year while the Group's revenue for the financial year recorded an increase of 24% from RM64.4 million up to RM79.7 million as compared to the corresponding financial year. This is mainly attributed by significant increase from both the machinery and equipment and steel product and trading activity segments.

The Group's profit before tax ("PBT") of RM5.6 million increased by 343% as compared to the loss before tax ("LBT") of RM2.3 million recorded in preceding year. The performance of the operating business segment is presented as follows:-

(a) Machinery and equipment segment

This segment recorded revenue of RM4.8 million for the current quarter as compared to RM2.7 million achieved in the previous year corresponding quarter, representing an increase of 78%. Revenue for the current financial year increased by 38% to RM16.4 million as compared to RM11.9 million recorded in previous year. This segment recorded LBT of RM1.5 million, an increase of 76% as compared to LBT of RM6.2 million earned from the corresponding quarter in prior year which was in line with the increase in revenue.

(b) Steel product and trading activity segment

The revenue for the current quarter is RM15.8 million, representing an increase of RM1.9 million (from RM13.9 million to RM15.8 million) as compared to the corresponding quarter preceding year. Revenue generated from this segment increased by 18% to RM62.1 million for the financial year under review as compared to revenue of RM52.5 million reported in the previous year. The PBT of RM6.5 million registered in previous year increased to PBT of RM8.0 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.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

16. Variation of results against preceding quarter

	Individual quarter ended	
	31.12.2015	30.09.2015
	RM'000	RM'000
Revenue	20,653	26,100
Profit before tax	<u>1,524</u>	<u>3,732</u>

The Group recorded a current quarter PBT of RM1.5 million, a decrease of RM2.2 million over the preceding quarter mainly due to lower revenue generated from machinery and equipment activity.

17. Commentary of prospects

Notwithstanding the current global business environment, the Board of Directors of Eonmetall anticipates the performance of the Group for the financial year 2016 to be encouraging given the increase in demand for racking and machinery.

18. Profit forecast

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

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	Year
	ended	ended
	31.12.2015	31.12.2015
	RM'000	RM'000
Other income	(312)	(1,039)
Interest Income	(2)	(10)
Depreciation of property, plant and equipment	687	3,540
Depreciation of investment property	105	422
Gain on disposal of plant and equipment	(7)	(8)
Gain on fair value adjustment on other receivable	(87)	(87)
Impairment loss on other receivables	371	371
Inventories written down	(2)	775
Realised loss/(gain) on foreign exchange	15	(722)
Unrealised gain on foreign exchange	<u>(319)</u>	<u>(1,477)</u>

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015****20. Taxation**

	3 months ended 31.12.2015 RM'000	Year ended 31.12.2015 RM'000
Current tax expense	95	(276)
Deferred tax expense	886	886
	981	610

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 year are as follows: -

RM denominated borrowings	Payable within 12 months RM'000	Payable after 12 months RM'000
<u>Secured</u>		
Term loans	5,343	10,596
Hire purchases	137	65
	5,480	10,661
<u>Unsecured</u>		
Bank overdrafts	5,178	-
Bankers' acceptances	26,696	-
Revolving credit	9,000	-
	40,874	-
Total borrowings	46,354	10,661

23. Changes in material litigation

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

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

24. Dividends

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

25. Realised and Unrealised Profits/Losses

The following analysis of realised and unrealised 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 Realised and Unrealised 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 31.12.2015 RM'000	As at 31.12.2014 RM'000
Total retained profits of Eonmetall Group Berhad and its subsidiaries:		
- Realised	96,984	101,792
- Unrealised	305	(1,974)
	<u>97,289</u>	<u>99,818</u>
Less: Consolidation adjustments	<u>(33,590)</u>	<u>(42,948)</u>
Total Group retained profits as per consolidation accounts	<u>63,699</u>	<u>56,870</u>

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

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

	3 months ended 31.12.2015	Year ended 31.12.2015
Profit after tax attributable to owners of the Company (RM'000)	2,504	6,174
Basic :		
Weighted average number of shares in issue ('000)	168,656	168,656
Basic earnings per share (sen)	<u>1.48</u>	<u>3.66</u>
Diluted :		
Diluted earnings per share (sen)	<u>1.48</u>	<u>3.66</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 29TH February 2016