



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 SEPTEMBER 2016**

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED 30 SEPTEMBER 2016 RM'000 (Unaudited)	2015 RM'000 (Audited)	9 MONTHS ENDED 30 SEPTEMBER 2016 RM'000 (Unaudited)	2015 RM'000 (Audited)
Continuing operations					
Revenue		40,665	37,978	120,142	121,136
Operating expenses		(34,756)	(36,605)	(105,332)	(113,790)
Operating profit/(loss)		5,909	1,373	14,810	7,346
Depreciation		(1,782)	(1,979)	(5,537)	(6,014)
Finance costs		(896)	(1,326)	(2,998)	(4,054)
Profit/(Loss) before tax		3,231	(1,932)	6,275	(2,722)
Tax refund/(expense)	B5	(841)	(18)	(1,224)	18
Net profit/(loss) from continuing operations		2,390	(1,950)	5,051	(2,704)
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Other comprehensive income/(expenses) for the financial year		0	0	0	0
TOTAL COMPREHENSIVE INCOME/(EXPENSES)		2,390	(1,950)	5,051	(2,704)
Net (loss)/profit for the financial year attributable to:-					
Equity holders of the company		2,417	(1,924)	5,233	(2,603)
Non-controlling interests		(27)	(26)	(182)	(101)
NET PROFIT/(LOSS)		2,390	(1,950)	5,051	(2,704)
Total comprehensive income for the financial year attributable to:-					
Equity holders of the company		2,417	(1,924)	5,233	(2,603)
Non-controlling interests		(27)	(26)	(182)	(101)
TOTAL COMPREHENSIVE INCOME/(EXPENSES)		2,390	(1,950)	5,051	(2,704)
Basic earnings per ordinary share (sen)	B11	1.90	(1.51)	4.11	(2.04)
Diluted earnings per ordinary share (sen)	B11	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 2015.



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	NOTE	30 SEP 2016 RM'000 (Unaudited)	31 DEC 2015 RM'000 (Audited)
ASSETS			
Property, plant and equipment		148,985	154,431
Available-for-sale financial asset		36	44
TOTAL NON-CURRENT ASSETS		149,021	154,475
Inventories		45,300	47,171
Trade and other receivables		44,089	45,130
Current tax assets		107	1,873
Cash and cash equivalents		1,252	615
TOTAL CURRENT ASSETS		90,748	94,789
TOTAL ASSETS		239,769	249,264
EQUITY			
Share capital		64,016	64,016
Treasury shares		(427)	(350)
Share premium		4	4
Revaluation surplus		53,472	53,472
Foreign currency translation reserve		3	3
Retained earnings		10,436	5,203
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		127,504	122,348
Non-controlling interests		113	295
TOTAL EQUITY		127,617	122,643
LIABILITIES			
Borrowings	B8	3,416	5,686
Deferred tax liabilities		14,480	14,481
TOTAL NON-CURRENT LIABILITIES		17,896	20,167
Trade and other payables		20,995	21,566
Borrowings	B8	73,022	84,888
Current tax liabilities		239	0
TOTAL CURRENT LIABILITIES		94,256	106,454
TOTAL LIABILITIES		112,152	126,621
TOTAL EQUITY AND LIABILITIES		239,769	249,264
Net Assets Per Share (Sen)		100	96

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 2015.



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Attributable to equity holders of the Company							Distributable		Equity attributable to owners of the Company Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Non-distributable							Capital Reserve	Retained Earnings			
	Share Capital RM'000	Share Premium RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Share Option Reserve RM'000	Fair Value Reserve RM'000	Currency Translation Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000			
Balance as at 1 January 2016	64,016	4	53,472	(350)	0	0	3	0	5,203	122,348	295	122,643
Profit/(Loss) for the financial year	0	0	0	0	0	0	0	0	5,233	5,233	(182)	5,051
Total comprehensive income/(expenses) for the year	0	0	0	0	0	0	0	0	5,233	5,233	(182)	5,051
Transactions with owners												
Purchase of treasury shares	0	0	0	(77)	0	0	0	0	0	(77)	0	(77)
Total transactions with owners	0	0	0	(77)	0	0	0	0	0	(77)	0	(77)
Balance as at 30 September 2016	64,016	4	53,472	(427)	0	0	3	0	10,436	127,504	113	127,617

	Attributable to equity holders of the Company							Distributable		Equity attributable to owners of the Company Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Non-distributable							Capital Reserve	Retained Earnings			
	Share Capital RM'000	Share Premium RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Share Option Reserve RM'000	Fair Value Reserve RM'000	Currency Translation Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000			
Balance as at 1 January 2015	64,016	4	47,613	(308)	3,356	0	3	0	5,321	120,005	318	120,323
Profit/(Loss) for the financial year	0	0	0	0	0	0	0	0	(2,603)	(2,603)	(101)	(2,704)
Total comprehensive income/(expenses) for the year	0	0	0	0	0	0	0	0	(2,603)	(2,603)	(101)	(2,704)
Transactions with owners												
Purchase of treasury shares	0	0	0	(23)	0	0	0	0	0	(23)	0	(23)
Total transactions with owners	0	0	0	(23)	0	0	0	0	0	(23)	0	(23)
Balance as at 30 September 2015	64,016	4	47,613	(331)	3,356	0	3	0	2,718	117,379	217	117,596

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 2015.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	30 SEP 2016	30 SEP 2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,275	(2,722)
Adjustments for:		
Gain on disposal of property, plant and equipment	(26)	(400)
Depreciation	5,537	6,014
Loss / (Gain) on available-for-sale financial asset	8	(36)
Interest expenses	2,998	4,054
Operating profit before working capital changes	14,792	6,910
Changes in:-		
Inventories	1,870	2,078
Trade and other receivables	691	12,252
Trade and other payables	(571)	532
Cash generated from operations	16,782	21,772
Tax paid	(288)	(711)
Tax refunded	1,423	99
Interest paid	(2,998)	(4,054)
Net cash from operating activities	14,919	17,106
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	26	1,044
Purchase of property, plant and equipment	(96)	(8,160)
Net cash used in investing activities	(70)	(7,116)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase obligations	(285)	1,180
Purchase of treasury shares	(77)	(23)
Repayment of term loans	(1,418)	(2,397)
Repayment of commodity financing	(2,700)	(2,938)
Increase/(decrease) in short term loans and borrowings	(10,491)	(5,837)
Net cash used in financing activities	(14,971)	(10,015)
Net decrease in cash and cash equivalents	(122)	(25)
Cash and cash equivalents brought forward	(4,062)	(2,779)
Cash and cash equivalents carried forward	(4,184)	(2,804)
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	1,252	1,240
Bank overdrafts	(5,436)	(4,044)
	(4,184)	(2,804)



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 2015.

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 2015.

Adoption of Amendments to Standards and IC Interpretations

The Group had adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014.

Amendments to MFRS 10	<i>Consolidated Financial Statements: Investment Entities</i>
Amendments to MFRS 12	<i>Disclosure of Interest in Other Entities: Investment Entities</i>
Amendments to MFRS 127	<i>Separate Financial Statements(2011): Investment Entities</i>
Amendments to MFRS 132	<i>Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 136	<i>Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to MFRS 139	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IC Interpretation 21	<i>Levies</i>

The Group had adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2016.

MFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to MFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to MFRS 116 and MFRS 138	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to MFRS 127	<i>Equity Method in Separate Financial Statements</i>
Amendments to MFRS 101	<i>Disclosure Initiative</i>
Amendments to MFRS 10, MFRS 12 and MFRS 128	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to MFRSs Annual Improvements 2012 – 2014 Cycle	



The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Description		Effective for financial periods beginning on or after
MFRS 15	<i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 9	<i>Financial Instruments (IFRS as issued by International Accounting Standards Board ("IASB") in July 2014)</i>	1 January 2018
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 years.

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

Profit for the Period

	Current Quarter		Cumulative period ended	
	30-Sep 2016 RM'000	30-Sep 2015 RM'000	30-Sep 2016 RM'000	30-Sep 2015 RM'000
Profit before tax is arrived at after charging/(crediting)				
Depreciation of property, plant and equipment	1,782	1,979	5,537	6,014
Interest expense	896	1,326	2,998	4,054
Realised foreign exchange losses / (gains)	154	(160)	(403)	(1,594)
Unrealised foreign exchange losses / (gains)	0	(2,107)	1,048	(2,060)

A8. Segment Information

Segmental reporting for the cumulative period ended 30 September 2016:

	Trading of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	21,471	101,144	0	122,615
- Inter-segment	0	0	(2,473)	(2,473)
Total Revenue	21,471	101,144	(2,473)	120,142
Results				
Operating profit/(loss)	(1,993)	11,266	0	9,273
Finance cost	(1,027)	(1,971)	0	(2,998)
Tax refund/(expense)	(3)	(1,221)	0	(1,224)
Segment profit/(loss)	(3,023)	8,074	0	5,051

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

	9 months ended
Companies in which certain directors are deemed to have substantial financial interests	30 September 2016
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	2,307
Purchase of goods	9,203
Rental expense	239
	<hr/> 11,749 <hr/>



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 RM40.7 million for the current quarter under review representing an increase of RM2.7 million or 7% from RM38 million recorded in the preceding year's corresponding quarter.

It was mainly due to the increase in revenue from manufacturing segment, which recorded an increase in revenue of RM3.8 million or 12.8% from RM29.6 million to RM33.4 million in its revenue.

Revenue from trading of minerals segment of the current quarter compared to preceding year's corresponding quarter recorded a decrease of RM1.1 million or 13% from RM8.4 million to RM7.3 million.

For the current quarter ended 30 September 2016, the Group posted a profit before taxation of RM3.2 million as compared to the preceding year's corresponding loss before taxation of RM1.9 million, representing an increase of RM5.1 million or 268%. The significant increase in profit before tax was due to higher profit margin during the quarter as a result of higher selling prices in the manufacturing segment.

B2. Current quarter versus the preceding quarter

During the quarter under review, the Group reported a revenue of RM40.7 million as compared to RM42.5 million in the preceding quarter.

The Group's revenue during the current quarter had decreased by RM1.8 million or 4.24%. It was mainly attributable to a decrease in manufacturing of steels for the current quarter compared to the preceding quarter, which recorded a decrease of RM1.7 million or 4.8% from RM35.1 million to RM33.4 million in its revenue.

Revenue from mineral segment of the current quarter compared to preceding quarter recorded a decrease of RM0.1 million or 1.4% from RM7.4 million to RM7.3 million.

Our Group's reported profit before tax amounting to RM3.2 million in the current quarter as compared to profit before tax of RM2.2 million in the preceding quarter. This represents an increase of RM1 million or 45.5% in the current quarter. The improvement was mainly due to strengthened steel prices despite minor slide in sales output.



B3. Prospects

In view of the continued challenging environment arising from the ongoing uncertainties of the global economy, including volatility of foreign currencies and oil prices, we expect the business environment for the manufacturing and trading of steel products to be impacted. In addition, shortage of materials due to anti-dumping policy imposed on China's imports and reduction of production by local upstream steel manufacturers are issues of concern to the Company.

However despite challenging environment, the demand for minerals remains stable. Hence the management is optimistic that the trading of minerals segment will contribute positive results.

On the assumption that this environment will persist, the Board is hoping to achieve an improvement in the performance of the Group for the quarter ahead.

B4. Profit Forecast

Not applicable as no profit forecast was issued.

B5. Tax Expense

	Current Quarter 3 months ended 30 Sep		Cumulative Quarter 9 months ended 30 Sep	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysian tax				
- Current tax	(819)	(18)	(1,187)	(19)
- Prior year tax	(22)	0	(37)	37
- Deferred tax	0	0	0	0
Total tax expense	(841)	(18)	(1,224)	18

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

The effective tax rate is lower than the statutory tax rate due to the tax incentive of certain subsidiaries.

B6. Audit Report

The audited report of the preceding annual financial statements ended 31 December 2015 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-Sep-16
	RM'000
Short term borrowings	
Secured	3,144
Unsecured	69,297
Finance lease liabilities	581
	<u>73,022</u>
Long term borrowings	
Secured	2,181
Finance lease liabilities	1,235
	<u>3,416</u>

B9. Changes in Material Litigation

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

B10. Realised and Unrealised Profits/Losses

The following analysis of realised and unrealised retained profits/ (accumulated losses) is prepared pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	30-Sep-16	31-Dec-15
	RM'000	RM'000
Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:		
- Realized	2,669	(2,381)
- Unrealized	430	430
Add: Consolidation adjustments	7,336	7,154
Total group retained profits as per consolidation accounts	<u>10,435</u>	<u>5,203</u>



B11. Earnings Per Ordinary Share

	Quarter Ended		Cumulative Period Ended	
	30-Sep		30-Sep	
	2016 (RM'000)	2015 (RM'000)	2016 (RM'000)	2015 (RM'000)
Net loss /earnings attributable to ordinary equity holders of the Company (RM'000)	2,417	(1,924)	5,233	(2,603)
Weighted average number of ordinary shares ('000)	127,383	127,456	127,383	127,456
Basic earnings / (losses) per share (sen)	1.90	(1.51)	4.11	(2.04)

By the order of the Board

Datin Tan Pak Say
Managing Director
Penang