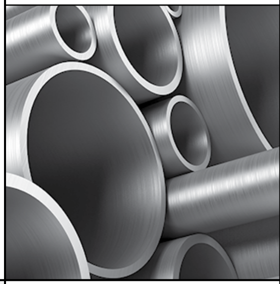
LEADER STEEL HOLDINGS BERHAD

267209-K

Leading Through Innovation

Annual Report 2 0 1 4



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the TWENTY-SECOND ANNUAL GENERAL MEETING of shareholders of LEADER STEEL HOLDINGS BERHAD will be held at 2nd Floor, Wisma Leader Steel, Plot 85, Lorong Perusahaan Utama, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Tengah, Seberang Prai Tengah, Penang on Friday, 29 May 2015, at 12.15p.m. for the following purposes:

As Ordinary Business:

1. To receive the Audited Financial Statements for the year ended 31 December 2014 and the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire pursuant to Article 102 of the Company's Articles of Association:-
   i) Datin Tan Pak Say — Resolution 1
   ii) En. Mohd Arif bin Mastol — Resolution 2

3. To re-elect the following Directors who retire pursuant to Section 129 of the Companies Act, 1965:-
   i) Tan Sri Dato' Mohd Desa bin Pachi — Resolution 3
   ii) Tan Sri Dato' Soong Siew Hoong — Resolution 4
   iii) Datuk Abdullah bin Haji Kuntom — Resolution 5

4. To approve the payment of Directors' fees amounting to RM175,000/- for the year ended 31 December 2014. — Resolution 6

5. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. — Resolution 7

As Special Business:
To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications:

6. **SECTION 132D OF THE COMPANIES ACT, 1965** — Resolution 8
   "THAT pursuant to Section 132D of the Companies Act, 1965 ("the Act") and subject always to the approval of all the relevant regulatory authorities, the Board of Directors of the Company be and is hereby authorised to issue and allot from time to time such number of ordinary shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of ordinary shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier."

7. **PROPOSED RENEWAL AND ADDITIONAL SHAREHOLDERS' MANDATE FOR THE RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed Shareholders' Mandate")** — Resolution 9
   "THAT pursuant to Paragraph 10.09 of the Bursa Securities Main Market Listing Requirements ("Listing Requirements"), a general mandate of the shareholders be and is hereby granted for the Company and its subsidiaries to enter into recurrent related party transactions with Eonmetall Group Berhad and its subsidiaries as stated in Section 2.4 of the Circular, which are necessary for the Group's day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders; and that the approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the meeting; or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or revoked or varied by resolution passed by the shareholders of the Company in a general meeting; whichever is the earlier."

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

8. **PROPOSED RENEWAL OF AUTHORITY TO BUY-BACK ITS OWN SHARES BY THE COMPANY** Resolution 10

"THAT subject to the Act, rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be hereby unconditionally and generally authorised to make purchases of ordinary shares of RM0.50 each in the Company's issued and paid-up capital through the Bursa Securities at anytime and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject to the following:

i) the maximum number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the issued and paid-up ordinary share capital of the Company for the time being ("LSTEEL Shares");

ii) the maximum fund to be allocated by the Company for the purpose of purchasing the LSTEEL Shares shall not exceed the aggregate of the retained profits and/or share premium account of the Company, otherwise available for dividend for the time being.

iii) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue to be in force until:

a. the conclusion of the next AGM of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
b. the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements of the Bursa Securities or any other relevant authorities;

iv) upon completion of the purchase(s) of the LSTEEL Shares by the Company, the Directors of the Company be hereby authorised to deal with the LSTEEL Shares in the following manner:
a. to cancel the LSTEEL Shares so purchased; or
b. to retain the LSTEEL Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities and/or for cancellation subsequently; or
c. to retain part of the LSTEEL Shares so purchased as treasury shares and cancel the remainder; or
d. in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such actions and steps as are necessary or expedient to implement or to effect the purchase of LSTEEL Shares."

9. **RETENTION OF INDEPENDENT DIRECTORS**

"THAT the following Directors be retained as Independent Directors of the Company, in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting:-
(i) Mr. Lim Leng Han Resolution 11
(ii) En. Mohd Arif bin Mastol" Resolution 12

10. To transact any other business of which due notice shall have been given.

By Order of the Board

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)
Joint Company Secretaries

Penang, 8 May 2015

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Notes :
Appointment of Proxy

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. Where a member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account its holds.

   An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

5. To be valid, the form of proxy must be deposited at the Company's Registered Office at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty-eight (48) hours before the time appointed for holding the meeting.

6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 61(3) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 22 May 2015 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/or vote in his/her behalf.

Explanatory Note on Ordinary Business:

The proposed Ordinary Resolutions 3, 4 and 5 under Agenda 3 is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Tan Sri Dato' Mohd Desa bin Pachi, Tan Sri Dato' Soong Siew Hoong and Datuk Abdullah bin Haji Kuntom who are over 70 years of age as Directors of the Company and to hold office until the conclusion of the next AGM of the Company. These resolutions shall take effect if it is passed by a majority of not less than three-fourth of such shareholders of the Company as being entitled to vote in person or where proxies are allowed, by proxy at the AGM of the Company.

Explanatory Notes on Special Business:

1. The proposed Ordinary Resolution 8 is for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will give authority to the Board of Directors to issued and allot ordinary shares from the unissued capital of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 29 May 2014 and which will lapse at the conclusion of the Twenty-Second AGM. The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

Explanatory Notes on Special Business: (cont'd)

2. The proposed Resolution 9, if passed, will obtain the Shareholders' Mandate for the Company and its subsidiaries to enter into the specified recurrent related party transactions with Eonmetall Group Berhad and its subsidiaries as set out in Section 2.4 of the Circular which are necessary for the Group's day to day operations and are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the related party than those generally available to the public and not detrimental to the minority shareholders. Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 8 May 2015.

3. The proposed Ordinary Resolution 10, if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the issued and paid-up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.

4. The proposed Ordinary Resolutions 11 and 12, if passed, will retain the following Directors as Independent Directors of the Company:-

   (a) <u>Mr. Lim Leng Han</u>
   Mr. Lim Leng Han was appointed as an Independent Director on 25 July 1994. Mr. Lim has served the Company for more than ten (10) years as at the date of the notice of AGM. He has remained objective and independent in expressing his views during deliberation and decision making of the Board and Board Committees. As Mr. Lim has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board, therefore, considers Mr. Lim to be independent and recommends Mr. Lim to remain as an Independent Director.

   (b) <u>En. Mohd Arif bin Mastol</u>
   En. Mohd Arif bin Mastol was appointed as an Independent Director on 2 October 2003. En. Mohd Arif has served the Company for more than nine (9) years as at the date of the notice of AGM. He has remained objective and independent in expressing his views during deliberation and decision making of the Board and Board Committees. As En. Mohd Arif has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board, therefore, considers En. Mohd Arif to be independent and recommends En. Mohd Arif to remain as an Independent Director.

Statement Accompanying Notice of Annual General Meeting
(Pursuant to Paragraph 8.27(2) of the Listing Requirements)

1. No individual is seeking election as a Director at the forthcoming Twenty-Second AGM of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Mohd Desa bin Pachi *(Chairman/Non-Executive Director)*

Dato' Goh Cheng Huat *(Deputy Chairman/Executive Director)*

Datin Tan Pak Say *(Managing Director/Executive Director)*

Tan Sri Dato' Soong Siew Hoong *(Non-Independent Non-Executive Director)*

Lim Leng Han *(Senior Independent Non-Executive Director)*

Mohd Arif bin Mastol *(Independent Non-Executive Director)*

Datuk Abdullah bin Haji Kuntom *(Non-Independent Non-Executive Director)*

JOINT COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
Ong Tze-En (MAICSA 7026537)

AUDIT COMMITTEE

Lim Leng Han
Chairman

Mohd Arif bin Mastol
Member

Datuk Abdullah bin Haji Kuntom
Member

NOMINATING COMMITTEE

Tan Sri Dato' Mohd Desa bin Pachi
Chairman

Lim Leng Han
Member

Mohd Arif bin Mastol
Member

REMUNERATION COMMITTEE

Tan Sri Dato' Mohd Desa bin Pachi
Chairman

Dato' Goh Cheng Huat
Member

Lim Leng Han
Member

REGISTERED OFFICE

Suite 16-1 (Penthouse Upper),
Menara Penang Garden
42A Jalan Sultan Ahmad Shah,
10050 Penang.
Tel : 04-229 4390
Fax : 04-226 5860

HEAD OFFICE

Wisma Leader Steel,
Plot 85, Lorong Perusahaan Utama,
Kawasan Perusahaan Bukit Tengah,
14000 Bukit Tengah,
Seberang Perai Tengah,
Pulau Pinang, Malaysia.
Tel : 04-507 1515
Fax : 04-507 9527 & 04-507 9537

REGISTRAR

AGRITEUM Share Registration
Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden
42 Jalan Sultan Ahmad Shah,
10050 Penang.
Tel : 04-228 2321
Fax : 04-227 2391

AUDITORS

BDO
Chartered Accountants
51-21-F, Menara BHL,
Jalan Sultan Ahmad Shah,
10050 Penang .
Tel : 04-227 6888
Fax : 04-229 8118

MAJOR BANKERS

Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad
RHB Bank Berhad
Hong Leong Islamic Bank Berhad
HSBC Bank Malaysia Berhad
Bank of Tokyo-Mitsubishi
UFJ (Malaysia) Berhad
Ambank (M) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Code: 9881
Stock Name: LSTEEL

GROUP STRUCTURE AND PRINCIPAL ACTIVITIES/FINANCIAL HIGHLIGHTS

LEADER STEEL HOLDINGS BERHAD
267209-K

Leader Steel Sdn. Bhd. (167009-X) 100%
Manufacture, processing and trading of steel and metal products and minerals

ACME United Sdn. Bhd. (842244-X) 51%
Trading and processing of minerals

Leader Steel Tubes Sdn. Bhd. (235526-D) 100%
Inactive

Leader Minerals Corporation Sdn. Bhd. (680990-W) 100%
Investment Holding

Padma Minerals Co. Limited * 100%
Inactive

Ferro Minerals, Inc ("Ferro") # 100%
Inactive

100% **Leader Steel Service Centre Sdn. Bhd.** (381289-U)
Manufacture and trading of steel products

100% **Leader Minerals (Malaysia) Sdn. Bhd.** (671731-D)
Trading and processing of minerals

100% **GCH Metal Service Centre Sdn. Bhd.** (186360-V)
Inactive

* Incorporated in Hong Kong
\# Incorporated in the United States of America

FINANCIAL HIGHLIGHTS

	2009	2010	2011	2012	2013	2014
Turnover (RM million)	389.6	216.7	273.5	283.4	258.7	234.7
Profit/(Loss) before tax (RM million)	11.4	4.1	2.9	(11.2)	2.4	(14.7)

CHAIRMAN'S STATEMENT

Overview

During the financial year 2014, the Group faced weak steel pricing in the International and local Malaysian markets. The price of the domestic steel finished product drastically dropped towards bottom level. The raw materials overheads and production cost remain relatively high in Malaysia and the selling price which was continuing dropping, was unable to match the material cost, henced caused the profit margin to depress deeply. The selling prices in the local market was soft and in the international scene, the mineral price also fell to the bottom.

Steel prices are generally volatile owing to the highly cyclical nature of the global steel industry. Overcapacity, a glut in cheaper Chinese steel imports significantly affect steel prices. The oversupply of steel due to imports from China in the market outstrips demand. A sustained downside in steel prices materially affects the margins of steel companies. Besides, the impact of China's slow economy growth and global oversupply of steel products resulted in raw material prices remaining volatile. Whilst most steel markets around the world are experiencing slow growth, Malaysia's steel industry remains weak.

The fall in China's steel consumption was largely as a result of slower housing construction, as the Chinese economy was recovering from a bout of inflation. On the other hand, many emerging economies continue to struggle with structural issues and financial market volatility. Iron ore's price has fallen by more than 60% and this was triggered by reports that the Chinese government and banks intended to curb lending in the property market and to cut down steel capacity. China's property sector consumes almost 45% of the country's steel and thus was a key influence on iron ore prices. The increasing adverse external environment along with China's deceleration was the major reason for the weak steel and iron ore prices.

Malaysia's steel industry continued to be hampered by the influx of cheap imported Chinese steel products which depressed selling prices badly. This was further compounded by the global oversupply situation spurred by China, the world's largest steel producer, which led to the softening of international steel prices and volatility of raw material costs. Our country became a greater net importer of steel as the cost of domestic steel production was simply too high, and therefore domestic supply was not cost-competitive compared to imports.

Outlook

Moving forward in 2015, the global steel demand recovery is expected to continue but with a growth stabilising at a lower rate and with continued volatility and uncertainty, leading to a challenging environment for steel companies. Apparent steel use in China is expected to experience slow growth with rapid cooling of the real estate sector as the government's efforts to rebalance the economy curtails investment and weakens business sentiment. However, the economies of South-East Asia is experiencing increases in steel demand that outpaces the rate of economic growth generally. The countries of South-East Asia have become increasingly important regional steel consumers.

From April 2015 onwards, the Goods and Services Tax (GST) will start in Malaysia and will be one of the key highlights of the year. GST implementation will unavoidably push up the prices of goods and services, leading to higher cost-push inflation and would temporarily crimp consumer spending. However this will be temporary as businesses shall adjust to the new tax regime after 6 to 12 months.

Malaysia has a well-structured steel industry and is a leading global producer of steel. However, local producers have to meet with increasing pressure from other markets in recent years, especially with a sharp uptick in Chinese output levels, in particular, leading to downwards pressure on prices and hence production volumes. Outlook for the Malaysia steel industry is therefore one of caution with production growth expected to be moderate over the next few years. However, in fourth quarter of 2014 the pressure on the government to raise import tariffs was finally paying with the Malaysia International Trade and Industry Ministry (MITI) announcing the introduction of the anti-dumping duties.

In manufacturing segment, we have rapidly expanded more products with various sizes to widen our market share and to increase profit margin.

Hence, the Group expects to achieve promising performance for the minerals trade division in the year 2015. The Group expects the minerals trade division will contribute higher revenue and profits in year 2015.

The Group is cautiously optimistic of achieving profits in year 2015 bearing in mind the uncertainty in the domestic and international steel market.

CHAIRMAN'S STATEMENT
(CONT'D)

Financial Performance

The Group achieved a revenue of RM234.7 million for the financial year ended 31 December 2014, a decrease of 9.28% as compared to RM258.7 million in the financial year 2013. This was mainly due to the decrease in sales volume of both steel manufacturing and trading and processing of iron ore division. Loss before tax for the year 2014 is RM14.7 million compared to the profit before tax of RM2.4 million in financial year 2013. The substantial decrease in profit before tax was mainly due to the inventories written down and impairment loss on receivables while the decrease in profit margin for both segments was due to high cost and depress selling price in financial year 2014.

Dividend

No dividend had been paid for the financial year ended 31 December 2014.

Appreciation

On behalf of the Board of Directors, I would like to express my gratitude and sincere appreciation to the Management and staff of the Group for their continued commitment and dedication. My appreciation and thanks are also extended to our customers, shareholders, bankers and business associates for their unwavering loyalty, patience and continuous support to the Group.

TAN SRI DATO' MOHD DESA BIN PACHI
Chairman

DIRECTORS' PROFILE

TAN SRI DATO' MOHD DESA BIN PACHI

(Chairman/Non-Independent Non-Executive Director)

TAN SRI DATO' MOHD DESA BIN PACHI, PSM, DSPN, KMN, aged 81, Malaysian, was appointed to the Board of Directors of LSH on 10 August 1995. He is the Chairman of the Board of Directors, and also acts as Chairman of the Remuneration Committee and Nominating Committee.

He is a Chartered Accountant by profession and is a Fellow of the Institute of Chartered Accountants in Australia. He studied accountancy in Melbourne, Australia under the Colombo Plan Scholarship. He joined Shell Group of Companies in 1962 and served in various capacities in the Finance Administration.

From 1970 to 1976, he was in public practice as a Chartered Accountant and was a partner of Desa Megat & Co and KPMG Peat Marwick. Subsequently, he was appointed as the first CEO of Permodalan Nasional Berhad and later served as Chairman/CEO of Malaysia Mining Corporation Bhd, Executive Chairman of Fleet Group Sdn. Bhd., Chairman/ MD of The New Straits Times Press (Malaysia) Berhad and Chairman of Sistem Televisyen Malaysia Berhad (TV3). He was also Chairman of Bumiputra - Commerce Holdings Berhad (now known as CIMB Group Holdings Berhad) from 1984 to 2006.

He sits on the Board of several private companies and the following public companies:

Saujana Consolidated Berhad (Chairman), Amanah Saham Nasional Berhad, Amanah Mutual Berhad (Chairman), Eonmetall Group Berhad (Chairman) and Saujana Resort (M) Berhad.

He is a Fellow Member of the Malaysian Institute of Management.

He has attended all five (5) Board meetings held during the financial year ended 31 December 2014.

DATO' GOH CHENG HUAT

(Deputy Chairman, Executive Director)

DATO' GOH CHENG HUAT, aged 54, Malaysian, was appointed to the Board of Directors of LSH on 10 August 1995. He is a member of the Remuneration Committee. He resigned as Managing Director and was appointed as Deputy Chairman on 29 April 2005. On 25 February 2014, Dato' Goh was re-designated as an Executive Director.

The founder of the Group, Dato' Goh has extensive experience and knowledge in the processing of iron and steel products. With more than 30 years in the industry, he has accumulated invaluable skills, which includes amongst other, the invention and enhancement of steel making machine and its related processes. In recognition of his entrepreneurial skills, Dato' Goh was conferred the 1990 Young Entrepreneur Award by the Ministry of Youth and Sports. His zeal and untiring efforts to improve steel products making processes did not go unnoticed, for in 1999, he was awarded a patent for "Process For The Manufacturing Of Steel Products And Apparatus". Dato' Goh's visionary approach and keen business acumen certainly augur well for the Group especially in its business direction.

He graduated from National University of Singapore in 2013 with a Master of Business Administration.

He presently holds directorship in Eonmetall Group Berhad and its subsidiaries.

He is the spouse of Datin Tan Pak Say.

He has attended all five (5) Board meetings held during the financial year ended 31 December 2014.

DIRECTORS' PROFILE
(CONT'D)

DATIN TAN PAK SAY
(Managing Director, Executive Director)

DATIN TAN PAK SAY, aged 53, Malaysian, was first appointed to the Board of Directors of LSH on 10 August 1995. She ceased to be a director on 2 January 2004 but was subsequently re-appointed back to the Board on 25 May 2004. She was appointed as Executive Director on 21 February 2005 and subsequently she was appointed as Managing Director on 29 April 2005.

Datin Tan Pak Say has been actively involved in the steel industry since mid 1980's after completing her early years of education. With her many years of experience in the industry, she has helped to lead LSSB to its present status and establishment.

Apart from LSH, she does not hold any other directorship in public companies.

She is the spouse of Dato' Goh Cheng Huat.

She has attended all five (5) Board meetings held during the financial year ended 31 December 2014.

TAN SRI DATO' SOONG SIEW HOONG
(Non-Independent Non-Executive Director)

TAN SRI DATO' SOONG SIEW HOONG PSM, KMN, SMS, DPMS, JSM, aged 89, Malaysian, was appointed to the Board of Directors of LSH on 25 July 1994. He was conferred Panglima Setia Mahkota (PSM) which carries the title of "Tan Sri" by the Yang DiPertuan Agong on 6^{th} June 1998 and the Darjah Kebesaran Datuk Mahkota Selangor (DPMS) which carries the title of Dato' in 1990.

On experiences, Tan Sri Dato' Soong has previously served as a member on the Councils of Standard & Industrial Research Institute of Malaysia (SIRIM) and the Human Resource Development Council. He was also a director in Telekom Malaysia Berhad from October 1988 to May 1996.

Tan Sri Dato' Soong is currently the Executive Advisor of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and has held various other honorary positions such as Immediate Past President in the Malaysian Iron and Steel Industry Federation (MISIF). He is a current council member of Standard Malaysia, advisor to the Myanmar Industry Association, advisor to the Cambodia Chamber of Commerce and Industries and advisor to Uzbekistan Chambers of Commerce and Industries.

In addition, Tan Sri Dato' Soong is also on the executive council of MASSA (Malaysia South South Association).

He presently holds directorship in Eonmetall Group Berhad and sits on the Board of several private companies.

He has attended all five (5) Board meetings held during the financial year ended 31 December 2014.

DIRECTORS' PROFILE
(CONT'D)

MR. LIM LENG HAN
(Senior Independent Non-Executive Director)

MR. LIM LENG HAN, aged 54, Malaysian, was appointed to the Board of Directors of LSH on 25 July 1994. He is the Chairman of the Audit Committee in LSH and also acts as a member of the Remuneration Committee and Nominating Committee. Graduated in 1985 with a degree in Bachelor of Law (LL.B) (Hon) from University of Malaya, he was subsequently admitted as Advocate and Solicitor by the High Court of Malaya on 8 February 1986 and became a member of the Bar Council of Malaysia. He is also an appointed member of the Disciplinary Committee, Bar Council of Malaysia and also an appointed Notary Public of the Attorney-General's Chambers.

Mr. Lim has been active in the legal profession for 30 years and gained wide experience in the corporate, conveyancing and civil matters. Mr. Lim was serving with Johari, Goh & Associates, Kadir & Co. and Zaid Ibrahim & Co. for six (6) years before starting his own legal practice under the name of Messrs. Lim Leng Han & Co., in Butterworth, Penang on 8 February 1993 and thereafter Messrs. Lim Leng Han & SF Tho until todate. He is also the legal adviser of societies and organizations such as Penang Hardware and Machinery Merchants' Association, Lim Clan Association of Penang, Butterworth Buddhist Association, Thang Hsiang Temple, Bayan Lepas and various others.

His current directorship in public companies is only with LSH.

He has attended all five (5) Board meetings held during the financial year ended 31 December 2014.

EN. MOHD ARIF BIN MASTOL
(Independent Non-Executive Director)

EN. MOHD ARIF BIN MASTOL, aged 60, Malaysian, was appointed to the Board of Directors of LSH on 28 June 2002. He also sits in the Nominating Committee and Audit Committee of LSH as a member. En. Mohd Arif is a member of the Malaysian Institute of Accountants.

He started his career in 1977 as an Executive Accounts Officer. In 1985, he served as an Accountant with the Treasury Department of Kuala Lumpur City Hall after completing his Degree in Accounting from the MARA Institute of Technology (now known as Universiti Teknologi Mara). From 1991 to 2001, He was attached with several companies, including a Japanese based company in several capacities including Assistant Manager Finance & Accounts, Finance & Administration Manager, Financial Controller and Chief Operation Officer (COO) before assuming to his current position as Chief Executive Officer.

He presently holds directorship in SKB Shutters Corporation Bhd and Federal Furniture Berhad.

He has attended four (4) out of five (5) Board meetings held during the financial year ended 31 December 2014.

DATUK ABDULLAH BIN HAJI KUNTOM

(Non-Independent Non-Executive Director)

DATUK ABDULLAH BIN HAJI KUNTOM, aged 71, Malaysian, was appointed to the Board on 2 October 2003 and was appointed to be a member of the Audit Committee on 9 April 2014. Datuk holds a Bachelor of Arts Degree from the University of Malaya and a Masters in Public Policy and Administration from the University of Wisconsin, Madison, United States of America.

Datuk Abdullah's distinguished career in the civil service has placed him in many Government ministries and departments. Amongst the key positions held over a period of some 37 years were those of Deputy Secretary of the Contract and Supply Division and Senior Assistant Director of the Budget Division, Ministry of Finance. He was also appointed as the State Financial Officer of Selangor, Administrative Officer of the Asian & Pacific Development Centre, Director General of the Registration Department and Deputy Secretary General I of the Home Affairs Ministry. He retired from the civil service in April 1999 as the Senior Deputy Secretary General in the Prime Minister's Department. After his retirement, he was appointed by the Government as the Chief of Protocol of the Ministry of Foreign Affairs, a position he held for 4 years until April 2003.

His current directorship in public companies is only with LSH.

He has attended all five (5) Board meetings held during the financial year ended 31 December 2014.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the "Board") of Leader Steel Holdings Berhad (the "Company") appreciates the importance of adopting high standards of corporate governance within the Group, comprising the Company and its subsidiaries. The Board considers corporate governance in line with three key concepts, namely transparency, accountability and integrity.

With the introduction of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") in March 2012, the Board had endeavoured to adopt and apply, where practicable, the principles as set out in MCCG 2012 in its quest to enhance shareholder value.

The Board is pleased to provide the following statements, which outlines the corporate governance practices that were in place throughout the financial year 31 December 2014, unless otherwise stated.

BOARD OF DIRECTORS

Board duties and responsibilities

The Board of Directors acknowledges the pivotal role it plays in the stewardship of the Group relating to the Group's direction and operations, and ultimately the enhancement of long-term shareholders' value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including the strategic direction, establishing goals for Management, monitoring the achievement of these goals and ensuring that the Group's internal controls and reporting procedures are adequate. The Board delegates the running of the Group's operations to the Managing Director, who has the relevant experience in the business of the Group.

A new Board Charter for the Group had been developed and had been put in place during the financial year. The new Board Charter includes the Code of Conduct of the Directors, Code of Ethics and Corporate Disclosure Policies and Procedures, to provide reference for directors in relation to the Board's role, duties and functions, division of responsibilities between the Board, the different Board Committees, the Chairman and the Managing Director as well to formalize ethical standards for the Board in discharging its duties.

Board Composition and Balance

At the date of this statement, the Board consists of seven (7) members, comprising two (2) Independent Non-Executive Directors, three (3) Non-Independent Non-Executive Directors and two (2) Executive Directors. During the financial year, Dato' Goh Cheng Huat was re-designated from Non-Independent Non-Executive Director to Executive Director of the Company. The Directors, with their different profiles, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, legal, marketing and operations and governmental affairs. A brief profile of each Director is presented on pages 10 to 13 of this Annual Report.

The presence of Independent Non-Executive Directors in the Board is essential as they provide an unbiased and independent view, advice and judgement to the decision-making of the Board and provide an appropriate check and balance for the Executive Directors, thereby ensuring that no one individual or group dominates the Board's decision-making process.

There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Board of Directors is led by YBhg Tan Sri Dato' Mohd Desa bin Pachi, a Non-Independent Non-Executive Chairman while the executive management of the Company is led by Datin Tan Pak Say, the Managing Director of the Group.

The roles of the Chairman and the Managing Director are segregated. The Chairman is primarily responsible for the proper conduct and running of the Board as well as ensures that all Directors receive sufficient and relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The Managing Director assumes the overall responsibility of the Group's day-to-day operations units, organisational effectiveness and implementation of Board's policies and decisions.

The Board has also identified Mr. Lim Leng Han as the Senior Independent Non-Executive Director to whom concerns may be conveyed.

The Board believes that the current composition of members fairly reflects the investment of minority shareholders in the Company.

The Company does not have a gender diversity policy as the Company believes that any appointment of new Directors should be based on their experience and what they can bring to the Company.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

BOARD OF DIRECTORS (cont'd)

Board Meetings and supply of information

The Board is scheduled to meet at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year under review, the Board met on four (4) occasions, where it deliberated upon and considered a variety of matters, including the Group's financial results and major investments, strategic decisions and direction of the Group, appointment and remuneration of Directors and compliance with the principles of corporate governance.

The attendance of the Directors during the financial year are as follows:-

	No. of meetings	
Name of Director	**Held**	**Attended**
Tan Sri Dato' Mohd Desa bin Pachi	5	5
Dato' Goh Cheng Huat	5	5
Datin Tan Pak Say	5	5
Tan Sri Dato' Soong Siew Hoong	5	5
Lim Leng Han	5	5
Datuk Abdullah bin Haji Kuntom	5	5
Mohd Arif bin Mastol	5	4

The Chairman ensures that all Directors have full and timely access to information with all Directors are being provided with an agenda and a set of Board papers on matters requiring their consideration in advance of each Board meeting covering areas of strategic, financial, operational and regulatory compliance matters. The Chairman, with the assistance of the Company Secretary, undertakes the primary responsibility of preparing and organising information necessary for the Board to deal with the agenda and for providing this information to the Directors on a timely basis. The Company Secretary issues notices to the Directors at least seven (7) days prior to the meeting listing down the agenda to be discussed at the meeting.

The Board also serves as a platform for the individual Directors to notify the Board of their acceptance of any new directorships in other public listed companies. All proceedings of Board meetings are duly recorded and the minutes thereof are confirmed as correct by the Chairman of the meeting.

Every Director has unhindered access to the advice and services of a qualified Company Secretary. The Board believes that the current Company Secretary is capable of carrying out her duties to ensure the effective functioning of the Board. The Articles of Association specify that the removal of the Company Secretary is a matter for the Board as a whole.

The Board as a whole will determine whether, as a full Board or in their individual capacity, to take independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties at the Group's expense. However, where necessary and under appropriate circumstances in furtherance of his duties, any Director may do so with the prior approval of the Chairman.

Board Committees

The Board of Directors delegates certain responsibilities to Board Committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee, in order to enhance business and operational effectiveness and efficiency.

All Board Committees have written terms of reference and operating procedures and the Board receives reports of their proceedings and deliberations, where relevant. The Chairman of each Board Committee reports to the Board on the outcome of the Committee meetings and such reports are normally incorporated in the minutes of the full Board meeting.

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

BOARD OF DIRECTORS (cont'd)

Appointments to the Board

Nominating Committee

The Board appoints its members through a formal and transparent process via the Nominating Committee. The Nominating Committee is entrusted to recommend to the Board on the appointment of new directors. In making its recommendations, the Nominating Committee will consider the skills, knowledge, expertise, experience, professionalism and integrity of a candidate.

Members of the Nominating Committee who has served their term during the financial year under review comprised of the following:

Tan Sri Dato' Mohd Desa bin Pachi	- Chairman, Non-Independent Non-Executive Director
Mr. Lim Leng Han	- Senior Independent Non-Executive Director
En. Mohd. Arif bin Mastol	- Independent Non-Executive Director

Additionally, under its terms of reference, the Nominating Committee reviews the Board structure, size and composition and systematically assesses the effectiveness of the Board, its Committees and the contribution of each individual Director on an annual basis. The Nominating Committee is empowered to seek professional advice within or outside the Group as it considers necessary in the discharge of its responsibilities.

During the financial year, the Committee met once, attended by all members, to deliberate on the retirement by rotation of Directors, their eligibility for re-election at the AGM, conducted annual assessment on the effectiveness of the Board as a whole, the various Board Committees, contributions of individual Directors as well as to assess the independence of the Independent Directors. The Board believes that the current Board's composition brings the required mix of skills and core competencies required for the Board to discharge its duties effectively. Furthermore, the Board reviews its size and composition with particular consideration on its impact on the effective functioning of the Board.

In assessing the independence of the Independent Directors, the Nominating Committee notes that the respective Independent Directors have met the definition of "Independent Directors" as set out in the Bursa Malaysia's Listing Requirements.

The Company Secretary will ensure that all the necessary information is obtained and that all legal and regulatory obligations are met before the appointment of new Directors.

Directors' training

All Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors are encouraged to attend various professional training programmes to keep abreast with the new statutory and regulatory requirements by related authorities.

The Board continually encourages its members to determine their training needs and attend the relevant trainings to keep abreast with the changes. The Board also ensures that appointees to the Board are individuals of sufficient caliber, knowledge as well as experience to fulfill their duties as a Director of the Company.

The Directors have attended various training workshops/seminar/conference/education courses such as follows:-

1. Managing Stakeholders' Expectations in the Fast Changing Business Trends Towards Value Creation
2. Strategy & Risk – Managing Uncertainty
3. Financial Reporting and Responsibilities of Directors and Senior Management for Public Listed Company
4. Board Chairman Series : The Role of the Chairman (A Joint programme with Bursa Malaysia)
5. Global Competitiveness and the Malaysian Experience
6. Great Companies Deserve Great Boards & Great Boards Leading the Way for Highly Innovative Companies
7. The Companies Bill: Key Changes to The Corporate Landscape in Malaysia

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

BOARD OF DIRECTORS (cont'd)

Re-election of Directors

The Articles of Association of the Company provide that an election of Directors shall take place each year and at the AGM, one-third of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), the number nearest to one-third, shall retire from office.

Every Director shall retire from office once at least every three (3) years, but he or she shall be eligible for re-election. Such a provision gives an opportunity to shareholders to renew or extinguish their mandate. The election of each Director is voted on separately. In order to assist shareholders in their decision, pertinent information such as personal profile, meeting attendance and the shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of AGM.

In accordance with Section 129 (6) of the Companies Act, 1965, Directors who are over seventy (70) years of age are required to submit themselves for re-appointment on an annual basis.

Currently the Company does not have a tenure limit for the Independent Director to serve on the Board as the Board is of the view that the years of experience and knowledge gained through the years is invaluable to the Company. However, in compliance with MCCG 2012, the Board hereby recommends that the Independent Directors who have served a consecutive or cumulative term of nine (9) years or more shall seek the shareholders' approval to be retained as an Independent Director.

DIRECTORS' REMUNERATION

The fees payable to Directors are approved annually by shareholders at the Company's AGM.

The Board has established a Remuneration Committee which comprises of the following members:

Tan Sri Dato' Mohd Desa bin Pachi - Chairman, Non-Independent Non-Executive Director
Dato' Goh Cheng Huat - Deputy Chairman/Executive Director
Mr. Lim Leng Han - Senior Independent Non-Executive Director

The Remuneration Committee's responsibilities as stated in its terms of reference includes developing and recommending a remuneration framework for Directors as well as the remuneration package for the Executive Directors of the Company. The adoption of remuneration packages for Directors, however, is a matter for the Board as a whole, with individual Directors abstaining from decision-making in respect of his or her own remuneration package. During the financial year, the Committee met once which was attended by all members.

Details of the nature and amount of the remuneration paid to the Directors of the Company, for the financial year, are as follows:

Director	Fees RM'000	Salaries RM'000	Bonuses RM'000	Allowances RM'000	EPF and Socso-Employer Contribution RM'000	Total RM'000
Executive Directors	50	946	150	7	132	1,285
Non-Executive Directors	125	-	-	69	-	194
Total	175	946	150	76	132	1,479

STATEMENT ON CORPORATE GOVERNANCE
(CONT'D)

BOARD OF DIRECTORS (cont'd)

DIRECTORS' REMUNERATION (cont'd)

The remuneration of the Directors for the year ended 31 December 2014, analysed into remuneration bands of RM50,000 is as follows:

Range of remuneration	Executive RM'000	Non-executive RM'000
Below RM50,000	1	4
RM50,001 to RM100,000	-	1
RM1,200,001 to RM1,250,000	1	-

SHAREHOLDERS

The Company recognizes the importance of accountability to its shareholders and investors through proper communication. The Board acknowledges that shareholders should be informed of all material business matters which influence the Group. Timely release of quarterly financial results to Bursa Securities and other information and corporate actions taken by the Group that warrant an announcement to Bursa Securities under the Listing Requirements provide shareholders with a current overview of the Group's performance.

Whilst the Annual Report provides shareholders with information on the financial and operational performance of the Group, the AGM and Extraordinary General Meeting provide platforms for shareholders to seek more information on the audited financial statements and other matters of interest. The Board had at all times encouraged attendance and participation of shareholders at all the Company's general meetings. During general meetings, the Chairman together with members of the Board provides ample opportunities for shareholders to put forth their questions and the Board are prepared to respond to all queries and clarify any concerns raised by shareholders. The Company sends out the notice of AGM and related papers to shareholders at least twenty-one (21) working days before the meeting.

Considering the number of shareholders of the Company, the availability of resources and cost involved in having poll voting at general meetings, the Board does not see the practicality for it to be implemented for the time being.

In addition, the Board welcomes visits by fund managers and analysts as the Board believes that it will give investors and interested parties a better appreciation and understanding of the Group's performance while giving the Board the opportunity to understand their expectations and concerns. Besides, the Company also maintains an official website at www.leadersteel.my that provides background information of the Group to the public. However, in any circumstances, the Directors are cautious not to provide undisclosed material information about the Group and stress the importance of timely and equal dissemination of information to shareholders and stakeholders at large.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Board strives to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects for the financial year, primarily through the annual financial statements and quarterly announcement of results to shareholders as well as the Chairman's statement and review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group and Company give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the year then ended.

ACCOUNTABILITY AND AUDIT (cont'd)

Directors' responsibility statement in respect of the preparation of the audited financial statements (cont'd)

In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied. In this regard, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Risk Management and Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investments, the Company's assets, and the need to review the adequacy and integrity of those systems regularly. In establishing and reviewing the system of internal control, the Directors recognize that the system of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

The Statement on Risk Management and Internal Control, furnished on pages 26 to 27 of this Annual Report, provides an overview on the state of internal controls within the Group.

As the Company does not have its own internal audit department, the Board has outsourced the establishment and management of an Enterprise Risk Management Systems to professional consultants. Management has been in several discussions with external consultants and aims to set up a proper ERM system within the Group soon.

Relationship with the Auditors

Through the Audit Committee of the Board, the Company has established a transparent and appropriate relationship with the internal and external auditors of the Company. The external auditors had attended three (3) Audit Committee meetings during the year to discuss their scope of work and key issues arising from their audit work. Key features underlying the relationship of the Audit Committee with the external auditors are outlined in the Audit Committee Report in this Annual Report.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report in this Annual Report.

ADDITIONAL INFORMATION

1. Share Buy-Back

The details of the Company's Share Buy-Back exercise during the financial year ended 31 December 2014 are as follows:

Month of Purchased	No. of Shares Purchased and Retained As Treasury Shares	Purchase Price Per Share Highest Price (RM)	Purchase Price Per Share Lowest Price (RM)	Average Price (RM)	Total Consideration Paid (RM)
25.03.14	215,800	0.291	0.291	0.291	62,822.00
28.03.14	200,000	0.293	0.293	0.293	58,614.00
30.05.14	60,000	0.295	0.295	0.295	17,700.00
23.07.14	159,700	0.325	0.325	0.325	52,201.00
24.07.14	50,000	0.33	0.33	0.33	16,500.00
28.11.14	155,300	0.29	0.29	0.29	45,037.00

During the financial year, a total of 840,800 shares were purchased by the Company and all shares purchased were retained as treasury shares with no shares being resold or cancelled. As at 31 December 2014, the number of treasury shares was 1,025,000 ordinary shares.

2. Options or Convertible Securities

During the financial year ended 31 December 2014, no options or convertible securities were issued.

3. Depository Receipt Programme

During the financial year, the Company did not sponsor any depository receipt programme.

4. Sanctions and Penalties

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by any relevant bodies during the financial year.

5. Non-audit fees

Non-audit fees amounting to RM6,500.00 were paid to the external auditors for the financial year ended 31 December 2014.

6. Variation in Results

There was no significant variance between the results for the financial year and the unaudited results previously announced.

7. Profit Guarantee

No profit guarantee was given by the Company in respect of the financial year.

8. Material Contracts

During the financial year, there were no material contracts with the Company and its subsidiaries involving Directors' and major shareholders' interest.

9. Recurrent Related Party Transactions of a Revenue or Trading Nature for the Year Ended 31 December 2014

Details of recurrent related party transactions made during the financial year ended 31 December 2014 pursuant to the shareholders' mandate obtained by the Company at the Annual General Meeting held on 29 May 2014 were as follows:

Company within the Group involved	Transacting Party	Amount (RM'000)	Nature of transactions	Interested Related Party
Leader Steel Sdn. Bhd. ("LSSB")	Eonmetall Industries Sdn. Bhd.	9	Purchase of property, plant and equipment	Interested Director and Major Shareholder Dato' Goh Cheng Huat Datin Tan Pak Say Interested Major Shareholder Bischart Sdn. Bhd.
	Eonmetall Technology Sdn. Bhd.	36	Purchase of property, plant and equipment	
Leader Steel Service Centre Sdn. Bhd. ("LSSC")	Eonmetall Industries Sdn. Bhd.	8,473 150	Sale, purchase and servicing of steel products Rental	
	Eonmetall Technology Sdn. Bhd.	14	Sale of steel products	

AUDIT COMMITTEE REPORT

Membership

The Directors who have served as members of the Audit Committee (the "Committee") during the financial year under review and as at the date of this report are:

Mr. Lim Leng Han - ***Chairman, Senior Independent Non-Executive Director***
En. Mohd Arif bin Mastol - ***Member, Independent Non-Executive Director (Member of Malaysian Institute of Accountants)***
Datuk Abdullah bin Haji Kuntom - ***Member, Non-Independent Non-Executive Director (Appointed on 9 April 2014)***

Dato' Goh Cheng Huat ceased to be a member of the Committee on 9 April 2014.

Terms of reference

The Audit Committee was established on 14 August 1995 to act as a Committee of the Board, with the terms of reference as set out in pages 23 to 25 of this Annual Report.

Meetings

During the financial year ended 31 December 2014, the Committee met five (5) times, which was attended by all the members, to discuss matters relating to the accounting and reporting practices of the Company and its subsidiaries. In addition, the Committee had conducted two (2) separate sessions with the external auditors without the presence of Executive Directors.

The meetings were appropriately structured through the use of agenda, which was distributed to members with sufficient notification given.

The Company Secretary or her representative was present by invitation at all the meetings. The Group's Senior Management, representatives of the external auditors and internal auditors also attended the meetings upon invitation.

Details of Directors' attendance at the meetings of the Audit Committee during the financial year are as follows:-

	No. of meetings	
Name of Director	**Held**	**Attended**
Lim Leng Han	5	5
Mohd Arif bin Mastol	5	5
Dato' Goh Cheng Huat (Ceased on 9 April 2014)	2	2
Datuk Abdullah bin Haji Kuntom (Appointed on 9 April 2014)	3	3

Summary of activities during the financial year

The Committee had carried out its duties in accordance with its terms of reference during the financial year under review. The main activities undertaken by the Committee were as follows:

- Reviewed with the external auditors and internal auditors the scope of their work and audit plan;
- Reviewed with the external auditors the results and findings of the audit, the audit report and management letter;
- Reviewed the annual financial statements of the Group and Company with the external auditors, prior to submission to the Board for its consideration and approval;
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval. The General Manager was invited to attend the meetings and render the relevant explanations on questions raised during the review;
- Reviewed the Company's compliance, in particular, the quarterly and year-end financial statements, with the Listing Requirements of Bursa Securities, applicable approved accounting standards of the Malaysian Accounting Standards Board and other relevant legal and statutory requirements;
- Reviewed the internal audit report, which highlighted the audit issues and findings, recommendations and Management's response thereto;

Summary of activities during the financial year (cont'd)

- Reviewed pertinent issues, which had significant impact on the results of the Group, including bank borrowings, investments and divestments and strategic operations of subsidiaries;
- Reviewed the independence of the External Auditors and made its recommendations to the Board on their re-appointment and fees; and
- Reviewed the recurrent related party transactions of revenue and trading nature and other related party transactions entered into by the Group.

Internal audit function

The Group outsourced its internal audit function to a professional firm of consultants to carry out internal audit work for the Group. The principal role of the internal audit function is to undertake independent and regular reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

During the financial year ended 31 December 2014, the internal audit function carried out follow-up reviews on the implementation of recommendations of the previous internal audits and assisted the Management in updating the risk profile of the Group. The opportunities for improvement noted, together with the recommendations thereof and agreed management action plans, were presented to the Audit Committee for consideration.

Further details on the internal audit function and its activities are set out under the Statement on Risk Management and Internal Control on pages 26 to 27 of this Annual Report.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objective

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

- assess the Group's processes relating to its risks and control environment;
- oversee financial reporting; and
- evaluate the internal and external audit processes.

Composition

The Board shall elect and appoint Committee members from amongst their numbers, comprising no fewer than three (3) Directors, all must be Non-Executive Directors, with a majority of them being Independent Directors.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:

- a member of the Malaysian Institute of Accountants ("MIA");
- if he or she is not a member of MIA, he or she must have at least three (3) years of working experience and:-
  - he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - he or she must be a member of the associations of accountants specified in Part II of the Accountants Act 1967.
- fulfills such other requirements as prescribed or approved by the Bursa Securities.

AUDIT COMMITTEE REPORT
(CONT'D)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

Composition (cont'd)

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an Independent Non-Executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

Quorum and Committee's procedures

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.

In order to form a quorum for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed as the Secretary of the Committee ("the Secretary"). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee. The minutes shall be circulated to members of the Board.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The Chairman shall submit an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.

The Committee shall meet at least annually with the management, and at least once every year with the Head of Internal Audit and external auditors in separate sessions to discuss any matters with the Committee without the presence of any executive member of the Board.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

Authority

The Committee is authorised to seek any information it requires from employees, who are required to co-operate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements, the Committee shall promptly report such matter to the Bursa Securities.

AUDIT COMMITTEE REPORT
(CONT'D)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

Responsibilities and duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- Review with the external auditor, the audit scope and plan, including any changes to the planned scope of the audit plan;
- Review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures that are identified;
- Review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations;
- Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information;
- Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money;
- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- Review the Internal Audit Charter, budget and staffing of the internal audit department;
- Review the adequacy and integrity of internal control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems;
- Direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts;
- Review the quarterly results and the year end financial statements, prior to the approval by the Board focusing particularly on:
    - changes in or implementation of major accounting policy changes;
    - significant or unusual events; and
    - compliance with accounting standards and other legal requirements.
- Review procedures in place to ensure that the Group is in compliance with the Companies Act, 1965, Bursa Securities Listing Requirements and other legislative and reporting requirements;
- Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on management integrity;
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarizing the work performed in fulfilling the Committee's primary responsibilities;
- Review and verify the allocation of shares to employees under the Employees' Share Option Scheme; and
- Any other activities, as authorized by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Paragraph 15.26(b) of the Listing Requirements of Bursa Securities stipulates that the Board of Directors of public listed companies should include in its annual report a statement about the state of the risk management and internal control of the listed issuer as a group. In this regard, the Board is pleased to provide the following statement, which outlines the nature and scope of the risk management and internal control of the Group during the financial year ended 31 December 2014.

(A) BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the adequacy and effectiveness of the Group's risk management and internal control system. The Board recognises that to achieve its business objectives and sustain success, it is vital that the risk management and internal control processes of the Group are effective.

However, because the risk management and internal control system is designed to mitigate, rather than eliminate, the risk of failure in achieving the business objectives Group, it provides reasonable but not absolute assurance against material misstatement of financial information or losses, contingencies, fraud or any irregularities.

(B) RISK MANAGEMENT FRAMEWORK

The Group has engaged an independent professional firm to assist the Board in establishing a risk management framework for the Group.

Under the framework, the Group has formed a Risk Management Committee, which consists of the Senior Management of the Group. The primary function of the Committee is to oversee the risk management process of the Group. It reports to the Audit Committee.

During the financial year, the Risk Management Committee assessed the risks and controls of the Group and the quantified risks have been compiled into the risk profiles. The Committee also came up with initiatives to improve the risk management process of the Group.

(C) KEY ELEMENTS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The risk management and internal control processes are embedded within the operations of the Group. The key elements of controls that are in place for the year under review are as follows:

- Diligent review of the quarterly financial results and reports and evaluating the reasons given for any unusual variances noted thereof by the Board and Audit Committee;
- Close involvement of the Managing Director in the running of the Group's operations. The Managing Director reports to the Board on significant changes in the business and external environmental factors that may impact the Group's operations;
- An organizational structure with formally defined lines of responsibility and delegation of authority has been put in place;
- A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability; and
- Policies and procedures in place and enforced in the Group include health and safety, training and development, equality of opportunity, staff performance and actions on serious misconduct. These policies and procedures provide for continuous assurance to be given at increasingly higher levels of Management and, ultimately, to the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

(D) INTERNAL AUDIT FUNCTION

The Group outsources its internal audit function to a professional firm of consultants, which provides the Board with much of the assurance it requires regarding the adequacy and integrity of the Group's systems of internal control.

The internal audit function reviews the internal controls in the key activities of the Group's businesses based on an annual internal audit plan which have been approved by the Audit Committee. The internal audit function adopts a risk-based approach and prepares its audit plan based on the updated risk profiles of the major business units of the Group. Opportunities for improvements to the system of internal control are identified and presented to the Audit Committee via internal audit reports whilst the Management formulates relevant action plans to address issues noted on a periodic basis.

During the financial year ended 31 December 2014, the internal audit function carried out the following activities:

- Presented the internal audit plan to the Audit Committee;
- Carried out an internal audit review on certain business cycles;
- Performed follow up review on the implementation of recommendations of previous internal audits; and
- Presented the internal audit reports to the Audit Committee.

The total costs incurred in managing the internal audit function for the financial year ended 31 December 2014 were approximately RM24,000.00.

(E) BOARD'S REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROLS

During the year, the Board reviewed the effectiveness of risk management and internal control system of the Group as follows:

- Matters concerning strategies and operations of the Group were presented by the Senior Management and deliberated during Board meetings and where relevant, approvals were given;
- Quarterly financial reports were discussed before being announced; and
- The Board, through the Audit Committee, has reviewed the internal audit reports presented by the internal auditors.

(F) CONCLUSION

The Board has received assurance from the Managing Director and the General Manager that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Overall, the Board and Management are satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives are in place. There are continuing efforts to strengthen the internal control environment taking into consideration the recommendations from the internal auditors. There were no material losses incurred during the financial year ended 31 December 2014 as a result of weaknesses in internal controls.

This statement is issued in accordance with a resolution of the Directors dated 28 April 2015.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Leader Steel Holdings Berhad and its subsidiaries ("the Group") have been actively playing its role in maintaining the corporate social responsibility ("CSR") in business activities in a professional, ethical and socially responsible manner.

As a responsible corporate citizen, the group has undertaken considerable effort in enhancing the well being of its employees, environment, community, customers, suppliers and all other stakeholders wherever we operate.

Workplace

In support of lifelong learning, the Group provided training programs in the area of financial, IT, health and safety and job-related courses to all staff in 2014. At the same time, the Group also gave sponsorships to in-house sport activities as an effort to enhance work-life balance among the staff.

As an employer, the Group also recognizes and accepts its responsibilities for providing and maintaining a safe and healthy workplace for all its employees, suppliers and visitors. Workplace security initiatives such as fire and evacuation drills, safety tips and training on proper usage of safety equipments have been provided to the employees to ensure a protected working environment.

Environment

The Group is committed to undertake a holistic approach to incorporate sustainability practices into our everyday activities. Scrap metals from our steel production are collected and sent to licensed waste disposal company for recycling purposes. Water mixed with chemicals which serves as coolant in the production process is not disposed off irresponsibly but reused after being treated. These environment-friendly measures have significantly reduced wastage on materials and water consumption to a minimum level. The Group also ensures compliance with all environmental regulations and laws at all times.

Community

As a responsible corporate citizen, the Group has made financial contributions and other benefit in kind to local charitable organizations and schools.

We further strive to seek meaningful contributions to the less privileged with the simple hope and belief for a better quality of life.

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS	Group RM	Company RM
Loss for the financial year	12,008,084	9,884,897
Attributable to:		
Owners of the parent	12,856,220	9,884,897
Non-controlling interests	(848,136)	0
	12,008,084	9,884,897

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any payment of dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no new shares and debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS' REPORT
(CONT'D)

DIRECTORS

The Directors who have held office since the date of the last report are:

Tan Sri Dato' Mohd Desa bin Pachi
Dato' Goh Cheng Huat
Datin Tan Pak Say
Tan Sri Dato' Soong Siew Hoong
Lim Leng Han
Mohd Arif Bin Mastol
Datuk Abdullah Bin Haji Kuntom

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company during the financial year ended 31 December 2014 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	Number of ordinary shares of RM0.50 each			
Names of Directors	**Balance as at 1.1.2014**	**Bought**	**Sold**	**Balance as at 31.12.2014**
Shares in the Company				
Direct interests:				
Dato' Goh Cheng Huat	10,530,594	0	0	10,530,594
Datin Tan Pak Say	1,155,006	0	0	1,155,006
Tan Sri Dato' Soong Siew Hoong	150,000	0	0	150,000
Lim Leng Han	18,000	0	0	18,000
Indirect interests:				
Dato' Goh Cheng Huat	55,990,974	412,000	0	56,402,974
Datin Tan Pak Say	65,366,562	412,000	0	65,778,562

By virtue of their interests in the ordinary shares of the Company, Dato' Goh Cheng Huat and Datin Tan Pak Say are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares in the Company or ordinary shares of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than:

(i) deemed benefits arising from related party transactions as disclosed in Note 28 to the financial statements; and

(ii) remuneration received by certain Directors as directors/executives of the subsidiaries.

DIRECTORS' REPORT
(CONT'D)

TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on 29 May 2014, renewed the approval for the Company to repurchase its own shares.

During the financial year, the Company repurchased 840,800 of its issued ordinary shares from the open market at an average price of RM0.301 per share. The total consideration paid for the repurchased shares was RM252,874. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT
(CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (cont'd)

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Datin Tan Pak Say
Director

Tan Sri Dato' Mohd Desa bin Pachi
Director

Penang
28 April 2015

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 36 to 100 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 34 to the financial statements on page 101 has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Datin Tan Pak Say
Director

Tan Sri Dato' Mohd Desa bin Pachi
Director

Penang
28 April 2015

STATUTORY DECLARATION

I, Datin Tan Pak Say, being the Director primarily responsible for the financial management of Leader Steel Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 36 to 101 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Georgetown in the State of Penang this 28 April 2015

Datin Tan Pak Say

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LEADER STEEL HOLDINGS BERHAD
(Incorporated in Malaysia) Company No: 267209-K

Report on the Financial Statements

We have audited the financial statements of Leader Steel Holdings Berhad, which comprise statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 100.

The financial statements of the preceding year were examined by another firm of auditors whose report dated 24 April 2014, expressed an unqualified opinion on those statements.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LEADER STEEL HOLDINGS BERHAD (CONT'D)
(Incorporated in Malaysia) Company No: 267209-K

Report on Other Legal and Regulatory Requirements (cont'd)

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 34 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF: 0206
Chartered Accountants

Koay Theam Hock
2141/04/17 (J)
Chartered Accountant

Penang
28 April 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		Group	
		2014	**2013**
	Note	**RM**	**RM**
ASSETS			
Non-current assets			
Property, plant and equipment	7	148,490,022	136,134,464
Available-for-sale financial asset	9	20,000	46,000
		148,510,022	136,180,464
Current assets			
Inventories	10	60,175,068	83,461,227
Trade and other receivables	11	43,192,964	34,369,399
Current tax assets		1,152,802	75,157
Cash and bank balances	12	1,561,179	9,369,827
		106,082,013	127,275,610
TOTAL ASSETS		254,592,035	263,456,074
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	13	64,016,000	64,016,000
Treasury shares, at cost	13	(307,655)	(54,781)
Reserves	14	56,297,234	53,067,581
		120,005,579	117,028,800
Non-controlling interests		318,074	(530,062)
TOTAL EQUITY		120,323,653	116,498,738
LIABILITIES			
Non-current liabilities			
Borrowings	15	10,360,190	16,230,892
Deferred tax liabilities	16	14,368,826	13,593,000
		24,729,016	29,823,892
Current liabilities			
Trade and other payables	17	12,895,864	10,077,334
Borrowings	15	96,643,502	105,493,671
Current tax liabilities		0	1,562,439
		109,539,366	117,133,444
TOTAL LIABILITIES		134,268,382	146,957,336
TOTAL EQUITY AND LIABILITIES		254,592,035	263,456,074

The accompanying notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	Company 31.12.2014 RM	31.12.2013 RM	1.1.2013 RM
ASSETS				
Non-current assets				
Investments in subsidiaries	8	54,690,345	35,468,677	35,956,807
Available-for-sale financial asset	9	20,000	46,000	160,000
		54,710,345	35,514,677	36,116,807
Current assets				
Other receivables	11	17,589	67,566,971	67,876,956
Cash and bank balances	12	30,643	31,551	57,230
Current tax assets		9,762	9,762	9,269
		57,994	67,608,284	67,943,455
TOTAL ASSETS		54,768,339	103,122,961	104,060,262
EQUITY AND LIABILITY				
Equity attributable to owners of the parent				
Share capital	13	64,016,000	64,016,000	64,016,000
Treasury shares, at cost	13	(307,655)	(54,781)	(77)
Reserves	14	(9,146,429)	738,468	1,758,147
TOTAL EQUITY		54,561,916	64,699,687	65,774,070
Current liability				
Other payables	17	206,423	38,423,274	38,286,192
TOTAL EQUITY AND LIABILITY		54,768,339	103,122,961	104,060,262

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Revenue	20	234,679,715	258,658,697	0	0
Cost of sales		(214,825,682)	(186,481,344)	0	0
Gross profit		19,854,033	72,177,353	0	0
Other income		983,107	3,402,197	74,338	0
Distribution expenses		(17,592,401)	(54,813,583)	0	0
Administrative expenses		(11,930,811)	(12,505,177)	(9,959,235)	(1,020,172)
Finance costs	21	(5,976,845)	(5,812,967)	0	0
(Loss)/Profit before tax	22	(14,662,917)	2,447,823	(9,884,897)	(1,020,172)
Tax expense	25	2,654,833	(1,939,030)	0	493
(Loss)/Profit for the financial year		(12,008,084)	508,793	(9,884,897)	(1,019,679)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		0	17,860	0	0
Items that will not be reclassified subsequently to profit or loss					
Gross revaluation increase of properties		19,594,498	0	0	0
Deferred tax relating to revalued properties		(3,508,625)	(306,000)	0	0
Total other comprehensive income/(loss), net of tax		16,085,873	(306,000)	0	0
Total comprehensive income/(loss)		4,077,789	220,653	(9,884,897)	(1,019,679)
(Loss)/Profit attributable to:					
Owners of the parent		(12,856,220)	863,452	(9,884,897)	(1,019,679)
Non-controlling interests		848,136	(354,659)	0	0
		(12,008,084)	508,793	(9,884,897)	(1,019,679)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		3,229,653	575,312	(9,884,897)	(1,019,679)
Non-controlling interests		848,136	(354,659)	0	0
		4,077,789	220,653	(9,884,897)	(1,019,679)
(Loss)/Earnings per ordinary share attributable to equity holders of the Company (sen):					
- Basic	26(a)	(10.08)	0.67		
- Diluted	26(b)	(10.08)	0.67		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Non-distributable					Distributable			
Group	**Note**	**Share capital RM**	**Treasury shares RM**	**Share premium RM**	**Revaluation reserve RM**	**Currency translation reserve RM**	**Retained earnings RM**	**Total attributable to owners of the parent RM**	**Non-controlling interests RM**	**Total equity RM**
Balance as at 1 January 2013		64,016,000	(77)	3,600	31,833,614	(15,315)	20,670,370	116,508,192	(175,403)	116,332,789
Profit for the financial year		0	0	0	0	0	863,452	863,452	(354,659)	508,793
Deferred tax relating to revalued properties		0	0	0	(306,000)	0	0	(306,000)	0	(306,000)
Foreign currency translations		0	0	0	0	17,860	0	17,860	0	17,860
Total comprehensive income		0	0	0	(306,000)	17,860	863,452	575,312	(354,659)	220,653
Transactions with owners										
Purchase of treasury shares	13	0	(54,704)	0	0	0	0	(54,704)	0	(54,704)
Total transactions with owners		0	(54,704)	0	0	0	0	(54,704)	0	(54,704)
Balance as at 31 December 2013		64,016,000	(54,781)	3,600	31,527,614	2,545	21,533,822	117,028,800	(530,062)	116,498,738

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

Group	Note	Share capital RM	Treasury shares RM	Share premium RM	Revaluation reserve RM	Currency translation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
		Non-distributable					Distributable			
Balance as at 1 January 2014		64,016,000	(54,781)	3,600	31,527,614	2,545	21,533,822	117,028,800	(530,062)	116,498,738
Loss for the financial year		0	0	0	0	0	(12,856,220)	(12,856,220)	848,136	(12,008,084)
Gross revaluation increase of properties		0	0	0	19,594,498	0	0	19,594,498	0	19,594,498
Deferred tax relating to revalued properties		0	0	0	(3,508,625)	0	0	(3,508,625)	0	(3,508,625)
Total comprehensive income		0	0	0	16,085,873	0	(12,856,220)	3,229,653	848,136	4,077,789
Transactions with owners										
Purchase of treasury shares	13	0	(252,874)	0	0	0	0	(252,874)	0	(252,874)
Total transactions with owners		0	(252,874)	0	0	0	0	(252,874)	0	(252,874)
Balance as at 31 December 2014		64,016,000	(307,655)	3,600	47,613,487	2,545	8,677,602	120,005,579	318,074	120,323,653

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Non-distributable				Distributable	
Company	Note	Share capital RM	Treasury shares RM	Share premium RM	Share option reserve RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
Balance as at 1 January 2013							
- as previously stated		64,016,000	(77)	3,600	1,684,535	70,012	65,774,070
- prior year adjustments	33	0	0	0	(1,684,535)	1,684,535	0
		64,016,000	(77)	3,600	0	1,754,547	65,774,070
Loss for the financial year		0	0	0	0	(1,019,679)	(1,019,679)
Other comprehensive income, net of tax		0	0	0	0	0	0
Total comprehensive loss		0	0	0	0	(1,019,679)	(1,019,679)
Transactions with owners							
Purchase of treasury shares	13	0	(54,704)	0	0	0	(54,704)
Total transactions with owners		0	(54,704)	0	0	0	(54,704)
Balance as at 31 December 2013		64,016,000	(54,781)	3,600	0	734,868	64,699,687
Balance as at 1 January 2014							
- as previously stated		64,016,000	(54,781)	3,600	1,684,535	(949,667)	64,699,687
- prior year adjustments	33	0	0	0	(1,684,535)	1,684,535	0
		64,016,000	(54,781)	3,600	0	734,868	64,699,687
Loss for the financial year		0	0	0	0	(9,884,897)	(9,884,897)
Other comprehensive income, net of tax		0	0	0	0	0	0
Total comprehensive loss		0	0	0	0	(9,884,897)	(9,884,897)
Transactions with owners							
Purchase of treasury shares	13	0	(252,874)	0	0	0	(252,874)
Total transactions with owners		0	(252,874)	0	0	0	(252,874)
Balance as at 31 December 2014		64,016,000	(307,655)	3,600	0	(9,150,029)	54,561,916

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(14,662,917)	2,447,823	(9,884,897)	(1,020,172)
Adjustments for:					
Depreciation of property, plant and equipment	7	9,160,551	10,502,710	0	0
(Gain)/Loss on disposal of property, plant and equipment		(60,600)	1,239,535	0	0
Impairment losses on:					
- available-for-sale investment	9(a)	26,000	114,000	26,000	114,000
- investment in subsidiaries	8	0	0	5,604,538	488,130
- trade receivables	11(f)	482,657	597,439	0	0
- other receivables	11(f)	219,201	0	0	0
Gain on winding up of subsidiaries	27	(2,721)	0	(74,338)	0
Interest expense	21	5,976,845	5,812,967	0	0
Inventories written down	10	907,214	0	0	0
Loss on fair value adjustment on other receivable		642,404	661,981	3,536	1,164
Other receivables written off		1,576,939	0	0	0
Property, plant and equipment written off	7	434,000	91,864	0	0
Reversal of impairment losses					
- trade receivable	11(f)	(2,562)	0	0	0
- investment in subsidiaries	8	0	0	(233,588)	0
Unrealised loss on foreign exchange		88,080	88,200	0	0
Operating profit/(loss) before changes in working capital		4,785,091	21,556,519	(4,558,749)	(416,878)
Decrease/(Increase) in inventories		22,378,945	(38,479,010)	0	0
(Increase)/Decrease in trade and other receivables		(12,697,468)	49,373,407	42,068,434	308,821
Increase/(Decrease) in trade and other payables		2,729,303	(10,874,918)	(38,216,851)	137,082
Cash generated from/(used in) operations		17,195,871	21,575,998	(707,166)	29,025
Interest paid	21	(5,976,845)	(5,812,967)	0	0
Tax paid		(2,718,050)	(821,226)	0	0
Net cash from/(used in) operating activities		8,500,976	14,941,805	(707,166)	29,025
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	7(c)	(1,717,211)	(14,709,742)	0	0
Proceeds from disposal of property, plant and equipment		86,200	6,017,851	0	0
Proceeds from winding up of subsidiaries	27	959,132	0	959,132	0
Net cash (used in)/from investing activities		(671,879)	(8,691,891)	959,132	0

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of commodity financing		(3,408,429)	(3,477,533)	0	0
Repayment of short term borrowings, net		(12,356,038)	(5,339,405)	0	0
(Repayment of)/Drawdown from term loans, net		(2,997,940)	7,524,176	0	0
Repayment of hire purchase creditors, net		(409,402)	(1,236,049)	0	0
Purchase of treasury shares	13	(252,874)	(54,704)	(252,874)	(54,704)
Net cash used in financing activities		(19,424,683)	(2,583,515)	(252,874)	(54,704)
Net (decrease)/increase in cash and cash equivalents		(11,595,586)	3,666,399	(908)	(25,679)
Effect of exchange rate changes on cash and cash equivalents		0	17,860	0	0
Cash and cash equivalents at beginning of financial year		8,816,114	5,131,855	31,551	57,230
Cash and cash equivalents at end of financial year	12(c)	(2,779,472)	8,816,114	30,643	31,551

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

1. CORPORATE INFORMATION

Leader Steel Holdings Berhad ('the Company') is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at Plot 85, Lorong Perusahaan Utama, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Tengah, Penang.

The consolidated financial statements for the financial year ended 31 December 2014 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 28 April 2015.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 34 to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements and on a going concern basis.

The Directors have considered the application of the going concern basis in the preparation of financial statements to be appropriate, given the ability of the Group and of the Company to generate adequate net cash inflows in the foreseeable future. In relation to this, the Group and the Company have assessed its cash flow position for the next twelve months to ensure that the Group and the Company have sufficient funds to meet its obligations as and when they fall due.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.1 Basis of accounting (cont'd)

The preparation of financial statements in conformity with MFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual agreements; and
(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 Basis of consolidation (cont'd)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement*.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.3 Business combinations (cont'd)

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for freehold land, short term leasehold land and buildings are stated at cost less accumulated depreciation. Freehold land, short term leasehold land and buildings are stated at valuation, which is the fair value at the date of revaluation less subsequent accumulated depreciation.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.4 Property, plant and equipment and depreciation (cont'd)

Freehold land, short term leasehold land and buildings are revalued at least every one (1) to three (3) years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and annual rates are as follows:

Buildings	2% - 3%
Short term leasehold land	38 years to 39 years
Plant and machinery	10%
Furniture, fittings and office equipment	14%
Electrical and other installations	10% - 14%
Tools and equipment	10%
Motor vehicles	14%
Infrastructure and landscaping	10%

Freehold land has unlimited useful life and are not depreciated. Capital work-in-progress represents plant and machinery under installation and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.7 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 Leases and hire purchase

(a) Finance leases and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

(b) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.6 Investments

Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment loss, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories and deferred tax assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to profit or loss.

An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss in the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

4.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average method. The cost of trading inventories and raw materials comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and manufactured inventories includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

(a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(ii) Held-to-maturity investments (cont'd)

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and bank balances include cash and cash equivalents, bank overdrafts, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.9 Financial instruments (cont'd)

(b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.9 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the listing requirements of Bursa Malaysia Securities Berhad.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

(a) Loan and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

(b) Available-for-sale financial asset

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit to loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

4.11 Borrowing costs

All borrowing cost on non-qualifying assets is recognised in profit or loss in the period in which they are incurred.

4.12 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by a foreign subsidiary on distributions to the Group and Company, and real property gains taxes payable on the disposal of properties.

Taxes in the statement profit or loss and other comprehensive income comprise current tax and deferred tax.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.12 Income taxes (cont'd)

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.13 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.13 Provisions (cont'd)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.14 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where, the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.15 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.16 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statement of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

4.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.17 Revenue recognition (cont'd)

(a) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(c) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

4.18 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

  (i) The combined reported profit of all operating segments that did not report a loss; and

  (ii) The combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 Operating segments (cont'd)

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.19 Earnings per ordinary share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.20 Fair value measurements

The fair value of an asset or a liability, (except for lease transactions) is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and
(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the current financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to MFRS 10 *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to MFRS 12 *Disclosure of Interest in Other Entities: Investment Entities*	1 January 2014
Amendments to MFRS 127 *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21 *Levies*	1 January 2014

There is no material impact upon adoption of these Standards during the financial year.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2015

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective Date
Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 – 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 – 2013 Cycle*	1 July 2014
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
MFRS 15 *Revenue from Contracts with Customers*	1 January 2017
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates during the reporting period and at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.

(b) Impairment of equity investments categorised as available-for-sale financial asset

The Group believes that a significant or prolonged decline in fair value of an investment in equity instrument is a decline in fair value of more than twenty percent (20%) of the cost, or the decline in fair value below its original cost has persisted for more than nine (9) to twelve (12) months.

(c) Classifications of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(d) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

6.3 Key sources of estimation uncertainty (cont'd)

(a) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets, therefore future depreciation charges could be revised.

There are no changes in the estimated useful lives of property, plant and equipment at the end of the reporting period.

(b) Impairment of investments in subsidiaries and amounts due from subsidiaries

During the financial year, the Company has recognised impairment losses in respect of investments in subsidiaries and amounts owing by subsidiaries. The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment and assesses the impairment of receivables on the amounts owing by subsidiaries when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and amounts owing by subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

(c) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(d) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

6.3 Key sources of estimation uncertainty (cont'd)

(e) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 31(d) to the financial statements.

(f) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group engaged a professional valuer to perform a valuation with sufficient regularity on its freehold land, short term leasehold land and buildings as disclosed in Note 7 to the financial statements.

The Group measures its financial instruments at fair value as disclosed in Note 30(d) to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

	Balance as at 1.1.2014 RM	Additions RM	Revaluation RM	Disposals RM	Written off RM	Depreciation charges for the financial year RM	Balance as at 31.12.2014 RM
Group							
Carrying amount							
Buildings							
- at valuation	50,348,731	230,772	1,672,880	0	0	(1,354,043)	50,898,340
- at cost	0	0	0	0	0	0	0
Freehold land							
- at valuation	21,629,216	0	14,770,784	0	0	0	36,400,000
- at cost	0	0	0	0	0	0	0
Short term leasehold land							
- at valuation	13,449,583	0	3,150,834	0	0	(350,417)	16,250,000
- at cost	0	0	0	0	0	0	0
Plant and machinery	26,591,920	1,039,369	0	0	0	(6,506,844)	21,124,445
Furniture, fittings and office equipment	1,025,450	164,898	0	0	(2,082)	(140,899)	1,047,367
Electrical and other installations	236,910	0	0	0	0	(228,027)	8,883
Tools and equipment	74,651	63,961	0	0	0	(84,935)	53,677
Motor vehicles	1,865,726	852,211	0	(25,600)	0	(495,386)	2,196,951
Capital work-in-progress	20,912,277	30,000	0	0	(431,918)	0	20,510,359
	136,134,464	2,381,211	19,594,498	(25,600)	(434,000)	(9,160,551)	148,490,022

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	2014				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Group					
Buildings	0	51,065,000	166,660	0	50,898,340
Freehold land	0	36,400,000	0	0	36,400,000
Short term leasehold land	0	16,250,000	0	0	16,250,000
Plant and machinery	109,772,874	0	88,648,429	0	21,124,445
Furniture, fittings and office equipment	3,527,878	0	2,480,511	0	1,047,367
Electrical and other installations	3,370,196	0	3,361,313	0	8,883
Tools and equipment	2,127,575	0	2,073,898	0	53,677
Motor vehicles	5,474,978	0	3,278,027	0	2,196,951
Capital work-in-progress	20,999,451	0	0	489,092	20,510,359
	145,272,952	103,715,000	100,008,838	489,092	148,490,022

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Balance as at 1.1.2013 RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	Reversal RM	Depreciation charges for the financial year RM	Balance as at 31.12.2013 RM
Group								
Carrying amount								
Buildings								
- at valuation	46,210,000	0	0	0	0	0	(1,253,684)	44,956,316
- at cost	0	5,392,415	0	0	0	0	0	5,392,415
Freehold land								
- at valuation	13,750,000	0	0	0	0	0	0	13,750,000
- at cost	0	7,879,216	0	0	0	0	0	7,879,216
Short term leasehold land								
- at valuation	13,800,000	0	0	0	0	0	(350,417)	13,449,583
- at cost	0	0	0	0	0	0	0	0
Plant and machinery	32,256,238	1,467,968	0	(5,446)	0	0	(7,126,840)	26,591,920
Furniture, fittings and office equipment	1,070,822	138,899	0	(6,182)	0	0	(178,089)	1,025,450
Electrical and other installations	480,267	0	0	0	0	0	(243,357)	236,910
Tools and equipment	30,147	21,282	0	0	31,237	0	(8,015)	74,651
Motor vehicles	2,147,327	235,903	0	(80,236)	0	0	(437,268)	1,865,726
Infrastructure and landscaping	8,145,356	0	(7,240,316)	0	0	0	(905,040)	0
Capital work-in-progress	21,948,415	12,169	(17,070)	0	(31,237)	(1,000,000)	0	20,912,277
	139,838,572	15,147,852	(7,257,386)	(91,864)	0	(1,000,000)	(10,502,710)	136,134,464

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	2013			
	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Group				
Buildings	51,602,415	1,253,684	0	50,348,731
Freehold land	21,629,216	0	0	21,629,216
Short term leasehold land	13,800,000	350,417	0	13,449,583
Plant and machinery	108,733,505	82,141,585	0	26,591,920
Furniture, fittings and office equipment	3,460,995	2,435,545	0	1,025,450
Electrical and other installations	3,370,196	3,133,286	0	236,910
Tools and equipment	2,063,614	1,988,963	0	74,651
Motor vehicles	5,120,848	3,255,122	0	1,865,726
Capital work-in-progress	21,401,369	0	489,092	20,912,277
	231,182,158	94,558,602	489,092	136,134,464

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Based on the Group's accounting policy, freehold land, short term leasehold land and buildings are revalued at least every one (1) to three (3) years. The freehold land, short term leasehold land and buildings were last revalued on 31 December 2012.

Freehold land, short term leasehold land and buildings of the Group were revalued on 31 December 2014 by the Directors based on a valuation exercise carried out by an independent professional valuer using the open market value basis.

Had the revalued assets been carried at cost less accumulated depreciation, the carrying amounts would have been:

	Group	
	2014	**2013**
	RM	**RM**
Buildings	26,262,220	21,420,589
Freehold land	15,509,485	7,630,269
Short term leasehold land	3,458,223	3,550,004
	45,229,928	32,600,862

(b) The fair value of freehold land, short term leasehold land and buildings (at valuation) of the Group and the Company are categorised as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
Group				
2014				
Buildings	0	50,898,340	0	50,898,340
Freehold land	0	36,400,000	0	36,400,000
Short term leasehold land	0	16,250,000	0	16,250,000
	0	103,548,340	0	103,548,340
2013				
Buildings	0	44,956,316	0	44,956,316
Freehold land	0	13,750,000	0	13,750,000
Short term leasehold land	0	13,449,583	0	13,449,583
	0	72,155,899	0	72,155,899

(i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2014 and 31 December 2013.

(ii) Level 2 fair value of freehold land, short term leasehold land and buildings (at valuation) was determined by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group 2014 RM	Group 2013 RM
Purchase of property, plant and equipment	2,381,211	15,147,852
Financed by hire purchase arrangements	(664,000)	(438,110)
Cash payments on purchase of property, plant and equipment	1,717,211	14,709,742

(d) The carrying amount of the property, plant and equipment of the Group under hire purchase at the end of the reporting period are as follows:

	Group 2014 RM	Group 2013 RM
Plant and machinery	781,171	582,150
Motor vehicles	1,137,610	948,192
	1,918,781	1,530,342

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 15 to the financial statements.

(e) As at 31 December 2014, property, plant and equipment of the Group with carrying amount of RM76,355,550 (2013: RM59,574,344) have been charged to banks for credit facilities granted to the Group as disclosed in Note 15(c) to the financial statements.

8. INVESTMENTS IN SUBSIDIARIES

At cost:	Company 2014 RM	Company 2013 RM
Unquoted shares	59,329,494	34,736,876
Fair value of share options allocated to subsidiaries	1,684,535	1,684,535
Less: Impairment loss	(6,323,684)	(952,734)
	54,690,345	35,468,677
Movement of impairment loss:		
Balance as at 1 January	952,734	464,604
Impairment during the year	5,604,538	488,130
Reversal of impairment	(233,588)	0
Balance as at 31 December	6,323,684	952,734

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

(a) Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective ownership interest 2014 %	2013 %	Principal activities
Leader Steel Sdn. Bhd.#	Malaysia	100	100	Manufacture, processing and trading of steel and metal products and minerals
Leader Steel Service Centre Sdn. Bhd.#	Malaysia	100	100	Manufacture and trading of steel products
Leader Steel Technology Sdn. Bhd.#	Malaysia	0	100	Dissolved
Leader Steel Tubes Sdn. Bhd.#	Malaysia	100	100	Inactive
Leader Minerals (Malaysia) Sdn. Bhd.#	Malaysia	100	100	Trading and processing of minerals
Leader Minerals Corporation Sdn. Bhd.#	Malaysia	100	100	Investment holding
Leader Integrated Steel Mills Sdn. Bhd.#	Malaysia	0	100	Dissolved
GCH Metal Service Centre Sdn. Bhd.#	Malaysia	100	100	Inactive
Ferro Minerals, Inc*	United States of America	100	100	Inactive
Subsidiary of Leader Steel Sdn. Bhd.				
ACME United Sdn. Bhd.#	Malaysia	51	51	Trading and processing of minerals
Subsidiary of Leader Minerals Corporation Sdn. Bhd.				
Padma Minerals Co. Limited*	Hong Kong	100	100	Inactive

Subsidiaries audited by BDO Malaysia
* Subsidiaries not audited by BDO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

(b) An impairment loss on investments in subsidiaries amounting to RM5,604,538 relating to a subsidiary, Leader Steel Tubes Sdn. Bhd. was recognised during the financial year.

(c) On 31 December 2014, the Company further invested in the capital of its wholly-owned subsidiary, Leader Steel Sdn. Bhd., by way of subscribing for 257,110 redeemable preference shares of RM100.00 each amounted to RM25,711,000 and the consideration payable for the said shares was settled by way of capitalisation of the amount due from Leader Steel Sdn. Bhd..

(d) The subsidiary of the Group that has non-controlling interests ('NCI') is as follows:

	ACME United Sdn. Bhd.	
	2014	2013
	RM	RM
NCI percentage of ownership interest and voting interest	49%	49%
Carrying amount of NCI (RM)	318,074	(530,062)
Profit/(Loss) allocated to NCI (RM)	848,136	(354,659)

(e) The summarised financial information before intra-group elimination of the subsidiary that has material NCI as at the end of each reporting period is as follows:

	ACME United Sdn. Bhd.	
	2014	2013
	RM	RM
Assets and liabilities		
Non-current assets	1,111,780	1,312,695
Current assets	825,696	840,759
Current liabilities	(1,406,800)	(3,353,667)
Net assets/(liabilities)	530,676	(1,200,213)
Result		
Revenue	821,806	0
Profit/(Loss) for the financial year	1,730,889	(723,793)
Total comprehensive profit/(loss)	1,730,889	(723,793)
Cash flows (used in)/from operating activities	(3,607)	276,327
Cash flows used in investing activities	0	(272,233)
Net (decrease)/increase in cash and cash equivalents	(3,607)	4,094

9. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Non-current				
Available-for-sale financial asset				
- Quoted shares in Malaysia	20,000	46,000	20,000	46,000
Total available-for-sale financial asset	20,000	46,000	20,000	46,000

(a) An impairment loss of RM26,000 was recognised during the current financial year due to losses suffered from declining market prices on the investment in Perwaja Holdings Berhad, a company listed on the Main Market of the Bursa Malaysia Securities Berhad. The recoverable amount was determined based on the last transacted price on 31 December 2014.

(b) Information on the fair value hierarchy is disclosed in Note 30(d) to the financial statements.

(c) Information on financial risks of other investments is disclosed in Note 31 to the financial statements.

10. INVENTORIES

	Group	
	2014	**2013**
	RM	**RM**
At cost		
Raw materials	18,471,273	19,988,793
Work-in-progress	334,751	321,745
Manufactured inventories	20,239,837	16,095,033
Trading inventories	6,259,571	47,055,656
	45,305,432	83,461,227
At net realisable value		
Trading inventories	14,869,636	0
Total	60,175,068	83,461,227

During current financial year, the Group has written down trading inventories amounting to RM907,214 (2013: RMNil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Current				
Trade receivables				
Third parties	29,738,389	22,839,419	0	0
Related parties	137,526	2,862	0	0
	29,875,915	22,842,281	0	0
Less: Impairment loss				
- Third parties	(3,064,863)	(2,584,768)	0	0
	26,811,052	20,257,513	0	0
Other receivables				
Amounts due from subsidiaries	0	0	517	67,549,469
Other receivables	13,543,390	13,030,803	1,000	1,002
	13,543,390	13,030,803	1,517	67,550,471
Less: Impairment loss				
- Other receivables	(1,537,030)	(1,317,829)	0	0
	12,006,360	11,712,974	1,517	67,550,471
Loan and receivables	38,817,412	31,970,487	1,517	67,550,471
Deposits and prepayments				
Deposits	648,796	1,467,876	0	0
Prepayments	3,726,756	931,036	16,072	16,500
	4,375,552	2,398,912	16,072	16,500
	43,192,964	34,369,399	17,589	67,566,971

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 14 to 90 days (2013: 14 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Amounts due from subsidiaries (non-trade) are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(c) The currency exposure profile of receivables are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	22,444,037	22,844,012	1,517	67,550,471
US Dollar	10,117,268	4,541,587	0	0
Chinese Yuen	6,904,903	6,052,764	0	0
	39,466,208	33,438,363	1,517	67,550,471

11. TRADE AND OTHER RECEIVABLES (cont'd)

(d) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2014	**2013**
	RM	**RM**
Neither past due nor impaired	15,576,273	14,706,407
Past due but not impaired		
1 to 30 days	1,358,666	1,212,010
31 to 120 days	1,093,613	942,274
More than 121 days	8,782,500	3,396,822
	11,234,779	5,551,106
Past due and impaired	3,064,863	2,584,768
	29,875,915	22,842,281

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

(e) The credit quality of trade receivables that are neither past due nor impaired as at the end of reporting period were assessed as follows:

	Group	
	2014	**2013**
	RM	**RM**
Counterparties without external credit ratings		
- Group A	31,237	357,592
- Group B	15,545,036	14,348,815
	15,576,273	14,706,407

(i) Group A refers to new customers (less than 12 months).

(ii) Group B refers to existing customers, including related parties (more than 12 months) with no defaults in the past.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly arose from active corporate clients with healthy business relationship, in which the management is of the view that the amounts are recoverable based on past payment history. The trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

	Individually impaired	
	2014	**2013**
	RM	**RM**
Group		
Trade receivables, gross	3,064,863	2,584,768
Less: Impairment loss	(3,064,863)	(2,584,768)
	0	0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

11. TRADE AND OTHER RECEIVABLES (cont'd)

(f) The reconciliation of movement in the impairment loss are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Trade receivables				
At 1 January	2,584,768	1,987,329	0	0
Charge for the financial year (Note 22)	482,657	597,439	0	0
Reversal of impairment loss	(2,562)	0	0	0
At 31 December	3,064,863	2,584,768	0	0
Other receivables				
At 1 January	1,317,829	1,317,829	0	0
Charge for the financial year (Note 22)	219,201	0	0	0
At 31 December	1,537,030	1,317,829	0	0
	4,601,893	3,902,597	0	0

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(g) Information on financial risks of trade and other receivables is disclosed in Note 31 to the financial statements.

12. CASH AND BANK BALANCES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	1,561,179	9,369,827	30,643	31,551

(a) Information on financial risks of cash and bank balances is disclosed in Note 31 to the financial statements.

(b) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	728,984	1,926,495	30,643	31,551
US Dollar	829,935	7,442,808	0	0
Euro Dollar	0	524	0	0
Chinese Yuen	2,260	0	0	0
	1,561,179	9,369,827	30,643	31,551

12. CASH AND BANK BALANCES (cont'd)

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Cash and bank balances	1,561,179	9,369,827	30,643	31,551
Bank overdrafts included in borrowings (Note 15)	(4,340,651)	(553,713)	0	0
	(2,779,472)	8,816,114	30,643	31,551

13. SHARE CAPITAL

	Group and Company			
	2014		2013	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.50 each:				
Authorised	1,000,000,000	500,000,000	1,000,000,000	500,000,000
Issued and fully paid	128,032,000	64,016,000	128,032,000	64,016,000

The owners of the parent (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on 29 May 2014, renewed the approval for the Company to repurchase its own shares.

	Group and Company			
	2014		2013	
	Number of shares	RM	Number of shares	RM
Balance at 1 January	(184,200)	(54,781)	(100)	(77)
Purchase of treasury shares	(840,800)	(252,874)	(184,100)	(54,704)
Balance at 31 December	(1,025,000)	(307,655)	(184,200)	(54,781)

During the financial year, the Company repurchased a total of 840,800 (2013: 184,100) of its issued ordinary shares from the open market at an average price of RM0.301 (2013: RM0.298) per share. The total consideration paid for the repurchase was RM252,874 (2013: RM54,704). The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 in Malaysia.

As at 31 December 2014, 1,025,000 (2013: 184,200) out of the total 128,032,000 (2013: 128,032,000) issued and fully paid ordinary shares are held as treasury shares by the Company. The number of ordinary shares of RM0.50 each in issue and fully paid as at 31 December 2014 after excluding the treasury shares is 127,007,000 (2013: 127,847,800).

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

14. RESERVES

	Group		Company		
	2014	**2013**	**31.12.2014**	**31.12.2013**	**1.1.2013**
	RM	**RM**	**RM**	**RM**	**RM**
Non-distributable:					
Share premium	3,600	3,600	3,600	3,600	3,600
Revaluation reserve	47,613,487	31,527,614	0	0	0
Currency translation reserve	2,545	2,545	0	0	0
	47,619,632	31,533,759	3,600	3,600	3,600
Distributable:					
Retained earnings/ (Accumulated losses)	8,677,602	21,533,822	(9,150,029)	734,868	1,754,547
	56,297,234	53,067,581	(9,146,429)	738,468	1,758,147

(a) Share premium

The share premium account for the Group and the Company arose from the public issue in year 2008 and the issuance of shares under ESOS.

(b) Revaluation reserve

The revaluation reserve arose from the revaluation of freehold land, short term leasehold land and buildings.

(c) Currency translation reserve

The translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

15. BORROWINGS

	Group	
	2014	**2013**
	RM	**RM**
Current		
Secured		
Commodity financing	3,171,292	3,520,000
Hire purchase creditors	343,071	357,568
Term loans	3,082,464	3,000,328
	6,596,827	6,877,896
Unsecured		
Bank overdrafts (Note 12)	4,340,651	553,713
Bankers' acceptances	80,191,588	93,147,002
Bill discounting	595,658	0
Revolving credit	4,918,778	4,915,060
	90,046,675	98,615,775
	96,643,502	105,493,671
Non-current		
Secured		
Commodity financing	4,152,709	7,212,430
Hire purchase creditors	543,437	274,342
Term loans	5,664,044	8,744,120
	10,360,190	16,230,892
Total borrowings		
Bankers' acceptances	80,191,588	93,147,002
Bank overdrafts (Note 12)	4,340,651	553,713
Bill discounting	595,658	0
Commodity financing	7,324,001	10,732,430
Hire purchase creditors	886,508	631,910
Revolving credit	4,918,778	4,915,060
Term loans	8,746,508	11,744,448
	107,003,692	121,724,563

(a) All borrowings are denominated in Ringgit Malaysia ("RM").

(b) Interest rates

Commodity financing	1.75% (2013: 1.75%) per annum above cost of funds per annum
Hire purchase creditors	2.43% to 9.4% (2013: 3.8% to 9.4%) per annum
Term loans - floating rates	1% (2013: 1%) below prevailing base lending rates per annum
	1.25% (2013: 1.25%) + Islamic Financing Rate 6.05% (2013: 6.05%)
	0.35% - 1% (2013: 0.35% - 1%) + Bank Lending Rate

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

15. BORROWINGS (cont'd)

(b) Interest rates (cont'd)

Bank overdrafts	1% to 1.75% (2013: 1% to 1.75%) above prevailing base lending rates per annum
	Bank lending rate + 1.5% (2013: 1.5%) per annum
Bill discounting and revolving credit	1.5% (2013: 1%) above cost of funds per annum
Bankers' acceptances	1.75% to 3.5% (2013: 1.75% to 3.5%) above prevailing base lending rates per annum
	1% (2013: 1%) acceptance commission
	1.75% (2013: 1.75%) per annum above the bank's cost of fund
	1.5% to 1.75% (2013: 1.5% to 1.75%) per annum on the face value
	> 0.75% (2013: > 0.75%) per annum
	3.5% (2013: 3.5%) above bank lending rate
	1% (2013: 1%) per annum on the face value of the acceptance bills

(c) Securities

The bank borrowings of the Group, other than hire purchase liabilities are secured by the following:

(i) fixed charges over the following assets of the Group

		Company	
		2014	**2013**
	Note	**RM**	**RM**
Freehold land		36,400,000	21,629,216
Short term leasehold land		6,000,000	5,216,250
Buildings		17,422,365	16,195,693
Capital work-in-progress		16,533,185	16,533,185
Property, plant and equipment	7(e)	76,355,550	59,574,344

(ii) corporate guarantee of RM230,738,920 (2013: RM213,410,000) by the Company.

Hire purchase creditors

Hire purchase creditors are effectively secured as the rights to the assets under hire purchase in the event of default as disclosed in Note 7(d).

15. BORROWINGS (cont'd)

(d) Borrowings are repayable as follows:

	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM
Group						
2014						
Secured						
Commodity financing	2015 - 2017	7,324,001	3,171,292	3,355,004	797,705	0
Hire purchase creditors	2015 - 2018	886,508	343,071	264,876	278,561	0
Term loans	2015 - 2017	8,746,508	3,082,464	5,664,044	0	0
Unsecured						
Bank overdrafts	2015	4,340,651	4,340,651	0	0	0
Bankers' acceptances	2015	80,191,588	80,191,588	0	0	0
Bill discounting	2015	595,658	595,658	0	0	0
Revolving credit	2015	4,918,778	4,918,778	0	0	0
		107,003,692	96,643,502	9,283,924	1,076,266	0
Group						
2013						
Secured						
Commodity financing	2014 - 2017	10,732,430	3,520,000	3,520,000	3,692,430	0
Hire purchase creditors	2014 - 2018	631,910	357,568	186,257	88,085	0
Term loans	2014 - 2017	11,744,448	3,000,328	2,980,385	5,763,735	0
Unsecured						
Bank overdrafts	2014	553,713	553,713	0	0	0
Bankers' acceptances	2014	93,147,002	93,147,002	0	0	0
Revolving credit	2014	4,915,060	4,915,060	0	0	0
		121,724,563	105,493,671	6,686,642	9,544,250	0

(e) Hire purchase liabilities

The hire purchase liabilities are repayable as follows:

	2014			2013		
	Minimum hire purchase payments RM	Interest RM	Principal RM	Minimum hire purchase payments RM	Interest RM	Principal RM
Group						
Less than 1 year	378,040	34,969	343,071	387,871	30,303	357,568
Between 1 to 2 years	283,907	19,031	264,876	190,756	4,499	186,257
Between 2 to 5 years	289,486	10,925	278,561	90,296	2,211	88,085
	951,433	64,925	886,508	668,923	37,013	631,910

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

15. BORROWINGS (cont'd)

(f) Bank overdrafts of the Group are supported by a corporate guarantee from the Company.

(g) Information on financial risks of borrowings is disclosed in Note 31 to the financial statements.

16. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities is made up of the following:

	Group	
	2014 RM	2013 RM
Balance as at 1 January	(13,593,000)	(14,578,000)
Recognised in profit or loss (Note 25)	2,732,799	1,291,000
Recognised in other comprehensive income	(3,508,625)	(306,000)
Balance as at 31 December	(14,368,826)	(13,593,000)
Presented after appropriate offsetting:		
Deferred tax assets	2,742,000	2,269,000
Deferred tax liabilities	(17,110,826)	(15,862,000)
	(14,368,826)	(13,593,000)

16. DEFERRED TAX LIABILITIES (cont'd)

(b) Deferred tax assets/(liabilities) are attributable to the following:

Group

	Assets		Liabilities		Net	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**	**2014 RM**	**2013 RM**
Property, plant and equipment	0	0	(4,964,426)	(6,984,726)	(4,964,426)	(6,984,726)
Provisions	504,000	518,000	0	0	504,000	518,000
Other deductible temporary differences	1,597,000	1,110,000	0	0	1,597,000	1,110,000
Revaluation of freehold and leasehold land and buildings	0	0	(12,146,400)	(8,877,274)	(12,146,400)	(8,877,274)
Unutilised reinvestment allowance	641,000	641,000	0	0	641,000	641,000
Deferred tax assets/(liabilities)	2,742,000	2,269,000	(17,110,826)	(15,862,000)	(14,368,826)	(13,593,000)

Deferred tax assets/(liabilities) of the Group

	Provisions RM	**Unutilised reinvestment allowance RM**	**Other deductible temporary differences RM**	**Revaluation of freehold and leasehold land and buildings RM**	**Property, plant and equipment RM**	**Total RM**
Balance as at 1 January 2014	518,000	641,000	1,110,000	(8,877,274)	(6,984,726)	(13,593,000)
Recognised in profit or loss (Note 25)	(14,000)	0	487,000	239,499	2,020,300	2,732,799
- Revaluation of freehold and leasehold lands and buildings	0	0	0	(3,508,625)	0	(3,508,625)
Balance as at 31 December 2014	504,000	641,000	1,597,000	(12,146,400)	(4,964,426)	(14,368,826)
Balance as at 1 January 2013	502,000	641,000	1,060,000	(8,571,274)	(8,209,726)	(14,578,000)
Recognised in profit or loss (Note 25)	16,000	0	50,000	0	1,225,000	1,291,000
Recognised in other comprehensive income	0	0	0	(306,000)	0	(306,000)
Balance as at 31 December 2013	518,000	641,000	1,110,000	(8,877,274)	(6,984,726)	(13,593,000)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

16. DEFERRED TAX LIABILITIES (cont'd)

(c) The amount of temporary differences for which no deferred tax asset has been recognised in the statement of financial position are as follows:

	Group	
	2014 RM	2013 RM
Property, plant and equipment	(1,229,200)	(1,163,200)
Unabsorbed tax losses	1,906,200	1,057,000
Unabsorbed capital allowances	1,520,300	1,125,000
	2,197,300	1,018,800

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Trade payables				
Related parties	3,257,356	98,880	0	0
Third parties	4,023,783	4,122,115	0	0
	7,281,139	4,220,995	0	0
Other payables				
Amounts due to subsidiaries	0	0	0	38,208,134
Amounts due to related parties	15,027	304	0	0
Accrued expenses	3,151,686	1,342,558	31,200	33,493
Other payables	2,448,012	4,513,477	175,223	181,647
	5,614,725	5,856,339	206,423	38,423,274
	12,895,864	10,077,334	206,423	38,423,274

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 5 to 90 days (2013: 5 to 90 days).

(b) The amounts due to subsidiaries (non-trade) was unsecured, interest-free and repayable on demand in cash and cash equivalents.

(c) The amounts due to related parties are unsecured, interest-free and payable upon demand in cash and cash equivalents.

17. TRADE AND OTHER PAYABLES (cont'd)

(d) The currency exposure profile of payables are as follows:

	Group		Company	
	2014 **RM**	**2013** **RM**	**2014** **RM**	**2013** **RM**
Ringgit Malaysia	10,731,067	6,434,537	206,423	38,423,274
US Dollar	2,164,797	3,642,797	0	0
	12,895,864	10,077,334	206,423	38,423,274

(e) Information on financial risks of trade and other payables is disclosed in Note 31 to the financial statements.

18. CAPITAL COMMITMENTS

	Group	
	2014 **RM**	**2013** **RM**
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	0	194,000

19. CONTINGENT LIABILITIES

	Company	
	2014 **RM**	**2013** **RM**
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries - unsecured	107,410,055	126,755,000

The corporate guarantees are given to the financial institutions as one of the securities in relation to banking facilities granted to the subsidiaries.

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the Directors have estimated the financial impact of the guarantees as at 31 December 2014 to be insignificant.

20. REVENUE

The revenue of the Group represents income from the sales of goods.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

21. FINANCE COSTS

	Group	
	2014	2013
	RM	RM
Interest expenses on:		
Bank overdrafts	189,814	184,665
Term loans	801,777	341,586
Hire purchase	33,276	57,380
Bankers' acceptances	4,108,565	4,164,762
Revolving credit	253,200	172,129
Others	590,213	892,445
	5,976,845	5,812,967

22. (LOSS)/PROFIT BEFORE TAX

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

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audits	131,944	109,000	27,000	30,000
- under/(over)provision for prior years	9,775	(15,200)	3,000	(13,000)
Depreciation of property, plant and equipment (Note 7)	9,160,551	10,502,710	0	0
Directors' emoluments:				
- fees	175,000	175,000	175,000	175,000
- other emoluments	1,304,733	1,248,358	30,500	25,000
Impairment losses on:				
- available-for-sale financial asset (Note 9(a))	26,000	114,000	26,000	114,000
- investments in subsidiaries	0	0	5,604,538	488,130
- trade receivables (Note 11)	482,657	597,439	0	0
- other receivables (Note 11)	219,201	0	0	0
Inventory written down (Note 10)	907,214	0	0	0
Loss on disposal of property, plant and equipment	0	1,239,535	0	0
Loss on fair value adjustment on other receivables	642,404	661,981	3,536	1,164
Other receivables written off	1,576,939	0	0	0
Property, plant and equipment written off	434,000	91,864	0	0
Rental of equipment	15,731	11,142	0	0
Rental of premises	347,142	606,205	0	0
Unrealised foreign exchange loss	88,080	88,200	0	0

22. (LOSS)/PROFIT BEFORE TAX (cont'd)

And crediting:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Gain on disposal of property, plant and equipment	60,600	0	0	0
Gain on winding up of subsidiaries	2,721	0	74,338	0
Insurance claim	563,123	0	0	0
Realised foreign exchange gain	68,169	710,262	0	0
Reversal of impairment loss on trade receivables	2,562	0	0	0
Rental of premise	120,000	120,000	0	0

23. KEY MANAGEMENT PERSONNEL REMUNERATIONS

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of executive directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Executive directors and other key management personnel				
- fees	175,000	175,000	175,000	175,000
- remuneration	1,304,733	1,248,358	30,500	25,000
	1,479,733	1,423,358	205,500	200,000

24. EMPLOYEES BENEFITS

	Group	
	2014 RM	**2013 RM**
Wages, salaries, bonuses and incentive	5,902,268	5,652,670
Contributions to defined contribution plan	657,664	606,097
Social security contributions	58,535	54,261
Other benefits	922,630	881,699
	7,541,097	7,194,727

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

25. TAX EXPENSE

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Current tax expense based on profit for the financial year	459,000	3,065,000	0	0
Foreign income tax	2,622	0	0	0
(Over)/Underprovision in prior years	(383,656)	165,030	0	(493)
	77,966	3,230,030	0	(493)
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	(2,128,100)	(1,011,000)	0	0
Crystallisation of deferred tax on revaluation surplus	(239,499)	0	0	0
Overprovision in prior years	(365,200)	(280,000)	0	0
	(2,732,799)	(1,291,000)	0	0
Total tax expense	(2,654,833)	1,939,030	0	(493)

The Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	(3,665,700)	612,000	(2,471,200)	(255,000)
Tax effect in respect of:				
Non-allowable expenses	3,035,223	1,384,859	2,489,800	255,000
Non-taxable income	(1,570,100)	0	(18,600)	0
Deferred tax assets not recognised	294,600	57,141	0	0
	(1,905,977)	2,054,000	0	0
(Over)/Underprovision of tax expense in prior years	(383,656)	165,030	0	(493)
Overprovision of deferred tax in prior years	(365,200)	(280,000)	0	0
	(2,654,833)	1,939,030	0	(493)

26. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

	Group	
	2014	**2013**
	RM	**RM**
(Loss)/Profit attributable to equity holders of the parent	(12,856,220)	863,452
Weighted average number of ordinary shares in issue	127,514,002	127,976,515
Basic (loss)/earnings per ordinary share (sen)	(10.08)	0.67

(b) Diluted

Diluted (loss)/earnings per ordinary share is the same as basic earnings per ordinary share as there is no dilutive potential ordinary share.

27. VOLUNTARY WINDING UP OF SUBSIDIARIES

During the financial year, Leader Steel Technology Sdn. Bhd. and Leader Integrated Steel Mills Sdn. Bhd., wholly owned subsidiaries of the Company which are incorporated in Malaysia, were dissolved voluntarily pursuant to Section 205 of the Companies Act, 1965 in Malaysia.

The fair value of assets and liabilities at the date of dissolution are as follows:

	Group	**Company**
	RM	**RM**
Cost of investment	0	884,794
Receivables	956,411	0
Net assets/Carrying amount	956,411	884,794
Net proceeds from winding up	959,132	959,132
Gain on winding up of subsidiaries	(2,721)	(74,338)

28. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

28. RELATED PARTY DISCLOSURES (cont'd)

(a) Identities of related parties (cont'd)

The Group has related party relationship with the following:

Names of related parties	Relationship
Eonmetall Technology Sdn. Bhd.	A company in which certain Directors of the Company have substantial interest.
Eonmetall Industries Sdn. Bhd.	A company in which certain Directors of the Company have substantial interest.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Related parties:				
Rental of premise	150,000	465,833	0	0
Provision of services to related party	189,705	0	0	0
Purchase of property, plant and equipment	44,888	12,494,580	0	0
Receiving of services from other related party	0	432,088	0	0
Sales	106,271	603,743	0	0
Purchases	8,191,466	3,447,600	0	0

Balances with related parties at the end of the financial year are disclosed in Note 11 and Note 17 to the financial statements.

The above transactions were carried out a terms and rates as agreed between the Group and the related parties.

29. OPERATING SEGMENTS - GROUP

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacture, processing and trading of steel and metal products and minerals.

Geographical information

Revenue and non-current assets information are based on the geographical location of customers and assets respectively.

29. OPERATING SEGMENTS - GROUP (cont'd)

	Revenue		Non-current assets	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Malaysia	123,613,505	121,649,832	148,510,022	136,134,464
China	46,025,029	137,008,865	0	0
Others	65,041,181	0	0	0
	234,679,715	258,658,697	148,510,022	136,134,464

Major customers

The Group does not have any major customer that contributed 10% or more of its total revenue.

30. FINANCIAL INSTRUMENTS

(a) Capital management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity (including non-controlling interests) and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Total loans and borrowings	107,003,692	121,724,563	0	0
Total equity	120,323,653	116,498,738	54,561,916	64,699,687
Total capital	227,327,345	238,223,301	54,561,916	64,699,687
Debt-to-equity ratio	0.89 : 1	1.04 : 1	0 : 1	0 : 1

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2014.

(b) Categories of financial instruments

	Loans and receivables	
	2014	**2013**
Group	**RM**	**RM**
Financial assets		
Trade and other receivables, net of prepayments	39,466,208	33,438,363
Cash and bank balances	1,561,179	9,369,827
	41,027,387	42,808,190

30. FINANCIAL INSTRUMENTS (cont'd)

(b) Categories of financial instruments (cont'd)

	Other financial liabilities	
	2014	**2013**
	RM	**RM**
Financial liabilities		
Borrowings	107,003,692	121,724,563
Trade and other payables, net of deposits received	12,895,864	10,077,334
	119,899,556	131,801,897

	Loans and receivables	
	2014	**2013**
Company	**RM**	**RM**
Financial assets		
Trade and other receivables, net of prepayments	1,517	67,550,471
Cash and bank balances	30,643	31,551
	32,160	67,582,022

	Other financial liability	
	2014	**2013**
	RM	**RM**
Financial liability		
Trade and other payables	206,423	38,423,274

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair values

The carrying amounts of financial assets and financial liabilities, such as short-term receivables, payables and borrowings, are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of each reporting period.

(ii) Hire purchase creditors

The fair values of hire purchase creditors are estimated based on the future contractual cash flows discounted at current market interest rates available for similar financial instruments and of the same remaining maturities.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

30. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

The following tables set out the financial instruments carried at fair value and not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total Fair value RM	Carrying amount RM
2014										
Group										
Financial asset										
Available-for-sale financial asset										
Available-for-sale financial asset	20,000	0	0	20,000	0	0	0	0	20,000	20,000
Financial liability										
Other financial liability										
Hire purchase creditors	0	0	0	0	0	865,787	0	865,787	865,787	886,508
Company										
Financial asset										
Available-for-sale financial asset										
Available-for-sale financial asset	20,000	0	0	20,000	0	0	0	0	20,000	20,000

30. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair value hierarchy (cont'd)

The following tables set out the financial instruments carried at fair value and not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total Fair value RM	Carrying amount RM
2013										
Group										
Financial asset										
Available-for-sale financial asset										
Available-for-sale financial asset	46,000	0	0	46,000	0	0	0	0	46,000	46,000
Financial liability										
Other financial liability										
Hire purchase creditors	0	0	0	0	0	601,536	0	601,536	601,536	631,910
Company										
Available-for-sale financial asset										
Available-for-sale financial asset	46,000	0	0	46,000	0	0	0	0	46,000	46,000

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2014 and 31 December 2013.

(e) The management regularly reviews valuation adjustments in relation to the measurement of fair values of financial instrument.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through internal control systems, insurance programmes and adherence to the Group's financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, foreign currency risk and interest rate risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are the Group's customers and licensed financial institutions. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to two (2) months for major customers. The Group consistently monitors its outstanding receivables to minimise credit risk.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is substantially represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period are as follows:

	2014		2013	
	RM	**% of total**	**RM**	**% of total**
By countries				
Malaysia	11,685,265	43%	12,412,182	61%
China	6,904,903	26%	6,052,764	30%
Others	8,220,884	31%	1,792,567	9%
	26,811,052	100%	20,257,513	100%
By industry sectors				
Minerals	16,697,472	62%	13,823,332	68%
Steel product and trading activity	10,113,580	38%	6,434,181	32%
	26,811,052	100%	20,257,513	100%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 11 to the financial statements. Deposits with banks and other financial institutions are placed with reputable financial institutions with high credit ratings and no history of default.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile (cont'd)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11 to the financial statements.

(b) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 31 December 2014				
Group				
Financial liabilities				
Trade and other payables	12,895,864	0	0	12,895,864
Loan and borrowings	97,576,341	11,255,471	0	108,831,812
Total undiscounted financial liabilities	110,472,205	11,255,471	0	121,727,676
Company				
Financial liability				
Other payables	206,423	0	0	206,423
Total undiscounted financial liability	206,423	0	0	206,423
As at 31 December 2013				
Group				
Financial liabilities				
Trade and other payables	10,077,334	0	0	10,077,334
Loan and borrowings	106,810,954	18,117,770	0	124,928,724
Total undiscounted financial liabilities	116,888,288	18,117,770	0	135,006,058
Company				
Financial liability				
Other payables	38,423,274	0	0	38,423,274
Total undiscounted financial liability	38,423,274	0	0	38,423,274

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily USD and RMB.

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD and RMB exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

		Effect on profit after tax Increase/(Decrease) Group	
		2014 RM	2013 RM
USD/RM	- strengthen by 10% (2013: 10%)	658,680	939,461
	- weaken by 10% (2013: 10%)	(658,680)	(939,461)
RMB/RM	- strengthen by 10% (2013: 10%)	518,037	453,957
	- weaken by 10% (2013: 10%)	(518,037)	(453,957)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group to interest rate risk arises primarily from their loans and borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of reporting period changed by ten (10) basis points with all other variables held constant:

	Effect on profit after tax Increase/(Decrease) Group	
	2014 RM	2013 RM
- Increase by 0.1% (2013: 0.1%)	(795,878)	(908,193)
- Decrease by 0.1% (2013: 0.1%)	795,878	908,193

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
As at 31 December 2014									
Fixed rates									
Hire purchase creditors	15	4.36 - 5.84	343,071	264,876	278,561	0	0	0	886,508
Floating rates									
Bankers' acceptances	15	4.68 - 4.88	80,191,588	0	0	0	0	0	80,191,588
Bank overdrafts	15	6.74 - 8.75	4,340,651	0	0	0	0	0	4,340,651
Bill discounting	15	1.50	595,658	0	0	0	0	0	595,658
Commodity financing	15	5.75	3,171,292	3,355,004	797,705	0	0	0	7,324,001
Revolving credit	15	5.13	4,918,778	0	0	0	0	0	4,918,778
Term loans	15	7.30 - 7.60	3,082,464	5,664,044	0	0	0	0	8,746,508
As at 31 December 2013									
Fixed rates									
Hire purchase creditors	15	6.56 - 8.48	357,568	186,257	88,085	0	0	0	631,910
Floating rates									
Bankers' acceptances	15	4.26 - 4.74	93,147,002	0	0	0	0	0	93,147,002
Bank overdrafts	15	8.60	553,713	0	0	0	0	0	553,713
Commodity financing	15	5.75	3,520,000	3,520,000	3,692,430	0	0	0	10,732,430
Revolving credit	15	5.13	4,915,060	0	0	0	0	0	4,915,060
Term loans	15	7.30 - 7.60	3,000,328	2,980,385	5,763,735	0	0	0	11,744,448

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D)

32. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 31 December 2014, the Company further invested in the capital of its wholly-owned subsidiary, Leader Steel Sdn. Bhd., by way of subscribing 257,110 redeemable preference shares of RM100.00 each amounted to RM25,711,000 and the consideration payable for the said shares was settled by the way of capitalising the amount due from Leader Steel Sdn. Bhd..

33. PRIOR YEAR ADJUSTMENTS

The Employee Share Option Scheme had lapsed in the financial year ended 31 December 2012 and the share option reserve should have been transferred to retained earnings. The effect of the changes on the Company's financial statements are as follows:

		As previously reported RM	Effect of changes RM	As restated RM
(a)	Reconciliation of statement of financial position as at 1 January 2013			
	Retained earnings	70,012	1,684,535	1,754,547
	Share option reserve	1,684,535	(1,684,535)	0
(b)	Reconciliation of statement of financial position as at 31 December 2013			
	(Accumulated losses)/Retained earnings	(949,667)	1,684,535	734,868
	Share option reserve	1,684,535	(1,684,535)	0

SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

34. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings/(accumulated losses) as at the end of each reporting period may be analysed as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:				
- Realised	3,707,442	22,786,030	(9,150,029)	734,868
- Unrealised	(2,310,506)	(4,803,906)	0	0
Total retained earnings/(accumulated losses)	1,396,936	17,982,124	(9,150,029)	734,868
Add: Consolidation adjustments	7,280,666	3,551,698	0	0
Total Group/Company retained earnings/ (accumulated losses) as per consolidated financial statements	8,677,602	21,533,822	(9,150,029)	734,868

PROPERTIES OF THE GROUP

Location	Date of *Revaluation/ Acquisition	Tenure	Approximate Age of Building	Area (Square Meters)	Description	Net Book Value as at 31 December 2014 RM'000
Leader Steel Sdn. Bhd.						
Plot 85 Lorong Perusahaan Utama Kawasan Perusahaan Bukit Tengah Pulau Pinang, Malaysia	*31.12.14	Leasehold 60 years, expiring 21.12.2052	21 years	34,000	Factory	25,760
6 Lorong Limau Manis 1 Taman Limau Manis 14000 Bukit Tengah Pulau Pinang, Malaysia	*31.12.12	Freehold Double Storey Terrace house	20 years	111	Residential premise for factory workers	253
8 Lorong Limau Manis 1 Taman Limau Manis 14000 Bukit Tengah Pulau Pinang, Malaysia	*31.12.12	Freehold Double Storey Terrace house	20 years	111	Residential premise for factory workers	253
Lot 841 Block 7 MTLD Sejingkat Industrial Park 93050 Kuching Sarawak, Malaysia	*31.12.14	Leasehold 60 years, expiring 10.11.2053	22 years	33,600	Factory	17,000
Lot No.1596 Title No. GRN 77765 Mukim 12, Daerah Seberang Perai Selatan, Pulau Pinang, Malaysia	*31.12.14	Freehold Land & Building	2 years	39,250.05	Factory	21,115
Leader Steel Service Centre Sdn. Bhd.						
Geran 43145, Lot No. 6483 Kapar, Klang Selangor, Malaysia	*31.12.14	Freehold	11 years	52,483	Factory	20,700
Lot 6483, Jalan Sungai Puloh, KU5 42100 Klang, Selangor	*31.12.14	Freehold Building	6 years	17,000	Factory	15,300
42A, Lorong Bayu Mutiara 8 Taman Bayu Mutiara 14000 Bukit Mertajam Pulau Pinang, Malaysia	*31.12.12	Freehold Double Storey Terrace house	8 years	130	Residential premise for factory workers	353
48, Lorong Bayu Mutiara 8 Taman Bayu Mutiara 14000 Bukit Mertajam Pulau Pinang, Malaysia	*31.12.12	Freehold Double Storey Terrace house	8 years	130	Residential premise for factory workers	353
53, Jalan Setia Impian, U13/4D Sek U13, Setia Alam 40170 Shah Alam, Selangor	*31.12.12	Freehold Double Storey Terrace house	7 years	130	Residential premise for factory workers	444
32A, Jalan Setia Impian, U13/5F Sek U13 Setia Alam 40170 Shah Alam, Selangor	*31.12.12	Freehold Double Storey Terrace house	7 years	130	Residential premise for factory workers	444
32,Klang Central Industrial Park, Lorong 5 Di Lorong Sg. Puloh, Batu 5 ¾, Jln Kapar 41400 Klang, Selangor	*31.12.12	Shophouse	5 years	186	Residential premise for factory workers	378
No.8, Jln Setia Impian U13/8G, Setia Alam Seksyen U13, Setia Alam, 40170 Shah Alam	*31.12.12	Freehold Double Storey Terrace house	6 years	130	Residential premise for factory workers	531
No.30, Klang Central Industrial Park, Lorong 5, Di Lorong Sungai Puloh, Batu ¾, Jalan Kapar 41400 Klang, Selangor Darul Ehsan	17.10.13	Double Storey Shophouse	2 years	191	Residential premise for factory workers	663

ANALYSIS OF SHAREHOLDINGS
AS AT 9 APRIL 2015

SHAREHOLDING STATISTICS

Authorised Share Capital	: RM500,000,000/=
Issued And Fully Paid-Up Capital	: RM64,016,000/= (including 1,025,000 treasure shares)
Class Of Share	: Ordinary Shares of RM0.50 each fully paid
No. Of Shareholder	: 2,116
Voting Right	: On A Show Of Hands - One Vote For Every Shareholder
	: On poll - one vote for every ordinary share held

Analysis by size of shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares held
LESS THAN 100	4	0.19	113	0.00
100 - 1,000	165	7.80	143,100	0.11
1,001 - 10,000	1,244	58.79	6,865,299	5.36
10,001 - 100,000	633	29.91	18,550,720	14.49
100,001 – 6,401,599	67	3.17	19,682,006	15.37
6,401,600 – 128,032,000	3	0.14	82,790,762	64.67
TOTAL:	**2,116**	**100.00**	**128,032,000**	**100.00**

Substantial shareholders

		Direct		Indirect	
No.	**Name of Major Shareholders**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Dato’ Goh Cheng Huat	10,530,594	8.29	^56,402,974	44.41
2.	Datin Tan Pak Say	1,155,006	0.91	^^65,778,562	51.79
3.	Bischart Sdn Bhd	54,035,868	42.55	-	-
4.	Amanah Trustees Berhad – Skim Amanah Saham Bumiputera	18,224,300	14.35	-	-

^ *Deemed interested by virtue of his shareholding in Bischart Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and shares held by his spouse, Datin Tan Pak Say and son Goh Hong Kent.*

^^ *Deemed interested by virtue of her spouse’s shareholding in Bischart Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and her spouse and son’s direct shareholding in Leader Steel Holdings Berhad.*

DIRECTOR’S INTEREST IN THE SHARE CAPITAL

		Direct		Indirect	
No.	**Name of Directors**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Tan Sri Dato’ Mohd Desa bin Pachi	-	-	-	-
2.	Tan Sri Dato’ Soong Siew Hoong	150,000	0.12	-	-
3.	Dato’ Goh Cheng Huat	10,530,594	8.29	^56,402,974	44.41
4.	Datin Tan Pak Say	1,155,006	0.91	^^65,778,562	51.79
5.	Lim Leng Han	18,000	0.01	-	-
6.	Datuk Abdullah bin Haji Kumtom	-	-	-	-
7.	Mohd Arif bin Mastol	-	-	-	-

^ *Deemed interested by virtue of his shareholding in Bischart Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and shares held by his spouse, Datin Tan Pak Say and son Goh Hong Kent.*

^^ *Deemed interested by virtue of her spouse’s shareholding in Bischart Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and her spouse and son’s direct shareholding in Leader Steel Holdings Berhad.*

By virtue of their interests of more than 15% in the shares of the Company, Dato’ Goh Cheng Huat and Datin Tan Pak Say are also deemed to have an interest in the shares of all the subsidiaries to the extent the Company has an interest.

ANALYSIS OF SHAREHOLDINGS
AS AT 9 APRIL 2015 (CONT'D)

LIST OF TOP 30 HOLDERS AS AT 9 APRIL 2015

No.	Name	Holdings	%
1	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	18,224,300	14.35
2	BISCHART SDN. BHD.	18,035,868	14.20
3	BISCHART SDN. BHD.	18,000,000	14.17
4	BISCHART SDN. BHD.	18,000,000	14.17
5	GOH CHENG HUAT	10,500,000	8.27
6	GOH HONG KENT	1,212,100	0.95
7	TAN PAK SAY	1,155,006	0.90
8	TAN PHAIK HOON	1,060,000	0.83
9	GOH CHIN LIM	861,000	0.68
10	CHEANG BENG CHEE	847,000	0.67
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE CHENG TEOK (474305)	682,000	0.54
12	TAN KHENG HWA	500,000	0.39
13	LIM KIAN HUAT	455,900	0.36
14	TAN POH HWA	424,700	0.33
15	KUEH SONG JOO	420,000	0.33
16	BONG CHONG TAT	344,100	0.27
17	SIM CHOH SANG @ SIM CHOH SHAN	336,000	0.26
18	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BONG SIEW KIAW	320,000	0.25
19	LOW CHUN CHI	316,200	0.25
20	LIM PENG KAH	309,400	0.24
21	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH KIM SIN	306,000	0.24
22	GOH KHANG LENG	300,000	0.24
23	LIM KHUAN ENG	300,000	0.24
24	ANG HOCK HENG	289,000	0.23
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHIT MIN (E-TWU)	282,000	0.22
26	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	268,000	0.21
27	CHAN MEI YEE	261,100	0.21
28	CHEAH SUAN LEE	250,000	0.20
29	LOO CHEE LAIN	243,500	0.19
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KING TAI @ TAN KHOON HAI (471821)	235,200	0.19
	TOTAL :	94,738,374	74.58

No. of Shares	

FORM OF PROXY

I/We,____
(Full name in block letters)

of____
(Address)

being a member of Leader Steel Holdings Berhad hereby appoint________________________
(Full name in block letters)

of____
(Address)

or failing him, ____
(Full name in block letters)

of____
(Address)

as my/our proxy, to vote for me/us and on my/our behalf at the TWENTY-SECOND ANNUAL GENERAL MEETING of the Company to be held at 2nd Floor, Wisma Leader Steel, Plot 85, Lorong Perusahaan Utama, Kawasan Perusahaan Bukit Tengah, 14000 Bukit Tengah, Seberang Prai Tengah, Penang on Friday, 29 May 2015 at 12.15 p.m. and at any adjournment thereof.

	Ordinary Resolutions											
	1	2	3	4	5	6	7	8	9	10	11	12
FOR												
AGAINST												

(Please indicate with "X" in the appropriate space how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion)

* Strike out whichever is not desired.

Signed this __________ day of ____________________ 2015.

____
Signature of Shareholder(s)/ Common Seal

For appointment of two (2) proxies, no. of shares and percentage of shareholdings to be represented by the each proxy:-		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Notes :
Appointment of Proxy

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. Where a member appoints more than (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. Where a member of the Company is an exempt authorised nominee which hold ordinary shares in the Company for multiple beneficial owner in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account its holds.

   An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

5. To be valid, the form of proxy must be deposited at the Company's Registered Office at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty eight (48) hours before the time appointed for holding the meeting.

6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Article 61(3) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("ROD") as at 22 May 2015 and only a Depositor whose name appears on such ROD shall be entitled to attend this meeting or appoint proxy to attend and/ or vote in his/her behalf.

Please fold across the line and close

Affix
stamp

Joint Company Secretaries
LEADER STEEL HOLDINGS BERHAD (267209-K)
Suite 16-1 (Penthouse Upper)
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

Please fold across the line and close

LEADER STEEL HOLDINGS BERHAD **(267209-K)**

Wisma Leader Steel, Plot 85,
Lorong Perusahaan Utama,
Kawasan Perusahaan Bukit Tengah,
14000 Bukit Tengah, Seberang Perai Tengah,
Pulau Pinang, Malaysia.

Tel : 604-507 1515 (Hunting Line)
Fax : 604-507 9527 & 507 9537

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