

EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEP 2022

	Three Months Ended		Period Ended	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	<u>70,052</u>	<u>51,015</u>	<u>220,275</u>	<u>144,656</u>
Operating profit/(loss)	11,237	6,334	39,688	24,988
Interest expense	(2,426)	(1,456)	(6,298)	(4,604)
Interest income	23	6	44	8
Share of profit/(loss) of associates	-	-	-	-
Profit/(Loss) before tax	<u>8,834</u>	<u>4,884</u>	<u>33,435</u>	<u>20,392</u>
Tax expense	(2,006)	(145)	(2,979)	(2,201)
Profit/(Loss) after tax from continuing operations	<u>6,828</u>	<u>4,739</u>	<u>30,456</u>	<u>18,191</u>
Other comprehensive income/(loss)	224	253	880	(230)
Total comprehensive income/(loss)	<u>7,052</u>	<u>4,992</u>	<u>31,336</u>	<u>17,961</u>
Profit/(Loss) after tax attributable to:				
Owners of parent	6,117	4,738	30,131	18,280
Non-controlling interests	711	1	325	(89)
	<u>6,828</u>	<u>4,739</u>	<u>30,456</u>	<u>18,191</u>
Total comprehensive income/(loss) attributable to:				
Owners of parent	6,869	4,714	30,948	18,056
Non-controlling interests	183	278	388	(95)
	<u>7,052</u>	<u>4,992</u>	<u>31,336</u>	<u>17,961</u>
Earnings/(Loss) per share attributable to owners of the Company				
Basic earnings/(loss) per share (sen)	<u>2.21</u>	<u>2.33</u>	<u>12.47</u>	<u>8.97</u>
Diluted earnings/(loss) per share (sen)	<u>2.21</u>	<u>2.33</u>	<u>12.47</u>	<u>8.97</u>

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEP 2022

	Unaudited 30-Sep-22 RM'000	Audited 31-Dec-21 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	252,142	180,305
Right of use assets	3,182	783
Investment in associates / joint venture	11,322	10,383
Goodwill	27,374	-
Trade and other receivables	-	(6,298)
	<u>294,020</u>	<u>185,173</u>
Current assets		
Trade and other receivables	133,558	117,728
Inventories	215,372	186,250
Current tax assets	427	446
Cash and cash equivalents	18,805	14,491
	<u>368,162</u>	<u>318,915</u>
Assets classified as held for sale	-	1,281
TOTAL ASSETS	<u>662,182</u>	<u>505,369</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	141,797	106,097
Treasury share, at cost	(1,761)	(1,761)
Property revaluation reserve	46,905	46,905
Translation reserve	(192)	(1,009)
Retained earnings	154,041	123,910
	<u>340,790</u>	<u>274,142</u>
Non-controlling interests	9,440	1,053
TOTAL EQUITY	<u>350,230</u>	<u>275,195</u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	24,379	31,313
Lease creditors	2,743	488
Deferred tax liabilities	8,514	8,514
	<u>35,637</u>	<u>40,315</u>
Current liabilities		
Trade and other payables	101,786	33,922
Loans and borrowings	170,134	160,223
Lease creditors	1,071	334
Current tax liabilities	3,325	1,640
Derivative liabilities	-	103
	<u>276,315</u>	<u>196,222</u>
TOTAL LIABILITIES	<u>311,952</u>	<u>236,537</u>
TOTAL EQUITY AND LIABILITIES	<u>662,182</u>	<u>511,732</u>
Net assets per share (RM)	<u>1.41</u>	<u>1.35</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 2021.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEP 2022

	← 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 2021	106,097	(1,761)	66,871	(1,359)	82,835	252,683	587	253,270
Profit for the year	-	-	-	-	18,280	11,982	(89)	11,893
Foreign currency translations	-	-	-	(224)	-	(224)	(6)	(230)
Realisation of revaluation reserve	-	-	(19,620)	-	19,620	-	-	-
Total comprehensive loss for the period	-	-	(19,620)	(224)	37,900	11,758	(95)	11,663
Disposal of Subsidiary	-	-	-	-	-	-	(272)	(272)
Dividend to shareholders	-	-	-	-	(3,056)	(3,056)	-	(3,056)
Balance as at 30 Sept 2021	106,097	(1,761)	47,251	(1,583)	117,679	261,385	220	261,605
Balance as at 1 January 2022	106,097	(1,761)	46,905	(1,009)	123,910	274,142	1,053	275,195
Profit for the year	-	-	-	-	30,131	30,131	325	30,456
Foreign currency translations	-	-	-	817	-	817	63	880
Total comprehensive income for the year	-	-	-	817	30,131	30,948	388	31,336
Issue of shares	35,700	-	-	-	-	35,700	-	35,700
Non-controlling interest arising on a business combination	-	-	-	-	-	-	7,999	7,999
Balance as at 30 Sep 2022	141,797	(1,761)	46,905	(192)	154,041	340,790	9,440	350,230

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 2021.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEP 2022

	Period Ended	
	30-Sep-22 RM'000	30-Sep-21 RM'000
Cash flows from operating activities		
Profit before tax from continuing operations	33,435	20,392
Adjustments for:		
Bad debts written off		
Depreciation of property, plant and equipment	7,670	6,700
Depreciation of right-of-use-assets	1,425	255
Interest expense	6,298	4,604
Interest income	(44)	(8)
Impairment loss on trade receivables	2,179	-
Gain on disposal of a subsidiary	-	(141)
(Gain)/loss on disposal of plant and equipment	(1,636)	(6,429)
Gain on lease modification	-	(1)
Unrealised (gain)/loss on foreign exchange	(800)	(1,019)
Operating profit before changes in working capital	48,527	24,353
Changes in working capital:		
Inventories	(13,576)	(17,365)
Trade and other receivables	(12,934)	(10,144)
Trade and other payables	(11,461)	(22,112)
Cash (used in)/generated from operations	10,556	(25,268)
Tax paid	(2,727)	(649)
RPGT paid	(575)	(1,764)
Net cash (used in)/generated from operating activities	7,254	(27,681)
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,330)	(6,428)
Investment in associates	-	(8,289)
Acquisition of subsidiary, net of cash outflow acquired	(31,984)	-
Interest received	44	8
Proceeds from disposal of subsidiary	-	4,131
Proceeds from disposal of plant and equipment	5,081	58,808
Net cash used in investing activities	(35,189)	48,230
Cash flows from financing activities		
Drawdown of short term borrowings	335,634	243,723
Proceeds from term loans	2,288	-
Proceeds from hire purchase creditors	320	-
Repayment of short term borrowings	(324,297)	(239,280)
Repayment of term loans	(9,221)	(12,401)
Repayment of right-of-use assets	(1,359)	(519)
Proceeds from issuance of shares	35,700	-
Dividend paid to shareholders of the Company	-	(3,056)
Interest paid	(6,269)	(4,159)
Net cash (used in)/generated from financing activities	32,796	(15,692)
Net (decrease)/increase in cash and cash equivalents	4,861	4,857
Effect of exchange rate changes	880	(230)
Cash and cash equivalents at beginning of year	3,406	3,333
Cash and cash equivalents at end of financial year	9,147	7,960

Notes:

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

Cash & bank balances	18,805	16,106
Bank overdrafts	(9,658)	(8,146)
	<u>9,147</u>	<u>7,960</u>

A) Acquisition of a subsidiary

On 12 May 2022, the company acquires 15,300,000 shares of RM0.49 of Lienteh Technology Sdn Bhd. for a purchase consideration of RM35,700,000.00

Assets acquired and liabilities assumed

The identifiable assets and liabilities of Lienteh Technology Sdn Bhd as at the date of acquisition were:

<u>Assets</u>	<u>RM</u>
<u>Non-current assets:</u>	
Property, Plant and Equipment	36,614
Right of use assets	3,824
<u>Current-assets:</u>	
Assets work in progress	36,842
Closing stock	15,546
Trade and other receivables	(16,655)
Cash and cash equivalents	3,716
	<u>79,887</u>
<u>Liabilities</u>	
<u>Non-current liabilities</u>	
Hire purchase	(23)
Deferred tax liabilities	(1,700)
<u>Current liabilities</u>	
Lease liabilities	(4,118)
Trade and other Payables	(57,719)
Current tax	(2)
	<u>(63,562)</u>
Net assets acquired	16,325
Non-controlling interests measured at their share of the fair value of net assets	(7,999)
Goodwill arising from acquisition	27,374
Total purchase consideration	35,700
Less: Cash and cash equivalent	(3,716)
Net cash inflow on acquisition	<u>31,984</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 2022

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 2021. 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 2021.

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 2021 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 2022

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 Definition of a Business

Amendments to MFRS 101 and MFRS 108 Definition of Material

Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

Amendments to MFRS 16 Covid-19-Related Rent Concessions

Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9

The Group had adopted the above Amendments to Standards, at a date of initial application of 1 January 2022. The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

EONMETALL GROUP BERHAD

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

2. Significant Accounting Policies (cont'd)

New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 JANUARY 2022

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
Annual Improvements to MFRS Standards 2018 - 2020		1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts- Cost of Fulfilling a Contract	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts- Initial Application of MFRS 17 and MFRS 9- Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

EONMETALL GROUP BERHAD

(Company No. 631617-D)
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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2021 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 2022 and period up to the date of this announcement save for the following:

On 12 May 2022, the Company announced the issue of 72,857,142 ordinary shares for RM0.490 per shares.

8. Dividends paid

No dividend was paid by the Company during the current quarter under review.

EONMETALL GROUP BERHAD

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2022****9. Segment revenue and results**

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

Year-to-date ended 30 Sep 2022	Machinery and equipment RM'000	Steel product and trading activity RM'000	Property investment holding and others RM'000	Total RM'000
Total revenue	19,900	431,186	9,229	460,315
Inter-segment revenue	(5,692)	(233,231)	(1,117)	(240,040)
External revenue	14,208	197,955	8,112	220,275
Interest income	1	14	29	44
Interest expense	1,203	3,702	1,393	6,298
Depreciation and amortisation	489	5,328	1,386	7,203
Share of profit of an associate and a joint venture, net of tax	-	-	-	-
Segment profit/(loss)	2,662	37,902	(7,129)	33,435
Year-to-date ended 30 Sep 2021				
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

EONMETALL GROUP BERHAD

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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 except for the following:

On 12 May 2022, the Group acquired 15,300,000 ordinary shares of RM1.00 representing 51% of the total issued share capital of Lienteh Technology Sdn. Bhd. (202001010447(113193-W)) (“LTSB”) for a purchase consideration of RM35,700,000. The principal activity of LTSB is manufacturing, importing, exporting and trading of pharmaceutical and medical goods like latex and nitrile gloves.

12. Changes in contingent liabilities or contingent assets

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>335,500</u>	<u>311,900</u>

13. Capital commitments

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

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
Purchase of property, plant and equipment		
- Contracted but not provided for	<u>9,994</u>	<u>18,643</u>

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(Company No. 631617-D)
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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

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 2022.

	Period ended 30.09.2022 RM'000
Sales of Goods	1,177
Purchase of goods	<u>1,374</u>

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(Incorporated in Malaysia)

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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 2022 increased by RM19.0 million from RM51.0 million to RM70.0 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 as well as property, investment holding and others.

The Group's profit before tax ("PBT") was RM8.8 million, as compared to PBT of RM4.9 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 a revenue of RM4.8 million for the current quarter as compared to RM5.2 million achieved in the previous year corresponding quarter, representing a decrease of RM0.4 million equivalent to 7.7%. PBT was RM0.4 million, slightly increase of RM0.3 million equivalent to 3.0 times as compared to PBT of RM0.1 million achieved during the corresponding quarter in preceding year. The higher PBT is mainly attributed by higher gross profit margin generated from different product mix.

(b) Steel product and trading activity segment

The revenue for the current quarter was RM61.7 million, representing an increase of RM16.0 million equivalent to 35.0% as compared to RM45.7 million reported in the preceding year corresponding quarter. PBT was registered at RM10.5 million, an increase of RM4.4 million equivalent to 72.1% as compared to PBT of RM6.1 million recorded in the previous year corresponding quarter. The higher PBT is mainly attributed by higher 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 this segment. This segment recorded loss before tax ("LBT") of RM2.0 million, an increase of RM0.6 million or 42.9% as compared to LBT of RM1.4 million in the corresponding quarter in preceding year. The increase in LBT is due to impairment loss on other receivables.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

16. Variation of results against preceding quarter

	Current quarter ended 30.09.2022 RM'000	Immediate preceding quarter ended 30.06.2022 RM'000
Revenue	70,052	79,608
Profit before tax	<u>8,834</u>	<u>12,860</u>

The Group recorded a current quarter PBT of RM8.8 million, representing a decrease of RM4.1 million from PBT of RM12.9 million in the preceding quarter. The decrease was mainly attributed by lower revenue generated from machinery and equipment segment as well as steel product and trading activity segment.

17. Commentary of prospects

At this juncture, the Group does not anticipate any major impact from the Covid-19 pandemic to the operations and market demands due to the diversification of our product ranges and markets.

Additionally, the Group is anticipating higher orders from its 2 major segments: steel product and trading activity as well as machinery and equipment segment. Nonetheless, the Group shall continue to exercise caution in our business approach for the foreseeable future in view of slower market conditions.

18. Profit forecast

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

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TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2022****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 30.09.2022 RM'000	Corresponding preceding quarter ended 30.09.2021 RM'000	Cumulative period ended 30.09.2022 RM'000	Corresponding preceding period ended 30.09.2021 RM'000
Depreciation of property, plant and equipment	1,976	2,242	7,670	6,700
Depreciation of right-of- use asset	1,389	22	1,425	255
(Gain)/Loss on disposal of subsidiary	-	-	-	(141)
(Gain)/Loss on disposal of property, plant and equipment	505	-	(1,636)	(6,429)
(Gain)/Loss on lease modification	-	(1)	-	(1)
Other income	(62)	(349)	(262)	(946)
Impairment loss on trade and other receivables	705	-	2,179	-
Interest income	(23)	(6)	(44)	(8)
Interest expense	2,426	1,456	6,298	4,604
Realised (gain)/loss on foreign exchange	(330)	151	(1,027)	(241)
Rental income	(45)	(46)	(188)	(795)
Unrealised (gain)/loss on foreign exchange	(146)	(115)	(800)	(1,019)

EONMETALL GROUP BERHAD**(Company No. 631617-D)****(Incorporated in Malaysia)****SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2022****20. Taxation**

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.09.2022 RM'000	Corresponding preceding quarter ended 30.09.2021 RM'000	Cumulative period ended 30.09.2022 RM'000	Corresponding preceding period ended 30.09.2021 RM'000
Current tax expense	(1,984)	(151)	(2,720)	(2,207)
Over/(under) provision in prior years	(22)	6	(259)	6
	<u>(2,006)</u>	<u>(145)</u>	<u>(2,979)</u>	<u>(2,201)</u>

The increase in taxation was contributed to higher revenue generated during the period ended.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

21. Status of corporate proposal announced

On 8 January 2021, the Company announced on the Proposed Disposal of land measuring approximately 62,886.52 square meters together with the building erected thereon for a total cash consideration of RM58,800,000 which 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, 23 November 2021, 9 December 2021, 21 January 2022, 8 February 2022, 7 March 2022, 23 March 2022, 24 March 2022 and 8 April 2022 to provide additional information.

The proposed acquisition of LTSB was completed on 12 May 2022.

On 8 August 2022, the Company announced Multiple Proposals which include:

- i. Proposed disposal of 15,300,000 ordinary shares in LTSB representing 51% equity interest in LTSB
- ii. Proposed Rescission of the profit guarantee and call option granted by LTSB shareholders to the Group, as well as the Stakeholder Agreement dated 5 May 2022 entered between the Group, LTSB shareholders and Malaysian Trustee Berhad.

Additional announcement were made on the 5 October 2022, 4 November 2022, 8 November 2022 and 10 November 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 PERIOD ENDED 30 SEPTEMBER 2022****22. Group borrowings**

The Group's borrowings for the financial period ended 30 September 2022 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	24,379
Hire purchase	72	248
	14,659	24,627
<u>Unsecured</u>		
Bank overdrafts	9,658	-
Bankers' acceptances	98,136	-
Revolving credit	28,000	-
Trust Receipt	19,753	-
	155,547	-
Total borrowings	170,206	24,627

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 purchase	-	-
	14,587	31,313
<u>Unsecured</u>		
Bank overdrafts	11,085	-
Bankers' acceptances	91,055	-
Revolving credit	18,200	-
Trust Receipt	25,296	-
	145,636	-
Total borrowings	160,223	31,313

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

22. Group borrowings (Con't)

Eonmetall Industries Sdn. Bhd. (“EMI”) has breached the covenant of Trade Facilities as the Company has not fulfilled the requirements of two banks to maintain an 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 banking facilities in the event of breach of covenant.

The subsidiary has made partial settlements of the advances and has secured the necessary indulgence from the banks.

23. Changes in material litigation

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

24. Dividend

The Board of Directors have proposed to declare an interim single-tier dividend of 1.25 sen per ordinary share in respect of the financial year ending 31 December 2022. The payment and entitlement dates for the interim dividend shall be determined by the Directors and to be announced at a later date.

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

Acquisitions

During the financial period ended 30 September 2022, the group acquired asset with a cost of RM8.0 million (Financial period ended 30 September 2021: RM6.4 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 2022****26. 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 30.09.2022	Corresponding preceding quarter ended 30.09.2021	Cumulative period ended 30.09.2022	Corresponding preceding period ended 30.09.2021
Profit/(loss) after tax attributable to owners of the Company (RM'000)	6,117	4,738	30,131	18,280
Basic: Weighted average number of shares in issue ('000)	276,568	203,711	241,607	203,711
Basic earnings per share (sen)	<u>2.21</u>	<u>2.33</u>	<u>12.47</u>	<u>8.97</u>
Diluted: Diluted earnings per share (sen)	<u>2.21</u>	<u>2.33</u>	<u>12.47</u>	<u>8.97</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
30 November 2022