

EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Three Months Ended		Period Ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	<u>35,266</u>	<u>28,868</u>	<u>90,108</u>	<u>89,575</u>
Operating profit/(loss)	7,577	9,303	14,594	23,551
Interest expense	(1,569)	(1,062)	(3,964)	(2,984)
Interest income	4	3	18	12
Share of loss in joint venture	-	-	(3)	-
Profit/(Loss) before tax	<u>6,012</u>	<u>8,244</u>	<u>10,645</u>	<u>20,579</u>
Tax expense	(928)	(372)	(1,576)	(640)
Profit/(Loss) after tax from continuing operations	<u>5,084</u>	<u>7,872</u>	<u>9,069</u>	<u>19,939</u>
Other comprehensive income/(loss)	305	32	198	183
Total comprehensive income/(loss)	<u>5,389</u>	<u>7,904</u>	<u>9,267</u>	<u>20,122</u>
Profit/(Loss) after tax attributable to:				
Owners of parent	5,086	7,873	9,075	19,943
Non-controlling interests	<u>(2)</u>	<u>(1)</u>	<u>(6)</u>	<u>(4)</u>
	<u>5,084</u>	<u>7,872</u>	<u>9,069</u>	<u>19,939</u>
Total comprehensive income/(loss) attributable to:				
Owners of parent	4,905	7,903	8,802	20,135
Non-controlling interests	<u>484</u>	<u>1</u>	<u>465</u>	<u>(13)</u>
	<u>5,389</u>	<u>7,904</u>	<u>9,267</u>	<u>20,122</u>
Earnings/(Loss) per share attributable to owners of the Company				
Basic earnings/(loss) per share (sen)	<u>2.74</u>	<u>4.67</u>	<u>4.85</u>	<u>11.83</u>
Diluted earnings/(loss) per share (sen)	<u>2.74</u>	<u>4.67</u>	<u>4.85</u>	<u>11.83</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 2017.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Unaudited 30-Sep-18 RM'000	Restated 31-Dec-17 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	102,038	103,185
Investment properties	30,358	30,614
Investment in associates / joint venture	-	1
Goodwill on consolidation	2	-
Deferred tax assets	1,625	1,625
Trade and other receivables	-	-
	<u>134,023</u>	<u>135,425</u>
Current assets		
Trade and other receivables	87,199	63,783
Inventories	107,514	74,538
Current tax assets	65	86
Cash and cash equivalents	8,291	13,702
	<u>203,069</u>	<u>152,109</u>
TOTAL ASSETS	<u>337,092</u>	<u>287,534</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	99,801	99,801
Treasury share, at cost	(1,601)	(7)
Translation reserve	(1,699)	(1,426)
Retained earnings	94,387	85,312
	<u>190,888</u>	<u>183,680</u>
Non-controlling interests	699	234
TOTAL EQUITY	<u>191,587</u>	<u>183,914</u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	31,136	5,162
Deferred tax liabilities	775	759
	<u>31,911</u>	<u>5,921</u>
Current liabilities		
Trade and other payables	14,917	19,342
Loans and borrowings	97,300	76,980
Current tax liabilities	1,377	1,377
	<u>113,594</u>	<u>97,699</u>
TOTAL LIABILITIES	<u>145,505</u>	<u>103,620</u>
TOTAL EQUITY AND LIABILITIES	<u>337,092</u>	<u>287,534</u>
Net assets per share (RM)	<u>1.02</u>	<u>1.08</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 2017.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	←	<i>Non-distributable</i>		→	<i>Distributable</i>	Total	Non-	Total equity
	Share capital	Share premium	Treasury shares	Exchange 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
Balance as at 1 January 2017	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 loss for the period	-	-	-	192	19,943	20,135	(13)	20,122
Balance as at 30 September 2017	85,585	1,549	(783)	(1,537)	91,887	176,701	258	176,959
Balance as at 31 December 2017, as per previously reported	99,801	-	(7)	(1,426)	87,176	185,544	234	185,778
Adjustment from adoption of MFRS 9	-	-	-	-	(1,864)	(1,864)	-	(1,864)
Restated balance as at 1 January 2018	99,801	-	(7)	(1,426)	85,312	183,680	234	183,914
Profit for the year	-	-	-	-	9,075	9,075	(6)	9,069
Foreign currency translations	-	-	-	(273)	-	(273)	(19)	(292)
Acquired shares in a subsidiary from the non-controlling interest	-	-	-	-	-	-	490	490
Total comprehensive income for the year	-	-	-	(273)	9,075	8,802	465	9,267
Purchase of treasury shares	-	-	(1,594)	-	-	(1,594)	-	(1,594)
Balance as at 30 September 2018	99,801	-	(1,601)	(1,699)	94,387	190,888	699	191,587

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 2017.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Period ended	
	30-Sep-18 RM'000	30-Sep-17 RM'000
Cash flows from operating activities		
Profit before tax from continuing operations	10,645	20,579
Adjustments for:		
Depreciation of property, plant and equipment	4,432	3,899
Depreciation of investment property	327	326
Interest expense	3,964	2,984
Interest income	(18)	(12)
Impairment loss on trade receivables	66	-
Impairment loss on investments	1	-
Inventories written down	88	-
Share of loss on joint venture	3	-
Reversal of impairment loss on trade receivable	(122)	-
Loss/(Gain) on disposal of plant and equipment	18	(101)
Gain from bargain purchase	-	(4,954)
Unrealised (gain)/loss on foreign exchange	(1,176)	248
Operating profit before changes in working capital	18,228	22,969
Changes in working capital:		
Inventories	(33,064)	(23,207)
Trade and other receivables	(22,494)	(23,379)
Trade and other payables	582	14,898
Cash (used in)/generated from operations	(36,748)	(8,719)
Tax paid	(1,576)	(467)
Tax refunded	37	-
Net cash (used in)/generated from operating activities	(38,287)	(9,186)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,359)	(1,920)
Purchase of investment property	(71)	(68)
Acquisition of subsidiary, net of cash acquired	-	(2,380)
Acquisition of subsidiary, net of cash acquired	5	-
Interest received	18	12
Proceeds from disposal of plant and equipment	56	106
Net cash used in investing activities	(3,351)	(4,250)
Cash flows from financing activities		
(Repayment)/Drawdown of short term borrowings, net	19,025	23,072
Proceeds from term loans	29,998	-
Repayment of term loans	(4,643)	(5,057)
Repayment of hire purchase creditors	(29)	(80)
Acquired from the non-controlling interest in a subsidiary	490	-
Purchase of treasury shares	(1,594)	-
Dividend paid to shareholders of the Company	(4,707)	-
Interest paid	(3,964)	(2,984)
Net cash (used in)/generated from financing activities	34,576	14,951
Net (decrease)/increase in cash and cash equivalents	(7,062)	1,515
Effect of exchange rate changes	(292)	183
Cash and cash equivalents at beginning of year	4,436	(8,374)
Cash and cash equivalents at end of financial year	(2,918)	(6,676)

Notes:

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

Cash & bank balances	8,291	5,404
Bank overdrafts	<u>(11,209)</u>	<u>(12,080)</u>
	<u>(2,918)</u>	<u>(6,676)</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>

C) Acquisition of a subsidiary

On 23 August 2018, announced that on 16 August 2018, the company acquired 1 ordinary share of RM1.00 representing 50% of the total issued share capital of Eonmetall China Sdn. Bhd. (Formerly known as Grand Hill Assets Sdn. Bhd.) for a purchase consideration of RM1.00 from Dato' Goh Cheng Huat.

Assets acquired and liabilities assumed

The identifiable assets and liabilities of Eonmetall China Sdn Bhd as at the date of acquisition were:

<u>Assets</u>	<u>RM</u>
Cash and cash equivalents	<u>4,986</u>
	<u>4,986</u>
<u>Liabilities</u>	
Other payables	<u>(9,456)</u>
	<u>(9,456)</u>
Net assets acquired	(4,470)
Non-controlling interests measured at their share of the fair value of net assets	2,235
Goodwill arising from acquisition	<u>2,236</u>
Total purchase consideration	1
Less: Cash and cash equivalent	<u>(4,986)</u>
Net cash inflow on acquisition	<u>(4,985)</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 2017.

EONMETALL GROUP BERHAD

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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 2017. 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 2017.

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 2017 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 2018

Amendments to MFRS 1	Annual Improvement to MFRS Standards 2014 – 2016 Cycle
MFRS 9	Financial Instruments (IFRS 9 as issued by International Accounting Standards Board (“IASB”) in July 2014)
MFRS 15	Revenue from Contracts with Customers
Clarifications to MFRS 15	
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 128	Annual Improvement to MFRS Standards 2014 – 2016 Cycle
Amendments to MFRS 140	Transfer of Investment Property
IC Interpretation 22	Foreign Currency Translation and Advance Consideration

The Group had adopted the above Amendments to Standards, with a date of initial application of 1 January 2018. 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 PERIOD ENDED 30 SEPTEMBER 2018

2. Significant Accounting Policies (cont'd)

New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 JANUARY 2019

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.

Description		Effective for financial periods beginning on or after
Amendments to MFRS 3	Annual Improvement to MFRS Standards 2015 – 2017 Cycle	1 January 2019
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 11	Annual Improvement to MFRS Standards 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 112	Annual Improvement to MFRS Standards 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 123	Annual Improvement to MFRS Standards 2015 – 2017 Cycle	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

2. Significant Accounting Policies (cont'd)

(a) Reconciliation of Comprehensive Income for the year ended 31 December 2017

	As previously reported RM'000	Effects of transition to MFRS 9 RM'000	As restated RM'000
Other expenses	(3,875)	(1,864)	(5,739)

(b) Reconciliation of Statement of Financial Position as at 31 December 2017

	As previously reported RM'000	Effects of transition to MFRS 9 RM'000	As restated RM'000
Trade and other receivables	65,647	(1,864)	63,783
Retained earnings	87,176	(1,864)	85,312

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2017 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 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.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

7. Issuances and repayment of debt and equity securities

There were no issuance, resale, repayment of debt and equity securities and share cancellations for the current financial period ended 30 September 2018 and period up to the date of this announcement save for the following:

On 28 February 2018, the Company announced the repurchase of 374,000 treasury shares for RM0.680 per treasury shares.

On 01 March 2018, the Company announced the repurchase of 435,000 ordinary shares for RM0.673 per shares.

On 02 March 2018, the Company announced the repurchase of 263,500 ordinary shares for RM0.668 per shares.

On 08 March 2018, the Company announced the repurchase of 673,300 ordinary shares for RM0.622 per shares.

On 02 April 2018, the Company announced the repurchase of 3,900 ordinary shares for RM0.600 per shares.

On 04 April 2018, the Company announced the repurchase of 254,100 ordinary shares for RM0.594 per shares.

On 06 April 2018, the Company announced the repurchase of 50,000 ordinary shares for RM0.575 per shares.

On 07 June 2018, the Company announced the repurchase of 33,900 ordinary shares for RM0.445 per shares.

On 08 June 2018, the Company announced the repurchase of 17,100 ordinary shares for RM0.450 per shares.

On 11 June 2018, the Company announced the repurchase of 229,000 ordinary shares for RM0.470 per shares.

On 11 July 2018, the Company announced the repurchase of 75,000 ordinary shares for RM0.452 per shares.

On 13 July 2018, the Company announced the repurchase of 20,000 ordinary shares for RM0.460 per shares.

On 12 September 2018, the Company announced the repurchase of 98,000 ordinary shares for RM0.440 per shares.

On 13 September 2018, the Company announced the repurchase of 38,000 ordinary shares for RM0.442 per shares.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

7. Issuances and repayment of debt and equity securities (Cont'd)

On 18 September 2018, the Company announced the repurchase of 24,900 ordinary shares for RM0.448 per shares.

On 19 September 2018, the Company announced the repurchase of 9,000 ordinary shares for RM0.445 per shares.

On 28 September 2018, the Company announced the repurchase of 46,400 ordinary shares for RM0.461 per shares.

8. Dividends paid

An Interim Single Tier Dividend of 2.5sen per ordinary share totaling of RM4,706,703 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
FOR THE PERIOD ENDED 30 SEPTEMBER 2018****9. Segment revenue and results**

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

Period-to-date ended 30-September 2018	Machinery and equipment RM'000	Steel product and trading activity RM'000	Property investment holding and others RM'000	Total RM'000
Total revenue	60,064	87,539	1,924	149,527
Inter-segment revenue	(15,852)	(42,469)	(1,098)	(59,419)
External revenue	44,212	45,070	826	90,108
Interest income	4	14	-	18
Interest expense	1,969	1,995	-	3,964
Depreciation and amortisation	473	3,124	1,163	4,760
Segment profit/(loss)	7,996	5,400	(2,751)	10,645
Period-to-date ended 30-September 2017				
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 (loss)/profit	8,228	9,993	2,358	20,579

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

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

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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 followings:

On 23 August 2018, the Group announced that on 16 August 2018, the company acquired 1 ordinary share of RM1.00 representing 50% of the total issued share capital of Eonmetall China Sdn. Bhd. (1281494-V) (“ECA”) (Formerly known as Grand Hill Assets Sdn. Bhd.) for a purchase consideration of RM1 from Dato’ Goh Cheng Huat. The acquisition was completed on 23 August 2018 and concurrent with the completion of the acquisition, the Group subsequently increase its investment cost of RM509,999 through the issuance of 509,999 new ordinary shares. The Group holds a 51% stake in the enlarged issued share capital of ECA. The intended principal activity of ECA is manufacturing of steel downstream products.

On 09 October 2018, the Group announced the receipt of notification on the establishment of a subsidiary company in the Republic of Zambia named Eonmetall Investments Zambia Limited (“EIZL”) on 13 August 2018. The Company’s investment in EIZL is held through its wholly-owned subsidiary, Eonmetall International Limited (“EIL”). The paid-up share capital of EIZL is Zambian Kwacha 15,000 (K15,000) divided into 15,000 ordinary shares of K1.00 of which EIL holds 93.33% of ordinary shares with the remaining 6.67% stake to be held by the Zambian business associate. The intended principal activity of EIZL is mining and manufacturing.

On 22 November 2018, the Group announced the receipt of notification on the establishment of a subsidiary company in the Federal Territory of Labuan, Malaysia named Africa Steel Investment Limited (“ASIL”) on 21 November 2018. The Company’s investment in ASIL is held through its wholly-owned subsidiary, Eonmetall International Limited (“EIL”). The paid-up share capital of ASIL is USD10 divided into 10 ordinary shares of USD1.00 of which EIL holds 60% of ordinary shares with the remaining 40% stake to be held by another company incorporated in Federal Territory of Labuan, Malaysia. The intended principal activity of ASIL is investment holding.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

12. Changes in contingent liabilities or contingent assets

	As at 30.09.2018 RM'000	As at 31.12.2017 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>242,704</u>	<u>194,704</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 2018.

	Period ended 30.09.2018 RM'000
Rental of premises	232
Sale of goods	7,472
Purchase of goods	<u>2,274</u>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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 2018 increased by RM6.4 million from RM28.9 million up to RM35.3 million as compared to the preceding year corresponding quarter. The increase was mainly attributed to the increase of revenue from machinery and equipment segment during the current quarter.

The Group's profit before tax ("PBT") for the current quarter was RM6.0 million, a decrease of RM2.2 million equivalent to 26.8% drop as compared to PBT of RM8.2 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 RM18.3 million for the current quarter as compared to RM4.5 million achieved in the previous year corresponding quarter, representing an increase of RM13.8 million equivalent to an increase of 3.1 times. PBT was registered at RM5.4 million, a rise of RM4.9 million equivalent to 9.8 times as compared to PBT of RM0.5 million achieved during the corresponding quarter in preceding year. The increase is mainly contributed from the Solvent Extraction Plant division.

(b) Steel product and trading activity segment

The revenue for the current quarter was RM16.8 million, representing a decrease of RM7.6 million from RM24.4 million reported in the preceding year corresponding quarter. PBT was registered at RM1.2 million for the quarter under review compared to PBT of RM3.9 million recorded in the previous year corresponding quarter representing a decrease of RM2.7 million or 69.2%. The drop of PBT is due to lower revenue generated.

(c) Property, investment holding and other segment

This segment represents trading of non-steel products, other manufacturing and services income derived from the Group's properties offset against operating expenses from all other segments. This segment recorded loss before tax ("LBT") of RM0.7 million, a decrease of RM4.6 million equivalent to 1.21 times as compared to PBT of RM3.9 million in the corresponding quarter in prior year. The LBT is mainly attributed by the absent of one-off gain from business acquisition as reported in the corresponding quarter during prior year.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
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16. Variation of results against preceding quarter

	Current quarter ended 30.09.2018 RM'000	Immediate preceding quarter ended 30.06.2018 RM'000
Revenue	35,266	27,106
Profit before tax	<u>6,012</u>	<u>1,308</u>

The Group recorded a current quarter PBT of RM6.0 million, representing an increase of RM4.7 million from PBT of RM1.3 million in the preceding quarter mainly contributed from higher revenue generated from the 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 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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EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018****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:

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.09.2018 RM'000	Corresponding preceding quarter ended 30.09.2017 RM'000	Cumulative period ended 30.09.2018 RM'000	Corresponding preceding period ended 30.09.2017 RM'000
Impairment loss on trade receivables	-	-	66	-
Impairment loss on other investment	-	-	1	-
Interest expenses	1,569	1,062	3,964	2,984
Inventories written down	27	-	88	-
Depreciation of property, plant and equipment	1,730	1,312	4,432	3,899
Depreciation of investment property	110	108	327	326
(Gain)/Loss on disposal of property, plant and equipment	2	-	18	(101)
Gain from bargain purchase	-	(4,954)	-	(4,954)
Realised (gain)/loss on foreign exchange	(69)	5	1,323	(388)
Rental income	(75)	(252)	(225)	(686)
Other income	(2)	(33)	(12)	(97)
Interest Income	(4)	(3)	(18)	(12)
Unrealised (gain)/loss on foreign exchange	(215)	56	(1,176)	248
Reversal of impairment loss on trade receivables	(108)	-	(122)	-

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**SELECTED EXPLANATORY NOTES
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FOR THE PERIOD ENDED 30 SEPTEMBER 2018****20. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.09.2018 RM'000	Corresponding preceding quarter ended 30.09.2017 RM'000	Cumulative period ended 30.09.2018 RM'000	Corresponding preceding period ended 30.09.2017 RM'000
Current tax expense	(252)	(123)	(681)	(326)
Underprovision in prior years	(676)	(249)	(895)	(314)
	<u>(928)</u>	<u>(372)</u>	<u>(1,576)</u>	<u>(640)</u>

21. Status of corporate proposal announced

There were no corporate proposal announced and not completed as at the date of this announcement.

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 30 September 2018, the status of utilisation of proceeds raised pursuant to the Private Placement is as follows:-

	Proposed Utilisation	Actual Utilisation	Balance Unutilise	Intended Timeframe for Utilisation
Details of Utilisation	RM'000	RM'000	RM'000	
Expansion of business operation	7,039	7,039	-	Within 12 months from the date of completion of the private placement.
Working Capital	5,370	5,370	-	Within 12 months from the date of completion of the private placement.
Expenses*	258	258	-	Within 12 months from the date of completion of the private placement.
	<u>12,667</u>	<u>12,667</u>	<u>-</u>	

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018****22. Status of utilisation of proceeds raised from corporate proposal (Cont'd)**

* The 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.

23. Group borrowings

The Group's borrowings for the financial period ended 30 September 2018 are as follows:-

RM denominated borrowings	Payable within 12 months RM'000	Payable after 12 months RM'000
<u>Secured</u>		
Term loans	4,514	31,091
Hire purchases	29	45
	4,543	31,136
<u>Unsecured</u>		
Bank overdrafts	11,209	-
Bankers' acceptances	71,298	-
Revolving credit	10,250	-
	92,757	-
Total borrowings	97,300	31,136

The Group's borrowings for the financial period ended 30 September 2017 are as follows:-

RM denominated borrowings	Payable within 12 months RM'000	Payable after 12 months RM'000
<u>Secured</u>		
Term loans	6,526	5,411
Hire purchases	39	68
	6,565	5,479
<u>Unsecured</u>		
Bank overdrafts	12,080	-
Bankers' acceptances	51,946	-
Revolving credit	9,750	-
	73,776	-
Total borrowings	80,341	5,479

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2018**

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 does not recommend any dividend for the current financial period.

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

Acquisitions

During the financial period ended 30 September 2018, the Group acquired assets with a cost of RM3.4 million (Financial period ended 30 September 2017: RM1.9 million).

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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 2018****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:

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.09.2018	Corresponding preceding quarter ended 30.09.2017	Cumulative period ended 30.09.2018	Corresponding preceding period ended 30.09.2017
Profit after tax attributable to owners of the Company (RM'000)	5,086	7,873	9,075	19,943
Basic: Weighted average number of shares in issue ('000)	185,816	168,651	185,816	168,651
Basic earnings per share (sen)	<u>2.74</u>	<u>4.67</u>	<u>4.85</u>	<u>11.83</u>
Diluted: Diluted earnings per share (sen)	<u>2.74</u>	<u>4.67</u>	<u>4.85</u>	<u>11.83</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
23rd November 2018