



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 31 MARCH 2017**

	NOTE	CURRENT 3 MONTHS ENDED 31 MARCH		CUMULATIVE 3 MONTHS ENDED 31 MARCH	
		2017 RM'000 (Unaudited)	2016 RM'000 (Audited)	2017 RM'000 (Unaudited)	2016 RM'000 (Audited)
Continuing operations					
Revenue		57,956	37,008	57,956	37,008
Operating expenses		<u>(52,276)</u>	<u>(33,213)</u>	<u>(52,276)</u>	<u>(33,213)</u>
Operating profit		5,680	3,795	5,680	3,795
Depreciation		(1,941)	(1,905)	(1,941)	(1,905)
Finance costs		<u>(729)</u>	<u>(1,088)</u>	<u>(729)</u>	<u>(1,088)</u>
Profit before tax		3,010	802	3,010	802
Tax refund	B5	<u>3</u>	<u>54</u>	<u>3</u>	<u>54</u>
Net profit from continuing operations		<u>3,013</u>	<u>856</u>	<u>3,013</u>	<u>856</u>
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		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>3,013</u>	<u>856</u>	<u>3,013</u>	<u>856</u>
Net profit for the financial period attributable to:-					
Equity holders of the company		3,039	984	3,039	984
Non-controlling interests		<u>(26)</u>	<u>(128)</u>	<u>(26)</u>	<u>(128)</u>
NET PROFIT		<u>3,013</u>	<u>856</u>	<u>3,013</u>	<u>856</u>
Total comprehensive income for the financial period attributable to:-					
Equity holders of the company		3,039	984	3,039	984
Non-controlling interests		<u>(26)</u>	<u>(128)</u>	<u>(26)</u>	<u>(128)</u>
TOTAL COMPREHENSIVE INCOME		<u>3,013</u>	<u>856</u>	<u>3,013</u>	<u>856</u>
Basic earnings per ordinary share (sen)	B11	<u>2.39</u>	<u>0.77</u>	<u>2.39</u>	<u>0.77</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 31 MARCH 2017**

	NOTE	31 MAR 2017 RM'000 (Unaudited)	31 DEC 2016 RM'000 (Audited)
ASSETS			
Property, plant and equipment		154,315	151,433
Available-for-sale financial asset		28	36
TOTAL NON-CURRENT ASSETS		154,343	151,469
Inventories		42,856	46,842
Trade and other receivables		38,024	44,984
Current tax assets		420	0
Cash and cash equivalents		6,439	1,944
TOTAL CURRENT ASSETS		87,739	93,770
TOTAL ASSETS		242,082	245,239
EQUITY			
Share capital		64,016	64,016
Treasury shares		(528)	(528)
Reserves		71,420	68,380
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		134,908	131,868
Non-controlling interests		47	73
TOTAL EQUITY		134,955	131,941
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		24,941	26,143
Borrowings	B8	66,014	66,776
Current tax liabilities		0	144
TOTAL CURRENT LIABILITIES		90,955	93,063
TOTAL LIABILITIES		107,127	113,298
TOTAL EQUITY AND LIABILITIES		242,082	245,239
Net Assets Per Share (Sen)		105	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 31 MARCH 2017**

	31 MAR 2017	31 MAR 2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,010	802
Adjustments for:		
Depreciation	1,941	1,905
Loss on available-for-sale financial asset	8	0
Interest expenses	729	1,088
Operating profit before working capital changes	5,688	3,795
Changes in:-		
Inventories	3,986	5,726
Trade and other receivables	6,961	(5,579)
Trade and other payables	(4,950)	302
Cash generated from operations	11,685	4,244
Tax paid	(851)	(144)
Tax refunded	290	1,423
Interest paid	(729)	(1,088)
Net cash from operating activities	10,395	4,435
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,824)	(55)
Net cash used in investing activities	(4,824)	(55)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase obligations	502	82
Purchase of treasury shares	0	(6)
Repayment of term loans	(471)	(520)
Repayment of commodity financing	(172)	(941)
Increase/(decrease) in short term loans and borrowings	(11)	32
Net cash used in financing activities	(152)	(1,353)
Net decrease in cash and cash equivalents	5,419	3,027
Cash and cash equivalents brought forward	313	(4,062)
Cash and cash equivalents carried forward	5,732	(1,035)
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	6,439	2,981
Bank overdrafts	(707)	(4,016)
	5,732	(1,035)



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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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	131,868	73	131,941	
Profit/(Loss) for the financial period	0	0	0	0	0	3,039	3,039	(26)	3,013	
Total comprehensive income/(expenses) for the period	0	0	0	0	0	3,039	3,039	(26)	3,013	
Transactions with owners										
Purchase of treasury shares	0	0	0	(0)	0	0	(0)	0	(0)	
Total transactions with owners	0	0	0	(0)	0	0	(0)	0	(0)	
Balance as at 31 March 2017	64,016	4	56,420	(528)	3	14,993	134,908	47	134,955	

	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	984	984	(128)	856	
Total comprehensive income/(expenses) for the period	0	0	0	0	0	984	984	(128)	856	
Transactions with owners										
Purchase of treasury shares	0	0	0	(6)	0	0	(6)	0	(6)	
Total transactions with owners	0	0	0	(6)	0	0	(6)	0	(6)	
Balance as at 31 March 2016	64,016	4	53,472	(356)	3	6,187	123,326	167	123,493	

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.

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	
31-Mar 2017	31-Mar 2016	31-Mar 2017	31-Mar 2016
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	1,941	1,905	1,941	1,905
Interest expense	729	1,088	729	1,088
Foreign exchange gains	(470)	(571)	(470)	(571)
Unrealised foreign exchange losses	809	1,048	809	1,048

A8. Segment Information

Segmental reporting for the cumulative period ended 31 March 2017:

	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	15,509	42,510	0	58,019
- Inter-segment	0	0	(63)	(63)
Total Revenue	15,509	42,510	(63)	57,956
Results				
Operating (loss)/profit	(604)	4,343	0	3,739
Finance cost	(132)	(597)	0	(729)
Tax refund	0	3	0	3
Segment (loss)/profit	(736)	3,749	0	3,013

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	3 months ended 31 Mar 2017
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	349
Purchase of goods	4,919
Purchase of machinery parts	3,402
Rental expense	80
	<hr/>
	8,750



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 RM57.96 million for the current quarter under review representing an increase of RM20.95 million or 56.61% from RM37.01 million recorded in the preceding year's corresponding quarter.

It was mainly due to the increase in revenue from manufacturing segment, which recorded an increase of RM12.26 million or 40.61% from RM30.19 million to RM42.45 million.

Revenue from trading of minerals segment of the current quarter as compared to preceding year's corresponding quarter showed an increase of RM8.69 million or 127.42% from RM6.82 million to RM15.51 million.

For the current quarter ended 31 March 2017, the Group posted a profit before taxation of RM3.01 million as compared to the preceding year's corresponding profit before taxation of RM0.80 million, representing an increase of RM2.21 million or 276.25%. The significant increase in profit before tax was due to higher profit margin as a result of higher selling prices in both manufacturing and mineral trading segments.

B2. Current quarter versus the preceding quarter

During the quarter under review, the Group reported a revenue of RM57.96 million as compared to RM47.21 million in the preceding quarter.

The Group's revenue during the current quarter had increased by RM10.75 million or 22.77%. 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 RM11.57 million or 293.65% from RM3.94 million to RM15.51 million.

Revenue from manufacturing of steel products segment of the current quarter compared to preceding quarter recorded a decrease of RM0.82 million or 1.90% from RM43.27 million to RM42.45 million.

Our Group's reported profit before tax amounting to RM3.01 million in the current quarter as compared to profit before tax of RM0.79 million in the preceding quarter. This represents a significant increase of RM2.22 million or 281.01% in the current quarter. The increase in profit was mainly due to increase 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 31 Mar		Cumulative Quarter 3 months ended 31 Mar	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysian tax				
- Current tax	3	0	3	0
- Prior year tax	0	54	0	54
- Deferred tax	0	0	0	0
Total tax expense	3	54	3	54

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

	31-Mar-17
	RM'000
Short term borrowings	
Secured	2,181
Unsecured	63,146
Finance lease liabilities	687
	66,014
Long term borrowings	
Secured	1,219
Finance lease liabilities	1,785
	3,004

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-Mar-17	31-Dec-16
	RM'000	RM'000
Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:		
- Realised	8,576	7,294
- Unrealised	(809)	711
Add: Consolidation adjustments	7,226	3,949
Total group retained profits as per consolidation accounts	14,993	11,954



B11. Earnings Per Ordinary Share

	Current Quarter Ended 31-Mar		Cumulative Period Ended 31-Mar	
	2017	2016	2017	2016
Net earnings attributable to ordinary equity holders of the Company (RM'000)	3,039	984	3,039	984
Weighted average number of ordinary shares ('000)	127,377	127,401	127,377	127,401
Basic earnings per share (sen)	2.39	0.77	2.39	0.77

By the order of the Board

Datin Tan Pak Say
Managing Director
Penang