



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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED		6 MONTHS ENDED	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Continuing operations</b>					
Revenue		39,100	61,751	99,246	134,599
Operating expenses		<u>(37,198)</u>	<u>(59,044)</u>	<u>(94,343)</u>	<u>(131,276)</u>
<b>Operating profit</b>		1,902	2,707	4,903	3,323
Depreciation		(1,433)	(1,626)	(2,876)	(3,288)
Finance costs		<u>(866)</u>	<u>(856)</u>	<u>(1,799)</u>	<u>(1,706)</u>
<b>(Loss)/Profit before tax</b>		(397)	225	228	(1,671)
Tax (expenses)/income	B5	<u>(5)</u>	<u>(94)</u>	<u>6</u>	<u>(94)</u>
<b>Net (loss)/profit from continuing operations</b>		<u>(402)</u>	<u>131</u>	<u>234</u>	<u>(1,765)</u>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>					
Items that will not be reclassified subsequently to profit or loss:-					
- Gross revaluation increase of properties		0	4,285	0	4,285
- Deferred tax relating to revalued properties		0	412	0	412
<b>Other comprehensive income for the financial period</b>		0	4,697	0	4,697
<b>(LOSS)/PROFIT FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE (LOSS)/INCOME</b>		<u>(402)</u>	<u>4,828</u>	<u>234</u>	<u>2,932</u>
<b>Net (loss)/profit for the financial period attributable to:-</b>					
Equity holders of the company		(395)	157	247	(1,713)
Non-controlling interests		<u>(7)</u>	<u>(26)</u>	<u>(13)</u>	<u>(52)</u>
<b>NET (LOSS)/PROFIT</b>		<u>(402)</u>	<u>131</u>	<u>234</u>	<u>(1,765)</u>
<b>Total comprehensive (loss)/income for the financial period attributable to:-</b>					
Equity holders of the company		(395)	4,854	247	2,984
Non-controlling interests		<u>(7)</u>	<u>(26)</u>	<u>(13)</u>	<u>(52)</u>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME</b>		<u>(402)</u>	<u>4,828</u>	<u>234</u>	<u>2,932</u>
<b>Basic (loss)/earnings per ordinary share (sen)</b>	<b>B10</b>	<u>(0.31)</u>	<u>0.12</u>	<u>0.20</u>	<u>(1.35)</u>
<b>Diluted earnings per ordinary share (sen)</b>	<b>B10</b>	<u>N.A</u>	<u>N.A</u>	<u>N.A</u>	<u>N.A</u>

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2019.



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	NOTE	30 JUNE 2020 RM'000 (Unaudited)	31 DEC 2019 RM'000 (Audited)
<b>ASSETS</b>			
Property, plant and equipment		132,282	134,382
Right-of-use assets		26,082	26,719
Goodwill		58	58
<b>TOTAL NON-CURRENT ASSETS</b>		<b>158,422</b>	<b>161,159</b>
Inventories		65,024	72,631
Trade and other receivables		42,403	38,155
Current tax assets		3,056	2,945
Cash and cash equivalents		4,963	3,058
<b>TOTAL CURRENT ASSETS</b>		<b>115,445</b>	<b>116,789</b>
<b>TOTAL ASSETS</b>		<b>273,868</b>	<b>277,948</b>
<b>EQUITY</b>			
Share capital		64,020	64,020
Treasury shares		(1,759)	(1,567)
Reserves		90,507	90,260
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>152,768</b>	<b>152,713</b>
Non-controlling interests		105	118
<b>TOTAL EQUITY</b>		<b>152,873</b>	<b>152,831</b>
<b>LIABILITIES</b>			
Borrowings	B8	1,480	1,720
Lease liabilities		199	275
Deferred tax liabilities		15,345	15,345
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>17,024</b>	<b>17,340</b>
Trade and other payables		18,986	19,796
Borrowings	B8	84,490	87,124
Lease liabilities		495	806
Current tax liabilities		0	51
<b>TOTAL CURRENT LIABILITIES</b>		<b>103,971</b>	<b>107,777</b>
<b>TOTAL LIABILITIES</b>		<b>120,995</b>	<b>125,117</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>273,868</b>	<b>277,948</b>
<b>Net Assets Per Share (Sen)</b>		<b>119</b>	<b>119</b>

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2019.



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	<b>30 JUNE 2020</b>	<b>30 JUNE 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) before tax	228	(1,671)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	2,239	3,288
Depreciation of right-of-use assets	637	0
Interest expenses	1,799	1,706
Unrealised foreign exchange loss	362	75
Operating profit before working capital changes	5,265	3,398
Changes in:-		
Inventories	7,607	5,707
Trade and other receivables	(4,469)	3,480
Trade and other payables	(1,108)	(3,002)
Cash generated from operations	7,295	9,583
Tax paid	(157)	(918)
Interest paid	(1,799)	(1,706)
Net cash generated from operating activities	5,339	6,959
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(139)	(1,778)
Net cash used in investing activities	(139)	(1,778)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net decrease in short-term loans and borrowings	(2,521)	(10,104)
Purchase of treasury shares	(192)	0
Repayment of lease liabilities	(387)	(552)
Repayment of term loans	(240)	0
Net cash used in from financing activities	(3,340)	(10,656)
Currency translation differences	159	0
Net increase/(decrease) in cash and cash equivalents	2,019	(5,475)
Cash and cash equivalents brought forward	1,937	7,019
Cash and cash equivalents carried forward	3,956	1,544
<b><u>Cash and cash equivalents carried forward</u></b>		
Cash and cash equivalents	4,963	3,881
Bank overdrafts	(1,007)	(2,337)
	3,956	1,544



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	Attributable to equity holders of the Company				Equity attributable to owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Retained Earnings RM'000			
<b>Balance as at 1 January 2020</b>	64,020	68,882	(1,567)	21,378	152,713	118	152,831
Profit/(Loss) for the financial period	0	0	0	247	247	(13)	234
<b>Total comprehensive income/(loss) for the period</b>	0	0	0	247	247	(13)	234
<b>Transactions with owners</b>							
Purchase of treasury shares	0	0	(192)	0	(192)	0	(192)
Total transactions with owners	0	0	(192)	0	(192)	0	(192)
<b>Balance as at 30 June 2020</b>	<b>64,020</b>	<b>68,882</b>	<b>(1,759)</b>	<b>21,625</b>	<b>152,768</b>	<b>105</b>	<b>152,873</b>

	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			
<b>Balance as at 1 January 2019</b>	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
<b>Total comprehensive income/(loss) for the period</b>	0	4,697	0	(1,713)	2,984	(52)	2,932
<b>Transactions with owners</b>							
Purchase of treasury shares	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0
<b>Balance as at 30 June 2019</b>	<b>64,020</b>	<b>62,141</b>	<b>(1,451)</b>	<b>21,774</b>	<b>146,484</b>	<b>157</b>	<b>146,641</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2019.

# LEADER STEEL HOLDINGS BERHAD

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## A. NOTES TO THE INTERIM FINANCIAL REPORT

### A1. Basis of Preparation

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

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2019.

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

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

##### *Amendments to References to the Conceptual Framework in MFRS Standards*

Amendments to MFRS 3 *Definition of a Business*

Amendments to MFRS 101 and MFRS 108 *Definition of Material*

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

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

#### **Standards issued but not yet effective**

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

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

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

### A2. Seasonal or Cyclical Factors

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

**A3. Unusual Items**

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

**A4. Changes in Accounting Estimates**

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

**A5. Debts and Equity or Securities**

Save as disclosed below, there were no issuance, cancellations, resale and repayment of debt and equity securities for the current quarter under review:-

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

**A6. Dividend**

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

**A7. (Loss)/Profit for the Period**

Current Quarter ended		Cumulative Period ended	
30-Jun 2020	30-Jun 2019	30-Jun 2020	30-Jun 2019
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	1,123	1,626	2,239	3,288
Depreciation of right-of-use assets	310	0	637	0
Interest expense	866	856	1,799	1,706
Foreign exchange (gain)/loss	(50)	110	(289)	192
Unrealised foreign exchange (gain)/loss	(119)	11	362	75

**A8. Segment Information**

Segmental reporting for the cumulative period ended 30 June 2020:

	<b>Trading &amp; Processing of Minerals RM'000</b>	<b>Manufacturing &amp; Trading of Steel Products RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>				
- External	40,375	59,835	0	100,210
- Inter-segment	0	0	(964)	(964)
<b>Total Revenue</b>	<b>40,375</b>	<b>59,835</b>	<b>(964)</b>	<b>99,246</b>
<b>Results</b>				
Operating profit	2,239	2,664	0	4,903
Depreciation of				
- property, plant and equipment	(52)	(2,187)	0	(2,239)
- right-of-use assets	(60)	(577)	0	(637)
Finance cost	(457)	(1,342)	0	(1,799)
Tax income	6	0	0	6
<b>Segment profit/(loss)</b>	<b>1,676</b>	<b>(1,442)</b>	<b>0</b>	<b>234</b>

**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**

<b>Companies in which certain directors are deemed to have substantial financial interests</b>	<b>6 months ended 30 June 2020</b>
<b>Eonmetall Group Berhad and its subsidiaries</b>	<b>RM'000</b>
Sales of goods	651
Purchase of goods	16
	<b>667</b>

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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 RM39.10 million for the current quarter under review, representing a decrease of RM22.65 million or 36.68% from RM61.75 million recorded in the preceding year corresponding quarter.

The decline in performance was mainly due to the decrease in revenue from manufacturing of steel products segment, which recorded a decrease of RM29.03 million or 58.79% from RM49.38 million to RM20.35 million.

Revenue from trading of minerals segment of the current quarter as compared to preceding year's corresponding quarter showed an increase of RM6.38 million or 51.58% from RM12.37 million to RM18.75 million. The growth in revenue was mainly due to higher sales tonnage in the current quarter compared to the preceding year's corresponding quarter.

Our Group reported loss before tax of RM0.40 million as compared to the preceding year's corresponding quarter profit before tax of RM0.23 million, representing a decrease of RM0.63 million or 273.91%. This was mainly due to lower sales tonnage as a result of the closure during Movement Control Order ("MCO") period.

**B2. Current quarter compared to the preceding quarter**

During the quarter under review, the Group reported a revenue of RM39.10 million as compared to RM60.15 million in the preceding quarter.

The Group's revenue during the current quarter had decreased by RM21.05 million or 35.00%. It was mainly due to lower sales generated by both manufacturing of steel products and trading of minerals segment for the current quarter compared to the preceding quarter. The manufacturing of steel products segment recorded a decrease of RM18.17 million or 47.17% from RM38.52 million to RM20.35 million.

The trading of minerals segment recorded a revenue of RM18.75 million for current quarter, was RM2.88 million or 13.31% lower as compared to RM21.63 million in the preceding quarter. The decrease in revenue was partly due to temporary ceasing of business operations during MCO imposed by the Government due to Covid-19 pandemic.

Our Group has reported loss before tax amounting to RM0.40 million in the current quarter as compared to profit before tax of RM0.63 million in the preceding quarter. This represents a decrease of RM1.03 million or 163.49% in the current quarter. This was attributed to lower sales achieved for both segments due to the business closure arising from the MCO.

### B3. Prospects

Economies all around the world have been experiencing unprecedented slowdown amidst rising concerns over the spread of the COVID-19 pandemic and Malaysian companies are also not spared.

The Group will continue to focus on measures to improve operational efficiency and profitability in order to recover lost ground in both local and export businesses. We continue to exercise caution and hope to achieve a satisfactory performance amidst this turbulent business environment.

### B4. Profit Forecast

Not applicable as no profit forecast was issued.

### B5. Tax expenses

	Current Quarter 3 months ended 30 Jun		Cumulative Period 6 months ended 30 Jun	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
- Current tax	(5)	(94)	(5)	(94)
- Prior year tax	0	0	11	0
- Deferred tax	0	0	0	0
<b>Total tax expenses</b>	<b>(5)</b>	<b>(94)</b>	<b>6</b>	<b>(94)</b>

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

### B6. Audit Report

The audited report of the preceding annual financial statements ended 31 December 2019 was not subject to any qualification.

## **B7. Status of Corporate Proposal Announced**

There was a corporate proposal announced and completed as at the date of this announcement as follow:-

On 30 July 2020, the Company announced that the Company proposed to undertake a Private Placement of up to 10% of the total number of issued shares of LSH (excluding treasury shares) (“LSH Share”).

On 4 August 2020, the Company announced that the Company had submitted an application to Bursa Securities for the listing and quotation of up to 12,803,200 Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities.

On 7 August 2020, the Company announced that Bursa Securities had, vide its letter dated 6 August 2020, approved the listing and quotation of up to 12,803,200 Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities.

On 10 August 2020, the Company announced that the issue price for the Placement Shares has been fixed on 10 August 2020 (“Price-Fixing Date”) at RM0.26 per Placement Share, representing the five (5)-day VWAMP of LSH Shares up to and including 7 August 2020, being the last market day immediately preceding the Price-Fixing Date, of RM0.26 per LSH Share.

On 17 August 2020, the Company announced that the Private Placement had been completed following the listing of and quotation for 12,302,960 Placement Shares on the Main Market of Bursa Securities.

## **B8. Borrowings**

	<b>30-Jun-20</b>
	<b>RM'000</b>
<b>Short term borrowings</b>	
Secured	480
Unsecured	84,010
	<b>84,490</b>
<b>Long term borrowings</b>	
Secured	1,480
	<b>1,480</b>

## **B9. Changes in Material Litigation**

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

**B10. (Loss)/Earnings per Ordinary Share**

	<b>Current Quarter Ended 30-Jun</b>		<b>Cumulative Period Ended 30-Jun</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net (loss)/earnings attributable to ordinary equity holders of the Company (RM'000)	(395)	157	247	(1,713)
Weighted average number of ordinary shares ('000)	126,126	126,789	126,126	126,789
<b>Basic (loss)/earnings per share (sen)</b>	<b>(0.31)</b>	<b>0.12</b>	<b>0.20</b>	<b>(1.35)</b>

By the order of the Board

Datin Tan Pak Say  
Managing Director  
Penang  
26 August 2020