

# EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Three Months Ended		Period Ended	
	30-Sep-17 RM'000	30-Sep-16 RM'000	30-Sep-17 RM'000	30-Sep-16 RM'000
<b>Continuing Operations</b>				
<b>Revenue</b>	<u>28,868</u>	<u>17,092</u>	<u>89,575</u>	<u>76,605</u>
Operating profit/(loss)	9,303	1,106	23,551	18,254
Interest expense	(1,062)	(727)	(2,984)	(2,279)
Interest income	3	5	12	11
<b>Profit/(Loss) before tax</b>	<u>8,244</u>	<u>384</u>	<u>20,579</u>	<u>15,986</u>
Tax expense	(372)	(150)	(640)	(332)
<b>Profit/(Loss) after tax from continuing operations</b>	<u>7,872</u>	<u>234</u>	<u>19,939</u>	<u>15,654</u>
Other comprehensive income/(loss)	32	(122)	183	160
<b>Total comprehensive income/(loss)</b>	<u>7,904</u>	<u>112</u>	<u>20,122</u>	<u>15,814</u>
<b>Profit/(Loss) after tax attributable to:</b>				
Owners of parent	7,873	234	19,943	15,655
Non-controlling interests	(1)	-	(4)	(1)
	<u>7,872</u>	<u>234</u>	<u>19,939</u>	<u>15,654</u>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of parent	7,903	112	20,131	15,814
Non-controlling interests	1	-	(9)	-
	<u>7,904</u>	<u>112</u>	<u>20,122</u>	<u>15,814</u>
<b>Earnings/(Loss) per share attributable to owners of the Company</b>				
Basic earnings/(loss) per share (sen)	<u>4.67</u>	<u>0.14</u>	<u>11.83</u>	<u>9.28</u>
Diluted earnings/(loss) per share (sen)	<u>4.67</u>	<u>0.14</u>	<u>11.83</u>	<u>9.28</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 2016.

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Unaudited 30-Sep-17 RM'000	Audited 31-Dec-16 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	100,798	95,593
Investment properties	30,723	30,981
Deferred tax assets	1,625	1,625
Trade and other receivables	-	-
	<u>133,146</u>	<u>128,199</u>
<b>Current assets</b>		
Trade and other receivables	68,471	44,943
Inventories	84,710	61,476
Current tax assets	37	210
Cash and cash equivalents	5,404	2,621
	<u>158,622</u>	<u>109,250</u>
<b>TOTAL ASSETS</b>	<u>291,768</u>	<u>237,449</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	(783)	(783)
Share premium	1,549	1,549
Translation reserve	(1,537)	(1,729)
Retained earnings	91,887	71,944
	<u>176,701</u>	<u>156,566</u>
Non-controlling interests	258	271
<b>TOTAL EQUITY</b>	<u>176,959</u>	<u>156,837</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	5,479	10,295
Deferred tax liabilities	1,424	1,407
	<u>6,903</u>	<u>11,702</u>
<b>Current liabilities</b>		
Trade and other payables	26,821	11,661
Loans and borrowings	80,341	56,505
Current tax liabilities	744	744
	<u>107,906</u>	<u>68,910</u>
<b>TOTAL LIABILITIES</b>	<u>114,809</u>	<u>80,612</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>291,768</u>	<u>237,449</u>
<b>Net assets per share (RM)</b>	<u>1.05</u>	<u>0.93</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 2016.

# EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	←————— 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 2016</b>	85,585	1,549	(781)	-	-	(1,319)	63,699	148,733	318	149,051
Profit for the year	-	-	-	-	-	-	15,655	15,655	(1)	15,654
Foreign currency translations	-	-	-	-	-	160	-	160	-	160
Total comprehensive loss for the period	-	-	-	-	-	160	15,655	15,815	(1)	15,814
Purchase of treasury shares	-	-	(1)	-	-	-	-	(1)	-	(1)
Non-controlling interest arising on a business combination	-	-	-	-	-	-	-	-	-	-
<b>Balance at 30 September 2016</b>	85,585	1,549	(782)	-	-	(1,159)	79,354	164,547	317	164,864
<b>Balance at 1 January 2017</b>	85,585	1,549	(783)	-	-	(1,729)	71,944	156,566	271	156,837
Profit for the year	-	-	-	-	-	-	19,943	19,943	(4)	19,939
Foreign currency translations	-	-	-	-	-	192	-	192	(9)	183
Total comprehensive income for the year	-	-	-	-	-	192	19,943	20,135	(13)	20,122
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
<b>Balance at 30 September 2017</b>	85,585	1,549	(783)	-	-	(1,537)	91,887	176,701	258	176,959

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 2016.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

	Period ended	
	30-Sep-17 RM'000	30-Sep-16 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax from continuing operations	20,579	15,986
Adjustments for:		
Depreciation of property, plant and equipment	3,899	3,491
Depreciation of investment property	326	320
Interest expense	2,984	2,279
Interest income	(12)	(11)
Gain on disposal of plant and equipment	(101)	(287)
Gain from bargain purchase	(4,954)	-
Property, plant and equipment written off	-	3
Loss on foreign exchange - unrealised	248	170
Operating profit before changes in working capital	<u>22,969</u>	<u>21,951</u>
Changes in working capital:		
Inventories	(23,207)	(14,777)
Trade and other receivables	(23,379)	(479)
Trade and other payables	14,898	(5,511)
Cash generated from operations	<u>(8,719)</u>	<u>1,184</u>
Tax paid	(467)	(245)
<b>Net cash generated from operating activities</b>	<u>(9,186)</u>	<u>939</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,920)	(2,408)
Purchase of investment property	(68)	(419)
Acquisition of subsidiary, net of cash acquired	(2,380)	-
Interest received	12	11
Proceeds from disposal of plant and equipment	106	294
<b>Net cash used in investing activities</b>	<u>(4,250)</u>	<u>(2,522)</u>
<b>Cash flows from financing activities</b>		
Drawdown of short term borrowings, net	23,072	7,353
Proceeds from hire purchase creditors	-	145
Repayment of term loans	(5,057)	(3,991)
Repayment of hire purchase creditors	(80)	(131)
Purchase of treasury shares	-	(1)
Interest paid	(2,984)	(2,279)
<b>Net cash generated from/(used in) financing activities</b>	<u>14,951</u>	<u>1,096</u>
Net (decrease)/increase in cash and cash equivalents	<u>1,515</u>	<u>(487)</u>
Effect of exchange rate changes	183	160
Cash and cash equivalents at beginning of year	<u>(8,374)</u>	<u>(3,060)</u>
<b>Cash and cash equivalents at end of financial year</b>	<u>(6,676)</u>	<u>(3,387)</u>

Note B

**Notes:**

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

Cash & bank balances	5,404	2,205
Bank overdrafts	<u>(12,080)</u>	<u>(5,592)</u>
	<u>(6,676)</u>	<u>(3,387)</u>

B) Acquisition of a subsidiary

On 21 September 2017, announced that acquisition of 100% equity interest in CSC Bio-Coal Sdn Bhd by Eonchem Biomass Sdn Bhd, a wholly owned subsidiary of the company, from China Steel Asia Pacific Holdings Pte. Ltd. for a total purchase consideration of RM4,032,000.

On 2 October 2017, announced that Eonchem Biomass Sdn Bhd has paid the balance of purchase price to vendor for the acquisition of the equity in CSC Bio-Coal Sdn Bhd. Accordingly, the acquisition is now completed.

Assets acquired and liabilities assumed

The identifiable assets and liabilities of CSC Bio-Coal Sdn Bhd as at the date of acquisition were:

<u>Assets</u>	<u>RM'000</u>
Property, plant and equipment	7,189
Inventories	27
Receivables and other receivables	149
Cash and cash equivalents	<u>1,652</u>
	<u>9,017</u>
<u>Liabilities</u>	
Other payables	(14)
Deferred taxation	<u>(17)</u>
	<u>(31)</u>
Net assets acquired	8,986
Gain from bargain purchase	<u>(4,954)</u>
Total purchase consideration	4,032
Less: Cash and cash equivalent	<u>(1,652)</u>
Net cash outflow on acquisition	<u>2,380</u>

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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 2016.

# **EONMETALL GROUP BERHAD**

(Company No. 631617-D)

(Incorporated in Malaysia)

## **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

### **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 (“Bursa Securities”). 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 2016. 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 2016.

#### **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 2016 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 2017**

Amendments to MFRS 12 Annual Improvements to MFRS Standards 2014 – 2016 Cycle

Amendments to MFRS 107 Disclosure Initiative

Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

The Group had adopted the above Amendments to Standards, with a date of initial application of 1 January 2017. The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

##### **New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 JANUARY 2018**

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board (‘MASB’) but have not been early adopted by the Group and the Company.

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### SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

#### 2. Significant Accounting Policies (cont'd)

Description		Effective for financial periods beginning on or after
Amendments to MFRS 1	Annual Improvement to MFRS Standards 2014 – 2016 Cycle	1 January 2018
MFRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board (“IASB”) in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Clarifications to MFRS 15		1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 128	Annual Improvement to MFRS Standards 2014 – 2016 Cycle	1 January 2018
Amendments to MFRS 140	Transfer of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Translation and Advance Consideration	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contract	See MFRS 4 Paragraphs 46
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

#### 3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

#### 4. Seasonality of operations

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

**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 issuances and repayment of debt and equity securities, share buy-backs, share cancellations and resale of treasury shares for the current financial period ended 30 September 2017 and period up to the date of this announcement save for the following:

On 22 November 2017, the Company announced the resale of 2,500,000 treasury shares for RM0.805 per treasury shares.

**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 2017****9. Segment revenue and results**

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

<b>Period-to-date ended 30-September 2017</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>
Total revenue	29,771	117,747	1,698	149,216
Inter-segment revenue	-	(58,525)	(1,116)	(59,641)
External revenue	29,771	59,222	582	89,575
Interest income	3	9	-	12
Interest expense	1,029	1,722	233	2,984
Depreciation and amortisation	592	3,037	596	4,225
Segment profit/(loss)	8,228	9,993	2,358	20,579
<b>Period-to-date ended 30-September 2016</b>				
Total revenue	33,184	91,044	1,819	126,047
Inter-segment revenue	(3,136)	(45,286)	(1,020)	(49,442)
External revenue	30,048	45,758	799	76,605
Interest income	4	7	-	11
Interest expense	1,097	872	310	2,279
Depreciation and amortisation	635	2,641	535	3,811
Segment (loss)/profit	7,670	10,466	(2,150)	15,986

**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.

## **EONMETALL GROUP BERHAD**

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### **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

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

There were no changes in the composition of the Group during the current quarter under review and financial year to date except for the following:

On 2 May 2017, the Group incorporated a wholly-owned subsidiary namely 180 Degree Design Sdn. Bhd. (1229291-T) (“180DD”). The initial issued and paid up share capital of 180DD comprising 1 ordinary share of RM1 each. The intended principal activity of 180DD is involved in design and trading steel products focusing on furniture related products.

On 30 June 2017, the Group incorporated a wholly-owned subsidiary namely Eonmetall Carotene Oil Sdn. Bhd. (1237033-M) (“ECO”). The initial issued and paid up share capital of ECO comprising 1 ordinary share of RM1 each. The intended principal activity of ECO is to undertake the built-operate-transfer of solvent extraction plants for palm oil industry.

On 21 September 2017, the Group announced the acquisition of 100% equity interest in CSC Bio-Coal Sdn. Bhd. (“CSC Bio”) by Eonchem Biomass Sdn. Bhd. (“ECB”), a wholly-owned subsidiary of the Company, from China Steel Asia Pacific Holdings Pte. Ltd. (“China Steel”) for a total purchase consideration of RM4,032,000. The acquisition was completed on 2 October 2017 following payment of balance of purchase price to China Steel.

On 5 October 2017, the Group incorporated a wholly-owned subsidiary named Constructor Asia Sdn. Bhd. (1249871-U) (“CTA”). The initial issued and paid up share capital of CTA was RM1 represented by 1 ordinary share. The intended principal activity of CTA is manufacturing and distribution of steel racking system and storage solutions.

On 2 November 2017, the Group received confirmation and documents in relation to the incorporation of a joint venture company named Eonmetall Steel Company FZCO in Jebel Ali, Dubai on 29 May 2017. The initial investment cost was AED50,000 comprising 50 shares of AED1,000 each. The Group holds a 50% stake through Eonmetall International Limited, a wholly-owned subsidiary of the Company. The intended principal activity of Eonmetall Steel Company FZCO is trading in steel and basic steel products, reinforcement steel bars, building metal products and metal wires.

On 17 November 2017, the Group received confirmation and documents in relation to the incorporation of a joint venture company named Superpower Steel Corporation (“Superpower”) in the Philippines in which the Group, through Eonmetall International Limited, holds a 25% stake representing PHP312,500. The intended principal activity of Superpower is manufacturing and distribution of steel products.

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**SELECTED EXPLANATORY NOTES  
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**12. Changes in contingent liabilities or contingent assets**

	As at 30.09.2017 RM'000	As at 31.12.2016 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>192,704</u>	<u>194,004</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 2017.

	9-months ended 30.09.2017 RM'000
Rental of premises	225
Sale of goods	9,990
Purchase of goods	<u>892</u>

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### **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

#### **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 2017 increased by RM11.8 million to RM28.9 million as compared to the preceding year corresponding quarter. The increase was mainly attributed to revenue generated from both machinery and equipment segment and steel product and trading activity segment during the current quarter.

The Group's profit before tax ("PBT") for the current quarter was RM8.2 million, an increase of RM7.8 million equivalent to 19.5 times growth as compared to PBT of RM0.4 million recorded in preceding year corresponding quarter. The performance of each business segment for the third quarter as compared to the preceding year corresponding quarter is presented as follows:-

(a) **Machinery and equipment segment**

This segment recorded revenue of RM4.5 million for the current quarter as compared to RM0.1 million achieved in the previous year corresponding quarter, representing an increase of RM4.4 million equivalent to a rise of 44 times. PBT increased in tandem to RM0.5 million, a rise of RM2.8 million equivalent to 1.22 times as compared to loss before tax ("LBT") of RM2.3 million earned from the corresponding quarter in preceding year.

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

The revenue for the current quarter was RM24.4 million, representing an increase of RM7.7 million from RM16.7 million reported in the preceding year corresponding quarter. PBT was RM3.9 million for the quarter under review, a marginal increase of RM0.1 million or 2.6% from PBT of RM3.8 million recorded in the previous year corresponding quarter.

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

This segment represents trading of non-steel products and rental income derived from the Group's properties offset against operating expenses from all other segments. This segment recorded PBT of RM3.9 million, a rise of RM5.0 million equivalent to 4.6 times as compared to LBT of RM1.1 million earned from the corresponding quarter in prior year which is due to one-off gain of RM4.9 million from the acquisition of 100% equity interest in CSC Bio by ECB from China Steel as reported earlier.

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

### 16. Variation of results against preceding quarter

	3-months ended	
	30.09.2017	30.06.2017
	RM'000	RM'000
Revenue	28,868	27,683
Profit before tax	<u>8,244</u>	<u>5,863</u>

The Group recorded a current quarter PBT of RM8.2 million, representing an increase of RM2.3 million from RM5.9 million in the preceding quarter mainly due to a one-off gain from acquisition of a subsidiary of RM4.9 million.

### 17. Commentary of prospects

Notwithstanding the current global business environment, the Board of Directors of Eonmetall anticipates the performance of the Group for the current financial year 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.

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017****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 Securities:

	Quarter Ended		Period Ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Gain from bargain purchase	(4,954)	-	(4,954)	-
Other income	(349)	(295)	(783)	(873)
Interest Income	(3)	(5)	(12)	(11)
Interest expenses	1,062	727	2,984	2,279
Gain on disposal of plant and equipment	-	(25)	(101)	(287)
Depreciation of property, plant and equipment	1,312	1,417	3,899	3,491
Depreciation of investment property	108	108	326	320
Property, plant and equipment written off	-	-	-	3
Realised (gain)/loss on foreign exchange	5	(136)	(388)	237
Unrealised (gain)/loss on foreign exchange	56	(124)	248	170
Write back of allowance for doubtful debts	-	(300)	-	(300)

**20. Taxation**

	3 months ended		9 months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense	(372)	(150)	(640)	(332)
Deferred tax expense	-	-	-	-

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### **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

#### **21. Status of corporate proposal announced**

There was no corporate proposal announced but not completed as at the date of this announcement save for the following-

On 13 October 2016, the Company announced that the Company proposed to undertake a private placement of new ordinary shares of RM0.50 each in the Company of up to ten percent (10%) of the issued and paid-up share capital of the Company with the investors to be identified and at an issue price to be determined by the Board and to be announced later (“Proposed Private Placement”).

On 28 October 2016, the Company announced that the additional listing application for the Proposed Private Placement has been submitted to Bursa Securities.

On 8 November 2016, the Company announced that Bursa Securities had, vide its letter dated 7 November 2016 (which was received on 8 November 2016), approved the listing and quotation of up to 17,117,100 new shares to be issued pursuant to the Proposed Private Placement.

On 21 April 2017, the Company announced that an application for an extension of time of six (6) months up to 6 November 2017 to complete the implementation of the Private Placement has been submitted to Bursa Securities.

On 05 May 2017, the Company announced that Bursa Securities had, vide its letter dated 04 May 2017 (which was received on 5 May 2017), approved the extension of time of 6 months up to 6 November 2017 to complete the implementation of the Private Placement.

On 23 October 2017, the Company announced that an application for a second extension of time of 1 month up to 6 December 2017 to complete the implementation of the Private Placement has been submitted to Bursa Securities.

On 2 November 2017, the Company announced that Bursa Securities had, vide its letter dated 1 November 2017, approved the extension of time of 1 month from 7 November 2017 until 6 December 2017 to complete the implementation of the Private Placement.

On 20 November 2017, the Company announced that the Board had fixed the issue price at RM0.74 per Placement Share which represents a discount of approximately 4.19% to the 5-day VWAP of the Company Shares up to and including 17 November 2017 of RM0.7724 per Company Share.

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**EONMETALL GROUP BERHAD**

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017****22. Group borrowings**

The Group's borrowings for third quarter ended 30 September 2017 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	6,526	5,411
Hire purchases	39	68
	6,565	5,479
<b><u>Unsecured</u></b>		
Bank overdrafts	12,080	-
Bankers' acceptances	51,946	-
Revolving credit	9,750	-
	73,776	-
<b>Total borrowings</b>	<b>80,341</b>	<b>5,479</b>

The Group's borrowings for third quarter ended 30 September 2016 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	6,604
Hire purchases	106	112
	5,449	6,716
<b><u>Unsecured</u></b>		
Bank overdrafts	5,592	-
Bankers' acceptances	31,589	-
Revolving credit	9,000	-
Bill discounting	2,460	-
	48,641	-
<b>Total borrowings</b>	<b>54,090</b>	<b>6,716</b>



**EONMETALL GROUP BERHAD**

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

**23. Changes in material litigation**

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

**24. Dividend**

The Board of Directors declared an interim single tier dividend of 5% (2.5 sen per ordinary share) for the year ending 31 December 2017 with entitlement and payment dates to be determined and announced later.

**25. Property, plant and equipment (“PPE”)**

*Acquisitions*

During the nine months ended 30 September 2017, the Group acquired assets with a cost of RM1.92 million (Nine months ended 30 September 2016: RM2.41million).

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**EONMETALL GROUP BERHAD**

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

**26. 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 Securities' 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 Securities.

	As at 30.09.2017 RM'000	As at 31.12.2016 RM'000
Total retained profits of Eonmetall Group Berhad and its subsidiaries:		
- Realised	115,211	110,453
- Unrealised	<u>2,277</u>	<u>1,638</u>
	117,488	112,091
Less: Consolidation adjustments	(25,603)	(40,147)
Total Group retained profits as per consolidation accounts	<u><b>91,885</b></u>	<u><b>71,944</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 PERIOD ENDED 30 SEPTEMBER 2017****27. Earnings per share**

The earnings 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		9 months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Profit after tax attributable to owners of the Company (RM'000)	7,873	234	19,943	15,655
<b>Basic:</b> Weighted average number of shares in issue ('000)	168,651	168,652	168,651	168,652
Basic earnings per share (sen)	<u>4.67</u>	<u>0.14</u>	<u>11.83</u>	<u>9.28</u>
<b>Diluted:</b> Diluted earnings per share (sen)	<u>4.67</u>	<u>0.14</u>	<u>11.83</u>	<u>9.28</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 & Chief Executive Officer  
23 November 2017