



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 PERIOD ENDED 30 JUNE 2017**

	NOTE	CURRENT 3 MONTHS ENDED 30 JUNE		CUMULATIVE 6 MONTHS ENDED 30 JUNE	
		2017 RM'000 (Unaudited)	2016 RM'000 (Audited)	2017 RM'000 (Unaudited)	2016 RM'000 (Audited)
Continuing operations					
Revenue		48,977	42,470	106,933	79,477
Operating expenses		<u>(43,907)</u>	<u>(37,365)</u>	<u>(96,182)</u>	<u>(70,577)</u>
Operating profit		5,070	5,105	10,751	8,900
Depreciation		(1,924)	(1,850)	(3,866)	(3,755)
Finance costs		<u>(1,006)</u>	<u>(1,013)</u>	<u>(1,736)</u>	<u>(2,100)</u>
Profit before tax		2,140	2,242	5,149	3,045
Tax refund	B5	<u>0</u>	<u>(436)</u>	<u>3</u>	<u>(382)</u>
Net profit from continuing operations		2,140	1,806	5,152	2,663
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Items that will not be reclassified subsequently to profit or loss:-					
- Gross revaluation increase of properties		0	0	0	0
- Deferred tax relating to revalued properties		0	0	0	0
Other comprehensive income for the financial period		0	0	0	0
TOTAL COMPREHENSIVE INCOME		2,140	1,806	5,152	2,663
Net profit for the financial period attributable to:-					
Equity holders of the company		2,166	1,832	5,204	2,818
Non-controlling interests		<u>(26)</u>	<u>(26)</u>	<u>(52)</u>	<u>(155)</u>
NET PROFIT		2,140	1,806	5,152	2,663
Total comprehensive income for the financial period attributable to:-					
Equity holders of the company		2,166	1,832	5,204	2,818
Non-controlling interests		<u>(26)</u>	<u>(26)</u>	<u>(52)</u>	<u>(155)</u>
TOTAL COMPREHENSIVE INCOME		2,140	1,806	5,152	2,663
Basic earnings per ordinary share (sen)	B11	<u>1.70</u>	<u>1.44</u>	<u>4.09</u>	<u>2.21</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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	NOTE	30 JUN 2017 RM'000 (Unaudited)	31 DEC 2016 RM'000 (Audited)
ASSETS			
Property, plant and equipment		153,989	151,433
Available-for-sale financial asset		0	36
TOTAL NON-CURRENT ASSETS		153,989	151,469
Inventories		47,624	46,842
Trade and other receivables		37,282	44,984
Current tax assets		914	0
Cash and cash equivalents		4,724	1,944
TOTAL CURRENT ASSETS		90,544	93,770
TOTAL ASSETS		244,533	245,239
EQUITY			
Share capital		64,016	64,016
Treasury shares		(538)	(528)
Reserves		73,585	68,381
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		137,063	131,869
Non-controlling interests		21	73
TOTAL EQUITY		137,084	131,942
LIABILITIES			
Other payables		0	3,749
Borrowings	B8	3,004	3,317
Deferred tax liabilities		13,168	13,169
TOTAL NON-CURRENT LIABILITIES		16,172	20,235
Trade and other payables		22,113	26,143
Borrowings	B8	69,164	66,776
Current tax liabilities		0	144
TOTAL CURRENT LIABILITIES		91,277	93,063
TOTAL LIABILITIES		107,449	113,298
TOTAL EQUITY AND LIABILITIES		244,533	245,240
Net Assets Per Share (Sen)		107	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
(Company No. 267209-K)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

	30 JUN 2017	30 JUN 2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,149	3,045
Adjustments for:		
Gain on disposal of property, plant and equipment	(101)	(15)
Depreciation	3,866	3,755
Loss on available-for-sale financial asset	36	4
Interest expenses	1,736	2,101
Operating profit before working capital changes	10,686	8,890
Changes in:-		
Inventories	(782)	7,474
Trade and other receivables	7,703	6,886
Trade and other payables	(7,778)	(7,542)
Cash generated from operations	9,829	15,708
Tax paid	(1,352)	(289)
Tax refunded	295	1,423
Interest paid	(1,736)	(2,101)
Net cash from operating activities	7,036	14,741
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	116	15
Purchase of property, plant and equipment	(6,437)	(68)
Net cash used in investing activities	(6,321)	(53)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase / (repayment) of hire purchase obligations	374	(129)
Purchase of treasury shares	(10)	(13)
Repayment of term loans	(950)	(965)
Repayment of commodity financing	(172)	(1,820)
Increase/(decrease) in short term loans and borrowings	3,189	(7,157)
Net cash used in financing activities	2,431	(10,084)
Net decrease in cash and cash equivalents	3,146	4,604
Cash and cash equivalents brought forward	313	(4,062)
Cash and cash equivalents carried forward	3,459	542
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	4,724	4,236
Bank overdrafts	(1,265)	(3,694)
	3,459	542



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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Attributable to equity holders of the Company					Distributable		Equity attributable to owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Retained Earnings RM'000				
Balance as at 1 January 2017	64,016	4	56,420	(528)	3	11,954	131,869	73	131,942	
Profit/(Loss) for the financial period	0	0	0	0	0	5,204	5,204	(52)	5,152	
Total comprehensive income/(expenses) for the period	0	0	0	0	0	5,204	5,204	(52)	5,152	
Transactions with owners										
Purchase of treasury shares	0	0	0	(10)	0	0	(10)	0	(10)	
Total transactions with owners	0	0	0	(10)	0	0	(10)	0	(10)	
Balance as at 30 June 2017	64,016	4	56,420	(538)	3	17,158	137,063	21	137,084	

	Attributable to equity holders of the Company					Distributable		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 2016	64,016	4	53,472	(350)	3	5,203	122,348	295	122,643	
Profit/(Loss) for the financial period	0	0	0	0	0	2,818	2,818	(155)	2,663	
Total comprehensive income/(expenses) for the period	0	0	0	0	0	2,818	2,818	(155)	2,663	
Transactions with owners										
Purchase of treasury shares	0	0	0	(13)	0	0	(13)	0	(13)	
Total transactions with owners	0	0	0	(13)	0	0	(13)	0	(13)	
Balance as at 30 June 2016	64,016	4	53,472	(363)	3	8,021	125,153	140	125,293	

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)

(Incorporated in Malaysia)

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 *Income Taxes - 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 2 <i>Share-based Payment - Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers - Clarifications to MFRS 15</i>	1 January 2018
Amendments to MFRS 140 <i>Investment Property - Transfers of Investment Property</i>	1 January 2018
Amendments to MFRSs <i>Annual Improvements to MFRSs 2014 - 2016 Cycle</i>	1 January 2018



A1. Basis of Preparation (Continued)

Standards issued but not yet effective (Continued)

IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
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 save for the following:

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 21 June 2012, approved the Company's plan to purchase its own shares. The Company had obtained its renewal of authority to buy back its own shares at the Annual General Meeting held on 25 May 2017.

During the quarter under review, the Company had purchased a total of 20,000 ordinary shares of its issued share capital from the open market at an average cost of RM0.48 per share. The total consideration paid for the shares bought back, including transaction costs during the current quarter amounted to RM 9,600 and was financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965. None of the treasury shares held were resold or cancelled during the current financial quarter. As at 30 June 2017 the total number of treasury shares held was 1,762,800 ordinary shares.



A6. Dividend

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

A7. Profit for the Period

Current Quarter ended		Cumulative period ended	
30-Jun 2017	30-Jun 2016	30-Jun 2017	30-Jun 2016
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	1,924	1,850	3,866	3,755
Interest expense	1,006	1,013	1,736	2,100
Foreign exchange losses / (gains)	70	(14)	(400)	(557)
Unrealised foreign exchange (gains) / losses	(138)	0	672	1,048

A8. Segment Information

Segmental reporting for the cumulative period ended 30 June 2017:

	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	29,351	77,829	0	107,180
- Inter-segment	0	0	(247)	(247)
Total Revenue	29,531	77,829	(247)	106,933
Results				
Operating (loss)/profit	(1,152)	8,037	0	6,885
Finance cost	(388)	(1,348)	0	(1,736)
Tax refund	0	3	0	3
Segment (loss)/profit	(1,540)	6,692	0	5,152

A9. Events after the Interim Period

There is no event subsequent to the interim period.



A10. Changes in the Composition of the Group

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

A11. Capital Commitment

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

A12. Changes in Contingent Liabilities

There is no contingent liability for current quarter.

A13. Related Party Transactions

Companies in which certain directors are deemed to have substantial financial interests	6 months ended 30 June 2017
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	765
Purchase of goods	7,511
Purchase of machinery parts	4,620
Rental expense	159
	<hr/>
	13,055



LEADER STEEL

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 RM48.98 million for the current quarter under review representing an increase of RM6.51 million or 15.33% from RM42.47 million recorded in the preceding year's corresponding quarter.

It was mainly due to the increase in revenue from trading of minerals segment, which recorded an increase of RM6.44 million or 87.03% from RM7.40 million to RM13.84 million.

Revenue from manufacturing segment of the current quarter as compared to preceding year's corresponding quarter showed a slight increase of RM0.07 million or 0.20% from RM35.07 million to RM35.14 million.

For the current quarter ended 30 June 2017, the Group posted a profit before taxation of RM2.14 million as compared to the preceding year's corresponding profit before taxation of RM2.24 million, representing a decrease of RM0.10 million or 4.46%. The decrease in profit before tax was due to decrease in sales volume in manufacturing of steel products segment.

B2. Current quarter versus the preceding quarter

During the quarter under review, the Group reported a revenue of RM48.98 million as compared to RM57.96 million in the preceding quarter.

The Group's revenue during the current quarter had decreased by RM8.98 million or 15.49%. It was mainly attributable to a decrease in manufacturing of steel products for the current quarter compared to the preceding quarter, which recorded a decrease of RM7.31 million or 17.22% from RM42.45 million to RM35.14 million.

Revenue from trading of minerals segment of the current quarter compared to preceding quarter also recorded a decrease of RM1.67 million or 10.77% from RM15.51 million to RM13.84 million.

The Group has achieved profit before tax amounting to RM2.14 million in the current quarter as compared to profit before tax of RM3.01 million in the preceding quarter. This represents a decrease of RM0.87 million or 28.90% in the current quarter. The decrease in profit was mainly due to overall decrease in sales and slight decrease in selling prices of steel products.



B3. Prospects

Notwithstanding the continued challenging environment amidst ongoing uncertainties in the global economy arising from volatility in foreign currencies and oil prices, we expect the business environment for the manufacturing and trading of steel products in South East Asia to be positive given anticipated increase in steel consumption from ongoing and upcoming mega infrastructure projects from the One Belt One Road initiative.

The demand for minerals remains stable. The management is optimistic that the trading of minerals segment will contribute positive results. Hence the Board is hoping to achieve an improvement in the 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 30 Jun		Cumulative Quarter 6 months ended 30 Jun	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysian tax				
- Current tax	0	(345)	3	(345)
- Prior year tax	0	(91)	0	(37)
- Deferred tax	0	0	0	0
Total tax expense	0	(436)	3	(382)

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

The effective tax rate is lower than the statutory tax rate due to the tax incentive of certain subsidiaries.

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

	30-Jun-17
	RM'000
Short term borrowings	
Secured	1,701
Unsecured	66,904
Finance lease liabilities	559
	<u>69,164</u>
Long term borrowings	
Secured	1,219
Finance lease liabilities	1,785
	<u>3,004</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.

	30-Jun-17	31-Dec-16
	RM'000	RM'000
Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:		
- Realised	10,578	7,294
- Unrealised	(672)	711
Add: Consolidation adjustments	7,252	3,949
Total group retained profits as per consolidation accounts	<u>17,158</u>	<u>11,954</u>



B11. Earnings per Ordinary Share

	Current Quarter Ended 30-Jun		Cumulative Period Ended 30-Jun	
	2017	2016	2017	2016
Net earnings attributable to ordinary equity holders of the Company (RM'000)	2,166	1,832	5,204	2,818
Weighted average number of ordinary shares ('000)	127,374	127,401	127,374	127,401
Basic earnings per share (sen)	1.70	1.44	4.09	2.21

By the order of the Board

Datin Tan Pak Say
Managing Director
Penang