



LEADER STEEL HOLDINGS BERHAD

(Company No. 267209 - K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUN 2012

	NOTE	CURRENT 3 MONTHS ENDED 30 JUN		CUMULATIVE 6 MONTHS ENDED 30 JUN	
		2012 RM'000 (Unaudited)	2011 RM'000 (Unaudited)	2012 RM'000 (Unaudited)	2011 RM'000 (Unaudited)
Continuing operations					
Revenue		70,786	88,861	126,725	149,153
Operating expenses		(66,522)	(86,294)	(121,261)	(150,378)
Operating income		0	707	0	6,847
Operating profit		4,264	3,274	5,464	5,622
Finance costs		(1,746)	(1,328)	(3,231)	(2,357)
Finance Income		0	0	0	0
Profit /(Loss) before tax		2,518	1,946	2,233	3,265
Tax expense	B5	(151)	(445)	(151)	(560)
Net (Loss)/Profit from continuing operations		2,367	1,501	2,082	2,705
Other comprehensive income / (expense)					
Fair value of available-for-sale financial asset		4	0	(48)	0
Foreign currency translation differences of foreign subsidiary		0	0	0	(229)
Total comprehensive income / (expense) for the financial period		2,371	1,501	2,034	2,476
Net (Loss) / Profit attributable to:					
Equity holders of the Company		2,242	1,501	2,009	2,667
Non-controlling interests		125	0	73	38
		2,367	1,501	2,082	2,705
Total comprehensive income or the period attributable to:					
Equity holders of the Company		2,246	1,501	1,961	2,438
Non-controlling interests		125	0	73	38
		2,371	1,501	2,034	2,476
Basic (loss)/earnings per ordinary share (sen)	B11	1.75	1.17	1.57	2.08
Diluted earnings per ordinary share (sen)	B11	N.A	N.A	N.A	N.A

The condensed consolidated statement of 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 2011



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUN 2012

	NOTE	UNAUDITED 30 JUN 2012 RM'000	AUDITED 31 DEC 2011 RM'000
ASSETS			
Property, plant and equipment		106,796	100,761
Other investments		268	316
TOTAL NON-CURRENT ASSETS		107,064	101,077
Inventories		51,328	53,924
Trade and other receivables		91,430	76,997
Current tax assets		800	381
Cash and cash equivalents		1,540	2,614
TOTAL CURRENT ASSETS		145,098	133,916
TOTAL ASSETS		252,162	234,993
EQUITY			
Share capital		64,016	64,016
Share premium		3	3
Capital reserve		284	284
Share option reserve		2,185	2,185
Fair value reserve		(132)	(84)
Retained earnings		30,589	28,580
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		96,945	94,984
Non Controlling Interest		155	82
TOTAL EQUITY		97,100	95,066
LIABILITIES			
Borrowings	B8	20,335	19,296
Deferred tax liabilities		6,725	6,725
TOTAL NON-CURRENT LIABILITIES		27,060	26,021
Trade and other payables		18,133	23,211
Borrowings	B8	109,868	87,736
Current tax liabilities		0	2,960
TOTAL CURRENT LIABILITIES		128,001	113,906
TOTAL LIABILITIES		155,062	139,927
TOTAL EQUITY AND LIABILITIES		252,162	234,993
Net Assets Per Share (Sen)		76	74

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 2011



LEADER STEEL HOLDINGS BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUN 2012

<i>In thousands of RM</i>	NOTE	30-Jun-12 RM (Unaudited)	30-Jun-11 RM (Unaudited)
Cash flows from operating activities			
(Loss)/Profit before tax from continuing operations		2,233	3,265
Adjustments for:-			
Depreciation - Property, plant and equipment		4,353	4,170
Interest expense		3,231	2,357
Operating profit before working capital changes		<u>9,813</u>	<u>9,792</u>
Changes in working capital:			
Inventories		2,596	6,647
Trade and other receivables		(14,521)	(27,448)
Trade and other payables		(5,190)	28,616
Cash used in operating activities		<u>(7,302)</u>	<u>17,608</u>
Income tax paid		(3,523)	(411)
Interest paid		(3,231)	(2,357)
Net cash (used in) / operating activities		<u>(14,056)</u>	<u>14,839</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment	(10,387)	(2,884)
Investment for acquisition of a subsidiary	0	(10,916)
Others	111	70
Net cash used in investing activities	<u>(10,277)</u>	<u>(13,730)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of term loans	(613)	(870)
Repayment of hire purchase and lease obligations	(377)	(442)
Bank borrowings, net	23,837	(2,959)
Net cash generated from financing activities	<u>22,847</u>	<u>(4,270)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(1,485)</u>	<u>(3,161)</u>
Effect of exchange rate fluctuation on cash held	0	(229)
Cash and Cash Equivalents at Beginning of The Period	(1,408)	(983)
Cash and Cash Equivalents at End of The Period	<u><u>(2,895)</u></u>	<u><u>(4,374)</u></u>

(A) Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:

<i>In thousands of RM</i>	30-Jun-12 RM	30-Jun-11 RM
Fixed deposit with a licensed bank	1	1
Cash and bank balances	1,539	1,848
Bank overdrafts	(4,435)	(6,221)
	<u>(2,895)</u>	<u>(4,374)</u>



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**

	← Attributable to equity holders of the Company →						→ Distributable →			
	Non-distributable									
	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000	Fair Value Reserve RM'000	Translation Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non Controlling Interest RM'000	Total Equity RM'000
At 1 January 2012	64,016	3	2,185	(84)	0	284	28,580	94,984	82	95,066
Fair value of available for-sale financial assets	0	0	0	(48)	0	0	0	(48)	0	(48)
(Loss) / Profit for the year	0	0	0	0	0	0	2,009	2,009	73	2,082
Total comprehensive (expenses)/income for the year	0	0	0	(48)	0	0	2,009	1,961	73	2,034
At 30 June 2012	64,016	3	2,185	(132)	0	284	30,589	96,945	155	97,100
	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000	Value Reserve RM'000	Foreign Translation Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non Controlling Interest RM'000	Total Equity RM'000
At 1 January 2011	64,016	4	2,185	0	41	284	32,552	99,082	0	99,082
Fair value of available for-sale financial assets	0	0	0	0	0	0	0	0	0	0
Exchange difference arising from foreign subsidiary companies	0	0	0	0	(229)	0	0	(229)	0	(229)
Profit / (Loss) for the year	0	0	0	0	0	0	2,667	2,667	38	2,705
Total comprehensive (expenses)/income for the year	0	0	0	0	(229)	0	2,667	2,438	-	2,476
At 30 June 2011	64,016	4	2,185	0	(188)	284	35,219	101,520	-	101,558

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 2011



LEADER STEEL HOLDINGS BERHAD

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A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report are unaudited and have been prepared in accordance with Malaysia 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. For the period up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

These are the Group’s interim financial statements for part of the period covered by the Group’s first MFRS framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The adoption of the MFRSs and Amendments do not have any material impact on the financial statements of the Group.

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 period 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 period under review.

A5. Debts and Equity or Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellation held as treasury shares and resale of treasury shares for the current period under review.

A6. Dividend

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



A7. Profit for The Period

	Current Quarter		Cumulative period ended	
	30-Jun	30-Jun	30-Jun	30-Jun
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging / (crediting)				
Depreciation of property, plant and equipment	2,211	2,073	4,353	4,170
Interest expense	1,746	1,328	3,231	2,357
Foreign exchange loss / (gain)	(383)	12	124	(189)

A8. Segment Information

Segmental reporting for the cumulative period ended 30 June 2012:

	Trading & Processing Of Iron Ore RM'000	Manufacturing & Trading of Steel Pipe RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	67,269	66,513	-	133,782
- Inter-segment	(2,116)	(4,941)	(7,057)	(7,057)
Total Revenue	65,153	61,572		126,725
Results				
Operating profit/(loss)	5,791	(327)	-	5,464
Finance cost	(2,026)	(1,205)		(3,231)
Tax expense	(151)	-	-	(151)
Segment profit/(loss)	3,614	(1,532)		2,082

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 for the current quarter under review.

A11. Changes In Contingent Liabilities

The is no contingent liabilities for current quarter



A12. Related Party Transactions

Companies in which certain directors are deemed to have substantial financial interests	6 months ended 30 Jun 2012 RM'000
Eonmetall Group Berhad and its subsidiaries	
Sales of goods	3,843
Purchase of goods	22,635
Purchase of machinery parts	3,359
Rental expense	415
	30,252

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

During the current quarter under review, the Group recorded total revenue of RM71 million, a decrease of 20% or RM18 million as compared to RM89 million recorded in the preceding year's corresponding quarter. Profit before tax for current quarter recorded at RM2.5 million, an increase of 31.6% from RM1.9 million profit in the preceding year corresponding quarter.

The substantial increase in profit for current quarter was mainly attributed to the lower of cost of raw material for trading & processing of iron ore segment.

B2. Current quarter versus the preceding quarter

For current quarter under review, the group recorded total revenue of RM71 million as compared to RM56 millions in the preceding quarter. Current quarter profit recorded at RM2.5 million.

The group revenue during the current quarter increased by 26.5% or RM15 million. It was mainly attributed by the increase in the trading & processing of iron ore segment, which registered an increase of 51.16% in its revenue.

Revenue from manufacturing & trading of steel pipe segment had increased slightly by 6.92% or RM2.2 million from RM31.1 million to RM33.3 million.

Our group profit before tax increased by 111.2% or RM2.78 million from RM0.28 million loss to RM2.5 million profit. The substantial increase in profit when compared with previous quarter was mainly attributed to the higher revenue in trading & processing of iron ore segment.



B3. Prospects

In spite of the challenging environment due to the ongoing uncertainty of the global economy, volatility of foreign currency and steel price, we expect the business environment for the manufacturing of steel products segment to remain stable.

The demand in the trade and processing of iron ore segment remains encouraging and vibrant, hence the management is positive that this segment will contribute promising results. Barring unforeseen circumstances, the Board is optimistic that the performance for the group for the quarter ahead will be satisfactory.

B4. Profit Forecast

Not applicable as no profits forecast was issued.

B5. Tax Expense

	Current Quarter		Cumulative Quarter	
	3 months ended 30 Jun		6 months ended 30 Jun	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Malaysian tax				
- Current tax	(151)	(445)	(151)	(560)
- Deferred tax	0	0	0	0
Total tax expense	(151)	(445)	(151)	(560)

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.

B6. Audit Report

The audited report of the preceding annual financial statements ended 31 December 2011 was not subject to any qualification.

B7. Status of Corporate Proposal Announced

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



B8. Borrowings

	30-Jun-12
	RM'000
Short term borrowings	
Secured	692
Unsecured	108,190
Finance lease liabilities	986
	109,868
Long term borrowings	
Secured	19,296
Finance lease liabilities	1,039
	20,335

All borrowings are denominated in Ringgit Malaysia.

B9. Changes in Material Litigation

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

B10. Realized and Unrealized Profits/Losses

The following analysis of realized and unrealized 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 Realized and Unrealized 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-12	31-Dec-11
	RM'000	RM'000
Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:		
- Realized	38,202	34,455
- Unrealized	(6,725)	(6,725)
Add: Consolidation adjustments	(888)	850
Total group retained profits as per consolidation accounts	30,589	28,580



B11. Earnings Per Ordinary Share

	Quarter Ended 30-Jun		Cumulative Period Ended 30-Jun	
	2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
Net loss /earnings attributable to ordinary equity holders of the Company (RM'000)	2,242	1,501	2,009	2,667
Weighted average number of ordinary shares ('000)	128,032	128,032	128,032	128,032
Basic (loss) /earnings per share (sen)	1.75	1.17	1.57	2.08

Diluted earnings per ordinary share

For current quarter ended 30 Jun 2012, diluted earnings per ordinary share was not computed and presented as the effect of the Employees' Share Option is anti-dilutive.

By the order of the Board

Datin Tan Pak Say
Managing Director
Penang
30 Aug 2012