

EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Three Months Ended		Year Ended	
	31-Dec-21 RM'000	31-Dec-20 RM'000	31-Dec-21 RM'000	31-Dec-20 RM'000
Continuing Operations				
Revenue	<u>72,292</u>	<u>50,405</u>	<u>216,947</u>	<u>135,751</u>
Operating profit/(loss)	8,664	1,968	33,652	12,629
Interest expense	(765)	(687)	(5,369)	(6,464)
Interest income	5	-	13	10
Share of profit/(loss) of associates	1,770	(504)	1,770	(504)
Profit/(Loss) before tax	<u>9,674</u>	<u>777</u>	<u>30,066</u>	<u>5,671</u>
Tax expense	(3,030)	(1,461)	(5,230)	(2,328)
Profit/(Loss) after tax from continuing operations	<u>6,644</u>	<u>(684)</u>	<u>24,836</u>	<u>3,343</u>
Other comprehensive income/(loss)	(15)	684	(245)	672
Total comprehensive income/(loss)	<u>6,629</u>	<u>-</u>	<u>24,591</u>	<u>4,015</u>
Profit/(Loss) after tax attributable to:				
Owners of parent	5,811	(563)	24,092	3,468
Non-controlling interests	833	(121)	744	(125)
	<u>6,644</u>	<u>(684)</u>	<u>24,836</u>	<u>3,343</u>
Total comprehensive income/(loss) attributable to:				
Owners of parent	5,926	49	23,983	3,914
Non-controlling interests	703	(49)	608	101
	<u>6,629</u>	<u>-</u>	<u>24,591</u>	<u>4,015</u>
Earnings/(Loss) per share attributable to owners of the Company				
Basic earnings/(loss) per share (sen)	<u>2.85</u>	<u>(0.28)</u>	<u>11.83</u>	<u>1.82</u>
Diluted earnings/(loss) per share (sen)	<u>2.85</u>	<u>(0.28)</u>	<u>11.83</u>	<u>1.82</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 FOURTH QUARTER ENDED 31 DECEMBER 2021

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Unaudited 31-Dec-21 RM'000	Audited 31-Dec-20 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	180,305	181,918
Right of use assets	783	35,603
Investment in associates / joint venture	10,059	-
Deferred tax assets	-	1,625
Trade and other receivables	-	-
	<u>191,147</u>	<u>219,146</u>
Current assets		
Trade and other receivables	118,601	97,342
Inventories	186,250	121,042
Current tax assets	555	635
Cash and cash equivalents	14,491	11,677
Derivative assets	-	-
	<u>319,897</u>	<u>230,696</u>
Assets classified as held for sale	1,281	52,316
TOTAL ASSETS	<u>512,325</u>	<u>502,158</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	106,097	106,097
Treasury share, at cost	(1,761)	(1,761)
Property revaluation reserve	46,905	66,871
Translation reserve	(1,468)	(1,359)
Retained earnings	123,837	82,835
	<u>273,610</u>	<u>252,683</u>
Non-controlling interests	923	587
TOTAL EQUITY	<u>274,533</u>	<u>253,270</u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	31,313	38,824
Lease creditors	439	467
Deferred tax liabilities	8,909	11,086
	<u>40,661</u>	<u>50,377</u>
Current liabilities		
Trade and other payables	34,730	82,294
Loans and borrowings	160,223	115,612
Lease creditors	383	111
Current tax liabilities	1,692	347
Derivative liabilities	103	147
	<u>197,131</u>	<u>198,511</u>
TOTAL LIABILITIES	<u>237,792</u>	<u>248,888</u>
TOTAL EQUITY AND LIABILITIES	<u>512,325</u>	<u>502,158</u>
Net assets per share (RM)	<u>1.34</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.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 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
Balance as at 1 January 2020	99,801	(1,761)	67,176	(1,805)	79,062	242,473	486	242,959
Profit for the year	-	-	-	-	3,468	3,468	(125)	3,343
Foreign currency translations	-	-	-	446	-	446	226	672
Total comprehensive loss for the period	-	-	-	446	3,468	3,914	101	4,015
Realisation of revaluation reserve	-	-	(305)	-	305	-	-	-
Issues of shares	6,296	-	-	-	-	6,296	-	6,296
Balance as at 31 December 2020	106,097	(1,761)	66,871	(1,359)	82,835	252,683	587	253,270
Balance as at 1 January 2021	106,097	(1,761)	66,871	(1,359)	82,835	252,683	587	253,270
Profit for the year	-	-	-	-	24,092	24,092	744	24,836
Foreign currency translations	-	-	-	(109)	-	(109)	(136)	(245)
Total comprehensive income for the year	-	-	-	(109)	24,092	23,983	608	24,591
Realisation of revaluation reserve	-	-	(19,966)	-	19,966	-	-	-
Disposal of Subsidiary	-	-	-	-	-	-	(272)	(272)
Dividend to shareholders	-	-	-	-	(3,056)	(3,056)	-	(3,056)
Balance as at 31 December 2021	106,097	(1,761)	46,905	(1,468)	123,837	273,610	923	274,533

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.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Year ended	
	31-Dec-21 RM'000	31-Dec-20 RM'000
Cash flows from operating activities		
Profit before tax from continuing operations	30,066	5,671
Adjustments for:		
Depreciation of property, plant and equipment	8,981	8,609
Depreciation of right-of-use-assets	472	553
Interest expense	5,369	6,464
Interest income	(13)	(10)
Impairment loss on trade receivables	1,972	1,998
Inventories written down	-	400
Inventories written off	-	12
Share of profit/loss on associates	(1,770)	504
Reversal of impairment loss on trade receivable	(765)	(979)
Gain on disposal of a subsidiary	(135)	-
(Gain)/loss on disposal of plant and equipment	(6,492)	413
Plant and equipment written off	63	24
Gain on lease modification	(3)	(9)
Fair value adjustment on derivative financial instrument	102	214
Unrealised (gain)/loss on foreign exchange	(953)	699
Operating profit before changes in working capital	<u>36,894</u>	<u>24,563</u>
Changes in working capital:		
Inventories	(65,208)	(27,131)
Trade and other receivables	(22,187)	(17,338)
Trade and other payables	(16,759)	59,503
Cash (used in)/generated from operations	<u>(67,260)</u>	<u>39,597</u>
Tax paid	(1,646)	(1,043)
Tax refund	-	41
RPGT paid	(2,370)	-
Net cash (used in)/generated from operating activities	<u>(71,276)</u>	<u>38,595</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,721)	(47,076)
Investment in associates	(8,289)	(493)
Interest received	13	10
Proceeds from disposal of subsidiary	4,131	-
Proceeds from disposal of plant and equipment	58,808	107
Net cash used in investing activities	<u>45,942</u>	<u>(47,452)</u>
Cash flows from financing activities		
Drawdown of short term borrowings	395,365	318,225
Proceeds from term loans	4,576	21,430
Repayment of short term borrowings	(349,892)	(323,272)
Repayment of term loans	(15,691)	(11,977)
Repayment of right-of-use assets	(326)	(362)
Proceeds from issuance of shares	-	6,297
Dividend paid to shareholders of the Company	(3,056)	-
Interest paid	(5,324)	(6,416)
Net cash (used in)/generated from financing activities	<u>25,652</u>	<u>3,925</u>
Net (decrease)/increase in cash and cash equivalents	<u>318</u>	<u>(4,932)</u>
Effect of exchange rate changes	(245)	606
Cash and cash equivalents at beginning of year	<u>3,333</u>	<u>7,659</u>
Cash and cash equivalents at end of financial year	<u>3,406</u>	<u>3,333</u>

Notes:

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

Cash & bank balances	14,491	11,677
Bank overdrafts	(11,085)	(8,344)
	<u>3,406</u>	<u>3,333</u>

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 YEAR ENDED 31 DECEMBER 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 YEAR ENDED 31 DECEMBER 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 YEAR ENDED 31 DECEMBER 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 31 December 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 YEAR ENDED 31 DECEMBER 2021****9. Segment revenue and results**

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

Year-to-date ended 31 December 2021	Machinery and equipment RM'000	Steel product and trading activity RM'000	Property investment holding and others RM'000	Total RM'000
Total revenue	40,908	400,895	11,649	453,452
Inter-segment revenue	(5,341)	(219,643)	(11,520)	(236,504)
External revenue	<u>35,567</u>	<u>181,252</u>	<u>129</u>	<u>216,948</u>
Interest income	-	13	-	13
Interest expense	1,682	2,833	854	5,369
Depreciation and amortisation	742	6,689	2,022	9,453
Share of profit of an associate and a joint venture, net of tax	-	-	1,770	1,770
Segment profit/(loss)	<u>222</u>	<u>33,924</u>	<u>(4,080)</u>	<u>30,066</u>
Year-to-date ended 31 December 2020				
Total revenue	32,129	264,825	2,832	299,786
Inter-segment revenue	(11,361)	(150,194)	(2,480)	(164,035)
External revenue	<u>20,768</u>	<u>114,631</u>	<u>352</u>	<u>135,751</u>
Interest income	3	6	1	10
Interest expense	3,007	3,010	447	6,464
Depreciation and amortisation	748	6,062	2,355	9,165
Share of loss of an associate and a joint venture, net of tax	-	-	(504)	(504)
Segment profit/(loss)	<u>(2,197)</u>	<u>14,222</u>	<u>(6,354)</u>	<u>5,671</u>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 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 31.12.2021 RM’000	As at 31.12.2020 RM’000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>311,900</u>	<u>267,290</u>

13. Capital commitments

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

	As at 31.12.2021 RM’000	As at 31.12.2020 RM’000
Purchase of property, plant and equipment		
- Contracted but not provided for	<u>18,643</u>	<u>18,729</u>

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 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 31 December 2021.

	Year ended 31.12.2021 RM'000
Rental of premises	-
Sales of Goods	865
Purchase of goods	<u>3,121</u>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 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 fourth quarter ended 31 December 2021 increased by RM21.9 million from RM50.4 million to RM72.3 million as compared to the preceding year corresponding quarter. The increase was mainly attributed to the increase in sales from both machinery and equipment and steel product.

The Group's profit before tax ("PBT") was RM9.7 million, as compared to PBT of RM0.8 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 a revenue of RM18.9 million for the current quarter as compared to RM9.2 million achieved in the previous year corresponding quarter, representing an increase of RM9.7 million equivalent to 1.05 times. Loss before tax ("LBT") was RM0.9 million, an increase of RM0.6 million equivalent to 2.00 times as compared to LBT of RM0.3 million achieved during the corresponding quarter in preceding year. The higher LBT is mainly attributed by lower GP margin generated and impairment on slow moving inventories.

(b) Steel product and trading activity segment

The revenue for the current quarter was RM53.4 million, representing an increase of RM12.3 million equivalent to 0.30 times as reported in the preceding year corresponding quarter. PBT was registered at RM10.3 million, an increase of RM8.3 million equivalent to 4.15 times as compared to PBT of RM2.0 million recorded in the previous year corresponding quarter. The higher PBT is mainly attributed by higher sales 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 PBT of RM0.3 million, an increase of RM1.2 million or 1.33 times as compared to LBT of RM0.9 million in the corresponding quarter in preceding year. The increase in PBT is due to gain in share of profit from associates.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

16. Variation of results against preceding quarter

	Current quarter ended 31.12.2021 RM'000	Immediate preceding quarter ended 30.09.2021 RM'000
Revenue	72,292	51,015
Profit before tax	<u>9,674</u>	<u>4,884</u>

The Group recorded a current quarter PBT of RM9.7 million, representing an increase of RM4.8 million from PBT of RM4.9 million in the preceding quarter. The increase was mainly attributed by higher revenue generated from steel segment and gain in share of profit from associates.

17. Commentary of prospects

The COVID-19 pandemic has to certain extent disrupted our operations during the shutdown of our business during MCO. The Group at this juncture does not anticipate major impact to the operations and market demands due to our diversification of product ranges and markets. Besides, the group is also anticipating higher orders for its steel product and is expected to perform at current level.

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 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 31.12.2021 RM'000	Corresponding preceding quarter ended 31.12.2020 RM'000	Cumulative period ended 31.12.2021 RM'000	Corresponding preceding period ended 31.12.2020 RM'000
Depreciation of property, plant and equipment	2,281	2,586	8,981	8,609
Depreciation of right-of- use asset	217	324	472	553
(Gain)/Loss on disposal of subsidiary	6	-	(135)	-
(Gain)/Loss on disposal of property, plant and equipment	(63)	(23)	(6,492)	413
(Gain)/Loss on lease modification	(2)	(9)	(3)	(9)
Fair value adjustment on derivative financial instrument	102	214	102	214
Other income	(149)	(534)	(1,095)	(1,014)
Plant and equipment written off	63	24	63	24
Impairment loss on trade and other receivables	1,972	1,998	1,972	1,998
Interest income	(5)	-	(13)	(10)
Interest expense	765	687	5,369	6,464
Inventories written down	-	400	-	400
Inventories written off	-	12	-	12
Realised (gain)/loss on foreign exchange	(501)	217	(742)	688
Rental income	(45)	(6)	(840)	(13)
Reversal of impairment loss on trade receivables	(765)	(979)	(765)	(979)
Share of (profit)/loss of associates	(1,770)	504	(1,770)	504
Unrealised (gain)/loss on foreign exchange	66	1,067	(953)	699

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

20. Taxation

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.12.2021 RM'000	Corresponding preceding quarter ended 31.12.2020 RM'000	Cumulative period ended 31.12.2021 RM'000	Corresponding preceding period ended 31.12.2020 RM'000
Current tax expense	(1,962)	(991)	(4,169)	(1,858)
Over/(under) provision in prior years	(1,068)	(470)	(1,061)	(470)
	<u>(3,030)</u>	<u>(1,461)</u>	<u>(5,230)</u>	<u>(2,328)</u>

The increase of taxation is contributed to the payment of Real Property Gains Tax (“RPGT”) of RM2.7 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 announcements 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, 23 November 2021, 9 December 2021, 21 January 2022 and 8 February 2022 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 YEAR ENDED 31 DECEMBER 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
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FOR THE YEAR ENDED 31 DECEMBER 2021****23. Group borrowings**

The Group's borrowings for the financial period ended 31 December 2021 are as follows:-

	Payable within 12 months RM'000	Payable after 12 months RM'000
RM denominated borrowings		
<u>Secured</u>		
Term loans	14,587	31,313
Hire purchases	-	-
	14,587	31,313
<u>Unsecured</u>		
Bank overdrafts	11,085	-
Bankers' acceptances	91,055	-
Revolving credit	18,200	-
Revolving credit	25,296	-
	145,636	-
Total borrowings	160,223	31,313

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
RM denominated borrowings		
<u>Secured</u>		
Term loans	18,191	38,824
Hire purchases	-	-
	18,191	38,824
<u>Unsecured</u>		
Bank overdrafts	8,344	-
Bankers' acceptances	75,127	-
Revolving credit	13,950	-
	97,421	-
Total borrowings	115,612	38,824

Eonmetall Industries Sdn. Bhd. ("EMI") has breached the covenant of Trade Facilities as the company did not fulfill the requirements to maintain amount owing to related parties of not exceeding RM3.0 million and RM14.9 million respectively. As at 31 December 2021, the balance of the said amount owing to the Company is at RM18.9 million. Banks have the absolute discretion to revise or recall the banking facilities in the event of breach of covenant.

EONMETALL GROUP BERHAD

(Company No. 631617-D)
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**SELECTED EXPLANATORY NOTES
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23. Group borrowings(cont'd)

Subsequent to year end 2021, EMI has partially settled the amount owing to the Company and has seek indulgence from the banks.

Eonmetall Technology Sdn. Bhd. (“EMT”) has breached the covenant of a Term Loan for not fulfilling 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 RM4.29 million was presented as current liabilities and RM19.96 million as non-current liabilities. The Bank has the absolute discretion to revise or recall the banking facilities in the event of breach of covenant.

Subsequent to year end 2020, EMT has partially settled the outstanding balances of the Term Loan. Since then, there is no additional breach of the 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 31 December 2021, the group acquired asset with a cost of RM8.7 million (Financial period ended 31 December 2021: RM47.1 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 YEAR ENDED 31 DECEMBER 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 31.12.2021	Corresponding preceding quarter ended 31.12.2020	Cumulative period ended 31.12.2021	Corresponding preceding period ended 31.12.2020
Profit/(loss) after tax attributable to owners of the Company (RM'000)	5,811	(563)	24,092	3,468
Basic: Weighted average number of shares in issue ('000)	203,711	203,711	203,711	190,859
Basic earnings per share (sen)	<u>2.85</u>	<u>(0.28)</u>	<u>11.83</u>	<u>1.82</u>
Diluted: Diluted earnings per share (sen)	<u>2.85</u>	<u>(0.28)</u>	<u>11.83</u>	<u>1.82</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
25th February 2022