

# EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

	Three Months Ended		Period Ended	
	30-Jun-16 RM'000	30-Jun-15 RM'000	30-Jun-16 RM'000	30-Jun-15 RM'000
<b>Continuing Operations</b>				
<b>Revenue</b>	<u>26,615</u>	<u>17,525</u>	<u>59,513</u>	<u>32,907</u>
Operating profit	4,820	979	17,148	1,960
Interest expense	(743)	(857)	(1,552)	(1,654)
Interest income	4	2	6	4
<b>Profit/(Loss) before tax</b>	<u>4,081</u>	<u>124</u>	<u>15,602</u>	<u>310</u>
Tax expense	(78)	(134)	(182)	(236)
<b>Profit/(Loss) after tax from continuing operations</b>	<u>4,003</u>	<u>(10)</u>	<u>15,420</u>	<u>74</u>
Other comprehensive (expenses)/income	(158)	(101)	283	(341)
<b>Total comprehensive expenses</b>	<u>3,845</u>	<u>(111)</u>	<u>15,703</u>	<u>(267)</u>
<b>Profit/(Loss) after tax attributable to:</b>				
Owners of parent	4,004	(9)	15,421	75
Non-controlling interests	(1)	(1)	(1)	(1)
	<u>4,003</u>	<u>(10)</u>	<u>15,420</u>	<u>74</u>
<b>Total comprehensive expenses attributable to:</b>				
Owners of parent	3,845	(110)	15,703	(267)
Non-controlling interests	-	(1)	-	-
	<u>3,845</u>	<u>(111)</u>	<u>15,703</u>	<u>(267)</u>
<b>Earnings/(Loss) per share attributable to owners of the Company</b>				
Basic earnings/(loss) per share (sen)	<u>2.37</u>	<u>(0.01)</u>	<u>9.14</u>	<u>0.04</u>
Diluted earnings/(loss) per share (sen)	<u>2.37</u>	<u>(0.01)</u>	<u>9.14</u>	<u>0.04</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 2015.

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Unaudited 30-Jun-16 RM'000	Audited 31-Dec-15 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	100,432	102,179
Investment properties	30,833	30,869
Deferred tax assets	1,625	1,625
Trade and other receivables	750	366
	<u>133,640</u>	<u>135,039</u>
<b>Current assets</b>		
Trade and other receivables	40,798	38,573
Inventories	51,139	51,407
Current tax assets	350	350
Cash and cash equivalents	6,020	2,118
	<u>98,307</u>	<u>92,448</u>
<b>TOTAL ASSETS</b>	<u>231,947</u>	<u>227,487</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	85,585	85,585
Treasury share, at cost	(782)	(781)
Share premium	1,549	1,549
Translation reserve	(1,036)	(1,319)
Retained earnings	79,120	63,699
	<u>164,436</u>	<u>148,733</u>
Non-controlling interests	317	318
<b>TOTAL EQUITY</b>	<u>164,753</u>	<u>149,051</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	8,086	10,661
Deferred tax liabilities	2,446	2,446
	<u>10,532</u>	<u>13,107</u>
<b>Current liabilities</b>		
Trade and other payables	12,667	18,830
Loans and borrowings	43,850	46,354
Current tax liabilities	145	145
	<u>56,662</u>	<u>65,329</u>
<b>TOTAL LIABILITIES</b>	<u>67,194</u>	<u>78,436</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>231,947</u>	<u>227,487</u>
<b>Net assets per share (RM)</b>	<u>0.97</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 2015.

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

	← 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	
<b>Balance at 1 January 2015</b>	85,585	1,549	(781)	655	-	(363)	56,870	143,515	320	143,835
Profit for the period	-	-	-	-	-	-	75	75	(1)	74
Foreign currency translations	-	-	-	-	-	(341)	-	(341)	-	(341)
Total comprehensive loss for the period	-	-	-	-	-	(341)	75	(266)	(1)	(267)
Non-controlling interest arising on a business combination	-	-	-	-	-	-	-	-	45	45
<b>Balance at 30 June 2015</b>	85,585	1,549	(781)	655	-	(704)	56,945	143,249	364	143,613
<b>Balance at 1 January 2016</b>	85,585	1,549	(781)	-	-	(1,319)	63,699	148,733	318	149,051
Profit for the period	-	-	-	-	-	-	15,421	15,421	(1)	15,420
Foreign currency translations	-	-	-	-	-	283	-	283	-	283
Total comprehensive loss for the period	-	-	-	-	-	283	15,421	15,704	(1)	15,703
Purchase of treasury shares	-	-	(1)	-	-	-	-	(1)	-	(1)
Non-controlling interest arising on a business combination	-	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2016</b>	85,585	1,549	(782)	-	-	(1,036)	79,120	164,436	317	164,753

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 2015.

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2016

	Period ended	
	30-Jun-16 RM'000	30-Jun-15 RM'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax from continuing operations	15,602	310
Adjustments for:		
Depreciation of property, plant and equipment	2,074	1,831
Depreciation of investment property	212	211
Interest expense	1,552	1,654
Interest income	(6)	(4)
Inventories written down	-	748
Gain on disposal of plant and equipment	(262)	(10)
Fixed assets written off	3	-
Loss on foreign exchange - unrealised	294	-
Operating profit before changes in working capital	19,469	4,740
Changes in working capital:		
Inventories	268	(7,052)
Trade and other receivables	(2,608)	(1,926)
Trade and other payables	(6,457)	3,646
Cash generated from/(used in) operations	10,672	(592)
Tax paid	(182)	(236)
<b>Net cash generated from/(used in) operating activities</b>	10,490	(828)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(332)	(1,945)
Purchase of investment property	(176)	(69)
Interest received	6	4
Proceeds from disposal of plant and equipment	264	210
<b>Net cash used in investing activities</b>	(238)	(1,800)
<b>Cash flows from financing activities</b>		
Drawdown of short term borrowings, net	(1,569)	8,129
Proceeds from hire purchase creditors	145	-
Repayment of term loans	(2,642)	(2,595)
Repayment of hire purchase creditors	(88)	(349)
Purchase of treasury shares	(1)	-
Interest paid	(1,552)	(1,654)
<b>Net cash (used in)/generated from financing activities</b>	(5,707)	3,530
Net increase in cash and cash equivalents	4,545	902
Effect of exchange rate changes	283	(341)
Cash and cash equivalents at beginning of year	(3,060)	(4,328)
<b>Cash and cash equivalents at end of financial year</b>	1,768	(3,767)

#### Notes:

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

Cash & bank balances	6,020	1,602
Bank overdrafts	(4,252)	(5,369)
	1,768	(3,767)

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 2015.

**EONMETALL GROUP BERHAD**

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**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 2015. 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 2015.

**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 2015 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 2016**

- 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 30 JUNE 2016**

#### **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	
• MFRS 9	Financial Instruments (IFRS as issued by IASB in July 2014)
• MFRS 15	Revenue from Contracts with Customers

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 2015 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.

**EONMETALL GROUP BERHAD**

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016****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.

**9. Segment revenue and results**

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

<b>Period-to-date ended</b>	<b>Machinery and equipment RM'000</b>	<b>Steel product and trading activity RM'000</b>	<b>Property, investment holding and others RM'000</b>	<b>Total RM'000</b>
<b>30-June-16</b>				
Total revenue	29,962	49,426	1,203	80,561
Inter-segment revenue	-	(20,398)	(680)	(21,078)
External revenue	29,962	29,028	523	59,513
Interest income	3	3	-	6
Interest expense	753	583	216	1,552
Depreciation and amortisation	429	1,558	299	2,286
Segment profit/(loss)	10,007	6,626	(1,031)	15,602
<b>Period-to-date ended</b>				
<b>30-June-15</b>				
Total revenue	5,895	50,291	13,533	69,719
Inter-segment revenue	(2,084)	(22,207)	(12,521)	(36,812)
External revenue	3,811	28,084	1,012	32,907
Interest income	-	4	-	4
Interest expense	726	645	283	1,654
Depreciation and amortisation	241	1,267	295	2,042
Segment (loss)/profit	(1,886)	2,961	(765)	310

**EONMETALL GROUP BERHAD**

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

**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 current quarter under review.

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

	As at 30.06.2016 RM'000	As at 31.12.2015 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>169,290</u>	<u>169,290</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 June 2016.

	Period ended 30.06.2016 RM'000
Rental of premises	159
Sale of goods	3,421
Purchase of goods	<u>1,852</u>



# **EONMETALL GROUP BERHAD**

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(Incorporated in Malaysia)

## **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016**

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

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

The Group's revenue for the second quarter ended 30 June 2016 increased by 52% from RM17.5 million up to RM26.6 million as compared to the corresponding quarter in the prior financial year. This is mainly attributed by the revenue generated from machinery and equipment segment.

The Group's profit before tax ("PBT") for the current quarter is RM4.1 million, improved by RM4 million equivalent to 40 times as compared to the PBT of RM0.1 million recorded in preceding year corresponding quarter. The performance of the operating of each business segment for the second quarter as compared to the preceding year corresponding quarter is presented as follows:-

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

This segment recorded revenue of RM9.4 million for the current quarter as compared to RM1.5 million achieved in the previous year corresponding quarter, representing an increase of RM7.9 million equivalent to 5.27 times. This segment recorded PBT of RM0.6 million, a rise of RM1.3 million equivalent to 1.86 times as compared to loss before tax ("LBT") of RM0.7 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 RM16.6 million, representing an increase of RM1 million (from RM15.6 million to RM16.6 million) as compared to the corresponding quarter preceding year. This segment recorded PBT of RM3.8 million for the quarter under review, an increase of 3.22 times from PBT of RM0.9 million recorded in the previous year corresponding quarter mainly due to lower production costs.

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

This segment represents non significant trading of non-steel products and 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 YEAR ENDED 30 JUNE 2016

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

	Individual quarter ended	
	30.06.2016	31.03.2016
	RM'000	RM'000
Revenue	26,615	32,898
Profit/(loss) before tax	<u>4,081</u>	<u>11,520</u>

The Group recorded a current quarter PBT of RM4.1 million, a decrease of RM7.4 million over the preceding quarter mainly due to decrease in revenue of machinery and equipment segment.

#### 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 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
	30.06.2016	30.06.2016
	RM'000	RM'000
Other income	(364)	(578)
Interest Income	(4)	(6)
Gain on disposal of plant and equipment	(262)	(259)
Depreciation of property, plant and equipment	1,435	2,074
Depreciation of investment property	107	212
Realised loss on foreign exchange	203	373
Unrealised (gain)/loss on foreign exchange	<u>(255)</u>	<u>294</u>

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016****20. Taxation**

	3 months ended 30.06.2016 RM'000	Period ended 30.06.2016 RM'000
Current tax expense	(78)	(182)
Deferred tax expense	-	-
	<u>(78)</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.

**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
<b>RM denominated borrowings</b>		
<b><u>Secured</u></b>		
Term loans	5,343	7,954
Hire purchases	128	132
	5,471	8,086
<b><u>Unsecured</u></b>		
Bank overdrafts	4,252	-
Bankers' acceptances	24,167	-
Revolving credit	7,500	-
Bill discounting	2,460	-
	38,379	-
<b>Total borrowings</b>	<u>43,850</u>	<u>8,086</u>

**23. Changes in material litigation**

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

# EONMETALL GROUP BERHAD

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

### 24. Dividends

The Board of Directors declared an interim single tier dividend of 5% for the year ending 31 December 2016.

### 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 30.06.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of Eonmetall Group Berhad and its subsidiaries:		
- Realised	123,078	96,984
- Unrealised	22	305
	<u>123,100</u>	<u>97,289</u>
Less: Consolidation adjustments	<u>(43,980)</u>	<u>(33,590)</u>
Total Group retained profits as per consolidation accounts	<u><b>79,120</b></u>	<u><b>63,699</b></u>

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**EONMETALL GROUP BERHAD****(Company No. 631617-D)****(Incorporated in Malaysia)****SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016****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:

	3 months ended 30.06.2016	Period ended 30.06.2016
Profit after tax attributable to owners of the Company (RM'000)	4,004	15,421
<b>Basic :</b>		
Weighted average number of shares in issue ('000)	168,652	168,652
Basic earnings per share (sen)	<u>2.37</u>	<u>9.14</u>
<b>Diluted :</b>		
Diluted earnings per share (sen)	<u>2.37</u>	<u>9.14</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 29<sup>th</sup> August 2016**