

EONMETALL GROUP BERHAD(Company No. 631617 D)
(Incorporated in Malaysia)**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEP 2023**

(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEP 2023**

	Three Months Ended		Period Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	47,581	70,052	133,529	220,275
Operating profit/(loss)	3,646	11,237	14,987	39,689
Interest expense	(1,933)	(2,426)	(6,174)	(6,298)
Interest income	8	23	31	44
Share of profit/(loss) of associates	-	-	-	-
Profit/(Loss) before tax	1,721	8,834	8,844	33,435
Tax expense	(1,556)	(2,006)	(2,739)	(2,979)
Profit/(Loss) after tax from continuing operations	165	6,828	6,105	30,456
Discontinued Operations				
Profit/(Loss) after tax from discontinued operations	-	-	(1,758)	-
Profit/(Loss) after tax from operations	165	6,828	4,347	30,456
Other comprehensive income/(loss)	(722)	224	(58)	880
Total comprehensive income/(loss)	(557)	7,052	4,289	31,336
Profit/(Loss) after tax attributable to:				
Owners of parent				
- Continuing operations	144	6,117	5,889	30,131
- Discontinued operations	-	-	(896)	-
	144	6,117	4,993	30,131
Non-controlling interests				
- Continuing operations	409	711	215	325
- Discontinued operations	-	-	(861)	-
	535		(646)	
	165	6,828	4,347	30,456
Total comprehensive income/(loss) attributable to:				
Owners of parent				
- Continuing operations	(569)	6,869	5,789	30,948
- Discontinued operations	-	-	(896)	-
	(569)	6,869	4,893	30,948
Non-controlling interests				
- Continuing operations	12	183	257	388
- Discontinued operations	-	-	(861)	-
	12	183	(604)	388
	(557)	7,052	4,289	31,336
Earnings/(Loss) per share attributable to owners of the Company				
Basic earnings/(loss) per share (sen)				
- Continuing operations	0.05	2.21	2.13	12.47
- Discontinued operations	-	-	(0.32)	-
	0.05	2.21	1.80	12.47
Diluted earnings/(loss) per share (sen)				
- Continuing operations	0.05	2.21	2.08	12.47
- Discontinued operations	-	-	(0.32)	-
	0.05	2.21	1.76	12.47

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.

EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEP 2023

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEP 2023

	Unaudited 30-Sep-23 RM'000	Audited 31-Dec-22 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	242,944	182,946
Right of use assets	3,772	5,154
Investment in associates / joint venture	9,883	9,326
	<u>256,599</u>	<u>197,426</u>
Current assets		
Trade and other receivables	83,574	109,440
Inventories	170,701	187,213
Current tax assets	136	151
Cash and cash equivalents	17,002	16,679
	<u>271,413</u>	<u>313,483</u>
Assets classified as held for sale	519	97,355
TOTAL ASSETS	<u>528,531</u>	<u>608,264</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	137,627	137,426
Treasury share, at cost	(1,761)	(1,761)
Property revaluation reserve	46,595	46,595
Translation reserve	(1,301)	(1,201)
Retained earnings	143,431	138,438
	<u>324,591</u>	<u>319,497</u>
Non-controlling interests	740	6,346
TOTAL EQUITY	<u>325,331</u>	<u>325,843</u>
LIABILITIES		
Non-current liabilities		
Loans and borrowings	25,856	11,977
Lease creditors	769	1,813
Deferred tax liabilities	12,626	12,609
	<u>39,251</u>	<u>26,399</u>
Current liabilities		
Trade and other payables	16,042	37,009
Loans and borrowings	143,900	157,820
Lease creditors	3,052	3,438
Current tax liabilities	955	955
	<u>163,949</u>	<u>199,222</u>
Liabilities classified as held for sale	-	56,800
TOTAL LIABILITIES	<u>203,200</u>	<u>282,421</u>
TOTAL EQUITY AND LIABILITIES	<u>528,531</u>	<u>608,264</u>
Net assets per share (RM)	<u>1.17</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 THIRD QUARTER ENDED 30 SEP 2023

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEP 2023

	← Non-distributable →			Distributable	Total Total			
	Share capital	Treasury shares	Property revaluation reserve	Exchange translation reserve	Retained earnings	attributable to owner of the parent	Non-controlling interest	Total equity
	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)	123,910	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 loss for the period	-	-	-	817	30,131	30,948	388	31,336
Issues 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
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	-	-	-	-	4,993	4,993	(646)	4,347
Foreign currency translations	-	-	-	(100)	-	(100)	42	(58)
Total comprehensive income for the year	-	-	-	(100)	4,993	4,893	(604)	4,289
Realisation of revaluation reserve	-	-	-	-	-	-	-	-
Issue of shares	201	-	-	-	-	201	-	201
Disposal of Subsidiary	-	-	-	-	-	-	(5,002)	(5,002)
Balance as at 30 Sep 2023	137,627	(1,761)	46,595	(1,301)	143,431	324,591	740	325,331

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 THIRD QUARTER ENDED 30 SEP 2023

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEP 2023

	Period Ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax from:		
Continuing operations	8,844	33,435
Discontinued operations	(1,758)	-
Adjustments for:		
Depreciation of property, plant and equipment	8,188	7,670
Depreciation of right-of-use-assets	1,394	1,425
Interest expense	6,174	6,298
Interest income	(31)	(44)
Impairment loss on trade receivables	100	2,179
Gain on disposal of a subsidiary	(7,492)	-
(Gain)/loss on disposal of plant and equipment	(2)	(1,636)
Unrealised (gain)/loss on foreign exchange	(45)	(800)
Operating profit before changes in working capital	15,372	48,527
Changes in working capital:		
Inventories	16,511	(13,576)
Trade and other receivables	25,811	(12,934)
Trade and other payables	(20,968)	(11,461)
Cash (used in)/generated from operations	36,726	10,556
Tax paid	(2,707)	(2,727)
RPGT paid	-	(575)
Net cash (used in)/generated from operating activities	34,019	7,254
Cash flows from investing activities		
Purchase of property, plant and equipment	(68,807)	(8,330)
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	-
Acquisition of subsidiary, net of cash outflow acquired	-	(31,984)
Interest received	31	44
Proceeds from disposal of plant and equipment	104	5,081
Net cash used in investing activities	(26,248)	(35,189)
Cash flows from financing activities		
Drawdown of short term borrowings	254,545	335,634
Proceeds from term loans	25,460	2,288
Proceeds from hire purchase creditors	-	320
Repayment of short term borrowings	(266,949)	(324,297)
Repayment of term loans	(14,456)	(9,221)
Repayment of right-of-use assets	(1,362)	(1,359)
Proceeds from issuance of shares	201	35,700
Interest paid	(6,242)	(6,269)
Net cash (used in)/generated from financing activities	(8,803)	32,796
Net (decrease)/increase in cash and cash equivalents	(1,032)	4,861
Effect of exchange rate changes	(614)	880
Cash and cash equivalents at beginning of year	7,121	3,406
Cash and cash equivalents at end of financial year	5,475	9,147

Notes:

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

Cash & bank balances	17,002	18,805
Bank overdrafts	(11,527)	(9,658)
	5,475	9,147

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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 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 30 SEPTEMBER 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 30 September 2023 and period up to the date of this announcement save for the following:

Since 18 April 2023 (date of offer), the Company had announced the issuance of total 420,000 new ordinary shares at an exercise price of RM0.480 per share for cash pursuant to the Employees' Share Option Scheme ("ESOS") of the Company.

8. Dividends paid

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

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023****9. Segment revenue and results**

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

Year-to-date ended 30 Sep 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	21,466	152,527	4,239	178,232
Inter-segment revenue	(2,682)	(40,898)	(1,123)	(44,703)
External revenue	18,784	111,629	3,116	133,529
Interest income	4	27	-	31
Interest expense	1,252	3,829	1,093	6,174
Depreciation and amortisation	475	7,458	2,252	10,185
Share of profit/(loss) of an associate and a joint venture, net of tax	-	-	-	-
Segment profit	4,108	1,328	1,650	7,086
Year-to-date ended 30 Sep 2022				
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/(loss) of an associate and a joint venture, net of tax	-	-	-	-
Segment profit/(loss)	2,662	37,902	(7,129)	33,435

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 30.09.2023 RM'000	As at 31.12.2022 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>355,500</u>	<u>355,500</u>

13. Capital commitments

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

	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
Purchase of property, plant and equipment		
- Contracted but not provided for	<u>7,656</u>	<u>15,259</u>

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 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 30 September 2023.

	Period ended 30.09.2023 RM'000
Sales of Goods	31,828
Purchase of goods	1,631
Rental of Premises	<u>2,759</u>

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 third quarter ended 30 September 2023 decreased by RM22.5 million from RM70.1 million to RM47.6 million as compared to the preceding year corresponding quarter. The decrease was mainly attributed to the decrease in revenue from steel product and trading activity as well as property, investment holding and other segments.

The Group's profit before tax ("PBT") was RM1.7 million, as compared to PBT of RM8.8 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 RM9.0 million for the current quarter as compared to RM4.8 million achieved in the previous year corresponding quarter, representing an increase of RM4.2 million equivalent to 87.5%. PBT was RM2.5 million, an increase of RM2.1 million equivalent to 5.3 times as compared to PBT of RM0.4 million achieved during the corresponding quarter in preceding year. The higher PBT is mainly attributed to higher revenue generated by different product mix with higher profit margin.

(b) Steel product and trading activity segment

The revenue for the current quarter was RM38.3 million, representing a decrease of RM23.3 million equivalent to 37.8% as compared to RM61.6 million reported in the preceding year corresponding quarter. PBT was registered at RM0.4 million, a decrease of RM10.1 million as compared to PBT of RM10.5 million recorded in the previous year corresponding quarter. The lower PBT is mainly attributed to lower demand due to global market condition, rental and legal expenses incurred as well as depreciation and amortisation expense.

(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 RM1.2 million, a decrease of RM0.8 million or 40.0% as compared to LBT of RM2.0 million in the corresponding quarter in preceding year. The decrease in LBT is subsequent to the disposal of glove-making subsidiary.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2023

16. Variation of results against preceding quarter

	Current quarter ended 30.09.2023 RM'000	Immediate preceding quarter ended 30.06.2023 RM'000
Revenue	47,581	41,559
Profit/(Loss) before tax	<u>1,721</u>	<u>(542)</u>

The Group recorded a current quarter PBT of RM1.7 million, representing an increase of RM2.2 million from LBT of RM0.5 million in the preceding quarter. The increase was mainly due to higher revenue mainly attributed to machinery and equipment segment which generates a higher profit margin.

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 and ongoing United States anti-dumping petition filed against the Group.

However, the Group remains 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 machinery. Nonetheless, the Group continues to exercise caution in its 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 30 SEPTEMBER 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 30.09.2023 RM'000	Corresponding preceding quarter ended 30.09.2022 RM'000	Cumulative period ended 30.09.2023 RM'000	Corresponding preceding period ended 30.09.2022 RM'000
Depreciation of property, plant and equipment	2,777	1,976	8,188	7,670
Depreciation of right-of- use asset	435	1,389	1,394	1,425
(Gain)/Loss on disposal of subsidiary	-	-	(7,492)	-
(Gain)/Loss on disposal of property, plant and equipment	(1)	505	(2)	(1,636)
(Gain)/Loss on lease modification	-	-	-	-
Other income	(32)	(62)	(116)	(262)
Impairment loss on trade and other receivables	100	705	100	2,179
Interest income	(8)	(23)	(31)	(44)
Interest expense	1,933	2,426	6,174	6,298
Realised (gain)/loss on foreign exchange	99	(330)	(227)	(1,027)
Rental income	-	(45)	(12)	(188)
Unrealised (gain)/loss on foreign exchange	(536)	(146)	(727)	(800)

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	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.09.2023 RM'000	Corresponding preceding quarter ended 30.09.2022 RM'000	Cumulative period ended 30.09.2023 RM'000	Corresponding preceding period ended 30.09.2022 RM'000
Current tax expense				
- Current year	(481)	(285)	(1,284)	(762)
- Prior year	(1,075)	(1,721)	(1,455)	(1,968)
Real property gain tax ("RPGT")	-	-	-	(249)
	<u>(1,556)</u>	<u>(2,006)</u>	<u>(2,739)</u>	<u>(2,979)</u>

The decrease in taxation was mainly due to the absence of RPGT expense as compared to previous year corresponding preceding period ended.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 were no other corporate proposals announced as at the date of this interim financial report.

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TO THE INTERIM FINANCIAL REPORT
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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 30 September 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.

EONMETALL GROUP BERHAD

(Company No. 631617-D)

(Incorporated in Malaysia)

**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2023****23. Group borrowings**

The Group's borrowings for the financial period ended 30 September 2023 are as follows:-

	Payable within 12 months RM'000	Payable after 12 months RM'000
RM denominated borrowings		
<u>Secured</u>		
Term loans	37,782	7,828
	37,782	7,828
<u>Unsecured</u>		
Bank overdrafts	11,527	-
Bankers' acceptances	65,086	-
Revolving credits	35,750	-
Trust receipts	11,784	-
	124,147	-
Total borrowings	161,929	7,828

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	9,460	-
	135,192	-
Total borrowings	157,820	11,977

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 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 has secured the necessary indulgence from both 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 30 September 2023, the group acquired assets with a cost of RM68.8 million (Financial period ended 30 September 2022: RM8.0 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 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 30.09.2023	Corresponding preceding quarter ended 30.09.2022	Cumulative year ended 30.09.2023	Corresponding preceding year ended 30.09.2022
Profit/(loss) after tax attributable to owners of the Company (RM'000)	144	6,117	4,993	30,131
Basic:				
Weighted average number of shares in issue ('000)	276,848	276,568	276,848	241,607
Basic earnings per share (sen)	<u>0.05</u>	<u>2.21</u>	<u>1.80</u>	<u>12.47</u>
Diluted:				
Weighted average number of shares in issue (basic) ('000)	276,848	276,568	276,848	241,607
Effect of ESOS ('000)	6,672	-	6,672	-
Weighted average number of shares in issue ('000)	283,520	276,568	283,520	241,607
Diluted earnings per share (sen)	<u>0.05</u>	<u>2.21</u>	<u>1.76</u>	<u>12.47</u>

The calculation for diluted earnings per share is calculated by dividing the profit attributable to owners of the Company to the weighted average number of ordinary shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

By order of the Board

Yeoh Cheng Chye
Managing Director & Chief Executive Officer
15 November 2023