



**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 2017**

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED 30 SEPTEMBER 2017 RM'000 (Unaudited)	2016 RM'000 (Audited)	9 MONTHS ENDED 30 SEPTEMBER 2017 RM'000 (Unaudited)	2016 RM'000 (Audited)
<b>Continuing operations</b>					
Revenue		62,355	40,665	169,288	120,142
Operating expenses		<u>(59,225)</u>	<u>(34,756)</u>	<u>(155,407)</u>	<u>(105,332)</u>
<b>Operating profit</b>		3,130	5,909	13,881	14,810
Depreciation		(1,935)	(1,782)	(5,801)	(5,537)
Finance costs		<u>(837)</u>	<u>(896)</u>	<u>(2,573)</u>	<u>(2,998)</u>
<b>Profit before tax</b>		358	3,231	5,507	6,275
Tax expense	B5	<u>(1,684)</u>	<u>(841)</u>	<u>(1,681)</u>	<u>(1,224)</u>
<b>Net (loss)/profit from continuing operations</b>		<u>(1,326)</u>	<u>2,390</u>	<u>3,826</u>	<u>5,051</u>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>					
Other comprehensive income for the financial period		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE (EXPENSES)/INCOME</b>		<u>(1,326)</u>	<u>2,390</u>	<u>3,826</u>	<u>5,051</u>
<b>Net (loss)/profit for the financial period attributable to:-</b>					
Equity holders of the company		(1,301)	2,417	3,903	5,233
Non-controlling interests		<u>(25)</u>	<u>(27)</u>	<u>(77)</u>	<u>(182)</u>
<b>NET (LOSS)/PROFIT</b>		<u>(1,326)</u>	<u>2,390</u>	<u>3,826</u>	<u>5,051</u>
<b>Total comprehensive income for the financial period attributable to:-</b>					
Equity holders of the company		(1,301)	2,417	3,903	5,233
Non-controlling interests		<u>(25)</u>	<u>(27)</u>	<u>(77)</u>	<u>(182)</u>
<b>TOTAL COMPREHENSIVE (EXPENSES)/INCOME</b>		<u>(1,326)</u>	<u>2,390</u>	<u>3,826</u>	<u>5,051</u>
<b>Basic earnings per ordinary share (sen)</b>	B11	<u>(1.02)</u>	<u>1.90</u>	<u>3.06</u>	<u>4.11</u>
<b>Diluted earnings per ordinary share (sen)</b>	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 2016.



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2017**

	NOTE	30 SEP 2017 RM'000 (Unaudited)	31 DEC 2016 RM'000 (Audited)
<b>ASSETS</b>			
Property, plant and equipment		152,706	151,433
Available-for-sale financial asset		0	36
Goodwill		58	0
<b>TOTAL NON-CURRENT ASSETS</b>		<b>152,764</b>	<b>151,469</b>
Inventories		49,460	46,842
Trade and other receivables		47,114	44,984
Current tax assets		49	0
Cash and cash equivalents		1,904	1,944
<b>TOTAL CURRENT ASSETS</b>		<b>98,527</b>	<b>93,770</b>
<b>TOTAL ASSETS</b>		<b>251,291</b>	<b>245,239</b>
<b>EQUITY</b>			
Share capital		64,016	64,016
Treasury shares		(538)	(528)
Reserves		72,284	68,381
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>135,762</b>	<b>131,869</b>
Non-controlling interests		(4)	73
<b>TOTAL EQUITY</b>		<b>135,758</b>	<b>131,942</b>
<b>LIABILITIES</b>			
Other payables		0	3,749
Borrowings	B8	1,713	3,317
Deferred tax liabilities		13,168	13,168
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>14,881</b>	<b>20,234</b>
Trade and other payables		26,803	26,143
Borrowings	B8	73,526	66,776
Current tax liabilities		323	144
<b>TOTAL CURRENT LIABILITIES</b>		<b>100,652</b>	<b>93,063</b>
<b>TOTAL LIABILITIES</b>		<b>115,533</b>	<b>113,297</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>251,291</b>	<b>245,239</b>
<b>Net Assets Per Share (Sen)</b>		<b>106</b>	<b>103</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 2016.



**LEADER STEEL HOLDINGS BERHAD**  
(Company No. 267209-K)  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	<b>30 SEP 2017</b>	<b>30 SEP 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	5,507	6,275
<b>Adjustments for:</b>		
Gain on disposal of property, plant and equipment	(134)	(26)
Depreciation	5,801	5,537
Loss on available-for-sale financial asset	36	8
Interest expenses	2,573	2,998
Operating profit before working capital changes	13,783	14,792
Changes in:-		
Inventories	(2,619)	1,870
Trade and other receivables	(2,129)	691
Trade and other payables	(3,088)	(571)
Cash generated from operations	5,947	16,782
Tax paid	(1,847)	(288)
Tax refunded	295	1,423
Interest paid	(2,573)	(2,998)
Net cash from operating activities	1,822	14,919
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	149	26
Goodwill	(58)	0
Purchase of property, plant and equipment	(5,925)	(96)
Net cash used in investing activities	(5,834)	(70)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase / (repayment) of hire purchase obligations	(674)	(285)
Purchase of treasury shares	(10)	(77)
Repayment of term loans	(1,440)	(1,418)
Repayment of commodity financing	(172)	(2,700)
Increase/(decrease) in short term loans and borrowings	5,868	(10,491)
Net cash used in financing activities	3,572	(14,971)
Net decrease in cash and cash equivalents	(440)	(122)
Cash and cash equivalents brought forward	313	(4,062)
Cash and cash equivalents carried forward	(127)	(4,184)
<b><u>Cash and cash equivalents carried forward</u></b>		
Cash and cash equivalents	1,904	1,252
Bank overdrafts	(2,031)	(5,436)
	(127)	(4,184)



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	Attributable to equity holders of the Company					Distributable		Equity attributable to owners of the Company RM'000	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				
<b>Balance as at 1 January 2017</b>	<b>64,016</b>	<b>4</b>	<b>56,420</b>	<b>(528)</b>	<b>3</b>	<b>11,954</b>	<b>131,869</b>	<b>73</b>	<b>131,942</b>	
<b>Profit/(Loss) for the financial period</b>	0	0	0	0	0	3,903	3,903	(77)	3,826	
<b>Total comprehensive income/(expenses) for the period</b>	0	0	0	0	0	3,903	3,903	(77)	3,826	
<b>Transactions with owners</b>										
Purchase of treasury shares	0	0	0	(10)	0	0	(10)	0	(10)	
Total transactions with owners	0	0	0	(10)	0	0	(10)	0	(10)	
<b>Balance as at 30 September 2017</b>	<b>64,016</b>	<b>4</b>	<b>56,420</b>	<b>(538)</b>	<b>3</b>	<b>15,857</b>	<b>135,762</b>	<b>(4)</b>	<b>135,758</b>	

	Attributable to equity holders of the Company					Distributable		Equity attributable to owners of the Company RM'000	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				
<b>Balance as at 1 January 2016</b>	<b>64,016</b>	<b>4</b>	<b>53,472</b>	<b>(350)</b>	<b>3</b>	<b>5,203</b>	<b>122,348</b>	<b>295</b>	<b>122,643</b>	
<b>Profit/(Loss) for the financial period</b>	0	0	0	0	0	5,233	5,233	(182)	5,051	
<b>Total comprehensive income/(expenses) for the period</b>	0	0	0	0	0	5,233	5,233	(182)	5,051	
<b>Transactions with owners</b>										
Purchase of treasury shares	0	0	0	(77)	0	0	(77)	0	(77)	
Total transactions with owners	0	0	0	(77)	0	0	(77)	0	(77)	
<b>Balance as at 30 September 2016</b>	<b>64,016</b>	<b>4</b>	<b>53,472</b>	<b>(427)</b>	<b>3</b>	<b>10,436</b>	<b>127,504</b>	<b>113</b>	<b>127,617</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 2016.



## LEADER STEEL HOLDINGS BERHAD

(Company No.267209-K)

(Incorporated in Malaysia)

### 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 2016.

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 2016.

#### **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 107 *Disclosure Initiative*

Amendments to MFRS 112 *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*

Amendments to MFRS 12 *(Annual Improvements to MFRSs 2014 - 2016 Cycle)*

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

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 2 <i>Share-based Payment - Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers - Clarifications to MFRS 15</i>	1 January 2018
Amendments to MFRS 140 <i>Investment Property - Transfers of Investment Property</i>	1 January 2018
Amendments to MFRSs <i>Annual Improvements to MFRSs 2014 - 2016 Cycle</i>	1 January 2018



## **A1. Basis of Preparation (Continued)**

### **Standards issued but not yet effective (Continued)**

IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
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	
30-Sep 2017	30-Sep 2016	30-Sep 2017	30-Sep 2016
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	1,935	1,782	5,801	5,537
Interest expense	837	896	2,573	2,998
Foreign exchange losses / (gains)	(137)	154	(483)	(403)
Unrealised foreign exchange losses	0	0	672	1,048

## A8. Segment Information

Segmental reporting for the cumulative period ended 30 September 2017:

	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>				
- External	41,408	137,262	0	178,670
- Inter-segment	0	0	(9,382)	(9,382)
<b>Total Revenue</b>	<b>41,408</b>	<b>137,262</b>	<b>(9,382)</b>	<b>169,288</b>
<b>Results</b>				
Operating (loss)/profit	(3,326)	11,406	0	8,080
Finance cost	(611)	(1,962)	0	(2,573)
Tax refund	0	(1,681)	0	(1,681)
<b>Segment (loss)/profit</b>	<b>(3,937)</b>	<b>7,763</b>	<b>0</b>	<b>3,826</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**

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<b>Companies in which certain directors are deemed to have substantial financial interests</b>	<b>9 months ended 30 September 2017</b>
<b>Eonmetall Group Berhad and its subsidiaries</b>	<b>RM'000</b>
Sales of goods	944
Purchase of goods	7,511
Purchase of machinery parts	4,620
Rental expense	239
	<hr/>
	<b>13,314</b>

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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 RM62.36 million for the current quarter under review representing an increase of RM21.69 million or 53.33% from RM40.67 million recorded in the preceding year's corresponding quarter.

The improvement in performance was mainly due to the increase in revenue from manufacturing segment, which recorded an increase of RM16.89 million or 50.55% from RM33.41 million to RM50.30 million.

Revenue from trading of minerals segment of the current quarter as compared to preceding year's corresponding quarter showed an increase of RM4.80 million or 66.12% from RM7.26 million to RM12.06 million.

For the current quarter ended 30 September 2017, the Group posted a profit before taxation of RM0.36 million as compared to the preceding year's corresponding profit before taxation of RM3.23 million, representing a decrease of RM2.87 million or 88.86%. The decrease in profit before taxation was due to weaker selling price in minerals segment.

### **B2. Current quarter versus the preceding quarter**

During the quarter under review, the Group reported a revenue of RM62.36 million as compared to RM48.98 million in the preceding quarter.

The Group's revenue during the current quarter had increased by RM13.38 million or 27.32%. It was mainly attributable to an increase in manufacturing of steel products for the current quarter compared to the preceding quarter, which recorded an increase of RM15.16 million or 43.14% from RM35.14 million to RM50.30 million.

However, revenue from trading of minerals segment of the current quarter compared to preceding quarter recorded a decrease of RM1.78 million or 12.86% from RM13.84 million to RM12.06 million.

Our Group has reported profit before tax amounting to RM0.36 million in the current quarter as compared to profit before tax of RM2.14 million in the preceding quarter. This represent a decrease of RM1.78 million or 83.18% in the current quarter. The decrease in profit was mainly due to lower average selling prices in minerals segment.



### B3. Prospects

The outlook for Malaysian steel market remains stable given the mega infrastructure and construction projects from the Belt and Road Initiative. Ongoing regulatory development and enforcement in limiting unfair imports will help Malaysian steel manufacturers. However, pricing pressure and volatility in foreign currencies and remain a cause for concern.

Despite the challenging business environment, the Board hopes to achieve a stable 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Malaysian tax</b>				
- Current tax	(1,854)	(819)	(1,854)	(1,165)
- Prior year tax	170	(22)	173	(59)
- Deferred tax	0	0	0	0
<b>Total tax expense</b>	<b>(1,684)</b>	<b>(841)</b>	<b>(1,681)</b>	<b>(1,224)</b>

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 2016 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**

	<b>30-Sep-17</b>
	<b>RM'000</b>
<b>Short term borrowings</b>	
Secured	2,059
Unsecured	70,349
Finance lease liabilities	1,118
	<u><b>73,526</b></u>
<b>Long term borrowings</b>	
Secured	371
Finance lease liabilities	1,342
	<u><b>1,713</b></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.

	<b>30-Sep-17</b>	<b>31-Dec-16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:</b>		
- Realised	9,194	7,294
- Unrealised	(672)	711
Add: Consolidation adjustments	7,335	3,949
Total group retained profits as per consolidation accounts	<u><b>15,857</b></u>	<u><b>11,954</b></u>



## B11. Earnings per Ordinary Share

	Current Quarter Ended 30-Sep		Cumulative Period Ended 30-Sep	
	2017	2016	2017	2016
Net earnings attributable to ordinary equity holders of the Company (RM'000)	(1,301)	2,417	3,903	5,233
Weighted average number of ordinary shares ('000)	127,374	127,383	127,374	127,383
<b>Basic earnings per share (sen)</b>	<b>(1.02)</b>	<b>1.90</b>	<b>3.06</b>	<b>4.11</b>

By the order of the Board

Datin Tan Pak Say  
Managing Director  
Penang