



LEADER STEEL HOLDINGS BERHAD
(Registration No. 199301012471 (267209-K))
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED		3 MONTHS ENDED	
		31 MARCH		31 MARCH	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations					
Revenue		60,146	72,848	60,146	72,848
Operating expenses		(57,145)	(72,232)	(57,145)	(72,232)
Operating profit		3,001	616	3,001	616
Depreciation		(1,443)	(1,662)	(1,443)	(1,662)
Finance costs		(933)	(850)	(933)	(850)
Profit/(Loss) before tax		625	(1,896)	625	(1,896)
Tax income	B5	11	0	11	0
PROFIT/(LOSS) FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS)		636	(1,896)	636	(1,896)
Net profit/(loss) for the financial period attributable to:-					
Equity holders of the company		642	(1,871)	642	(1,871)
Non-controlling interests		(6)	(25)	(6)	(25)
NET PROFIT/(LOSS)		636	(1,896)	636	(1,896)
Total comprehensive income/(loss) for the financial period attributable to:-					
Equity holders of the company		642	(1,871)	642	(1,871)
Non-controlling interests		(6)	(25)	(6)	(25)
TOTAL COMPREHENSIVE INCOME/(LOSS)		636	(1,896)	636	(1,896)
Basic earnings/(loss) per ordinary share (sen)	B10	0.51	(1.48)	0.51	(1.48)
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 2019.



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	NOTE	31 MAR 2020 RM'000 (Unaudited)	31 DEC 2019 RM'000 (Audited)
ASSETS			
Property, plant and equipment		133,387	134,382
Right-of-use assets		26,392	26,719
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		159,837	161,159
Inventories		72,125	72,631
Trade and other receivables		56,002	38,155
Current tax assets		3,061	2,945
Cash and cash equivalents		15,477	3,058
TOTAL CURRENT ASSETS		146,665	116,789
TOTAL ASSETS		306,502	277,948
EQUITY			
Share capital		64,020	64,020
Treasury shares		(1,759)	(1,567)
Reserves		90,902	90,260
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		153,163	152,713
Non-controlling interests		112	118
TOTAL EQUITY		153,275	152,831
LIABILITIES			
Borrowings	B8	1,600	1,720
Lease liabilities		230	275
Deferred tax liabilities		15,345	15,345
TOTAL NON-CURRENT LIABILITIES		17,175	17,340
Trade and other payables		33,797	19,796
Borrowings	B8	101,651	87,124
Lease liabilities		604	806
Current tax liabilities		0	51
TOTAL CURRENT LIABILITIES		136,052	107,777
TOTAL LIABILITIES		153,227	125,117
TOTAL EQUITY AND LIABILITIES		306,502	277,948
Net Assets Per Share (Sen)		120	119

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 2019.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	31 MAR 2020	31 MAR 2019
	RM'000	RM'000
Profit/(Loss) before tax	625	(1,896)
Adjustments for:		
Depreciation of property, plant and equipment	1,116	1,662
Depreciation of right-of-use assets	327	0
Interest expenses	933	850
Unrealised foreign exchange loss	480	64
Operating profit before working capital changes	3,481	680
Changes in:-		
Inventories	506	12,744
Trade and other receivables	(17,810)	8,457
Trade and other payables	13,325	(11,209)
Cash generated from operations	(498)	10,672
Tax paid	(157)	(507)
Interest paid	(933)	(850)
Net cash (used in)/generated from operating activities	(1,588)	9,315
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(121)	(1,909)
Net cash used in investing activities	(121)	(1,909)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in short-term loans and borrowings	15,411	(9,229)
Purchase of treasury shares	(192)	0
Repayment of lease liabilities	(247)	(269)
Repayment of term loans	(120)	0
Net cash generated/(used in) from financing activities	14,852	(9,498)
Currency translation differences	159	0
Net increase/(decrease) in cash and cash equivalents	13,302	(2,092)
Cash and cash equivalents brought forward	1,937	7,019
Cash and cash equivalents carried forward	15,239	4,927
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	15,477	4,927
Bank overdrafts	(238)	0
	15,239	4,927



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	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 2020	64,020	68,882	(1,567)	21,378	152,713	118	152,831
Profit/(Loss) for the financial period	0	0	0	642	642	(6)	636
Total comprehensive income/(loss) for the period	0	0	0	642	642	(6)	636
Transactions with owners							
Purchase of treasury shares	0	0	(192)	0	(192)	0	(192)
Total transactions with owners	0	0	(192)	0	(192)	0	(192)
Balance as at 31 March 2020	64,020	68,882	(1,759)	22,020	153,163	112	153,275

	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	(1,871)	(1,871)	(25)	(1,896)
Total comprehensive loss for the period	0	0	0	(1,871)	(1,871)	(25)	(1,896)
Transactions with owners							
Purchase of treasury shares	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0
Balance as at 31 March 2019	64,020	57,444	(1,451)	21,616	141,629	184	141,813

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 2019.

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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 2019.

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 2019.

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:

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 Definition of a Business

Amendments to MFRS 101 and MFRS 108 Definition of Material

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

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>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2022
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

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 675,600 of its own shares at a total cash consideration of RM191,652.00. The highest and the lowest price per share purchased were at RM0.300 and RM0.265 respectively.

A6. Dividend

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

A7. Profit/(Loss) for the Period

Current Quarter ended		Cumulative Period ended	
31-Mar 2020	31-Mar 2019	31-Mar 2020	31-Mar 2019
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	1,116	1,662	1,116	1,662
Depreciation of right-of-use assets	327	0	327	0
Interest expense	933	850	933	850
Foreign exchange (gain)/loss	(238)	82	(238)	82
Unrealised foreign exchange loss	480	64	480	64

A8. Segment Information

Segmental reporting for the cumulative period ended 31 March 2020:

	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	21,627	38,765	0	60,392
- Inter-segment	0	0	(246)	(246)
Total Revenue	21,627	38,765	(246)	60,146
Results				
Operating profit	901	2,100	0	3,001
Depreciation of - property, plant and equipment	(24)	(1,092)	0	(1,116)
- right-of-use assets	(30)	(297)	0	(327)
Finance cost	(232)	(701)	0	(933)
Tax income	11	0	0	11
Segment profit	626	10	0	636

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.

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	3 months ended 31 March 2020
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Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	361
Purchase of goods	16
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	377

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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 RM60.15 million for the current quarter under review representing a decrease of RM12.70 million or 17.43% from RM72.85 million recorded in the preceding year corresponding quarter.

The decline in performance was mainly due to the decrease in revenue from manufacturing of steel products segment, which recorded a decrease of RM17.8 million or 31.61% from RM56.32 million to RM38.52 million.

Revenue from trading of minerals segment of the current quarter as compared to preceding year's corresponding quarter showed an increase of RM5.10 million or 30.85% from RM16.53 million to RM 21.63 million. The growth in revenue was mainly due to higher sales tonnage in the current quarter compared to the preceding year's corresponding quarter.

Our Group reported profit before tax of RM0.63 million as compared to the preceding year's corresponding quarter loss before tax of RM1.90 million, representing an increase of RM2.53 million or 133.16%. This was mainly due to the lower raw material cost and operating expenses during the current quarter.

B2. Current quarter compared to the preceding quarter

During the quarter under review, the Group reported a revenue of RM60.15 million as compared to RM73.36 million in the preceding quarter.

The Group's revenue during the current quarter had decreased by RM13.21 million or 18.01%. It was mainly due to a decrease in manufacturing of steel products segment for the current quarter compared to the preceding quarter, which recorded a decrease of RM18.15 million or 32.03% from RM56.67 million to RM38.52 million. The decrease in revenue was partly due to temporary ceasing of business operations during Movement Control Order imposed by the government due to covid-19 pandemic.

Revenue from trading of minerals segment of the current quarter compared to the preceding quarter recorded an increase of RM4.94 million or 29.60% from RM16.69 million to RM21.63 million.

Our Group has reported profit before tax amounting to RM0.63 million in the current quarter as compared to loss before tax of RM0.36 million in the preceding quarter. This represents an increase of RM0.99 million or 275.00% in the current quarter. This was mainly due to the lower raw material cost and operating expenses during the current quarter.

B3. Prospects

Economies all around the world are experiencing unprecedented economic slowdown amidst rising concerns of the COVID-19 pandemic and Malaysian companies are not spared.

Being categorized as a non-essential industry by the Malaysian government, the Group's operation were shut down on 18 March 2020 in compliance with the implementation of the MCO by the federal government. Although the Group has obtained permission from MITI to begin operations on 4 May 2020, the Group's overall situation is expected to remain unpredictable for now.

We shall continue to focus our strategies and priorities on strengthening our position in the domestic steel market. We will exercise caution and hope to achieve a satisfactory performance in this turbulent business environment.

B4. Profit Forecast

Not applicable as no profit forecast was issued.

B5. Tax income

	Current Quarter 3 months ended 31 Mar		Cumulative Period 3 months ended 31 Mar	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysian tax				
- Current tax	0	0	0	0
- Prior year tax	11	0	11	0
- Deferred tax	0	0	0	0
Total tax income	11	0	11	0

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 2019 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

	31-Mar-20
	RM'000
Short term borrowings	
Secured	480
Unsecured	101,171
	<u>101,651</u>
Long term borrowings	
Secured	1,600
	<u>1,600</u>

B9. Changes in Material Litigation

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

B10. Earnings/(Loss) per Ordinary Share

	Current Quarter		Cumulative Period	
	Ended 31-Mar		Ended 31-Mar	
	2020	2019	2020	2019
Net earnings/(loss) attributable to ordinary equity holders of the Company (RM'000)	642	(1,871)	642	(1,871)
Weighted average number of ordinary shares ('000)	126,126	126,789	126,126	126,789
Basic earnings/(loss) per share (sen)	0.51	(1.48)	0.51	(1.48)

By the order of the Board

Datin Tan Pak Say
Managing Director
Penang
26 June 2020