



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

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

	NOTE	CURRENT 3 MONTHS ENDED 30 JUNE		CUMULATIVE 6 MONTHS ENDED 30 JUNE	
		2019 RM'000 (Unaudited)	2018 RM'000 (Unaudited)	2019 RM'000 (Unaudited)	2018 RM'000 (Unaudited)
Continuing operations					
Revenue		61,751	54,262	134,599	125,769
Operating expenses		(59,044)	(48,883)	(131,276)	(115,053)
Operating profit		2,707	5,379	3,323	10,716
Depreciation		(1,626)	(1,719)	(3,288)	(3,474)
Finance costs		(856)	(753)	(1,706)	(1,391)
Profit/(Loss) before tax		225	2,907	(1,671)	5,851
Tax expense	B5	(94)	(1,256)	(94)	(1,999)
Net profit/(loss) from continuing operations		131	1,651	(1,765)	3,852
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Items that will not be reclassified subsequently to profit or loss:-					
- Gross revaluation increase of properties		4,285	0	4,285	0
- Deferred tax relating to revalued properties		412	0	412	0
Other comprehensive income for the financial period		4,697	0	4,697	0
PROFIT FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME		4,828	1,651	2,932	3,852
Net profit/(loss) for the financial period attributable to:-					
Equity holders of the company		157	1,687	(1,713)	3,916
Non-controlling interests		(26)	(36)	(52)	(64)
NET PROFIT/(LOSS)		131	1,651	(1,765)	3,852
Total comprehensive income/(loss) for the financial period attributable to:-					
Equity holders of the company		4,854	1,687	2,984	3,916
Non-controlling interests		(26)	(36)	(52)	(64)
TOTAL COMPREHENSIVE INCOME		4,828	1,651	2,932	3,852
Basic earnings/(loss) per ordinary share (sen)	B10	0.12	1.33	(1.35)	3.08
Diluted earnings per ordinary share (sen)	B10	N.A	N.A	N.A	N.A

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



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

	NOTE	30 JUNE 2019 RM'000 (Unaudited)	31 DEC 2018 RM'000 (Audited)
ASSETS			
Property, plant and equipment		159,680	156,906
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		159,738	156,964
Inventories		82,531	88,238
Trade and other receivables		29,408	32,936
Current tax assets		2,874	2,050
Cash and cash equivalents		3,881	7,791
TOTAL CURRENT ASSETS		118,694	131,015
TOTAL ASSETS		278,432	287,979
EQUITY			
Share capital		64,020	64,020
Treasury shares		(1,451)	(1,451)
Reserves		83,915	80,931
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		146,484	143,500
Non-controlling interests		157	209
TOTAL EQUITY		146,641	143,709
LIABILITIES			
Borrowings	B8	247	619
Deferred tax liabilities		13,551	13,963
TOTAL NON-CURRENT LIABILITIES		13,798	14,582
Trade and other payables		29,452	32,428
Borrowings	B8	88,489	97,208
Current tax liabilities		52	52
TOTAL CURRENT LIABILITIES		117,993	129,688
TOTAL LIABILITIES		131,791	144,270
TOTAL EQUITY AND LIABILITIES		278,432	287,979
Net Assets Per Share (Sen)		114	112

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



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

	30 JUNE 2019	30 JUNE 2018
	RM'000	RM'000
(Loss)/Profit before tax	(1,671)	5,851
Adjustments for:		
Depreciation	3,288	3,474
Interest expenses	1,706	1,391
Unrealised foreign exchange loss/(gain)	75	(88)
Operating profit before working capital changes	<u>3,398</u>	<u>10,628</u>
Changes in:-		
Inventories	5,707	(9,995)
Trade and other receivables	3,480	3,908
Trade and other payables	(3,002)	878
Cash generated from operations	<u>9,583</u>	<u>5,419</u>
Tax paid	(918)	(1,727)
Tax refunded	0	11
Interest paid	(1,706)	(1,391)
Net cash from operating activities	<u>6,959</u>	<u>2,312</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,778)	(3,210)
Net cash used in investing activities	<u>(1,778)</u>	<u>(3,210)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in short-term loans and borrowings	(10,104)	(1,573)
Purchase of treasury shares	0	(206)
Repayment of hire purchase obligations	(552)	(603)
Repayment of term loans	0	(1,063)
Net cash used in financing activities	<u>(10,656)</u>	<u>(3,445)</u>
Net decrease in cash and cash equivalents	(5,475)	(4,343)
Cash and cash equivalents brought forward	7,019	6,422
Cash and cash equivalents carried forward	<u>1,544</u>	<u>2,079</u>
Cash and cash equivalents carried forward		
Cash and cash equivalents	3,881	2,079
Bank overdrafts	<u>(2,337)</u>	<u>0</u>
	<u>1,544</u>	<u>2,079</u>



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

	Attributable to equity holders of the Company				Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Retained Earnings RM'000			
Balance as at 1 January 2019	64,020	57,444	(1,451)	23,487	143,500	209	143,709
Loss for the financial period	0	0	0	(1,713)	(1,713)	(52)	(1,765)
Gross revaluation increase of properties	0	4,285	0	0	4,285	0	4,285
Deferred tax relating to revalued properties	0	412	0	0	412	0	412
Total comprehensive income/(loss) for the period	0	4,697	0	(1,713)	2,984	(52)	2,932
Transactions with owners							
Purchase of treasury shares	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0
Balance as at 30 June 2019	64,020	62,141	(1,451)	21,774	146,484	157	146,641

	Attributable to equity holders of the Company				Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Retained Earnings RM'000			
Balance as at 1 January 2018	64,020	57,915	(1,057)	19,723	140,601	(45)	140,556
Opening balance adjustments from adoption of MFRS 9	0	0	0	(576)	(576)	0	(576)
Restated balance as at 1 January 2018	64,020	57,915	(1,057)	19,147	140,025	(45)	139,980
Profit/(Loss) for the financial period	0	0	0	3,916	3,916	(64)	3,852
Total comprehensive income/(loss) for the period	0	0	0	3,916	3,916	(64)	3,852
Transactions with owners							
Purchase of treasury shares	0	0	(206)	0	(206)	0	(206)
Total transactions with owners	0	0	(206)	0	(206)	0	(206)
Balance as at 30 June 2018	64,020	57,915	(1,263)	23,063	143,735	(109)	143,626

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

LEADER STEEL HOLDINGS BERHAD

(Company No.267209-K)

(Incorporated in Malaysia)

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

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

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

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

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

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

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

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

Standards issued but not yet effective

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

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

A1. Basis of Preparation (Continued)

Standards issued but not yet effective (Continued)

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

A2. Seasonal or Cyclical Factors

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

A3. Unusual Items

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

A4. Changes in Accounting Estimates

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

A5. Debts and Equity or Securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review.

A6. Dividend

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

A7. Profit/(Loss) for the Period

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

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

Depreciation of property, plant and equipment	1,626	1,719	3,288	3,474
Interest expense	856	753	1,706	1,391
Foreign exchange loss	110	135	192	233
Unrealised foreign exchange loss/(gain)	11	(115)	75	(88)

A8. Segment Information

Segmental reporting for the six-month financial period ended 30 June 2019:

	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	28,899	120,291	0	149,190
- Inter-segment	0	0	(14,591)	(14,591)
Total Revenue	28,899	120,291	(14,591)	134,599
Results				
Operating profit	3,046	277	0	3,323
Depreciation	(422)	(2,866)	0	(3,288)
Finance cost	(404)	(1,302)	0	(1,706)
Tax expense	(94)	0	0	(94)
Segment profit/(loss)	2,126	(3,891)	0	(1,765)

A9. Events after the Interim Period

There is no event subsequent to the interim period.

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period-to-date.

A11. Capital Commitment

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

A12. Changes in Contingent Liabilities

There is no contingent liability for current quarter.

A13. Related Party Transactions

Companies in which certain directors are deemed to have substantial financial interests	6 months ended 30 June 2019
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	1,273
Purchase of goods	(213)
Purchase of machinery parts	27
Rental expense	150
	<hr/>
	1,237

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

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

The Group achieved a total revenue of RM61.75 million for the current quarter under review representing an increase of RM7.49 million or 13.80% from RM54.26 million recorded in the preceding year's corresponding quarter.

The improvement in performance was mainly due to the increase in revenue from trading of minerals segment, which recorded an increase of RM9.51 million or 332.52% from RM2.86 million to RM12.37 million.

Revenue from manufacturing of steel product of the current quarter as compared to preceding year's corresponding quarter showed a slight decrease of RM2.02 million or 3.93% from RM51.40 million to RM49.38 million. The decrease in revenue was mainly due to lower selling price in the current quarter compared to the preceding year's corresponding quarter.

Our Group reported profit before taxation of RM0.23 million as compared to the preceding year's corresponding quarter profit before taxation of RM2.91 million, representing a decrease of RM2.68 million or 92.10%. The decrease in profit was due to lower profit margin in manufacturing segment.

B2. Current quarter compared to the preceding quarter

During the quarter under review, the Group reported a revenue of RM61.75 million as compared to RM72.85 million in the preceding quarter.

The Group's revenue during the current quarter had decreased by RM11.10 million or 15.24%. It was mainly due to a decrease in manufacturing of steel products for the current quarter compared to the preceding quarter, which recorded a decrease of RM6.94 million or 12.32% from RM56.32 million to RM49.38 million. The decrease in revenue was mainly due to lower sales tonnage in the current quarter compared to preceding quarter.

Revenue from trading of minerals segment of the current quarter compared to the preceding quarter recorded a decrease of RM4.16 million or 25.17% from RM16.53 million to RM12.37 million.

Our Group has reported profit before tax amounting to RM0.23million in the current quarter as compared to loss before tax of RM1.90 million in the preceding quarter. This represents an increase of RM2.13 million or 112.11% in the current quarter. The slight increase in profit was due to slightly higher profit margin in manufacturing segment.

B3. Prospects

Domestic steel market is challenged by slowed market demand and input cost pressure. However, market demand is anticipated to improve following the positive news from the domestic mega infrastructure projects. Our minerals segment is expected to continue its measured growth.

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

B4. Profit Forecast

Not applicable as no profit forecast was issued.

B5. Tax Expense

	Current Quarter 3 months ended 30 Jun		Cumulative Quarter 6 months ended 30 Jun	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysian tax - Current tax	(94)	(1,256)	(94)	(1,999)
Total tax expense	(94)	(1,256)	(94)	(1,999)

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

B6. Audit Report

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

B7. Status of Corporate Proposal Announced

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

B8. Borrowings

	30-Jun-19
	RM'000
Short term borrowings	
Unsecured	87,550
Finance lease liabilities	939
	<u>88,489</u>
Long term borrowings	
Finance lease liabilities	247
	<u>247</u>

B9. Changes in Material Litigation

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

B10. Earnings/(Loss) per Ordinary Share

	Current Quarter		Cumulative Period	
	Ended 30-Jun		Ended 30-Jun	
	2019	2018	2019	2018
Net earnings/(loss) attributable to ordinary equity holders of the Company (RM'000)	157	1,687	(1,713)	3,916
Weighted average number of ordinary shares ('000)	126,789	127,086	126,789	127,086
Basic earnings/(loss) per share (sen)	0.12	1.33	(1.35)	3.08

By the order of the Board

Datin Tan Pak Say
Managing Director
Penang
27 August 2019