



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 SEPTEMBER 2020**

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED		9 MONTHS ENDED	
		30 SEP		30 SEP	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations					
Revenue		60,729	89,385	159,975	223,984
Operating expenses		<u>(55,393)</u>	<u>(87,790)</u>	<u>(149,737)</u>	<u>(219,067)</u>
Operating profit		5,336	1,595	10,238	4,917
Depreciation		(1,409)	(1,599)	(4,284)	(4,887)
Finance costs		<u>(773)</u>	<u>(1,057)</u>	<u>(2,572)</u>	<u>(2,763)</u>
Profit/(Loss) before tax		3,154	(1,061)	3,382	(2,733)
Tax expenses	B5	<u>(670)</u>	<u>(118)</u>	<u>(664)</u>	<u>(212)</u>
Net profit/(loss) from continuing operations		<u>2,484</u>	<u>(1,179)</u>	<u>2,718</u>	<u>(2,945)</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Items that will not be reclassified subsequently to profit or loss:-					
- Gross revaluation increase of properties		0	0	0	4,285
- Deferred tax relating to revalued properties		0	0	0	412
Other comprehensive income for the financial period		<u>0</u>	<u>0</u>	<u>0</u>	<u>4,697</u>
PROFIT/(LOSS) FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS)		<u>2,484</u>	<u>(1,179)</u>	<u>2,718</u>	<u>1,752</u>
Net profit/(loss) for the financial period attributable to:-					
Equity holders of the company		2,492	(1,153)	2,738	(2,867)
Non-controlling interests		<u>(8)</u>	<u>(26)</u>	<u>(20)</u>	<u>(78)</u>
NET PROFIT/(LOSS)		<u>2,484</u>	<u>(1,179)</u>	<u>2,718</u>	<u>(2,945)</u>
Total comprehensive income/(loss) for the financial period attributable to:-					
Equity holders of the company		2,492	(1,153)	2,738	1,830
Non-controlling interests		<u>(8)</u>	<u>(26)</u>	<u>(20)</u>	<u>(78)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS)		<u>2,484</u>	<u>(1,179)</u>	<u>2,718</u>	<u>1,752</u>
Basic earnings/(loss) per ordinary share (sen)	B11	<u>1.91</u>	<u>(0.91)</u>	<u>2.09</u>	<u>(2.26)</u>
Diluted earnings per ordinary share (sen)	B11	<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 SEPTEMBER 2020**

	NOTE	30 SEP 2020 RM'000 (Unaudited)	31 DEC 2019 RM'000 (Audited)
ASSETS			
Property, plant and equipment		148,640	134,382
Right-of-use assets		24,162	26,719
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		172,860	161,159
Inventories		51,419	72,631
Trade and other receivables		33,711	38,155
Current tax assets		2,422	2,945
Cash and cash equivalents		17,301	3,058
TOTAL CURRENT ASSETS		104,853	116,789
TOTAL ASSETS		277,713	277,948
EQUITY			
Share capital		67,218	64,020
Treasury shares		(1,759)	(1,567)
Reserves		92,998	90,260
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		158,457	152,713
Non-controlling interests		98	118
TOTAL EQUITY		158,555	152,831
LIABILITIES			
Borrowings	B9	1,360	1,720
Lease liabilities		166	275
Deferred tax liabilities		15,345	15,345
TOTAL NON-CURRENT LIABILITIES		16,871	17,340
Trade and other payables		13,625	19,796
Borrowings	B9	88,333	87,124
Lease liabilities		294	806
Current tax liabilities		35	51
TOTAL CURRENT LIABILITIES		102,287	107,777
TOTAL LIABILITIES		119,158	125,117
TOTAL EQUITY AND LIABILITIES		277,713	277,948
Net Assets Per Share (Sen)		113	119

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 SEPTEMBER 2020**

	30 SEP 2020 RM'000	30 SEP 2019 RM'000
Profit/(Loss) before tax	3,382	(2,733)
Adjustments for:		
Depreciation of property, plant and equipment	3,420	4,887
Depreciation of right-of-use assets	864	0
Interest expenses	2,572	2,763
Unrealised foreign exchange loss	286	78
Gain on disposal of property, plant and equipment	0	(38)
Operating profit before working capital changes	10,524	4,957
Changes in:-		
Inventories	21,212	6,593
Trade and other receivables	4,230	(4,691)
Trade and other payables	(6,401)	(12,096)
Cash generated from/(used in) operations	29,565	(5,237)
Tax paid	(157)	(920)
Interest paid	(2,572)	(2,763)
Net cash generated from/(used in) operating activities	26,836	(8,920)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	0	3,238
Purchase of property, plant and equipment	(16,135)	(2,994)
Net cash (used in)/ generated from investing activities	(16,135)	244
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in short-term loans and borrowings	2,330	966
Purchase of treasury shares	(192)	(109)
Repayment of lease liabilities	(471)	(865)
Proceeds from issuance of share	3,198	0
Repayment of term loans	(360)	(80)
Proceed from term loans	0	2,400
Net cash generated from financing activities	4,505	2,312
Currency translation differences	158	0
Net increase/(decrease) in cash and cash equivalents	15,364	(6,364)
Cash and cash equivalents brought forward	1,937	7,019
Cash and cash equivalents carried forward	17,301	655
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	17,301	2,514
Bank overdrafts	0	(1,859)
	17,301	655



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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			
Balance as at 1 January 2020	64,020	68,882	(1,567)	21,378	152,713	118	152,831
Profit/(Loss) for the financial period	0	0	0	2,738	2,738	(20)	2,718
Total comprehensive income/(loss) for the period	0	0	0	2,738	2,738	(20)	2,718
Transactions with owners							
Issue of shares	3,198	0	0	0	3,198	0	3,198
Purchase of treasury shares	0	0	(192)	0	(192)	0	(192)
Total transactions with owners	3,198	0	(192)	0	3,006	0	3,006
Balance as at 30 September 2020	67,218	68,882	(1,759)	24,116	158,457	98	158,555

	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	(2,867)	(2,867)	(78)	(2,945)
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	(2,867)	1,830	(78)	1,752
Transactions with owners							
Purchase of treasury shares	0	0	(109)	0	(109)	0	(109)
Total transactions with owners	0	0	(109)	0	(109)	0	(109)
Balance as at 30 September 2019	64,020	62,141	(1,560)	20,620	145,221	131	145,352

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.

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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:

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

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

A2. Seasonal or Cyclical Factors

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

A3. Unusual Items

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

A4. Changes in Accounting Estimates

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

A5. Debts and Equity or Securities

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

On 17 August 2020, the Company announced the listing and quotation of 12,302,960 new ordinary shares for RM0.26 per share concurrent with the conclusion of a private placement exercise.

As at to-date, 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. Profit/(Loss) for the Period

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

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

Depreciation of property, plant and equipment	1,181	1,599	3,420	4,887
Depreciation of right-of-use assets	228	0	864	0
Interest expense	773	1,057	2,572	2,763
Foreign exchange loss	407	165	119	357
Unrealised foreign exchange (gain)/loss	(76)	3	286	78

A8. Segment Information

Segmental reporting for the financial period-to-date is as below:

Year-to-date ended	Trading & Processing of Minerals	Manufacturing & Trading of Steel Products	Eliminations	Consolidated
30 September 2020	RM'000	RM'000	RM'000	RM'000
Revenue				
- External	56,455	105,291	0	161,746
- Inter-segment	0	0	(1,771)	(1,771)
Total Revenue	56,455	105,291	(1,771)	159,975
Results				
Operating profit	2,451	7,787	0	10,238
Depreciation of - property, plant and equipment	(95)	(3,325)	0	(3,420)
- right-of-use assets	(74)	(790)	0	(864)
Finance cost	(658)	(1,914)	0	(2,572)
Tax expenses	(664)	0	0	(664)
Segment profit	960	1,758	0	2,718
Year-to-date ended				
30 September 2019				
Revenue				
- External	65,375	174,697	0	240,072
- Inter-segment	0	0	(16,088)	(16,088)
Total Revenue	65,375	174,697	(16,088)	223,984
Results				
Operating profit	4,530	387	0	4,917
Depreciation of property, plant and equipment	(624)	(4,263)	0	(4,887)
Finance cost	(688)	(2,075)	0	(2,763)
Tax expenses	(210)	(2)	0	(212)
Segment profit/(loss)	3,008	(5,953)	0	(2,945)

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	9 months ended 30 September 2020
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	2,362
Purchase of goods	20
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	2,382

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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 recorded a revenue of RM60.73 million for the current quarter under review as compared to RM89.39 million for the preceding year corresponding quarter. This represents a decrease of RM28.66 million or 32.06% across both manufacturing of steel products and trading of minerals segments.

The manufacturing of steel products segment recorded a revenue of RM44.65 million for the current quarter compared to RM52.91 million for the preceding year corresponding quarter, representing a decrease of RM8.26 million or 15.61%. This was mainly due to pandemic-related disruption to raw material supply chain during the current quarter.

The trading of minerals segment recorded revenue of RM16.08 million for the current quarter compared to RM 36.48 million for the preceding year corresponding quarter, representing a decrease of RM20.4 million or 55.92%. The decline in revenue was mainly due to pandemic-related disruption to supply chain and change in market preferences in the current quarter.

The Group recorded profit before tax of RM3.15 million in current quarter as compared to the loss before tax of RM1.06 million in preceding year's corresponding quarter, representing an increase of RM4.21 million or 397.17%. The improved performance was mainly attributable to strategic sales and raw material procurement practices during current quarter.

B2. Current quarter compared to the preceding quarter

The Group reported a revenue of RM60.73 million as compared to RM39.10 million in the preceding quarter, representing an increase of RM21.63 million or 55.32%. This was mainly due to higher sales generated by manufacturing of steel products segment.

The manufacturing of steel products segment recorded a revenue of RM44.65 million for the current quarter compared to RM20.35 million for the preceding quarter, representing an increase of RM24.30 million or 119.41%. The improved performance was mainly due to market normalizing as the nation enters into the period of Recovery Movement Control Order in current quarter.

During the current quarter, the trading of minerals segment reported revenue of RM16.08 million compared to RM18.75 million in the preceding quarter. This represents a slight decrease of RM2.67 million or 14.24% mainly due to pandemic-related disruption to supply chain in the current quarter.

As a result of improved revenue and better profit margin, the Group has reported profit before tax amounting to RM3.15 million in the current quarter as compared to loss before tax of RM0.40 million in the preceding quarter. This represents an increase of RM3.55 million or 887.5% in the current quarter.

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.

Despite the challenges mentioned above, the Group will continue taking various measures to enhance its operational efficiency and profitability in order to improve the performance of the Group. 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		Cumulative Period	
	3 months ended 30 Sep		9 months ended 30 Sep	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
- Current tax	(670)	(116)	(675)	(210)
- Prior year tax	0	(2)	11	(2)
Total tax expenses	(670)	(118)	(664)	(212)

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.

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B7. Status of Corporate Proposal Announced

There was no corporate proposal announced and not completed as at the date of this announcement.

B8. Status of utilisation of proceeds raised from corporate proposal

As at 30 September 2020, the status of utilisation of proceeds raised pursuant to the Private Placement is as follows:-

Details of Utilisation	Proposed Utilisation	Actual Utilisation	Balance Unutilised	Intended Timeframe for Utilisation*
	RM'000	RM'000	RM'000	
Working capital	3,103	3,103	-	Within one (1) year
Estimated expenses in relation to the Proposed Private Placement	96	93	3	Within one (1) month
	3,199	3,196	3	

Notes:

* From the date of listing of the Placement Shares

B9. Borrowings

	30-Sep-20
Short term borrowings	RM'000
Secured	480
Unsecured	87,853
	88,333
Long term borrowings	
Secured	1,360
	1,360

B10. Changes in Material Litigation

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

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B11. Earnings/(Loss) per Ordinary Share

	Current Quarter Ended 30-Sep		Cumulative Period Ended 30-Sep	
	2020	2019	2020	2019
Net earnings/(loss) attributable to ordinary equity holders of the Company (RM'000)	2,492	(1,153)	2,738	(2,867)
Weighted average number of ordinary shares ('000)	130,731	126,786	130,731	126,786
Basic earnings/(loss) per share (sen)	1.91	(0.91)	2.09	(2.26)

By the order of the Board

Datin Tan Pak Say
Managing Director
Penang

27 November 2020