

**EONMETALL GROUP BERHAD**

(Company No. 631617 D)

(Incorporated in Malaysia)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	Three Months Ended		Period Ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000	30-Sep-21 RM'000	30-Sep-20 RM'000
<b>Continuing Operations</b>				
<b>Revenue</b>	<u>51,014</u>	<u>45,998</u>	<u>144,656</u>	<u>85,345</u>
Operating profit/(loss)	6,334	5,037	24,988	10,661
Interest expense	(1,456)	(1,916)	(4,604)	(5,777)
Interest income	6	1	8	10
Share of loss in joint venture	-	-	-	-
<b>Profit/(Loss) before tax</b>	<u>4,884</u>	<u>3,122</u>	<u>20,392</u>	<u>4,894</u>
Tax expense	(145)	(428)	(2,201)	(867)
<b>Profit/(Loss) after tax from continuing operations</b>	<u>4,739</u>	<u>2,694</u>	<u>18,191</u>	<u>4,027</u>
Other comprehensive income/(loss)	253	356	(230)	(12)
<b>Total comprehensive income/(loss)</b>	<u>4,992</u>	<u>3,050</u>	<u>17,961</u>	<u>4,015</u>
<b>Profit/(Loss) after tax attributable to:</b>				
Owners of parent	4,738	2,731	18,280	4,031
Non-controlling interests	1	(37)	(89)	(4)
	<u>4,739</u>	<u>2,694</u>	<u>18,191</u>	<u>4,027</u>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of parent	4,714	3,006	18,056	3,865
Non-controlling interests	278	44	(95)	150
	<u>4,992</u>	<u>3,050</u>	<u>17,961</u>	<u>4,015</u>
<b>Earnings/(Loss) per share attributable to owners of the Company</b>				
Basic earnings/(loss) per share (sen)	<u>2.33</u>	<u>1.44</u>	<u>8.97</u>	<u>2.16</u>
Diluted earnings/(loss) per share (sen)	<u>2.33</u>	<u>1.44</u>	<u>8.97</u>	<u>2.16</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 2020.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021**

	<b>Unaudited 30-Sep-21 RM'000</b>	<b>Audited 31-Dec-20 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	180,294	181,918
Right of use assets	445	35,603
Investment in associates / joint venture	8,289	-
Deferred tax assets	1,625	1,625
Trade and other receivables	-	-
	<u>190,653</u>	<u>219,146</u>
<b>Current assets</b>		
Trade and other receivables	107,820	97,342
Inventories	138,407	121,042
Current tax assets	640	635
Cash and cash equivalents	16,106	11,677
Derivative assets	-	-
	<u>262,973</u>	<u>230,696</u>
Assets classified as held for sale	1,281	52,316
<b>TOTAL ASSETS</b>	<u>454,907</u>	<u>502,158</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	106,097	106,097
Treasury share, at cost	(1,761)	(1,761)
Property revaluation reserve	47,251	66,871
Translation reserve	(1,583)	(1,359)
Retained earnings	117,679	82,835
	<u>267,683</u>	<u>252,683</u>
Non-controlling interests	220	587
<b>TOTAL EQUITY</b>	<u>267,903</u>	<u>253,270</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	27,398	38,824
Lease creditors	419	467
Deferred tax liabilities	11,086	11,086
	<u>38,903</u>	<u>50,377</u>
<b>Current liabilities</b>		
Trade and other payables	29,020	82,294
Loans and borrowings	118,884	115,612
Lease creditors	57	111
Current tax liabilities	140	347
Derivative liabilities	-	147
	<u>148,101</u>	<u>198,511</u>
<b>TOTAL LIABILITIES</b>	<u>187,004</u>	<u>248,888</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>454,907</u>	<u>502,158</u>
<b>Net assets per share (RM)</b>	<u>1.31</u>	<u>1.32</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 2020.

# EONMETALL GROUP BERHAD

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## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	← Non-distributable →				Distributable	Total 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
<b>Balance as at 1 January 2020</b>	99,801	(1,761)	67,176	(1,805)	79,062	242,473	486	242,959
Profit for the year	-	-	-	-	4,031	4,031	(4)	4,027
Foreign currency translations	-	-	-	129	-	129	154	283
Total comprehensive loss for the period	-	-	-	129	4,031	4,160	150	4,310
Realisation of revaluation reserve	-	-	(295)	-	-	(295)	-	(295)
Issues of shares	6,296	-	-	-	-	6,296	-	6,296
<b>Balance as at 30 September 2020</b>	106,097	(1,761)	66,881	(1,676)	83,093	252,634	636	253,270
<b>Balance as at 1 January 2021</b>	106,097	(1,761)	66,871	(1,359)	82,835	252,683	587	253,270
Profit for the year	-	-	-	-	18,280	18,280	(89)	18,191
Foreign currency translations	-	-	-	(224)	-	(224)	(6)	(230)
Total comprehensive income for the year	-	-	-	(224)	18,280	18,056	(95)	17,961
Realisation of revaluation reserve	-	-	(19,620)	-	19,620	-	-	-
Disposal of Subsidiary	-	-	-	-	-	-	(272)	(272)
Dividend to shareholders	-	-	-	-	(3,056)	(3,056)	-	(3,056)
<b>Balance as at 30 September 2021</b>	106,097	(1,761)	47,251	(1,583)	117,679	267,683	220	267,903

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 2020.

**EONMETALL GROUP BERHAD**(Company No. 631617 D)  
(Incorporated in Malaysia)**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	Year ended	
	30-Sep-21 RM'000	30-Sep-20 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax from continuing operations	20,392	4,894
Adjustments for:		
Depreciation of property, plant and equipment	6,700	6,044
Depreciation of right-of-use-assets	255	229
Interest expense	4,604	5,777
Interest income	(8)	(10)
Impairment loss on investments	-	293
Reversal of impairment loss on trade receivable	-	(161)
Gain on disposal of a subsidiary	(141)	-
(Gain)/loss on disposal of plant and equipment	(6,429)	436
Gain on lease modification	(1)	-
Unrealised (gain)/loss on foreign exchange	(1,019)	(368)
Operating profit before changes in working capital	24,353	17,134
Changes in working capital:		
Inventories	(17,365)	(21,880)
Trade and other receivables	(10,144)	(15,459)
Trade and other payables	(22,112)	12,501
Cash (used in)/generated from operations	(25,268)	(7,704)
Tax paid	(649)	(956)
RPGT paid	(1,764)	-
<b>Net cash (used in)/generated from operating activities</b>	(27,681)	(8,660)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,428)	(11,956)
Investment in associates	(8,289)	-
Investment in subsidiary	-	(17)
Interest received	8	10
Proceeds from disposal of subsidiary	4,131	-
Proceeds from disposal of plant and equipment	58,808	102
Proceeds from derivative assets	-	68
<b>Net cash used in investing activities</b>	48,230	(11,793)
<b>Cash flows from financing activities</b>		
Drawdown of short term borrowings	243,723	105,882
Proceeds from term loans	-	19,286
Repayment of short term borrowings	(239,280)	(104,249)
Repayment of term loans	(12,401)	(6,683)
Repayment of right-of-use assets	(519)	(238)
Proceeds from issuance of shares	-	6,296
Dividend paid to shareholders of the Company	(3,056)	-
Interest paid	(4,159)	(5,777)
<b>Net cash (used in)/generated from financing activities</b>	(15,692)	14,517
Net (decrease)/increase in cash and cash equivalents	4,857	(5,936)
Effect of exchange rate changes	(230)	(12)
Cash and cash equivalents at beginning of year	3,333	7,659
<b>Cash and cash equivalents at end of financial year</b>	7,960	1,711

**Notes:**

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

Cash & bank balances	16,106	12,643
Bank overdrafts	(8,146)	(10,932)
	7,960	1,711

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 2020.

# **EONMETALL GROUP BERHAD**

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## **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

### **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 complied 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 2020. 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 2020.

#### **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 2020 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 2021**

Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)

Annual Improvements to MFRS Standards 2018 - 2020

Amendments to MFRS 3 Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract

Amendments to MFRS 101 Classification of Liabilities as Current or Non-current

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

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## SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

#### MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 JANUARY 2021

Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)

Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Policies, Changes in Accounting Estimates and Errors)

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group had adopted the above Amendments to Standards, at a date of initial application of 1 January 2021. 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 2021

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 References to the Conceptual Framework in Lease MFRS Standards	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform	1 January 2020
Amendment to MFRS 16 Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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

The auditors' report on the financial statements for the year ended 31 December 2020 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 during 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 2021.

**8. Dividends paid**

An Interim Single Tier Dividend of 1.5 sen per ordinary share totaling RM3,055,660 for the year ended 31 December 2020 was paid on 18 June 2021.

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021****9. Segment revenue and results**

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

<b>Year-to-date ended 30 September 2021</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	21,759	204,754	11,252	237,765
Inter-segment revenue	(5,075)	(76,891)	(11,143)	(93,109)
External revenue	16,684	127,863	109	144,656
Interest income	-	8	-	8
Interest expense	1,261	1,927	1,416	4,604
Depreciation and amortisation	561	4,840	1,554	6,955
Share of loss of an associate and a joint venture, net of tax	-	-	-	-
Segment profit/(loss)	1,130	23,610	(4,348)	20,392
<b>Year-to-date ended 30 September 2020</b>				
Total revenue	22,452	183,612	1,416	207,480
Inter-segment revenue	(10,910)	(110,115)	(1,110)	(122,135)
External revenue	11,542	73,497	306	85,345
Interest income	3	6	1	10
Interest expense	1,804	2,298	1,675	5,777
Depreciation and amortisation	482	4,274	1,517	6,273
Share of loss of an associate and a joint venture, net of tax	-	-	-	-
Segment profit/(loss)	(1,857)	12,177	(5,426)	4,894



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### SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

Save as disclosed in Note 21 on the status of corporate proposals announced, there were no other material events subsequent to the end of the current quarter and financial year under review that have not been reflected in the interim financial report.

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

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

On 2 February 2021, the Group invested about RM8.3 million for a 50.0% stake in United Steel – Industria Metalica, LDC (“United Steel”) in the Republic of Angola. The Company’s investment in United Steel is held through its 60% owned sub-subsidiary, Africa Steel Investment Limited (“ASIL”). United Steel principal business activities is manufacturing and distribution of steel products.

On 18 March 2021, the Group disposed a 51.0% stake in Eonmetall China Sdn. Bhd. (“ECA”) for a cash consideration of USD 1,020,000 to Rizhao Xingyang International Trade Co., Ltd. a company incorporated in Republic of China. Following completion of the disposal on 18 March 2021, ECA ceased to be subsidiary of the Group.

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

	As at 30.09.2021 RM’000	As at 31.12.2020 RM’000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	311,900	267,290

#### 13. Capital commitments

Capital commitments authorized but not provided for in the financial statements are as follows:

	As at 30.09.2021 RM’000	As at 31.12.2020 RM’000
Purchase of property, plant and equipment		
- Contracted but not provided for	18,643	18,729

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

**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 30 September 2021.

	Year ended 30.09.2021 RM'000
Rental of premises	-
Sales of Goods	520
Purchase of goods	<u>2,359</u>

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### **SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

#### **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 2021 increased by RM5 million from RM46.0 million up to RM51.0 million as compared to the preceding year corresponding quarter. The increase was mainly attributed to the increase in sales from the steel product, and trading activity.

The Group's profit before tax ("PBT") was RM4.9 million, as compared to PBT of RM3.1 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 RM5.2 million for the current quarter as compared to RM7.7 million achieved in the previous year corresponding quarter, representing a decrease of RM2.5 million equivalent to 0.32 times. PBT was RM0.1 million, a decrease of RM0.7 million equivalent to 0.88 times as compared to PBT of RM0.8 million achieved during the corresponding quarter in preceding year. The lower PBT is mainly attributed by lower external sales generated.

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

The revenue for the current quarter was RM45.7 million, representing an increase of RM7.6 million equivalent to 0.20 times reported in the preceding year corresponding quarter. PBT was registered at RM6.1 million, an increase of RM0.5 million equivalent to 0.09 times as compared to PBT of RM5.6 million recorded in the previous year corresponding quarter. The higher PBT is mainly attributed by higher external sales generated and lower finance cost.

##### **(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 RM1.4 million, a decrease of RM1.9 million or 0.58 times as compared to LBT of RM3.3 million in the corresponding quarter in preceding year. The decrease in LBT is due to lower administrative and finance cost.

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### SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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

	Current quarter ended 30.09.2021 RM'000	Immediate preceding quarter ended 30.06.2021 RM'000
Revenue	51,015	37,102
Profit before tax	<u>4,884</u>	<u>7,342</u>

The Group recorded a current quarter PBT of RM4.9 million, representing a decrease of RM2.4 million from PBT of RM7.3 million in the preceding quarter. The decrease was mainly attributed by one-off gain on disposal of land and building in the previous quarter. Excluding the one-off gain, the PBT increased from RM0.9 million to RM4.9 million.

#### 17. Commentary of prospects

The COVID-19 pandemic has, to certain extent, disrupted our operations during the shutdown of our business during MCO. At this juncture, the Group does not anticipate major impact to the operations and market demands due to the diversification of our product ranges and markets. Besides, the Group is also anticipating higher orders for its steel product. However, the Group shall be cautious in our business approach for the foreseeable future.

#### 18. Profit forecast

The Group did not publish any profit forecast in a public documents in the current financial quarter.

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**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021****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 30.09.2021 RM'000	Corresponding preceding quarter ended 30.09.2020 RM'000	Cumulative period ended 30.09.2021 RM'000	Corresponding preceding period ended 30.09.2020 RM'000
Depreciation of property, plant and equipment	2,242	2,139	6,700	6,044
Depreciation of right-of- use asset	22	61	255	229
(Gain)/Loss on disposal of subsidiary	-	-	(141)	-
(Gain)/Loss on disposal of property, plant and equipment	-	410	(6,429)	436
(Gain)/Loss on lease modification	(1)	-	(1)	-
Other income	(349)	(213)	(946)	(467)
Impairment loss on investment	-	293	-	293
Interest income	(6)	(1)	(8)	(10)
Interest expense	1,457	1,916	4,604	5,777
Inventories written down	-	-	-	-
Realised (gain)/loss on foreign exchange	151	437	(241)	471
Rental income	(46)	(7)	(795)	(7)
Reversal of impairment loss on trade receivables	-	-	-	(161)
Unrealised (gain)/loss on foreign exchange	<u>(115)</u>	<u>1,021</u>	<u>(1,019)</u>	<u>(368)</u>

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## EONMETALL GROUP BERHAD

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### SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 20. Taxation

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.09.2021 RM'000	Corresponding preceding quarter ended 30.09.2020 RM'000	Cumulative period ended 30.09.2021 RM'000	Corresponding preceding period ended 30.09.2020 RM'000
Current tax expense	(151)	(428)	(2,207)	(867)
Over/(under) provision in prior years	6	-	6	-
	<u>(145)</u>	<u>(428)</u>	<u>(2,201)</u>	<u>(867)</u>

The increase of taxation is contributed to the payment of Real Property Gains Tax (“RPGT”) of RM1.8 million for the disposal of a parcel of land together with the building erected thereon.

#### 21. Status of corporate proposal announced

On 25 November 2020, the Company announced on the Memorandum of Understanding entered into by the Company with all the shareholders of Lienteh Technology Sdn. Bhd. (“LTSB”) in relation to the Proposed Acquisition by the Company of 51% equity interest in LTSB. Additional announcement were made on the 30 November 2020, 3 December 2020, 17 December 2020 and 25 January 2021 to provide additional information.

On 8 January 2021, the Company announced on the Proposed Disposal of measuring approximately 62,886.52 square meters together with the building erected thereon for a total cash consideration of RM58,800,000 only was completed on April 2021.

On 9 February 2021, the Company announced Multiple Proposals which include:

- i. Proposed Acquisition for the Share Sale Agreement entered into by the Company with all shareholders of LTSB in relation to the Proposed Acquisition by the Company of 51% equity interest in LTSB
- ii. Proposed Diversification
- iii. Proposed Employees’ Share Option Scheme (“ESOS”); and
- iv. Proposed Amendments to Company’s Constitution

Additional announcement were made on the 12 April 2021, 7 May 2021, 6 August 2021, 8 September 2021, 4 October 2021, 8 October 2021, 20 October 2021 and 23 November 2021 to provide additional information.

Save for the above, there was no other corporate proposals announced as at the date of this interim financial report.

**EONMETALL GROUP BERHAD**

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

**SELECTED EXPLANATORY NOTES  
TO THE INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

**22. Status of utilisation of proceeds raised from corporate proposal**

On 26 August 2020, the Company announced its intention to undertake a private placement of up to 10% of the total number of issued shares of the Company (excluding treasury shares).

The Private Placement, which entailed the issuance of 18,519,150 ordinary shares at issue price of RM0.34 per ordinary share, was completed following listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 8 September 2020. The proceeds from the Private Placement of RM6,296,511 had been fully utilised for working capital purpose during the financial year under review.

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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 2021****23. Group borrowings**

The Group's borrowings for the financial period ended 30 September 2021 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	17,216	27,398
Hire purchases	-	-
	17,216	27,398
<b><u>Unsecured</u></b>		
Bank overdrafts	8,146	-
Bankers' acceptances	75,872	-
Revolving credit	17,650	-
	101,668	-
<b>Total borrowings</b>	<b>118,884</b>	<b>27,398</b>

The Group's borrowings for the financial period ended 31 December 2020 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	18,191	38,824
Hire purchases	-	-
	18,191	38,824
<b><u>Unsecured</u></b>		
Bank overdrafts	8,344	-
Bankers' acceptances	75,127	-
Revolving credit	13,950	-
	97,421	-
<b>Total borrowings</b>	<b>115,612</b>	<b>38,824</b>

Eonmetall Technology Sdn. Bhd. has breached the covenant of term loan as they did not fulfill the requirements to maintain a maximum gearing ratio of not exceeding 1.0 times. As at 31 December 2020, the balance of the said term loan of 4.29 million was presented as current liabilities and 19.96 million as non-current liabilities. The bank has the absolute discretion to revise or recall banking facilities in the event of break of covenant.



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**SELECTED EXPLANATORY NOTES  
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**23. Group borrowings(cont'd)**

Subsequent to year end, Eonmetall Technology Sdn. Bhd. has partially settled the outstanding balances of that term loan to keep within the term loan covenant.

**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 2021, the group acquired asset with a cost of RM6.4 million (Financial period ended 30 September 2020: RM12.0 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 2021****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 30.09.2021	Corresponding preceding quarter ended 30.09.2020	Cumulative period ended 30.09.2021	Corresponding preceding period ended 30.09.2020
Profit after tax attributable to owners of the Company (RM'000)	4,738	2,731	18,280	4,031
<b>Basic:</b> Weighted average number of shares in issue ('000)	203,711	189,217	203,711	186,543
Basic earnings per share (sen)	<u>2.33</u>	<u>1.44</u>	<u>8.97</u>	<u>2.16</u>
<b>Diluted:</b> Diluted earnings per share (sen)	<u>2.33</u>	<u>1.44</u>	<u>8.97</u>	<u>2.16</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  
25<sup>th</sup> November 2021