

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2024 RM'000	Preceding Year Quarter 30.09.2023 RM'000	Current Year- To-Date 30.09.2024 RM'000	Preceding Year- To-Date 30.09.2023 RM'000
Revenue	230,443	236,359	682,703	687,476
Cost of sales	(212,445)	(218,238)	(616,112)	(611,150)
Gross profit	17,998	18,121	66,591	76,326
Other income	388	726	2,210	2,805
Distribution costs	(3,965)	(3,518)	(11,477)	(10,170)
Administrative costs	(6,926)	(6,299)	(21,421)	(20,181)
Net (addition)/reversal of impairment losses on financial instruments	(95)	475	(98)	734
Other costs	(375)	(164)	(845)	(555)
	(11,361)	(9,506)	(33,841)	(30,172)
Profit from operations	7,025	9,341	34,960	48,959
Finance costs	(6,183)	(5,353)	(18,528)	(16,011)
Profit before tax	842	3,988	16,432	32,948
Tax expense	(680)	1,310	(4,060)	(5,090)
Profit for the financial period	162	5,298	12,372	27,858
Other comprehensive income:				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of a foreign operation	(44)	1	(43)	53
Total other comprehensive income, net of tax	(44)	1	(43)	53
Total comprehensive income for the financial period	118	5,299	12,329	27,911
Profit attributable to:				
- Owners of the Company	162	5,339	12,405	27,951
- Non-controlling interests	-	(41)	(33)	(93)
	162	5,298	12,372	27,858

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2024 RM'000	Preceding Year Quarter 30.09.2023 RM'000	Current Year- To-Date 30.09.2024 RM'000	Preceding Year- To-Date 30.09.2023 RM'000
Total comprehensive income				
attributable to:				
- Owners of the Company	118	5,340	12,362	28,004
- Non-controlling interests	-	(41)	(33)	(93)
	<u>118</u>	<u>5,299</u>	<u>12,329</u>	<u>27,911</u>
Earnings per share (sen) attributable to owners of the Company:				
- Basic	0.05	1.57	3.64	8.20
- Diluted	0.05	1.57	3.64	8.20

Note:

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 2023 and the accompanying explanatory notes attached to this interim financial statement.

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

	As at 30.09.2024 RM'000 (Unaudited)	As at 31.12.2023 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	363,999	318,267
Capital work-in-progress	4,942	53,352
	<u>368,941</u>	<u>371,619</u>
Current Assets		
Inventories	419,874	370,931
Trade receivables	253,117	251,015
Other receivables, deposits and prepayments	19,832	9,126
Tax assets	5,440	12,829
Deposits with licensed banks	8,127	10,654
Cash and bank balances	22,970	39,042
	<u>729,360</u>	<u>693,597</u>
TOTAL ASSETS	<u><u>1,098,301</u></u>	<u><u>1,065,216</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	186,423	186,423
Merger deficit	(103,960)	(103,960)
Capital reserve	1	1
Retained earnings	513,382	506,038
Translation reserve	91	134
	<u>595,937</u>	<u>588,636</u>
Non-controlling interests	-	358
Total Equity	<u>595,937</u>	<u>588,994</u>
Non-Current Liabilities		
Loans and borrowings	88,895	92,051
Deferred tax liabilities	10,821	7,816
	<u>99,716</u>	<u>99,867</u>
Current Liabilities		
Trade payables	20,746	11,040
Other payables and accruals	19,030	21,205
Tax liabilities	133	247
Loans and borrowings	361,696	340,704
Contract liabilities	1,043	3,135
Derivative financial liabilities	-	24
	<u>402,648</u>	<u>376,355</u>
Total Liabilities	<u>502,364</u>	<u>476,222</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,098,301</u></u>	<u><u>1,065,216</u></u>
Net assets per share attributable to owners of the Company (RM)	1.75	1.73

Note:

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 2023 and the accompanying explanatory notes attached to this interim financial statement.

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	< ----- Attributable to Owners of the Company ----- >					Non-	Total
	Share Capital RM'000	Merger Deficit RM'000	Capital Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Controlling Interests RM'000	Equity RM'000
2024							
At 1 January 2024	186,423	(103,960)	1	134	506,038	358	588,994
Profit/(Loss) for the financial period	-	-	-	-	12,405	(33)	12,372
Other comprehensive loss for the financial period	-	-	-	(43)	-	-	(43)
Total comprehensive income	-	-	-	(43)	12,405	(33)	12,329
Transaction with owners							
Changes in ownership interests in a subsidiary	-	-	-	-	54	(325)	(271)
Dividends	-	-	-	-	(5,115)	-	(5,115)
Total transaction with owners	-	-	-	-	(5,061)	(325)	(5,386)
At 30 September 2024	186,423	(103,960)	1	91	513,382	-	595,937
2023							
At 1 January 2023	186,423	(103,960)	1	71	475,154	505	558,194
Profit/(Loss) for the financial period	-	-	-	-	27,951	(93)	27,858
Other comprehensive income for the financial period	-	-	-	53	-	-	53
Total comprehensive income	-	-	-	53	27,951	(93)	27,911
Transaction with owners							
Dividends	-	-	-	-	(5,115)	-	(5,115)
At 30 September 2023	186,423	(103,960)	1	124	497,990	412	580,990

Note:

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 2023 and the accompanying explanatory notes attached to this interim financial statement.

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	Current Year-To-Date 30.09.2024 RM'000	Preceding Year-To-Date 30.09.2023 RM'000
Cash Flows from Operating Activities		
Profit before tax	16,432	32,948
Adjustments for:		
Depreciation of property, plant and equipment	16,102	13,765
Fair value gain on derivatives	(24)	-
Impairment losses on trade receivables	135	574
Interest expense	17,041	14,624
Interest income	(889)	(748)
Inventories written down	2,697	-
Net gain on a lease termination	(2)	-
Net gain on disposal of plant and equipment	(176)	(217)
Net unrealised foreign exchange loss/(gain)	73	(355)
Plant and equipment written off	4	-
Reversal of impairment losses on trade receivables	(37)	(1,308)
Waiver of interest income	-	108
Operating profit before changes in working capital	51,356	59,391
Inventories	(51,809)	14,170
Trade and other receivables	(8,572)	8,805
Trade and other payables	7,358	2
Contract liabilities	(2,092)	2,347
Net cash (used in)/generated from operation	(3,759)	84,715
Interest received	721	617
Interest paid	(17,112)	(14,466)
Net income tax refunded/(paid)	6,220	(7,154)
Net cash (used in)/from operating activities	(13,930)	63,712
Cash Flows from Investing Activities		
Acquisition of non-controlling interests of a subsidiary	(271)	-
Capital work-in-progress paid	(6,505)	(16,320)
Changes in deposit pledged with a licensed bank	(12)	(8)
Deposits paid for acquisition of property, plant and equipment	(4,466)	(1,483)
Proceeds from disposal of plant and equipment	176	142
Purchase of property, plant and equipment	(1,108)	(3,868)
Net cash used in investing activities	(12,186)	(21,537)

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (CONT'D)

	Current Year-To-Date 30.09.2024 RM'000	Preceding Year-To-Date 30.09.2023 RM'000
Cash Flows from Financing Activities		
Dividends paid	(5,115)	(5,115)
Drawdown of term loans	7,075	16,735
Net drawdown/(repayment) of bankers' acceptances	14,579	(11,432)
Net (repayment)/drawdown of islamic financing	(8,614)	651
Payment of hire purchase payables	(4,245)	(4,081)
Payment of lease liabilities	(1,358)	(1,385)
Repayment of term loans	(8,095)	(8,095)
Net cash used in financing activities	<u>(5,773)</u>	<u>(12,722)</u>
Net (decrease)/increase in cash and cash equivalents	(31,889)	29,453
Cash and cash equivalents at the beginning of the financial period	14,104	(6,256)
Effect of exchange rate changes on cash and cash equivalents	(224)	347
Cash and cash equivalents at the end of the financial period	<u>(18,009)</u>	<u>23,544</u>
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	22,970	37,647
Deposits with licensed banks	8,127	11,079
	<u>31,097</u>	<u>48,726</u>
Less: Bank overdrafts	(48,579)	(24,668)
Less: Deposit pledged with a licensed bank	(527)	(514)
	<u>(18,009)</u>	<u>23,544</u>

Note:

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 2023 and the accompanying explanatory notes attached to this interim financial statement.

LEON FUAT BERHAD

Registration No. 200601036648 (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 2023.

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 2023.

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 2023, except for the adoption of the following:

Amendments to MFRSs

MFRS 7	Financial Instruments: Disclosures
MFRS 16	Leases
MFRS 101	Presentation of Financial Statements
MFRS 107	Statement of Cash Flows

The Group has not applied in advance the following new MFRSs and amendments/improvements to MFRSs that have been issued by MASB but not yet effective for the current financial year:

	Effective for financial periods beginning on or after	
<u>New MFRSs</u>		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 107	Statement of Cash Flows	1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

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

A2. 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 2023 were not subject to any qualification.

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)**A3. 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.

A4. 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.

A5. Changes in Estimates

There were no changes in the estimates of amounts reported in the prior interim periods of 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.

A6. 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.

A7. Dividend Paid

The final single tier dividend of 1.5 sen per share in respect of the financial year ended 31 December 2023 which had been approved by the shareholders at the Annual General Meeting of the Company held on 13 June 2024 was paid on 19 July 2024.

A8. Segment Information

Segment information of the Group for the financial year-to-date ended 30 September 2024 is as follows:

	Trading of Steel Products RM’000	Processing/ Manufacturing ⁽¹⁾ of Steel Products RM’000	Others ⁽²⁾ RM’000	Total RM’000
External revenue	231,789	449,948	966	682,703
Cost of sales	(208,467)	(404,357)	(591)	(613,415)
Gross profit before inventories written down	23,322	45,591	375	69,288
Inventories written down				(2,697)
Gross profit				66,591
Add/(Less):				
- Other income				2,210
- Operating expenses				(33,743)
- Net addition of impairment losses on financial instruments				(98)
- Finance costs				(18,528)
Profit before tax				16,432
Tax expense				(4,060)
Profit for the financial period				12,372

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)**A8. Segment Information (Cont’d)**

Segment information of the Group for the financial year-to-date ended 30 September 2023 is as follows:

	Trading of Steel Products RM’000	Processing/ Manufacturing ⁽¹⁾ of Steel Products RM’000	Others ⁽²⁾ RM’000	Total RM’000
External revenue	236,344	450,933	199	687,476
Cost of sales	(209,263)	(401,722)	(165)	(611,150)
Gross profit	<u>27,081</u>	<u>49,211</u>	<u>34</u>	<u>76,326</u>
Add/(Less):				
- Other income				2,805
- Operating expenses				(30,906)
- Net reversal of impairment losses on financial instruments				734
- Finance costs				<u>(16,011)</u>
Profit before tax				32,948
Tax expense				<u>(5,090)</u>
Profit for the financial period				<u><u>27,858</u></u>

Notes:

⁽¹⁾ Collectively referred to as “processing”.

⁽²⁾ Mainly consists of trading of specialised steel materials including tool steel and non-ferrous metal products including bronze, brass, aluminium and copper products.

A9. 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.

A10. 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.

A11. 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 other than the acquisition by the Company’s wholly-owned subsidiary, Leon Fuat Metal Sdn. Bhd. of the remaining 1,546,000 ordinary shares representing approximately 12.99% of the total issued share capital of PCM Steel Processing Sdn. Bhd. (“PSP”) from Nippon Steel Trading Corporation for a cash consideration of RM270,605. Consequently, PSP became an indirect wholly-owned subsidiary of the Company on 20 March 2024.

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)**A12. Capital Commitments**

	As at 30.09.2024 RM’000	Audited As at 31.12.2023 RM’000
Approved and contracted for:		
Acquisition of plant and equipment	1,472	1,674
Acquisition of land	22,080	-
	23,552	1,674

A13. Changes in Contingent Liabilities and Contingent Assets

There were no contingent assets and liabilities since the end of the previous financial year up to 30 September 2024.

A14. Significant Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2024 RM’000	Preceding Year Quarter 30.09.2023 RM’000	Current Year- To-Date 30.09.2024 RM’000	Preceding Year- To-Date 30.09.2023 RM’000
Sales to related parties	1,954	1,464	4,802	4,193
Purchases from related parties	-	11	2	91
Rental expense paid to related parties	436	430	1,296	1,290

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

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**

	Current Year Quarter 30.09.2024 RM'000	Preceding Year Quarter 30.09.2023 RM'000	Variance	
			RM'000	%
Revenue	230,443	236,359	(5,916)	-2.5%
Gross profit	17,998	18,121	(123)	-0.7%
Profit before interest and tax	6,416	8,800	(2,384)	-27.1%
Profit before tax	842	3,988	(3,146)	-78.9%
Profit after tax	162	5,298	(5,136)	-96.9%
Profit attributable to owners of the Company	162	5,339	(5,177)	-97.0%

The revenue recorded for the current quarter and the preceding year corresponding quarter was RM230.44 million and RM236.36 million respectively, remained fairly consistent.

Our main business segments continued to be trading and processing of steel products, which collectively contributed approximately 99.8% of our total revenue for the current quarter. The trading segment and the processing segment contributed revenue of 34.4% and 65.4% respectively for the current quarter whereas the trading segment and the processing segment contributed revenue of 35.2% and 64.7% respectively for the preceding year corresponding quarter.

Our gross profit decreased slightly by 0.7% or RM0.12 million, from RM18.12 million for the preceding year corresponding quarter to RM18.00 million for the current quarter, mainly due to inventories written down of RM2.70 million in the current quarter (none for the preceding year corresponding quarter) as certain inventories were measured at its estimated net realisable value, despite higher overall gross profit margin by 1.3 percentage points, from 7.7% for the preceding year corresponding quarter to 9.0% for the current quarter.

The other income for the current quarter was RM0.39 million as compared to RM0.73 million for the preceding year corresponding quarter, decreased by RM0.34 million, as the result of the following:

- lower realised and unrealised gain on foreign exchange by RM0.34 million and RM0.18 million respectively due to reversal of realised and unrealised gain on foreign exchange of RM0.30 million and RM0.15 million respectively recorded for the current quarter as opposed to realised and unrealised gain on foreign exchange of RM0.04 million and RM0.03 million respectively recorded for the preceding year corresponding quarter; and
- lower gain on disposal of plant and equipment by RM0.07 million; partially mitigated by
- increase in interest income by RM0.11 million; and
- higher insurance claims by RM0.17 million.

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)**

Our operating costs increased by approximately RM1.85 million from RM9.51 million for the preceding year corresponding quarter to RM11.36 million for the current quarter, as the result of the following:

1. Increase in distribution costs by RM0.45 million, mainly due to:
 - increase in staff related costs by RM0.20 million mainly caused by increase in salaries and wages; and
 - increase in petrol, parking, toll, road tax, insurance, transportation, travelling, accommodation and upkeep of motor vehicles expenses by RM0.24 million.
2. Increase in administrative costs by RM0.63 million mainly due to:
 - higher directors' remuneration and staff related costs by RM0.24 million mainly resulted from higher provision of fees for directors;
 - increase in depreciation charges by RM0.10 million;
 - higher license fees and upkeep of office equipment expenses by RM0.15 million; and
 - higher insurance, road tax and travelling expenses by RM0.15 million.
3. Increase in net addition of impairment losses on financial instruments (trade receivables) by RM0.57 million due to net addition of impairment losses on financial instruments of RM0.09 million for the current quarter as opposed to net reversal of impairment losses on financial instruments of RM0.48 million for the preceding year corresponding quarter.
4. Increase in other costs by RM0.21 million, mainly due to:
 - realised and unrealised loss on foreign exchange of RM0.05 million and RM0.07 million respectively recorded for the current quarter; and
 - higher quit rent and assessment expenses by RM0.05 million.

Total finance costs for the current quarter was RM6.18 million, increased by RM0.83 million as compared to RM5.35 million for the preceding year corresponding quarter. This was mainly caused by higher profit charges for islamic financing by RM0.43 million as well as higher interest expense for overdraft facilities and term loans in the current quarter by RM0.42 million and RM0.29 million respectively, mainly due to higher utilisation of aforementioned facilities. The increase was, however, partially offset by lower interest expense for bankers' acceptances by RM0.32 million.

Based on the foregoing factors, our profit before tax decreased by 78.9% or RM3.15 million, from RM3.99 million for the preceding year corresponding quarter to RM0.84 million for the current 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**

	Current Year- To-Date 30.09.2024 RM'000	Preceding Year- To-Date 30.09.2023 RM'000	Variance	
			RM'000	%
Revenue	682,703	687,476	(4,773)	-0.7%
Gross profit	66,591	76,326	(9,735)	-12.8%
Profit before interest and tax	33,473	47,572	(14,099)	-29.6%
Profit before tax	16,432	32,948	(16,516)	-50.1%
Profit after tax	12,372	27,858	(15,486)	-55.6%
Profit attributable to owners of the Company	12,405	27,951	(15,546)	-55.6%

The revenue for the current financial year-to-date was RM682.70 million, remained fairly consistent as compared to RM687.48 million for the preceding financial year-to-date.

For the current financial year-to-date, our gross profit decreased by 12.8% or RM9.74 million, from RM76.33 million for the preceding financial year-to-date to RM66.59 million for the current financial year-to-date. This was due to lower overall gross profit margin by 1.0 percentage points, from 11.1% for the preceding financial year-to-date to 10.1% for the current financial year-to-date as well as inventories written down of RM2.70 million in the current financial year-to-date (none for the preceding financial year-to-date) as certain inventories were measured at its estimated net realisable value.

The other income for the current financial year-to-date was RM2.21 million as compared to RM2.81 million for the preceding financial year-to-date, lower by RM0.60 million, as the result of the following:

- absence of realised and unrealised gain on foreign exchange of RM0.11 million and RM0.36 million respectively recorded for the current financial year-to-date; and
- lower insurance claims by RM0.22 million; partially mitigated by
- increase in interest income by RM0.14 million.

Our operating costs increased by RM3.67 million from RM30.17 million for the preceding financial year-to-date to RM33.84 million for the current financial year-to-date, as the result of the following:

1. Increase in distribution costs by RM1.31 million mainly due to:
 - increase in staff related costs by RM0.66 million mainly caused by increase in salaries and wages; and
 - increase in petrol, parking, toll, road tax, insurance, transportation, travelling, accommodation and upkeep of motor vehicles expenses by RM0.57 million.

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)

2. Increase in administrative costs by RM1.24 million mainly due to:
 - higher directors' remuneration and staff related costs by RM0.60 million mainly resulted from higher provision of fees for directors;
 - increase in depreciation charges by RM0.37 million;
 - higher security charges by RM0.15 million;
 - higher license fees and upkeep of office equipment expenses by RM0.47 million; and
 - higher insurance, road tax and travelling expenses by RM0.32 million; partially mitigated by
 - lower professional fees incurred in the current financial year-to-date by RM0.29 million; and
 - lower upkeep of motor vehicles and office expenses by RM0.28 million.
3. Increase in net addition of impairment losses on financial instruments (trade receivables) by RM0.83 million due to net addition of impairment losses on financial instruments of RM0.10 million for the current financial year-to-date as opposed to net reversal of impairment losses on financial instruments of RM0.73 million for the preceding financial year-to-date.
4. Increase in other costs by RM0.29 million, mainly due to:
 - realised and unrealised loss on foreign exchange of RM0.05 million and RM0.07 million respectively recorded for the current financial year-to-date; and
 - higher quit rent and assessment expenses by RM0.15 million.

Total finance costs increased by RM2.52 million as compared to the preceding financial year-to-date. This was mainly caused by higher profit charges for islamic financing by RM1.11 million as well as higher interest expense for term loans in the current quarter by RM1.06 million, mainly due to higher utilisation of aforementioned facilities and higher profit/interest rates for the current financial year-to-date as compared to the preceding financial year-to-date resulted from the increase of Overnight Policy Rate by Bank Negara Malaysia in May 2023.

Based on the foregoing factors, our profit before tax for the current financial year-to-date decreased by 50.1% or RM16.52 million as compared to preceding financial year-to-date, from RM32.95 million for the preceding financial year-to-date to RM16.43 million for the current financial year-to-date.

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

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**

	Current Quarter 30.09.2024 RM'000	Immediate Preceding Quarter 30.06.2024 RM'000	Variance	
			RM'000	%
Revenue	230,443	227,001	3,442	1.5%
Gross profit	17,998	21,071	(3,073)	-14.6%
Profit before interest and tax	6,416	10,488	(4,072)	-38.8%
Profit before tax	842	4,743	(3,901)	-82.2%
Profit after tax	162	4,026	(3,864)	-96.0%
Profit attributable to owners of the Company	162	4,026	(3,864)	-96.0%

Our Group achieved revenue of RM230.44 million for the current quarter, remained fairly consistent as compared to RM227.00 for the immediate preceding quarter's revenue.

Our gross profit decreased by 14.6% or RM3.07 million, from RM21.07 million for the immediate preceding quarter to RM18.00 million for the current quarter, mainly due to inventories written down by RM2.70 million in the current quarter (none for the immediate preceding quarter) as certain inventories were measured at its estimated net realisable value, while overall gross profit margin remained fairly consistent at 9.0% for the current quarter as compared to 9.3% for the immediate preceding quarter.

The other income of RM0.39 million for the current quarter as compared to RM0.85 million for the immediate preceding quarter, was lower by RM0.46 million mainly due to:

- lower realised gain on foreign exchange by RM0.47 million due to reversal of realised gain on foreign exchange of RM0.30 million recorded for the current quarter as opposed to realised gain on foreign exchange of RM0.17 million recorded for the immediate preceding quarter;
- lower gain on disposal of plant and equipment by RM0.13 million; and
- higher reversal of unrealised gain on foreign exchange by RM0.07 million; partially mitigated by
- higher insurance claims by RM0.12 million; and
- increase in interest income by RM0.06 million.

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)

Our operating costs increased by RM0.43 million, from RM10.93 million for the immediate preceding quarter to RM11.36 million for the current quarter, as the result of the following:

1. Increase in distribution costs by RM0.21 million, mainly due to:
 - increase in staff related costs by RM0.05 million mainly caused by increase in salaries and wages; and
 - increase in petrol, parking, toll, road tax, insurance, transportation, travelling, accommodation and upkeep of motor vehicles expenses by RM0.15 million.
2. Increase in net addition of impairment losses on financial instruments (trade receivables) by approximately RM0.10 million due to net addition of impairment losses on financial instruments of RM0.09 million for the current quarter as opposed to net reversal of impairment losses on financial instruments of RM0.01 million for the immediate preceding quarter.
3. Increase in other costs by RM0.16 million mainly due to realised and unrealised loss on foreign exchange of RM0.05 million and RM0.07 million respectively recorded for the current quarter.

The finance costs for the current quarter was RM6.18 million, remained fairly consistent as compared to RM6.25 million for the immediate preceding quarter.

Based on the foregoing factors, our profit before tax decreased by 82.2% or RM3.90 million, from RM4.74 million for the immediate preceding quarter to RM0.84 million for the current quarter.

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**B3. Commentary on Prospects**

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 catered for specific product requirements of our large customer base from diverse industries and to provide a one-stop solution to potential customers. The cutting and profiling facilities include 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 laser cutting machines. In addition, our Group also has downstream manufacturing facilities for production of welded steel pipes with Phase 1 of the facilities having 4 production lines in a factory building while a newly completed Phase 2 of the facilities comprise a warehouse and a factory building specifically housing a production line for larger diameter welded steel pipes.

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 some of our merchandise and raw materials are sourced from overseas. With regards to the demand from our customers, our Group is leveraging on its large and diverse customer base which in turn dependent on the condition of economies they thrived in, their resilience towards crisis as well as policy measures of the government.

According to International Monetary Fund, global growth is expected to remain stable yet underwhelming. However, notable revisions have taken place beneath the surface since April 2024, with upgrades to the forecast for the United States offsetting downgrades to those for other advanced economies, in particular, the largest European countries. Likewise, in emerging market and developing economies, disruptions to production and shipping of commodities, especially oil, conflicts, civil unrest, and extreme weather events have led to downward revisions to the outlook for the Middle East and Central Asia and that for sub-Saharan Africa. These have been compensated for by upgrades to the forecast for emerging Asia, where surging demand for semiconductors and electronics, driven by significant investments in artificial intelligence, has bolstered growth, a trend supported by substantial public investment in China and India.

Locally, growth in the second half of 2024 will be driven by domestic spending with continued strong support from external demand. On the domestic front, household spending will be underpinned by continued employment and wage growth as well as policy measures. Investment activities will be driven by progress in multi-year projects across private and public sectors. Catalytic initiatives announced in national master plans and the higher realisation of approved investments are also key drivers for investment activities. Externally, the ongoing global tech upcycle and continued strong demand for non-electrical and electronics goods are expected to lift exports. Improvement in tourist arrivals and spending are expected to continue. Upside risks to growth prospects include greater spillover from the tech upcycle, robust tourism activities, and faster implementation of existing and new investment projects. Downside risks to growth prospects stem from a downturn in external demand, an escalation in geopolitical conflicts and lower-than-expected commodity production.

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

B3. Commentary on Prospects (Cont'd)

The current fluctuation in steel prices and the direction of Ringgit Malaysia against other major currencies may affect our Group's profit margin. Therefore, our Group will continue to remain vigilant on the movement of steel prices and related foreign currencies, and will take proactive 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 continue to enhance the operating capabilities and efficiencies in meeting customer orders while keeping our operating costs at a manageable level.

In this respect, our Board is cautiously optimistic that the Group will achieve positive results for final quarter of 2024.

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**B4. Variance of Forecast Profit and Profit Guarantee**

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

B5. Profit Before Tax

Profit before tax is derived after charging/(crediting):

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2024 RM'000	Preceding Year Quarter 30.09.2023 RM'000	Current Year- To-Date 30.09.2024 RM'000	Preceding Year- To-Date 30.09.2023 RM'000
Depreciation of property, plant and equipment	5,941	4,660	16,102	13,765
Fair value gain on derivatives	-	-	(24)	-
Impairment losses on trade receivables	104	(134)	135	574
Interest expense	5,574	4,812	17,041	14,624
Inventories written down	2,697	-	2,697	-
Plant and equipment written off	4	-	4	-
Waiver of interest income	-	34	-	108
Interest income	(351)	(239)	(889)	(748)
Net gain on a lease termination	(2)	-	(2)	-
Net gain on disposal of plant and equipment	-	(70)	(176)	(217)
Net foreign exchange loss/(gain):				
- realised	354	(36)	50	(110)
- unrealised	227	(31)	73	(355)
Rental income from premises	(248)	(248)	(742)	(742)
Reversal of impairment losses on trade receivables	(9)	(341)	(37)	(1,308)

Notes:

Less than RM500.

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.

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

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 30.09.2024 RM'000	Preceding Year Quarter 30.09.2023 RM'000	Current Year- To-Date 30.09.2024 RM'000	Preceding Year- To-Date 30.09.2023 RM'000
Current income tax				
- Current income tax charge	(1,581)	2,999	1,220	7,964
- Adjustment in respect of prior years	(170)	(2,034)	(165)	(3,427)
Deferred tax				
- Origination/(Reversal) of temporary differences	2,724	(1,939)	3,298	889
- Adjustment in respect of prior year	(293)	(336)	(293)	(336)
Tax expense	680	(1,310)	4,060	5,090

Note:

The negative current income tax for the current quarter was the result of reversal of income tax provided in previous quarters, mainly arising from higher availability of capital allowances due to addition of qualifying capital expenditure by a subsidiary company in the current quarter. The effective tax rate for the current financial year-to-date is higher than the statutory 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.

LEON FUAT BERHAD

Registration No. 200601036648 (756407-D)

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**B8. Group Borrowings**

	As at 30.09.2024 RM'000	As at 31.12.2023 RM'000
<u>Current</u>		
Secured:		
Bankers' acceptances	134,305	109,255
Bank overdrafts	38,645	25,792
Hire purchase payables	4,017	5,498
Term loans	13,310	11,154
	190,277	151,699
Unsecured:		
Bankers' acceptances	86,692	97,163
Bank overdrafts	9,934	9,286
Islamic financing	72,953	81,567
Lease liabilities	1,840	989
	171,419	189,005
	361,696	340,704
<u>Non-current</u>		
Secured:		
Hire purchase payables	2,045	4,809
Term loans	73,691	76,867
	75,736	81,676
Unsecured:		
Lease liabilities	13,159	10,375
	88,895	92,051
Total Borrowings	450,591	432,755

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 was no dividend proposed or declared during the current quarter.

LEON FUAT BERHAD

Registration No. 200601036648 (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 30.09.2024 RM'000	Preceding Year Quarter 30.09.2023 RM'000	Current Year- To-Date 30.09.2024 RM'000	Preceding Year- To-Date 30.09.2023 RM'000
Profit attributable to owners of the Company	162	5,339	12,405	27,951
Weighted average number of ordinary shares in issue ('000)	341,000	341,000	341,000	341,000
Basic Earnings Per Share (sen)	0.05	1.57	3.64	8.20

(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 November 2024