



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 2016**

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED		12 MONTHS ENDED	
		31 DECEMBER		31 DECEMBER	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
Continuing operations					
Revenue		47,207	32,541	167,349	153,677
Operating expenses		<u>(43,749)</u>	<u>(32,304)</u>	<u>(149,081)</u>	<u>(146,093)</u>
Operating profit		3,458	237	18,268	7,584
Depreciation		(1,780)	(1,962)	(7,317)	(7,976)
Finance costs		<u>(887)</u>	<u>(1,250)</u>	<u>(3,885)</u>	<u>(5,303)</u>
Profit/(Loss) before tax		791	(2,975)	7,066	(5,695)
Tax refund/(expense)	B5	<u>688</u>	<u>2,179</u>	<u>(535)</u>	<u>2,197</u>
Net profit/(loss) from continuing operations		<u>1,479</u>	<u>(796)</u>	<u>6,531</u>	<u>(3,499)</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Items that will not be reclassified subsequently to profit or loss:-					
- Gross revaluation increase of properties		3,438	7,708	3,438	7,708
- Deferred tax relating to revalued properties		<u>(489)</u>	<u>(1,850)</u>	<u>(489)</u>	<u>(1,850)</u>
Other comprehensive income for the financial year		<u>2,949</u>	<u>5,858</u>	<u>2,949</u>	<u>5,858</u>
TOTAL COMPREHENSIVE INCOME		<u>4,428</u>	<u>5,062</u>	<u>9,480</u>	<u>2,360</u>
Net profit/(loss) for the financial year attributable to:-					
Equity holders of the company		1,519	(872)	6,753	(3,475)
Non-controlling interests		<u>(40)</u>	<u>76</u>	<u>(222)</u>	<u>(24)</u>
NET PROFIT/(LOSS)		<u>1,479</u>	<u>(796)</u>	<u>6,531</u>	<u>(3,499)</u>
Total comprehensive income for the financial year attributable to:-					
Equity holders of the company		4,468	4,986	9,702	2,384
Non-controlling interests		<u>(40)</u>	<u>76</u>	<u>(222)</u>	<u>(24)</u>
TOTAL COMPREHENSIVE INCOME		<u>4,428</u>	<u>5,062</u>	<u>9,480</u>	<u>2,360</u>
Basic earnings per ordinary share (sen)	B11	<u>1.19</u>	<u>(0.68)</u>	<u>5.30</u>	<u>(2.73)</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 2015.



LEADER STEEL HOLDINGS BERHAD
(Company No. 267209-K)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	NOTE	31 DEC 2016 RM'000 (Unaudited)	31 DEC 2015 RM'000 (Audited)
ASSETS			
Property, plant and equipment		151,433	154,431
Available-for-sale financial asset		36	44
TOTAL NON-CURRENT ASSETS		151,469	154,475
Inventories		46,842	47,171
Trade and other receivables		44,985	45,130
Current tax assets		107	1,873
Cash and cash equivalents		1,944	615
TOTAL CURRENT ASSETS		93,878	94,789
TOTAL ASSETS		245,347	249,264
EQUITY			
Share capital		64,016	64,016
Treasury shares		(528)	(350)
Reserves		68,383	58,681
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		131,871	122,347
Non-controlling interests		73	295
TOTAL EQUITY		131,944	122,642
LIABILITIES			
Other payables		3,748	0
Borrowings	B8	3,317	5,686
Deferred tax liabilities		13,168	14,481
TOTAL NON-CURRENT LIABILITIES		20,233	20,167
Trade and other payables		26,139	21,567
Borrowings	B8	66,776	84,888
Current tax liabilities		255	0
TOTAL CURRENT LIABILITIES		93,170	106,455
TOTAL LIABILITIES		113,403	126,622
TOTAL EQUITY AND LIABILITIES		245,347	249,264
Net Assets Per Share (Sen)		103	96

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 2015.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	31 DEC 2016	31 DEC 2015
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before tax	7,066	(5,695)
Adjustments for:		
Gain on disposal of property, plant and equipment	(2,663)	(1,199)
Depreciation	7,317	7,976
Loss / (Gain) on available-for-sale financial asset	8	(24)
(Reversal of) / Impairment loss on loan and receivables	(169)	432
Inventories written down	0	723
Interest expenses	3,885	5,303
Reversal of impairment loss on loan & receivables	0	(28)
Unrealised loss / (gain) on foreign exchange	882	(1,257)
Operating profit before working capital changes	16,326	6,230
Changes in:-		
Inventories	329	12,282
Trade and other receivables	493	(318)
Trade and other payables	7,439	8,257
Cash generated from operations	24,587	26,451
Tax paid	(1,839)	(712)
Tax refunded	1,345	99
Interest paid	(3,885)	(5,303)
Net cash from operating activities	20,208	20,535
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	2,663	1,844
Purchase of property, plant and equipment	(592)	(5,113)
Net cash used in investing activities	2,071	(3,269)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase obligations	(423)	(525)
Purchase of treasury shares	(178)	(42)
Repayment of term loans	(1,880)	(2,996)
Repayment of commodity financing	(3,520)	(3,632)
Increase/(decrease) in short term loans and borrowings	(11,903)	(11,354)
Net cash used in financing activities	(17,904)	(18,549)
Net decrease in cash and cash equivalents	4,375	(1,283)
Cash and cash equivalents brought forward	(4,062)	(2,779)
Cash and cash equivalents carried forward	313	(4,062)
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	1,944	615
Bank overdrafts	(1,631)	(4,677)
	313	(4,062)



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Attributable to equity holders of the Company Non-distributable							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	Share Option Reserve RM'000	Fair Value Reserve RM'000	Currency Translation Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000			
Balance as at 1 January 2016	64,016	4	53,472	(350)	0	0	3	0	5,202	122,347	295	122,642
Revaluation of PPE												
Gross revaluation increase of properties	0	0	3,438	0	0	0	0	0	0	3,438	0	3,438
Deferred tax relating to revalued properties	0	0	(489)	0	0	0	0	0	0	(489)	0	(489)
Profit/(Loss) for the financial year	0	0	0	0	0	0	0	0	6,753	6,753	(222)	6,531
Total comprehensive income/(expenses) for the year	0	0	2,949	0	0	0	0	0	6,753	9,702	(222)	9,480
Transactions with owners												
Purchase of treasury shares	0	0	0	(178)	0	0	0	0	0	(178)	0	(178)
Total transactions with owners	0	0	0	(178)	0	0	0	0	0	(178)	0	(178)
Balance as at 31 December 2016	64,016	4	56,421	(528)	0	0	3	0	11,955	131,871	73	131,944

	Attributable to equity holders of the Company Non-distributable							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	Share Option Reserve RM'000	Fair Value Reserve RM'000	Currency Translation Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000			
Balance as at 1 January 2015	64,016	4	47,614	(308)	0	0	3	0	8,677	120,006	319	120,325
Revaluation of PPE												
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)
Profit/(Loss) for the financial year	0	0	0	0	0	0	0	0	(3,475)	(3,475)	(24)	(3,499)
Total comprehensive income/(expenses) for the year	0	0	5,858	0	0	0	0	0	(3,475)	2,383	(24)	2,359
Transactions with owners												
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)
Balance as at 31 December 2015	64,016	4	53,472	(350)	0	0	3	0	5,202	122,347	295	122,642

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 2015.



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 2015.

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 2015.

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:

MFRS 14 *Regulatory Deferral Accounts*

Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*

Amendments to MFRS 101 *Disclosure Initiative*

Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*

Amendments to MFRS 127 *Equity Method in Separate Financial Statements*

Amendments to MFRSs *Annual Improvements to 2012-2014 Cycle*

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



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
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 12 (<i>Annual Improvements to MFRSs 2014 - 2016 Cycle</i>)	1 January 2017
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
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/(Loss) for the Period

Current Quarter		Cumulative period ended	
31-Dec 2016	31-Dec 2015	31-Dec 2016	31-Dec 2015
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	1,780	1,962	7,317	7,976
Interest expenses	887	1,250	3,885	5,303
Realised foreign exchange gains	(174)	(30)	(577)	(1,624)
Unrealised foreign exchange (gains) / losses	(166)	803	882	(1,257)

A8. Segment Information

Segmental reporting for the cumulative period ended 31 December 2016:

	Trading of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	25,410	144,825	0	170,235
- Inter-segment	0	0	(2,886)	(2,886)
Total Revenue	25,410	144,825	(2,886)	167,349
Results				
Operating (loss)/profit	(2,835)	13,962	(176)	10,951
Finance costs	(1,330)	(2,555)	0	(3,885)
Tax expenses	(3)	(532)	0	(535)
Segment (loss)/profit	(4,168)	10,875	(176)	6,531



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

The amount of capital commitments contracted but not provided for in the interim financial statements is as follows

	As at 31 December 2016 RM'000
Plant and machinery	<u>2,582</u>

A12. Changes in Contingent Liabilities

There is no contingent liability for current quarter.

A13. Related Party Transactions

	12 months ended 31 December 2016
Companies in which certain directors are deemed to have substantial financial interests	RM'000
Eonmetall Group Berhad and its subsidiaries	
Sales of goods	2,861
Purchase of goods	17,977
Rental expense	318



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 RM47.2 million for the current quarter under review representing an increase of RM14.7 million or 45.23% from RM32.5 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 in revenue of RM14.6 million or 50.87% from RM28.7 million to RM43.3 million.

Revenue from trading of minerals segment of the current quarter compared to preceding year's corresponding quarter remains fairly consistent with a slight increase of RM80,000 or 2% from RM3.86 million to RM3.94 million.

For the current quarter ended 31 December 2016, the Group posted a profit before taxation of RM0.8 million as compared to the preceding year's corresponding loss before taxation of RM2.97 million, representing an increase of RM3.77 million or 127%. 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 RM47.2 million as compared to RM40.7 million in the preceding quarter.

The Group's revenue during the current quarter had increased by RM6.5 million or 15.97%. It was mainly attributable to an increase in manufacturing of steel products for the current quarter compared to the preceding quarter, which recorded an increase of RM9.9 million or 29.64% from RM33.4 million to RM43.3 million.

Revenue from mineral segment of the current quarter compared to preceding quarter recorded a decrease of RM3.36 million or 46% from RM7.3 million to RM3.94 million.

Our Group's reported profit before tax amounting to RM0.8 million in the current quarter as compared to profit before tax of RM3.2 million in the preceding quarter. This represents a decrease of RM2.4 million or 71.88% in the current quarter. The decrease in profits was mainly due to increase in material cost.



B3. Prospects

In view of the continued challenging environment arising from the ongoing uncertainties of the global economy, including volatility of foreign currencies and oil prices, we expect the business environment for the manufacturing and trading of steel products to be impacted. In addition, shortage of materials due to safeguard duties and anti-dumping policy imposed on China's imports is an issue of concern to the Company.

However despite challenging environment, 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		Cumulative Quarter	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Malaysian tax				
- Current tax	(1,114)	(255)	(2,275)	(256)
- Prior year tax	0	697	(62)	716
- Deferred tax	1,802	1,737	1,802	1,737
Total tax expense	688	2,179	(535)	2,197

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 2015 was not subject to any qualification.

B7. Status of Corporate Proposal Announced

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



B8. Borrowings

	31-Dec-16
	RM'000
Short term borrowings	
Secured	2,122
Unsecured	64,081
Finance lease liabilities	573
	<u>66,776</u>
Long term borrowings	
Secured	1,921
Finance lease liabilities	1,396
	<u>3,317</u>

B9. Changes in Material Litigation

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

B10. Realised and Unrealised Profits/Losses

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

	31-Dec-16	31-Dec-15
	RM'000	RM'000
Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:		
- Realized	5,637	(2,382)
- Unrealized	(882)	430
Add: Consolidation adjustments	7,200	7,154
Total group retained profits as per consolidation accounts	<u>11,955</u>	<u>5,202</u>



B11. Earnings Per Ordinary Share

	Quarter Ended		Cumulative Period Ended	
	31-Dec		31-Dec	
	2016	2015	2016	2015
Net earnings / (loss) attributable to ordinary equity holders of the Company (RM'000)	1,519	(872)	6,753	(3,475)
Weighted average number of ordinary shares ('000)	127,361	127,414	127,361	127,414
Basic earnings / (losses) per share (sen)	1.19	(0.68)	5.30	(2.73)

By the order of the Board

Datin Tan Pak Say
Managing Director
Penang