



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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2018**

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED 30 SEPTEMBER		9 MONTHS ENDED 30 SEPTEMBER	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations					
Revenue		76,074	62,355	201,844	169,288
Operating expenses		(72,731)	(59,225)	(187,784)	(155,407)
Operating profit		3,343	3,130	14,060	13,881
Depreciation		(1,674)	(1,935)	(5,148)	(5,801)
Finance costs		(827)	(837)	(2,219)	(2,573)
Profit before tax		842	358	6,693	5,507
Tax expense	B5	(113)	(1,684)	(2,112)	(1,681)
PROFIT/(LOSS) FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME		729	(1,326)	4,581	3,826
Net profit/(loss) for the financial period attributable to:-					
Equity holders of the company		755	(1,301)	4,670	3,903
Non-controlling interests		(26)	(25)	(89)	(77)
NET PROFIT/(LOSS)		729	(1,326)	4,581	3,826
Total comprehensive income/(loss) for the financial period attributable to:-					
Equity holders of the company		755	(1,301)	4,670	3,903
Non-controlling interests		(26)	(25)	(89)	(77)
TOTAL COMPREHENSIVE INCOME/(LOSS)		729	(1,326)	4,581	3,826
Basic earnings per ordinary share (sen)	B10	0.59	(1.02)	3.68	3.06
Diluted earnings per ordinary share (sen)	B10	N.A	N.A	N.A	N.A

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2017.



LEADER STEEL HOLDINGS BERHAD
(Company No. 267209-K)
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	NOTE	30 SEP 2018 RM'000 (Unaudited)	31 DEC 2017 RM'000 (Audited)
ASSETS			
Property, plant and equipment		153,367	154,573
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		153,425	154,631
Inventories		60,696	56,359
Trade and other receivables		39,829	46,098
Current tax assets		1,155	619
Cash and cash equivalents		4,920	6,422
TOTAL CURRENT ASSETS		106,600	109,498
TOTAL ASSETS		260,025	264,129
EQUITY			
Share capital		64,020	64,020
Treasury shares		(1,274)	(1,057)
Reserves		81,732	77,638
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		144,478	140,601
Non-controlling interests		(134)	(45)
TOTAL EQUITY		144,344	140,556
LIABILITIES			
Borrowings	B8	651	1,280
Deferred tax liabilities		13,729	13,729
TOTAL NON-CURRENT LIABILITIES		14,380	15,009
Trade and other payables		20,884	20,624
Borrowings	B8	79,670	87,447
Current tax liabilities		747	493
TOTAL CURRENT LIABILITIES		101,301	108,564
TOTAL LIABILITIES		115,681	123,573
TOTAL EQUITY AND LIABILITIES		260,025	264,129
Net Assets Per Share (Sen)		113	110

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2017.



LEADER STEEL HOLDINGS BERHAD
(Company No. 267209-K)
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2018**

	30 SEP 2018	30 SEP 2017
	RM'000	RM'000
Profit before tax	6,693	5,507
Adjustments for:		
Depreciation	5,148	5,801
Interest expenses	2,219	2,573
Loss on available-for-sale financial asset	0	36
Loss/(Gain) on disposal of property, plant and equipment	1	(134)
Operating profit before working capital changes	<u>14,061</u>	<u>13,783</u>
Changes in:-		
Inventories	(4,337)	(2,619)
Trade and other receivables	5,693	(2,129)
Trade and other payables	260	(3,088)
Cash generated from operations	<u>15,677</u>	<u>5,947</u>
Tax paid	(2,405)	(1,847)
Tax refunded	11	295
Interest paid	(2,219)	(2,573)
Net cash from operating activities	<u>11,064</u>	<u>1,822</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1	149
Goodwill	0	(58)
Purchase of property, plant and equipment	(4,187)	(5,925)
Net cash used in investing activities	<u>(4,186)</u>	<u>(5,834)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease)/Increase in short term loans and borrowings	(6,805)	5,868
Repayment of hire purchase obligations	(399)	(674)
Purchase of treasury shares	(217)	(10)
Repayment of commodity financing	0	(172)
Repayment of term loans	(1,568)	(1,440)
Net cash (used in)/from financing activities	<u>(8,989)</u>	<u>3,572</u>
Net decrease in cash and cash equivalents	<u>(2,111)</u>	<u>(440)</u>
Cash and cash equivalents brought forward	6,422	313
Cash and cash equivalents carried forward	<u>4,311</u>	<u>(127)</u>
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	4,920	1,904
Bank overdrafts	(609)	(2,031)
	<u>4,311</u>	<u>(127)</u>



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2018

	Attributable to equity holders of the Company						Equity attributable to owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000			
Balance as at 1 January 2018	64,020	0	57,915	(1,057)	0	19,723	140,601	(45)	140,556
Opening balance adjustments from adoption of MFRS 9	0	0	0	0	0	(576)	(576)	0	(576)
Restated balance as at 1 January 2018	64,020	0	57,915	(1,057)	0	19,147	140,025	(45)	139,980
Profit/(Loss) for the financial period	0	0	0	0	0	4,670	4,670	(89)	4,581
Total comprehensive income/(expenses) for the period	0	0	0	0	0	4,670	4,670	(89)	4,581
Transactions with owners									
Purchase of treasury shares	0	0	0	(217)	0	0	(217)	0	(217)
Total transactions with owners	0	0	0	(217)	0	0	(217)	0	(217)
Balance as at 30 September 2018	64,020	0	57,915	(1,274)	0	23,817	144,478	(134)	144,344

	Attributable to equity holders of the Company						Equity attributable to owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000			
Balance as at 1 January 2017	64,016	4	56,420	(528)	3	11,954	131,869	73	131,942
Profit/(Loss) for the financial period	0	0	0	0	0	3,903	3,903	(77)	3,826
Total comprehensive income/(expenses) for the period	0	0	0	0	0	3,903	3,903	(77)	3,826
Transactions with owners									
Purchase of treasury shares	0	0	0	(10)	0	0	(10)	0	(10)
Effects of the new Companies Act, 2016 (Note a)	4	(4)	0	0	0	0	0	0	0
Total transactions with owners	4	(4)	0	(10)	0	0	(10)	0	(10)
Balance as at 30 September 2017	64,020	0	56,420	(538)	3	15,857	135,762	(4)	135,758

Note a

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

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2017.



LEADER STEEL HOLDINGS BERHAD

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A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

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

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2017.

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

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

Amendments to MFRS 1	<i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>
MFRS 15	<i>Revenue from Contracts with Customers Clarifications to MFRS 15</i>
MFRS 9	<i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>
Amendments to MFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to MFRS 128	<i>Annual Improvements to MFRS Standard 2014 – 2016 Cycle</i>
Amendments to MFRS 140	<i>Transfer of Investment Property</i>
Amendments to MFRS 4	<i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group other than as set out below:

i. MFRS 9 Financial Instruments

The Group adopted MFRS 9 Financial Instruments on 1 January 2018. MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.



A1. Basis of Preparation (Continued)

i. MFRS 9 Financial Instruments (Continued)

MFRS 9 contains three principal classifications categories for financial assets: measured at amortised cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”). The standard eliminates the existing MFRS 139 categories of held to maturity, loans and receivables and available for sale. The Group has elected to classify the equity investments as FVTPL and present subsequent changes in the investment’s fair value to profit or loss.

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (“ECL”) model. Under MFRS 9, loss allowances will be measured on either 12 month ECLs or Lifetime ECLs. As allowed by the transitional provision of MFRS 9, the Group elected not to restate the comparatives.

Effects arising from the initial application of new impairment model and the recognition of equity investments to FVTPL are as follows:

	Impact of adoption of MFRS 9 to opening balance at 1 January 2018 RM'000
Decrease in retained earnings	576
Decrease in trade and other receivables	576

ii. MFRS 15 Revenue from Contract with Customers

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

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

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A1. Basis of Preparation (Continued)

Standards issued but not yet effective

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

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

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

A2. Seasonal or Cyclical Factors

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

A3. Unusual Items

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

A4. Changes in Accounting Estimates

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

A5. Debts and Equity or Securities

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

The Company had bought back 520,500 of its own shares at a total cash consideration of RM217,285. The highest and the lowest price per share purchased were at RM0.465 and RM0.360 respectively.



A6. Dividend

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

A7. Profit for the Period

Current Quarter ended		Cumulative Period ended	
30-Sep 2018	30-Sep 2017	30-Sep 2018	30-Sep 2017
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	1,674	1,935	5,148	5,801
Interest expense	827	837	2,219	2,573
Foreign exchange (gains)/losses	(77)	(137)	157	(483)
Unrealised foreign exchange (gains)/losses	(36)	0	(88)	672

A8. Segment Information

Segmental reporting for the cumulative period ended 30 September 2018:

	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	28,990	220,420	0	249,410
- Inter-segment	0	0	(47,566)	(47,566)
Total Revenue	28,990	220,420	(47,566)	201,844
Results				
Operating profit	180	8,732	0	8,912
Finance cost	(383)	(1,836)	0	(2,219)
Tax expense	(203)	(1,909)	0	(2,112)
Segment profit	(406)	4,987	0	4,581

A9. Events after the Interim Period

There is no event subsequent to the interim period.



A10. Changes in the Composition of the Group

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

A11. Capital Commitment

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

A12. Changes in Contingent Liabilities

There is no contingent liability for current quarter.

A13. Related Party Transactions

Companies in which certain directors are deemed to have substantial financial interests	9 months ended 30 September 2018
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Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	2,178
Purchase of goods	1,185
Purchase of machinery parts	867
Rental expense	232
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	4,462 <hr/>

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

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

The Group achieved a total revenue of RM76.07 million for the current quarter under review representing an increase of RM13.71 million or 21.99% from RM62.36 million recorded in the preceding year's corresponding quarter.

The improvement in performance was mainly due to the increase in revenue from manufacturing of steel segment, which recorded an increase of RM8.22 million or 16.34% from RM50.30 million to RM58.52 million.

Revenue from trading of minerals segment of the current quarter as compared to preceding year's corresponding quarter showed an increase of RM5.49 million or 45.52% from RM12.06 million to RM17.55 million. The increase in revenue was mainly due to higher selling price in the current quarter compared to preceding quarter.

Our Group reported profit before taxation of RM0.84 million as compared to the preceding year's corresponding profit before taxation of RM0.36 million, representing an increase of RM0.48 million or 133.33%. The increase in profit before taxation was due to higher profit margin as a result of higher selling prices in both manufacturing and trading segments.

B2. Current quarter versus the preceding quarter

During the quarter under review, the Group reported a revenue of RM76.07 million as compared to RM54.26 million in the preceding quarter.

The Group's revenue during the current quarter had increased by RM21.81 million or 40.20%. It was mainly attributable to an increase in trading of minerals for the current quarter compared to the preceding quarter, which recorded an increase of RM14.69 million or 513.64% from RM2.86 million to RM17.55 million. The increase in revenue was mainly due to higher selling price in the current quarter compared to preceding quarter.

The increase was also partly attributable to an increase in manufacturing of steel products for the current quarter compared to the preceding quarter, which recorded an increase of RM7.12 million or 13.85% from RM51.40 million to RM58.52 million.

Our Group has reported profit before tax amounting to RM0.84 million in the current quarter as compared to profit before tax of RM2.91 million in the preceding quarter. This represents a decrease of RM2.07 million or 71.13% in the current quarter. The decrease in profit was due to higher costs of materials in manufacturing segment.



B3. Prospects

The domestic steel products market is navigating the uncertainties arising from continuous development in the macro environment, including US-China trade tensions and the new economic plan.

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

B4. Profit Forecast

Not applicable as no profit forecast was issued.

B5. Tax Expense

	Current Quarter 3 months ended 30 Sep		Cumulative Quarter 9 months ended 30 Sep	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Malaysian tax				
- Current tax	(113)	(1,854)	(2,112)	(1,854)
- Prior year tax	0	170	0	173
Total tax expense	(113)	(1,684)	(2,112)	(1,681)

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

B6. Audit Report

The audited report of the preceding annual financial statements ended 31 December 2017 was not subject to any qualification.

B7. Status of Corporate Proposal Announced

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



B8. Borrowings

	30-Sep-18
	RM'000
Short term borrowings	
Secured	363
Unsecured	78,160
Finance lease liabilities	1,147
	79,670
Long term borrowings	
Finance lease liabilities	651
	651

B9. Changes in Material Litigation

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

B10. Earnings per Ordinary Share

	Current Quarter Ended 30-Sep		Cumulative Period Ended 30-Sep	
	2018	2017	2018	2017
Net earnings attributable to ordinary equity holders of the Company (RM'000)	755	(1,301)	4,670	3,903
Weighted average number of ordinary shares ('000)	126,935	127,374	126,935	127,374
Basic earnings per share (sen)	0.59	(1.02)	3.68	3.06

By the order of the Board

Datin Tan Pak Say
 Managing Director
 Penang
 27 November 2018