



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 YEAR ENDED 31 DECEMBER 2019**

	NOTE	CURRENT 3 MONTHS ENDED 31 DECEMBER		CUMULATIVE 12 MONTHS ENDED 31 DECEMBER	
		2019 RM'000 (Unaudited)	2018 RM'000 (Audited)	2019 RM'000 (Unaudited)	2018 RM'000 (Audited)
Continuing operations					
Revenue		73,356	82,188	297,340	284,032
Operating expenses		(70,702)	(80,590)	(289,767)	(268,374)
Operating profit		2,654	1,598	7,573	15,658
Depreciation		(1,943)	(1,698)	(6,830)	(6,846)
Finance costs		(1,074)	(723)	(3,837)	(2,942)
(Loss)/ Profit before tax		(363)	(823)	(3,094)	5,870
Tax expense	B5	1,106	1,484	894	(628)
Net profit/(loss) from continuing operations		743	661	(2,200)	5,242
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Items that will not be reclassified subsequently to profit or loss:-					
- Gross revaluation increase of properties		9,408	0	13,693	0
- Deferred tax relating to revalued properties		(2,667)	(471)	(2,255)	(471)
Other comprehensive income/(loss) for the financial period		6,741	(471)	11,438	(471)
PROFIT FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME		7,484	190	9,238	4,771
Net (loss)/profit for the financial period attributable to:-					
Equity holders of the company		758	318	(2,108)	4,988
Non-controlling interests		(15)	343	(92)	254
NET PROFIT/(LOSS)		743	661	(2,200)	5,242
Total comprehensive income for the financial period attributable to:-					
Equity holders of the company		7,499	(153)	9,330	4,517
Non-controlling interests		(15)	343	(92)	254
TOTAL COMPREHENSIVE INCOME		7,484	190	9,238	4,771
Basic earnings/(loss) per ordinary share (sen)	B10	0.60	0.25	(1.66)	3.93
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
 (Registration No. 199301012471 (267209-K))
 (Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	NOTE	31 DEC 2019 RM'000 (Unaudited)	31 DEC 2018 RM'000 (Audited)
ASSETS			
Property, plant and equipment		134,381	156,906
Right-of-use assets		26,719	0
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		161,158	156,964
Inventories		72,631	88,238
Trade and other receivables		34,599	32,936
Current tax assets		2,945	2,050
Cash and cash equivalents		3,058	7,791
TOTAL CURRENT ASSETS		113,233	131,015
TOTAL ASSETS		274,391	287,979
EQUITY			
Share capital		64,020	64,020
Treasury shares		(1,567)	(1,451)
Reserves		90,261	80,931
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		152,714	143,500
Non-controlling interests		117	209
TOTAL EQUITY		152,831	143,709
LIABILITIES			
Borrowings	B8	1,720	619
Lease liabilities		275	0
Deferred tax liabilities		15,344	13,963
TOTAL NON-CURRENT LIABILITIES		17,339	14,582
Trade and other payables		16,642	32,428
Borrowings	B8	86,721	97,208
Lease liabilities		806	0
Current tax liabilities		52	52
TOTAL CURRENT LIABILITIES		104,221	129,688
TOTAL LIABILITIES		121,560	144,270
TOTAL EQUITY AND LIABILITIES		274,391	287,979
Net Assets Per Share (Sen)		119	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
(Registration No. 199301012471 (267209-K))
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	31 DEC 2019	31 DEC 2018
	RM'000	RM'000
(Loss)/Profit before tax	(3,094)	5,870
Adjustments for:		
Depreciation of property, plant and equipment	6,462	6,846
Depreciation of right-of-use assets	368	0
Interest expenses	3,837	2,942
Impairment losses on trade receivables	317	1,158
Inventories written down	272	2,011
Reversal of impairment losses on trade receivables	(1,833)	(1,724)
Unrealised foreign exchange loss	(45)	(256)
(Gain)/Loss on disposal of property, plant and equipment	(2,748)	6
Operating profit before working capital changes	<u>3,536</u>	<u>16,853</u>
Changes in:-		
Inventories	15,335	(33,891)
Trade and other receivables	(267)	12,662
Trade and other payables	(15,460)	11,801
Cash generated from operations	<u>3,144</u>	<u>7,425</u>
Tax paid	(920)	(2,749)
Tax refunded	45	12
Interest paid	(3,814)	(37)
Net cash (used in)/generated from operating activities	<u>(1,545)</u>	<u>4,651</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	9,169	1
Purchase of property, plant and equipment	(3,019)	(8,680)
Net cash generated from/(used in) investing activities	<u>6,150</u>	<u>(8,679)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease)/increase in short-term loans and borrowings	(10,198)	8,236
Purchase of treasury shares	(116)	(394)
Repayment of lease liabilities	(384)	0
Repayment of hire purchase obligations	(1,139)	(1,320)
Repayment of term loans	(200)	(1,998)
Proceed from term loans	2,400	0
Net cash (used in)/generated from financing activities	<u>(9,637)</u>	<u>4,524</u>
Currency translation differences	(50)	101
Net (decrease)/increase in cash and cash equivalents	<u>(5,082)</u>	<u>597</u>
Cash and cash equivalents brought forward	7,019	6,422
Cash and cash equivalents carried forward	<u>1,937</u>	<u>7,019</u>
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	3,058	7,791
Bank overdrafts	(1,121)	(772)
	<u>1,937</u>	<u>7,019</u>



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Attributable to equity holders of the Company						Total Equity RM'000
	Share Capital RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- Controlling Interests 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	(2,108)	(2,108)	(92)	(2,200)
Gross revaluation increase of properties	0	13,693	0	0	13,693	0	13,693
Deferred tax relating to revalued properties	0	(2,255)	0	0	(2,255)	0	(2,255)
Total comprehensive income/(loss) for the period	0	11,438	0	(2,108)	9,330	(92)	9,238
Transactions with owners							
Purchase of treasury shares	0	0	(116)	0	(116)	0	(116)
Total transactions with owners	0	0	(116)	0	(116)	0	(116)
Balance as at 31 December 2019	64,020	68,882	(1,567)	21,379	152,714	117	152,831

	Attributable to equity holders of the Company						Total Equity RM'000
	Share Capital RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- Controlling Interests 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	(1,224)	(1,224)	0	(1,224)
Restated balance as at 1 January 2018	64,020	57,915	(1,057)	18,499	139,377	(45)	139,332
Profit/(Loss) for the financial period	0	0	0	4,988	4,988	254	5,242
Deferred tax relating to revalued properties	0	(471)	0	0	(471)	0	(471)
Total comprehensive income/(loss) for the period	0	(471)	0	4,988	4,517	254	4,771
Transactions with owners							
Purchase of treasury shares	0	0	(394)	0	(394)	0	(394)
Total transactions with owners	0	0	(394)	0	(394)	0	(394)
Balance as at 31 December 2018	64,020	57,444	(1,451)	23,487	143,500	209	143,709

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

(Registration No. 199301012471 (267209-K))

(Incorporated in Malaysia)

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 except for the adoption of MFRS 16 as described in the following sections.

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have a material impact for leases for which the Group is the lessor.

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented is not restated.

A1. Basis of Preparation (Continued)

MFRS 16 Leases (Continued)

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 January 2019. The incremental borrowing rates of the Group applied to the lease liabilities on 1 January 2019 was 4.35%

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the financial statements as at 31 December 2018.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

On transition to MFRS 16, the Group recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

Group	As at 31		As at 1
	December	Impact	January
	2018		2019
	RM'000	RM'000	RM'000
Property, plant and equipment	156,906	(22,795)	134,111
Right-of-use assets	-	23,505	23,505
Borrowings	97,828	(1,738)	96,090
Lease liabilities	-	2,448	2,448

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>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</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

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 402,900 of its own shares at a total cash consideration of RM116,052.50. 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	
31-Dec 2019	31-Dec 2018	31-Dec 2019	31-Dec 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	1,575	1,698	6,462	6,846
Depreciation of right-of-use assets	368	0	368	0
Interest expense	1,074	723	3,837	2,942
Foreign exchange loss	23	250	380	406
Unrealised foreign exchange gain	(122)	(132)	(45)	(256)

A8. Segment Information

Segmental reporting for the cumulative period ended 31 December 2019:

	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	82,063	232,447	0	314,510
- Inter-segment	0	0	(17,170)	(17,170)
Total Revenue	82,063	232,447	(17,170)	297,340
Results				
Operating profit	6,467	1,496	(390)	7,573
Depreciation of - property, plant and equipment	(802)	(5,660)	0	(6,462)
- right-of-use assets	(68)	(778)	478	(368)
Finance cost	(894)	(2,996)	53	(3,837)
Tax expense	0	894	0	894
Segment profit/(loss)	4,703	(7,044)	141	(2,200)

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 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	12 months ended 31 December 2019
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	2,524
Purchase of goods	(171)
Purchase of machinery parts	691
Rental expense	300
	<u>3,344</u>

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 RM73.36 million for the current quarter under review representing a decrease of RM8.83 million or 10.74% from RM82.19 million recorded in the preceding year corresponding quarter.

The decline in performance was mainly due to the decrease in revenue from trading of minerals segment, which recorded a decrease of RM11.14 million or 40.03% from RM27.83 million to RM16.69 million.

Revenue from manufacturing of steel product of the current quarter as compared to preceding year corresponding quarter showed an increase of RM2.31 million or 4.25% from RM54.36 million to RM56.67 million. The increase in revenue was mainly due to higher sales tonnage in the current quarter compared to the preceding year corresponding quarter.

Our Group reported loss before tax of RM0.36 million as compared to the preceding year corresponding quarter loss before tax of RM0.82 million, representing a decrease of RM0.46 million or 56.10% on loss. The decrease in loss was primarily due to the lower 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 RM73.36 million as compared to RM89.39 million in the preceding quarter.

The Group's revenue during the current quarter had decreased by RM16.03 million or 17.93%. It was mainly due to a decrease in trading of minerals for the current quarter compared to the preceding quarter, which recorded a decrease of RM19.79 million or 54.25% from RM36.48 million to RM16.69 million. The decrease in revenue was mainly due to lower 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 RM3.76 million or 7.11% from RM52.91 million to RM56.67 million.

Our Group has reported loss before tax amounting to RM0.36 million in the current quarter as compared to loss before tax of RM1.06 million in the preceding quarter. This represents a decrease of RM0.7 million or 66.04% on loss in the current quarter. The decrease in loss was primarily due to the lower operating expenses during the current quarter.

B3. Prospects

Major global and local uncertainties may affect construction market recovery. Domestic steel players continue to be challenged by input cost pressure in spite of sluggish market demand. 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. 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/ (Expense)

	Current Quarter		Cumulative Quarter	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Malaysian tax				
- Current tax	210	1,037	-	(1,075)
- Prior year tax	23	210	21	210
- Deferred tax	873	237	873	237
Total tax income/(expense)	1,106	1,484	894	(628)

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

	31-Dec-19
	RM'000
Short term borrowings	
Secured	480
Unsecured	86,241
	<u>86,721</u>
Long term borrowings	
Secured	1,720
	<u>1,720</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-Dec		Ended 31-Dec	
	2019	2018	2019	2018
Net earnings/(loss) attributable to ordinary equity holders of the Company (RM'000)	758	318	(2,108)	4,988
Weighted average number of ordinary shares ('000)	126,679	126,789	126,679	126,789
Basic earnings/(loss) per share (sen)	0.60	0.25	(1.66)	3.93

By the order of the Board

Datin Tan Pak Say
 Managing Director
 Penang
 25 February 2020