



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 QUARTER ENDED 30 JUNE 2018**

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED		6 MONTHS ENDED	
		30 JUNE		30 JUNE	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations					
Revenue		54,262	48,977	125,769	106,933
Operating expenses		(48,883)	(43,907)	(115,053)	(96,182)
Operating profit		5,379	5,070	10,716	10,751
Depreciation		(1,719)	(1,924)	(3,474)	(3,866)
Finance costs		(753)	(1,006)	(1,391)	(1,736)
Profit before tax		2,907	2,140	5,851	5,149
Tax (expense)/income	B5	(1,256)	0	(1,999)	3
PROFIT FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME		1,651	2,140	3,852	5,152
Net profit for the financial period attributable to:-					
Equity holders of the company		1,687	2,166	3,916	5,204
Non-controlling interests		(36)	(26)	(64)	(52)
NET PROFIT		1,651	2,140	3,852	5,152
Total comprehensive income for the financial period attributable to:-					
Equity holders of the company		1,687	2,166	3,916	5,204
Non-controlling interests		(36)	(26)	(64)	(52)
TOTAL COMPREHENSIVE INCOME		1,651	2,140	3,852	5,152
Basic earnings per ordinary share (sen)	B10	1.33	1.70	3.08	4.09
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
(Company No. 267209-K)
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	NOTE	30 JUN 2018 RM'000 (Unaudited)	31 DEC 2017 RM'000 (Audited)
ASSETS			
Property, plant and equipment		154,310	154,573
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		154,368	154,631
Inventories		66,354	56,359
Trade and other receivables		41,753	46,098
Current tax assets		785	619
Cash and cash equivalents		2,079	6,422
TOTAL CURRENT ASSETS		110,971	109,498
TOTAL ASSETS		265,339	264,129
EQUITY			
Share capital		64,020	64,020
Treasury shares		(1,263)	(1,057)
Reserves		80,978	77,638
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		143,735	140,601
Non-controlling interests		(109)	(45)
TOTAL EQUITY		143,626	140,556
LIABILITIES			
Borrowings	B8	889	1,280
Deferred tax liabilities		13,729	13,729
TOTAL NON-CURRENT LIABILITIES		14,618	15,009
Trade and other payables		21,553	20,624
Borrowings	B8	84,599	87,447
Current tax liabilities		943	493
TOTAL CURRENT LIABILITIES		107,095	108,564
TOTAL LIABILITIES		121,713	123,573
TOTAL EQUITY AND LIABILITIES		265,339	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 QUARTER ENDED 30 JUNE 2018**

	30 JUN 2018 RM'000	30 JUN 2017 RM'000
Profit before tax	5,851	5,149
Adjustments for:		
Depreciation	3,474	3,866
Gain on disposal of property, plant and equipment	0	(101)
Interest expenses	1,391	1,736
Loss on available-for-sale financial asset	0	36
Operating profit before working capital changes	10,716	10,686
Changes in:-		
Inventories	(9,995)	(782)
Trade and other receivables	3,769	7,703
Trade and other payables	929	(7,778)
Cash generated from operations	5,419	9,829
Tax paid	(1,727)	(1,352)
Tax refunded	11	295
Interest paid	(1,391)	(1,736)
Net cash from operating activities	2,312	7,036
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	0	116
Purchase of property, plant and equipment	(3,210)	(6,437)
Net cash used in investing activities	(3,210)	(6,321)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease)/Increase in short term loans and borrowings	(1,573)	3,189
(Repayment)/Increase of hire purchase obligations	(603)	374
Purchase of treasury shares	(206)	(10)
Repayment of commodity financing	0	(172)
Repayment of term loans	(1,063)	(950)
Net cash used in financing activities	(3,445)	2,431
Net (decrease)/increase in cash and cash equivalents	(4,343)	3,146
Cash and cash equivalents brought forward	6,422	313
Cash and cash equivalents carried forward	2,079	3,459
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	2,079	4,724
Bank overdrafts	0	(1,265)
	2,079	3,459



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 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	(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	3,916	3,916	(64)	3,852
Total comprehensive income/(expenses) for the period	0	0	0	0	0	3,916	3,916	(64)	3,852
Transactions with owners									
Purchase of treasury shares	0	0	0	(206)	0	0	(206)	0	(206)
Total transactions with owners	0	0	0	(206)	0	0	(206)	0	(206)
Balance as at 30 June 2018	64,020	0	57,915	(1,263)	0	23,063	143,735	(109)	143,626

	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/(Loss) for the financial period	0	0	0	0	0	5,204	5,204	(52)	5,152
Total comprehensive income/(expenses) for the period	0	0	0	0	0	5,204	5,204	(52)	5,152
Transactions with owners									
Purchase of treasury shares	0	0	0	(10)	0	0	(10)	0	(10)
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	(10)	0	0	(10)	0	(10)
Balance as at 30 June 2017	64,020	0	56,420	(538)	3	17,158	137,063	21	137,084

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

(Company No.267209-K)

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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

ii. MFRS 15 Revenue from Contract with Customers

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

The application of MFRS 15 does not have a material effect on the Group’s financial statements.

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A1. Basis of Preparation (Continued)

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

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 490,000 of its own shares at a total cash consideration of RM206,205. The highest and the lowest price per share purchased were at RM0.385 and RM0.465 respectively.



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-Jun 2018	30-Jun 2017	30-Jun 2018	30-Jun 2017
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	1,719	1,924	3,474	3,866
Interest expense	753	1,006	1,391	1,736
Foreign exchange losses/(gains)	135	70	233	(400)
Unrealised foreign exchange (gains)/losses	(115)	(138)	(88)	672

A8. Segment Information

Segmental reporting for the cumulative period ended 30 June 2018:

	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	11,440	147,231	0	158,671
- Inter-segment	0	0	(32,902)	(32,902)
Total Revenue	11,440	147,231	(32,902)	125,769
Results				
Operating profit	(114)	7,356	0	7,242
Finance cost	(232)	(1,159)	0	(1,391)
Tax expense	(206)	(1,793)	0	(1,999)
Segment profit	(552)	4,404	0	3,852

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	6 months ended 30 June 2018
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	2,041
Purchase of goods	21
Purchase of machinery parts	939
Rental expense	158
	<hr/>
	3,159

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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 RM54.26 million for the current quarter under review representing an increase of RM5.28 million or 10.78% from RM48.98 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 RM16.26 million or 46.27% from RM35.14 million to RM51.40 million.

Revenue from trading of minerals segment of the current quarter as compared to preceding year's corresponding quarter showed a decrease of RM10.98 million or 79.34% from RM13.84 million to RM2.86 million.

Our Group reported profit before taxation of RM2.91 million as compared to the preceding year's corresponding profit before taxation of RM2.14 million, representing an increase of RM0.77 million or 35.98%. The increase in profit before taxation was due to higher profit margin as a result of higher selling prices in manufacturing segment.

B2. Current quarter versus the preceding quarter

During the quarter under review, the Group reported a revenue of RM54.26 million as compared to RM71.51 million in the preceding quarter.

The Group's revenue during the current quarter had decreased by RM17.25 million or 24.12%. 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 RM11.53 million or 18.32% from RM62.93 million to RM51.40 million.

Revenue from trading of minerals segment of the current quarter compared to preceding quarter recorded a decrease of RM5.72 million or 66.67% from RM8.58 million to RM2.86 million.

Our Group has reported profit before tax amounting to RM2.91 million in the current quarter as compared to profit before tax of RM2.94 million in the preceding quarter. This represents a decrease of RM0.03 million or 1.02% in the current quarter. The decrease in profit was mainly due to lower sales volume for both the manufacturing and trading segments.



B3. Prospects

The domestic steel products market demand may be affected by the uncertainties in economic and fiscal policies. Nonetheless, the Board expects the new economic plan will bring more stability to the economic growth of the country in the future.

The Management continues to closely monitor the impact of the US-China trade relations on market supply and demand. In the meantime, the Group continues to prioritise process improvement to increase competitiveness and productivity to enhance profitability.

Given the above and barring any unforeseen circumstances, the Board remains cautiously optimistic.

B4. Profit Forecast

Not applicable as no profit forecast was issued.

B5. Tax (Expense)/Income

	Current Quarter		Cumulative Quarter	
	6 months ended 30 Jun		6 months ended 30 Jun	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Malaysian tax				
- Current tax	(1,256)	0	(1,999)	3
Total tax (expense)/income	(1,256)	0	(1,999)	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

	30-Jun-18
	RM'000
Short term borrowings	
Secured	868
Unsecured	82,782
Finance lease liabilities	949
	84,599
Long term borrowings	
Finance lease liabilities	889
	889

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 Ended 30-Jun		Cumulative Period Ended 30-Jun	
	2018	2017	2018	2017
Net earnings attributable to ordinary equity holders of the Company (RM'000)	1,687	2,166	3,916	5,204
Weighted average number of ordinary shares ('000)	126,951	127,374	126,951	127,374
Basic earnings per share (sen)	1.33	1.70	3.08	4.09

By the order of the Board

Datin Tan Pak Say
 Managing Director
 Penang
 30 August 2018