



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 YEAR ENDED 31 DECEMBER 2018**

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED		12 MONTHS ENDED	
		31 DECEMBER		31 DECEMBER	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
Continuing operations					
Revenue		82,188	74,474	284,032	243,762
Operating expenses		(80,684)	(66,845)	(268,467)	(222,252)
Operating profit		1,504	7,629	15,565	21,510
Depreciation		(1,698)	(1,805)	(6,845)	(7,606)
Finance costs		(737)	(751)	(2,956)	(3,324)
(Loss)/ Profit before tax		(931)	5,073	5,764	10,580
Tax income/(expense)	B5	1,484	(1,248)	(628)	(2,929)
Net profit from continuing operations		553	3,825	5,136	7,651
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Items that may be reclassified subsequently to profit or loss:-					
- Reclassification adjustment relating to subsidiary dissolved during the financial year		0	(3)	0	(3)
Items that will not be reclassified subsequently to profit or loss:-					
- Gross revaluation increase of properties		0	1,967	0	1,967
- Deferred tax relating to revalued properties		(473)	(472)	(473)	(472)
Other comprehensive (loss)/ income for the financial period		(473)	1,492	(473)	1,492
PROFIT FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME		80	5,317	4,663	9,143
Net profit/(loss) for the financial period attributable to:-					
Equity holders of the company		209	3,866	4,882	7,769
Non-controlling interests		344	(41)	254	(118)
NET PROFIT		553	3,825	5,136	7,651
Total comprehensive (loss)/income for the financial period attributable to:-					
Equity holders of the company		(264)	5,358	4,409	9,261
Non-controlling interests		344	(41)	254	(118)
TOTAL COMPREHENSIVE INCOME		80	5,317	4,663	9,143
Basic earnings per ordinary share (sen)	B10	0.16	3.04	3.85	6.10
Diluted earnings per ordinary share (sen)	B10	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 2017.



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

	NOTE	31 DEC 2018 RM'000 (Unaudited)	31 DEC 2017 RM'000 (Audited)
ASSETS			
Property, plant and equipment		156,905	154,573
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		156,963	154,631
Inventories		88,132	56,359
Trade and other receivables		32,906	46,098
Current tax assets		2,050	619
Cash and cash equivalents		7,066	6,422
TOTAL CURRENT ASSETS		130,154	109,498
TOTAL ASSETS		287,117	264,129
EQUITY			
Share capital		64,020	64,020
Treasury shares		(1,451)	(1,057)
Reserves		80,823	77,638
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		143,392	140,601
Non-controlling interests		209	(45)
TOTAL EQUITY		143,601	140,556
LIABILITIES			
Borrowings	B8	619	1,280
Deferred tax liabilities		13,963	13,729
TOTAL NON-CURRENT LIABILITIES		14,582	15,009
Trade and other payables		32,786	20,624
Borrowings	B8	96,096	87,447
Current tax liabilities		52	493
TOTAL CURRENT LIABILITIES		128,934	108,564
TOTAL LIABILITIES		143,516	123,573
TOTAL EQUITY AND LIABILITIES		287,117	264,129
Net Assets Per Share (Sen)		112	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 YEAR ENDED 31 DECEMBER 2018**

	31 DEC 2018	31 DEC 2017
	RM'000	RM'000
Profit before tax	5,764	10,580
Adjustments for:		
Depreciation	6,845	7,606
Interest expenses	2,956	3,324
Loss on available-for-sale financial asset	0	36
Loss/(Gain) on disposal of property, plant and equipment	1	(134)
Unrealised foreign exchange (gain)/ loss	(209)	342
Operating profit before working capital changes	15,357	21,754
Changes in:-		
Inventories	(31,773)	(9,517)
Trade and other receivables	12,128	(1,028)
Trade and other payables	12,107	(9,921)
Cash generated from operations	7,819	1,288
Tax paid	(2,749)	(3,409)
Tax refunded	11	297
Interest paid	(2,956)	(3,324)
Net cash from/(used in) operating activities	2,125	(5,148)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary for cash, net of cash acquired	0	323
Proceeds from disposal of property, plant and equipment	6	150
Purchase of property, plant and equipment	(9,429)	(7,412)
Net cash used in investing activities	(9,423)	(6,939)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in short-term loans and borrowings	10,575	21,904
Purchase of treasury shares	(394)	(529)
Repayment of commodity financing	0	(172)
Repayment of hire purchase obligations	(460)	(910)
Repayment of term loans	(1,930)	(1,940)
Net cash from financing activities	7,791	18,353
Currency translation differences	104	(157)
Net increase in cash and cash equivalents	597	6,109
Cash and cash equivalents brought forward	6,422	313
Cash and cash equivalents carried forward	7,019	6,422
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	7,066	6,422
Bank overdrafts	(47)	0
	7,019	6,422



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	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	Share Premium RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Retained Earnings 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	(1,224)	(1,224)	0	(1,224)	
Restated balance as at 1 January 2018	64,020	0	57,915	(1,057)	0	18,499	139,377	(45)	139,332	
Profit for the financial period	0	0	0	0	0	4,882	4,882	254	5,136	
Deferred tax relating to revalued properties	0	0	(473)	0	0	0	(473)	0	(473)	
Total comprehensive income for the period	0	0	(473)	0	0	4,882	4,409	254	4,663	
Transactions with owners										
Purchase of treasury shares	0	0	0	(394)	0	0	(394)	0	(394)	
Total transactions with owners	0	0	0	(394)	0	0	(394)	0	(394)	
Balance as at 31 December 2018	64,020	0	57,442	(1,451)	0	23,381	143,392	209	143,601	

	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	Share Premium RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000				
Balance as at 1 January 2017	64,016	4	56,420	(528)	3	11,954	131,869	73	131,942	
Profit for the financial period	0	0	0	0	0	7,769	7,769	(118)	7,651	
Gross revaluation increase of properties	0	0	1,967	0	0	0	1,967	0	1,967	
Foreign currency translation	0	0	0	0	(3)	0	(3)	0	(3)	
Deferred tax relating to revalued properties	0	0	(472)	0	0	0	(472)	0	(472)	
Total comprehensive income/(expenses) for the period	0	0	1,495	0	(3)	7,769	9,261	(118)	9,143	
Transactions with owners										
Purchase of treasury shares	0	0	0	(529)	0	0	(529)	0	(529)	
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	(529)	0	0	(529)	0	(529)	
Balance as at 31 December 2017	64,020	0	57,915	(1,057)	0	19,723	140,601	(45)	140,556	

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>
Clarification to MFRS 15	
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>
IC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</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>

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group except for the adoption of MFRS 15 and MFRS 9 described in the following sections.

(a) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.



A1. Basis of Preparation (Continued)

(a) MFRS 9 *Financial Instruments* (continued)

The Group applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

(b) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts*, and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

The Group has assessed the impact on initial application of MFRS 15 and concluded that there is no significant 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:

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
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
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

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

The Company had bought back 1,163,100 of its own shares at a total cash consideration of RM393,546.05. The highest and the lowest price per share purchased were at RM0.465 and RM0.250 respectively.

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-Dec 2018	31-Dec 2017	31-Dec 2018	31-Dec 2017
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	1,698	1,805	6,845	7,606
Interest expense	737	751	2,956	3,324
Foreign exchange losses/(gains)	250	151	406	(304)
Unrealised foreign exchange (gains)/losses	(84)	(330)	(209)	342



A8. Segment Information

Segmental reporting for the cumulative period ended 31 December 2018:

	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	56,816	287,600	0	344,416
- Inter-segment	0	0	(60,384)	(60,384)
Total Revenue	56,816	287,600	(60,384)	284,032
Results				
Operating profit	1,690	6,890	140	8,720
Finance cost	(586)	(2,370)	0	(2,956)
Tax expense	(58)	(570)	0	(628)
Segment profit	1,046	3,950	140	5,136

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	12 months ended 31 December 2018
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	2,607
Purchase of goods	2,801
Purchase of machinery parts	4,037
Rental expense	307
	9,752

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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 RM82.19 million for the current quarter under review representing an increase of RM7.72 million or 10.37% from RM74.47 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 RM21.10 million or 313.52% from RM6.73 million to RM27.83 million.

Revenue from manufacturing of steel product of the current quarter as compared to preceding year's corresponding quarter showed a decrease of RM13.38 million or 19.75% from RM67.74 million to RM54.36 million. The decrease in revenue was mainly due to lower sales tonnage in the current quarter compared to the preceding year's corresponding quarter.

Our Group reported loss before taxation of RM0.93 million as compared to the preceding year's corresponding quarter profit before taxation of RM5.07 million, representing a decrease of RM6.00 million or 118.34%. The decrease in profit was due to lower profit margin.

B2. Current quarter versus the preceding quarter

During the quarter under review, the Group reported a revenue of RM82.19 million as compared to RM76.07 million in the preceding quarter.

The Group's revenue during the current quarter had increased by RM6.12 million or 8.05%. It was mainly attributable to an increase in trading of minerals for the current quarter compared to the preceding quarter, which recorded an increase of RM10.28 million or 58.58% from RM17.55 million to RM27.83 million. The increase in revenue was mainly due to higher 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 a decrease of RM4.16 million or 7.11% from RM58.52 million to RM54.36 million.

Our Group has reported loss before tax amounting to RM0.93 million in the current quarter as compared to profit before tax of RM0.84 million in the preceding quarter. This represents a decrease of RM1.77 million or 210.71% in the current quarter. The decrease in profit was affected by lower profit margin.



B3. Prospects

Market outlook remains challenging as the domestic steel products market navigates the macro environment uncertainties. In the meantime, the Group continues to prioritize process improvement to increase competitiveness and productivity to enhance profitability.

Given the above and barring any unforeseen circumstances, the Group will exercise cautious judgment in its pursuit of stable growth.

B4. Profit Forecast

Not applicable as no profit forecast was issued.

B5. Tax Income/ (Expense)

	Current Quarter		Cumulative Quarter	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Malaysian tax				
- Current tax	1,466	(1,153)	(839)	(3,007)
- Prior year tax	18	(7)	211	166
- Deferred tax	0	(88)	0	(88)
Total tax income/(expense)	1,484	(1,248)	(628)	(2,929)

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-Dec-18
	RM'000
Short term borrowings	
Unsecured	94,977
Finance lease liabilities	1,119
	96,096
Long term borrowings	
Finance lease liabilities	619
	619

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-Dec		Ended 31-Dec	
	2018	2017	2018	2017
Net earnings attributable to ordinary equity holders of the Company (RM'000)	209	3,866	4,882	7,769
Weighted average number of ordinary shares ('000)	126,890	127,374	126,890	127,374
Basic earnings per share (sen)	0.16	3.04	3.85	6.10

By the order of the Board

Datin Tan Pak Say
 Managing Director
 Penang
 28 February 2019