

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2018 RM'000	Preceding Year Quarter 31.12.2017 RM'000 (Restated)	Current Year- To-Date 31.12.2018 RM'000	Preceding Year- To-Date 31.12.2017 RM'000 (Restated)
Revenue	155,152	145,675	597,925	577,357
Cost of sales	(139,469)	(120,355)	(515,462)	(481,530)
Gross profit	15,683	25,320	82,463	95,827
Other income	555	20,178	2,681	46,922
Distribution costs	(2,103)	(2,360)	(9,213)	(9,306)
Administrative costs	(6,283)	(5,947)	(25,281)	(24,249)
Other costs	(600)	(3,084)	(2,535)	(4,230)
	(8,986)	(11,391)	(37,029)	(37,785)
Profit from operations	7,252	34,107	48,115	104,964
Finance costs	(3,456)	(2,872)	(12,583)	(10,231)
<b>Profit before tax</b>	3,796	31,235	35,532	94,733
Tax expense	(1,318)	(4,023)	(9,567)	(14,919)
<b>Profit for the financial period/year</b>	2,478	27,212	25,965	79,814
<b>Other comprehensive income:</b> <i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange difference on translation of foreign subsidiary	1	(16)	4	(13)
<b>Total other comprehensive income/(loss), net of tax</b>	1	(16)	4	(13)
<b>Total comprehensive income for the financial period/year</b>	2,479	27,196	25,969	79,801
<b>Profit/(Loss) attributable to:</b>				
- Owners of the Company	2,517	27,228	26,100	79,866
- Non-controlling interest	(39)	(16)	(135)	(52)
	2,478	27,212	25,965	79,814

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018 (CONT'D)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2018 RM'000	Preceding Year Quarter 31.12.2017 RM'000 (Restated)	Current Year- To-Date 31.12.2018 RM'000	Preceding Year- To-Date 31.12.2017 RM'000 (Restated)
<b>Total comprehensive income/(loss) attributable to:</b>				
- Owners of the Company	2,518	27,212	26,104	79,853
- Non-controlling interest	(39)	(16)	(135)	(52)
	<u>2,479</u>	<u>27,196</u>	<u>25,969</u>	<u>79,801</u>
 Earnings per share (sen) attributable to owners of the Company:				
- Basic	0.81	8.78	8.42	25.76
- Diluted	0.81	8.78	8.42	25.76

*Notes:*

- (1) *The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial statement.*
- (2) *Certain comparative figures have been restated due to the prior year adjustments and reclassification adjustments as disclosed in Note A2.*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	<b>As at 31.12.2018 RM'000 (Unaudited)</b>	<b>As at 31.12.2017 RM'000 (Restated)</b>	<b>As at 01.01.2017 RM'000 (Restated)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	145,102	139,150	144,809
Capital work-in-progress	59,781	3,663	765
Prepaid land lease payment	920	1,061	-
	<u>205,803</u>	<u>143,874</u>	<u>145,574</u>
<b>Current assets</b>			
Inventories	247,200	243,789	186,706
Trade receivables	159,939	158,606	131,269
Other receivables, deposits and prepayments	5,980	21,459	5,476
Tax assets	636	337	335
Derivative assets	-	-	32
Deposits with licensed banks	36,415	41,532	431
Cash and bank balances	16,624	21,155	17,905
	<u>466,794</u>	<u>486,878</u>	<u>342,154</u>
<b>TOTAL ASSETS</b>	<u><b>672,597</b></u>	<u><b>630,752</b></u>	<u><b>487,728</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	160,094	160,094	155,000
Share premium	-	-	5,094
Merger deficit	(109,545)	(109,545)	(109,545)
Capital reserve	1	1	1
Retained earnings	301,149	279,699	204,483
Foreign currency translation reserve	(16)	(20)	(7)
	<u>351,683</u>	<u>330,229</u>	<u>255,026</u>
Non-controlling interest	665	800	-
<b>Total Equity</b>	<u>352,348</u>	<u>331,029</u>	<u>255,026</u>
<b>Non-current liabilities</b>			
Borrowings	50,737	13,813	18,576
Deferred tax liabilities	4,372	4,226	2,868
	<u>55,109</u>	<u>18,039</u>	<u>21,444</u>
<b>Current liabilities</b>			
Trade payables	20,618	29,930	23,591
Other payables and accruals	16,106	12,246	7,996
Deferred income	3,283	994	-
Amount due to ultimate holding company	5,000	10,000	10,000
Borrowings	217,548	222,735	166,612
Tax liabilities	2,585	5,779	3,059
	<u>265,140</u>	<u>281,684</u>	<u>211,258</u>
<b>Total Liabilities</b>	<u>320,249</u>	<u>299,723</u>	<u>232,702</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>672,597</b></u>	<u><b>630,752</b></u>	<u><b>487,728</b></u>
Net assets per share attributable to owners of the Company (RM)	1.13	1.07	0.82

*Notes:*

- (1) *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial statement.*
- (2) *Certain comparative figures have been restated due to the prior year adjustments as disclosed in Note A2.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

< -----Attributable to Owners of the Company ----- >

	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Capital Reserve RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Non- Controlling interest RM'000	Total Equity RM'000
<b>2018</b>								
At 1 January 2018, as restated	160,094	-	(109,545)	1	(20)	279,699	800	331,029
Profit/(Loss) for the financial year	-	-	-	-	-	26,100	(135)	25,965
Other comprehensive income	-	-	-	-	4	-	-	4
Total comprehensive income	-	-	-	-	4	26,100	(135)	25,969
<b>Transaction with owners</b>								
Dividend	-	-	-	-	-	(4,650)	-	(4,650)
At 31 December 2018	160,094	-	(109,545)	1	(16)	301,149	665	352,348
<b>2017</b>								
At 1 January 2017, as previously stated	155,000	5,094	(109,545)	1	(7)	207,098	-	257,641
Prior year adjustments	-	-	-	-	-	(2,615)	-	(2,615)
At 1 January 2017, as restated	155,000	5,094	(109,545)	1	(7)	204,483	-	255,026
Profit/(Loss) for the financial year, as restated	-	-	-	-	-	79,866	(52)	79,814
Other comprehensive income	-	-	-	-	(13)	-	-	(13)
Total comprehensive income	-	-	-	-	(13)	79,866	(52)	79,801
<b>Transaction with owners</b>								
Dividend	-	-	-	-	-	(4,650)	-	(4,650)
Non-controlling interest arising from acquisition of new subsidiary	-	-	-	-	-	-	852	852
Total transactions with owners	-	-	-	-	-	(4,650)	852	(3,798)
Transition to no par value regime <sup>(1)</sup>	5,094	(5,094)	-	-	-	-	-	-
At 31 December 2017, as restated	160,094	-	(109,545)	1	(20)	279,699	800	331,029

**Notes:**

(1) Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium become part of the Company's share capital pursuant to the transitional provision set out in the Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(2) Prior year adjustments relate to matters mentioned in Note A2.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial statement.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

	<b>Current Year-To-Date 31.12.2018 RM'000</b>	<b>Preceding Year-To-Date 31.12.2017 RM'000 (Restated)</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	35,532	94,733
Adjustments for:		
Amortisation of prepaid land lease payment	141	59
Bad debt written off	22	271
Bargain purchase on acquisition of a subsidiary	-	(2,700)
Depreciation of property, plant and equipment	10,612	9,821
Deposits written off	21	-
Impairment loss on trade receivables	926	280
Interest income	(1,657)	(870)
Interest expense	11,839	9,595
Inventories written down	646	272
Net loss/(gain) on disposal of property, plant and equipment	53	(17,782)
Net unrealised loss/(gain) on foreign exchange	114	(22)
Property, plant and equipment written off	-	61
Reversal of impairment loss on trade receivables	(78)	(1,003)
Operating profit before working capital changes	58,171	92,715
Increase in inventories	(4,668)	(56,745)
Increase in receivables	(4,436)	(23,865)
(Decrease)/Increase in payables	(9,306)	7,993
Cash generated from operations	39,761	20,098
Interest received	1,622	870
Interest paid	(11,741)	(9,595)
Income tax paid	(12,914)	(11,720)
Net cash from/(used in) operating activities	16,728	(347)
<b>Cash Flows from Investing Activities</b>		
Addition to deposits pledged with licensed banks	(230)	(6,336)
Capital work-in-progress paid	(16,682)	(3,922)
Deposits paid for acquisition of plant and equipment	(170)	(15,942)
Purchase of property, plant and equipment	(5,070)	(2,202)
Proceeds from disposal of property, plant and equipment	64	22,696
Net cash used in acquisition of a subsidiary	-	(2,414)
Net cash used in investing activities	(22,088)	(8,120)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018 (CONT'D)**

	<b>Current Year-To-Date 31.12.2018 RM'000</b>	<b>Preceding Year-To-Date 31.12.2017 RM'000 (Restated)</b>
<b>Cash Flows from Financing Activities</b>		
Dividend paid	(4,650)	(4,650)
Drawdowns of term loans	14,607	-
Repayments of term loan	(1,800)	(1,800)
Repayment to ultimate holding company	(5,000)	-
Net (repayments)/drawdowns of Islamic financing	(1,405)	20,934
Net (repayments)/drawdowns of bankers' acceptances	(16,219)	35,604
Payments to finance lease payables	(4,848)	(2,566)
Net cash (used in)/from financing activities	<u>(19,315)</u>	<u>47,522</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(24,675)</b>	<b>39,055</b>
Effect of exchange rate changes on cash and cash equivalents	141	18
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>40,006</b>	<b>933</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b><u>15,472</u></b>	<b><u>40,006</u></b>
<b>Cash and cash equivalents at end of the financial year comprises:</b>		
Cash and bank balances	16,624	21,155
Deposits with licensed banks	36,415	41,532
	<u>53,039</u>	<u>62,687</u>
Less: Bank overdrafts	(30,520)	(15,864)
Less: Deposits pledged with licensed banks	(7,047)	(6,817)
	<u>15,472</u>	<u>40,006</u>

*Notes:*

- (1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial statement.*
- (2) *Certain comparative figures have been restated due to the prior year adjustments as disclosed in Note A2.*

**LEON FUAT BERHAD**

(Company No.756407-D)

**A EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING****A1. Accounting Policies and Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 (Appendix 9B Part A) of the Main Market Listing Requirement (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

The interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries (“the Group”) since the financial year ended 31 December 2017.

The significant accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements as disclosed in the audited financial statements of the Group for the financial year ended 31 December 2017, except for the adoption of the following:

**New Malaysian Financial Reporting Standards (“MFRSs”)**

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

**Amendments/Improvements to MFRSs**

MFRS 1	First-time adoption of MFRSs
MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

**New IC Interpretation (“IC Int”)**

IC Int 22	Foreign Currency Transactions and Advance Consideration
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The Group has not applied in advance the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued by MASB but not yet effective for the current financial year:

		<b>Effective for financial periods beginning on or after</b>
<b><u>New MFRSs</u></b>		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
<b><u>Amendments/Improvements to MFRSs</u></b>		
MFRS 2	Share-based Payment	1 January 2020
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020
MFRS 101	Presentation of Financial Statements	1 January 2020

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**A EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)****A1. Accounting Policies and Basis of Preparation (Cont’d)**

		<b>Effective for financial periods beginning on or after</b>
<b><u>Amendments/Improvements to MFRSs (cont’d)</u></b>		
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
MFRS 138	Intangible Assets	1 January 2020
<b><u>New IC Int</u></b>		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
<b><u>Amendments to IC Int</u></b>		
IC Int 12	Service Concession Arrangements	1 January 2020
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020
IC Int 132	Intangible Assets - Web Site Costs	1 January 2020

Based on the Group’s assessment, the initial application of the new MFRS 16 is not expected to have any material impact to the financial statements of the Group.

The Group is in the process of assessing the impact which may arise from adoption of other abovementioned new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

**A2. Comparative Figures****Prior Year Adjustments**

Based on the past practice of the Group, annual employee bonus for the respective financial years was determined subsequent to its particular financial year end. Bonus expense was recognised in the profit or loss in the financial year in which it was paid instead of accruing based on the financial years that the bonus is in relation to.

Management have assessed and decided to provide accrual for bonus and to recognise it as an expense retrospectively in the respective financial years and interim financial periods to which it relates.

**Reclassification Adjustments**

Certain reclassification adjustments have been made to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the preceding year corresponding quarter and the preceding financial year-to-date to enhance comparability with the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the current quarter and the current financial year-to-date due to the nature of certain expenses items.



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**A EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)****A2. Comparative Figures (Cont’d)**

- (a) The effects arising from these adjustments on the certain lines of the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income of the Group are summarised as follows:

	<-----Preceding Financial Year Corresponding Quarter----->			
	As previously reported RM’000	Prior year adjustments RM’000	Reclassifications RM’000	As restated RM’000
Cost of sales	(119,545)	(128)	(682)	(120,355)
Gross profit	26,130	(128)	(682)	25,320
Distribution costs	(1,364)	(263)	(733)	(2,360)
Administrative costs	(7,016)	(346)	1,415	(5,947)
Profit from operations	34,844	(737)	-	34,107
<b>Profit before tax</b>	31,972	(737)	-	31,235
Tax expense	(4,205)	182	-	(4,023)
<b>Profit for the financial period</b>	27,767	(555)	-	27,212
<b>Total comprehensive income for the financial period</b>	27,751	(555)	-	27,196
<b>Profit attributable to:</b>				
- Owners of the Company	27,783	(555)	-	27,228
<b>Total comprehensive income attributable to</b>				
- Owners of the Company	27,767	(555)	-	27,212
Earnings per ordinary shares (sen) attributable to owners of the company				
- Basic	8.96	(0.18)	-	8.78
- Diluted	8.96	(0.18)	-	8.78

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**A EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)****A2. Comparative Figures (Cont’d)**

- (a) The effects arising from these adjustments on the certain lines of the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income of the Group are summarised as follows: (cont’d)

	<-----Preceding Financial Year-To-Date----->			
	As previously reported RM’000	Prior year adjustments RM’000	Reclassifications RM’000	As restated RM’000
Cost of sales	(478,684)	(128)	(2,718)	(481,530)
Gross profit	98,673	(128)	(2,718)	95,827
Distribution costs	(6,289)	(263)	(2,754)	(9,306)
Administrative costs	(29,375)	(346)	5,472	(24,249)
Profit from operations	105,701	(737)	-	104,964
<b>Profit before tax</b>	95,470	(737)	-	94,733
Tax expense	(15,101)	182	-	(14,919)
<b>Profit for the financial year</b>	80,369	(555)	-	79,814
<b>Total comprehensive income for the financial year</b>	80,356	(555)	-	79,801
<b>Profit attributable to:</b>				
- Owners of the Company	80,421	(555)	-	79,866
<b>Total comprehensive income attributable to</b>				
- Owners of the Company	80,408	(555)	-	79,853
Earnings per ordinary shares (sen) attributable to owners of the company				
- Basic	25.94	(0.18)	-	25.76
- Diluted	25.94	(0.18)	-	25.76

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**A EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)****A2. Comparative Figures (Cont’d)**

(b) The effects arising from these adjustments on the certain lines of the Condensed Consolidated Statements of Financial Position of the Group are summarised as follows:

	<b>As previously reported RM’000</b>	<b>Prior year adjustments RM’000</b>	<b>As restated RM’000</b>
<b>As at 31 December 2017</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Retained earnings	282,869	(3,170)	279,699
<b>Total Equity</b>	<b>334,199</b>	<b>(3,170)</b>	<b>331,029</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	5,186	(960)	4,226
<b>Current liabilities</b>			
Other payables and accruals	8,116	4,130	12,246
<b>Total liabilities</b>	<b>296,553</b>	<b>3,170</b>	<b>299,723</b>
	<b>As previously reported RM’000</b>	<b>Prior year adjustments RM’000</b>	<b>As restated RM’000</b>
<b>As at 31 December 2016/ 1 January 2017</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Retained earnings	207,098	(2,615)	204,483
<b>Total Equity</b>	<b>257,641</b>	<b>(2,615)</b>	<b>255,026</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	3,646	(778)	2,868
<b>Current liabilities</b>			
Other payables and accruals	4,603	3,393	7,996
<b>Total liabilities</b>	<b>230,087</b>	<b>2,615</b>	<b>232,702</b>

**A EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)**

**A2. Comparative Figures (Cont’d)**

(c) The effects arising from these adjustments on the certain lines of the Condensed Consolidated Statement of Cash Flows of the Group are summarised as follows:

	<-----Preceding Financial Year-To-Date----->		
	As previously reported RM’000	Prior year adjustments RM’000	As restated RM’000
<b>Cash Flows from Operating Activities</b>			
Profit before tax	95,470	(737)	94,733
Operating profit before working capital changes	93,452	(737)	92,715
Increase in payables	7,256	737	7,993

**A3. Auditors’ Report on Preceding Annual Financial Statements**

The Auditors’ Report for the immediate preceding annual financial statements of the Group and the Company for the financial year ended 31 December 2017 were not subject to any qualification.

**A4. Seasonality or Cyclicity of Operations**

The Group’s operations were not significantly affected by any seasonal or cyclical factors during the current quarter and current financial year-to-date.

**A5. Unusual Items**

There were no significant items affecting assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size and incidence during the current quarter and current financial year-to-date.

**A6. Changes in Estimates**

There were no changes in the estimates of amounts reported in the prior interim periods of the current financial year or changes in the estimates of the amounts reported in the prior financial years that have a material effect on the results for the current quarter and current financial year-to-date.

**A7. Debt and Equity Securities**

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities nor any movement in the share capital for the current quarter and current financial year-to-date.

**A8. Dividend Paid**

No dividend was paid during the current quarter.

The total dividend paid during the current financial year-to-date amounted to 1.5 sen per share (2017: 1.5 sen per share).

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**A EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)****A9. Segment Information**

Segment information of the Group for the financial year-to-date ended 31 December 2018 is as follows:

	<b>Trading of Processing</b>				
	<b>Steel</b>	<b>of Steel</b>	<b>Others <sup>(1)</sup></b>	<b>Elimination</b>	<b>Total</b>
	<b>Products</b>	<b>Products</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
	<b>RM’000</b>	<b>RM’000</b>			
External revenue	266,622	330,780	523	-	597,925
Cost of sales	(227,732)	(287,264)	(466)	-	(515,462)
Gross profit	38,890	43,516	57	-	82,463
Add/(Less):					
- Other income					2,681
- Operating expenses					(37,029)
- Finance costs					(12,583)
Profit before tax					35,532
Tax expense					(9,567)
Profit for the financial year					25,965

Segment information of the Group for the financial year-to-date ended 31 December 2017 is as follows:

	<b>Trading of Processing</b>				
	<b>Steel</b>	<b>of Steel</b>	<b>Others <sup>(1)</sup></b>	<b>Elimination</b>	<b>Total</b>
	<b>Products</b>	<b>Products</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
	<b>RM’000</b>	<b>RM’000</b>			
	<b>(Restated)</b>	<b>(Restated)</b>	<b>(Restated)</b>		<b>(Restated)</b>
External revenue	280,561	295,542	1,254	-	577,357
Cost of sales	(238,895)	(241,804)	(831)	-	(481,530)
Gross profit	41,666	53,738	423	-	95,827
Add/(Less):					
- Other income					46,922
- Operating expenses					(37,785)
- Finance costs					(10,231)
Profit before tax					94,733
Tax expense					(14,919)
Profit for the financial year					79,814

Note:

(1) Mainly consists of trading of specialised steel materials including tool steel and non-ferrous metal products including bronze, brass, aluminium and copper products.

**LEON FUAT BERHAD**

(Company No.756407-D)

**A EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)****A10. Valuations of Property, Plant and Equipment**

There were no amendments to the valuation of property, plant and equipment that have been brought forward from the preceding annual financial statements.

**A11. Material Events Subsequent to the End of the Interim Period**

There were no material events subsequent to the end of the current quarter up to the date of issue of this report that have not been reflected in the financial statements for the current quarter and current financial year-to-date.

**A12. Effects of Changes in Composition of the Group**

There were no changes in the composition of the Group during the current quarter and current financial year-to-date.

**A13. Capital Commitments**

	<b>As at</b>	<b>Audited</b>
	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for:		
- purchase of motor vehicles	-	267
- purchase of office equipment	58	-
- purchase of machinery	748	11,925
- purchase of properties	-	320
- construction of factory and warehouse buildings	477	16,303
	<u>1,283</u>	<u>28,815</u>

**A14. Changes in Contingent Liabilities and Contingent Assets**

There were no contingent assets and liabilities since the end of the previous financial year up to 31 December 2018.

**A EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)**

**A15. Significant Related Party Transactions**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2018 RM’000	Preceding Year- Quarter 31.12.2017 RM’000	Current Year- To-Date 31.12.2018 RM’000	Preceding Year- To-Date 31.12.2017 RM’000
Sales to related parties	1,418	1,261	4,940	4,285
Purchases from related parties	43	39	1,096	286
Rental expense paid to related parties	513	399	1,922	1,569
Interest charged by related party <sup>(1)</sup>	76	84	322	330

*Note:*

*(1) In respect of interest arising from an unsecured loan from ultimate holding company which is subject to interest at the rate of 3.25% per annum compounded on monthly rest. Outstanding loan as at 31 December 2018 amounted to RM5.00 million (31.12.2017: RM10.00 million) is repayable on demand.*

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of Performance**

**Current Quarter Compared To Preceding Year Corresponding Quarter**

	<b>Current Year Quarter 31.12.2018 RM'000</b>	<b>Preceding Year Quarter 31.12.2017 RM'000 (Restated)</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	155,152	145,675	9,477	6.5%
Gross profit	15,683	25,320	(9,637)	-38.1%
Profit before interest and tax	7,053	33,960	(26,907)	-79.2%
Profit before tax	3,796	31,235	(27,439)	-87.8%
Profit after tax	2,478	27,212	(24,734)	-90.9%
Profit attributable to owners of the Company	2,517	27,228	(24,711)	-90.8%

The revenue recorded for the current quarter and the preceding year corresponding quarter was RM155.15 million and RM145.68 million respectively, increased by 6.5% or approximately RM9.47 million.

The increase in revenue was mainly due to the increase in revenue for our processing of steel products by 15.2% or RM11.90 million, mainly due to:

- higher revenue from processing of flat carbon steel products by 15.3% or RM7.98 million, from RM52.00 million to RM59.98 million, mainly due to higher tonnage sales by 21.0%, despite lower average selling price by 4.7%; and
- higher revenue from processing of other flat steel products by 19.4% or RM3.59 million, from RM18.49 million to RM22.08 million, mainly attributable to higher tonnage sales by 23.0%, despite lower average selling price by 2.9%.

However, the increase in revenue for our processing of steel products was partly reduced by the decrease in revenue for trading of steel products by RM2.18 million or 3.3%, mainly due to lower revenue from trading of flat carbon steel products by 5.6% or RM2.22 million, from RM39.93 million to RM37.71 million, caused by lower tonnage sales by 3.3%, as well as lower average selling price by 2.4%.

Our main business segments continued to be trading and processing of steel products, which collectively contributed approximately 99.9% of our total revenue for the current quarter. The trading segment and the processing segment contributed revenue of 41.8% and approximately 58.1% respectively for the current quarter whereas the trading segment and the processing segment contributed revenue of approximately 46.0% and 53.8% respectively for the preceding year corresponding quarter.



**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B1. Review of Performance (Cont'd)**

**Current Quarter Compared To Preceding Year Corresponding Quarter (Cont'd)**

Despite higher revenue by 6.5% or approximately RM9.47 million, from RM145.68 million to RM155.15 million, our gross profit decreased by 38.1% or RM9.64 million, from RM25.32 million to RM15.68 million, mainly due to lower overall gross profit margin, from 17.4% for the preceding year corresponding quarter to 10.1% for the current quarter, resulted from:

- lower gross profit margin for trading of steel products by 7.3 percentage points, mainly due to the increase in average cost for input materials by 9.9%, while the average selling price had decreased by 1.3%; and
- lower gross profit margin for processing of steel products by 7.1 percentage points, mainly due to the increase in average cost for input materials by 4.0%, while the average selling price had decreased by 4.7%.

The other income for the current quarter was approximately RM0.56 million as compared to RM20.18 million for the preceding financial year-corresponding quarter, lower by RM19.62 million, mainly due to the absence of compensation for incidental expenses and consequential loss derived from the compulsory acquisition of the affected land and building which house the steel processing plant, office and warehouse of a wholly owned subsidiary, Supreme Steelmakers Sdn Bhd, amounting to approximately RM19.52 million.

Our operating costs decreased by RM2.40 million from RM11.39 million for the preceding year corresponding quarter to RM8.99 million for the current quarter, mainly due to the decrease in other costs by RM2.48 million, as the result of the following:

- absence of the relocation and rectification expenses of approximately RM2.90 million which had been charged to the preceding year corresponding quarter in relation to the compulsory acquisition of the two affected plots of land which house the steel processing plant, office and warehouse of a wholly owned subsidiary, Supreme Steelmakers Sdn Bhd; offset by
- higher allowance for impairment loss on trade receivables of RM0.11 million; and
- higher stamp duty paid by approximately RM0.23 million.

Total finance costs for the current quarter was RM3.46 million, increased by approximately RM0.59 million or approximately 20.6% as compared to RM2.87 million for the preceding year corresponding quarter. This was mainly due to higher utilisation of trade financing and term loan facilities where their interest expenses increased by RM0.22 million and RM0.29 million respectively.

Based on the foregoing factors, our Group registered a decrease in profit before tax by 87.8% or RM27.44 million to RM3.80 million as compared to RM31.24 million for the preceding year corresponding quarter.

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B1. Review of Performance (Cont'd)**

**Current Financial Year-To-Date Compared To Preceding Financial Year-To-Date**

	<b>Current Year- To-Date 31.12.2018 RM'000</b>	<b>Preceding Year- To-Date 31.12.2017 RM'000 (Restated)</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	597,925	577,357	20,568	3.6%
Gross profit	82,463	95,827	(13,364)	-13.9%
Profit before interest and tax	47,371	104,328	(56,957)	-54.6%
Profit before tax	35,532	94,733	(59,201)	-62.5%
Profit after tax	25,965	79,814	(53,849)	-67.5%
Profit attributable to owners of the Company	26,100	79,866	(53,766)	-67.3%

Our revenue increased by 3.6% or RM20.57 million from RM577.36 million for the preceding financial year-to-date to RM597.93 million for the current financial year-to-date. This was mainly resulted from the increase in revenue for our processing of steel products by 11.9% or RM35.24 million, from RM295.54 million to RM330.78 million, largely reduced by the decrease in revenue for trading of steel products by 5.0% or RM13.94 million, from RM280.56 million to RM266.62 million.

The increase in revenue for processing of steel products was attributable to:

- higher revenue from processing of flat carbon steel products by 12.9% or RM25.47 million, from RM197.55 million to RM223.02 million, which saw its demand increased by 10.4%, as well as higher average selling price by 2.2%;
- higher revenue from processing of other flat steel products by 5.4% or RM3.89 million, from RM72.13 million to RM76.02 million, mainly attributable to higher tonnage sales by 23.7%, despite lower average selling price by 14.8%; and
- higher revenue from processing of long carbon steel products by 42.5% or RM5.77 million, from RM13.56 million to RM19.33 million, which saw its demand increased by 39.4%, as well as higher average selling price by 2.2%.

On the other hand, the decrease in revenue for trading of steel products was mainly due to:

- lower revenue from trading of flat carbon steel products by 12.3% or RM20.79 million, from RM168.86 million to RM148.07 million, mainly due to lower tonnage sales by 19.3%, mitigated by higher average selling price by 8.7%; partially offset by
- higher revenue from trading of other flat steel products by 6.1% or RM1.18 million, from RM19.44 million to RM20.62 million, mainly attributable to higher tonnage sales by approximately 16.2%, despite lower average selling price by 8.8%;
- higher revenue from trading of long carbon steel products by 5.7% or RM4.46 million, from RM77.62 million to RM82.08 million, mainly attributable to higher average selling price by 20.7%, despite lower tonnage sales by 12.4%; and
- higher revenue from trading of other long steel products by 8.2% or RM1.20 million, from RM14.65 million to RM15.85 million, mainly attributable to higher tonnage sales by 24.2%, despite lower average selling price by 12.9%.

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B1. Review of Performance (Cont'd)**

**Current Financial Year-To-Date Compared To Preceding Financial Year-To-Date (Cont'd)**

Despite higher revenue by approximately 3.6% or RM20.57 million, from RM577.36 million to RM597.93 million, our gross profit decreased by 13.9% or approximately RM13.37 million, from RM95.83 million to RM82.46 million, mainly due to lower overall gross profit margin, from 16.6% for the preceding financial year-to date to 13.8% for the current financial year-to-date, resulted from lower gross profit margin for processing of steel products by 5.0 percentage points, from 18.2% to 13.2%, mainly caused by the following:

- lower gross profit margin for processing of long carbon steel products by 10.3 percentage points, due to the increase in average cost for input materials by 20.4%, while the average selling price had only increased by 2.2%;
- normalisation of gross profit margin for processing of carbon steel coils which usually associated with lower profit margin as compared to other processing activities; and
- lower gross profit margin for processing of other flat steel products by 5.1 percentage points, due to the decrease in average selling price by 14.8%, while the input materials had only decreased by 11.5%.

The other income for the current financial year-to-date was RM2.68 million as compared to RM46.92 million for the preceding financial year-to-date, lower by RM44.24 million, mainly due to the absence of the gain and compensations received from the compulsory acquisition of the affected land and buildings, amounting to approximately RM41.20 million, and also the absence of contribution by the recognition of gain on bargain purchase for RM2.70 million, arising from acquisition of PCM Steel Processing Sdn Bhd ("PSP") as the Group share of fair value of identifiable net assets acquired on the acquisition date is more than its purchase consideration.

Our operating costs decreased by approximately RM0.75 million from RM37.78 million for the preceding financial year-to-date to RM37.03 million for the current financial year-to-date, as the result of the following:

1. Decrease in other costs by approximately RM1.69 million, mainly caused by:
  - relocation and rectification expenses of only RM0.07 million was incurred in the current financial year-to-date as compared to the sum of approximately RM2.90 which had been charged to the preceding financial year-to-date in relation to the compulsory acquisition of the two affected plots of land which house the steel processing plant, office and warehouse of a wholly owned subsidiary, Supreme Steelmakers Sdn Bhd; and
  - decrease in bad debts written off by RM0.25 million; largely offset by
  - higher allowance for impairment loss on trade receivables by RM0.65 million;
  - unrealised loss of foreign exchange which had been recorded in the current financial year-to-date amounting to RM0.11 million;
  - higher penalty charges by RM0.14 million, mainly in relation to income tax under estimated for the year of assessment 2017; and
  - higher stamp duty paid by approximately RM0.44 million.
2. Increase in administrative costs by RM1.03 million, mainly caused by:
  - increase in directors' remuneration and staff costs by approximately RM1.13 million;
  - increase in rental of premises by RM0.22 million;
  - increase in insurance and road tax expenses by RM0.17 million;
  - increase in printing and stationery expenses by RM0.19 million; and
  - increase in security charges by RM0.26 million; largely offset by
  - decrease in professional fees by RM0.86 million, mainly due to the absence of consultancy fees related to the compulsory acquisition of the affected land and buildings, amounting to approximately of RM0.92 million in the preceding financial year-to-date.

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B1. Review of Performance (Cont'd)**

**Current Financial Year-To-Date Compared To Preceding Financial Year-To-Date (Cont'd)**

Total finance costs increased by RM2.35 million or 23.0% as compared to the preceding financial year-to-date. This was mainly due to higher utilisation of overdraft, trade financing, Islamic financing and term loan facilities where their interest expenses increased by RM0.56 million, RM0.82 million, RM0.38 million and RM0.58 million respectively.

Based on the foregoing factors, our Group registered a decrease in profit before tax by 62.5% or RM59.20 million from RM94.73 million for the preceding financial year-to-date to RM35.53 million for the current financial year-to-date.

**B2. Material Variation of Profit Before Tax Against Immediate Preceding Quarter**

	<b>Current Quarter 31.12.2018 RM'000</b>	<b>Immediate Preceding Quarter 30.09.2018 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	155,152	155,241	(89)	-0.1%
Gross profit	15,683	22,251	(6,568)	-29.5%
Profit before interest and tax	7,053	14,555	(7,502)	-51.5%
Profit before tax	3,796	11,388	(7,592)	-66.7%
Profit after tax	2,478	8,585	(6,107)	-71.1%
Profit attributable to owners of the Company	2,517	8,589	(6,072)	-70.7%

Our Group achieved revenue of RM155.15 million for the current quarter, which was marginally lower than the immediate preceding quarter's revenue by 0.1% or RM0.09 million.

The decrease in revenue was mainly due to the decrease in revenue for trading of steel products and other products by 5.9% or RM4.07 million and 96.9% or RM0.47 million respectively, largely mitigated by the increase in revenue for processing of steel products by 5.2% or RM4.45 million.

The decrease in revenue for trading of steel products was mainly due to:

- lower revenue from trading of long carbon steel products by 33.8% or approximately RM9.40 million, from RM27.82 million to RM18.42 million, mainly due to lower tonnage sales by 31.8%, as well as lower average selling price by 2.9%; and
- lower revenue from trading of other flat steel products by 26.3% or RM1.67 million, from RM6.34 million to RM4.67 million, mainly due to lower tonnage sales by 22.0%, as well as lower average selling price by 5.6%; largely offset by
- higher revenue from trading of flat carbon steel products by 21.2% or RM6.61 million, from RM31.10 million to RM37.71 million, mainly attributable to higher tonnage sales by 27.0%, despite lower average selling price by 4.5%.

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B2. Material Variation of Profit Before Tax Against Immediate Preceding Quarter (Cont'd)**

The increase in revenue for processing of steel products was attributable to:

- higher revenue from processing of flat carbon steel products by 3.9% or RM2.25 million, from RM57.73 million to RM59.98 million, which saw its demand increased by 6.1%, despite lower average selling price by 2.1%; and
- higher revenue from processing of other flat steel products by 8.0% or approximately RM1.63 million, from RM20.45 million to RM22.08 million, which saw its demand increased by approximately 11.9%, despite lower average selling price by approximately 3.5%.

For the current quarter, our gross profit decreased by 29.5% or RM6.57 million, from RM22.25 million for the immediate preceding quarter to RM15.68 million for the current quarter, which was mainly due to lower overall gross profit margin from 14.3% for the immediate preceding quarter to 10.1% for the current quarter, resulted from:

- lower gross profit margin for trading of steel products by 5.8 percentage points, mainly due to the decrease in average selling price by 6.8%, while the average cost for input materials remained fairly consistent, which had only decreased by 0.2%; and
- lower gross profit margin for processing of steel products by approximately 3.1 percentage points, mainly due to the increase in average cost for input materials by 3.2%, while the average selling price had decreased by 1.2%.

The other income of approximately RM0.56 million for the current quarter, lower by approximately RM0.19 million as compared to RM0.75 million for the immediate preceding quarter, mainly due to lower recognition of realised gain on foreign exchange by RM0.22 million.

Our operating costs increased by approximately RM0.73 million, from RM8.26 million for the immediate preceding quarter to RM8.99 million for the current quarter, mainly due to the increase in administrative costs by RM0.66 million, caused by the following:

- higher professional fees including the accrual of audit fees in the current quarter by approximately RM0.45 million;
- higher printing and stationery expenses including printing of calendars by RM0.05 million; and
- higher entertainment expenses by RM0.06 million.

The finance costs for the current quarter was RM3.46 million, remained fairly consistent as compared to RM3.35 million for the immediate preceding quarter.

Based on the foregoing factors, our profit before tax decreased by 66.7% or RM7.59 million, from RM11.39 million for the immediate preceding quarter to RM3.80 million for the current quarter.

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B3. Commentary on Prospects**

Malaysian GDP for 2019 is expected to continue growing amidst, at a lower rate of sub 5% with growth likely to remain supported by firm domestic demand and favourable export sectors.

Our business operations mainly comprise trading and processing of a diverse range of flat and long steel products. Our processing facilities which include an extensive range of cutting, levelling, shearing, profiling, bending and finishing are cater for specific product requirements of our large customer base from diverse industries and to provide a one-stop solution to potential customers. As our customers are mostly locals and operate in local environment, the expected growth of GDP from domestic demand could contribute to our performance for 2019.

The profitability of our business is very much dependent on prices of our steel products besides demand from customers. In this respect, global factors such as volatility in commodities and crude oil prices as well as significant fluctuation in exchange rate of foreign currencies against Ringgit Malaysia will affect our suppliers pricing and hence the profitability of our steel products as more than half of our merchandise are sourced overseas. The continuing trade tension and outflows of capital from emerging markets may also pose risks to economic growth.

In the local front, domestic demand should firm up on government consumption and stronger growth in fixed investment. However, household consumption growth will likely ease after a strong 2018 with abolishment of Goods and Services Tax and a short tax holidays. Meanwhile, the uncertain impact of the more expansionary fiscal stance on government finances and financial market volatility may threaten the outlook and thus demand from our customers.

In order to address the risks arising from global and local factors mentioned above, our Group will continue to be vigilant on the movement of steel prices and related foreign currencies and will take pro-active measures, including negotiating forward contracts where necessary, as well as prudent inventory management, to reduce any negative impact which may arise therefrom. Our Group will also continuously enhance the operating capabilities and efficiencies to meet customers' requirements and to ensure timely satisfaction of customer orders. In this respect, a wholly-owned subsidiary, Leon Fuat Metal Sdn Bhd, had, in the second half of 2018, procured a fiber laser cutting machine complete with automated loading and unloading facilities for inputs and outputs with overall processing speed of up to 5 times more than conventional machines and believed to be the first fiber laser machine with the highest power in South East Asia.

In our effort to build a more resilient business, our Group currently embarks on a downstream production of steel pipes which is expected to commence commercial operation in the second quarter of 2019. As a new player in this market segment, we expect a modest revenue contribution from this operation for the current financial year and more significant contribution in ensuing years.

In view of the above, the Board believes that our Group, having the one-stop solution, pro-active in addressing risks arising from global and local factors and continuously enhancing operational capabilities and efficiencies, would be in a strong position to generate positive results for financial year 2019.

**B4. Variance of Forecast Profit and Profit Guarantee**

No profit forecast has been issued by the Group previously in any public document.

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B5. Profit Before Tax**

Profit before tax is derived after taking into consideration the followings:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2018 RM'000	Preceding Year Quarter 31.12.2017 RM'000	Current Year-To-Date 31.12.2018 RM'000	Preceding Year-To-Date 31.12.2017 RM'000
Auditors' remuneration	219	213	219	213
Amortisation of prepaid land lease payment	35	36	141	59
Bad debts written off	6	-	22	271
Bargain purchase on acquisition of a subsidiary	-	-	-	(2,700)
Depreciation of property, plant and equipment	2,657	2,579	10,612	9,821
Deposits written off	-	-	21	-
Reversal of fair value loss on derivatives	(9)	-	-	-
Impairment loss on trade receivables	291	181	926	280
Inventories written down	646	272	646	272
Insurance claimed	(50)	-	(93)	(472)
Interest income	(365)	(473)	(1,657)	(870)
Interest expense	3,257	2,725	11,839	9,595
Net (gain)/loss on foreign exchange				
- realised	(56)	(37)	(347)	43
- unrealised	13	(48)	114	(22)
Net loss on disposal of property, plant and equipment	18	119	53	20
Property, plant and equipment written off	-	-	-	61
Rental of premises	559	374	2,116	1,760
Rental of motor vehicle	7	98	26	98
Rental of equipment	9	16	59	60
Rental of land	130	131	521	521
Reversal of impairment loss on trade receivables	(15)	(37)	(78)	(1,003)
Exceptional items <sup>(1)</sup> :				
- Gain on disposal of property, plant and equipment	-	-	-	(17,802)
- Compensation for injurious affection	-	-	-	(3,876)
- Compensation for incidental expenses and consequential loss	-	(19,522)	-	(19,522)
- Relocation and rectification expenses <sup>(2)</sup> :	1	2,896	67	2,896

Notes:

- (1) In relation to the compulsory acquisition by the authority of the two affected plots of land which house the steel processing plant, office and warehouse of Supreme Steelmakers Sdn Bhd.
- (2) Mainly relating to relocation of existing steel processing plant, office and warehouse of Supreme Steelmakers Sdn. Bhd. to temporary sites, and also relating to rectification works on few structure such as main switchboard room, perimeter fencing and part demolishment of the existing factory on one of the affected plots of land.

Save as disclosed above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Securities are not applicable.

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B6. Tax Expense**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2018 RM'000	Preceding Year- Quarter 31.12.2017 RM'000 (Restated)	Current Year- To-Date 31.12.2018 RM'000	Preceding Year- To-Date 31.12.2017 RM'000 (Restated)
Current tax				
- for the financial period/year	1,446	4,621	9,688	15,271
- over provision in prior financial year	-	-	(267)	(835)
Deferred tax				
- origination and reversal of temporary differences	(241)	(395)	90	(276)
- under/(over) provision in prior year	113	(203)	56	759
<b>Tax expense</b>	<b>1,318</b>	<b>4,023</b>	<b>9,567</b>	<b>14,919</b>

The effective tax rate for the current quarter and current financial year-to-date are higher than the statutory tax rate of 24% mainly due to certain expenses which are not deductible for tax purposes and absence of group relief for losses incurred by certain companies within the Group.

**B7. Status of Corporate Proposals**

There was no corporate proposal announced but not completed as at the date of this report.



**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B8. Group Borrowings**

	<b>As at 31.12.2018 RM'000</b>	<b>As at 31.12.2017 RM'000</b>
<b><u>Current</u></b>		
<b>Secured:</b>		
Bankers' acceptances	92,923	93,290
Finance lease payables	2,264	4,483
Term loan	1,800	1,800
Bank overdrafts	15,187	11,358
	<u>112,174</u>	<u>110,931</u>
<b>Unsecured:</b>		
Bankers' acceptances	48,513	64,364
Islamic financing	41,528	42,934
Bank overdrafts	15,333	4,506
	<u>105,374</u>	<u>111,804</u>
	<u>217,548</u>	<u>222,735</u>
<b><u>Non-current</u></b>		
<b>Secured:</b>		
Finance lease payables	5,076	913
Term loans	45,661	12,900
	<u>50,737</u>	<u>13,813</u>
	<u>268,285</u>	<u>236,548</u>
<b>Total Borrowings</b>		

The above Group's borrowings are denominated in Ringgit Malaysia.

**B9. Material Litigation**

Since the last annual financial statements up to the date of issue of this report, the Group is not engaged in any material litigation or arbitration, either as plaintiff or defendant, which have a material effect on the financial position of our Group, and the Board does not know of any proceedings pending or threatened or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the Group.

**B10. Dividend**

There were no dividend proposed or declared during the current quarter.

**LEON FUAT BERHAD**

(Company No.756407-D)

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)****B11. Earnings Per Share**

## (a) Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year-to-date are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2018 RM'000	Preceding Year- Quarter 31.12.2017 RM'000 (Restated)	Current Year- To-Date 31.12.2018 RM'000	Preceding Year- To-Date 31.12.2017 RM'000 (Restated)
Profit attributable to owners of the Company	2,517	27,228	26,100	79,866
Weighted average number of ordinary shares in issue ('000)	310,000	310,000	310,000	310,000
Basic Earnings Per Share (sen)	0.81	8.78	8.42	25.76

## (b) Diluted Earnings Per Share

Diluted earnings per share is equivalent to basic earnings per share as the Company does not have any dilutive potential ordinary shares in issue for the current quarter and current financial year-to-date.

By order of the Board  
Kuala Lumpur  
27 February 2019