



LEADER STEEL HOLDINGS BERHAD
(Company No. 267209-K)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED 30 SEPTEMBER 2019 RM'000 (Unaudited)	2018 RM'000 (Unaudited)	9 MONTHS ENDED 30 SEPTEMBER 2019 RM'000 (Unaudited)	2018 RM'000 (Unaudited)
Continuing operations					
Revenue		89,385	76,074	223,984	201,844
Operating expenses		(87,790)	(72,731)	(219,067)	(187,784)
Operating profit		1,595	3,343	4,917	14,060
Depreciation		(1,599)	(1,674)	(4,887)	(5,148)
Finance costs		(1,057)	(827)	(2,763)	(2,219)
(Loss)/Profit before tax		(1,061)	842	(2,733)	6,693
Tax expense	B5	(118)	(113)	(212)	(2,112)
Net (loss)/profit from continuing operations		(1,179)	729	(2,945)	4,581
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Items that will not be reclassified subsequently to profit or loss:-					
- Gross revaluation increase of properties		0	0	4,285	0
- Deferred tax relating to revalued properties		0	0	412	0
Other comprehensive income for the financial period		0	0	4,697	0
(LOSS)/PROFIT FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE (LOSS)/INCOME		(1,179)	729	1,752	4,581
Net (loss)/profit for the financial period attributable to:-					
Equity holders of the company		(1,153)	755	(2,867)	4,670
Non-controlling interests		(26)	(26)	(78)	(89)
NET (LOSS)/PROFIT		(1,179)	729	(2,945)	4,581
Total comprehensive (loss)/income for the financial period attributable to:-					
Equity holders of the company		(1,153)	755	1,830	4,670
Non-controlling interests		(26)	(26)	(78)	(89)
TOTAL COMPREHENSIVE (LOSS)/INCOME		(1,179)	729	1,752	4,581
Basic (loss)/earnings per ordinary share (sen)	B10	(0.91)	0.59	(2.26)	3.68
Diluted earnings per ordinary share (sen)	B10	N.A	N.A	N.A	N.A

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2018.



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	NOTE	30 SEP 2019 RM'000 (Unaudited)	31 DEC 2018 RM'000 (Audited)
ASSETS			
Property, plant and equipment		156,231	156,906
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		156,289	156,964
Inventories		81,645	88,238
Trade and other receivables		37,578	32,936
Current tax assets		2,757	2,050
Cash and cash equivalents		2,514	7,791
TOTAL CURRENT ASSETS		124,494	131,015
TOTAL ASSETS		280,783	287,979
EQUITY			
Share capital		64,020	64,020
Treasury shares		(1,560)	(1,451)
Reserves		82,761	80,931
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		145,221	143,500
Non-controlling interests		131	209
TOTAL EQUITY		145,352	143,709
LIABILITIES			
Borrowings	B8	234	619
Deferred tax liabilities		13,550	13,963
TOTAL NON-CURRENT LIABILITIES		13,784	14,582
Trade and other payables		20,361	32,428
Borrowings	B8	101,234	97,208
Current tax liabilities		52	52
TOTAL CURRENT LIABILITIES		121,647	129,688
TOTAL LIABILITIES		135,431	144,270
TOTAL EQUITY AND LIABILITIES		280,783	287,979
Net Assets Per Share (Sen)		113	112

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2018.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	30 SEP 2019	30 SEP 2018
	RM'000	RM'000
(Loss)/Profit before tax	(2,733)	6,693
Adjustments for:		
Depreciation	4,887	5,148
Interest expenses	2,763	2,219
Unrealised foreign exchange loss	78	(124)
(Gain)/Loss on disposal of property, plant and equipment	(38)	1
Operating profit before working capital changes	<u>4,957</u>	<u>13,937</u>
Changes in:-		
Inventories	6,593	(4,337)
Trade and other receivables	(4,691)	5,864
Trade and other payables	(12,096)	213
Cash (used in)/generated from operations	<u>(5,237)</u>	<u>15,677</u>
Tax paid	(920)	(2,405)
Tax refunded	0	11
Interest paid	(2,763)	(2,218)
Net cash (used in)/from operating activities	<u>(8,920)</u>	<u>11,064</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	3,238	1
Purchase of property, plant and equipment	(2,994)	(4,187)
Net cash generated from/(used in) investing activities	<u>244</u>	<u>(4,186)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in short-term loans and borrowings	966	(6,805)
Purchase of treasury shares	(109)	(217)
Repayment of hire purchase obligations	(865)	(399)
Repayment of term loans	(80)	(1,568)
Proceed from term loans	2,400	0
Net cash generated from/(used in) financing activities	<u>2,312</u>	<u>(8,989)</u>
Net decrease in cash and cash equivalents	(6,364)	(2,111)
Cash and cash equivalents brought forward	7,019	6,422
Cash and cash equivalents carried forward	<u>655</u>	<u>4,311</u>
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	2,514	4,920
Bank overdrafts	(1,859)	(609)
	<u>655</u>	<u>4,311</u>



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Attributable to equity holders of the Company				Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Retained Earnings RM'000			
Balance as at 1 January 2019	64,020	57,444	(1,451)	23,487	143,500	209	143,709
Loss for the financial period	0	0	0	(2,867)	(2,867)	(78)	(2,945)
Gross revaluation increase of properties	0	4,285	0	0	4,285	0	4,285
Deferred tax relating to revalued properties	0	412	0	0	412	0	412
Total comprehensive income/(loss) for the period	0	4,697	0	(2,867)	1,830	(78)	1,752
Transactions with owners							
Purchase of treasury shares	0	0	(109)	0	(109)	0	(109)
Total transactions with owners	0	0	(109)	0	(109)	0	(109)
Balance as at 30 September 2019	64,020	62,141	(1,560)	20,620	145,221	131	145,352

	Attributable to equity holders of the Company				Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Retained Earnings RM'000			
Balance as at 1 January 2018	64,020	57,915	(1,057)	19,723	140,601	(45)	140,556
Opening balance adjustments from adoption of MFRS 9	0	0	0	(576)	(576)	0	(576)
Restated balance as at 1 January 2018	64,020	57,915	(1,057)	19,147	140,025	(45)	139,980
Profit/(Loss) for the financial period	0	0	0	4,670	4,670	(89)	4,581
Total comprehensive income/(loss) for the period	0	0	0	4,670	4,670	(89)	4,581
Transactions with owners							
Purchase of treasury shares	0	0	(217)	0	(217)	0	(217)
Total transactions with owners	0	0	(217)	0	(217)	0	(217)
Balance as at 30 September 2018	64,020	57,915	(1,274)	23,817	144,478	(134)	144,344

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2018.

LEADER STEEL HOLDINGS BERHAD

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A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards 134 (MFRS134): “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2018.

Adoption of Standards, Amendments and Issues Committee (“IC”) Interpretations and changes in accounting policies

During the financial period, the Group has adopted the following Standards, Amendments and IC Interpretations:

MFRS 16	<i>Leases</i>
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to MFRS 128	<i>Long-term Interests in Associates and Joint Ventures</i>
Amendments to MFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to MFRS 3	<i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>
Amendments to MFRS 11	<i>Annual Improvements to MFRS Standard 2015 – 2017 Cycle</i>
Amendments to MFRS 112	<i>Annual Improvements to MFRS Standard 2015 – 2017 Cycle</i>
Amendments to MFRS 123	<i>Annual Improvements to MFRS Standard 2015 – 2017 Cycle</i>
Amendments to MFRS 119	<i>Plan Amendment, Curtailment or Settlement</i>

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group.

Standards issued but not yet effective

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been earlier adopted by the Group:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

A1. Basis of Preparation (Continued)

Standards issued but not yet effective (Continued)

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial periods.

A2. Seasonal or Cyclical Factors

The business of the Group was not affected by any significant seasonal or cyclical factors.

A3. Unusual Items

There were no items of unusual nature, size or incidence which affect assets, liabilities, equity, net income or cash flows during the current quarter under review.

A4. Changes in Accounting Estimates

There were no changes in accounting estimates of amounts reported in prior year that have a material effect in the current quarter under review.

A5. Debts and Equity or Securities

Save as disclosed below, there were no issuance, cancellations, resale and repayment of debt and equity securities for the current quarter under review:-

The Company had bought back 379,700 of its own shares at a total cash consideration of RM109,324.50. The highest and the lowest price per share purchased were at RM0.295 and RM0.270 respectively.

A6. Dividend

No dividend was paid or declared for the current quarter under review.

A7. (Loss)/Profit for the Period

Current Quarter ended		Cumulative Period ended	
30-Sep 2019	30-Sep 2018	30-Sep 2019	30-Sep 2018
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	1,599	1,674	4,887	5,148
Interest expense	1,057	827	2,763	2,219
Foreign exchange loss/(gain)	165	(77)	357	157
Unrealised foreign exchange loss/(gain)	3	(36)	78	(124)

A8. Segment Information

Segmental reporting for the nine-month financial period ended 30 September 2019:

	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	65,375	174,697	0	240,072
- Inter-segment	0	0	(16,088)	(16,088)
Total Revenue	65,375	174,697	(16,088)	223,984
Results				
Operating profit	4,530	387	0	4,917
Depreciation	(624)	(4,263)	0	(4,887)
Finance cost	(688)	(2,075)	0	(2,763)
Tax expense	(210)	(2)	0	(212)
Segment profit/(loss)	3,008	(5,953)	0	(2,945)

A9. Events after the Interim Period

There is no event subsequent to the interim period.

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period-to-date except for the followings:

On 3 June 2019, the Group announced that the Company had, on 31 May 2019, incorporated a wholly-owned subsidiary known as Leader Smelting (Sarawak) Sdn. Bhd. ("LSmelting"). The initial paid-up share capital of LSmelting is RM1 comprised of 1 ordinary share. The intended business activities of LSmelting are manufacturing, smelting, fabricating, contracting, trading, export, import, wholesale, retail and deal with all kinds of long and flat steel products, alloy metal products, minerals ores and any related and by-products.

On 31 July 2019, the Group announced an internal restructuring whereby Leader Steel Holdings Berhad ("LSH") has transferred its 100% equity stake in its subsidiary, Ferronet Asia Sdn. Bhd. ("FNA") to Leader Steel Service Centre Sdn. Bhd. ("LSSC") for a total nominal cash consideration of RM2.00. Following the completion of the Internal Restructuring, FNA will be a sub-subsidiary of LSH and a wholly-owned subsidiary of LSSC.

On 28 September 2019, the Group has disposed of 500 ordinary shares in ACME United Sdn. Bhd. ("ACME"), representing 0.5% equity interest in ACME for a cash consideration of RM2.00.

On 2 October 2019, the Group has incorporated a subsidiary known as Golden Infratech Sdn. Bhd. ("GISB"). The initial paid-up share capital of GISB is RM1 comprised of 1 ordinary share. The intended business activities of GISB are manufacturing, smelting, fabricating, contracting, trading, export, import, wholesale, retail and deal with all kinds of long and flat steel products, alloy metal products, minerals ores and any related and by-products.

A11. Capital Commitment

There is no commitment in respect of capital expenditure on property, plant and equipment for current quarter.

A12. Changes in Contingent Liabilities

There is no contingent liability for current quarter.

A13. Related Party Transactions

Companies in which certain directors are deemed to have substantial financial interests	9 months ended 30 September 2019
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	2,164
Purchase of goods	(213)
Purchase of machinery parts	691
Rental expense	225
	2,867

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Current quarter compared to the corresponding quarter of last year

The Group achieved a total revenue of RM89.39 million for the current quarter under review representing an increase of RM13.32 million from RM76.07 million recorded in the preceding year's corresponding quarter.

The improvement in performance was mainly due to the increase in revenue from trading of minerals segment, which recorded an increase of RM18.93 million from RM17.55 million to RM36.48 million.

Revenue from manufacturing of steel product of the current quarter as compared to preceding year's corresponding quarter showed a decrease of RM5.61 million from RM58.52 million to RM 52.91 million. The decrease in revenue was mainly due to lower selling price in the current quarter compared to the preceding year's corresponding quarter.

Our Group reported loss before tax of RM1.06 million as compared to the preceding year's corresponding quarter profit before tax of RM0.84 million, representing a decrease of RM1.90 million. The decrease in profit was due to lower profit margin in manufacturing segment.

B2. Current quarter compared to the preceding quarter

During the quarter under review, the Group reported a revenue of RM89.39 million as compared to RM61.75 million in the preceding quarter.

The Group's revenue during the current quarter had increased by RM27.64 million. It was mainly due to an increase in trading of minerals for the current quarter compared to the preceding quarter, which recorded an increase of RM24.11 million from RM12.37 million to RM36.48 million. The increase in revenue was mainly due to higher sales tonnage in the current quarter compared to preceding quarter.

Revenue from manufacturing of steel products segment of the current quarter compared to the preceding quarter recorded an increase of RM3.53 million from RM49.38 million to RM52.91 million.

Our Group has reported loss before tax amounting to RM1.06 million in the current quarter as compared to profit before tax of RM0.23 million in the preceding quarter. This represents a decrease of RM1.29 million in the current quarter. The decrease in profit was due to lower profit margin in manufacturing segment.

B3. Prospects

Continued uncertainties in the construction market shrouds the domestic steel products market in this festive season. Domestic steel players continue to be challenged by sluggish market activity and input cost pressure. Despite market sentiment anticipating a moderate recovery in steel products demand beginning second quarter next year, margin pressure may still persist in the short term. Our minerals segment is expected to maintain its measured growth.

We continue to focus our strategies and priorities on further strengthening our position in the domestic steel market and increasing presence in targeted overseas market. We will exercise prudence and hope to achieve a satisfactory performance in this challenging business environment.

B4. Profit Forecast

Not applicable as no profit forecast was issued.

B5. Tax Expense

	Current Quarter 3 months ended 30 Sep		Cumulative Quarter 9 months ended 30 Sep	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysian tax				
- Current tax	(116)	(113)	(210)	(2,112)
- Prior year tax	(2)	-	(2)	-
Total tax expense	(118)	(113)	(212)	(2,112)

Income tax is calculated at the Malaysia statutory tax rate of 24% of the estimated assessable profit for the year.

B6. Audit Report

The audited report of the preceding annual financial statements ended 31 December 2018 was not subject to any qualification.

B7. Status of Corporate Proposal Announced

There are no other corporate proposals announced but not completed as at the date of issue of this announcement.

B8. Borrowings

	30-Sep-19
	RM'000
Short term borrowings	
Secured	2,320
Unsecured	98,141
Finance lease liabilities	773
	<u>101,234</u>
Long term borrowings	
Finance lease liabilities	234
	<u>234</u>

B9. Changes in Material Litigation

There were no outstanding material litigations as at the date of this announcement.

B10. (Loss)/Earnings per Ordinary Share

	Current Quarter		Cumulative Period	
	Ended 30-Sep		Ended 30-Sep	
	2019	2018	2019	2018
Net (loss)/earnings attributable to ordinary equity holders of the Company (RM'000)	(1,153)	755	(2,867)	4,670
Weighted average number of ordinary shares ('000)	126,786	126,935	126,786	126,935
Basic (loss)/earnings per share (sen)	(0.91)	0.59	(2.26)	3.68

By the order of the Board

Datin Tan Pak Say
Managing Director
Penang