

# EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Three Months Ended		Year Ended	
	31-Dec-17 RM'000	31-Dec-16 RM'000	31-Dec-17 RM'000	31-Dec-16 RM'000
<b>Continuing Operations</b>				
<b>Revenue</b>	<u>42,344</u>	<u>29,044</u>	<u>131,919</u>	<u>105,649</u>
Operating profit/(loss)	488	(2,385)	24,039	15,869
Interest expense	(1,121)	(928)	(4,105)	(3,207)
Interest income	4	5	16	16
Share of loss in joint venture	(55)	-	(55)	-
<b>Profit/(Loss) before tax</b>	<u>(684)</u>	<u>(3,308)</u>	<u>19,895</u>	<u>12,678</u>
Tax expense	(583)	117	(1,223)	(215)
<b>Profit/(Loss) after tax from continuing operations</b>	<u>(1,267)</u>	<u>(3,191)</u>	<u>18,672</u>	<u>12,463</u>
Other comprehensive income/(loss)	32	(618)	298	(457)
<b>Total comprehensive income/(loss)</b>	<u>(1,235)</u>	<u>(3,809)</u>	<u>18,970</u>	<u>12,006</u>
<b>Profit/(Loss) after tax attributable to:</b>				
Owners of parent	(1,263)	(3,193)	18,680	12,462
Non-controlling interests	(4)	2	(8)	1
	<u>(1,267)</u>	<u>(3,191)</u>	<u>18,672</u>	<u>12,463</u>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of parent	(1,214)	(3,805)	19,008	12,010
Non-controlling interests	(21)	(4)	(38)	(4)
	<u>(1,235)</u>	<u>(3,809)</u>	<u>18,970</u>	<u>12,006</u>
<b>Earnings/(Loss) per share attributable to owners of the Company</b>				
Basic earnings/(loss) per share (sen)	<u>(0.72)</u>	<u>(1.89)</u>	<u>10.96</u>	<u>7.39</u>
Diluted earnings/(loss) per share (sen)	<u>(0.72)</u>	<u>(1.89)</u>	<u>10.96</u>	<u>7.39</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 FOURTH QUARTER ENDED 31 DECEMBER 2017

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Unaudited 31-Dec-17 RM'000	Audited 31-Dec-16 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	103,185	95,593
Investment properties	30,614	30,981
Investment in associates / joint venture	1	-
Deferred tax assets	1,625	1,625
Trade and other receivables	-	-
	<u>135,425</u>	<u>128,199</u>
<b>Current assets</b>		
Trade and other receivables	65,660	44,944
Inventories	74,540	61,476
Current tax assets	103	210
Cash and cash equivalents	13,702	2,621
	<u>154,005</u>	<u>109,251</u>
<b>TOTAL ASSETS</b>	<u>289,430</u>	<u>237,450</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	99,801	85,585
Treasury share, at cost	(7)	(783)
Share premium	-	1,549
Translation reserve	(1,400)	(1,728)
Retained earnings	87,154	71,944
	<u>185,548</u>	<u>156,567</u>
Non-controlling interests	233	271
<b>TOTAL EQUITY</b>	<u>185,781</u>	<u>156,838</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	5,162	10,295
Deferred tax liabilities	775	1,407
	<u>5,937</u>	<u>11,702</u>
<b>Current liabilities</b>		
Trade and other payables	19,355	11,661
Loans and borrowings	76,980	56,505
Current tax liabilities	1,377	744
	<u>97,712</u>	<u>68,910</u>
<b>TOTAL LIABILITIES</b>	<u>103,649</u>	<u>80,612</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>289,430</u>	<u>237,450</u>
<b>Net assets per share (RM)</b>	<u>1.09</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

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

(The figures have not been audited)

#### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	← Non-distributable		Distributable →		Total	Non-	Total equity	
	Share capital	Share premium	Treasury shares	Translation reserve	Retained earnings	controlling interest		
	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)	63,698	148,732	318	149,050
Profit for the year	-	-	-	-	12,462	12,462	1	12,463
Foreign currency translations	-	-	-	(409)	-	(409)	(48)	(457)
Total comprehensive loss for the period	-	-	-	(409)	12,462	12,053	(47)	12,006
Purchase of treasury shares	-	-	(2)	-	-	(2)	-	(2)
Dividend to shareholders	-	-	-	-	(4,216)	(4,216)	-	(4,216)
<b>Balance at 31 December 2016</b>	85,585	1,549	(783)	(1,728)	71,944	156,567	271	156,838
<b>Balance at 1 January 2017</b>	85,585	1,549	(783)	(1,728)	71,944	156,567	271	156,838
Profit for the year	-	-	-	-	18,680	18,680	(8)	18,672
Foreign currency translations	-	-	-	328	-	328	(30)	298
Total comprehensive income for the year	-	-	-	328	18,680	19,008	(38)	18,970
Sale of treasury shares	-	-	776	-	1,236	2,012	-	2,012
Issue of shares	12,667	-	-	-	-	12,667	-	12,667
Effects of the new Companies Act 2016	1,549	(1,549)	-	-	-	-	-	-
Dividend to shareholders	-	-	-	-	(4,706)	(4,706)	-	(4,706)
<b>Balance at 31 December 2017</b>	99,801	-	(7)	(1,400)	87,154	185,548	233	185,781

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 FOURTH QUARTER ENDED 31 DECEMBER 2017**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017**

	Year ended	
	31-Dec-17 RM'000	31-Dec-16 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax from continuing operations	19,895	12,678
Adjustments for:		
Bad debts written off	-	180
Depreciation of property, plant and equipment	5,501	4,976
Depreciation of investment property	435	428
Interest expense	4,105	3,207
Interest income	(16)	(16)
Impairment loss on trade receivables	679	1,076
Impairment loss on other receivables	383	367
Impairment loss on investments	28	-
Inventories written down	-	257
Share of loss on joint venture	55	-
(Gain)/Loss on fair value adjustment on other receivable	-	(16)
Gain on disposal of plant and equipment	(102)	(287)
Gain from bargain purchase	(4,954)	-
Property, plant and equipment written off	189	3
Loss/(Gain) on foreign exchange - unrealised	2,782	(1,421)
Reversal of impairment loss on trade receivable	-	(480)
Operating profit before changes in working capital	28,980	20,952
Changes in working capital:		
Inventories	(13,037)	(4,300)
Trade and other receivables	(23,962)	(6,147)
Trade and other payables	2,527	(6,732)
Cash generated from operations	(5,492)	3,773
Tax paid	(1,157)	(637)
Tax refunded	25	121
<b>Net cash generated from operating activities</b>	(6,624)	3,257
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,099)	(4,282)
Purchase of other investments	(86)	-
Purchase of investment property	(68)	(541)
Acquisition of subsidiary, net of cash acquired	(2,380)	-
Interest received	16	16
Proceeds from disposal of plant and equipment	108	294
<b>Net cash used in investing activities</b>	(8,509)	(4,513)
<b>Cash flows from financing activities</b>		
Drawdown of short term borrowings, net	23,900	75,973
Proceeds from term loans	-	6,500
Repayment of term loans	(6,743)	(78,489)
Repayment of hire purchase creditors	(86)	(161)
Purchase of treasury shares	-	(1)
Proceed from treasury shares	2,012	-
Proceeds from issuance of shares	12,667	-
Dividend paid to shareholders of the Company	-	(4,216)
Interest paid	(4,105)	(3,207)
<b>Net cash generated from/(used in) financing activities</b>	27,645	(3,601)
Net (decrease)/increase in cash and cash equivalents	12,512	(4,857)
Effect of exchange rate changes	298	(457)
Cash and cash equivalents at beginning of year	(8,374)	(3,060)
<b>Cash and cash equivalents at end of financial year</b>	4,436	(8,374)

**Notes:**

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

Cash & bank balances	13,702	2,621
Bank overdrafts	<u>(9,266)</u>	<u>(10,995)</u>
	<u>4,436</u>	<u>(8,374)</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><u>2,380</u></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 YEAR ENDED 31 DECEMBER 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 YEAR ENDED 31 DECEMBER 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 YEAR ENDED 31 DECEMBER 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 year-to-date.

**6. Material changes in estimates**

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

**7. Issuances and repayment of debt and equity securities**

There were no repayment of debt and equity securities, share buy-backs and share cancellations for the current financial period ended 31 December 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.

On 29 November 2017, the Company announced the issue of 17,117,100 ordinary shares for RM0.740 per shares.

**8. Dividends paid**

An interim single tier dividend of 5% per ordinary share for the year ended 31 December 2017 was paid on 12 February 2018.

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
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Segmental reporting for the financial year-to-date is as below:-

<b>Year-to-date ended 31-December 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	49,475	152,605	2,197	204,277
Inter-segment revenue	(3,698)	(67,186)	(1,474)	(72,358)
External revenue	45,777	85,419	723	131,919
Interest income	3	13	-	16
Interest expense	1,421	2,378	306	4,105
Depreciation and amortisation	767	4,085	1,084	5,936
Segment profit/(loss)	12,045	7,900	(50)	19,895
<b>Year-to-date ended 31-December 2016</b>				
Total revenue	42,604	123,750	2,160	168,514
Inter-segment revenue	(3,136)	(58,368)	(1,361)	(62,865)
External revenue	39,468	65,382	799	105,649
Interest income	4	12	-	16
Interest expense	1,507	1,305	395	3,207
Depreciation and amortisation	841	3,790	773	5,404
Segment (loss)/profit	8,291	7,317	(2,930)	12,678

**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 YEAR ENDED 31 DECEMBER 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  
TO THE INTERIM FINANCIAL REPORT  
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**12. Changes in contingent liabilities or contingent assets**

	As at 31.12.2017 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 year ended 31 December 2017.

	Year ended 31.12.2017 RM'000
Rental of premises	318
Sale of goods	23,223
Purchase of goods	<u>3,307</u>

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 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 fourth quarter ended 31 December 2017 increased by RM13.3 million to RM42.3 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 loss before tax ("LBT") for the current quarter was RM0.7 million, an improvement of RM2.6 million equivalent to 78.8% rise as compared to LBT of RM3.3 million recorded in preceding year corresponding quarter. The performance of each business segment for the fourth quarter as compared to the preceding year corresponding quarter is presented as follows:-

(a) **Machinery and equipment segment**

This segment recorded revenue of RM16 million for the current quarter as compared to RM9.4 million achieved in the previous year corresponding quarter, representing an increase of RM6.6 million equivalent to an increase of 70.2%. Profit before tax ("PBT") increased in tandem to RM3.8 million, a rise of RM3.2 million equivalent to 5.3 times as compared to PBT of RM0.6 million earned from the corresponding quarter in preceding year.

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

The revenue for the current quarter was RM26.2 million, representing an increase of RM6.6 million from RM19.6 million reported in the preceding year corresponding quarter. LBT was RM2.1 million for the quarter under review compared to LBT of RM3.1 million recorded in the previous year corresponding quarter. An improvement to LBT of RM1.0 million or 32.3%.

(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 LBT of RM2.4 million, a drop of RM1.6 million equivalent to 2 times as compared to LBT of RM0.8 million earned from the corresponding quarter in prior year.

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### SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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

	3-months ended	
	31.12.2017	30.09.2017
	RM'000	RM'000
Revenue	42,344	28,868
(Loss)/Profit before tax	<u>(684)</u>	<u>8,244</u>

The Group recorded a current quarter LBT of RM0.7 million, representing a decrease of RM8.9 million from PBT of RM8.2 million in the preceding quarter mainly due to the one-off gain from acquisition of a subsidiary of RM4.9 million during preceding quarter, unrealized foreign exchange (forex) losses of RM2.5 million and increase in production cost of steel product and trading activity 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 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 YEAR ENDED 31 DECEMBER 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:

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	-	180	-	180
Gain from bargain purchase	-	-	(4,954)	-
Rental income	(100)	(280)	(786)	(1,119)
Other income	-	(83)	(97)	(121)
Impairment loss on trade receivables	679	1,076	679	1,076
Interest Income	(4)	(5)	(16)	(16)
Interest expenses	1,121	928	4,105	3,207
Gain on disposal of plant and equipment	(1)	-	(102)	(287)
Depreciation of property, plant and equipment	1,602	1,485	5,501	4,976
Depreciation of investment property	109	108	435	428
Property, plant and equipment written off	189	-	189	3
Realised (gain)/loss on foreign exchange	440	(378)	52	(141)
Unrealised (gain)/loss on foreign exchange	2,534	(1,591)	2,782	(1,421)
Reversal of impairment loss on trade receivables	-	(180)	-	(480)

**20. Taxation**

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense	(1,232)	(922)	(1,872)	(1,254)
Deferred tax expense	649	1,039	649	1,039
	(583)	117	(1,223)	(215)

## **EONMETALL GROUP BERHAD**

**(Company No. 631617-D)  
(Incorporated in Malaysia)**

### **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 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 YEAR ENDED 31 DECEMBER 2017****22. Status of utilisation of proceeds raised from corporate proposal**

On 29 November 2017, the Company announced that the Private Placement has been completed following the listing of and quotation for 17,117,100 new shares on the main market of Bursa Securities on 29 November 2017.

As at 31 December 2017, the status of utilisation of proceeds raised pursuant to the Private Placement is as follows:-

	<b>Proposed Utilisation</b>	<b>Actual Utilisation</b>	<b>Balance Unutilise</b>	<b>Intended Timeframe for Utilisation</b>
<b>Details of Utilisation</b>	RM'000	RM'000	RM'000	
Expansion of business operation	7,039	5,201	1,838	Within 12 months from the date of completion of the private placement.
Working Capital	5,370	2,306	3,064	Within 12 months from the date of completion of the private placement.
Estimated expenses*	258	258	-	Within 12 months from the date of completion of the private placement.
	<u>12,667</u>	<u>7,765</u>	<u>4,902</u>	

\* The estimated expenses comprising professional fees, fees payable to relevant authorities and other related expenses. Any excess/shortfall in funds for estimated expenses will be adjusted to/from funds allocated for working capital.



**EONMETALL GROUP BERHAD**

(Company No. 631617-D)

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017****23. Group borrowings**

The Group's borrowings for fourth quarter ended 31 December 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	5,154	5,096
Hire purchases	36	66
	5,190	5,162
<b><u>Unsecured</u></b>		
Bank overdrafts	9,266	-
Bankers' acceptances	52,356	-
Trust receipt	418	-
Revolving credit	9,750	-
	71,790	-
<b>Total borrowings</b>	<b>76,980</b>	<b>5,162</b>

The Group's borrowings for fourth quarter ended 31 December 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	6,800	10,193
Hire purchases	86	102
	6,886	10,295
<b><u>Unsecured</u></b>		
Bank overdrafts	10,995	-
Bankers' acceptances	28,874	-
Revolving credit	9,750	-
	49,619	-
<b>Total borrowings</b>	<b>56,505</b>	<b>10,295</b>

**EONMETALL GROUP BERHAD**

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**24. Changes in material litigation**

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

**25. Dividend**

The Board of Directors declared an interim single tier dividend of 5% (2.5 sen per ordinary share) for the year ended 31 December 2017 with entitlement and payment dates on 26 January 2018 and 12 February 2018 respectively.

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

*Acquisitions*

During the twelve months ended 31 December 2017, the Group acquired assets with a cost of RM6.1 million (Twelve months ended 31 December 2016: RM4.43million).

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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 31 DECEMBER 2017**

**27. 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 31.12.2017 RM'000	As at 31.12.2016 RM'000
Total retained profits of Eonmetall Group Berhad and its subsidiaries:		
- Realised	112,564	110,453
- Unrealised	452	1,638
	<u>113,016</u>	<u>112,091</u>
Less: Consolidation adjustments	(25,862)	(40,147)
Total Group retained profits as per consolidation accounts	<u><b>87,154</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 YEAR ENDED 31 DECEMBER 2017****28. 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		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Profit after tax attributable to owners of the Company (RM'000)	(1,263)	(3,193)	18,680	12,462
<b>Basic:</b> Weighted average number of shares in issue ('000)	175,878	168,651	175,878	168,651
Basic earnings per share (sen)	<u>(0.72)</u>	<u>(1.89)</u>	<u>10.96</u>	<u>7.39</u>
<b>Diluted:</b> Diluted earnings per share (sen)	<u>(0.72)</u>	<u>(1.89)</u>	<u>10.96</u>	<u>7.39</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  
22<sup>nd</sup> February 2018