



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 31 MARCH 2018**

	NOTE	CURRENT 3 MONTHS ENDED 31 MARCH		CUMULATIVE 3 MONTHS ENDED 31 MARCH	
		2018 RM'000 (Unaudited)	2017 RM'000 (Audited)	2018 RM'000 (Unaudited)	2017 RM'000 (Audited)
Continuing operations					
Revenue		71,507	57,956	71,507	57,956
Operating expenses		<u>(66,170)</u>	<u>(52,276)</u>	<u>(66,170)</u>	<u>(52,276)</u>
Operating profit		5,337	5,680	5,337	5,680
Depreciation		(1,755)	(1,941)	(1,755)	(1,941)
Finance costs		<u>(638)</u>	<u>(729)</u>	<u>(638)</u>	<u>(729)</u>
Profit before tax		2,944	3,010	2,944	3,010
Tax (expense)/income	B5	<u>(743)</u>	3	<u>(743)</u>	3
Net profit from continuing operations		<u>2,201</u>	<u>3,013</u>	<u>2,201</u>	<u>3,013</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	0
- Deferred tax relating to revalued properties		0	0	0	0
Other comprehensive income for the financial period		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>2,201</u>	<u>3,013</u>	<u>2,201</u>	<u>3,013</u>
Net profit for the financial period attributable to:-					
Equity holders of the company		2,229	3,039	2,229	3,039
Non-controlling interests		<u>(28)</u>	<u>(26)</u>	<u>(28)</u>	<u>(26)</u>
NET PROFIT		<u>2,201</u>	<u>3,013</u>	<u>2,201</u>	<u>3,013</u>
Total comprehensive income for the financial period attributable to:-					
Equity holders of the company		2,229	3,039	2,229	3,039
Non-controlling interests		<u>(28)</u>	<u>(26)</u>	<u>(28)</u>	<u>(26)</u>
TOTAL COMPREHENSIVE INCOME		<u>2,201</u>	<u>3,013</u>	<u>2,201</u>	<u>3,013</u>
Basic earnings per ordinary share (sen)	B10	<u>1.75</u>	<u>2.39</u>	<u>1.75</u>	<u>2.39</u>
Diluted earnings per ordinary share (sen)	B10	<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 2017.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	NOTE	31 MAR 2018 RM'000 (Unaudited)	31 DEC 2017 RM'000 (Audited)
ASSETS			
Property, plant and equipment		154,899	154,573
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		154,957	154,631
Inventories		49,767	56,359
Trade and other receivables		53,013	46,098
Current tax assets		1,166	619
Cash and cash equivalents		3,679	6,422
TOTAL CURRENT ASSETS		107,625	109,498
TOTAL ASSETS		262,582	264,129
EQUITY			
Share capital		64,020	64,020
Treasury shares		(1,117)	(1,057)
Reserves		79,291	77,638
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		142,194	140,601
Non-controlling interests		(73)	(45)
TOTAL EQUITY		142,121	140,556
LIABILITIES			
Borrowings	B8	1,031	1,280
Deferred tax liabilities		13,729	13,729
TOTAL NON-CURRENT LIABILITIES		14,760	15,009
Trade and other payables		20,058	20,624
Borrowings	B8	84,852	87,447
Current tax liabilities		791	493
TOTAL CURRENT LIABILITIES		105,701	108,564
TOTAL LIABILITIES		120,461	123,573
TOTAL EQUITY AND LIABILITIES		262,582	264,129
Net Assets Per Share (Sen)		111	110

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 2017.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	31 MAR 2018 RM'000	31 MAR 2017 RM'000
Profit before tax	2,944	3,010
Adjustments for:		
Depreciation	1,755	1,941
Diminution in value of investment	0	8
Interest expenses	638	729
Operating profit before working capital changes	5,337	5,688
Changes in:-		
Inventories	6,016	3,986
Trade and other receivables	(6,915)	6,961
Trade and other payables	(566)	(4,950)
Cash generated from operations	3,872	11,685
Tax paid	(1,002)	(851)
Tax refunded	11	290
Interest paid	(638)	(729)
Net cash from operating activities	2,243	10,395
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,081)	(4,824)
Net cash used in investing activities	(2,081)	(4,824)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase obligations	(313)	502
Purchase of treasury shares	(60)	0
Repayment of term loans	(517)	(471)
Repayment of commodity financing	0	(172)
Decrease in short term loans and borrowings	(2,015)	(11)
Net cash used in financing activities	(2,905)	(152)
Net (decrease)/increase in cash and cash equivalents	(2,743)	5,419
Cash and cash equivalents brought forward	6,422	313
Cash and cash equivalents carried forward	3,679	5,732
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	3,679	6,439
Bank overdrafts	0	(707)
	3,679	5,732



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	Attributable to equity holders of the Company					Distributable		Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000		
Balance as at 1 January 2018	64,020	0	57,915	(1,057)	0	19,723	140,601	(45)	140,556
Opening balance adjustments from adoption of MFRS 9	0	0	0	0	0	(576)	(576)	0	(576)
Restated balance as at 1 January 2018	64,020	0	57,915	(1,057)	0	19,147	140,025	(45)	139,980
Profit/(Loss) for the financial period	0	0	0	0	0	2,229	2,229	(28)	2,201
Total comprehensive income/(expenses) for the period	0	0	0	0	0	2,229	2,229	(28)	2,201
Transactions with owners									
Purchase of treasury shares	0	0	0	(60)	0	0	(60)	0	(60)
Total transactions with owners	0	0	0	(60)	0	0	(60)	0	(60)
Balance as at 31 March 2018	64,020	0	57,915	(1,117)	0	21,376	142,194	(73)	142,121

	Attributable to equity holders of the Company					Distributable		Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000		
Balance as at 1 January 2017	64,016	4	56,420	(528)	3	11,954	131,869	73	131,942
Profit/(Loss) for the financial period	0	0	0	0	0	3,039	3,039	(26)	3,013
Total comprehensive income/(expenses) for the period	0	0	0	0	0	3,039	3,039	(26)	3,013
Transactions with owners									
Effects of the new Companies Act, 2016 (Note a)	4	(4)	0	0	0	0	0	0	0
Total transactions with owners	4	(4)	0	0	0	0	0	0	0
Balance as at 31 March 2017	64,020	0	56,420	(528)	3	14,993	134,908	47	134,955

Note a

With the Companies Act, 2016 ("New Act") coming in to effect on 31 January 2017, the credits standing in the share premium account RM3,600 has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

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 2017.



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 2017.

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 2017.

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 MFRS 1	<i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>
MFRS 15	<i>Revenue from Contracts with Customers Clarifications to MFRS 15</i>
MFRS 9	<i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>
Amendments to MFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to MFRS 128	<i>Annual Improvements to MFRS Standard 2014 – 2016 Cycle</i>
Amendments to MFRS 140	<i>Transfer of Investment Property</i>
Amendments to MFRS 4	<i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group other than as set out below:

i. MFRS 9 Financial Instruments

The Group adopted MFRS 9 Financial Instruments on 1 January 2018. MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.



A1. Basis of Preparation (Continued)

i. MFRS 9 Financial Instruments (Continued)

MFRS 9 contains three principal classifications categories for financial assets: measured at amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale. The Group has elected to classify the equity investments as FVTPL and present subsequent changes in the investment’s fair value to profit or loss.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (“ECL”) model. Under MFRS 9, loss allowances will be measured on either 12 month ECLs or Lifetime ECLs. As allowed by the transitional provision of MFRS 9, the Group elected not to restate the comparatives.

Effects arising from the initial application of new impairment model and the recognition of equity investments to FVTPL are as follows:

	Impact of adoption of MFRS 9 to opening balance at 1 January 2018
	RM'000
Decrease in retained earnings	576
Decrease in trade and other receivables	576

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 early adopted by the Group.

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
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

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 for the Period

Current Quarter ended		Cumulative Period ended	
31-Mar 2018	31-Mar 2017	31-Mar 2018	31-Mar 2017
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	1,755	1,941	1,755	1,941
Interest expense	638	729	638	729
Foreign exchange losses/(gains)	98	(470)	98	(470)
Unrealised foreign exchange losses	27	809	27	809



A8. Segment Information

Segmental reporting for the cumulative period ended 31 March 2018:

	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	8,579	82,385	0	90,964
- Inter-segment	0	0	(19,457)	(19,457)
Total Revenue	8,579	82,385	(19,457)	71,507
Results				
Operating profit	277	3,305	0	3,582
Finance cost	(115)	(523)	0	(638)
Tax expense	(116)	(627)	0	(743)
Segment profit	46	2,155	0	2,201

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	3 months ended 31 March 2018
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	1,259
Purchase of goods	0
Purchase of machinery parts	73
Rental expense	79
	1,411



LEADER STEEL

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 RM71.51 million for the current quarter under review representing an increase of RM13.55 million or 23.38% from RM57.96 million recorded in the preceding year's corresponding quarter.

The improvement in performance was mainly due to the increase in revenue from manufacturing of steel segment, which recorded an increase of RM20.48 million or 48.24% from RM42.45 million to RM62.93 million.

Revenue from trading of minerals segment of the current quarter as compared to preceding year's corresponding quarter showed a decrease of RM6.93 million or 44.68% from RM15.51 million to RM8.58 million.

Our Group reported profit before taxation of RM2.94 million as compared to the preceding year's corresponding profit before taxation of RM3.01 million, representing a decrease of RM0.07 million or 2.33%. The lower profit margin was due to increase in material cost.

B2. Current quarter versus the preceding quarter

During the quarter under review, the Group reported a revenue of RM71.51 million as compared to RM74.47 million in the preceding quarter.

The Group's revenue during the current quarter had decreased by RM2.96 million or 3.97%. It was mainly attributable to a decrease in manufacturing of steel products for the current quarter compared to the preceding quarter, which recorded a decrease of RM4.81 million or 7.10% from RM67.74 million to RM62.93 million.

However, revenue from trading of minerals segment of the current quarter compared to preceding quarter recorded an increase of RM1.85 million or 27.49% from RM6.73 million to RM 8.58 million.

Our Group has reported profit before tax amounting to RM2.94 million in the current quarter as compared to profit before tax of RM5.05 million in the preceding quarter. This represents a decrease of RM2.11 million or 41.78% in the current quarter. The decrease was mainly attributed to lower sales volume in steel products in current quarter.



B3. Prospects

The Group recognizes that there will be ripple effects from the major shifts in the macro environment, including the continuous development in global steel trade stemming from the U.S. metals tariff, as well as the recent zero-rating of the Goods and Services Tax. The management is closely monitoring the macro factors' impact on market supply and demand.

The Board is cautiously optimistic and hopes to achieve a positive performance of the Group for the quarter ahead.

B4. Profit Forecast

Not applicable as no profit forecast was issued.

B5. Tax (Expense)/Income

	Current Quarter 3 months ended 31 Mar		Cumulative Quarter 3 months ended 31 Mar	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Malaysian tax				
- Current tax	(743)	3	(743)	3
- Prior year tax	0	0	0	0
- Deferred tax	0	0	0	0
Total tax (expense)/income	(743)	3	(743)	3

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 2017 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

	31-Mar-18
	RM'000
Short term borrowings	
Secured	1,413
Unsecured	82,340
Finance lease liabilities	1,099
	84,852
Long term borrowings	
Secured	0
Finance lease liabilities	1,031
	1,031

B9. Changes in Material Litigation

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

B10. Earnings per Ordinary Share

	Current Quarter		Cumulative Period	
	Ended 31-Mar		Ended 31-Mar	
	2018	2017	2018	2017
Net earnings attributable to ordinary equity holders of the Company (RM'000)	2,229	3,039	2,229	3,039
Weighted average number of ordinary shares ('000)	127,187	127,377	127,187	127,377
Basic earnings per share (sen)	1.75	2.39	1.75	2.39

By the order of the Board

Datin Tan Pak Say
 Managing Director
 Penang
 30 May 2018