

EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Three Months Ended		Period Ended	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	<u>19,342</u>	<u>35,266</u>	<u>75,537</u>	<u>90,108</u>
Operating (loss)/profit	(1,552)	7,577	3,857	14,594
Interest expense	(1,911)	(1,569)	(5,333)	(3,964)
Interest income	7	4	14	18
Share of loss of an associate and a joint venture, net of tax	-	-	(11)	(3)
(Loss)/Profit before tax	<u>(3,456)</u>	<u>6,012</u>	<u>(1,473)</u>	<u>10,645</u>
Tax expense	(286)	(928)	(802)	(1,576)
(Loss)/Profit after tax from continuing operations	<u>(3,742)</u>	<u>5,084</u>	<u>(2,275)</u>	<u>9,069</u>
Other comprehensive (loss)/income	(256)	305	66,966	198
Total comprehensive (loss)/income	<u>(3,998)</u>	<u>5,389</u>	<u>64,691</u>	<u>9,267</u>
(Loss)/profit after tax attributable to:				
Owners of parent	(3,741)	5,086	(2,269)	9,075
Non-controlling interests	<u>(1)</u>	<u>(2)</u>	<u>(6)</u>	<u>(6)</u>
	<u>(3,742)</u>	<u>5,084</u>	<u>(2,275)</u>	<u>9,069</u>
Total comprehensive income/(loss) attributable to:				
Owners of parent	(3,905)	4,905	64,858	8,802
Non-controlling interests	<u>(93)</u>	<u>484</u>	<u>(167)</u>	<u>465</u>
	<u>(3,998)</u>	<u>5,389</u>	<u>64,691</u>	<u>9,267</u>
Earnings per share attributable to owners of the Company				
Basic earnings per share (sen)	<u>(2.02)</u>	<u>2.74</u>	<u>(1.22)</u>	<u>4.85</u>
Diluted earnings per share (sen)	<u>(2.02)</u>	<u>2.74</u>	<u>(1.22)</u>	<u>4.85</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 2018.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	Unaudited 30-Sep-19 RM'000	Audited 31-Dec-18 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	216,694	137,929
Investment in associates / joint venture	50	414
Deferred tax assets	1,625	1,625
Trade and other receivables	-	-
	<u>218,369</u>	<u>139,968</u>
Current assets		
Trade and other receivables	83,808	70,532
Inventories	104,390	95,072
Current tax assets	366	443
Cash and cash equivalents	14,407	16,695
	<u>202,971</u>	<u>182,742</u>
TOTAL ASSETS	<u>421,340</u>	<u>322,710</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	99,801	99,801
Treasury share, at cost	(1,761)	(1,601)
Property revaluation reserve	67,329	-
Translation reserve	(1,918)	(1,716)
Retained earnings	73,240	75,509
	<u>236,691</u>	<u>171,993</u>
Non-controlling interests	483	650
TOTAL EQUITY	<u>237,174</u>	<u>172,643</u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	34,648	29,494
Deferred tax liabilities	10,582	631
	<u>45,230</u>	<u>30,125</u>
Current liabilities		
Trade and other payables	28,588	18,470
Loans and borrowings	110,305	101,422
Current tax liabilities	43	50
	<u>138,936</u>	<u>119,942</u>
TOTAL LIABILITIES	<u>184,166</u>	<u>150,067</u>
TOTAL EQUITY AND LIABILITIES	<u>421,340</u>	<u>322,710</u>
Net assets per share (RM)	<u>1.28</u>	<u>0.95</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 2018.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	←	<i>Non-distributable</i>		→	<i>Distributable</i>	Total attributable to owner of the parent	Non- controlling interest	Total equity
	Share capital	Treasury shares	Property revaluation reserve	Exchange translation reserve	Retained earnings	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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 period	-	-	-	-	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 (loss)/income for the period	-	-	-	(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
Balance as at 1 January 2019	99,801	(1,601)	-	(1,716)	75,509	171,993	650	172,643
Loss for the period	-	-	-	-	(2,269)	(2,269)	(6)	(2,275)
Foreign currency translations	-	-	-	(202)	-	(202)	(161)	(363)
Other comprehensive income for the period	-	-	67,329	-	-	67,329	-	67,329
Total comprehensive income/(loss) for the period	-	-	67,329	(202)	(2,269)	64,858	(167)	64,691
Purchase of treasury shares	-	(160)	-	-	-	(160)	-	(160)
Balance as at 30 September 2019	99,801	(1,761)	67,329	(1,918)	73,240	236,691	483	237,174

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 2018.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Year ended	
	30-Sep-19 RM'000	30-Sep-18 RM'000
Cash flows from operating activities		
(Loss)/Profit before tax from continuing operations	(1,473)	10,645
Adjustments for:		
Depreciation of property, plant and equipment	5,983	4,432
Depreciation of investment property	-	327
Interest expense	5,333	3,964
Interest income	(14)	(18)
Impairment loss on trade receivables	-	66
Impairment loss on other investments	99	1
Inventories written down	5,726	88
Inventories written off	24	-
Share of loss of an associate and a joint venture, net of tax	11	3
Reversal of impairment loss on trade receivable	(7,810)	(122)
Loss on disposal of plant and equipment	4	5
Property, plant and equipment written off	-	17
Unrealised gain on foreign exchange	(636)	(1,176)
Operating profit before changes in working capital	7,247	18,232
Changes in working capital:		
Inventories	(15,068)	(33,064)
Trade and other receivables	(5,332)	(22,494)
Trade and other payables	10,620	582
Cash used in operations	(2,533)	(36,744)
Tax paid	(965)	(1,576)
Tax refunded	233	37
Net cash used in operating activities	(3,265)	(38,283)
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,475)	(3,359)
Investment in other investments	(50)	-
Purchase of investment property	-	(71)
Acquisition of subsidiary, net of cash inflow acquired	-	5
Interest received	14	18
Proceeds from disposal of plant and equipment	2	51
Proceeds from ceased of investment in an associate	305	-
Net cash used in investing activities	(7,204)	(3,356)
Cash flows from financing activities		
Drawdown of short term borrowings	135,862	114,339
Proceeds from term loans	14,586	29,998
Repayment of short term borrowings	(132,119)	(95,314)
Repayment of term loans	(4,047)	(4,643)
Repayment of hire purchase creditors	(23)	(29)
Acquired from the non-controlling interest in a subsidiary	-	490
Purchase of treasury shares	(160)	(1,594)
Dividend paid to shareholders of the Company	-	(4,707)
Interest paid	(5,333)	(3,964)
Net cash generated from financing activities	8,766	34,576
Net decrease in cash and cash equivalents	(1,703)	(7,063)
Effect of exchange rate changes	(363)	(292)
Cash and cash equivalents at beginning of period	5,125	4,437
Cash and cash equivalents at end of financial period	3,059	(2,918)

Note A

Notes:

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

Cash & bank balances	14,407	8,291
Bank overdrafts	<u>(11,348)</u>	<u>(11,209)</u>
	<u>3,059</u>	<u>(2,918)</u>

A) 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	2,190
Goodwill arising from acquisition	<u>2,281</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 2018.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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 2018. 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 2018.

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 2018 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 2019

MFRS 16	Lease
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 3	Annual Improvement to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 11	Annual Improvement to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 112	Annual Improvement to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 123	Annual Improvement to MFRS Standards 2015 – 2017 Cycle
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement

The Group had adopted the above Amendments to Standards, with a date of initial application of 1 January 2019. 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 2019

2. Significant Accounting Policies (cont'd)

New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 JANUARY 2020

The followings 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 References	Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
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

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2018 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.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

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 issuance, resale, repayment of debt and equity securities and share cancellations for the current financial period ended 30 September 2019 and period up to the date of this announcement save for the following:

On 01 March 2019, the Company announced the repurchase of 63,000 treasury shares for RM0.382 per treasury shares.

On 04 March 2019, the Company announced the repurchase of 25,000 ordinary shares for RM0.380 per shares.

On 05 March 2019, the Company announced the repurchase of 6,000 ordinary shares for RM0.385 per shares.

On 06 March 2019, the Company announced the repurchase of 70,000 ordinary shares for RM0.385 per shares.

On 08 March 2019, the Company announced the repurchase of 40,000 ordinary shares for RM0.384 per shares.

On 03 June 2019, the Company announced the repurchase of 160,000 ordinary shares for RM0.357 per shares.

On 08 July 2019, the Company announced the repurchase of 53,000 ordinary shares for RM0.365 per shares.

On 11 July 2019, the Company announced the repurchase of 14,500 ordinary shares for RM0.365 per 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 2019****9. Segment revenue and results**

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

Period-to-date ended 30-September 2019	Machinery and equipment RM'000	Steel product and trading activity RM'000	Property investment holding and others RM'000	Total RM'000
Total revenue	23,165	123,282	1,583	148,030
Inter-segment revenue	(3,441)	(67,942)	(1,110)	(72,493)
External revenue	19,724	55,340	473	75,537
Interest income	4	10	-	14
Interest expense	2,586	2,421	326	5,333
Depreciation and amortisation	506	4,049	1,428	5,983
Share of loss of an associate and a joint venture, net of tax	-	-	11	11
Segment profit/(loss)	1,563	1,044	(4,080)	(1,473)
Period-to-date ended 30-September 2018				
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
Share of loss of an associate and a joint venture, net of tax	-	-	3	3
Segment profit/(loss)	7,996	5,400	(2,751)	10,645

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

10. Valuation of property, plant and equipment and investment properties

The valuation of property, plant and equipment were brought forward without any amendments from the preceding annual financial statements, except for the followings:

During the financial period ended 30 September 2019, a revaluation exercise was carried out by the Group on land and buildings classified as property, plant and equipment. The revaluation resulted in a property revaluation surplus, net of deferred tax at value of RM67.33 million being included as property revaluation reserve. The valuations were carried out by professional independent valuer, C H Williams Talhar & Wong Sdn. Bhd and the valuation reports were dated on 30 June 2019.

11. 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.

12. 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 03 January 2019, the Group announced the incorporation of a subsidiary known as Shaanxi Longxing Steel Co., Ltd. (“Shaanxi Longxing”) in the People’s Republic of China. The Company’s investment in Shaanxi Longxing is held through its 51% owned subsidiary, Eonmetall China Sdn. Bhd. (“ECA”). Shaanxi Longxing was incorporated with registered/authorized capital of USD20,000,000 with principal business activities of production, sales, import and export of steel products, machinery and equipment.

On 11 March 2019, the Group announced the incorporation of a subsidiary known as Constructor ANZ Limited (“CAL”) in the New Zealand. The Company’s investment in CAL is held through its 100% owned subsidiary, Constructor Asia Sdn. Bhd. (“CSA”). The paid-up capital of CAL is one (1) New Zealand Dollar (“NZD”) represented by 1 share of NZD1. CAL’S intended nature of business is in the sales and distribution of steel storage racking systems.

On 15 May 2019, the Group announced the disposal of entire 93.33% stake in Eonmetall Investments Zambia Limited (“EIZL”) for a cash consideration of Ringgit Malaysia Two (RM2.00) only as stipulated in the share sale agreement (“SSA”) entered into by its wholly owned subsidiary, Eonmetall International Limited (“EIL”) with Grand East Metal (Kulim) Sdn. Bhd. Following completion of the disposal on 15 May 2019, EIZL ceased to be subsidiary of the Group.

On 5 July 2019, the Group announced the incorporation of a subsidiary known as Eonmetall Land Sdn. Bhd. (“ELSB”). The initial paid-up share capital of ELSB is RM1 comprised of 1 ordinary share. ELSB intended business activity is in investment holding.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

12. Changes in the composition of the Group (Con't)

On 8 July 2019, Eonmetall Steel Industries Ethiopia PLC (“ESIF”), a 50% shareholding owned by Eonmetall International Limited (“EIL”), which is a wholly-owned subsidiary of the Group received an approval for the company strike-off.

On 6 August 2019, Eonmetall Steel Company FZCO (“ESCF”), a 50% shareholding owned by Eonmetall International Limited (“EIL”), which is a wholly-owned subsidiary of the Group received an approval for the company strike-off.

13. Changes in contingent liabilities or contingent assets

	As at 30.09.2019 RM'000	As at 31.12.2018 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>278,190</u>	<u>243,990</u>

14. Capital commitments

As at the date of this announcement, the Group has no material capital commitments.

15. 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 2019.

	Period ended 30.09.2019 RM'000
Rental of premises	225
Sales of goods	691
Purchase of goods	<u>2,362</u>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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

16. Review of performance

The Group's revenue for the third quarter ended 30 September 2019 decreased by RM16.0 million from RM35.3 million to RM19.3 million as compared to the preceding year corresponding quarter. The decrease was mainly attributed to the decrease of revenue from machinery and equipment segment during the current quarter.

The Group's loss before tax ("LBT") was RM3.5 million, as compared to Profit before tax ("PBT") of RM6.0 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 RM1.0 million for the current quarter as compared to RM18.3 million achieved in the previous year corresponding quarter, representing a decrease of RM17.3 million equivalent to 94.5%. LBT was RM2.6 million, a decrease of RM8.0 million equivalent to 1.48 times as compared to PBT of RM5.4 million achieved during the corresponding quarter in preceding year. The decrease is from lower revenue generated.

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

The revenue for the current quarter was RM18.1 million, representing an increase of RM1.3 million from RM16.8 million reported in the preceding year corresponding quarter. PBT was registered at RM0.8 million, a decrease of 33.3% compared to PBT of RM1.2 million recorded in the previous year corresponding quarter. The decrease of PBT is mainly due to higher production costs.

(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 LBT of RM1.7 million, an increase of RM1.1 million or 1.83 times as compared to LBT of RM0.6 million in the corresponding quarter in preceding year. The LBT is mainly attributed by high depreciation incurred for the newly setup bio-coal project and "Constructor" brand manufacturing license fees.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

17. Variation of results against preceding quarter

	Current quarter ended 30.09.2019 RM'000	Immediate preceding quarter ended 30.06.2019 RM'000
Revenue	19,342	37,213
Profit/(Loss) before tax	<u>(3,456)</u>	<u>1,605</u>

The Group recorded a current quarter LBT of RM3.5 million, representing a decrease of RM5.1 million from PBT of RM1.6 million in the preceding quarter mainly due to lower revenue generated for machinery and equipment segment.

18. 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.

19. 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 2019****20. 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 30.09.2019 RM'000	Corresponding preceding quarter ended 30.09.2018 RM'000	Cumulative period ended 30.09.2019 RM'000	Corresponding preceding period ended 30.09.2018 RM'000
Impairment loss on other receivables	-	-	-	66
Investment loss on other investment	99	1	99	1
Interest expenses	1,911	1,569	5,333	3,964
Inventories written down	1,438	27	5,726	88
Inventories written off	-	-	24	-
Depreciation of property, plant and equipment	2,104	1,840	5,983	4,759
Loss on disposal of property, plant and equipment	2	6	4	5
Realised (gain)/loss on foreign exchange	(112)	(69)	330	1,323
Property, plant and equipment written off	-	-	-	17
Rental income	(75)	(75)	(225)	(225)
Reversal of impairment loss on trade receivables	-	(108)	(7,810)	(112)
Other income	-	(2)	(1)	(12)
Interest Income	(7)	(4)	(14)	(18)
Unrealised gain on foreign exchange	(449)	(215)	(637)	(1,176)

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(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2019****21. Tax (expenses)/income**

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.09.2019 RM'000	Corresponding preceding quarter ended 30.09.2018 RM'000	Cumulative period ended 30.09.2019 RM'000	Corresponding preceding period ended 30.09.2018 RM'000
Current tax expense	(286)	(252)	(802)	(681)
Over/(under) provision in prior years	-	(676)	-	(895)
	<u>(286)</u>	<u>(928)</u>	<u>(802)</u>	<u>(1,576)</u>

22. Status of corporate proposal announced

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

23. Group borrowings

The Group's borrowings for the financial period ended 30 September 2019 are as follows:-

RM denominated borrowings	Payable within 12 months RM'000	Payable after 12 months RM'000
<u>Secured</u>		
Term loans	11,001	34,636
Hire purchases	31	12
	11,032	34,648
<u>Unsecured</u>		
Bank overdrafts	11,348	-
Bankers' acceptances	72,675	-
Revolving credit	15,250	-
	99,273	-
Total borrowings	<u>110,305</u>	<u>34,648</u>

EONMETALL GROUP BERHAD

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

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2019****23. Group borrowings (Con't)**

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

	Payable within 12 months RM'000	Payable after 12 months RM'000
RM denominated borrowings		
<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

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 2019, the Group acquired assets with a cost of RM7.5 million (Financial period ended 30 September 2018: RM3.4 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 2019****27. Earnings per share**

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

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.09.2019	Corresponding preceding quarter ended 30.09.2018	Cumulative period ended 30.09.2019	Corresponding preceding period ended 30.09.2018
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(3,741)	5,086	(2,269)	9,075
Basic: Weighted average number of shares in issue ('000)	185,192	185,816	185,375	185,816
Basic earnings per share (sen)	<u>(2.02)</u>	<u>2.74</u>	<u>(1.22)</u>	<u>4.85</u>
Diluted: Diluted earnings per share (sen)	<u>(2.02)</u>	<u>2.74</u>	<u>(1.22)</u>	<u>4.85</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
29th November 2019