



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 2019**

	NOTE	CURRENT 3 MONTHS ENDED 31 MARCH		CUMULATIVE 3 MONTHS ENDED 31 MARCH	
		2019 RM'000 (Unaudited)	2018 RM'000 (Unaudited)	2019 RM'000 (Unaudited)	2018 RM'000 (Unaudited)
Continuing operations					
Revenue		72,848	71,507	72,848	71,507
Operating expenses		<u>(72,232)</u>	<u>(66,170)</u>	<u>(72,232)</u>	<u>(66,170)</u>
Operating profit		616	5,337	616	5,337
Depreciation		(1,662)	(1,755)	(1,662)	(1,755)
Finance costs		<u>(850)</u>	<u>(638)</u>	<u>(850)</u>	<u>(638)</u>
(Loss)/ Profit before tax		(1,896)	2,944	(1,896)	2,944
Tax expense	B5	<u>0</u>	<u>(743)</u>	<u>0</u>	<u>(743)</u>
(LOSS)/PROFIT FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE (LOSS)/INCOME		<u>(1,896)</u>	<u>2,201</u>	<u>(1,896)</u>	<u>2,201</u>
Net (loss)/profit for the financial period attributable to:-					
Equity holders of the company		(1,871)	2,229	(1,871)	2,229
Non-controlling interests		<u>(25)</u>	<u>(28)</u>	<u>(25)</u>	<u>(28)</u>
NET (LOSS)/PROFIT		<u>(1,896)</u>	<u>2,201</u>	<u>(1,896)</u>	<u>2,201</u>
Total comprehensive (loss)/income for the financial period attributable to:-					
Equity holders of the company		(1,871)	2,229	(1,871)	2,229
Non-controlling interests		<u>(25)</u>	<u>(28)</u>	<u>(25)</u>	<u>(28)</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME		<u>(1,896)</u>	<u>2,201</u>	<u>(1,896)</u>	<u>2,201</u>
Basic (loss)/earnings per ordinary share (sen)	B10	<u>(1.48)</u>	<u>1.75</u>	<u>(1.48)</u>	<u>1.75</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 2018.



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	NOTE	31 MAR 2019 RM'000 (Unaudited)	31 DEC 2018 RM'000 (Audited)
ASSETS			
Property, plant and equipment		157,153	156,906
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		157,211	156,964
Inventories		75,494	88,238
Trade and other receivables		24,387	32,936
Current tax assets		2,557	2,050
Cash and cash equivalents		4,927	7,791
TOTAL CURRENT ASSETS		107,365	131,015
TOTAL ASSETS		264,576	287,979
EQUITY			
Share capital		64,020	64,020
Treasury shares		(1,451)	(1,451)
Reserves		79,060	80,931
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		141,629	143,500
Non-controlling interests		184	209
TOTAL EQUITY		141,813	143,709
LIABILITIES			
Borrowings	B8	386	619
Deferred tax liabilities		13,963	13,963
TOTAL NON-CURRENT LIABILITIES		14,349	14,582
Trade and other payables		21,191	32,428
Borrowings	B8	87,171	97,208
Current tax liabilities		52	52
TOTAL CURRENT LIABILITIES		108,414	129,688
TOTAL LIABILITIES		122,763	144,270
TOTAL EQUITY AND LIABILITIES		264,576	287,979
Net Assets Per Share (Sen)		111	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 31 MARCH 2019

	31 MAR 2019 RM'000	31 MAR 2018 RM'000
(Loss)/Profit before tax	(1,896)	2,944
Adjustments for:		
Depreciation	1,662	1,755
Interest expenses	850	638
Unrealised foreign exchange loss	64	27
Operating profit before working capital changes	680	5,364
Changes in:-		
Inventories	12,744	6,016
Trade and other receivables	8,457	(6,899)
Trade and other payables	(11,209)	(609)
Cash generated from operations	10,672	3,872
Tax paid	(507)	(1,002)
Tax refunded	0	11
Interest paid	(850)	(638)
Net cash from operating activities	9,315	2,243
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,909)	(2,081)
Net cash used in investing activities	(1,909)	(2,081)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in short-term loans and borrowings	(9,229)	(2,015)
Purchase of treasury shares	0	(60)
Repayment of hire purchase obligations	(269)	(313)
Repayment of term loans	0	(517)
Net cash used in financing activities	(9,498)	(2,905)
Net decrease in cash and cash equivalents	(2,092)	(2,743)
Cash and cash equivalents brought forward	7,019	6,422
Cash and cash equivalents carried forward	4,927	3,679
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	4,927	3,679
Bank overdrafts	0	0
	4,927	3,679



LEADER STEEL

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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	(1,871)	(1,871)	(25)	(1,896)
Total comprehensive loss for the period	0	0	0	(1,871)	(1,871)	(25)	(1,896)
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 31 March 2019	64,020	57,444	(1,451)	21,616	141,629	184	141,813

	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	2,229	2,229	(28)	2,201
Total comprehensive income/(loss) for the period	0	0	0	2,229	2,229	(28)	2,201
Transactions with owners							
Purchase of treasury shares	0	0	(60)	0	(60)	0	(60)
Total transactions with owners	0	0	(60)	0	(60)	0	(60)
Balance as at 31 March 2018	64,020	57,915	(1,117)	21,376	142,194	(73)	142,121

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

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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 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 early 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. (Loss)/ Profit for the Period

Current Quarter ended		Cumulative Period ended	
31-Mar 2019	31-Mar 2018	31-Mar 2019	31-Mar 2018
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	1,662	1,755	1,662	1,755
Interest expense	850	638	850	638
Foreign exchange loss	82	98	82	98
Unrealised foreign exchange loss	64	27	64	27

A8. Segment Information

Segmental reporting for the cumulative period ended 31 March 2019:

	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	16,529	67,386	0	83,915
- Inter-segment	0	0	(11,067)	(11,067)
Total Revenue	16,529	67,386	(11,067)	72,848
Results				
Operating profit/(loss)	2,467	(3,513)	0	(1,046)
Finance cost	(308)	(542)	0	(850)
Tax expense	0	0	0	0
Segment profit/(loss)	2,159	(4,055)	0	(1,896)

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 2019
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	667
Purchase of goods	(244)
Purchase of machinery parts	27
Rental expense	75
	<hr/>
	525

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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 RM72.85 million for the current quarter under review representing an increase of RM1.34 million or 1.87% from RM71.51 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 RM7.95 million or 92.66% from RM8.58 million to RM16.53 million.

Revenue from manufacturing of steel product of the current quarter as compared to preceding year's corresponding quarter showed a decrease of RM6.61 million or 10.50% from RM62.93 million to RM56.32 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 loss before taxation of RM1.90 million as compared to the preceding year's corresponding quarter profit before taxation of RM2.94 million, representing a decrease of RM4.84 million or 164.63%. The decrease in profit was due to lower profit margin in manufacturing segment.

B2. Current quarter versus the preceding quarter

During the quarter under review, the Group reported a revenue of RM72.85 million as compared to RM82.19 million in the preceding quarter.

The Group's revenue during the current quarter had decreased by RM9.34 million or 11.36%. It was mainly attributable to a decrease in trading of minerals for the current quarter compared to the preceding quarter, which recorded a decrease of RM11.30 million or 40.60% from RM27.83 million to RM16.53 million. The decrease in revenue was mainly due to lower sales tonnage in the current quarter compared to preceding quarter.

Revenue from manufacturing of steel products of the current quarter compared to the preceding quarter recorded an increase of RM1.96 million or 3.61% from RM54.36 million to RM56.32 million.

Our Group has reported loss before tax amounting to RM1.90 million in the current quarter as compared to loss before tax of RM0.82 million in the preceding quarter. This represents a decrease of RM1.08 million or 131.71% in the current quarter. The decrease in profit was affected by lower profit margin in manufacturing segment.

B3. Prospects

In the short term, there is likely a global iron ore supply shortage and price hike, which would result in higher input cost for manufacturing segment. However, the revival of domestic mega projects and trade remedies for steel products would help with steel product pricing. Barring any external shock such as global slowdown and given the demand for steel products maintain stable growth, profit margin would improve. Our minerals segment is expected to continue its measured growth.

We remain cautiously optimistic and hopes to achieve a positive performance for the Group despite business challenges. We will continue to focus our strategies and priorities in further strengthening our position in local steel market and increasing presence in targeted overseas market. The Group acknowledges the need to be on alert for any changes or development in both the domestic and international steel markets so as to achieve promising performance for financial year 2019.

B4. Profit Forecast

Not applicable as no profit forecast was issued.

B5. Tax Expense

	Current Quarter 3 months ended 31 Mar		Cumulative Quarter 3 months ended 31 Mar	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysian tax				
- Current tax	0	(743)	0	(743)
Total tax expense	0	(743)	0	(743)

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

	31-Mar-19
	RM'000
Short term borrowings	
Unsecured	86,088
Finance lease liabilities	1,083
	<u>87,171</u>
Long term borrowings	
Finance lease liabilities	386
	<u>386</u>

B9. Changes in Material Litigation

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

B10. (Loss)/Earnings per Ordinary Share

	Current Quarter		Cumulative Period	
	Ended 31-Mar		Ended 31-Mar	
	2019	2018	2019	2018
Net (loss)/earnings attributable to ordinary equity holders of the Company (RM'000)	(1,871)	2,229	(1,871)	2,229
Weighted average number of ordinary shares ('000)	126,789	127,086	126,789	127,086
Basic (loss)/earnings per share (sen)	(1.48)	1.75	(1.48)	1.75

By the order of the Board

Datin Tan Pak Say
 Managing Director
 Penang
 29 May 2019