

EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2023**

	Three Months Ended		Period Ended	
	31-Mar-23 RM'000	31-Mar-22 RM'000	31-Mar-23 RM'000	31-Mar-22 RM'000
Continuing Operations				
Revenue	44,389	70,615	44,389	70,615
Operating profit/(loss)	9,772	13,591	9,772	13,591
Interest expense	(2,119)	(1,852)	(2,119)	(1,852)
Interest income	12	2	12	2
Share of profit/(loss) of associates	-	-	-	-
Profit/(Loss) before tax	7,665	11,741	7,665	11,741
Tax expense	(693)	(529)	(693)	(529)
Profit/(Loss) after tax from continuing operations	6,972	11,212	6,972	11,212
Discontinued Operations				
Profit/(Loss) after tax from discontinued operations	(1,758)	-	(1,758)	-
Profit/(Loss) after tax from operations	5,214	11,212	5,214	11,212
Other comprehensive income/(loss)	1,062	19	1,062	19
Total comprehensive income/(loss)	6,276	11,231	6,276	11,231
Profit/(Loss) after tax attributable to:				
Owners of parent				
- Continuing operations	7,291	11,205	7,291	11,205
- Discontinued operations	(896)	-	(896)	-
	6,395	11,205	6,395	11,205
Non-controlling interests				
- Continuing operations	(320)	7	(320)	7
- Discontinued operations	(861)	-	(861)	-
	(1,181)	-	(1,181)	-
	5,214	11,212	5,214	11,212
Total comprehensive income/(loss) attributable to:				
Owners of parent				
- Continuing operations	7,853	11,224	7,853	11,224
- Discontinued operations	(896)	-	(896)	-
	6,957	11,224	6,957	11,224
Non-controlling interests				
- Continuing operations	180	7	180	7
- Discontinued operations	(861)	-	(861)	-
	(681)	7	(681)	7
	6,276	11,231	6,276	11,231
Earnings/(Loss) per share attributable to owners of the Company				
Basic earnings/(loss) per share (sen)				
- Continuing operations	2.64	5.50	2.64	5.50
- Discontinued operations	(0.32)	-	(0.32)	-
	2.31	5.50	2.31	5.50
Diluted earnings/(loss) per share (sen)				
- Continuing operations	2.64	5.50	2.64	5.50
- Discontinued operations	(0.32)	-	(0.32)	-
	2.31	5.50	2.31	5.50

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 2022.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Unaudited 31-Mar-23 RM'000	Audited 31-Dec-22 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	184,610	182,946
Right of use assets	5,051	5,154
Investment in associates / joint venture	10,312	9,326
	<u>199,973</u>	<u>197,426</u>
Current assets		
Trade and other receivables	125,489	109,440
Inventories	175,303	187,213
Current tax assets	169	151
Cash and cash equivalents	18,114	16,679
	<u>319,075</u>	<u>313,483</u>
Assets classified as held for sale	-	97,355
TOTAL ASSETS	<u>519,048</u>	<u>608,264</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	137,426	137,426
Treasury share, at cost	(1,761)	(1,761)
Property revaluation reserve	46,706	46,595
Translation reserve	(639)	(1,201)
Retained earnings	144,833	138,438
	<u>326,565</u>	<u>319,497</u>
Non-controlling interests	663	6,346
TOTAL EQUITY	<u>327,228</u>	<u>325,843</u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	15,658	11,977
Lease creditors	812	1,813
Deferred tax liabilities	12,556	12,609
	<u>29,026</u>	<u>26,399</u>
Current liabilities		
Trade and other payables	17,823	37,009
Loans and borrowings	139,677	157,820
Lease creditors	4,340	3,438
Current tax liabilities	954	955
	<u>162,794</u>	<u>199,222</u>
Liabilities classified as held for sale	-	56,800
TOTAL LIABILITIES	<u>191,820</u>	<u>282,421</u>
TOTAL EQUITY AND LIABILITIES	<u>519,048</u>	<u>608,264</u>
Net assets per share (RM)	<u>1.18</u>	<u>1.28</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 2022.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2023

	← Non-distributable →			Exchange translation reserve	Distributable Retained earnings	Total Total attributable to owner of the parent	Non- controlling interest	Total equity
	Share capital	Treasury shares	Property revaluation reserve					
	RM'000	RM'000	RM'000	216,948	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2022	106,097	(1,761)	46,905	(1,009)	123,909	274,141	1,054	275,195
Profit for the year	-	-	-	-	11,205	11,205	7	11,212
Foreign currency translations	-	-	-	18	-	18	1	19
Total comprehensive loss for the period	-	-	-	18	11,205	11,223	8	11,231
Balance as at 31 March 2022	106,097	(1,761)	46,905	(991)	135,114	285,364	1,062	286,426
Balance as at 1 January 2023	137,426	(1,761)	46,595	(1,201)	138,438	319,497	6,346	325,843
Profit for the year	-	-	-	-	6,395	6,395	(1,181)	5,214
Foreign currency translations	-	-	-	562	-	562	500	1,062
Total comprehensive income for the year	-	-	-	562	6,395	6,957	(681)	6,276
Realisation of revaluation reserve	-	-	111	-	-	111	-	111
Disposal of Subsidiary	-	-	-	-	-	-	(5,002)	(5,002)
Balance as at 31 March 2023	137,426	(1,761)	46,706	(639)	144,833	326,565	663	327,228

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 2022.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2023

	Period Ended	
	31-Mar-23 RM'000	31-Mar-22 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax from:		
Continuing operations	7,665	11,741
Discontinued operations	(1,758)	-
Adjustments for:		
Depreciation of property, plant and equipment	2,702	2,290
Depreciation of right-of-use-assets	114	84
Interest expense	2,122	1,852
Interest income	(12)	(2)
Gain on disposal of a subsidiary	(7,492)	-
(Gain)/loss on disposal of plant and equipment	(5)	(42)
Unrealised (gain)/loss on foreign exchange	(45)	33
Operating profit before changes in working capital	3,291	15,956
Changes in working capital:		
Inventories	11,909	(11,872)
Trade and other receivables	(16,003)	(4,928)
Trade and other payables	(19,186)	(2,363)
Cash (used in)/generated from operations	(19,989)	(3,207)
Tax paid	(764)	(428)
RPGT paid	-	(427)
Net cash (used in)/generated from operating activities	(20,753)	(4,062)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,461)	(2,810)
Purchase of right of use assets	(11)	-
Net cash inflows from disposal of subsidiary	26,871	-
Assets and liabilities transfer out from held for sale	15,564	-
Interest received	12	2
Proceeds from disposal of plant and equipment	98	201
Net cash used in investing activities	38,073	(2,607)
Cash flows from financing activities		
Drawdown of short term borrowings	91,491	109,930
Proceeds from term loans	-	2,288
Repayment of short term borrowings	(101,297)	(89,871)
Repayment of term loans	(4,361)	(3,932)
Repayment of right-of-use assets	(111)	(93)
Interest paid	(2,108)	(1,841)
Net cash (used in)/generated from financing activities	(16,386)	16,481
Net (decrease)/increase in cash and cash equivalents	934	9,812
Effect of exchange rate changes	188	19
Cash and cash equivalents at beginning of year	7,121	3,406
Cash and cash equivalents at end of financial year	8,243	13,237
Notes:		
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise :		
Cash & bank balances	18,114	22,240
Bank overdrafts	(9,871)	(9,003)
	8,243	13,237

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

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 2022. 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 2022.

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 2022 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 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts- Initial Application of MFRS 17 and MFRS 9- Comparative Information

Amendments to MFRS 101 Disclosure of Accounting Policies

Amendments to MFRS 108 Definition of Accounting Estimates

Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group had adopted the above Amendments to Standards, at a date of initial application of 1 January 2023. The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

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2. Significant Accounting Policies (cont'd)

New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 JANUARY 2023

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Description		Effective for financial periods beginning on or after
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classifications of Liabilities as Current or Non- Current	1 January 2024
Amendments to MFRS 101	Non- Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2023**

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2022 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 March 2023.

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 31 MARCH 2023****9. Segment revenue and results**

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

Year-to-date ended 31 March 2023	Machinery and equipment RM'000	Steel product and trading activity RM'000	Property investment holding and others RM'000	Total RM'000
Total revenue	7,396	54,020	2,880	64,296
Inter-segment revenue	(578)	(18,959)	(370)	(19,907)
External revenue	6,818	35,061	2,510	44,389
Interest income	2	10	-	12
Interest expense	472	1,290	282	2,044
Depreciation and amortisation	161	1,944	860	2,965
Share of profit/(loss) of an associate and a joint venture, net of tax	-	-	-	-
Segment profit	1,391	438	4,078	5,907
Year-to-date ended 31 March 2022				
Total revenue	5,378	183,001	397	188,776
Inter-segment revenue	(3,021)	(114,763)	(377)	(118,161)
External revenue	2,357	68,238	20	70,615
Interest income	-	2	-	2
Interest expense	524	1,036	292	1,852
Depreciation and amortisation	160	1,754	460	2,374
Share of profit/(loss) of an associate and a joint venture, net of tax	-	-	-	-
Segment profit/(loss)	542	12,671	(1,472)	11,741

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

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. (“LTSB”) (202001010447(113193-W)) for a purchase consideration of RM35,700,000. The principal activity of LTSB is manufacturing and distribution of gloves.

On 7 February 2023, the Group had completely disposed the entire 51% stake in LTSB for a cash consideration of RM35,700,000. Following completion of the disposal on 7 February 2023, LTSB ceased to be subsidiary of the Group.

12. Changes in contingent liabilities or contingent assets

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>355,550</u>	<u>355,500</u>

13. Capital commitments

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

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Purchase of property, plant and equipment		
- Contracted but not provided for	<u>5,721</u>	<u>15,259</u>

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2023**

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 31 March 2023.

	Period ended 31.03.2023 RM'000
Sales of Goods	8,397
Purchase of goods	207
Rental of Premises	226
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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

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 first quarter ended 31 March 2023 decreased by RM26.2 million from RM70.6 million to RM44.4 million as compared to the preceding year corresponding quarter. The decrease was mainly attributed to the decrease in sales from the steel product and trading activity.

The Group's profit before tax ("PBT") was RM5.9 million, as compared to PBT of RM11.7 million recorded in preceding year corresponding quarter. The performance of each business segment for the first quarter as compared to the preceding year corresponding quarter is presented as follows:-

(a) Machinery and equipment segment

This segment recorded a revenue of RM6.8 million for the current quarter as compared to RM2.4 million achieved in the previous year corresponding quarter, representing an increase of RM4.4 million equivalent to 1.8 times. PBT was RM1.4 million, increase of RM0.9 million equivalent to 1.8 times as compared to PBT of RM0.5 million achieved during the corresponding quarter in preceding year. The PBT is mainly attributed by higher gross profit margin generated from different product mix of palm oil related business.

(b) Steel product and trading activity segment

The revenue for the current quarter was RM35.1 million, representing a decrease of RM33.1 million equivalent to 48.5% as compared to RM68.2 million reported in the preceding year corresponding quarter. PBT was registered at RM0.4 million, a decrease of RM12.3 million equivalent to 1.0 times as compared to PBT of RM12.7 million recorded in the previous year corresponding quarter. The lower PBT is mainly attributed to the decrease in sales and higher cost of production.

(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 PBT of RM4.1 million, an increase of RM5.6 million or 3.7 times as compared to loss before tax ("LBT") of RM1.5 million in the corresponding quarter in preceding year. The increase in PBT is due to one-off gain on disposal of LTSB.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

16. Variation of results against preceding quarter

	Current quarter ended 31.03.2023 RM'000	Immediate preceding quarter ended 31.12.2022 RM'000
Revenue	44,389	50,127
Profit/(Loss) before tax	<u>5,907</u>	<u>(12,574)</u>

The Group recorded a current quarter PBT of RM5.9 million, representing an increase of RM18.5 million from LBT of RM12.6 million in the preceding quarter. The decrease in revenue was mainly due to lower revenue contributed by steel product and trading activity segment. The higher PBT was mainly attributed by higher profit generated from machinery and equipment segment as well as one-off gain on disposal of LTSB.

17. Commentary of prospects

The Board of Directors of Eonmetall anticipates the performance of the Group for the current financial year to be challenging due to the current global business environment.

However, the Group is maintaining optimistic in the machinery and equipment segment due to the high crude palm oil (“CPO”) price which may lead to higher demand in its palm oil related business. 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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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2023****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 31.03.2023 RM'000	Corresponding preceding quarter ended 31.03.2022 RM'000	Cumulative period ended 31.03.2023 RM'000	Corresponding preceding period ended 31.03.2022 RM'000
Depreciation of property, plant and equipment	2,702	2,290	2,702	2,290
Depreciation of right-of- use asset	114	84	114	84
(Gain)/Loss on disposal of subsidiary	(7,492)	-	(7,492)	-
(Gain)/Loss on disposal of property, plant and equipment	(5)	(42)	(5)	(42)
(Gain)/Loss on lease modification	-	-	-	-
Other income	(78)	(46)	(78)	(46)
Impairment loss on trade and other receivables	-	-	-	-
Interest income	(12)	(2)	(12)	(2)
Interest expense	2,122	1,852	2,122	1,852
Realised (gain)/loss on foreign exchange	(131)	(76)	(131)	(76)
Rental income	(12)	(46)	(12)	(46)
Reversal of impairment loss on trade and other receivables	-	-	-	-
Share of (profit)/loss of associates	-	-	-	-
Unrealised (gain)/loss on foreign exchange	(45)	33	(45)	33

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
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	Individual Quarter		Cumulative Quarter	
	Current quarter ended 31.03.2023 RM'000	Corresponding preceding quarter ended 31.03.2022 RM'000	Cumulative period ended 31.03.2023 RM'000	Corresponding preceding period ended 31.03.2022 RM'000
Current tax expense				
- Current year	(321)	(292)	(321)	(292)
- Prior year	<u>(372)</u>	<u>(237)</u>	<u>(372)</u>	<u>(237)</u>
	<u>(693)</u>	<u>(529)</u>	<u>(693)</u>	<u>(529)</u>

The increase in taxation was mainly contributed by the last instalments of CP204 for the financial year ended 2022.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2023

21. Status of corporate proposal announced

On 9 February 2021, the Company announced on the 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, 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 announcements were made on the 5 October 2022, 4 November 2022, 8 November 2022 and 10 November 2022 to provide additional information.

The disposal of LTSB was completed on 7 February 2023.

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

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TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2023****22. Status of utilisation of proceeds raised from corporate proposal**

On 30 August 2022, the Company announced that the Proposed Disposal of 15,300,000 ordinary shares which equivalent to 51% of shares in LTSB for a cash consideration of RM35,700,000.

As at 31 March 2023, the status of utilisation of proceeds raised pursuant to the Proposed Disposal of LTSB is as follows:-

	Proposed Utilisation	Actual Utilisation	Balance Unutilise	Intended Timeframe for Utilisation
Details of Utilisation	RM'000	RM'000	RM'000	
Expansion of steel manufacturing facilities	17,000	17,000	-	Within thirty (30) months from the date of completion of the Proposed Disposal
Repayment of borrowings	12,000	12,000	-	Within six (6) months from the date of completion of the Proposed Disposal
Working capital	6,040	6,040	-	Within six (6) months from the date of completion of the Proposed Disposal
Estimated expenses*	660	660	-	Immediate
	<u>35,700</u>	<u>35,700</u>	<u>-</u>	

* The estimated expenses comprising professional fees payable to the Principal Adviser, solicitors, Independent Adviser, company secretaries and share registrar for the Proposals.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
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The Group's borrowings for the financial period ended 31 March 2023 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	15,658
	14,587	15,658
<u>Unsecured</u>		
Bank overdrafts	9,871	-
Bankers' acceptances	86,103	-
Revolving credits	26,050	-
Trust receipts	3,066	-
	125,090	-
Total borrowings	139,677	15,658

The Group's borrowings for the financial year ended 31 December 2022 are as follows:-

	Payable within 12 months RM'000	Payable after 12 months RM'000
RM denominated borrowings		
<u>Secured</u>		
Term loans	22,628	11,977
	22,628	11,977
<u>Unsecured</u>		
Bank overdrafts	10,168	-
Bankers' acceptances	89,114	-
Revolving credits	26,450	-
Trust receipts	9,461	-
	135,193	-
Total borrowings	157,821	11,977

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2023**

23. 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 RM14.0 million and RM14.9 million respectively. As at 31 December 2022, the balance of the said amount owing to the Company is at RM34.6 million. Banks have the absolute discretion to revise or recall banking facilities in the event of breach of covenant.

The subsidiary has made subsequent partial settlements of the advances and will sought the necessary indulgence from the banks.

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 March 2023, the group acquired asset with a cost of RM4.5 million (Financial period ended 31 March 2022: RM7.9 million).

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EONMETALL GROUP BERHAD

(Company No. 631617-D)

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2023****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 31.03.2023	Corresponding preceding quarter ended 31.03.2022	Cumulative year ended 31.03.2023	Corresponding preceding year ended 31.03.2022
Profit/(loss) after tax attributable to owners of the Company (RM'000)	7,290	11,205	7,290	11,205
Basic: Weighted average number of shares in issue ('000)	276,568	203,711	276,568	203,711
Basic earnings per share (sen)	<u>2.31</u>	<u>5.50</u>	<u>2.31</u>	<u>5.50</u>
Diluted: Diluted earnings per share (sen)	<u>2.31</u>	<u>5.50</u>	<u>2.31</u>	<u>5.50</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
31 May 2023