



A N N U A L
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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting ("12th AGM") of shareholders of the Company will be held at 1st Floor, Lot 393, MK 12, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang on Friday, 29 May 2015 at 2.00 pm for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the audited financial statements for the year ended 31 December 2014 and the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors retiring pursuant to Article 86 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:
 - (i) Dato' Goh Cheng Huat
 - (ii) Mr Goh Kee Seng
3. To approve Directors' fees of RM309,000 for the year ended 31 December 2014.
4. To re-appoint Messrs BDO as Auditors of the Company and to authorise Directors to determine their remuneration.

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions with or without modifications:

5. **AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES**

"THAT pursuant to Section 132D of the Companies Act, 1965 ("the Act"), the Articles of Association of the Company and subject to the approval of all the relevant government and/or regulatory authorities, the Board of Directors of the Company be and is hereby authorised to issue and allot from time to time such number of ordinary shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of ordinary shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier."

Ordinary Resolution 5

Notice of **Annual General Meeting** (cont'd)**6. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

"THAT pursuant to Chapter 10.09 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities, a general mandate of the shareholders be and is hereby granted for the Company and its subsidiaries to enter into recurrent related party transactions as set out in Section 2.4 under Part A of the Circular dated 6 May 2015, which are necessary for the Group's day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders; and that the approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the meeting; or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or revoked or varied by resolutions passed by the shareholders of the Company in a general meeting; whichever is the earlier.

Ordinary Resolution 6**7. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO BUY-BACK ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE")**

"THAT subject to the Act, rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Securities and any other relevant authorities, the Directors of the Company be hereby unconditionally and generally authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up capital through Bursa Securities at anytime and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject to the following:-

Ordinary Resolution 7

- (i) the maximum number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the issued and paid-up ordinary share capital of the Company for the time being ("Eonmetall Shares");
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the Eonmetall Shares shall not exceed the aggregate of the retained profits and/or share premium account of the Company, otherwise available for dividend for the time being.



Notice of **Annual General Meeting** (cont'd)

- (iii) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:-
 - a. the conclusion of the next AGM of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
 - b. the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements of Bursa Securities or any other relevant authorities;
- (iv) upon completion of the purchase(s) of the Eonmetall Shares by the Company, the Directors of the Company be hereby authorised to deal with the Eonmetall Shares in the following manner:-
 - a. to cancel the Eonmetall Shares so purchased; or
 - b. to retain the Eonmetall Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities and/or for cancellation subsequently; or
 - c. to retain part of the Eonmetall Shares so purchased as treasury shares and cancel the remainder; or
 - d. in such other manner as Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such actions and steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Renewal of Share Buy-Back Mandate and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of Eonmetall Shares."

8. **CONTINUATION IN OFFICE AS DIRECTORS OF THE COMPANY**

"THAT the following Directors who retire pursuant to Section 129 of the Act, be hereby re-appointed as Directors of the Company to hold office until next AGM:

- (i) Tan Sri Dato' Mohd Desa bin Pachi
- (ii) Tan Sri Dato' Soong Siew Hoong"

Ordinary Resolution 8
Ordinary Resolution 9

9. **CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

"THAT Madam Tang Yin Kham who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be retained and shall continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code of Corporate Governance 2012 ("MCCG 2012") until the conclusion of the next AGM.

Ordinary Resolution 10

- 10. To transact any other business of which due notice shall have been given.

By Order of the Board

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)
 Joint Company Secretaries

Penang, 6 May 2015



Notice of Annual General Meeting (cont'd)

Notes:

Appointment of Proxy

1. A proxy may but need not be a Member or a qualified legal practitioner or an approved company auditor or a person approved by the Registrar.
2. To be valid, this Proxy Form, duly completed must be deposited at the Registered Office of the Company at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty eight (48) hours before the time for holding the meeting Provided That in the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the Member(s).
3. A Member shall be entitled to appoint two (2) or more proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. If a Member appoints two (2) proxies, he must specify which proxy is entitled to vote on a show of hands. Only one (1) of those proxies is entitled to vote on a show of hands.
4. Where a Member is an authorised nominee as defined under the Security Industry (Central Depositories) Act 1991 ("SICDA") it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. If the appointor is a corporation this Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
6. Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
7. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the members to speak at the meeting.
8. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 22 May 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote in his/her behalf.

Explanatory Notes on Special Business:

1. The proposed Ordinary Resolution 5, is for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will give authority to the Board of Directors to issue and allot ordinary shares from the unissued capital of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.
As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 29 May 2014 and which will lapse at the conclusion of the 12th AGM.
The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.
2. The proposed Ordinary Resolution 6, if passed, will approve the Proposed Shareholders' Mandate and allow the Company and its subsidiaries to enter into the existing recurrent related party transactions as set out in Section 2.4 under Part A of the Circular. This approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the meeting; or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or revoked or varied by resolutions passed by the shareholders of the Company in a general meeting; whichever is the earlier.
3. The proposed Ordinary Resolution 7, if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid-up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.
4. The proposed Ordinary Resolutions 8 and 9, is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Tan Sri Dato' Mohd Desa bin Pachi and Tan Sri Dato' Soong Siew Hoong who are over 70 years of age as Directors of the Company and to hold office until the conclusion of the next AGM of the Company. These resolutions shall be effect if be passed by a majority of not less than three-fourth of such shareholders of the Company as being entitled to vote in person or where proxies are allowed, by proxy at the AGM of the Company.
5. The proposed Ordinary Resolution 10, if passed, will retain Madam Tang Yin Kham as an Independent Non-Executive Director of the Company to fulfill the requirements of Paragraph 3.04 of Bursa Securities' Main Market Listing Requirements and in line with the recommendation No. 3.2 of the MCCG 2012. The detail of the Board's justification and recommendation for the retention of the Independent Director is set out in the Statement on Corporate Governance in the 2014 Annual Report.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Securities)

No individual is seeking election as a Director at the forthcoming 12th AGM of the Company.



Corporate Information

BOARD OF DIRECTORS

Tan Sri Dato' Mohd Desa bin Pachi *Non-Independent Non-Executive Chairman*

Yeoh Cheng Chye *Managing Director/Chief Executive Officer*

Dato' Goh Cheng Huat *Executive Director*

Tan Sri Dato' Soong Siew Hoong *Non-Independent Non-Executive Director*

Goh Kee Seng *Non-Independent Non-Executive Director*

Tang Yin Kham *Independent Non-Executive Director*

Dato' Wahab Bin Hamid *Independent Non-Executive Director*

COMPANY SECRETARY

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)

AUDIT COMMITTEE

Tang Yin Kham *Chairman*
Goh Kee Seng *Member*
Dato' Wahab Bin Hamid *Member*

REGISTERED OFFICE

Suite 16-1 (Penthouse Upper)
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang
Telephone No : (04) 229 4390
Facsimile No : (04) 226 5860

HEAD OFFICE

Lot 1258 & 1259, MK 12
Jalan Seruling
Kawasan Perusahaan Valdor
14200 Sungai Bakap, Penang
Telephone No : (04) 582 8323
Facsimile No : (04) 582 1525
Email : info@eonmetall.com
Website : <http://www.eonmetall.com>

REGISTRARS

Agriteum Share Registration Services
Sdn Bhd (578473-T)
2nd Floor, Wisma Penang Garden
42, Jalan Sultan Ahmad Shah
10050 Penang
Telephone No : (04) 228 2321
Facsimile No : (04) 227 2391

NOMINATING COMMITTEE

Dato' Wahab Bin Hamid *Chairman*
Tang Yin Kham *Member*
Goh Kee Seng *Member*

REMUNERATION COMMITTEE

Dato' Wahab Bin Hamid *Chairman*
Tang Yin Kham *Member*
Goh Kee Seng *Member*

AUDITORS

BDO (Firm No. AF 0206)
Chartered Accountants
51-21-F, Menara BHL
Jalan Sultan Ahmad Shah
10050 Penang
Telephone No : (04) 227 6888
Facsimile No : (04) 227 8118

PRINCIPAL BANKERS

Malayan Banking Berhad (3813-K)
Citibank Berhad (297089-M)
HSBC Bank Malaysia Berhad (127776-V)
AmBank (M) Berhad (8515-D)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Code : 7217
Stock Name : EMETALL

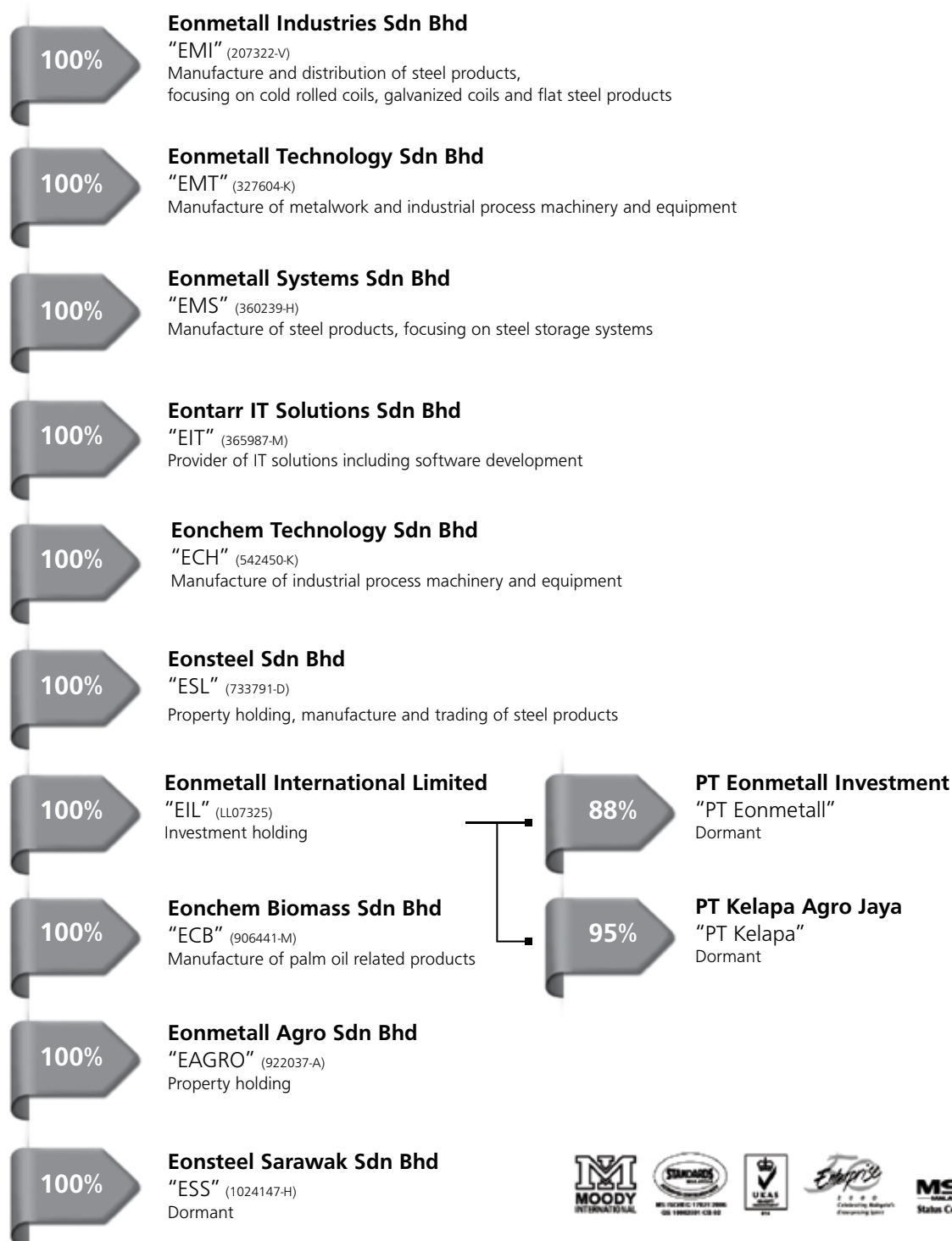


Group Structure & Principal Activities

as at 24 April 2015



EONMETALL GROUP BERHAD
(631617-D)





Malaysia International Furniture Fair 2015 (MIFF 2015)





Exhibition & Malaysia International Furniture Fair 2015 (MIFF 2015)



Vietnam Expo 2014
in Ho Chi Minh City,
Vietnam



3rd Myanmar International Textile
& Garment Industry Exhibition



Group

Financial Highlights

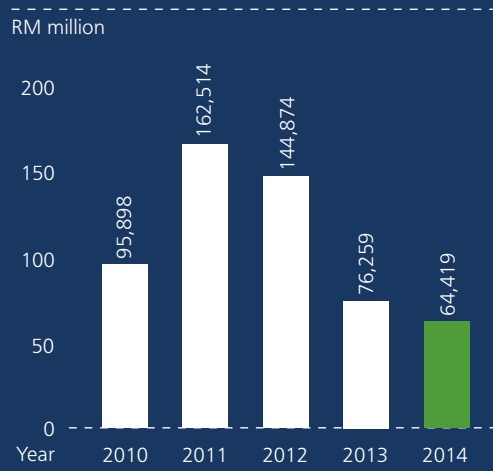
Year Ended 31 December

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
INCOME					
Turnover	95,898	162,514	144,874	76,259	64,419
Profit Before Tax	2,190	11,139	5,612	6,970	(2,303)
Profit attributable to Owners of the Company	2,563	9,497	4,978	6,249	(2,777)
FINANCIAL POSITION					
Total assets	200,212	238,269	244,009	213,370	208,359
Share Capital	85,586	85,586	85,586	85,586	85,586
Shareholders' Fund	124,904	143,254	143,582	146,522	143,515
PER SHARE					
Gross dividend (%)	5.0%	5.0%	3.5%	0%	0%
Net assets (RM)**	0.73	0.84	0.85	0.87	0.85
Basic Earnings (sen)***	1.50	5.56	2.94	3.71	(1.65)

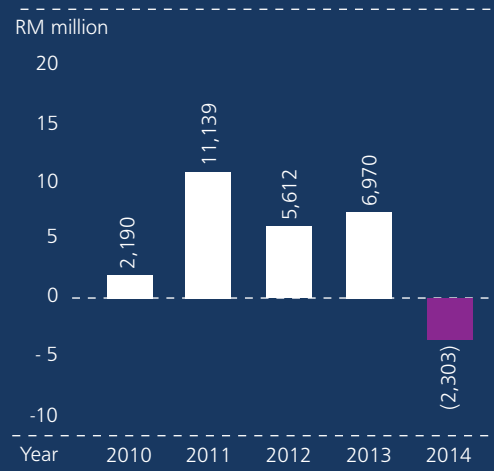
** Based on number of shares in issue net of treasury shares

*** Based on weighted average number of shares in issue net of treasury shares

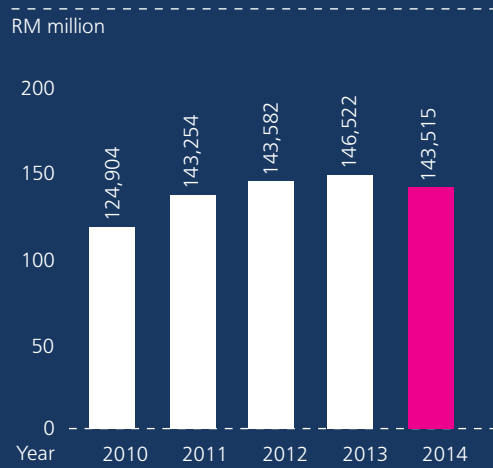
Turnover



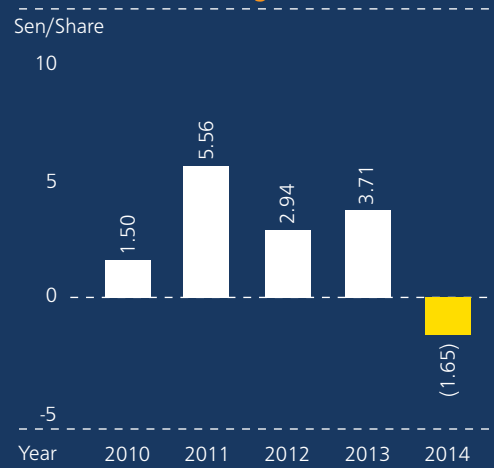
Profit Before Tax



Shareholders' Fund



Basic Earnings Per Share





Profile of Directors

Tan Sri Dato' Mohd Desa bin Pachi PSM, DSPN, KMN
Non-Independent Non-Executive Chairman
Malaysian, Age 81

Tan Sri Dato' Mohd Desa bin Pachi, PSM, DSPN, KMN, aged 81, Malaysian, is the Non-Independent Non-Executive Chairman of Eonmetall Group Berhad ("Eonmetall") and was appointed to the Board on 3 March 2005.

He is a Chartered Accountant by profession and is a Fellow of the Institute of Chartered Accountants in Australia. He studied accountancy in Melbourne, Australia under a Colombo Plan Scholarship. He joined Shell group of companies in 1962 and served in various capacities in the Finance/Administration. He is a fellow member of the Malaysian Institute of Management.

From 1970 to 1976, he was in public practice as a Chartered Accountant and was a partner of Desa Megat & Co and KPMG Peat Marwick. Subsequently, he was appointed as the first CEO of Permodalan Nasional Berhad (PNB) and later served as Chairman/CEO of Malaysia Mining Corporation Bhd, Executive Chairman of Fleet Group Sdn Bhd, Chairman/MD of The New Straits Times Press (Malaysia) Berhad and Chairman of Sistem Televisyen Malaysia Berhad (TV3). He was Chairman of CIMB Group Holding Berhad from 1984 to 2006.

He sits on the board of several private companies and the following public companies:-

Leader Steel Holdings Berhad (Chairman), Amanah Saham Nasional Berhad, Amanah Mutual Berhad.

Tan Sri Dato' Mohd Desa Bin Pachi has attended all five (5) board meetings held during the financial year ended 31 December 2014.

Yeoh Cheng Chye
Managing Director/Chief Executive Officer
Malaysian, Aged 46

Yeoh Cheng Chye, aged 46, Malaysian, is the Executive Director of Eonmetall and was appointed to the Board on 3 March 2005 and re-designated as Managing Director and Chief Executive officer on 1 January 2013.

He graduated from University Pertanian Malaysia with a Bachelor in Computer Science (Hons) in year 1993. In year 2004, he obtained his Master in Business Administration from the University of Southern Pacific, United States.

He started his career in 1993 as a Systems Engineer I with Seagate Sdn Bhd, Penang, a manufacturer of hard disc drives, where he was involved in IT and test engineering systems support. In 1995, he was promoted to System Engineer II and Project Manager. He left in 1996 and joined Southern Steel Bhd as a Senior Systems Analyst where he headed the IT division for automation and manufacturing. In 1997, he joined Leader Steel Holdings Berhad as Management Information System Manager where he was responsible for the overall management of the IT function.

He was appointed as the Executive Director of Eontarr IT Solutions Sdn Bhd in year 1999 and Chief Operating Officer of Eonmetall Technology Sdn Bhd in 2001. Subsequently, he was promoted to Executive Director and Chief Operating Officer of the Group in 2005. He is mainly responsible for the overall general management and operation of the Group.

Yeoh Cheng Chye has attended all five (5) board meetings held during the financial year ended 31 December 2014.



Profile of **Directors** (cont'd)

Dato' Goh Cheng Huat

*Executive Director
Malaysian, Aged 54*

Dato' Goh Cheng Huat, aged 54, Malaysian, is the Managing Director of Eonmetall and was appointed to the Board on 3 March 2005 and re-designated as Executive Director on 1 January 2013.

As the founder of the Group, he has extensive experience, expertise and knowledge in the processing of iron and steel products. With more than 28 years in the industry, he has accumulated invaluable skills, which includes amongst others, the invention and enhancement of steel making machine and its related processes. In recognition of his entrepreneur skills, he was conferred the 1990 Young Entrepreneur Award by the Ministry of Youth and Sports. His zeal and untiring efforts to improve steel products making processes did not go unnoticed, for in year 1999, he was awarded a patent for "Process For The Manufacturing Of Steel Products And Apparatus" and "4x2 High Cold Roll Angle Bar Machine". He is also the key inventor for "Recovery Oil Form Palm Mesocarp Fibres", where the patent was granted in year 2009. His visionary approach and keen business acumen certainly augur well for the Group especially in its business direction.

In year 2013, he obtained his Master of Business Administration from the National University of Singapore.

Currently, he sits on the board of several private companies and a public company, Leader Steel Holdings Berhad.

He is the brother of Mr. Goh Kee Seng.

Dato' Goh Cheng Huat has attended all five (5) board meetings held during the financial year ended 31 December 2014.

Tan Sri Dato' Soong Siew Hoong PSM, KMN, SMS, DPSM, JSM

*Non-Independent Non-Executive Director
Malaysian, Aged 89*

Tan Sri Dato' Soong Siew Hoong, PSM, KMN, SMS, DPSM, JSM, aged 89, Malaysian, is the Non-Independent Non-Executive Director of Eonmetall and was appointed to the Board on 3 March 2005.

His career started in 1973 when he ventured into manufacturing rubber-processing machinery by establishing Kwan Cheong Engineering Sdn Bhd. The company ceased operation in 2002. He was conferred Panglima Setia Mahkota (PSM) which carries the title of "Tan Sri" by the Yang DiPertuan Agong on 6 June 1998 and the Darjah Kebesaran Datuk Mahkota Selangor (DPMS) which carries the title of Dato' in year 1990.

On experiences, he has previously served as a member on the Councils of Standard and Industrial Research Institute of Malaysia (SIRIM) and the Human Resource Development Council. He was also a Director in Telekom Malaysia Berhad from October 1988 to May 1996.

He is currently the Executive Advisor of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and has held various other honorary positions such as Immediate Past President in the Malaysian Iron and Steel Industry Federation (MISIF). He is a current council member of Standard Malaysia, advisor to the Myanmar Industry Association, advisor to the Cambodia Chamber of Commerce and Industries and advisor to Uzbekistan Chambers of Commerce and Industries

In addition, he is also on the executive council of MASSA (Malaysian South South Association).

Currently, he sits on the board of several private companies and a public company Leader Steel Holdings Berhad.

Tan Sri Dato' Soong Siew Hoong has attended all five (5) board meetings held during the financial year ended 31 December 2014.

Profile of **Directors** (cont'd)**Goh Kee Seng***Non-Independent Non-Executive Director**Malaysian, Aged 59*

Goh Kee Seng, aged 59, Malaysian, is a member of Audit Committee, Nominating Committee and Remuneration Committee. He is a Non-Independent Non-Executive Director of Eonmetall and was appointed to the Board on 3 March 2005.

He graduated from National Taiwan University in year 1979 with a Bachelor of Science Degree in Agricultural Chemistry.

His career started in 1980 when he joined Brion Research Institute of Taiwan. Following that, he spent 10 years on extensive travelling in the Asean countries while taking up regional posting in Brunei, Singapore and Malaysia. In 1991 he started his own business and has since ventured into various industries in software, biotechnology and food industries. Currently he is actively running a regional food business covering from beverage ingredient manufacturing to regional franchise operation in various countries.

Currently, he sits on the board of several private companies.

He is the brother of Dato' Goh Cheng Huat.

Goh Kee Seng has attended three (3) out of the five (5) board meetings held during the financial year ended 31 December 2014.

Tang Yin Kham*Independent Non-Executive Director**Malaysian, Aged 63*

Tang Yin Kham, aged 63, Malaysian, is the Chairman of Audit Committee, a member of Nominating Committee and Remuneration Committee. She is an Independent Non-Executive Director of Eonmetall and was appointed to the Board on 3 March 2005.

She is a partner of a Chartered Accountants Firm in Malaysia and has more than 36 years of exposure in public accounting sector. She is a Chartered Accountant of the Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants, United Kingdom, a fellow member of the Chartered Tax Institute of Malaysia and a member of the Financial Planning Association of Malaysia.

She was an Independent Non-Executive Director of Rex Industry Berhad from 1996 to February 2015 and was also a Senior Independent Non-Executive Director of Wong Engineering Corporation Berhad from 2001 until April 2014.

She sits on the board of several private companies.

Tang Yin Kham has attended all five (5) board meetings held during the financial year ended 31 December 2014.

Profile of **Directors** (cont'd)**Dato' Wahab Bin Hamid** DPMS, DSDK, AMS, PPB
Independent Non-Executive Director
Malaysian, Aged 62

Dato' Wahab Bin Hamid, DPMS, DSDK, AMS, PPB, aged 62, Malaysian, is the Chairman of Nominating Committee, Remuneration Committee and a member of Audit Committee. He is an Independent Non-Executive Director of Eonmetall and was appointed to the Board on 1 June 2011.

He graduated from National University of Malaysia with a Bachelor in Arts (Hons), major in Economic in year 1977. He was conferred with Darjah Kebesaran Datuk Setia Diraja Kedah (DSDK) in year 2009 and Darjah Kebesaran Datuk Paduka Mahkota Selangor (DPMS) in year 2010. Both awards carry the title of "Dato".

He has 35 years of service in Malaysian Investment Development Authority (MIDA) in various Divisions with increasing seniority including serving as a Director of MIDA Sarawak, Director of MIDA Korea, Director of MIDA Selangor, Director of MIDA Germany, Director of Human Resource Division, Director of Industry Support Division and Senior Director of Resource Based Industry Division. He was also the Deputy Director General II from June 2008 to April 2011.

He previously served as a Chairman of National Duty Exemption Committee and various Technical Working Group Committee under the Industrial Master Plan 3 (IMP 3), a Member of Standard Malaysia Council and National Committee on Investment. He was also a permanent member of ECER Investment Committee, Sabah Industrial Development and Finance Committee, Negeri Sembilan Investment Committee and Perak State Investment Management Committee.

He is currently an Advisor to YKGI Holding Berhad, Executive Deputy Chairman of Starshine Holdings Sdn. Bhd., and as Independent Director of TN Engineering Sdn. Bhd.

He attended five (5) board meetings held during the financial year ended 31 December 2014.

Note: Save as disclosed, the above directors have no conflict of interests with Eonmetall and have not convicted of any offence within the past 10 years other than traffic offences, if any.



Chairman's Statement

On behalf of the Board of Directors of Eonmetall Group Berhad, it is my pleasure to present our Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2014.

Financial Performance

During the year under review, the Group recorded revenue of RM64.4 million, a decrease of 16% as compared with RM76.3 million in the previous financial year. This is mainly attributed by the lower revenue generated from machinery and equipment segment.

The Group's loss before tax ("LBT") for the current financial year is RM2.3 million, a drop of 133% as compared to the profit before tax ("PBT") of RM7.0 million is mainly due to gain on disposal of the Group's properties recorded in preceding year. Gearing ratio was maintained at 29% while the Group's net asset per share decreased from RM0.87 to RM0.85.

Operational Review

Revenue from the machinery and equipment division decreased by 64% to RM11.9 million as compared to RM33.1 million recorded in previous year. LBT for the financial year under review increased from RM2.9 million to RM6.2 million as compared to corresponding financial year which was in line with the decrease in revenue.

The machinery and equipment division was impacted mainly by the lower crude palm oil (CPO) price in year 2014 which contributed to the lower sale of palm oil related machinery. Even with the historical correlation and the decoupling between crude oil and CPO prices no longer applied, CPO prices recovery is mainly influenced by the demand and supply fundamentals.

Revenue generated from the steel products and trading activity segment increased by 22% to RM52.5 million for the financial year under review as compared to revenue of RM43.1 million reported in previous financial year. This segment generated a PBT of RM6.5 million, an increase of RM2.5 million. The improved margin is mainly contributed by the higher revenue coupled with lower production cost.

Industry Trend and Prospect

Business conditions from both the domestic and external operating environment continued to be challenging for the iron and steel as well as the oil palm industry. Within our country, the implementation of Goods and Services Tax (GST), a non-competitive electricity tariffs, Ringgit weakening, impact from minimum wages and higher cost of foreign workers recruitment have attributed directly to inflationary pressure thus weakening the domestic economy growth.

At the international front, our steel product pricing is impacted by cheaper importation of steel raw material and finished product with the further liberalization of market access through the Free Trade Agreements which enable easier and cheaper inflow of foreign steel products.

The significant drop of international crude oil price from above USD100 down-to USD50 per barrel range is expected to further impact CPO pricing. This directly contributes to lower demand from B10 implementation, which is a blend of 10% palm methyl ester and 90% petroleum diesel. This has impacted CPO pricing and the capability of our potential customers or palm millers to invest on our solvent extraction plants.

The Group shall proactively venture into other business opportunities mainly in palm oil biomass industry to realize its long term strategic business plan. The Group shall leverage on its existing palm oil downstream of promoting biomass for high-value downstream activities such as in bioenergy and biofuel to cushion the potential impact on our existing core business.



Chairman's Statement (cont'd)

Dividend

There was no dividend paid or declared during the previous financial year and the Board does not recommend any payment of dividend for the current financial year.

Acknowledgement

On behalf of the Board, I thank our shareholders, esteemed customers and suppliers, financial institutions and other stakeholders for their continued support and confidence in the Group. I pledge for the utmost support and dedication from the management and all level of employees to strive for further business growth and opportunities during current challenging business environment.

Tan Sri Dato' Mohd Desa bin Pachi
Chairman



Statement on Corporate Governance

The Board of Directors ("Board") of Eonmetall Group Berhad ("Company" or "Eonmetall") fully appreciates the importance of adopting and continuously to maintain the highest standards of Corporate Governance are practised throughout Eonmetall and its subsidiaries ("the Group" or "Eonmetall Group") towards enhancing business success and corporate accountability to protect and enhance the interests of its shareholders and stakeholders. The main focus is to adopt the substance behind good corporate governance practices with the ultimate aim to ensure Board effectiveness and efficacy in enhancing shareholders' value.

In ensuring the application of the principles of Corporate Governance in its business activities, the Board is working towards ensuring compliance and maintains all identifiable means to ensure that the Company's Corporate Governance Standards are on par with the Malaysian Code on Corporate Governance 2012 (the "Code" or "MCCG 2012") and this commitment is evidenced by the formulation of various policies and processes that are embedded in the operating procedures of the Company and the establishment of the relevant committees.

The Board is pleased to present this statement for the year ended 31 December 2014 outlining the applications of the Principles and Recommendations as set out in the MCCG 2012.

Principle 1: Establish Clear Roles and Responsibilities

Clear Functions of the Board and Management

The Board assumes full responsibilities for the overall performance of the Company and its subsidiaries by providing leadership and direction as well as management supervision. In addition to its legal responsibilities, the Board ensures that Management has in place appropriate processes for risk assessment, management and internal controls and monitoring performance against agreed benchmark for the Group as well as ensuring businesses are carried out in compliance with governance practices and in a transparent and objective manner. Its overall objective is to enhance the value of its shareholders by achieving the strategic objectives of the Group with the implementation of the Code.

The Board is led by a Non-Independent Non-Executive Chairman while the executive management of the Company is led by the Managing Director ("MD")/Chief Executive Officer ("CEO"). There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Chairman in practice is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The Managing Director is responsible for the day-to-day management of the business as well as the implementation of Board's policies and decisions. The roles and responsibilities of Chairman and Managing Director are define in the Board Charter.

The Directors meet, review and approve all corporate announcements, including the announcements on quarterly financial results, before releasing them to Bursa Malaysia Securities Berhad ("Bursa Securities").

As part of the Board's effort to ensure effectively discharge of its duties and responsibilities, the Board delegated certain functions to Board Committees. The Board has established five (5) Board Committees namely Audit Committee, Nominating Committee, Remuneration Committee, Risk Management Committee and Employee Share Option Scheme ("ESOS") Committee (collectively referred to as the "Board Committees"). The Board Committees are comprises wholly by Non-Executive Directors with majority of whom are Independent Non-Executive Directors except for Risk Management Committee and ESOS Committee consist of two (2) Executive Directors and two (2) management staff. The ESOS Committee is established to administer the Company's ESOS in accordance with the by-laws thereof to determine, amongst others, participation eligibility, option offers and share allocations.

All decisions and deliberations at Board Committee level are documented in the minutes of the respective Committee meetings. The Chairman of Board Committees reports on the outcome and recommendations of the Board Committee meetings to the Board for further deliberation and approval. Such reporting is included in the minutes of Board meetings.



Statement on **Corporate Governance** (cont'd)

Clear Roles and Responsibilities

The Board acknowledges its role in the stewardship of the Group's direction and operations, and ultimately the enhancement of long-term shareholders value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for Management and monitoring the achievement of these goals. The Board delegates the day-to-day operations of the Group to the Managing Director and Executive Directors, who are experienced in the business of the Group.

The Board recognizes the importance for a proper identification of the roles and authority of Management as well as a formal procedure on matters that require multiple Board signatures and/or Board decision. The current set-up of the Board whereby a majority of the members have been with the Group since its commencement and thus, are cognisant of their respective roles and responsibilities over the years.

The Independent Non-Executive Directors are active in their roles providing independent judgment, unbiased and independent views, when required and contributing actively in the deliberations on policies and issues. They also act in a manner to protect the interest of the minority shareholders in respect of policies and decisions deliberated by the Board.

The Independent Directors do not participate in the daily management of the Group and are not engaged in any business or other relationship with the Group. The presence of Independent Directors ensures that issues of strategies, performance and resources proposed by the Management are objectively evaluated, taking into consideration the long-term interests of shareholders, employees, customers, and other communities in which the Group conducts its business. In carrying out their roles, the Independent Directors thereby fulfil a crucial role in corporate accountability as they provide independent and objective views, opinions and judgments on issues being deliberated.

The Board, at its meetings, regularly reviews the business financial results, adopting and reviewing risk management initiatives, oversees the implementation and effectiveness of internal control systems, enforcing the compliance of legal and statutory requirements within the Group. However, the Board will also deliberate on significant matters that concerned the overall Group business strategy and direction, acquisition or divestment policy, approval of major capital expenditure, consideration of significant financial matters and review of the financial and operating performance of the Group. The Board has formalised its Board Charter according to the latest developments in the Group as well as regulatory requirements.

Formalise Ethical Standards through a Code of Conduct

The Board noted the importance of the Code of Ethics and Conduct of the Company that emphasized the Company's commitment to ethical practices and compliance with the applicable laws and regulations which also governs the standards of ethics and good conduct expected from the Directors and employees of the Group. This covers a wide range of business practices and procedures and sets out the basic principles to guide the Group's Directors and employees in performing duties so as to improve work quality and productivity and improve self-discipline in order to provide the Company with good and quality service.

Currently, the Group has in place an Employee Handbook, which contains various human resource policies, serve as a guide for employees to ensure they follow and be responsible to practise as laid under this Handbook.

The Board has also formalised a Code of Ethics and Conduct setting out the standard of ethics and conduct expected from its Directors, Management and Officers to enhance the standards of corporate governance and corporate behaviour. The Code of Ethics and Conduct will be disclosure on the corporate website.



Statement on **Corporate Governance** (cont'd)

Strategies Promoting Sustainability

The Company recognises the importance of sustainability and its increasing impact to the business. The Company is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

In transition to implement the MCCG 2012, the Board has formalised a Sustainability Policy which aims to endeavour to integrate the principles of sustainability into the Company's strategies, policies and procedures and ensure that the Board and senior management are involved in implementation of this policy, review the sustainability performance and create a culture of sustainability within the Company, and the community, with an emphasis on integrating the environmental, social and governance considerations into decision making and the delivery of outcomes.

The Board will be briefed on the Group's strategic direction and operational progress to-date, taking into account changes in the business environment and risk factors such as level of competition.

Access to Information and Advice

Sufficient notice has always been given for all Board and Board Committee meetings. All Board and Board Committees are provided with an agenda and relevant board papers, reports including matters arising, financial, operational and regulatory compliance matter, prior to meetings to ensure that they have sufficient time to review and evaluate the matters to be deliberated and obtain further information, if needed, prior to meeting to expedite decision making during meetings. Actions on all matters arising from any meeting are reported at the following meeting.

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. All the Directors have unrestricted access to any information within the Group to enable them to discharge their duties. The Chairman, with the assistance of the Company Secretaries, ensures that all Directors have full and timely access to information with Board papers distributed in advance of Board meetings.

The Board as a whole will determine, whether as a full board or in their individual capacity, to engage independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties and to enable them to discharge their duties, at the Group's expense. However, any Director, if to do so individually, shall obtained prior consent and approval of the Chairman.

Qualified and Competent Company Secretaries

The Board believes that the current Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board. The Board is satisfied with the performance and support rendered by the Company Secretaries. The Directors are able to seek advice and service of the Company Secretaries. The Company Secretaries, who is qualified and experienced, advises the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors and the potential impact and implications arising there from.

The Company Secretaries attend and ensure that all Board and its Committees meetings are properly convened and that the decisions made and/or resolutions passed thereof are recorded in minutes of meeting and kept in the statutory register at the registered office of the Company.



Statement on **Corporate Governance** (cont'd)

Board Charter

The Board Charter clearly delineate the roles, duties and responsibilities of the Board, Board Committees and Management in order to provide a structured guidance. The Board Charter would also include the requirements of Directors in carrying out their leadership and supervisory role and in discharging their duties towards the Group as well as boardroom activities. The Board Charter will be periodically reviewed and published on the Company's website <http://www.eonmetall.com>.

Principle 2: Strengthen Composition

Nominating Committee

The Board, through the Nominating Committee, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director appropriately.

The Nominating Committee consists of three (3) members, the majority of whom are Independent Non-Executive Directors and its Chairman is an Independent Non-Executive Director appointed by the Board.

The Nominating Committee currently comprised of the following:

Name	Position
Dato' Wahab Bin Hamid	Chairman
Tang Yin Kham	Member
Goh Kee Seng	Member
Ibrahim Mahdi Phee (<i>retired on 29 May 2014</i>)	Member

The terms of reference of Nominating Committee provides that the Board shall appoint members to the Nominating Committee from amongst its member. The Nominating Committee shall comprise exclusively of Non-Executive Directors with at least three (3) members. Majority of the members of the Nominating Committee shall be independent. The Chairman of the Nominating Committee shall be an Independent Non-Executive Director appointed by the Board.

In the event that a member of the Nominating Committee retires, resigns or ceased to be a member, for any other reason, resulting in non-compliance of the terms prescribed, the Board shall, within three (3) months of that event, appoint such number of new members as may be necessary to fulfil the requirements.

The Nominating Committee is authorised by the Board to seek appropriate professional advice from outside the Group as and when it considers necessary in the discharge its duties. The cost incurred in obtaining services of the professional advisor will be borne by the Company.

The Nominating Committee shall meet whenever there is a need arises for the Committee to perform its function, and at least once every year in carrying out an annual review of the Board, its Committees and the contribution of individual Directors to the Company. The quorum necessary for a meeting of the Nominating Committee shall be two (2) members.



Statement on **Corporate Governance** (cont'd)

The functions and responsibilities of the Nominating Committee are as follows:

- To make recommendations to the Board with regard to any appointment of Directors considering their skills, knowledge, education, qualities, expertise and experience; professionalism; integrity, time commitment, contribution, boardroom diversity including gender diversity and other factors that will best qualify a nominee to serve on the Board; and for the position of Independent Non-Executive Directors, the ability to discharge such responsibilities/functions as expected;
- To consider, in making its recommendations, candidates for Directorships proposed by the Group MD/ CEO and within the bounds of practicability, by any other senior executive or any other Director or shareholder;
- To assist the Board to review regularly the Board structure, size and composition and the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board;
- To assess the effectiveness of the Board, any other committees of the Board and the contributions of each individual Director, including the independence of Independent Non-Executive Directors, as well as the Group CEO (where these positions are not Board members), based on the process and procedures laid out by the Board; and to provide the necessary feedback to directors in respect of their performance;
- To ensure proper documentation of all assessments and evaluations so carried out;
- To recommend to the Board, the Directors to fill the seats on any committees of the Board. In making its recommendations, the Committee should also consider, within the bounds of practicability, candidates proposed by any Director, Chief Executive/Senior Executive or shareholder;
- To propose to the Board the responsibilities of non-executive directors, including membership and Chairmanship of Board Committees;
- To recommend to the Board for continuation or discontinuation in service of Directors as an Executive Director or Non-Executive Director;
- To recommend to the Board, Directors who are retiring by rotation to be put forward for re-election;
- To evaluate training needs for directors annually;
- To arrange induction programmes for newly appointed directors to familiarize themselves with the operations of the Eonmetall Group Berhad through briefings by the relevant management teams;
- To recommend to the Board the employment of the services of such advisers as it deems necessary to fulfil the Board's responsibilities; and
- To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

The Nominating Committee met four (4) times during the financial year and all members of the Nominating Committee attended the meetings to deliberate on the followings:

- (i) Reviewed the current Board structure, size and composition with an aim to achieving a balance of views on the Board.
- (ii) Reviewed and assessed effectiveness of the Board as a whole, the various Board Committees as well as the contribution of each individual Director.
- (iii) Reviewed the level of independence of Independent Directors.
- (iv) Discussed the character, experience, integrity and competence of the Directors, Chief Executive or chief financial officer and to ensure they have the time to discharge their respective roles.
- (v) Discussed on the annual retirement by rotation and re-election of Directors at the forthcoming Annual General Meeting.
- (vi) Reviewed and discussed on Independent Non-Executive Directors who have served the Company for a cumulative term of more nine years or more, for re-appointment at the Company's Annual General Meeting.
- (vii) Considered and assessed the suitable candidates in place of the director to retire at the previous Annual General Meeting.
- (viii) Reviewed the Term of Reference of Nominating Committee in accordance with the Malaysian Code of Corporate Governance 2012.

Statement on **Corporate Governance** (cont'd)**Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors**

The Nominating Committee is empowered by the Board and its terms of reference are to bring to the Board recommendations on the appointment of new Directors. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience to bring value and expertise to the Board. The Company Secretaries will ensure that all necessary information is obtained and that all legal and regulatory obligations are met before appointments of new Directors are made.

The Nominating Committee had also discussed and deliberated on the qualifications and contributions of the Board and Nominating Committee with the respective members of the Nominating Committee abstaining from the process. In addition, the Nominating Committee deliberated on the retirement of Directors and their eligibility for re-election at the Annual General Meeting, the performance of the Board and the various Board Committees as well as contribution of individual Directors in discharging their duties.

In accordance with the Articles of Association of the Company provide that an election of Directors shall take place each year and, at the Annual General Meeting, one-third of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election. All the Directors shall retire from office once at least in three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their appointment or reappointment. A retiring Director is eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separately.

In accordance with Section 129(6) of the Companies Act, 1965, Directors who are over seventy (70) years of age are required to seek shareholders' approval for re-appointment annually.

The director who is subject to re-election and/or re-appointment at next Annual General Meeting is assessed by the Nominating Committee before recommendation is made to the Board and shareholders for re-election and/or re-appointment. Appropriate assessment and recommendation by the Nominating Committee is based on the annual assessment conducted.

The Nominating Committee is to systematically keep under review the effectiveness of the Board and Board Committees as a whole and for assessing the contribution of each individual Director on an annual basis. Additionally, the Nominating Committee also reviews the required mix of skills, experience and other qualities, including core competencies of the members in discharging their duties. The skills and experience of each Director is analysed, inter-alia, in the areas of business operations technical and governmental affairs and legislation.

In addition, the Board has taken note of Recommendation 2.2 of the MCCG 2012 pertaining to the establishment of policy formalising its approach to boardroom diversity. The Board has no specific policy on setting targets on female candidates to be appointed to the Board. The Board has one (1) female Director who is an Independent Non-Executive Director. With the current composition, the Board feels that its members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively. All Directors on the Board have gained extensive experience with their many years of experience on company Boards and also as professionals in their respective fields of expertise.



Statement on **Corporate Governance** (cont'd)

Remuneration Policies

The Remuneration Committee currently comprised of the following:

Name	Position
Dato' Wahab Bin Hamid <i>(appointed as Chairman of Remuneration Committee on 25 August 2014)</i>	Chairman
Tang Yin Kham	Member
Goh Kee Seng	Member
Ibrahim Mahdi Phee <i>(retired on 29 May 2014)</i>	Chairman

The Remuneration Committee consists of three (3) members, the majority of whom are Independent Non-Executive Directors. The Remuneration Committee is responsible for, inter alia, recommending to the Board the policy framework and remuneration structure for Directors as well as the remuneration packages of Executive Directors.

The determination of remuneration packages of Non-Executive Directors including that of Non-Executive Chairman of the Board shall be a matter for the Board as a whole. During the financial year, the Remuneration Committee met once, attended by all the members except Goh Kee Seng. (GKS absent)

All deliberations of the Remuneration Committee are properly documented in the minutes of Committee meetings and recommendations are reported by the Remuneration Committee Chairman at Board meetings.

The Remuneration Committee is empowered by the Board and its terms of reference to review proposed share option schemes, appraise performance of each individual Executive Director in proposing salary increment as well as annual bonus, considering and reviewing fringe benefits issues and to evaluate different remuneration methods and philosophies as well conducting studies of current industry practice.

The remuneration of Non-Executive Directors is linked to their experience and level of responsibilities undertaken by them. Non-Executive Directors are paid fixed annual fees as members of the Board and Board Committees. The Directors' fees payable to Directors are approved by shareholders at each Annual General Meeting. All Directors are also paid allowance for each meeting they attend.

The aggregate remuneration, with categorisation into appropriate components and distinguishing between Executive and Non-Executive Directors, paid or payable to all Directors of the Company for the financial year ended 31 December 2014 is as follows:

	Fees (RM)	Other Emoluments¹ (RM)	Salaries² (RM)	Total (RM)
Executive Directors	96,000	654,719	1,271,000	2,021,719
Non-Executive Directors	213,000	82,000	-	295,000
Total	309,000	736,719	1,271,000	2,316,719

Notes:

¹ Other emoluments include allowances, EPF, SOCSO and advisory fee.

² Salaries including bonus.



Statement on **Corporate Governance** (cont'd)

The number of Directors whose total remuneration paid/payable falls within the following bands of RM50,000 is summarised as follows. The Board opted not to disclose each Director's remuneration individually as it considers the information sensitive and that the following disclosure is sufficient:

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM 50,000	-	3
RM 50,000 to RM100,000	-	3
RM300,001 to RM350,000	1	-
RM700,001 to RM750,000	1	-
RM900,001 to RM950,000	1	-
Total	3	6

The Board and Remuneration Committee strive to ensure a fair structure of compensation for an organization of this size and market sector and business complexity. It is also aimed at attracting and retaining Directors who have the right calibre, skills and experience to contribute meaningfully towards the success of the business.

Principle 3: Reinforce Independence

Annual Assessment of Independent Directors

The Nominating Committee had conducted an evaluation of level of independence of the two (2) Independent Non-Executive Directors of the Company through the Directors' self evaluation. The Nominating Committee has indicated their satisfaction with the level of independence of each of their peers and their ability to act in the best interests of the Company in decision-making. The Board is also satisfied with the level of independence of the Independent Non-Executive Director.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director outlined in Paragraph 1.01 and Practice Note 13 of MMLR of Bursa Securities. The key elements for fulfilling the criteria are the appointment of Directors who are not members of Management and who are free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

Tenure of Independent Directors

The Board is also mindful of the recommendation of the MCCG 2012 that tenure of an Independent Director should not exceed a cumulative term of nine years. The nine years can either be a consecutive service of nine years or a cumulative service of nine years with intervals. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a non-independent Director. However, the shareholders may, in exceptional cases where the Board is of the opinion that that the Independent Director can continue beyond the 9-year tenure and subject to the assessment of the Nominating Committee, decide that an Independent Director can remain as an Independent Director after serving a cumulative term of nine years

The presence of Independent Non-Executive Directors are to ensure that issues of strategies, performance and resources proposed by the Management are objectively evaluated, taking into consideration the long-term interests of shareholders, employees, customers, and other communities in which the Group conducts its business.



Statement on **Corporate Governance** (cont'd)

The justification may be determined in the form of greater rigor and transparency in the evaluation process which accompanies any recommendation for renewal of a Director's appointment/election at the general meeting.

Following the assessment and deliberation by the Board, the Board recommended Madam Tang Yin Kham, who has served the Board as an Independent Non-Executive Director of the Company since 3 March 2005, to continue as Independent Non-Executive Director subject to shareholders' approval at the forthcoming Annual General Meeting. Key justifications for their recommended continuance as Independent Non-Executive Director are as follows:

- She fulfilled the criteria under the definition of Independent Director as stated in the MMLR of Bursa Securities, and therefore, is able to bring independent and objective judgement to the Board;
- Her accounting experience will enable her to provide the Board and Board Committees with diverse set of experience, expertise, skills and competence;
- She has actively participated in Board deliberation, provided objectivity in decision making and independent voice to the Board. Throughout her tenure of service, she has acted in the best interest of the Company and continued to exercise independent judgement and due care;
- She has not developed, established or maintained any significant relationship, which would impair her independence as an Independent Director, with the Executive Directors and major shareholders other than normal engagements and interactions on a professional level consistent and expected of her to carry out her duties as Independent Non-Executive Director or member of the Board's Committees; and
- She devoted sufficient time and attention to her professional obligations for informed and balanced decision making.

Shareholders' Approval for Retaining Independent Non-Executive Directors

In the event the Board intends to retain the Director as Independent Director after the latter has served a cumulative term of 9 years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Board shall vigorously assess the candidate's suitability to continue as an Independent Non-Executive.

The Nominating Committee will review and recommend to the Board, as part of the Board Charter, the term of tenure of Independent Non-Executive Directors of the Company.

Separation of Positions of Chairman and Chief Executive Officer

The Board has always made the distinction that the position of the Chairman and Managing Director/Chief Executive Officer, who is also the Managing Director, does not reside with the same person. In this regards our Chairman, Tan Sri Dato' Mohd Desa Bin Pachi is a Non-Independent Non-Executive member of the Board.

There is a clear and separate division of responsibility in the roles and duties of the Chairman and Managing Director/Chief Executive Officer. The Managing Director/Chief Executive Officer is the officer involved in the day-to-day running of the affairs of the Company.



Statement on **Corporate Governance** (cont'd)

Composition of the Board

The Board comprised of seven (7) members, two (2) Executive Directors, three (3) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors, as at the date of this Annual Report as follows:

Managing Director	Yeoh Cheng Chye
Executive Directors	Dato' Goh Cheng Huat Goh Hong Kent (<i>resigned on 27 August 2014</i>)
Non-Executive Non-Independent Directors	Tan Sri Dato' Mohd Desa bin Pachi Tan Sri Dato' Soong Siew Hoong Goh Kee Seng
Independent Non-Executive Directors	Dato' Wahab Bin Hamid Tang Yin Kham Ibrahim Mahdi Phee (<i>retired on 29 May 2014</i>)

Brief profiles of the Board members are presented under Profile of Directors in this Annual Report.

All concerns regarding the Group can be conveyed to any one of the Directors and or will be deliberated by all Directors during the Board meeting. As such, the Board had not appointed a Senior Independent Non-Executive Director to whom concerns regarding the Company may be conveyed.

The present composition of the Board is in compliance with Chapter 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Securities, which requires that at least two (2) Directors or one-third of the Board of the Company, whichever is the higher, are Independent Directors.

The Chairman of the Company is not an Independent Director and the current composition of its members does not comprise of a majority of Independent Directors. However, the Board believes that the Chairman is capable of acting in the best interest of the shareholders and hence does not expect any necessity to the appointment of an Independent Director as Chairman to the Board at this juncture.

Principle 4: Foster Commitment

Time Commitment

The Board is scheduled to meet at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings with sufficient notice.

During the financial year ended 31 December 2014, the Board held five (5) meetings to deliberate and decide on various issues including the Group's financial results, strategic decisions and the direction of the Group. The major deliberation, in terms of issues discussed and the conclusion arrived by the Board during the meetings, are recorded by the Company Secretary with the minutes signed by the Chairman of the meetings.



Statement on **Corporate Governance** (cont'd)

Detail of attendance of each Director on the Board and respective Board Committees of Eonmetall during the financial year under review is as follows:

	Board meetings	Audit Committee meetings	Nominating Committee meetings	Remuneration Committee meetings
Directors	Attended	Attended	Attended	Attended
Tan Sri Dato' Mohd Desa bin Pachi	5/5			
Yeoh Cheng Chye	5/5			
Dato' Goh Cheng Huat	5/5			
Goh Hong Kent (resigned on 27 August 2014)	3/5			
Tan Sri Dato' Soong Siew Hoong	5/5			
Dato' Wahab Bin Hamid	5/5	5/5	4/4	1/1
Goh Kee Seng	3/5	3/5	2/4	0/1
Tang Yin Kham	5/5	5/5	4/4	1/1
Ibrahim Mahdi Phee (retired on 29 May 2014)	2/5	3/5	3/4	1/1

All Board members met the minimum percentage required for Board meeting attendance during the year under review as prescribed under MMLR of Bursa Securities.

The Board members notify the Board or the Chairman for accepting of new Directorship in other public listed companies. The number of Directorship held by each Director complied with the MMLR of Bursa Securities.

Training

The Board is cognisant of the need to ensure that its members undergo continuous trainings to enhance their knowledge, expertise and professionalism in discharging their duties. As at the date of this statement, the Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP").

The Directors are encouraged to attend relevant training courses and professional programmes deemed necessary so as to keep abreast with the changes on guidelines issued by the relevant authorities as well as developments of the business environment, which can complement their services to the Group. The Directors are regularly updated by the Company Secretaries on any changes to new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.



Statement on **Corporate Governance** (cont'd)

There is no formal training/induction program for new Director. On joining, new Director is given background information on the Group and its activities with site visits are arranged, whenever necessary. The Directors will continue to undergo other relevant training programmes from time to time to enhance their skills and knowledge where relevant. The training, conferences or seminars attended and or conducted by Directors during the financial year encompassed various topics as outlined below:

Financial & Risk Management	<ul style="list-style-type: none"> Financial Reporting and Responsibilities of Directors and Senior Management for Public Listed Company For Survive and Sustain Workshop Corporate Directors Advanced Programme (CDAP) 2014 Financial Reporting and Responsibilities of Directors and Senior Management for Public Listed Company
Management & Leadership	<ul style="list-style-type: none"> PNB Nominee Directors' Convention 2014 - Board Chairman Series: The Role of the Chairman Great Companies Deserve Great Boards and Great Boards Leading the way for highly Innovative Companies
Public Policy & Investment	<ul style="list-style-type: none"> Compliance to Bursa Requirement for MBLC Launching of World Investment Report 2014 Global Competitiveness and the Malaysian Experience
Industry Related	<ul style="list-style-type: none"> Strengthening the ASEAN Iron and Steel Industry for the Next Decade
Taxation	<ul style="list-style-type: none"> Transfer Pricing Documentation - Practical issues in Implementating the Requirements of the Transfer Pricing Guidelines Kursus Khas Cukai Barang Dan Perkhidmatan (GST) Untuk Ejen Cukai Anjuran Jabatan Kastam Diraja Malaysia Bersama Malaysian Institute of Accountants (MIA) Tax Planning and Issues for Property Developers and Property Investors Goods and Services Tax (GST) Workshop Seminar Percukaian Kebangsaan 2014 CCH GST Professional Series 1

Principle 5: Uphold Integrity in Financial Reporting

Compliance with Applicable Financial Reporting Standards

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects, primarily through the annual financial statements, quarterly announcement of results and all other disclosure to Bursa Securities as well as the Chairman's Statement in the Annual Report.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting. The role of the Audit Committee is to support the Board of Directors in overseeing the processes for production of the financial data, reviewing and monitoring the integrity of the financial reports and the internal controls of the Company. The composition of the Audit Committee is presented under Audit Committee Report in this Annual Report.



Statement on **Corporate Governance** (cont'd)

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results of their operations and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia have been applied. In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

Assessment of Suitability and Independence of External Auditors by the Audit Committee

Key features underlying the relationship of the Audit Committee with the internal and external auditors are included in the Audit Committee's terms of reference as detailed under Audit Committee Report in this Annual Report.

The Group maintains a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the relevant accounting standards.

A summary of the activities of the Audit Committee during the financial year are set out in the Audit Committee Report in this Annual Report.

The Audit Committee discusses the nature and scope of audit and reporting obligations with the external auditors before commencement of audit engagement. It is also the practice of the Audit Committee to respond to auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.

The Audit Committee is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of external auditors. The external auditors have confirmed, at an Audit Committee meeting that, they are, and have been, independent throughout the conduct of audit engagement in accordance with terms of relevant professional and regulatory requirements.

Going forward, the Audit Committee will establish procedures to assess the suitability and independence of the external auditors as well as policy governing the circumstance under which contracts for provision of non-audit services could be entered into by the external auditors.

Principle 6: Recognise and Manage Risks

Sound Framework to Manage Risks

The Board undertakes overall responsibility for risk oversight and risk management. The Company has established and adopted the risk management policy to administer the Group's approach to risk management.

The Board performs annual review on financial, operational and compliance controls in all material aspects and has received reasonable assurance from various Internal Audit Reports and Management on internal control system.

The Board has established a structured risk management framework aimed at identifying, evaluating, controlling, monitoring and reporting principal risks faced by the Group on an on-going basis.



Statement on **Corporate Governance** (cont'd)

Internal Audit Function

The internal audit function is currently outsourced to an independent professional and consulting firm. The Audit Committee monitors the feedback and reports of the Internal Audit Department for matters of non-compliance, weakness in internal control systems or the lack of it and monitors the implementation any such inadequacies by the Management.

The Board also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Statement on Risk Management and Internal Control in this Annual Report provides an overview on the state of risk management and internal controls within the Group.

Principle 7: Ensure Timely and High Quality Disclosure

Corporate Disclosure Policy

The Board acknowledges the importance of ensuring prompt dissemination of information to shareholders and regulatory bodies with the intention of giving as clear and complete information of the Group's position and financial performance as possible within the bounds of practicality and legal and regulatory framework governing release of material and price sensitive information. The Board will take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid an individual or selective disclosure.

In line with increased investor awareness for greater accountability and transparency, the Board has formalised a Corporate Disclosure Policy and procedure which is in line with requirements of MMLR of Bursa Securities to enable comprehensive, timely and accurate disclosures on the Group to the regulators, shareholders and other stakeholders.

Leverage on Information Technology for Effective Dissemination of Information

Eonmetall disseminates information in relation to its financial performance, operations and corporate developments through the annual reports, quarterly reports, circulars and various announcements. The Company's website at <http://www.eonmetall.com> contains under the heading "Investor Relations" vital information, including annual reports, quarterly reports and official announcements made to Bursa Securities, concerning the Group which is updated on a regular basis. The Board will peruse through and approve all announcements prior to release of the same to Bursa Securities. The Group release all material information publicly through Bursa Securities. Shareholders and the public in general may also obtain announcements and financial results of the Company from Bursa Securities' website.

Shareholders may also direct all their concerns with regard to the Group to the key contact persons, Mr Yeoh Cheng Chye, Managing Director/Chief Executive Officer and Dato' Goh Cheng Huat, Executive Director of the Group.



Statement on **Corporate Governance** (cont'd)

Principle 8: Strengthen Relationship between Company and Shareholders

Shareholders' Participation at General Meetings

The Board encourages shareholders' participation and as such, the Annual General Meeting is an important event as the Board is given the opportunity to have a dialogue with the shareholders following presentation of annual audited financial results and to address any questions that may arise. The notice of Annual General Meeting is sent at least twenty-one (21) days before meeting date. All suggestions and comments put forth by shareholders will be noted by the Board for consideration.

Whilst this Annual Report provides a comprehensive source of information on the Group's financial and operational performance. The Board readily avail themselves to answer any such questions that may arise as shareholders may seek more information than what is available in the Annual Report and/or circulars.

The Company recognises the importance of accountability to its shareholders and investors through proper communication. The Board acknowledges that shareholders should be informed of all material business matters which influence the Group. Timely release of quarterly financial results to Bursa Securities and other information and corporate actions taken by the Company that warrants an announcement to Bursa Securities under the MMLR to provide shareholders with a current overview of the Group's performance.

Effective Communication and Proactive Engagement

The Company's general meetings remain the principal forum for dialogue and communication with shareholders and investors. Shareholders are encouraged to attend the general meetings and, given sufficient time and opportunity to participate in the proceedings, ask questions about the resolutions being proposed and the operations of the Group, and communicate their expectations and possible concerns.

In addition, the Board and Management welcome any form of visit by fund managers and analysts and conduct regular briefings to them as the Board believes that this will give investors and interested parties on one hand, a better appreciation and understanding of the Group's performance and on the other, awareness of the expectations and concerns of investors and such interested parties. Besides, the Company also maintains an official web site at <http://www.eonmetall.com> that provides an easy and convenient avenue for public to gain access to more information of the Group.

However, in any circumstances, while the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to shareholders and stakeholders.

The Board is committed under its Corporate Governance obligation to have an effective channel of communication with shareholders and the investing public. It affirms that the primary channel to engage and communicate with its shareholders is during the General Meeting.

Compliance with the Best Practices of the Code

The Group has complied substantially with the Principles and Recommendations of the Code, insofar as applicable and described herein, during the financial year ended 31 December 2014 and up to-date.

This statement is issued in accordance with a resolution of the Directors dated 24 April 2015.



Statement on **Corporate Social Responsibility**

The Board of Directors of Eonmetall Group Berhad have long recognised and acknowledged the importance of a corporate culture that emphasises on good corporate social responsibility ("CSR") and good corporate citizenship. The Group not only increases the stakeholder value through its core business but also bearing in mind of its responsibilities for the betterment of the community and the environment.

The CSR contributions of the Group are as follows:-

ENVIRONMENT

The Group undertook initiative to make available separate bins to collect "production waste" and arrange for proper disposition by a licensed waste disposal company on a periodic basis. Additionally production metal scraps generated are sold to scrap collectors for recycling process. Employees are encouraged to reduce the use of paper, recycle any recyclable items and reduce wastages. Efforts have also been made to conserve energy by ensuring that all lights and air-conditioning are operating only when there is a need.

COMMUNITY

The Group plays its role as a socially responsible corporate citizen in the community whenever the need arises. The group shall continue to uphold and support by providing support or participate to governmental agency annual events, for development and promotion of sports and recreation.

WORKPLACE

The Group recognises that its employees are important assets. It take good care of the welfare of its employees and employ them under fair and equitable terms besides offering equal opportunity for career advancement based on performance and academic qualification. The Group constantly upgrades the employees' skill, knowledge and experiences which would enhance the individual employee's competency. Skilled employees and managerial staff attend technical and managerial upgrading programmes organized by the Group to strengthen their core skills and competencies with the view of enhancing career development, work quality and job performance. In promoting work life balance among staffs, the Group also provides sponsorship to the sports and recreation programmes such as badminton activities. Monthly contributions are made to Human Resource Development Fund to support the Government effort to encourage corporate bodies to invest in training and skills upgrading for employees.

The Group has a fundamental responsibility and commitment to ensure that all employees work in a safe and healthy environment. A safety, Health and Environment Committee has been set-up to lead the activities in accordance with the Occupational Safety and Health Administration (OSHA). Representative from all levels also attend specific OSHA courses conducted by external trainers to enhance their understanding and responsibility on employees' health and safety. These programmes focus on identifying common hazards and unsafe work practices and implementing corrective actions to improve the work environment. In compliance with the OSHA requirements, First Aid, fire drill and CPR training sessions are also organised to help staff and workers understand their role as Emergency First Responders.

The Group also provides Hospitalisation and Surgical insurance coverage and Group Personal Accident insurance on top of the statutory SOCSO contribution for workers to mitigate medical and accidental contingencies of the workers.



Statement on **Risk Management and Internal Control**

The Malaysian Code on Corporate Governance 2012 ("MCCG 2012") requires public listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments and company's assets. Under the provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main Listing Requirements"), under paragraph 15.26(b), Directors of public listed companies are required to produce a statement on the state of the company's internal control in their Annual Report.

The Board of Directors ("Board") continues with its commitment to maintain sound systems of risk management and internal control throughout Eonmetall Group Berhad and its subsidiaries ("Group") and in compliance with the Main Listing Requirements and the Statement of Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) ("Internal Control Guidelines"), the Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the financial year in review

BOARD RESPONSIBILITY

The Board acknowledges the importance of sound risk management and internal control being embedded into the culture, processes and structures of the Group. The systems of internal control cover risk management and financial, organizational, operational, project and compliance controls. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the effectiveness and efficiency of those systems to ensure its viability and robustness. It should be noted, however, that such systems are designed to manage, rather than eliminate, risks of failure to achieve corporate objectives. Inherently, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has established an ongoing process for identifying, evaluating, monitoring and managing significant risks faced, or potentially exposed to, by the Group in pursuing its corporate objectives. This process has been in place throughout the financial year and up to the date of approval of the annual report. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidelines.

MANAGEMENT'S ROLE

Management is accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control. On an annual basis, the Chief Executive Officer and Chief Operating Officer have provided the Board the assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.

CONTROL STRUCTURE AND ENVIRONMENT

In furtherance to the Board's commitment to maintain sound systems of risk management and internal control, the Board continues to maintain and implement a strong structure and environment for the proper conduct of the Group's business operations as follows:

- The Board meets at least quarterly and has set a schedule of matters which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. The Executive Directors leads the presentation of board papers and provides explanation of pertinent issues. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis;

Statement on **Risk Management and Internal Control** (cont'd)**CONTROL STRUCTURE AND ENVIRONMENT** (cont'd)

- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- A set of documented internal policies and procedures for operational and human resource management, which is subject to regular review and improvement. A documented delegation of authority with clear lines of accountability and responsibility serves as a tool of reference in identifying the approving authority for various transactions including matters that require Board's approval;
- Regular and relevant information provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;

RISK MANAGEMENT

The Group has established sound risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategy, enable value creation and growth through identification of opportunities and provide assurance to the Groups' various stakeholders.

The Group, with the help of an independent professional accounting and consulting firm, has implemented the Enterprise Risk Management ("ERM") processes to identify, assess, monitor, report and mitigate risks impacting the Group's business and supporting activities.

The main components of the Group's risk governance and structure consists of the Board, the Audit Committee and the Management. The structure allows for strategic risk discussions to take place between the Board, the Audit Committee and the Management on a periodical basis. The summary of the accountabilities for the Board, the Audit Committee and the Management under the risk governance structure are as follows:

a. Board of Directors

- Overall risk oversight responsibility;
- Ensures that the principal risks are identified, and appropriate as well as robust systems are implemented to manage these risks;
- Reviews the adequacy and the integrity of the Group's internal control systems and information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

b. Audit Committee

- Reviews and endorses policies and frameworks and other key components of risk management for implementation within the Group;
- Reviews and endorses the corporate risk profile for the Group, and the progress of ongoing risk management activities to identify, evaluate, monitor and manage critical risks.

c. Management Committee

- Oversees the effective implementation of risk policies and guidelines, ERM and cultivation of risk management culture within the organization;
- Reviews and monitors periodically the status of the Group's principal risks and their mitigation actions and update the Board and Audit Committee accordingly.

During the year, the Group focuses on 8 risks which the likelihood and impact of the risks have been assessed and appropriate mitigation actions have been identified for the risks based on risk assessment report 2012 performed by internal auditor.



Statement on **Risk Management and Internal Control** (cont'd)

RISK MANAGEMENT (cont'd)

The Executive Director has reported and monitored the risk management priorities and progress of risk mitigation plan including oversight of reporting to the Audit Committee members on quarterly basis. This is part of the ongoing initiative to sustain risk awareness and risk management capabilities.

In essence, Risk Management is conducted through an ongoing process between the Board, the Management and employees in the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the risk ownership and risk management culture amongst the employees.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs UHY to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee. The audit focuses on areas with high risk and inadequate controls to ensure that an adequate action plan has been put in place to improve the controls.

For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls.

The Audit Committee has full and direct access to the internal auditors and the Audit Committee receives reports on all internal audits performed. The Internal Auditors continue to independently and objectively monitor compliance with regard to policies and procedures, and the effectiveness of the internal controls systems. Significant findings and recommendations for improvement are highlighted to Management and the Audit Committee, with periodic follow-up of the implementation of action plans. The Management is responsible for ensuring that corrective actions were implemented accordingly.

Based on the internal auditors' reports for the financial year ended 31 December 2014, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.23 of the Listing Requirements and pursuant to the scope set out in the Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2014, and has reported to the Board that nothing has come to their attention that cause them to believe that the statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of the risk management and internal control systems within the Group.

This statement is issued in accordance with a resolution of the Directors dated 24 April 2015.



Audit Committee Report

Membership

The Audit Committee ("the Committee") comprises the following members:

Tang Yin Kham	-	<i>Chairman, Independent Non-Executive Director</i>
Dato' Wahab Bin Hamid	-	<i>Member, Independent Non-Executive Director</i>
Ibrahim Mahdi Phee (retired on 29 May 2014)	-	<i>Member, Independent Non-Executive Director</i>
Goh Kee Seng	-	<i>Member, Non-Independent Non-Executive Director</i>

Objectives

The primary function of the Audit Committee ("AC" or "Committee") is to assist the Board in fulfilling the following oversight objectives on the Group's activities:

- Assess the Group's processes relating to its risks, governance and control environment;
- Oversee financial reporting;
- Evaluate the internal and external audit processes;
- Overseeing the risk management framework of the Group;
- Reviewing and recommending an appropriate risk management strategy so as to ensure that business risks are effectively addressed by the Group;
- Reviewing the adequacy and completeness of the Group's risk management process and recommending improvements where required.

Composition

The Board shall elect and appoint Committee members from amongst their numbers, comprising no less than three (3) Directors, all must be Non-Executive Directors, with a majority of them being Independent Directors.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:

- (i) a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- (iii) fulfils such other requirements as prescribed or approved by the Bursa Securities.

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an Independent Director. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall review the terms of office of each of its members at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.



Audit Committee Report (cont'd)

Meetings

During the financial year ended 31 December 2014, the Committee held a total of five (5) meetings. The attendance of the Committee members is as follows:

Committee Member	Attendance
Tang Yin Kham	5/5
Dato' Wahab Bin Hamid	5/5
Ibrahim Mahdi Phee (<i>retired on 29 May 2014</i>)	3/5
Goh Kee Seng	3/5

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification. The Company Secretary was present by invitation in all the meetings. Executive Directors and representatives of the external auditors and internal auditors were also invited to attend the meetings as and when the need arises.

The Committee also makes arrangements to meet and discuss with the external and internal auditors on any matters relating to the Group and its audit activities. The Committee met twice with the external auditor separately without the presence of Executive Directors and management during the financial year under review.

Duties and Responsibilities

The duties and responsibilities of the Committee shall be:

- i. To review the Company's and the Group's quarterly results and annual financial statement before submission to the Board, focusing on:
 - Any changes in or implementation of accounting policies and practices;
 - Major judgment areas;
 - Significant adjustments proposed by the external auditors;
 - Going concern assumption;
 - Compliance with accounting standards;
 - Compliance with stock exchange and legal requirements; and
 - Significant and unusual events
- ii. To review with the external auditors their audit plan, scope and nature of audit for the Company and the Group, their evaluation of the system of internal control, their audit report, their management letter and management's response and the assistance given by the Company's employees to the external auditors;
- iii. To assess the adequacy and effectiveness of the system of internal control and accounting control procedures of the Company and the Group;
- iv. To discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary);
- v. To perform the following, in relation to the internal audit function:
 - Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - Review the internal audit programme and results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of internal audit function;
 - Review the internal audit plan, consider the major findings of the internal audits, internal or fraud investigations and actions and steps taken by management in response to audit findings;



Audit Committee Report (cont'd)

Duties and Responsibilities (cont'd)

- v. To perform the following, in relation to the internal audit function: (cont'd)
 - Review any appraisal or assessment of the performance of members of the internal audit function;
 - Approve any appointment or termination of senior staff members of the internal audit function;
 - Adequacy of risk management system to safeguard the company's assets; and
 - Take cognisance of resignations/transfer of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- vi. To review any related parties transactions and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions or management integrity;
- vii. To consider the appointment of the external auditors and to review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment, to consider the nomination of a person or persons as external auditors and the audit fees, the terms of reference of their appointment, and any question of resignation or dismissal;
- viii. To review the assistance given by the employees of the Company or Group to the external Auditors;
- ix. To verify the allocation of option granted pursuant to Employee Share Option Scheme ("Scheme") and to ensure that the allocation is in compliance with the Bye-Laws of the Scheme;
- x. To act upon the Board of Director's request to investigate and to report to the Board any issues or concerns, activities, significant results and findings;
- xi. To promptly report such matter to the Bursa Securities if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements;
- xii. To discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the external auditors. The contracts that cannot be entered into should include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation; and
- xiii. To undertake any such responsibilities as may be agreed by the Committee and the Board.

Summary of Activities During The Financial Year

The Committee carried out its duties in accordance with its terms of reference during the financial year. The main activities undertaken by the Committee for the financial year ended 31 December 2014 were as follows:

- Reviewed prior to the commencement of audit, the external auditors' scope of engagement, their audit plan and approach together with their request to increase audit fees;
- Reviewed with the external auditors, the results of the annual audit, audit report, including the management's response;
- Reviewed the unaudited quarterly financial statements of the Group prior to recommending them to the Board for approval and for announcement to Bursa Securities and submission to Securities Commission;
- Reviewed the internal audit report prepared by an independent professional accounting and consulting firm, which highlighted the audit issues, recommendations and Management's response, including the implementation status of Management agreed actions to address findings highlighted in previous cycles of internal audit;



Audit Committee Report (cont'd)

Summary of Activities During The Financial Year(cont'd)

- Reviewed and recommended to the Board, the draft Audit Committee Report, Statement on Risk Management and Internal Control and Statement on Corporate Governance for inclusion in the Annual Report;
- Reviewed any major proposed transaction that would affect the risk management framework;
- Considered the proposal received for the assessment of current state of the Risk Management Framework adopted by the Group, identify the principal risks and update the existing risk register of the Group; and
- Reviewed and monitored recurrent related party transactions of a revenue or trading nature and other related party transaction entered into by the Group.

Internal Audit Function

The Committee acknowledges the need for an effective system of internal control covering all aspects of the Group's activities including the mapping and management of risks which the Group may be exposed to.

The Group has appointed an independent professional accounting firm to provide outsourced internal audit function to carry out internal audit of the Group. This is to assist the Committee in discharging its duties and responsibilities. The cost incurred for the internal audit function of the Group in respect of the financial year under review is RM16,640.

The principal role of the internal audit function is to undertake independent and periodic reviews of the system of internal controls so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the Committee with independent and objective reports on the state of internal controls of the key business units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

During the financial year ended 31 December 2014, the internal audit function carried out 2 cycles of internal audit on the internal control systems of the Group. The activities have been carried out in accordance to the internal audit plan which has been approved by the Committee. The opportunities for improvement were noted and together with the recommendations thereof and agreed management action plans, were presented to the Committee for consideration.

The Group, with the help of internal auditors has implemented the Enterprise Risk Management processes to identify, assess, monitor, report and mitigate risks impacting the Group's Business and supporting activities.

Further details on the internal audit function and its activities are set out in the Statement on Internal Control in this Annual Report.

This Audit Committee Statement is issued in accordance with a resolution of Directors dated 24 April 2015.



Additional Compliance Information

1. Share Buy-Back

The details of the Company's Share Buy-Back exercise during the financial year ended 31 December 2014 ("FY 2014") are as follows:

Month of Purchase	No. of Shares Purchased and Retained as Treasury Shares	Purchase Price per Share		Average Price (RM)	Total Consideration Paid (RM)
		Highest Price (RM)	Lowest Price (RM)		
June 2014	1,000	0.320	0.320	0.320	320.00
November 2014	1,000	0.310	0.310	0.310	310.00

During the financial year, all the shares purchased by the Company were retained as treasury shares and no shares was resold or cancelled. As at 31 December 2014, the number of treasury shares was 2,516,000.

2. Options or Convertible Securities

During FY 2014, no options or convertible securities were exercised.

3. Employees' Share Option Scheme ("ESOS")

The details of the ESOS during FY 2014 were as follows:

	FY 2014	Since the commencement of ESOS
Total number of options granted	-	16,560,000
Total number of options exercised or vested	-	6,171,000
Total number of options forfeited or expired	621,000	5,468,000
Total number of options outstanding	4,921,000	4,921,000

Options Granted to Executive Directors in Office	FY 2014	Since the commencement of ESOS
Total number of options granted	-	1,500,000
Total number of options exercised or vested	-	210,000
Total number of options forfeited or expired	-	-
Total number of options outstanding	1,290,000	1,290,000

Options Granted to Executive Directors and Senior Management in Office	FY 2014 (%)	Since the commencement of ESOS (%)
Aggregate maximum allocation in percentage	-	33%
Actual percentage granted	-	8%

**Additional Compliance Information** (cont'd)**4. Depository Receipt Programme**

The Company did not sponsor any depository receipt programme during FY 2014.

5. Sanctions and/or Penalties

Save for the public reprimand issued by Bursa Securities to the Company for non-compliance with Paragraph 9.16(1)(a) of the Main Market Listing Securities of Bursa Securities, there were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management by any relevant bodies during FY 2014.

6. Non-audit Fees

Non-audit fees amounting to RM55,500 and RM55,000 were paid to the external auditors for FY 2014 by the Group and the Company respectively.

7. Variation in Results

The Company did not make or announce any profit estimate, forecast or projection during FY 2014. There was no significant variation between the audited results for FY 2014 and the unaudited results previously announced.

8. Profit Guarantee

No profit guarantee was received by the Company in respect of FY 2014.

9. Material Contracts

There were no material contracts with the Company and its subsidiaries involving Directors' and major shareholders' interest during FY 2014.

10. Status of Utilisation of Proceeds Raised from Any Proposal

There were no proceeds raised by the Company from any corporate proposals during FY 2014.



Additional Compliance Information (cont'd)

11. Recurrent Related Party Transactions of a Revenue or Trading Nature for the year ended 31 December 2014

Details of recurrent related party transactions made during the financial year ended 31 December 2014 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 29 May 2014 are as follows:-

Related Party with whom the Group is transacting	Company within the Group involved in RRPT	Amount (RM'000)	Nature of Transaction	Interested Directors and/or Major Shareholders or Person Connected
Leader Steel Sdn Bhd	Eonmetall Industries Sdn Bhd	9	Sale and servicing charges of steel products	Tan Sri Dato' Mohd Desa bin Pachi
	Eonmetall Technology Sdn Bhd	36	Sale and maintenance of machinery	Tan Sri Dato' Soong Siew Hoong Dato' Goh Cheng Huat
Leader Steel Service Centre Sdn Bhd	Eonmetall Industries Sdn Bhd	8,191	Sale and servicing charges of steel products	Mr Goh Kee Seng
		241	Purchase and servicing charges of steel products	Mr Goh Hong Kent
		150	Letting of single storey factory	Datin Tan Pak Say
	Eonmetall Technology Sdn Bhd	13	Purchase of steel products	Eonmetall Corporation Sdn Bhd
Genrizt Storage System	Eonmetall Industries Sdn Bhd	417	Sale of steel products	Dato' Goh Cheng Huat
				Datin Tan Pak Say
				Tan Kheng Hwa
				Tan Phaik Hoon
Eonlipids Sdn Bhd	Eonmetall Technology Sdn Bhd	3,863	Sale of steel products	Dato' Goh Cheng Huat Datin Tan Pak Say
Eonlipids Nutrition Specialities Sdn Bhd	Eonmetall Technology Sdn Bhd	381	Sales of steel products	Mr Goh Kee Seng Eonmetall Corporation Sdn Bhd



Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial year	(2,773,033)	18,116,603
Attributable to:		
Owners of the parent	(2,776,609)	18,116,603
Non-controlling interests	3,576	0
	(2,773,033)	18,116,603

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any payment of dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no new shares and debentures issued during the financial year.



Directors' Report (cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

The Company implemented an Employee Share Option Scheme ("ESOS") on 2 August 2005 for a period of five (5) years from the date of implementation and the ESOS was extended for another five (5) years from 1 August 2010. The ESOS is governed by the by-laws which were approved by the shareholders on 30 May 2005.

The salient features and other terms of the ESOS are disclosed in Note 27 to the financial statements.

The options granted to take up unissued ordinary shares of RM0.50 each and the option price is as follows:

Date of offer	Number of options over ordinary shares of RM0.50 each				
	Option price	At 1.1.2014	Exercised	Lapsed	At 31.12.2014
2 August 2005	* RM0.67	5,542,000	0	(621,000)	4,921,000

* The option price was adjusted from RM1.00 to RM0.67 pursuant to the bonus issue in February 2007.

Details of options granted to Directors are as disclosed under the section of Directors' interests in this report.

DIRECTORS

The Directors who have held office since the date of the last report are:

Tan Sri Dato' Mohd Desa bin Pachi
 Yeoh Cheng Chye
 Dato' Goh Cheng Huat
 Dato' Wahab Bin Hamid
 Tan Sri Dato' Soong Siew Hoong
 Goh Kee Seng
 Tang Yin Kham
 Ibrahim Mahdi Phee (*retired on 29 May 2014*)
 Goh Hong Kent (*resigned on 27 August 2014*)



Directors' Report (cont'd)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares in the Company during the financial year ended 31 December 2014 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

Names of Directors	Number of ordinary shares of RM0.50 each			
	Balance as at 1.1.2014	Bought	Sold	Balance as at 31.12.2014
Shares in the Company				
Direct interests:				
Tan Sri Dato' Mohd Desa bin Pachi	630,000	0	0	630,000
Yeoh Cheng Chye	1,553,636	0	0	1,553,636
Dato' Goh Cheng Huat	30,420,000	0	0	30,420,000
Tan Sri Dato' Soong Siew Hoong	510,000	0	0	510,000
Goh Kee Seng	2,721,336	0	0	2,721,336
Indirect interests:				
Tan Sri Dato' Mohd Desa bin Pachi*	1,382,900	0	(362,900)	1,020,000
Dato' Goh Cheng Huat	84,049,128	0	0	84,049,128
Tan Sri Dato' Soong Siew Hoong	496,600	0	0	496,600

* These are shares held in the name of his child and are regarded as interest of the Director in accordance with Section 134(12)(c) of the Companies Act, 1965.

By virtue of his interests in the ordinary shares of the Company, Dato' Goh Cheng Huat is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

Name of Directors	Number of options over ordinary shares of RM0.50 each			
	Balance as at 1.1.2014	Granted	Exercised	Lapsed Balance as at 31.12.2014
The Company				
Tan Sri Dato' Mohd Desa bin Pachi	270,000	0	0	270,000
Dato' Goh Cheng Huat	615,000	0	0	615,000
Yeoh Cheng Chye	675,000	0	0	675,000
Tan Sri Dato' Soong Siew Hoong	315,000	0	0	315,000
Goh Kee Seng	210,000	0	0	210,000
Tang Yin Kham	315,000	0	0	315,000

Dato' Wahab Bin Hamid did not have any interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.



Directors' Report (cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than:

- (i) deemed benefits arising from related party transactions as disclosed in Note 28 to the financial statements; and
- (ii) remuneration received by certain Directors as directors/executives of the subsidiaries.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS disclosed in Note 27 to the financial statements.

TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on 29 May 2014, renewed the approval for the Company to repurchase its own shares.

During the financial year, the Company repurchased 2,000 of its issued ordinary shares from the open market at an average price of RM0.315 per share. The total consideration paid for the repurchased shares was RM630. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

As at 31 December 2014, the Company held as treasury shares a total of 2,516,000 of its 171,171,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM780,850 and further relevant details are disclosed in Note 14 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT END OF THE FINANCIAL YEAR

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:-
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**Directors' Report** (cont'd)**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY** (cont'd)**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Dato' Goh Cheng Huat
Director

Yeoh Cheng Chye
Director

Penang
24 April 2015



Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 51 to 129 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 34 to the financial statements on page 130 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dato' Goh Cheng Huat
Director

Penang
24 April 2015

Yeoh Cheng Chye
Director

Statutory Declaration

I, Yeoh Cheng Chye, being the Director primarily responsible for the financial management of Eonmetall Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 129 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed at Georgetown in the State of
Penang this 24 April 2015

Yeoh Cheng Chye

Before me,

Commissioner for Oaths



Independent Auditors' Report to the Members of Eonmetall Group Berhad

Report on the Financial Statements

We have audited the financial statements of Eonmetall Group Berhad, which comprise statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 51 to 129.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.



Independent Auditors' Report to the Members of Eonmetall Group Berhad (cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 34 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO

AF: 0206
Chartered Accountants

Koay Theam Hock

2141/04/17 (J)
Chartered Accountant

Penang
24 April 2015



Consolidated Statement of Financial Position

as at 31 December 2014

		Group	
	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Property, plant and equipment	7	103,242,307	111,197,187
Investment properties	8	31,208,997	30,058,397
Deferred tax assets	10	1,624,500	1,624,500
Trade and other receivables	11	663,513	927,112
		<u>136,739,317</u>	<u>143,807,196</u>
Current assets			
Inventories	12	44,185,045	37,661,413
Trade and other receivables	11	25,737,502	29,819,565
Current tax assets		124,124	22,968
Cash and bank balances	13	1,572,690	2,058,789
		<u>71,619,361</u>	<u>69,562,735</u>
TOTAL ASSETS		<u>208,358,678</u>	<u>213,369,931</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	14	85,585,500	85,585,500
Treasury shares, at cost	14	(780,850)	(780,220)
Reserves	15	58,710,690	61,716,798
		<u>143,515,340</u>	<u>146,522,078</u>
Non-controlling interests		320,274	321,815
TOTAL EQUITY		<u>143,835,614</u>	<u>146,843,893</u>

The accompanying notes form an integral part of the financial statements.


Consolidated Statement of **Financial Position** as at 31 December 2014 (cont'd)

		Group	
	Note	2014 RM	2013 RM
LIABILITIES			
Non-current liabilities			
Borrowings	16	16,292,696	27,488,548
Deferred tax liabilities	10	3,332,340	3,065,405
		<u>19,625,036</u>	<u>30,553,953</u>
Current liabilities			
Trade and other payables	17	7,537,578	8,688,403
Borrowings	16	37,254,425	26,777,415
Current tax liabilities		106,025	506,267
		<u>44,898,028</u>	<u>35,972,085</u>
TOTAL LIABILITIES		<u>64,523,064</u>	<u>66,526,038</u>
TOTAL EQUITY AND LIABILITIES		<u>208,358,678</u>	<u>213,369,931</u>

The accompanying notes form an integral part of the financial statements.



Statement of Financial Position

as at 31 December 2014

		Company	
	Note	2014 RM	2013 RM
ASSETS			
Non-current assets			
Investments in subsidiaries	9	68,385,256	69,339,646
Other receivables	11	663,513	927,112
		69,048,769	70,266,758
Current assets			
Other receivables	11	71,650,863	71,650,653
Cash and bank balances	13	12,258	40,612
		71,663,121	71,691,265
TOTAL ASSETS		140,711,890	141,958,023
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	14	85,585,500	85,585,500
Treasury shares, at cost	14	(780,850)	(780,220)
Reserves	15	24,190,958	6,074,355
TOTAL EQUITY		108,995,608	90,879,635
Current liability			
Other payables	17	31,716,282	51,078,388
TOTAL EQUITY AND LIABILITIES		140,711,890	141,958,023

The accompanying notes form an integral part of the financial statements.



Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2014

	Note	Group		Company	
		2014 RM	2013 RM	2014 RM	2013 RM
Revenue	19	64,419,104	76,259,121	20,000,000	5,000,000
Cost of sales		(53,090,493)	(66,315,514)	0	0
Gross profit		11,328,611	9,943,607	20,000,000	5,000,000
Other income		1,884,089	17,225,103	0	2,000,170
Distribution expenses		(3,468,465)	(4,583,024)	0	0
Administrative expenses		(7,691,225)	(9,732,018)	(929,084)	(4,441,028)
Other expenses		(1,080,553)	(2,064,442)	(954,390)	(1,437,347)
Finance costs	20	(3,275,497)	(3,819,713)	0	0
(Loss)/Profit before tax	21	(2,303,040)	6,969,513	18,116,526	1,121,795
Tax expense	24	(469,993)	(743,339)	77	(824)
(Loss)/Profit for the financial year		(2,773,033)	6,226,174	18,116,603	1,120,971
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		(234,616)	(249,436)	0	0
Total comprehensive (loss)/income		(3,007,649)	5,976,738	18,116,603	1,120,971
(Loss)/Profit attributable to:					
Owners of the parent		(2,776,609)	6,248,970	18,116,603	1,120,971
Non-controlling interests		3,576	(22,796)	0	0
		(2,773,033)	6,226,174	18,116,603	1,120,971
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(3,006,108)	5,994,171	18,116,603	1,120,971
Non-controlling interests		(1,541)	(17,433)	0	0
		(3,007,649)	5,976,738	18,116,603	1,120,971
(Loss)/Earnings per ordinary share attributable to equity holders of the Company (sen):					
- Basic	25	(1.65)	3.71		
- Diluted	25	(1.65)	3.71		

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of
Changes in Equity for the financial year ended 31 December 2014



annual report 2014

Group	Note	Non-distributable				Distributable				Non-controlling interests RM	Total equity RM
		Share capital RM	Treasury shares RM	Share premium RM	Share option reserve RM	Statutory reserve RM	Translation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM		
Balance as at 1 January 2013		85,585,500	(779,565)	1,548,580	741,698	101,793	120,990	56,262,876	143,581,872	339,248	143,921,120
Profit for the financial year		0	0	0	0	0	0	6,248,970	6,248,970	(22,796)	6,226,174
Reversal of translation reserves upon disposal of a subsidiary		0	0	0	0	0	(69,239)	0	(69,239)	0	(69,239)
Foreign currency translations		0	0	0	0	0	(185,560)	0	(185,560)	5,363	(180,197)
Total comprehensive income		0	0	0	0	0	(254,799)	6,248,970	5,994,171	(17,433)	5,976,738
Transactions with owners											
Dividends paid	26	0	0	0	0	0	0	(2,951,517)	(2,951,517)	0	(2,951,517)
Reversal of statutory reserve upon disposal of a subsidiary		0	0	0	0	(101,793)	0	0	(101,793)	0	(101,793)
Option lapsed due to resignation		0	0	0	(3,994)	0	0	3,994	0	0	0
Purchase of treasury shares	14	0	(655)	0	0	0	0	0	(655)	0	(655)
Total transactions with owners		0	(655)	0	(3,994)	(101,793)	0	(2,947,523)	(3,053,965)	0	(3,053,965)
Balance as at 31 December 2013		85,585,500	(780,220)	1,548,580	737,704	0	(133,809)	59,564,323	146,522,078	321,815	146,843,893

The accompanying notes form an integral part of the financial statements.

Group	Note	Non-distributable				Distributable		Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
		Share capital RM	Treasury shares RM	Share premium RM	Share option reserve RM	Statutory reserve RM	Translation reserve RM			
Balance as at 1 January 2014		85,585,500	(780,220)	1,548,580	737,704	0	(133,809)	59,564,323	146,522,078	321,815 146,843,893
Loss for the financial year		0	0	0	0	0	0	(2,776,609)	(2,776,609)	3,576 (2,773,033)
Foreign currency translations		0	0	0	0	0	(229,499)	0	(229,499)	(5,117) (234,616)
Total comprehensive loss		0	0	0	0	0	(229,499)	(2,776,609)	(3,006,108)	(1,541) (3,007,649)
Transactions with owners										
Option lapsed due to resignation		0	0	0	(82,658)	0	0	82,658	0	0
Purchase of treasury shares	14	0	(630)	0	0	0	0	0	(630)	0 (630)
Total transactions with owners		0	(630)	0	(82,658)	0	0	82,658	(630)	0 (630)
Balance as at 31 December 2014		85,585,500	(780,850)	1,548,580	655,046	0	(363,308)	56,870,372	143,515,340	320,274 143,835,614

Consolidated Statement of Changes in Equity
for the financial year ended 31 December 2014 (cont'd)



The accompanying notes form an integral part of the financial statements.



Statement of Changes in Equity

for the financial year ended 31 December 2014

Company	Note	Non-distributable				Distributable Retained earnings RM	Total equity RM
		Share capital RM	Treasury shares RM	Share premium RM	Share option reserve RM		
Balance as at 1 January 2013		85,585,500	(779,565)	1,058,688	1,508,934	5,337,279	92,710,836
Profit for the financial year		0	0	0	0	1,120,971	1,120,971
Other comprehensive income, net of tax		0	0	0	0	0	0
Total comprehensive income		0	0	0	0	1,120,971	1,120,971
Transactions with owners							
Dividends paid	26	0	0	0	0	(2,951,517)	(2,951,517)
Purchase of treasury shares	14	0	(655)	0	0	0	(655)
Total transactions with owners		0	(655)	0	0	(2,951,517)	(2,952,172)
Balance as at 31 December 2013		85,585,500	(780,220)	1,058,688	1,508,934	3,506,733	90,879,635
Balance as at 1 January 2014		85,585,500	(780,220)	1,058,688	1,508,934	3,506,733	90,879,635
Profit for the financial year		0	0	0	0	18,116,603	18,116,603
Other comprehensive income, net of tax		0	0	0	0	0	0
Total comprehensive income		0	0	0	0	18,116,603	18,116,603
Transactions with owners							
Purchase of treasury shares	14	0	(630)	0	0	0	(630)
Total transactions with owners		0	(630)	0	0	0	(630)
Balance as at 31 December 2014		85,585,500	(780,850)	1,058,688	1,508,934	21,623,336	108,995,608

The accompanying notes form an integral part of the financial statements.



Statements of Cash Flows

for the financial year ended 31 December 2014

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(2,303,040)	6,969,513	18,116,526	1,121,795
Adjustments for:					
Depreciation of property, plant and equipment	7	3,917,158	5,243,467	0	0
Depreciation of investment properties	8	406,953	389,058	0	0
Gain on disposal of:					
- property, plant and equipment		(616,796)	(15,165,829)	0	0
- a subsidiary	29	0	(338,000)	0	(2,000,000)
Dividend income		0	0	(20,000,000)	(5,000,000)
Impairment losses on:					
- property, plant and equipment	7	0	2,064,442	0	0
- investment in subsidiaries	9	0	0	954,390	929,302
- trade receivables	11(i)	1,000	1,249,229	0	0
- other receivables	11(i)	376,343	0	376,343	0
- amount owing by subsidiaries	11(i)	0	0	0	3,450,077
Interest income		(3,400)	(12,432)	0	(170)
Interest expense	20	3,275,497	3,819,713	0	0
Inventories written off	12	91,972	440,160	0	0
Inventories written down	12	594,746	1,416,637	0	0
(Gain)/Loss on fair value adjustment on other receivable		(107,458)	321,545	(107,458)	321,545
Reversal of impairment loss on trade receivables	11(i)	(17,662)	0	0	0
Unrealised foreign exchange gain	21	(439,576)	(133,598)	0	0
Operating profit/(loss) before changes in working capital		5,175,737	6,263,905	(660,199)	(1,177,451)
(Increase)/Decrease in inventories		(7,210,350)	8,250,836	0	0
Decrease/(Increase) in trade and other receivables		4,222,475	(2,380,838)	830	(25,830)
Decrease in trade and other payables		(840,285)	(12,283,424)	(36,825)	(49,369)
Cash generated from/(used in) operations		1,347,577	(149,521)	(696,194)	(1,252,650)
Dividend received		0	0	20,000,000	5,000,000
Tax (paid)/refunded		(704,456)	(189,181)	77	(824)
Net cash from/(used in) operating activities		643,121	(338,702)	19,303,883	3,746,526

The accompanying notes form an integral part of the financial statements.



Statements of Cash Flows

for the financial year ended 31 December 2014 (cont'd)

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	7	(4,498,479)	(9,517,030)	0	0
Addition/Purchase of investment property	8	(1,557,553)	(73,390)	0	0
Increase in amount owing by subsidiaries		0	0	(6,326)	(7,991,202)
(Decrease)/Increase in amount owing to subsidiaries		0	0	(19,325,281)	14,289,468
Proceeds from disposal of property, plant and equipment		9,152,997	38,104,500	0	0
Interest received		3,400	12,432	0	170
Partial consideration from disposal of a subsidiary		0	399,992	0	400,002
Acquisition of additional interest in subsidiaries		0	0	0	(7,500,000)
Net cash from/(used in) investing activities		3,100,365	28,926,504	(19,331,607)	(801,562)
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown from:					
- short term borrowings		9,685,000	5,362,805	0	0
- term loans		0	9,753,703	0	0
Repayment of:		0	0	0	0
- short term borrowings		(1,362,805)	(31,666,000)	0	0
- term loans		(12,038,573)	0	0	0
- hire purchase creditors		(430,558)	(406,880)	0	0
Purchase of treasury shares	14	(630)	(655)	(630)	(655)
Interests paid		(3,275,497)	(3,819,713)	0	0
Dividend paid	26	0	(2,951,517)	0	(2,951,517)
Net cash used in financing activities		(7,423,063)	(23,728,257)	(630)	(2,952,172)
Net (decrease)/increase in cash and cash equivalents		(3,679,577)	4,859,545	(28,354)	(7,208)
Effect of exchange rate changes on cash and cash equivalents		(234,616)	(180,197)	0	0
Cash and cash equivalents at beginning of financial year		(413,761)	(5,093,109)	40,612	47,820
Cash and cash equivalents at end of financial year	13(c)	(4,327,954)	(413,761)	12,258	40,612

The accompanying notes form an integral part of the financial statements.



Notes to the Financial Statements

31 December 2014

1. CORPORATE INFORMATION

Eonmetall Group Berhad (the 'Company') is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang.

The principal places of business of the Company are located at Lot 1258 & 1259, MK 12, Jalan Seruling, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang and Lot 393, MK 12, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang.

The consolidated financial statements for the financial year ended 31 December 2014 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 24 April 2015.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 34 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 Business combinations (cont'd)

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the asset would flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and annual rates are as follows:

Long term leasehold land	92 years
Buildings	50 years
Plant and machinery, moulds, tools and equipment	5% - 10%
Furniture, fittings, office equipment and computer software	10% - 20%
Motor vehicles	10% - 20%
Electrical installation and renovation	10%



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.4 Property, plant and equipment and depreciation (cont'd)

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress represents machinery under installation and renovation-in-progress and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Leases and hire purchase (cont'd)

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, including transaction costs.

Subsequent costs are included in the carrying amount of the investment properties or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of investment properties are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the investment properties are acquired, if applicable.

After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods for the investment properties are fifty (50) years.

At the end of each reporting period, the carrying amount of an item of the investment properties are assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.6 Investment properties (cont'd)

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.7 Investments

Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment loss, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4.8 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and associates), inventories, deferred tax assets and non-current assets held for sale, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 Impairment of non-financial assets (cont'd)

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

4.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. The cost of trading inventories and raw materials comprises all costs of purchase plus the cost of bringing the inventories to their present location and condition. The cost of work-in-progress and manufactured inventories includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.



Notes to the **Financial Statements**

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Financial instruments (cont'd)

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and bank balances include cash and cash equivalents, bank overdrafts, fixed deposits pledged to financial institutions, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Financial instruments (cont'd)

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Financial instruments (cont'd)

(c) Equity (cont'd)

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the listing requirements of Bursa Malaysia Securities Berhad.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.11 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

Loan and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

4.12 Borrowing costs

All borrowing cost on non-qualifying assets is recognised in profit or loss in the period in which they are incurred.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.13 Income taxes

Income taxes include all domestic taxes on taxable profit. Taxes in the statement profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.13 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.15 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where, the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.16 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

(c) Shared-based payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed is determined by reference to the fair value of the options granted including any market performance conditions but excluding the impact of any non-market performance and service vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees could provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.16 Employee benefits (cont'd)

(c) Shared-based payments (cont'd)

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The Group recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

If the options are exercised, the Company issues new shares to the employees. The proceeds received, net of any directly attributable transaction costs are recognised in ordinary share capital at nominal value, and any excess would be recognised in share premium.

(d) Termination benefits

Termination benefits are payments due to employees as a result of the decision of the Group to terminate the employment or an employee's decision to accept an offer of benefits by the Group in exchange for termination of employment. They are recognised as a liability and an expense at the earlier of the following dates:

- (i) when the Group has a detailed formal plan for termination where it can no longer withdraw the offer of those benefits; and
- (ii) when the Group recognises costs for a restructuring and involves the payment of termination benefits.

Subsequent to initial recognition, the Group applies the requirements for post-employment benefits by measuring and recognising subsequent changes in accordance with the nature of the employee benefits. Otherwise:

- (iii) if the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period, the Group applies the requirements for short-term employee benefits.
- (iv) if the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the Group applies the requirements for other long-term employee benefits.

4.17 Research and development expenses

Research and development expenses are recognised in profit or loss in the period in which they are incurred.

4.18 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 Foreign currencies (cont'd)

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

4.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.19 Revenue recognition (cont'd)

(b) Services

Revenue in respect of the rendering of services is recognised when the stage of completion at the end of the reporting period and the cost incurred can be reliably measured. The stage of completion is determined by the services performed to date as a percentage of total services to be performed.

(c) Construction contracts

Profits from contract works are recognised on a percentage of completion method. Percentage of completion is determined on the proportion of contract costs incurred for work performed to date against total estimated costs where the outcome of the project can be estimated reliably.

When it is probable that total contract costs would exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable would be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(f) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

4.20 Operating segments

Operating segments are defined as components of the Group that:

- (a) Engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.20 Operating segments (cont'd)

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
 - (i) The combined reported profit of all operating segments that did not report a loss; and
 - (ii) The combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.21 Earnings per ordinary share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.



Notes to the Financial Statements

31 December 2014 (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.22 Fair value measurements

The fair value of an asset or a liability, (except for share-based payment and lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the current financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to MFRS 10 <i>Consolidated Financial Statements:</i> <i>Investment Entities</i>	1 January 2014
Amendments to MFRS 12 <i>Disclosure of Interest in Other Entities:</i> <i>Investment Entities</i>	1 January 2014
Amendments to MFRS 127 <i>Separate Financial Statements (2011):</i> <i>Investment Entities</i>	1 January 2014



Notes to the Financial Statements

31 December 2014 (cont'd)

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (cont'd)

5.1 New MFRSs adopted during the current financial year (cont'd)

Title	Effective Date
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014

- (a) Amendments to MFRS 10, 12 and MFRS 127 *Investment Entities* are mandatory for annual periods beginning on or after 1 January 2014.

These Amendments introduce an exception to the consolidation principle in MFRS 10 for investment entities. These Amendments define an investment entity and require a parent that is an investment entity to measure its investments in subsidiaries at fair value through profit or loss in accordance with MFRS 9 (or MFRS 139, if MFRS 9 has not yet been adopted) instead of consolidating those subsidiaries in its consolidated financial statements.

There is no material impact upon adoption of these Amendments during the financial year.

- (b) Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities* are mandatory for annual periods beginning on or after 1 January 2014.

These Amendments provide application guidance for criteria to offset financial assets and financial liabilities.

There is no material impact upon adoption of these Amendments during the financial year.

- (c) IC Interpretation 21 is mandatory for annual periods beginning on or after 1 January 2014.

This Interpretation clarifies that the obligating event giving to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Interpretation also clarifies that the liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. If an obligation to pay a levy is triggered when a minimum threshold is reached, the liability to pay a levy is recognised when that minimum activity threshold is reached.

There is no material impact upon adoption of this Interpretation during the financial year.



Notes to the Financial Statements

31 December 2014 (cont'd)

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (cont'd)

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2015

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 adopted by the Group and the Company.

Title	Effective Date
Amendments to MFRS 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2010 – 2012 Cycle</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2011 – 2013 Cycle</i>	1 July 2014
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10 and MFRS 128 <i>Sale of Contribution of Assets between an Investor and its Associates or Joint Venture</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to 2012-2014 Cycle</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018

The Group is in the process of assessing the impact of implementing these Standards, Amendments to MFRSs and IC Interpretation since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

There are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.



Notes to the Financial Statements

31 December 2014 (cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets, therefore future depreciation charges could be revised.

There are no changes in the estimated useful lives of property, plant and equipment at the end of the reporting period.

(b) Investments in subsidiaries

During the financial year, the Group recognised impairment losses in respect of investments in subsidiaries. The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and unutilised reinvestment allowance to the extent that it is probable that taxable profits will be available against which the losses, capital allowances and reinvestment allowance can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.



Notes to the Financial Statements

31 December 2014 (cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

6.3 Key sources of estimation uncertainty (cont'd)

(d) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(e) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 32 (d) to the financial statements.

(f) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(g) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures its financial instruments at fair value as disclosed in Note 31 (d) to the financial statements.



7. PROPERTY, PLANT AND EQUIPMENT

	Balance as at 1.1.2014 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Balance as at 31.12.2014 RM
Group					
Carrying amount					
Freehold land	25,582,497	0	0	0	25,582,497
Long term leasehold land	8,132,373	0	(8,087,690)	(44,683)	0
Buildings	41,883,398	141,381	0	(964,885)	41,059,894
Plant and machinery, moulds, tools and equipment	18,992,675	4,023,541	(260,868)	(2,012,057)	20,743,291
Furniture, fittings, office equipment and computer software	504,853	178,098	(4,991)	(162,325)	515,635
Motor vehicles	1,339,747	155,459	(2)	(573,158)	922,046
Electrical installation and renovation	539,437	0	(182,650)	(160,050)	196,737
Capital work-in-progress	14,222,207	0	0	0	14,222,207
	<u>111,197,187</u>	<u>4,498,479</u>	<u>(8,536,201)</u>	<u>(3,917,158)</u>	<u>103,242,307</u>



7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Balance as at 1.1.2013 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Impairment losses RM	Balance as at 31.12.2013 RM
Group						
Carrying amount						
Freehold land	17,649,881	7,932,616	0	0	0	25,582,497
Long term leasehold land	8,258,976	0	0	(126,603)	0	8,132,373
Buildings	42,433,791	409,807	0	(960,200)	0	41,883,398
Plant and machinery, moulds, tools and equipment	23,336,011	966,870	0	(3,245,764)	(2,064,442)	18,992,675
Furniture, fittings, office equipment and computer software	482,023	165,866	0	(143,036)	0	504,853
Motor vehicles	1,881,856	40,445	(1)	(582,553)	0	1,339,747
Electrical installation and renovation	723,322	1,426	0	(185,311)	0	539,437
Capital work-in-progress	14,222,207	0	0	0	0	14,222,207
	<u>108,988,067</u>	<u>9,517,030</u>	<u>(1)</u>	<u>(5,243,467)</u>	<u>(2,064,442)</u>	<u>111,197,187</u>



Notes to the Financial Statements

31 December 2014 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	2014		
	Cost RM	Accumulated depreciation and impairment losses RM	Carrying amount RM
Freehold land	25,582,497	0	25,582,497
Buildings	45,269,766	4,209,872	41,059,894
Plant and machinery, moulds, tools and equipment	48,552,532	27,809,241	20,743,291
Furniture, fittings, office equipment and computer software	2,836,830	2,321,195	515,635
Motor vehicles	3,946,146	3,024,100	922,046
Electrical installation and renovation	1,148,524	951,787	196,737
Capital work-in-progress	14,222,207	0	14,222,207
	<u>141,558,502</u>	<u>38,316,195</u>	<u>103,242,307</u>

Group	2013		
	Cost RM	Accumulated depreciation and impairment losses RM	Carrying amount RM
Freehold land	25,582,497	0	25,582,497
Long term leasehold land	8,258,976	126,603	8,132,373
Buildings	45,128,385	3,244,987	41,883,398
Plant and machinery, moulds, tools and equipment	50,222,806	31,230,131	18,992,675
Furniture, fittings, office equipment and computer software	2,678,723	2,173,870	504,853
Motor vehicles	4,052,963	2,713,216	1,339,747
Electrical installation and renovation	2,162,250	1,622,813	539,437
Capital work-in-progress	14,222,207	0	14,222,207
	<u>152,308,807</u>	<u>41,111,620</u>	<u>111,197,187</u>



Notes to the Financial Statements

31 December 2014 (cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) As at 31 December 2014, the carrying amount of the motor vehicles of the Group under hire purchase are RM639,239 (2013: RM1,130,399).

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 16 to the financial statements.

- (b) As at 31 December 2014, property, plant and equipment of the Group with a carrying amount of RM22,012,801 (2013: RM30,435,935) have been charged to banks for credit facilities granted to the Group as disclosed in Note 16(c) to the financial statements.

- (c) The strata title to a long term leasehold land of the Group with a carrying amount of RMNil (2013: RM8,132,373) has yet to be issued by the relevant authority.

- (d) In the previous financial year, the Group had carried out a review of the recoverable amount of its property, plant and equipment. The review had led to the recognition of an impairment loss of RM2,064,442. The recoverable amount was based on a value-in-use calculation using cash flow projections approved by the Board of Directors covering a five years period. The discount rate applied to the cash flow projections was based on the weighted average cost of capital of the Company.

Key assumptions and management's approach to determine the values used in value-in-used calculations are as follows:

- (i) Revenue

The estimated net revenue used to calculate the cash inflows from operations is the estimated net revenue from sales of cold rolled coils, galvanised coils and flat steel products.

- (ii) Estimated profit margin

The estimated profit margin is based on historical profit margin.

- (iii) Discount rate

The discount rate applied to the cash flow projections was based on the weighted average cost of capital of the Company.

8. INVESTMENT PROPERTIES

	Balance as at 1.1.2014 RM	Additions RM	Depreciation charge for the year RM	Balance as at 31.12.2014 RM
Group				
Carrying amount				
Freehold land	11,265,000	0	0	11,265,000
Building	18,793,397	1,557,553	(406,953)	19,943,997
	<u>30,058,397</u>	<u>1,557,553</u>	<u>(406,953)</u>	<u>31,208,997</u>



Notes to the Financial Statements

31 December 2014 (cont'd)

8. INVESTMENT PROPERTIES (cont'd)

	Balance as at 1.1.2013 RM	Additions RM	Depreciation charge for the year RM	Balance as at 31.12.2013 RM
Group				
Carrying amount				
Freehold land	11,265,000	0	0	11,265,000
Building	19,109,065	73,390	(389,058)	18,793,397
	<u>30,374,065</u>	<u>73,390</u>	<u>(389,058)</u>	<u>30,058,397</u>

The fair value of the investment properties for disclosure purposes, which are at Level 2 fair value, were recommended by accredited independent valuers at RM40,770,000 as at 31 December 2014 based on comparison method that makes reference to recent transactions and asking price of similar property in the locality with adjustments made for differences in location, size, age and condition of building, tenure, title restrictions if any and other relevant characteristics to arrive at the market value.

Investment properties are charged to a financial institution for banking facilities granted to the Group as disclosed in Note 16 to the financial statements.

Direct operating expenses arising from investment properties generating rental income of RM21,168 (2013: RM63,504) during the financial year are RM1,054,584 (2013: RM1,141,165).

9. INVESTMENTS IN SUBSIDIARIES

	Company	
At cost:	2014 RM	2013 RM
Unquoted shares	68,977,642	68,977,642
Add : Share option granted to employees of subsidiaries	1,291,306	1,291,306
Less : Impairment loss	(1,883,692)	(929,302)
	<u>68,385,256</u>	<u>69,339,646</u>



Notes to the Financial Statements

31 December 2014 (cont'd)

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective ownership interest		Principal activities
		2014 %	2013 %	
Eonmetall Technology Sdn. Bhd. #	Malaysia	100	100	Manufacture of metalwork and industrial process machinery and equipment
Eonmetall Industries Sdn. Bhd. #	Malaysia	100	100	Manufacture and distribution of steel products, focusing on cold rolled coils, galvanised coils and flat steel products
Eonmetall Systems Sdn. Bhd. #	Malaysia	100	100	Manufacture of steel products, focusing on steel storage systems
Eontarr IT Solutions Sdn. Bhd. #	Malaysia	100	100	Provider of IT solutions including software development
Eonchem Technology Sdn. Bhd. #	Malaysia	100	100	Manufacture of industrial process machinery and equipment
Eonsteel Sdn. Bhd. #	Malaysia	100	100	Property holding, manufacture and trading of steel products
Eonmetall International Limited #	Malaysia	100	100	Investment holding
Eonchem Biomass Sdn. Bhd. #	Malaysia	100	100	Manufacture of palm oil related products
Eonmetall Agro Sdn. Bhd. #	Malaysia	100	100	Property holding
Eonsteel Sarawak Sdn. Bhd. #	Malaysia	100	100	Dormant
Subsidiary of Eonmetall International Limited				
PT Eonmetall Investment ^	Indonesia	88	88	Dormant

Subsidiaries audited by BDO Malaysia

^ Subsidiary audited by BDO Member Firms



Notes to the Financial Statements

31 December 2014 (cont'd)

9. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (a) An impairment loss on investments in subsidiaries amounting to RM954,390 relating to a subsidiary, Eonmetall Agro Sdn. Bhd., has been recognised during the financial year.
- (b) The subsidiary of the Group that has non-controlling interests ('NCI') is as follows:

	PT Eonmetall Investment	
	2014	2013
NCI percentage of ownership interest and voting interest	12%	12%
Carrying amount of NCI (RM)	320,274	321,815
Profit/(Loss) allocated to NCI (RM)	3,576	(22,796)

- (c) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	PT Eonmetall Investment	
	2014 RM	2013 RM
Assets and liabilities		
Current assets	3,113,811	3,112,118
Current liabilities	(444,861)	(430,329)
Net assets	2,668,950	2,681,789
Result		
Revenue	0	0
Profit/(Loss) for the financial year	29,800	(189,966)
Total comprehensive profit/(loss)	29,800	(189,966)
Cash flows (used in)/from operating activities	(555)	1,231
Net (decrease)/increase in cash and bank balances	(555)	1,231



Notes to the Financial Statements

31 December 2014 (cont'd)

10. DEFERRED TAX ASSETS/(LIABILITIES)

- (a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2014 RM	2013 RM
Balance as at 1 January	1,440,905	1,580,255
Recognised in profit or loss (Note 24)	167,800	(143,150)
Underprovision of deferred tax in prior years	99,135	3,800
Balance as at 31 December	1,707,840	1,440,905
Presented after appropriate offsetting:		
Deferred tax assets	(1,624,500)	(1,624,500)
Deferred tax liabilities	3,332,340	3,065,405
	1,707,840	1,440,905

- (b) Deferred tax assets/(liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	2014 RM	2013 RM	2014 RM	2013 RM	2014 RM	2013 RM
Property, plant and equipment	0	0	(7,765,840)	(7,532,405)	(7,765,840)	(7,532,405)
Unutilised reinvestment allowances	6,058,000	6,091,500	0	0	6,058,000	6,091,500
Tax assets/(liabilities)	6,058,000	6,091,500	(7,765,840)	(7,532,405)	(1,707,840)	(1,440,905)
Set off	(4,433,500)	(4,467,000)	4,433,500	4,467,000	0	0
Net tax assets/(liabilities)	1,624,500	1,624,500	(3,332,340)	(3,065,405)	(1,707,840)	(1,440,905)



Notes to the Financial Statements

31 December 2014 (cont'd)

10. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

(b) Deferred tax assets/(liabilities) are attributable to the following (cont'd):

Deferred tax assets/(liabilities) of the Group

	Unutilised reinvestment allowance RM	Other deductible temporary differences RM	Property, plant and equipment RM	Total RM
Balance as at 1 January 2014	6,091,500	0	(7,532,405)	(1,440,905)
Recognised in profit or loss (Note 24)	(33,500)	0	(233,435)	(266,935)
Balance as at 31 December 2014	6,058,000	0	(7,765,840)	(1,707,840)
Balance as at 1 January 2013	6,390,000	51,000	(8,021,255)	(1,580,255)
Recognised in profit or loss (Note 24)	(298,500)	(51,000)	488,850	139,350
Balance as at 31 December 2013	6,091,500	0	(7,532,405)	(1,440,905)

(c) The amount of temporary differences for which no deferred tax asset has been recognised in the statement of financial position are as follows:

	Group	
	2014 RM	2013 RM
Taxable temporary differences	19,760,800	16,898,900
Unabsorbed tax losses	(5,062,800)	(2,952,500)
Unabsorbed capital allowances	(21,318,000)	(21,095,200)
Unutilised reinvestment allowance	(46,986,300)	(46,986,300)
	(53,606,300)	(54,135,100)

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.



Notes to the Financial Statements

31 December 2014 (cont'd)

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<u>Current</u>				
Trade receivables				
Third parties	19,000,796	30,352,116	0	0
Related parties	6,401,805	680,689	0	0
Amount due from contract customers (Note (f))				
- Third parties	6,944,236	5,290,771	0	0
	32,346,837	36,323,576	0	0
Less: Impairment loss				
- Third parties	(10,407,023)	(10,423,685)	0	0
	21,939,814	25,899,891	0	0
Other receivables				
Amounts owing by subsidiaries	0	0	74,728,883	74,722,557
Related parties	328,720	97,104	0	0
Other receivables	1,990,419	1,716,885	747,400	376,343
Deposits	1,206,057	1,503,244	1,000	1,000
	3,525,196	3,317,233	75,477,283	75,099,900
Less: Impairment loss				
- Other receivables	(376,343)	0	(376,343)	0
- Subsidiaries	0	0	(3,450,077)	(3,450,077)
	3,148,853	3,317,233	71,650,863	71,649,823
Loan and receivables	25,088,667	29,217,124	71,650,863	71,649,823
Prepayments	648,835	602,441	0	830
Current trade and other receivables	25,737,502	29,819,565	71,650,863	71,650,653
<u>Non-current</u>				
Other receivable	663,513	927,112	663,513	927,112
Total trade and other receivables	26,401,015	30,746,677	72,314,376	72,577,765



Notes to the Financial Statements

31 December 2014 (cont'd)

11. TRADE AND OTHER RECEIVABLES (cont'd)

- (a) Non-current other receivable of the Group and of the Company represents deferred consideration for the disposal of a subsidiary, EPC in prior year. The amount is unsecured and interest free.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 60 days (2013: 30 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Amount due from related parties (non-trade) is unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (d) Amounts owing by subsidiaries (non-trade) are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (e) Included in other receivables of the Group is an amount owing by a third party in relation to partial disposal of PT Investment amounting to RM218,400 (2013: RM218,400).
- (f) Amount due from contract customers

	Group	
	2014 RM	2013 RM
Aggregate costs incurred to date	32,575,054	31,049,891
Add : Attributable profits	19,301,735	19,017,007
	51,876,789	50,066,898
Less : Progress billings	(44,932,553)	(44,776,127)
	6,944,236	5,290,771

- (g) The currency exposure profile of receivables are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	24,334,132	29,406,161	72,314,376	72,576,935
US Dollar	1,196,297	283,598	0	0
Singapore Dollar	208,630	454,477	0	0
Euro Dollar	13,121	0	0	0
	25,752,180	30,144,236	72,314,376	72,576,935



Notes to the Financial Statements

31 December 2014 (cont'd)

11. TRADE AND OTHER RECEIVABLES (cont'd)

(h) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2014 RM	2013 RM
Neither past due nor impaired	8,964,744	16,126,999
Past due, not impaired		
1 to 30 days	5,038,153	3,283,799
31 to 120 days	5,187,676	634,425
121 to 365 days	1,296,841	4,558,469
More than 365 days	1,452,400	1,296,199
	12,975,070	9,772,892
Past due and impaired	10,407,023	10,423,685
	32,346,837	36,323,576

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

The credit quality of trade receivables that are neither past due nor impaired as at the end of reporting period were assessed as follows:

	Group	
	2014 RM	2013 RM
Counterparties without external credit ratings		
- Group A	79,014	3,774,160
- Group B	8,885,730	12,352,839
	8,964,744	16,126,999

(i) Group A refers to new customers (less than 12 months).

(ii) Group B refers to existing customers, including related parties (more than 12 months) with no defaults in the past.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.



Notes to the Financial Statements

31 December 2014 (cont'd)

11. TRADE AND OTHER RECEIVABLES (cont'd)

- (h) The ageing analysis of trade receivables of the Group are as follows (cont'd):

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

Group	Individually impaired	
	2014 RM	2013 RM
Trade receivables, gross	10,407,023	10,423,685
Less: Impairment loss	(10,407,023)	(10,423,685)
	0	0

- (i) The reconciliation of movement in the impairment loss are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade receivables				
At 1 January	10,423,685	9,604,961	0	0
Charge for the financial year (Note 21)	1,000	1,249,229	0	0
Written off	0	(430,505)	0	0
Reversal of impairment loss (Note 21)	(17,662)	0	0	0
At 31 December	10,407,023	10,423,685	0	0
Other receivables				
At 1 January	0	0	3,450,077	0
Charge for the financial year (Note 21)	376,343	0	376,343	3,450,077
At 31 December	376,343	0	3,826,420	3,450,077
	10,783,366	10,423,685	3,826,420	3,450,077

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

- (j) Information on financial risks of trade and other receivables is disclosed in Note 32 to the financial statements.



Notes to the Financial Statements

31 December 2014 (cont'd)

12. INVENTORIES

	Group	
	2014 RM	2013 RM
At cost		
Raw materials	14,611,569	12,088,120
Work-in-progress	17,407,288	15,583,779
Manufactured inventories	3,334,013	2,882,318
	35,352,870	30,554,217
At net realisable value		
Raw materials	1,075,919	810,910
Work-in-progress	6,935,372	5,678,040
Manufactured inventories	820,884	618,246
	8,832,175	7,107,196
Total	44,185,045	37,661,413

During current financial year, the Group has written down and written off inventories amounting to RM594,746 (2013 :RM1,416,637) and RM91,972 (2013: RM440,160) respectively.

13. CASH AND BANK BALANCES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	1,572,690	2,058,789	12,258	40,612

(a) Information on financial risks of cash and bank balances are disclosed in Note 32 to the financial statements.

(b) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	1,420,357	1,828,495	12,258	40,612
US Dollar	130,079	168,661	0	0
Singapore Dollar	5,555	44,142	0	0
Euro Dollar	16,699	17,491	0	0
	1,572,690	2,058,789	12,258	40,612



Notes to the Financial Statements

31 December 2014 (cont'd)

13. CASH AND BANK BALANCES (cont'd)

- (c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	1,572,690	2,058,789	12,258	40,612
Bank overdrafts included in borrowings (Note 16)	(5,900,644)	(2,472,550)	0	0
	(4,327,954)	(413,761)	12,258	40,612

14. SHARE CAPITAL

	Group and Company			
	2014		2013	
	Number of Shares	RM	Number of Shares	RM
Ordinary shares of RM0.50 each: Authorised	200,000,000	100,000,000	200,000,000	100,000,000
Issued and fully paid	171,171,000	85,585,500	171,171,000	85,585,500

The owners of the parent (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on 29 May 2014, renewed the approval for the Company to repurchase its own shares.

	Group and Company			
	2014		2013	
	Number of Shares	RM	Number of Shares	RM
Balance at 1 January	(2,514,000)	(780,220)	(2,512,000)	(779,565)
Purchase of treasury shares	(2,000)	(630)	(2,000)	(655)
Balance at 31 December	(2,516,000)	(780,850)	(2,514,000)	(780,220)

During the financial year, the Company repurchased a total of 2,000 (2013: 2,000) of its issued ordinary shares from the open market at an average price of RM0.315 (2013: RM0.328) per share. The total consideration paid for the repurchase was RM630 (2013: RM655). The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.



Notes to the Financial Statements

31 December 2014 (cont'd)

14. SHARE CAPITAL (cont'd)

Treasury shares (cont'd)

As at 31 December 2014, 2,516,000 (2013: 2,514,000) out of the total 171,171,000 (2013: 171,171,000) issued and fully paid ordinary shares are held as treasury shares by the Company. The number of ordinary shares of RM0.50 each in issue and fully paid as at 31 December 2014 after excluding the treasury share is 168,655,000 (2013: 168,657,000).

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

15. RESERVES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-distributable:				
Share premium	1,548,580	1,548,580	1,058,688	1,058,688
Share option reserve	655,046	737,704	1,508,934	1,508,934
Translation reserve	(363,308)	(133,809)	0	0
	1,840,318	2,152,475	2,567,622	2,567,622
Distributable:				
Retained earnings	56,870,372	59,564,323	21,623,336	3,506,733
	58,710,690	61,716,798	24,190,958	6,074,355

(a) Share premium

The share premium account for the Group and the Company arose from the public issue in year 2005 and the issuance of shares under ESOS.

(b) Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options on the grant date. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

Value of employee services received for issue of share options

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Balance as at 1 January	737,704	741,698	1,508,934	1,508,934
Option lapsed	(82,658)	(3,994)	0	0
Balance as at 31 December	655,046	737,704	1,508,934	1,508,934



Notes to the Financial Statements

31 December 2014 (cont'd)

15. RESERVES (cont'd)

(c) Translation reserve

The translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

16. BORROWINGS

	Group	
	2014 RM	2013 RM
Current		
<i>Secured</i>		
Term loans	5,200,988	6,353,502
Hire purchase creditors	309,793	430,558
	5,510,781	6,784,060
<i>Unsecured</i>		
Bank overdrafts (Note 13)	5,900,644	2,472,550
Bankers' acceptances	16,843,000	7,158,000
Foreign currency loan	0	862,805
Revolving credit	9,000,000	9,500,000
	31,743,644	19,993,355
	37,254,425	26,777,415
Non-current		
<i>Secured</i>		
Term loans	15,952,107	26,838,166
Hire purchase creditors	340,589	650,382
	16,292,696	27,488,548
Total borrowings		
Bank overdrafts (Note 13)	5,900,644	2,472,550
Bankers' acceptances	16,843,000	7,158,000
Foreign currency loan	0	862,805
Revolving credit	9,000,000	9,500,000
Term loans	21,153,095	33,191,668
Hire purchase creditors	650,382	1,080,940
	53,547,121	54,265,963



Notes to the Financial Statements

31 December 2014 (cont'd)

16. BORROWINGS (cont'd)

(a) The currency exposure profile of borrowings are as follows:

	Group	
	2014 RM	2013 RM
Ringgit Malaysia	53,547,121	53,403,158
US Dollar	0	862,805
	53,547,121	54,265,963

(b) Interest rates

Term loans	
- floating rates	0.50% to 1.50% (2013 : 0.50% to 1.50%) below prevailing base lending rates per annum
	0.60% (2013 : 0.60% to 1.50%) above cost of funds or prevailing base lending rates per annum
- fixed rates	6.75% (2013 : 6.75%) per annum
Hire purchase creditors	4.34% to 7.60% (2013 : 4.34% to 7.60%) per annum
Bank overdrafts	0.75% to 1.75% (2013 : 0.75% to 1.75%) above prevailing base lending rates per annum
Bankers' acceptances, foreign currency loan and revolving credit	0.75% to 1.60% (2013 : 0.75% to 1.60%) above cost of funds per annum

(c) Securities

The bank borrowings of the Group, other than hire purchase liabilities are secured by the followings:

(i) fixed charges over the following assets of the Group

	Note	2014 RM	2013 RM
Freehold land and buildings		22,012,801	22,303,562
Long term leasehold land		0	8,132,373
Property, plant and equipment	7(b)	22,012,801	30,435,935
Investment properties	8	31,208,997	30,058,397

(ii) corporate guarantee of RM46,025,097 (2013: RM61,063,978) by the Company.

Hire purchase creditors

Hire purchase creditors are effectively secured as the rights to the assets under hire purchase in the event of default.



Notes to the Financial Statements

31 December 2014 (cont'd)

16. BORROWINGS (cont'd)

(d) Borrowings are repayable as follows:

	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM
Group						
2014						
Secured						
Term loans	2015 - 2020	21,153,095	5,200,988	5,342,601	10,139,195	470,311
Hire purchase creditors	2015 - 2018	650,382	309,793	211,823	128,766	0
Unsecured						
Bank overdrafts	2015	5,900,644	5,900,644	0	0	0
Bankers' acceptances	2015	16,843,000	16,843,000	0	0	0
Revolving credit	2015	9,000,000	9,000,000	0	0	0
		53,547,121	37,254,425	5,554,424	10,267,961	470,311
Group						
2013						
Secured						
Term loans	2014 - 2023	33,191,668	6,353,502	6,082,665	16,663,941	4,091,560
Hire purchase creditors	2014 - 2018	1,080,940	430,558	309,793	340,589	0
Unsecured						
Bank overdrafts	2014	2,472,550	2,472,550	0	0	0
Bankers' acceptances	2014	7,158,000	7,158,000	0	0	0
Foreign currency loan	2014	862,805	862,805	0	0	0
Revolving credit	2014	9,500,000	9,500,000	0	0	0
		54,265,963	26,777,415	6,392,458	17,004,530	4,091,560

(e) Hire purchase liabilities

The hire purchase liabilities are repayable as follows:

	2014			2013		
	Minimum hire purchase payments RM	Interest RM	Principal RM	Minimum hire purchase payments RM	Interest RM	Principal RM
Group						
Less than 1 year	333,851	24,058	309,793	475,848	45,290	430,558
Between 1 to 2 years	222,930	11,107	211,823	338,851	29,058	309,793
Between 2 to 5 years	131,481	2,715	128,766	354,411	13,822	340,589
	688,262	37,880	650,382	1,169,110	88,170	1,080,940

(f) Information on financial risks of borrowings is disclosed in Note 32 to the financial statements.



Notes to the Financial Statements

31 December 2014 (cont'd)

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade payables				
Related parties	87,399	0	0	0
Third parties	3,360,257	4,467,091	0	0
	3,447,656	4,467,091	0	0
Other payables				
Amounts due to subsidiaries	0	0	31,382,782	50,708,063
Accrued expenses	1,814,265	1,356,320	333,500	370,325
Other payables	2,275,657	2,864,992	0	0
	4,089,922	4,221,312	31,716,282	51,078,388
	7,537,578	8,688,403	31,716,282	51,078,388

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 to 60 days (2013: 30 to 60 days).
- (b) The amounts due to subsidiaries (non-trade) are unsecured, interest-free and repayable on demand in cash and cash equivalents.
- (c) The currency exposure profile of payables are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Ringgit Malaysia	5,809,807	7,047,618	31,716,282	51,078,388
US Dollar	1,542,581	1,640,785	0	0
Euro Dollar	183,401	0	0	0
SGD Dollar	1,789	0	0	0
	7,537,578	8,688,403	31,716,282	51,078,388

- (d) Information on financial risks of trade and other payables are disclosed in Note 32 to the financial statements.



Notes to the Financial Statements

31 December 2014 (cont'd)

18. CONTINGENT LIABILITIES

	Company	
	2014 RM	2013 RM
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries - unsecured	46,025,097	61,063,978

The corporate guarantees are given to the financial institutions as one of the securities in relation to banking facilities granted to the subsidiaries.

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the Directors have estimated the financial impact of the guarantees as at 31 December 2014 to be insignificant.

19. REVENUE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Invoiced value of goods sold				
less discounts and returns	62,608,172	54,816,516	0	0
Contract revenue	1,810,932	21,442,605	0	0
Gross dividend from a subsidiary	0	0	20,000,000	5,000,000
	64,419,104	76,259,121	20,000,000	5,000,000

20. FINANCE COSTS

	Group	
	2014 RM	2013 RM
Interest expenses on:		
Bank overdrafts	293,031	322,201
Bankers' acceptances	637,360	1,205,197
Hire purchase	45,290	68,967
Revolving credit	501,243	314,861
Term loans	1,761,915	1,702,229
Others	36,658	206,258
	3,275,497	3,819,713



Notes to the Financial Statements

31 December 2014 (cont'd)

21. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived at after charging:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Auditors' remuneration				
- statutory audits	149,836	130,901	23,000	20,000
- underprovision for prior years	14,443	16,734	2,000	2,000
- other services	55,500	32,650	55,000	20,650
Depreciation of:				
- property, plant and equipment	3,917,158	5,243,467	0	0
- investment properties	406,953	389,058	0	0
Directors' emoluments				
- fees	309,000	342,000	309,000	342,000
- other emoluments	2,007,100	1,992,792	50,500	37,000
Impairment losses on:				
- trade receivables	1,000	1,249,229	0	0
- other receivables	376,343	0	376,343	0
- amount owing by subsidiaries	0	0	0	3,450,077
- property, plant and equipment	0	2,064,442	0	0
- investments in subsidiaries	0	0	954,390	929,302
Rental of premises	29,950	80,800	0	0
Research and development expenses	471,291	581,638	0	0
Inventories written off	91,972	440,160	0	0
Inventories written down	594,746	1,416,637	0	0
Loss on fair value adjustment on other receivable	0	321,545	0	321,545
Realised foreign exchange loss	34,190	0	0	0
(Loss)/Profit before tax is arrived at after crediting:				
Dividend income from a subsidiary	0	0	20,000,000	5,000,000
Gain on disposal of property, plant and equipment	616,796	15,165,829	0	0
Gain on disposal of a subsidiary	0	338,000	0	2,000,000
Gain on fair value adjustment on other receivable	107,458	0	107,458	0
Realised foreign exchange gain	0	114,135	0	0
Unrealised foreign exchange gain	439,576	133,598	0	0
Interest income	3,400	12,432	0	170
Rental of premise	587,472	465,833	0	0
Reversal of impairment loss on trade receivables	17,662	0	0	0



Notes to the Financial Statements

31 December 2014 (cont'd)

22. KEY MANAGEMENT PERSONNEL REMUNERATIONS

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of executive directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Executive directors and other key management personnel				
- fees	96,000	108,000	96,000	108,000
- remuneration	1,925,100	1,921,792	16,500	14,000
	2,021,100	2,029,792	112,500	122,000

23. EMPLOYEES BENEFITS

	Group	
	2014 RM	2013 RM
Wages, salaries, bonuses and incentive	10,287,623	10,442,603
Contributions to defined contribution plan	789,777	761,152
Social security contributions	61,957	61,322
Other benefits	542,841	520,997
	11,682,198	11,786,074

Included in the staff costs above are an amount of RM471,291 (2013: RM581,638) charged out as research and development expenses.



Notes to the Financial Statements

31 December 2014 (cont'd)

24. TAX EXPENSE

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current tax expense based on profit for the financial year	202,523	883,168	(77)	824
Under/(Over)provision in prior years	535	(479)	0	0
	203,058	882,689	(77)	824
Deferred tax (Note 10):				
Relating to origination and reversal of temporary differences	167,800	(143,150)	0	0
Underprovision in prior years	99,135	3,800	0	0
	266,935	(139,350)	0	0
Total tax expense	469,993	743,339	(77)	824

The Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	(575,800)	1,742,400	4,529,100	280,400
Tax effect in respect of:				
Non-allowable expenses	1,669,849	2,304,418	470,823	1,470,424
Non-taxable income	(171,526)	(2,204,600)	(5,000,000)	(1,750,000)
Tax incentives and allowances	(420,000)	(133,500)	0	0
Utilisation of previously unrecognised deferred tax assets	(775,000)	(911,200)	0	0
Deferred tax assets not recognised	642,800	0	0	0
Others	0	(57,500)	0	0
	370,323	740,018	(77)	824
Under/(Over)provision of tax expense in prior years	535	(479)	0	0
Underprovision of deferred tax in prior years	99,135	3,800	0	0
	469,993	743,339	(77)	824



Notes to the Financial Statements

31 December 2014 (cont'd)

24. TAX EXPENSE (cont'd)

A wholly owned subsidiary of the Company, Eonmetall Technology Sdn. Bhd., has been granted the following pioneer status:

- (a) for a total of 10 years from 1 June 2004 to 31 May 2014 to manufacture the powder coating line machine, galvanising line machine and pre-painted galvanising line machine for metal surface treatment/coating industry;
- (b) for a total of 10 years from 28 August 2008 to 27 August 2018 to manufacture the solvent extraction plant for the extraction of oil for animal, fixed fats, oleo-chemical and other processing, other than crude palm oil.

A wholly owned subsidiary of the Company, Eonchem Biomass Sdn. Bhd., has been granted the pioneer status for a total of 5 years from 23 February 2011 to 22 February 2016 to process solvent extracted palm oil and solvent extracted palm kernel oil.

A wholly-owned subsidiary of the Company, Eonsteel Sarawak Sdn. Bhd. has been granted pioneer status under MIDA on 19 September 2013, which exempts it from income tax for a period of 5 years.

25. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

	Group	
	2014 RM	2013 RM
(Loss)/Profit attributable to equity holders of the parent	(2,776,609)	6,248,970
Weighted average number of ordinary shares in issue	168,656,340	168,658,321
Basic (loss)/earnings per ordinary share (sen)	(1.65)	3.71

(b) Diluted

The Group does not have any dilutive potential ordinary shares as the market price of the shares as at 31 December 2014 of RM0.26 per share was lower than the exercise price of the employee option of RM0.67 per share. As a result, these share options are anti-dilutive in nature and have not been considered in the computation of diluted earning per share.

	Group	
	2014 RM	2013 RM
(Loss)/Profit attributable to equity holders of the parent	(2,776,609)	6,248,970
Weighted average number of ordinary shares in issue	168,656,340	168,658,321
Adjustment for share options	0	0
	168,656,340	168,658,321
Diluted (loss)/earnings per ordinary share (sen)	(1.65)	3.71



Notes to the Financial Statements

31 December 2014 (cont'd)

26. DIVIDENDS

	Group and Company 2013	
	Gross dividend per share Sen	Amount of dividend after tax RM
In respect of financial year ended 31 December 2012:		
Final tax exempt dividend	1.75	2,951,517

27. EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The Company implemented an Employee Share Option Scheme ("ESOS") on 2 August 2005 for a period of 5 years from the date of implementation. The ESOS was extended for five (5) years from 1 August 2010 and was extended for another five (5) years from 1 August 2010 to 1 August 2015. The ESOS is governed by the by-laws which were approved by the shareholders on 30 May 2005.

The salient features of the ESOS are as follows:

- (a) The total number of options to be offered under the Scheme shall not exceed fifteen percent (15%) of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme, unless the issued and paid-up share capital of the Company is diminished as a result of a Share Buyback or an undertaking of any other corporate proposal, in which event, the options granted prior to the diminution of the issued and paid-up share capital shall remain valid and exercisable in accordance with the terms and conditions of the Scheme;
- (b) The Scheme has been extended for another five (5) years until 1 August 2015 as provided in the By-Law;
- (c) Eligible persons are employees of the Group which have been confirmed in the employment of the Group and falls within any other criteria that the ESOS Committee may from time to time determine at its discretion. If an employee is serving under an employment contract, the contract should be for a duration for at least two (2) years, provided always that if such an employee has previously been employed permanently for a continuous period of at least two (2) years, then there shall be no minimum contractual duration imposed. Eligible Directors need not be a Malaysian;
- (d) No employee or Director shall participate at any time in more than one (1) employee share option scheme by any company within the Group;
- (e) The number of options under the Scheme shall be allocated as follows:
 - (i) not more than fifty percent (50%) of the new shares available under the Scheme should be allocated, in aggregate, to Directors and senior management; and
 - (ii) not more than ten percent (10%) of the new shares available under the Scheme shall be allocated to any individual eligible person who, either singly or collectively through persons connected with the eligible person, holds twenty percent (20%) or more in the issued and paid-up share capital of the Company.



Notes to the Financial Statements

31 December 2014 (cont'd)

27. EMPLOYEE SHARE OPTION SCHEME ("ESOS") (cont'd)

- (f) The option price shall be:
- (i) the price not less than the price set for the offer for sale and/or public issue of the Shares of the Company if the option is granted before the Company is listed on the Bursa Securities; or
 - (ii) the price at a discount of not more than ten percent (10%) from the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer, or such lower or higher limit as approved by the relevant authorities.

The options granted do not confer any dividend or other distribution declared to the shareholders as at a date which precedes the date of exercise of the option and will be subject to all the provisions of the Articles of Association of the Company.

The details of the options over ordinary shares of the Company are as follows:

Number of option over ordinary shares of RM0.50 each				
	Outstanding as at 1.1.2014	Movement during the financial year		Outstanding as at 31.12.2014
		Exercised	Lapsed	Exercisable as at 31.12.2014
2014				
2005 options	5,542,000	0	(621,000)	4,921,000

Number of option over ordinary shares of RM0.50 each				
	Outstanding as at 1.1.2013	Movement during the financial year		Outstanding as at 31.12.2013
		Exercised	Lapsed	Exercisable as at 31.12.2013
2013				
2005 options	5,572,000	0	(30,000)	5,542,000

28. RELATED PARTY DISCLOSURES

- (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries and associates.



Notes to the Financial Statements

31 December 2014 (cont'd)

28. RELATED PARTY DISCLOSURES (cont'd)

(a) Identities of related parties (cont'd)

The Group has related parties relationship with the following:

Names of related parties	Relationship
Leader Steel Sdn. Bhd.	A company in which certain Directors of the Company have substantial interest.
Leader Steel Service Centre Sdn. Bhd.	A company in which certain Directors of the Company have substantial interest.
Genrizt Storage System	A major shareholder of the Company is connected to this company.
Eonlipids Sdn. Bhd.	A company in which a Director of the Company has substantial interest.
Eonlipids Nutrition Specialties Sdn. Bhd.	A company in which a Director of the Company has substantial interest.
Astral Dragon Sdn. Bhd.	A company in which a Director of the Company has substantial interest.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Subsidiary:				
Dividend income	0	0	20,000,000	5,000,000
Related parties:				
Rental of premise receivable	150,000	465,833	0	0
Purchase of property, plant and equipment	0	7,673,783	0	0
Sales	12,912,090	4,411,080	0	0
Purchases	253,714	603,815	0	0
Disposal of freehold land and buildings	0	12,100,000	0	0

Balances with related parties at the end of the financial year are disclosed in Note 11 and Note 17 to the financial statements.

The above transactions were carried out a terms and rates as agreed between the Group and the related parties.



Notes to the Financial Statements

31 December 2014 (cont'd)

29. DISPOSAL OF SUBSIDIARIES

On 14 January 2013, the Company entered into a Share Sale Agreement with a third party to dispose its entire equity interest, being 2 ordinary shares of RM1.00 each in Eonmetall Petro-Chem (M) Sdn. Bhd. ("EPC"), a wholly-owned subsidiary of the Company for a total cash consideration of RM2,000,002. As a result of the disposal, EPC ceased to be a wholly-owned subsidiary of the Company. The purchase consideration shall be paid by the purchaser over a period of five (5) years in five (5) equal annual instalments of RM400,000 each.

As a result of the above, an amount of RM376,343 (current) and RM927,112 (non-current) are included in other receivable of the Group and of the Company as at 31 December 2013.

The gain on disposal of the subsidiary during the financial year is as follows:

	2013	
	Group RM	Company RM
Cost of investment	0	2
Investment in associates	2,352,871	0
Trade and other receivables	47,453	0
Bank balance	10	0
Trade and other payables	(567,300)	0
Statutory reserve	(101,793)	0
Foreign currency exchange reserve	(69,239)	0
	<hr/>	<hr/>
Carrying amount of net assets	1,662,002	2
Less: Non-controlling interest	0	0
	<hr/>	<hr/>
	1,662,002	2
Proceeds from disposal	2,000,002	2,000,002
	<hr/>	<hr/>
Gain on disposal	338,000	2,000,000
	<hr/>	<hr/>

30. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

- (i) Segment 1 - includes manufacture and sale of metalwork machinery and other industrial process machinery and equipment
- (ii) Segment 2 - includes manufacture and sale as well as trading of steel product
- (iii) Segment 3 - others

There are varying levels of integration between reportable segments, the machinery and equipment and steel product segments. This integration includes manufacture and sale of machinery and shared distribution services. Inter-segment pricing is determined on negotiated basis. The accounting policies of the reportable segments are the same as described in Note 4.20 to the financial statements.

Performance is measured based on segment operating profit as included in the internal management reports that are reviewed by the Group's Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment.



Notes to the Financial Statements

31 December 2014 (cont'd)

30. OPERATING SEGMENTS (cont'd)

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets, assets used primarily for corporate purpose and items that cannot be reasonably allocated to individual segment.

Segment liabilities exclude tax liabilities.

	Machinery and equipment RM	Steel product and trading activity RM	Others RM	Total RM
2014				
Revenue				
Total revenue	14,713,038	84,694,307	20,157,799	119,565,144
Inter-segment revenue	(2,846,208)	(32,220,482)	(20,079,350)	(55,146,040)
Revenue from external customers	11,866,830	52,473,825	78,449	64,419,104
Interest income	1,079	2,321	0	3,400
Finance costs	(1,521,067)	(892,119)	(862,311)	(3,275,497)
Net finance expense	(1,519,988)	(889,798)	(862,311)	(3,272,097)
Depreciation	973,239	2,772,175	578,697	4,324,111
Segment (loss)/profit before income tax	(3,407,054)	2,904,323	16,746,451	16,243,720
Income tax expenses	(10,743)	(272,590)	(186,660)	(469,993)
Other non-cash expenses				
- Impairment losses on trade receivables	0	0	(1,000)	(1,000)
- Inventories written down	(546,980)	(47,766)	0	(594,746)
- Inventories written off	(91,972)	0	0	(91,972)
- Gain on fair value adjustment on other receivable	0	0	107,458	107,458
- Reversal of impairment loss on trade receivables	0	17,662	0	17,662
Additions to non-current assets other than financial instruments and deferred tax assets	96,118	4,267,931	1,691,983	6,056,032
Segment assets	74,297,922	68,918,007	63,394,125	206,610,054
Segment liabilities	12,548,914	48,648,220	(112,435)	61,084,699



Notes to the Financial Statements

31 December 2014 (cont'd)

30. OPERATING SEGMENTS (cont'd)

	Machinery and equipment RM	Steel product and trading activity RM	Others RM	Total RM
2013				
Revenue				
Total revenue	34,116,345	56,013,889	5,164,721	95,294,955
Inter-segment revenue	(1,056,000)	(12,922,553)	(5,057,281)	(19,035,834)
Revenue from external customers	33,060,345	43,091,336	107,440	76,259,121
Interest income	442	11,820	170	12,432
Finance costs	(1,340,507)	(1,336,757)	(1,142,449)	(3,819,713)
Net finance expense	(1,340,065)	(1,324,937)	(1,142,279)	(3,807,281)
Depreciation	998,312	3,998,319	635,894	5,632,525
Segment (loss)/profit before income tax	(2,677,328)	7,681,645	(1,732,966)	3,271,351
Income tax expenses	(10,171)	(37,358)	(695,810)	(743,339)
Other non-cash expenses				
- Impairment losses of trade receivables	(1,231,567)	(17,662)	0	(1,249,229)
- Impairment losses on property, plant and equipment	0	(2,064,442)	0	(2,064,442)
- Inventories written down	(1,316,375)	(100,262)	0	(1,416,637)
- Inventories written off	(440,160)	0	0	(440,160)
- Loss on fair value adjustment on other receivable	0	0	(321,545)	(321,545)
Additions to non-current assets other than financial instruments and deferred tax assets	514,007	930,728	8,145,685	9,590,420
Segment assets	68,086,750	83,263,129	60,372,584	211,722,463
Segment liabilities	35,194,525	8,977,030	18,782,811	62,954,366



Notes to the Financial Statements

31 December 2014 (cont'd)

30. OPERATING SEGMENTS (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities corresponding amounts are as follows:

	2014 RM	2013 RM
Revenue		
Total revenue for reportable segments	119,565,144	95,294,955
Elimination of inter-segmental revenues	(55,146,040)	(19,035,834)
Revenue per consolidated statement of profit or loss and other comprehensive income	64,419,104	76,259,121
Depreciation		
Depreciation of property, plant and equipment	3,917,158	5,243,467
Depreciation of investment properties	406,953	389,058
Group's depreciation	4,324,111	5,632,525
(Loss)/Profit for the financial year		
Total profit for reportable segments	16,243,720	3,271,351
Adjustment for inter-segmental profits	(18,546,760)	3,698,162
(Loss)/Profit before tax	(2,303,040)	6,969,513
Tax expense	(469,993)	(743,339)
(Loss)/Profit for the financial year	(2,773,033)	6,226,174
Assets		
Total assets for reportable segments	206,610,054	211,722,463
Current tax assets	124,124	22,968
Deferred tax assets	1,624,500	1,624,500
Group's assets	208,358,678	213,369,931



Notes to the Financial Statements

31 December 2014 (cont'd)

30. OPERATING SEGMENTS (cont'd)

	2014 RM	2013 RM
Liabilities		
Total liabilities for reportable segments	61,084,699	62,954,366
Current tax liabilities	106,025	506,267
Deferred tax liabilities	3,332,340	3,065,405
Group's liabilities	64,523,064	66,526,038

Geographical information

Revenue and non-current assets information are based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include investments in associates and deferred tax assets.

	Revenue		Non-current assets	
	2014 RM	2013 RM	2014 RM	2013 RM
Malaysia	43,099,675	54,369,343	135,114,817	142,182,696
Africa	158,825	1,001,761	0	0
China	5,710	0	0	0
Indonesia	1,241,330	1,496,170	0	0
Philippines	703,966	762,013	0	0
Singapore	5,858,428	4,771,713	0	0
Sri Lanka	2,089,840	977,482	0	0
Middle-east countries	4,170,714	9,195,167	0	0
Others	7,090,616	3,685,472	0	0
Consolidated	64,419,104	76,259,121	135,114,817	142,182,696

Major customer

The following are major customers with revenue equal or more than 10 percent (10%) of Group's revenue:

	Revenue		
	2014 RM	2013 RM	Segment
Customer A	8,341,466	0	Steel product and trading activity
Customer B	0	8,068,572	Machinery and equipment
Customer C	0	9,065,850	Machinery and equipment



Notes to the Financial Statements

31 December 2014 (cont'd)

31. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2014 and 31 December 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's strategy is to maintain the balance between debt and equity and to ensure sufficient operating cash flows to repay its liabilities as and when they fall due. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Borrowings	53,547,121	54,265,963	0	0
Trade and other payables	7,537,578	8,688,403	31,716,282	51,078,388
Total liabilities	61,084,699	62,954,366	31,716,282	51,078,388
Less: Cash and bank balances	(1,572,690)	(2,058,789)	(12,258)	(40,612)
Net debt	59,512,009	60,895,577	31,704,024	51,037,776
Total capital	143,515,340	146,522,078	108,995,608	90,879,635
Net debt	59,512,009	60,895,577	31,704,024	51,037,776
Equity	203,027,349	207,417,655	140,699,632	141,917,411
Gearing ratio	29%	29%	23%	36%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2014.



Notes to the Financial Statements

31 December 2014 (cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

(b) Categories of financial instruments

Group	Loans and receivables	
	2014 RM	2013 RM
Financial assets		
Trade and other receivables, net of prepayments	25,752,180	30,144,236
Cash and bank balances	1,572,690	2,058,789
	<u>27,324,870</u>	<u>32,203,025</u>
	Other financial liabilities	
	2014 RM	2013 RM
Financial liabilities		
Borrowings	53,547,121	54,265,963
Trade and other payables, net of deposits received	7,537,578	8,688,403
	<u>61,084,699</u>	<u>62,954,366</u>
Company	Loans and receivables	
	2014 RM	2013 RM
Financial assets		
Trade and other receivables, net of prepayments	72,314,376	72,576,935
Cash and bank balances	12,258	40,612
	<u>72,326,634</u>	<u>72,617,547</u>
	Other financial liabilities	
	2014 RM	2013 RM
Financial liabilities		
Trade and other payables	31,716,282	51,078,388



Notes to the Financial Statements

31 December 2014 (cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities, such as short-term receivables, payables and borrowings, are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of each reporting period.

- (ii) Hire-purchase creditors

The fair values of hire-purchase creditors are estimated based on the future contractual cash flows discounted at current market interest rates available for similar financial instruments and of the same remaining maturities.

- (iii) Non-current other receivable

The fair value of non-current other receivable is estimated by discounting expected future cash flows based on cost of debts of the Company.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).



31. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

The following tables set out the financial instruments carried at fair value and not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total Fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
2014										
Group										
Financial asset										
Loans and receivables										
Other receivables	0	1,034,570	0	1,034,570	0	0	0	0	1,034,570	1,034,570
Financial liability										
Other financial liabilities										
Fixed rate borrowing and hire purchase creditors	0	0	0	0	0	11,631,834	0	11,631,834	11,631,834	11,650,382
Company										
Financial asset										
Loans and receivables										
Other receivables	0	1,034,570	0	1,034,570	0	0	0	0	1,034,570	1,034,570



31. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

The following tables set out the financial instruments carried at fair value and not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total Fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM		
2013										
Group										
Financial asset										
Loans and receivables										
Other receivables	0	1,303,455	0	1,303,455	0	0	0	0	1,303,455	1,303,455
Financial liability										
Other financial liabilities										
Fixed rate borrowing and hire purchase creditors	0	0	0	0	0	15,051,078	0	15,051,078	15,051,078	15,080,940
Company										
Financial asset										
Loans and receivables										
Other receivables	0	1,303,455	0	1,303,455	0	0	0	0	1,303,455	1,303,455

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2014 and 31 December 2013.

- (e) The management regularly reviews significant unobservable inputs and valuation adjustments in respect to the measurement of fair values of financial instrument.



Notes to the Financial Statements

31 December 2014 (cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, foreign currency risk and interest rate risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are the Group's customers and licensed financial institutions. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to two (2) months for major customers. The Group consistently monitors its outstanding receivables to minimise credit risk.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is substantially represented by the carrying amount of each class of financial assets recognised in the statements of financial position.



Notes to the Financial Statements

31 December 2014 (cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period are as follows:

	2014		2013	
	RM	% of total	RM	% of total
By country				
Malaysia	20,558,770	94%	25,156,787	97%
Africa	99,955	0%	72,658	0%
Singapore	208,630	1%	454,468	2%
Indonesia	107,372	1%	93,590	1%
Sri Lanka	253,236	1%	53,446	0%
Middle East	482,164	2%	0	0%
Others	229,687	1%	68,942	0%
	21,939,814	100%	25,899,891	100%
By industry sectors				
Machinery and equipment	10,691,187	49%	20,367,663	79%
Steel product and trading activity	11,248,627	51%	5,520,644	21%
Property, investment holding and others	0	0%	11,584	0%
	21,939,814	100%	25,899,891	100%

At the end of the reporting period, approximately:

- (i) 60% (2013: 75%) of the Group's trade receivables were due from five (5) major customers who are located in Malaysia.
- (ii) Approximately 25% (2013: 3%) of the Group's trade and other receivables were due from related parties whilst 98.6% (2013: 98.2%) of the Company's receivables were balances with subsidiaries.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 11 to the financial statements. Deposits with banks and other financial institutions are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 to the financial statements.



Notes to the Financial Statements

31 December 2014 (cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The liquidity risk management policy of the Group and of the Company requires that not more than 80% (2013: 80%) of loans and borrowings (including overdrafts) should mature in the next one (1) year period, and to maintain sufficient liquid financial assets and stand-by credit facilities with at least three (3) different banks. At the end of the reporting period, approximately 70% (2013: 49%) of the Group's loans and borrowings (Note 16) would mature in less than one (1) year based on the carrying amount reflected in the financial statements.

The table below summaries the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

As at 31 December 2014	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities				
Trade and other payables	7,537,578	0	0	7,537,578
Loan and borrowings	38,502,564	17,475,243	480,416	56,458,223
Total undiscounted financial liabilities	46,040,142	17,475,243	480,416	63,995,801
Company				
Financial liability				
Trade and other payables	31,716,282	0	0	31,716,282
Total undiscounted financial liabilities	31,716,282	0	0	31,716,282
As at 31 December 2013				
Group				
Financial liabilities				
Trade and other payables	8,688,403	0	0	8,688,403
Loan and borrowings	28,695,661	27,074,552	4,488,057	60,258,270
Total undiscounted financial liabilities	37,384,064	27,074,552	4,488,057	68,946,673
Company				
Financial liability				
Trade and other payables	51,078,388	0	0	51,078,388
Total undiscounted financial liabilities	51,078,388	0	0	51,078,388



Notes to the Financial Statements

31 December 2014 (cont'd)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily USD, EURO and SGD.

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD, EURO and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

		Effect on profit after tax Increase/(Decrease) Group	
		2014 RM	2013 RM
USD/RM	- strengthen by 10% (2013: 10%)	(21,620)	(205,133)
	- weaken by 10% (2013: 10%)	21,620	205,133
EURO/RM	- strengthen by 10% (2013: 10%)	(15,358)	1,749
	- weaken by 10% (2013: 10%)	15,358	(1,749)
SGD/RM	- strengthen by 10% (2013: 10%)	21,240	49,862
	- weaken by 10% (2013: 10%)	(21,240)	(49,862)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group to interest rate risk arises primarily from their loans and borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of reporting period changed by ten (10) basis points with all other variables held constant:

		Effect on profit after tax Increase/(Decrease) Group	
		2014 RM	2013 RM
- Increase by 0.1% (2013: 0.1%)		(40,160)	(40,699)
- Decrease by 0.1% (2013: 0.1%)		40,160	40,699



32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

Group	Note	Weighted average effective Interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
As at 31 December 2014									
Fixed rates									
Hire purchase creditors	16	4.72 - 5.35	309,793	211,823	121,740	7,026	0	0	650,382
Term loans	16	6.75	3,000,000	3,000,000	3,000,000	2,000,000	0	0	11,000,000
Bankers' acceptances	16	4.76 - 4.94	16,843,000	0	0	0	0	0	16,843,000
Revolving credit	16	5.52 - 5.98	9,000,000	0	0	0	0	0	9,000,000
Floating rates									
Bank overdrafts	16	7.77 - 8.14	5,900,644	0	0	0	0	0	5,900,644
Term loans	16	5.47 - 6.35	2,200,988	2,342,601	2,490,779	1,860,514	787,902	470,311	10,153,095



32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk (cont'd):

Group	Note	Weighted average effective Interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
As at 31 December 2013									
Fixed rates									
Hire purchase creditors	16	4.72 - 5.45	430,558	309,793	211,823	121,740	7,026	0	1,080,940
Term loans	16	6.75	3,000,000	3,000,000	3,000,000	3,000,000	2,000,000	0	14,000,000
Bankers' acceptances	16	4.31 - 4.61	7,158,000	0	0	0	0	0	7,158,000
Bill discounting	16	1.78 - 2.25	862,805	0	0	0	0	0	862,805
Revolving credit	16	5.64 - 5.78	9,500,000	0	0	0	0	0	9,500,000
Floating rates									
Bank overdrafts	16	7.39 - 7.84	2,472,550	0	0	0	0	0	2,472,550
Term loans	16	5.24 - 6.10	3,353,502	3,082,665	3,019,312	3,162,958	2,481,671	4,091,560	19,191,668



Notes to the **Financial Statements**

31 December 2014 (cont'd)

33. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

- (a) On 9 February 2015, the Company further invested in the capital of its wholly-owned subsidiary, Eonsteel Sdn. Bhd., by way of subscribing for 500,000 ordinary shares of RM1.00 each at par value for cash.
- (b) On 27 February 2015, the Company's wholly-owned subsidiary, Eonmetall International Limited ("EIL") has received the approval in Principle from Badan Koordinasi Penanaman Modal of Indonesia, on the establishment of PT. Kelapa Agro Jaya. EIL will hold 95% of ordinary shares.
- (c) On 31 March 2015, the Company further invested in the capital of its wholly-owned subsidiary, Eonchem Biomass Sdn. Bhd., by way of subscribing for 100,000 redeemable preference shares of RM1.00 each at par value and the consideration payable for the said shares was settled by way of capitalisation of the amount due from Eonchem Biomass Sdn. Bhd..
- (d) On 31 March 2015, the Company further invested in the capital of its wholly-owned subsidiary, Eonmetall Industries Sdn. Bhd., by way of subscribing for 400,000 redeemable preference shares of RM1.00 each at par value and the consideration payable for the said shares was settled by way of capitalisation of the amount due from Eonmatell Industries Sdn. Bhd..
- (e) On 31 March 2015, the Company further invested in the capital of its wholly-owned subsidiary, Eonsteel Sdn. Bhd., by way of subscribing for 180,000 redeemable preference shares of RM1.00 each at par value and the consideration payable for the said shares was settled by way of capitalisation of the amount due from Eonsteel Sdn. Bhd..



Notes to the Financial Statements

31 December 2014 (cont'd)

34. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of each reporting period may be analysed as follows:

	2014		2013	
	Group RM	Company RM	Group RM	Company RM
Total retained earnings of the Company and its subsidiaries:				
- Realised	101,792,282	21,623,336	106,152,215	3,506,733
- Unrealised	(1,973,850)	0	(2,103,933)	0
Total share of retained earnings from associate companies:	99,818,432	21,623,336	104,048,282	3,506,733
- Realised	0	0	0	0
Less: Consolidation adjustments	99,818,432 (42,948,060)	21,623,336 0	104,048,282 (44,483,959)	3,506,733 0
Total retained earnings	56,870,372	21,623,336	59,564,323	3,506,733



List of Properties

Owned by the Group

Location	Date of Revaluation / Acquisition	Tenure	Approximate Age of Building	Area (Square metres)	Description of property / Existing Use	Net Book Value at 31 December 2014 RM'000
Eonmetall Technology Sdn Bhd						
Grant 64234, Lot 1258, Mukim 12, Jalan Seruling, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang	1 January 2011 / 8 August 2000	Freehold	14 yrs	39,159	A factory building is erected on the adjoining parcels of the land	20,666
Grant 302, Lot 1259, Mukim 12, Jalan Seruling, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang	1 January 2011 / 8 August 2000	Freehold	14 yrs	11,198		
Eonmetall Industries Sdn Bhd						
Grant 33125, Lot 393, Mukim 12, Seberang Perai Selatan, Penang.	1 January 2011 / 18 July 2003	Freehold	7 yrs	62,887	Single storey detached factory and a three storey office	32,334
GM 652, Lot 20024 and GM 653, Lot 20025 Mukim 12, Seberang Perai Selatan, Penang.	8 March 2011	Freehold	3 yrs	11,028	Vacant land	1,190
Lot No. T-2317, Mukim 13 No. 35, Lorong Cempaka 28 14110 Simpang Ampat Seberang Perai Selatan, Penang.	- /1 April 2006	Freehold	8 yrs	116	Single storey terrace house / Residential premise for factory workers	79
Lot No. T-2318, Mukim 13 No. 37, Lorong Cempaka 28 14110 Simpang Ampat Seberang Perai Selatan, Penang.	- /1 April 2006	Freehold	8 yrs	116	Single storey terrace house / Residential premise for factory workers	79
Eonsteel Sdn Bhd						
Lot No. 387, Mukim 12, Seberang Perai Selatan, Penang.	1 January 2011 / 19 May 2009	Freehold	4 yrs	69,767	Single storey detached factory	31,209
Eonchem Biomass Sdn Bhd						
Lot No. 391, Mukim 12, Seberang Perai Selatan, Penang.	- /06 September 2012	Freehold	2 yrs	39,607	Single storey detached factory and single storey warehouse	12,545



Analysis of Shareholdings

Analysis of Shareholdings as at 9 April 2015

Authorised share capital	:	RM100,000,000.00
Issued and fully paid-up share capital	:	RM85,585,500.00 (inclusive of 2,516,000 treasury shares)
Class of share	:	Ordinary shares of RM0.50 each fully paid
Voting rights	:	On a show of hands one vote for every shareholder
	:	On a poll one vote for every ordinary share held

Substantial Shareholders

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1	Dato' Goh Cheng Huat	30,420,000	18.04	84,049,128 ▲	49.82
2	Datin Tan Pak Say	-	-	114,469,128 ●	67.87
3	Eonmetall Corporation Sdn. Bhd.	84,049,128	49.82	-	-

▲ Deemed interested via Eonmetall Corporation Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

● Deemed interested by virtue of her spouse's shareholding in Eonmetall Corporation Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and her spouse's direct shareholding in Eonmetall Corporation Sdn. Bhd.

Directors' Shareholdings

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1	* Tan Sri Dato' Mohd Desa bin Pachi	630,000	0.37	1,020,000 ■	0.60
2	~ Yeoh Cheng Chye	1,553,636	0.92	-	-
3	# Dato' Goh Cheng Huat	30,420,000	18.04	84,049,128 ▲	49.82
4	Goh Hong Kent (resigned on 27 August 2014)	-	-	-	-
5	◆ Goh Kee Seng	2,721,336	1.61	-	-
6	^ Tan Sri Dato' Soong Siew Hoong	510,000	0.30	496,600 □	0.29
7	^ Tang Yin Kham	-	-	-	-
8	⌘ Ibrahim Mahdi Phee (retired on 29 May 2014)	30,000	0.02	-	-
9	Dato' Wahab Bin Hamid	-	-	-	-

■ These shares are held in the name of child and is treated as interest of the Director in accordance with Section 134(12)(c) of the Companies Act, 1965.

▲ Deemed interested via Eonmetall Corporation Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

□ Deemed interested via Wirasawah Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965

By virtue of his interests in the shares of the Company, Dato' Goh Cheng Huat is also deemed to have interest in the shares of all the subsidiaries to the extent the Company has an interest.

* Option to subscribe for 270,000 shares in the Company pursuant to Employee Share Option Scheme.

Option to subscribe for 615,000 shares in the Company pursuant to Employee Share Option Scheme.

~ Option to subscribe for 675,000 shares in the Company pursuant to Employee Share Option Scheme.

◆ Option to subscribe for 210,000 shares in the Company pursuant to Employee Share Option Scheme.

^ Option to subscribe for 315,000 shares in the Company pursuant to Employee Share Option Scheme.

⌘ Option to subscribe for 525,000 shares in the Company pursuant to Employee Share Option Scheme.



Analysis of Shareholdings (cont'd)

Distribution Schedule

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	34	2.18	1,631	0.00
100 - 1,000	316	20.26	105,869	0.06
1,001 - 10,000	688	44.10	3,548,677	2.07
10,001 - 100,000	450	28.84	15,194,523	8.88
100,001 - 8,558,549	70	4.49	38,061,172	22.24
8,558,550 - 171,171,000	2	0.13	114,259,128	66.75
TOTAL	1,560	100.00	171,171,000	100.00

Thirty Largest Shareholders

Name	No. of Shares	% of Issued Share Capital
1 EONMETALL CORPORATION SDN BHD	42,049,128	24.932
2 GOH CHENG HUAT	27,243,000	16.153
3 EONMETALL CORPORATION SDN BHD	21,000,000	12.451
4 EONMETALL CORPORATION SDN BHD	21,000,000	12.451
5 MARAJATI SDN. BHD.	5,555,000	3.294
6 UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KOCK NAI SUAN</i>	3,261,500	1.934
7 GOH CHENG HUAT	2,967,000	1.759
8 AMSEC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GOH KEE SENG (EGB)</i>	2,406,336	1.427
9 KOCK NAI SUAN	2,000,000	1.186
10 UOB KAY HIAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)</i>	1,840,000	1.091
11 CHIN KOK TIAN	1,147,500	0.680
12 TAI HO FAH	1,018,400	0.604
13 TA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR MOHD DESMAN ANNUAR BIN MD DESA</i>	1,005,000	0.596
14 FOO CHEK HENG	1,000,000	0.593
15 YEOH CHENG CHYE	803,636	0.476
16 UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)</i>	766,400	0.454
17 YEOH CHENG CHYE	750,000	0.445
18 MD DESA BIN PACHI	630,000	0.374
19 RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN GAIK SUAN</i>	564,500	0.335
20 GOH KEE SENG	525,000	0.311



Analysis of Shareholdings (cont'd)

Thirty Largest Shareholders (cont'd)

Name	No. of Shares	% of Issued Share Capital
21 SOONG @ SOONG SIEW HOONG	510,000	0.302
22 WIRASAWAH SDN BHD	496,600	0.294
23 CHOOI LOO SEE	459,500	0.272
24 LEE JOOI SENG	436,600	0.259
25 MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YEAP BAN AIK</i>	426,900	0.253
26 PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE SIE TONG @ LEE AH TONG (E-PLT/CST)</i>	413,500	0.245
27 KHONG KIM HUAY	395,200	0.234
28 MAN FOH @ CHAN MAN FOH	378,000	0.224
29 TA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR PHUA LEE PING</i>	323,200	0.192
30 DOO ENG KIAT	310,000	0.184



Proxy Form

I/We, _____
(Full name in block letters)
of _____
(Address)
being a Member of Eonmetall Group Berhad, hereby appoint _____
(Full name in block letters)
of _____
(Address)
or failing him, _____
(Full name in block letters)
of _____
(Address)

as my/our proxy, to vote for me/us and on my/our behalf at the Twelfth (12th) Annual General Meeting of the Company to be held at First Floor, Lot 393, MK 12, Kawasan Perusahaan Valdor, 14200 Sungai Bakap, Penang on Friday, 29 May 2015 at 2:00 pm and at any adjournment thereof.

	ORDINARY RESOLUTIONS									
	1	2	3	4	5	6	7	8	9	10
FOR										
AGAINST										

(Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.)

* Strike out whichever is not desired.

Signed this _____ day of _____ 2015.

For appointment of two (2) proxies, no. of shares and percentage of shareholdings to be represented by the each proxy:		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Signature of Shareholder(s)/Common Seal

Notes:

- A proxy may but need not be a Member or a qualified legal practitioner or an approved company auditor or a person approved by the Registrar.
- To be valid, this Proxy Form, duly completed must be deposited at the Registered Office of the Company at Suite 16-1, (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty eight (48) hours before the time for holding the meeting Provided That in the event the Member(s) duly executes the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s).
- A Member shall be entitled to appoint two (2) or more proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. If a Member appoints two (2) proxies, he must specify which proxy is entitled to vote on a show of hands. Only one (1) of those proxies is entitled to vote on a show of hands.
- Where a Member is an authorised nominee as defined under the Security Industry (Central Depositories) Act 1991 ("SICDA") it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- If the appointor is a corporation this Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the members to speak at the meeting.
- In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 22 May 2015 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote in his/her behalf.



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To:

Joint Company Secretaries
Eonmetall Group Berhad (631617-D)
Suite 16-1, (Penthouse Upper)
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang, Malaysia

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EONMETALL GROUP BERHAD (631617-D)

Plant 1

Lot 1258 & 1259, MK 12, Jalan Seruling,
Kawasan Perusahaan Valdor,
14200 Sungai Bakap, Penang, Malaysia.
T : +604 582 8323 F : +604 582 1525
E : info@eonmetall.com

Plant 2

Lot 393, MK 12, Kawasan Perusahaan Valdor,
14200 Sungai Bakap, Penang, Malaysia.
T : +604 582 8651 F : +604 582 8727
E : info@eonmetall.com

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