



**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 2015**

|  | NOTE | CURRENT                       |                             | CUMULATIVE                     |                             |
|--|------|-------------------------------|-----------------------------|--------------------------------|-----------------------------|
|  |      | 3 MONTHS ENDED<br>31 DECEMBER |                             | 12 MONTHS ENDED<br>31 DECEMBER |                             |
|  |      | 2015<br>RM'000<br>(Unaudited) | 2014<br>RM'000<br>(Audited) | 2015<br>RM'000<br>(Unaudited)  | 2014<br>RM'000<br>(Audited) |
| <b>Continuing operations</b>   |      |                               |                             |                                |                             |
| Revenue  |      | 32,541                        | 51,751                      | 153,677                        | 234,680                     |
| Operating expenses   |      | (32,325)                      | (59,002)                    | (146,114)                      | (234,205)                   |
| <b>Operating profit/(loss)</b>   |      | 216                           | (7,251)                     | 7,563                          | 475                         |
| Depreciation   |      | (1,962)                       | (1,997)                     | (7,976)                        | (9,161)                     |
| Finance costs  |      | (1,228)                       | (1,459)                     | (5,281)                        | (5,977)                     |
| <b>(Loss)/profit before tax</b>  |      | (2,974)                       | (10,707)                    | (5,694)                        | (14,663)                    |
| Tax refund/(expense)   | B5   | 2,179                         | 2,260                       | 2,197                          | 2,655                       |
| <b>Net (loss)/profit from continuing operations</b>                        |      | (795)                         | (8,447)                     | (3,497)                        | (12,008)                    |
| <b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>                              |      |                               |                             |                                |                             |
| Items that will not be reclassified subsequently to profit or loss:-       |      |                               |                             |                                |                             |
| - Gross revaluation increase of properties                                 |      | 7,708                         | 19,594                      | 7,708                          | 19,594                      |
| - Deferred tax relating to revalued properties                             |      | (1,850)                       | (3,509)                     | (1,850)                        | (3,509)                     |
| Items that may be reclassified subsequently to profit or loss:-            |      |                               |                             |                                |                             |
| Foreign currency translations  |      | 0                             | 0                           | 0                              | 0                           |
| <b>Other comprehensive income/(expenses) for the financial year</b>        |      | 5,858                         | 16,085                      | 5,858                          | 16,085                      |
| <b>TOTAL COMPREHENSIVE (EXPENSES)/INCOME</b>                               |      | 5,063                         | 7,638                       | 2,361                          | 4,077                       |
| <b>Net (loss)/profit for the financial year attributable to:-</b>          |      |                               |                             |                                |                             |
| Equity holders of the company  |      | (872)                         | (9,376)                     | (3,473)                        | (12,856)                    |
| Non-controlling interests  |      | 77                            | 929                         | (24)                           | 848                         |
| <b>NET LOSS</b>  |      | (795)                         | (8,447)                     | (3,497)                        | (12,008)                    |
| <b>Total comprehensive income for the financial year attributable to:-</b> |      |                               |                             |                                |                             |
| Equity holders of the company  |      | 4,986                         | 6,709                       | 2,385                          | 3,229                       |
| Non-controlling interests  |      | 77                            | 929                         | (24)                           | 848                         |
| <b>TOTAL COMPREHENSIVE INCOME</b>  |      | 5,063                         | 7,638                       | 2,361                          | 4,077                       |
| <b>Basic earnings per ordinary share (sen)</b>                             | B11  | (0.68)                        | (7.35)                      | (2.73)                         | (10.08)                     |
| <b>Diluted earnings per ordinary share (sen)</b>                           | B11  | 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 2014.



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
 AS AT 31 DECEMBER 2015**

|   | NOTE | 31 DEC 2015<br>RM'000<br>(Unaudited) | 31 DEC 2014<br>RM'000<br>(Audited) |
|---|------|--------------------------------------|------------------------------------|
| <b>ASSETS</b>   |      |                                      |                                    |
| Property, plant and equipment   |      | 154,431                              | 148,490                            |
| Available-for-sale financial asset                                    |      | 44                                   | 20                                 |
| <b>TOTAL NON-CURRENT ASSETS</b>                                       |      | <b>154,475</b>                       | <b>148,510</b>                     |
| Inventories   |      | 47,171                               | 60,175                             |
| Trade and other receivables   |      | 45,130                               | 43,193                             |
| Current tax assets  |      | 1,873                                | 1,153                              |
| Cash and cash equivalents   |      | 615                                  | 1,561                              |
| <b>TOTAL CURRENT ASSETS</b>   |      | <b>94,789</b>                        | <b>106,082</b>                     |
| <b>TOTAL ASSETS</b>   |      | <b>249,264</b>                       | <b>254,592</b>                     |
| <b>EQUITY</b>   |      |                                      |                                    |
| Share capital   |      | 64,016                               | 64,016                             |
| Treasury shares   |      | (350)                                | (308)                              |
| Share premium   |      | 4                                    | 4                                  |
| Revaluation surplus   |      | 53,471                               | 47,613                             |
| Foreign currency translation reserve                                  |      | 3                                    | 3                                  |
| Retained earnings   |      | 5,204                                | 8,677                              |
| <b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF<br/>THE COMPANY</b> |      | <b>122,348</b>                       | <b>120,005</b>                     |
| Non-controlling interests   |      | 294                                  | 318                                |
| <b>TOTAL EQUITY</b>   |      | <b>122,642</b>                       | <b>120,323</b>                     |
| <b>LIABILITIES</b>  |      |                                      |                                    |
| Borrowings  | B8   | 5,686                                | 10,360                             |
| Deferred tax liabilities  |      | 14,481                               | 14,369                             |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                                  |      | <b>20,167</b>                        | <b>24,729</b>                      |
| Trade and other payables  |      | 21,567                               | 12,896                             |
| Borrowings  | B8   | 84,888                               | 96,644                             |
| <b>TOTAL CURRENT LIABILITIES</b>                                      |      | <b>106,455</b>                       | <b>109,540</b>                     |
| <b>TOTAL LIABILITIES</b>  |      | <b>126,622</b>                       | <b>134,269</b>                     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                   |      | <b>249,264</b>                       | <b>254,592</b>                     |
| <b>Net Assets Per Share (Sen)</b>                                     |      | <b>96</b>                            | <b>94</b>                          |

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 2014.



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

|   | Attributable to equity holders of the Company |                      |                            |                        |                             |                           |                                     | Distributable          |                          | Equity attributable to owners of the Company Total RM'000 | Non-Controlling Interests RM'000 | Total Equity RM'000 |
|---|---|----------------------|----------------------------|------------------------|-----------------------------|---------------------------|-------------------------------------|------------------------|--------------------------|---|----------------------------------|---------------------|
|   | Non-distributable                             |                      |                            |                        |                             |                           |                                     | Capital Reserve RM'000 | Retained Earnings RM'000 |   |                                  |                     |
|   | Share Capital RM'000                          | Share Premium RM'000 | Revaluation Surplus RM'000 | Treasury Shares RM'000 | Share Option Reserve RM'000 | Fair Value Reserve RM'000 | Currency Translation Reserve RM'000 | Capital Reserve RM'000 | Retained Earnings RM'000 |   |                                  |                     |
| <b>Balance as at 1 January 2015</b>                       | <b>64,016</b>                                 | <b>4</b>             | <b>47,613</b>              | <b>(308)</b>           | <b>0</b>                    | <b>0</b>                  | <b>3</b>                            | <b>0</b>               | <b>8,677</b>             | <b>120,005</b>  | <b>318</b>                       | <b>120,323</b>      |
| <b>Revaluation of PPE</b>                                 |   |                      |                            |                        |                             |                           |                                     |                        |                          |   |                                  |                     |
| Gross revaluation increase of properties                  | 0   | 0                    | 7,708                      | 0                      | 0                           | 0                         | 0                                   | 0                      | 0                        | 7,708   | 0                                | 7,708               |
| Deferred tax relating to revalued properties              | 0   | 0                    | (1,850)                    | 0                      | 0                           | 0                         | 0                                   | 0                      | 0                        | (1,850)   | 0                                | (1,850)             |
| <b>(Loss)/profit for the financial year</b>               | <b>0</b>                                      | <b>0</b>             | <b>0</b>                   | <b>0</b>               | <b>0</b>                    | <b>0</b>                  | <b>0</b>                            | <b>0</b>               | <b>(3,473)</b>           | <b>(3,473)</b>  | <b>(24)</b>                      | <b>(3,497)</b>      |
| <b>Total comprehensive income/(expenses) for the year</b> | <b>0</b>                                      | <b>0</b>             | <b>5,858</b>               | <b>0</b>               | <b>0</b>                    | <b>0</b>                  | <b>0</b>                            | <b>0</b>               | <b>(3,473)</b>           | <b>2,385</b>  | <b>(24)</b>                      | <b>2,361</b>        |
| <b>Transactions with owners</b>                           |   |                      |                            |                        |                             |                           |                                     |                        |                          |   |                                  |                     |
| Purchase of treasury shares                               | 0   | 0                    | 0                          | (42)                   | 0                           | 0                         | 0                                   | 0                      | 0                        | (42)  | 0                                | (42)                |
| Total transactions with owners                            | 0   | 0                    | 0                          | (42)                   | 0                           | 0                         | 0                                   | 0                      | 0                        | (42)  | 0                                | (42)                |
| <b>Balance as at 31 December 2015</b>                     | <b>64,016</b>                                 | <b>4</b>             | <b>53,471</b>              | <b>(350)</b>           | <b>0</b>                    | <b>0</b>                  | <b>3</b>                            | <b>0</b>               | <b>5,204</b>             | <b>122,348</b>  | <b>294</b>                       | <b>122,642</b>      |

|   | Attributable to equity holders of the Company |                      |                            |                        |                             |                           |                                     | Distributable          |                          | Equity attributable to owners of the Company Total RM'000 | Non-Controlling Interests RM'000 | Total Equity RM'000 |
|---|---|----------------------|----------------------------|------------------------|-----------------------------|---------------------------|-------------------------------------|------------------------|--------------------------|---|----------------------------------|---------------------|
|   | Non-distributable                             |                      |                            |                        |                             |                           |                                     | Capital Reserve RM'000 | Retained Earnings RM'000 |   |                                  |                     |
|   | Share Capital RM'000                          | Share Premium RM'000 | Revaluation Surplus RM'000 | Treasury Shares RM'000 | Share Option Reserve RM'000 | Fair Value Reserve RM'000 | Currency Translation Reserve RM'000 | Capital Reserve RM'000 | Retained Earnings RM'000 |   |                                  |                     |
| <b>Balance as at 1 January 2014</b>                       | <b>64,016</b>                                 | <b>4</b>             | <b>31,528</b>              | <b>(55)</b>            | <b>0</b>                    | <b>0</b>                  | <b>3</b>                            | <b>0</b>               | <b>21,533</b>            | <b>117,029</b>  | <b>(530)</b>                     | <b>116,499</b>      |
| <b>Revaluation of PPE</b>                                 |   |                      |                            |                        |                             |                           |                                     |                        |                          |   |                                  |                     |
| Gross revaluation increase of properties                  | 0   | 0                    | 19,594                     | 0                      | 0                           | 0                         | 0                                   | 0                      | 0                        | 19,594  | 0                                | 19,594              |
| Deferred tax relating to revalued properties              | 0   | 0                    | (3,509)                    | 0                      | 0                           | 0                         | 0                                   | 0                      | 0                        | (3,509)   | 0                                | (3,509)             |
| <b>(Loss)/profit for the financial year</b>               | <b>0</b>                                      | <b>0</b>             | <b>0</b>                   | <b>0</b>               | <b>0</b>                    | <b>0</b>                  | <b>0</b>                            | <b>0</b>               | <b>(12,856)</b>          | <b>(12,856)</b>   | <b>848</b>                       | <b>(12,008)</b>     |
| <b>Total comprehensive income/(expenses) for the year</b> | <b>0</b>                                      | <b>0</b>             | <b>16,085</b>              | <b>0</b>               | <b>0</b>                    | <b>0</b>                  | <b>0</b>                            | <b>0</b>               | <b>(12,856)</b>          | <b>3,229</b>  | <b>848</b>                       | <b>4,077</b>        |
| <b>Transactions with owners</b>                           |   |                      |                            |                        |                             |                           |                                     |                        |                          |   |                                  |                     |
| Purchase of treasury shares                               | 0   | 0                    | 0                          | (253)                  | 0                           | 0                         | 0                                   | 0                      | 0                        | (253)   | 0                                | (253)               |
| Total transactions with owners                            | 0   | 0                    | 0                          | (253)                  | 0                           | 0                         | 0                                   | 0                      | 0                        | (253)   | 0                                | (253)               |
| <b>Balance as at 31 December 2014</b>                     | <b>64,016</b>                                 | <b>4</b>             | <b>47,613</b>              | <b>(308)</b>           | <b>0</b>                    | <b>0</b>                  | <b>3</b>                            | <b>0</b>               | <b>8,677</b>             | <b>120,005</b>  | <b>318</b>                       | <b>120,323</b>      |

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 2014.



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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

|   | <b>31 DEC 2015</b> | <b>31 DEC 2014</b> |
|---|--------------------|--------------------|
|   | <b>RM'000</b>      | <b>RM'000</b>      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>             |                    |                    |
| Loss before tax   | (5,694)            | (14,663)           |
| <b>Adjustments for:</b>                                 |                    |                    |
| Gain on disposal of property, plant and equipment       | (1,199)            | (61)               |
| Depreciation  | 7,976              | 9,161              |
| (Gain)/loss on available-for-sale financial asset       | (24)               | 26                 |
| Impairment loss on loan and receivables                 | 432                | 2,279              |
| Loss on fair value adjustment on other receivable       | 0                  | 642                |
| Inventories written down                                | 723                | 907                |
| Interest expenses                                       | 5,281              | 5,977              |
| Property, plant and equipment written-off               | 0                  | 434                |
| Reversal of impairment loss on loan & receivables       | 0                  | (3)                |
| Unrealised loss on foreign exchange                     | 0                  | 88                 |
| Gain on winding up of subsidiaries                      | 0                  | (3)                |
| Operating profit before working capital changes         | 7,495              | 4,784              |
| Changes in:-  |                    |                    |
| Inventories   | 12,282             | 22,379             |
| Trade and other receivables                             | (2,369)            | (12,697)           |
| Trade and other payables                                | 8,671              | 2,729              |
| Cash generated from operations                          | 26,079             | 17,195             |
| Tax paid  | (264)              | (2,718)            |
| Interest paid   | (5,281)            | (5,977)            |
| Net cash from operating activities                      | 20,534             | 8,500              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>             |                    |                    |
| Proceeds from disposal of property, plant and equipment | 1,844              | 86                 |
| Proceeds from winding up of subsidiaries                | 0                  | 959                |
| Purchase of property, plant and equipment               | (5,113)            | (1,717)            |
| Net cash used in investing activities                   | (3,269)            | (672)              |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>             |                    |                    |
| Repayment of hire purchase obligations                  | (525)              | (409)              |
| Purchase of treasury shares                             | (42)               | (253)              |
| Repayment of term loans                                 | (2,996)            | (2,998)            |
| Repayment of commodity financing                        | (3,632)            | (3,408)            |
| Repayment of short term                                 | (11,354)           | (12,356)           |
| Net cash used in financing activities                   | (18,549)           | (19,424)           |
| Net decrease in cash and cash equivalents               | (1,284)            | (11,596)           |
| Cash and cash equivalents brought forward               | (2,779)            | 8,816              |
| Cash and cash equivalents carried forward               | (4,063)            | (2,780)            |
| <b><u>Cash and cash equivalents carried forward</u></b> |                    |                    |
| Cash and cash equivalents                               | 615                | 1,561              |
| Bank overdrafts   | (4,678)            | (4,341)            |
|   | (4,063)            | (2,780)            |



## 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 2014.

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 2014.

#### Adoption of Amendments to Standards and IC Interpretations

The Group had adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014.

|                        |  |
|------------------------|--|
| Amendments to MFRS 10  | <i>Consolidated Financial Statements: Investment Entities</i>                                      |
| Amendments to MFRS 12  | <i>Disclosure of Interest in Other Entities: Investment Entities</i>                               |
| Amendments to MFRS 127 | <i>Separate Financial Statements(2011): Investment Entities</i>                                    |
| Amendments to MFRS 132 | <i>Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities</i> |
| Amendments to MFRS 136 | <i>Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets</i>              |
| Amendments to MFRS 139 | <i>Novation of Derivatives and Continuation of Hedge Accounting</i>                                |
| IC Interpretation 21   | <i>Levies</i>  |

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



## **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.

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

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.

### **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 /(Loss) for the Period**

| <b>Current Quarter</b> |               | <b>Cumulative period ended</b> |               |
|------------------------|---------------|--------------------------------|---------------|
| <b>31-Dec</b>          | <b>31-Dec</b> | <b>31-Dec</b>                  | <b>31-Dec</b> |
| <b>2015</b>            | <b>2014</b>   | <b>2015</b>                    | <b>2014</b>   |
| <b>RM'000</b>          | <b>RM'000</b> | <b>RM'000</b>                  | <b>RM'000</b> |

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

|   |       |       |         |       |
|---|-------|-------|---------|-------|
| Depreciation of property, plant and equipment | 1,962 | 1,997 | 7,976   | 9,161 |
| Interest expense                              | 1,228 | 1,459 | 5,281   | 5,977 |
| Foreign exchange (gain)/loss                  | (30)  | (161) | (1,624) | 18    |
| Unrealised foreign exchange (gain) / loss     | 803   | 0     | (1,257) | 0     |



## A8. Segment Information

Segmental reporting for the cumulative period ended 31 Dec 2015:

|                              | Trading &<br>Processing<br>Of Minerals<br>RM'000 | Manufacturing<br>& Trading<br>of Steel Pipe<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|------------------------------|--|---|------------------------|------------------------|
| <b>Revenue</b>               |  |   |                        |                        |
| - External                   | 37,720   | 118,670   | 0                      | 156,390                |
| - Inter-segment              | 0  | 0   | (2,713)                | (2,713)                |
| <b>Total Revenue</b>         | <b>37,720</b>                                    | <b>118,670</b>  | <b>(2,713)</b>         | <b>153,677</b>         |
| <b>Results</b>               |  |   |                        |                        |
| Operating (loss)/profit      | (906)  | 493   | 0                      | (413)                  |
| Finance cost                 | (2,369)  | (2,912)   | 0                      | (5,281)                |
| Tax refund                   | 345  | 1,852   | 0                      | 2,197                  |
| <b>Segment (loss)/profit</b> | <b>(2,930)</b>                                   | <b>(567)</b>  | <b>0</b>               | <b>(3,497)</b>         |

## 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<br>deemed to have substantial financial interests | 12 months ended<br>31 Dec 2015 |
|--|--------------------------------|
| <b>Eonmetall Group Berhad and its subsidiaries</b>   | <b>RM'000</b>                  |
| Sale of goods  | 1,715                          |
| Purchase of goods  | 9,878                          |
| Purchase of machinery  | 1,800                          |
| Rental expense   | 313                            |
|  | <b>13,706</b>                  |



**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 RM33 million for the current quarter under review representing a decrease of RM19 million or 36.5% from RM52 million recorded in the preceding year's corresponding quarter.

It was mainly due to the decrease in revenue in the trading of minerals, which recorded a decrease in revenue of RM11.6 million or 74.4% from RM15.6 million to RM4.0 million in its revenue.

Revenue from manufacturing and trading in the steel pipes segment of the current quarter compared to preceding year's corresponding quarter recorded a decrease of RM7.4 million or 20.3% from RM36.4 million to RM29.0 million.

For the current quarter ended 31 Dec 2015, the Group posted a loss before taxation of RM3.0 million as compared to the preceding year's corresponding loss before taxation of RM10.7 million, representing a decrease of RM7.7 million or 72% in a loss before tax. The improvement in the result of the Group was due to lower production cost during the quarter as a result of higher profit margin in the steel pipes segment.

**B2. Current quarter versus the preceding quarter**

During the quarter under review, the Group reported a revenue of RM33 million as compared to RM38 million in the preceding quarter.

The Group's revenue during the current quarter had decreased by RM5 million or 13%. It was mainly attributable to decrease in trading of minerals for the current quarter compared to the preceding quarter, which recorded a decrease of RM4.8 million or 54.5% from RM8.8 million to RM4.0 million in its revenue.

Revenue from manufacturing and trading in the steel pipes segment of the current quarter compared to preceding quarter recorded a decrease of RM0.2 million or 0.68% from RM29.2 million to RM29.0 million.

Our Group's reported loss before tax amounting to RM3.0 million in the current quarter as compared to a loss before tax of RM1.9 million in the preceding quarter. This represents an increase of RM1.1 million or 57.9% losses in the current quarter. The losses were mainly due to lower selling price as well as impairment of RM1.16 million in both the steel and minerals segments.



### B3. Prospects

In view of the challenging environment arising from the ongoing uncertainties of the global economy, including volatility of foreign currencies, slump in oil prices, lower mineral prices and steep drop of steel prices due to influx of cheap steel from China, we expect the business environment for the manufacturing and trading of steel products to be challenging.

In spite of a challenging environment, the demand for minerals remains stable. Hence the management is positive that the trading of minerals segment will contribute positive results albeit depressed margin.

On the assumption that this environment will persist, the Board is hoping to achieve an improvement in the performance of the Group for the quarter ahead. However, in view of the pricing pressure, the Group does not expect to record exceptional results.

### B4. Profit Forecast

Not applicable as no profit forecast was issued.

### B5. Tax Expense

|                          | Current Quarter       |              | Cumulative Quarter     |              |
|--------------------------|-----------------------|--------------|------------------------|--------------|
|                          | 3 months ended 31 Dec |              | 12 months ended 31 Dec |              |
|                          | 2015                  | 2014         | 2015                   | 2014         |
|                          | RM'000                | RM'000       | RM'000                 | RM'000       |
| <b>Malaysian tax</b>     |                       |              |                        |              |
| - Current tax            | (255)                 | (460)        | (256)                  | (462)        |
| - Prior year tax         | 697                   | (13)         | 716                    | 384          |
| - Deferred tax           | 1,737                 | 2,733        | 1,737                  | 2,733        |
| <b>Total tax expense</b> | <b>2,179</b>          | <b>2,260</b> | <b>2,197</b>           | <b>2,655</b> |

Income tax is calculated at the Malaysia statutory tax rate of 25% 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.

The Budget 2014 announced on October 25, 2013 reduces the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. The real property gains tax ("RPGT") is also revised to 30% for disposal within the first three years, 20% within the fourth year, 15% within the fifth year and 5% from sixth year onwards, on gains from the disposal of real property effective January 1, 2014. Following these, the applicable tax rates to be used for the measurement of any applicable deferred tax will be the respective expected rates.

### B6. Audit Report

The audited report of the preceding annual financial statements ended 31 December 2014 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**

|                              | <b>31-Dec-15</b>     |
|------------------------------|----------------------|
|                              | <b>RM'000</b>        |
| <b>Short term borrowings</b> |                      |
| Secured                      | 5,263                |
| Unsecured                    | 79,030               |
| Finance lease liabilities    | 595                  |
|                              | <u><b>84,888</b></u> |
| <b>Long term borrowings</b>  |                      |
| Secured                      | 4,179                |
| Finance lease liabilities    | 1,507                |
|                              | <u><b>5,686</b></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.

|   | <b>31-Dec-2015</b>  | <b>31 Dec 2014</b>  |
|---|---------------------|---------------------|
|   | <b>RM'000</b>       | <b>RM'000</b>       |
| <b>Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:</b> |                     |                     |
| - Realized  | 129                 | 3,707               |
| - Unrealized  | (2,311)             | (2,311)             |
| Add: Consolidation adjustments  | 7,154               | 7,281               |
| Total group retained profits as per consolidation accounts                          | <u><b>4,972</b></u> | <u><b>8,677</b></u> |



## B11. Earnings Per Ordinary Share

|  | Quarter Ended    |                  | Cumulative Period Ended |                  |
|--|------------------|------------------|-------------------------|------------------|
|  | 31-Dec           |                  | 31-Dec                  |                  |
|  | 2015<br>(RM'000) | 2014<br>(RM'000) | 2015<br>(RM'000)        | 2014<br>(RM'000) |
| Net loss /earnings attributable to ordinary equity holders of the Company (RM'000) | (872)            | (9,376)          | (3,473)                 | (12,856)         |
| Weighted average number of ordinary shares ('000)                                  | 127,414          | 127,514          | 127,414                 | 127,514          |
| <b>Basic (loss) /earnings per share (sen)</b>                                      | <b>(0.68)</b>    | <b>(7.35)</b>    | <b>(2.73)</b>           | <b>(10.08)</b>   |

By the order of the Board

Datin Tan Pak Say  
Managing Director  
Penang