



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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED 31 DECEMBER 2017 RM'000 (Unaudited)	2016 RM'000 (Audited)	12 MONTHS ENDED 31 DECEMBER 2017 RM'000 (Unaudited)	2016 RM'000 (Audited)
Continuing operations					
Revenue		74,474	47,207	243,762	167,349
Operating expenses		<u>(66,870)</u>	<u>(43,240)</u>	<u>(222,277)</u>	<u>(148,572)</u>
Operating profit		7,604	3,967	21,485	18,777
Depreciation		(1,805)	(1,780)	(7,606)	(7,317)
Finance costs		<u>(751)</u>	<u>(887)</u>	<u>(3,324)</u>	<u>(3,885)</u>
Profit before tax		5,048	1,300	10,555	7,575
Tax expense	B5	<u>(1,204)</u>	<u>179</u>	<u>(2,885)</u>	<u>(1,045)</u>
Net profit from continuing operations		<u>3,844</u>	<u>1,479</u>	<u>7,670</u>	<u>6,530</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Items that will not be reclassified subsequently to profit or loss:-					
- Gross revaluation increase of properties		1,967	3,438	1,967	3,438
- Deferred tax relating to revalued properties		<u>(472)</u>	<u>(489)</u>	<u>(472)</u>	<u>(489)</u>
Other comprehensive income for the financial period		<u>1,495</u>	<u>2,949</u>	<u>1,495</u>	<u>2,949</u>
TOTAL COMPREHENSIVE INCOME		<u>5,339</u>	<u>4,428</u>	<u>9,165</u>	<u>9,479</u>
Net profit for the financial period attributable to:-					
Equity holders of the company		3,885	1,519	7,788	6,752
Non-controlling interests		<u>(41)</u>	<u>(40)</u>	<u>(118)</u>	<u>(222)</u>
NET PROFIT		<u>3,844</u>	<u>1,479</u>	<u>7,670</u>	<u>6,530</u>
Total comprehensive income for the financial period attributable to:-					
Equity holders of the company		5,380	4,468	9,283	9,701
Non-controlling interests		<u>(41)</u>	<u>(40)</u>	<u>(118)</u>	<u>(222)</u>
TOTAL COMPREHENSIVE INCOME		<u>5,339</u>	<u>4,428</u>	<u>9,165</u>	<u>9,479</u>
Basic earnings per ordinary share (sen)	B11	<u>3.05</u>	<u>1.19</u>	<u>6.12</u>	<u>5.30</u>
Diluted earnings per ordinary share (sen)	B11	<u>N.A</u>	<u>N.A</u>	<u>N.A</u>	<u>N.A</u>

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2016.



LEADER STEEL HOLDINGS BERHAD
 (Company No. 267209-K)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	NOTE	31 DEC 2017 RM'000 (Unaudited)	31 DEC 2016 RM'000 (Audited)
ASSETS			
Property, plant and equipment		154,548	151,433
Available-for-sale financial asset		0	36
Goodwill		58	0
TOTAL NON-CURRENT ASSETS		154,606	151,469
Inventories		56,359	46,842
Trade and other receivables		45,056	44,985
Current tax assets		620	0
Cash and cash equivalents		6,422	1,944
TOTAL CURRENT ASSETS		108,457	93,771
TOTAL ASSETS		263,063	245,240
EQUITY			
Share capital		64,020	64,016
Treasury shares		(1,057)	(528)
Reserves		77,657	68,381
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		140,620	131,869
Non-controlling interests		(45)	73
TOTAL EQUITY		140,575	131,942
LIABILITIES			
Other payables		0	3,749
Borrowings	B8	1,280	3,317
Deferred tax liabilities		13,732	13,168
TOTAL NON-CURRENT LIABILITIES		15,012	20,234
Trade and other payables		19,557	26,144
Borrowings	B8	87,474	66,776
Current tax liabilities		445	144
TOTAL CURRENT LIABILITIES		107,476	93,064
TOTAL LIABILITIES		122,488	113,298
TOTAL EQUITY AND LIABILITIES		263,063	245,240
Net Assets Per Share (Sen)		110	103

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2016.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

AS AT 31 DECEMBER 2017	31 DEC 2017 RM'000	31 DEC 2016 RM'000
Profit before tax	10,555	7,575
Adjustments for:		
Gain on disposal of property, plant and equipment	(134)	(2,663)
Depreciation	7,606	7,317
Diminution in value of investment	0	8
Equity written off	(3)	0
Loss on available-for-sale financial asset	36	0
Impairment loss on loan and receivables	0	532
Inventories written down	0	236
Interest expenses	3,324	3,885
Reversal of impairment loss on loan & receivables	0	(523)
Unrealised (gain) / loss on foreign exchange	(1)	1,091
Operating profit before working capital changes	21,383	17,458
Changes in:-		
Inventories	(9,517)	93
Trade and other receivables	(120)	(735)
Trade and other payables	(10,175)	8,061
Cash generated from operations	1,571	24,877
Tax paid	(3,409)	(1,846)
Tax refunded	298	1,017
Interest paid	(3,324)	(3,885)
Net cash (used in) / from operating activities	(4,864)	20,163
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	149	2,663
Goodwill	(58)	0
Purchase of property, plant and equipment	(7,605)	(592)
Net cash (used in) / from investing activities	(7,514)	2,071
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase obligations	(691)	(423)
Purchase of treasury shares	(529)	(178)
Repayment of term loans	(1,914)	(1,880)
Repayment of commodity financing	(172)	(3,520)
Increase / (decrease) in short term loans and borrowings	21,905	(11,902)
Net cash from / (used in) financing activities	18,599	(17,903)
Currency translation differences	(112)	44
Net decrease in cash and cash equivalents	6,109	4,375
Cash and cash equivalents brought forward	313	(4,062)
Cash and cash equivalents carried forward	6,422	313
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	6,422	1,944
Bank overdrafts	0	(1,631)
	6,422	313



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2017

	Attributable to equity holders of the Company					Distributable			Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	
Balance as at 1 January 2017	64,016	4	56,420	(528)	3	11,954	131,869	73	131,942
Adjustments for effects of Companies Act 2016 (Note a)	4	(4)	0	0	0	0	0	0	0
Foreign currency translations	0	0	0	0	(3)	0	(3)	0	(3)
Gross revaluation increase of properties	0	0	1,967	0	0	0	1,967	0	1,967
Deferred tax relating to revalued properties	0	0	(472)	0	0	0	(472)	0	(472)
Profit/(Loss) for the financial period	0	0	0	0	0	7,788	7,788	(118)	7,670
Total comprehensive income/(expenses) for the period	4	(4)	1,495	0	(3)	7,788	9,280	(118)	9,162
Transactions with owners									
Purchase of treasury shares	0	0	0	(529)	0	0	(529)	0	(529)
Total transactions with owners	0	0	0	(529)	0	0	(529)	0	(529)
Balance as at 31 December 2017	64,020	0	57,915	(1,057)	0	19,742	140,620	(45)	140,575

	Attributable to equity holders of the Company					Distributable			Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	
Balance as at 1 January 2016	64,016	4	53,472	(350)	3	5,202	122,346	295	122,641
Revaluation of PPE									
Gross revaluation increase of properties	0	0	3,438	0	0	0	3,438	0	3,438
Deferred tax relating to revalued properties	0	0	(489)	0	0	0	(489)	0	(489)
Profit/(Loss) for the financial period	0	0	0	0	0	6,752	6,752	(222)	6,530
Total comprehensive income/(expenses) for the period	0	0	2,949	0	0	6,752	9,700	(222)	9,479
Transactions with owners									
Purchase of treasury shares	0	0	0	(178)	0	0	(178)	0	(178)
Total transactions with owners	0	0	0	(178)	0	0	(178)	0	(178)
Balance as at 31 December 2016	64,016	4	56,420	(528)	3	11,954	131,869	73	131,942

Note a

With the Companies Act, 2016 ("New Act") coming into effect on 31 January 2017, the credits standing in the share premium account RM3,600,000 has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2016.



LEADER STEEL HOLDINGS BERHAD

(Company No.267209-K)

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A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards 134 (MFRS134): “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2016.

Adoption of Standards, Amendments and Issues Committee (“IC”) Interpretations and changes in accounting policies

During the financial period, the Group has adopted the following Standards, Amendments and IC Interpretations:

Amendments to MFRS 107 *Disclosure Initiative*

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

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

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

Standards issued but not yet effective

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been early adopted by the Group.

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers Clarifications to MFRS 15</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standard 2014 – 2016 Cycle</i>	1 January 2018



A1. Basis of Preparation (Continued)

Standards issued but not yet effective (Continued)

Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

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

A2. Seasonal or Cyclical Factors

The business of the Group was not affected by any significant seasonal or cyclical factors.

A3. Unusual Items

There were no items of unusual nature, size or incidence which affect assets, liabilities, equity, net income or cash flows during the current quarter under review.

A4. Changes in Accounting Estimates

There were no changes in accounting estimates of amounts reported in prior year that have a material effect in the current quarter under review.

A5. Debts and Equity or Securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review.

A6. Dividend

No dividend was paid or declared for the current quarter under review.



LEADER STEEL

A7. Profit for the Period

Current Quarter ended		Cumulative Period ended	
31-Dec 2017	31-Dec 2016	31-Dec 2017	31-Dec 2016
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	1,805	1,780	7,606	7,317
Interest expense	751	887	3,324	3,885
Foreign exchange losses / (gains)	(76)	(174)	(673)	(866)
Unrealised foreign exchange (gains) / losses	(673)	(166)	(1)	1,091

A8. Segment Information

Segmental reporting for the cumulative period ended 31 December 2017:

	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	40,525	237,611	0	278,136
- Inter-segment	0	0	(34,374)	(34,374)
Total Revenue	40,525	237,611	(34,374)	243,762
Results				
Operating (loss)/profit	(2,882)	17,138	(377)	13,879
Finance cost	(875)	(2,449)	0	(3,324)
Tax expense	0	(2,885)	0	(2,885)
Segment (loss)/profit	(3,757)	11,805	(377)	7,670

A9. Events after the Interim Period

GCH Metal Service Centre Sdn. Bhd., a wholly-owned subsidiary of LSHB has on 9 February 2018 submitted a strike off application to the Companies Commission of Malaysia.

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period-to-date.



A11. Capital Commitment

There is no commitment in respect of capital expenditure on property, plant and equipment for current quarter.

A12. Changes in Contingent Liabilities

There is no contingent liability for current quarter.

A13. Related Party Transactions

Companies in which certain directors are deemed to have substantial financial interests	12 months ended 31 December 2017
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	3,404
Purchase of goods	18,930
Purchase of machinery parts	4,627
Rental expense	318
	<hr/>
	27,279



B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Current quarter compared to the corresponding quarter of last year

The Group achieved a total revenue of RM74.47 million for the current quarter under review representing an increase of RM27.26 million or 57.74% from RM47.21 million recorded in the preceding year's corresponding quarter.

The improvement in performance was mainly due to the increase in revenue from manufacturing and trading of steel segment, which recorded an increase of RM24.47 million or 56.55% from RM43.27 million to RM67.74 million.

Revenue from trading of minerals segment of the current quarter as compared to preceding year's corresponding quarter showed an increase of RM2.79 million or 70.81% from RM3.94 million to RM6.73 million.

For the current quarter ended 31 December 2017, the Group posted a profit before taxation of RM5.05 million as compared to the preceding year's corresponding profit before taxation of RM1.30 million, representing an increase of RM3.75 million or 288.46%. The significant increase in profit before tax was due to higher profit margin as a result of higher selling prices in the manufacturing and trading of steel segment.

B2. Current quarter versus the preceding quarter

During the quarter under review, the Group reported a revenue of RM74.47 million as compared to RM62.36 million in the preceding quarter.

The Group's revenue during the current quarter had increased by RM12.11 million or 19.42%. It was mainly attributable to an increase in manufacturing of steel products for the current quarter compared to the preceding quarter, which recorded an increase of RM17.44 million or 34.67% from RM50.30 million to RM67.74 million.

However, revenue from trading of minerals segment of the current quarter compared to preceding quarter recorded a decrease of RM5.33 million or 44.20% from RM12.06 million to RM6.73 million.

Our Group has reported profit before tax amounting to RM5.05 million in the current quarter as compared to profit before tax of RM0.36 million in the preceding quarter. This represents an increase of RM4.69 million or 1302.78% in the current quarter. The improvement was mainly due to substantial increase in sale volume and strengthened steel prices for manufacturing and trading of steel segment.



B3. Prospects

First quarter 2018 outlook remains stable. The raw material supply shortage meets with lukewarm business activities during the festive season, which helps in cushioning the market impact. Pricing has stabilized and market is expected to pick up after the festivities.

The Board is cautiously optimistic and hopes to achieve a positive performance of the Group for the quarter ahead.

B4. Profit Forecast

Not applicable as no profit forecast was issued.

B5. Tax Expense

	Current Quarter 3 months ended 31 Dec		Cumulative Quarter 12 months ended 31 Dec	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysian tax				
- Current tax	(1,096)	(1,051)	(2,950)	(2,275)
- Prior year tax	(17)	(572)	156	(572)
- Deferred tax	(91)	1,802	(91)	1,802
Total tax expense	(1,204)	179	(2,885)	(1,045)

Income tax is calculated at the Malaysia statutory tax rate of 24% of the estimated assessable profit for the year.

B6. Audit Report

The audited report of the preceding annual financial statements ended 31 December 2016 was not subject to any qualification.

B7. Status of Corporate Proposal Announced

There are no other corporate proposals announced but not completed as at the date of issue of this announcement.



B8. Borrowings

	31-Dec-17
	RM'000
Short term borrowings	
Secured	1,957
Unsecured	84,355
Finance lease liabilities	1,162
	<u>87,474</u>
Long term borrowings	
Secured	0
Finance lease liabilities	1,280
	<u>1,280</u>

B9. Changes in Material Litigation

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

B10. Realised and Unrealised Profits/ (Losses)

The following analysis of realised and unrealised retained profits/ (accumulated losses) is prepared pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	31-Dec-17	31-Dec-16
	RM'000	RM'000
Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:		
- Realised	16,098	7,294
- Unrealised	1	711
Add: Consolidation adjustments	3,643	3,949
Total group retained profits as per consolidation accounts	<u>19,742</u>	<u>11,954</u>



B11. Earnings per Ordinary Share

	Current Quarter Ended 31-Dec		Cumulative Period Ended 31-Dec	
	2017	2016	2017	2016
Net earnings attributable to ordinary equity holders of the Company (RM'000)	3,885	1,519	7,788	6,752
Weighted average number of ordinary shares ('000)	127,275	127,361	127,275	127,361
Basic earnings per share (sen)	3.05	1.19	6.12	5.30

By the order of the Board

Datin Tan Pak Say
Managing Director
Penang