



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 31 DEC 2012**

	NOTE	CURRENT 3 MONTHS ENDED 31 DEC		CUMULATIVE 12 MONTHS ENDED 31 DEC	
		2012 RM'000 (Unaudited)	2011 RM'000 (Unaudited)	2012 RM'000 (Unaudited)	2011 RM'000 (Unaudited)
Continuing operations					
Revenue		83,481	46,141	283,336	273,448
Operating expenses		(95,134)	(44,153)	(288,454)	(265,830)
Operating income		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating profit/(loss)		<u>(11,653)</u>	<u>1,988</u>	<u>(5,118)</u>	<u>7,618</u>
Finance costs		(1,081)	(1,370)	(6,062)	(4,741)
Finance Income		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Profit/(Loss)before tax		<u>(12,734)</u>	<u>618</u>	<u>(11,180)</u>	<u>2,877</u>
Tax income/(expense)	B5	<u>738</u>	<u>(5,253)</u>	<u>587</u>	<u>(4,368)</u>
Net loss from continuing operations		<u>(11,996)</u>	<u>(4,635)</u>	<u>(10,593)</u>	<u>(1,491)</u>
Loss for the financial year attributable to:- attributable to:					
Owner of the Company		(11,717)	(4,597)	(10,336)	(1,573)
Non-controlling interests		<u>(279)</u>	<u>(38)</u>	<u>(257)</u>	<u>82</u>
Loss for the financial year attributable to:-		<u>(11,996)</u>	<u>(4,635)</u>	<u>(10,593)</u>	<u>(1,491)</u>
OTHER COMPREHENSIVE INCOME,NET OF TAX					
Gain/(Loss) on fair value of available-for-sale financial asset		(150)	0	(156)	(84)
Reclassification adjustment on impairment of available-for-sale financial asset		240	0	240	0
Foreign currency translation differences of foreign subsidiary		(15)	0	(15)	0
Revaluation of PPE					
Gross revaluation surplus		40,404	0	40,404	0
Deferred tax		<u>(8,571)</u>	<u>0</u>	<u>(8,571)</u>	<u>0</u>
Total other comprehensive income		<u>31,908</u>	<u>0</u>	<u>31,902</u>	<u>(84)</u>
TOTAL COMPREHENSIVE INCOME		<u>19,912</u>	<u>(4,635)</u>	<u>21,309</u>	<u>(1,575)</u>
Basic (loss)/earnings per ordinary share (sen)	B11	<u>(9.15)</u>	<u>(3.59)</u>	<u>(8.07)</u>	<u>(1.23)</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 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
(Company No. 267209 - K)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DEC 2012

	NOTE	UNAUDITED 31 DEC 2012 RM'000	AUDITED 31 DEC 2011 RM'000
ASSETS			
Property, plant and equipment		141,280	100,761
Other investments		160	316
TOTAL NON-CURRENT ASSETS		141,440	101,077
Inventories		44,982	53,924
Trade and other receivables		84,982	76,997
Current tax assets		944	381
Cash and cash equivalents		5,132	2,614
TOTAL CURRENT ASSETS		136,040	133,916
TOTAL ASSETS		277,480	234,993
EQUITY			
Share capital		64,016	64,016
Share premium		4	4
Revaluation surplus		31,833	0
Treasury Share		0	0
Capital reserve		284	284
Share option reserve		0	2,185
Foreign currency translation reserve		(15)	0
Fair value reserve		0	(84)
Retained earnings		20,427	28,578
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		116,549	94,983
Non Controlling Interest		(175)	82
TOTAL EQUITY		116,374	95,065
LIABILITIES			
Borrowings	B8	17,337	19,296
Deferred tax liabilities		14,558	6,725
TOTAL NON-CURRENT LIABILITIES		31,895	26,021
Trade and other payables		23,287	23,212
Borrowings	B8	105,924	87,735
Current tax liabilities		0	2,960
TOTAL CURRENT LIABILITIES		129,211	113,907
TOTAL LIABILITIES		161,106	139,928
TOTAL EQUITY AND LIABILITIES		277,480	234,993
Net Assets Per Share (Sen)		91	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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	2012	2011
	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(11,179,262)	2,876,444
Adjustments for:		
Amortisation of prepaid lease payments		91,428
(Gain)/loss on disposal of PPE	(4,555)	(78,464)
(Gain)/loss on disposal of asset held for sale		(77,207)
Depreciation	8,809,835	8,397,560
Impairment loss on AFS	240,000	-
Impairment loss on loan & receivables	1,870,505	-
Impairment of PPE	1,394,132	-
Interest expenses	6,048,158	4,740,812
Interest income	-	(416,930)
Investment written-off	-	-
PPE written-off	1,365,301	100,000
Retirement benefits	-	-
Reversal of impairment loss on loan & receivables	-	-
Share of loss/(profit) of associate	-	-
Unrealised (gain)/loss on foreign exchange	(47,480)	-
Unrealised gain on financial instruments at fair value through P/L	-	-
Gain on disposal of a subsidiary		(1,169,612)
Operating profit before working capital changes	<u>8,496,634</u>	<u>14,464,031</u>
Changed in:-		
Inventories	8,941,384	26,747,704
Receivables and prepayments	(9,809,863)	(40,912,805)
Payables and advance payments	74,994	22,368,565
Cash generated from/(absorbed by) operations	<u>7,703,149</u>	<u>22,667,495</u>
Tax paid	(3,673,025)	(1,739,300)
Tax refunded	-	-
Interest paid	(6,048,158)	(4,740,812)
Interest received	-	416,930
Net cash from operating activities	<u>(2,018,034)</u>	<u>16,604,313</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of PPE	4,556	199,056
Proceeds from disposal of asset held for sale		285,000
Proceeds from disposal of subsidiary, net of cash and cash equivalents		151,678
Purchase of PPE	(11,683,505)	(19,932,392)
Net cash (used in)/ from investing activities	<u>(11,678,949)</u>	<u>(19,296,658)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase and lease obligations	(1,060,075)	(1,289,454)
Purchase of own shares	(77)	-
Term loans raised	-	-
Dividend paid to owners of the Company		(2,400,600)
Repayment of term loans	(947,453)	(1,464,833)
Increase/(Decrease) in short term bank borrowings	22,260,241	7,421,574
Net cash (used in)/ from financing activities	<u>20,252,636</u>	<u>2,266,687</u>
Effect of foreign exchange translation	(15,315)	
Net increase/(decrease) in cash and cash equivalents	<u>6,540,338</u>	<u>(425,658)</u>
Cash and cash equivalents brought forward	(1,408,484)	(982,826)
Cash and cash equivalents carried forward	<u>5,131,854</u>	<u>(1,408,484)</u>
Cash and cash equivalents carried forward		
Cash and cash equivalents	5,131,854	2,614,092
Bank overdraft	-	(4,022,576)
	<u>5,131,854</u>	<u>(1,408,484)</u>



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DEC 2012

	←← Attributable to equity holders of the Company →→							→ Distributable →				
	Non-distributable											
	Share Capital RM'000	Share Premium RM'000	Revaluation Surplus RM'000	Treasury Share 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	4	0	0	2,185	(84)	0	284	28,578	94,983	82	95,065
Loss on fair value of available for-sale financial assets	0	0	0	0	0	(156)	0	0	0	(156)	0	(156)
Reclassification adjustment on impairment of available-for-sale financial asset	0	0	0	0	0	240	0	0	0	240	0	240
Exchange difference arising from foreign subsidiary companies	0	0	0	0	0	0	(15)	0	0	(15)	0	(15)
Revaluation of PPE												
Gross revaluation surplus	0	0	40,404	0	0	0	0	0	0	40,404	0	40,404
Deferred tax	0	0	(8,571)	0	0	0	0	0	0	(8,571)	0	(8,571)
(Loss) / Profit for the year	0	0	0	0	0	0	0	0	(10,336)	(10,336)	(257)	(10,593)
Total comprehensive income for the year	0	0	31,833	0	0	84	(15)	0	(10,336)	21,566	(257)	21,309
Transfer from Share Option Reserve	0	0	0	0	(2,185)	0	0	0	2,185	0	0	0
Treasury share	0	0	0	(0)	0	0	0	0	0	0	0	0
At 31 DEC 2012	64,016	4	31,833	0	0	0	(15)	284	20,427	116,549	(175)	116,374
	Share Capital RM'000	Share Premium RM'000	Revaluation Surplus RM'000	Treasury Share RM'000	Option Reserve RM'000	Fair 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	0	0	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	(84)	0	0	0	(84)	0	(84)
Exchange difference arising from foreign subsidiary companies	0	0	0	0	0	0	0	0	0	0	0	0
Profit / (Loss) for the year	0	0	0	0	0	0	0	0	(1,573)	(1,573)	82	(1,491)
Total comprehensive income for the year	0	0	0	0	0	(84)	0	0	(1,573)	(1,657)	82	(1,575)
Disposal of a subsidiary	0	0	0	0	0	0	(41)	0	0	(41)		(41)
Dividend	0	0	0	0	0	0	0	0	(2,401)	(2,401)	0	(2,401)
Total transaction with owners	0	0	0	0	0	0	(41)	0	(2,401)	(2,442)	0	(2,442)
At 31 DEC 2011	64,016	4	0	0	2,185	(84)	0	284	28,578	94,983	82	95,065

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



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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

During the fourth quarter of 2012, the Company purchased 100 of its issued ordinary shares from the open market. The Company held a total of 100 treasury shares as at 31 December 2012.

Apart from the above, there were no other issuance and repayment of debt and equity securities, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial period ended 31 December 2012.



A6. Dividend

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

A7. Profit for The Period

	Current Quarter		Cumulative period ended	
	31-Dec 2012 RM'000	31-Dec 2011 RM'000	31-Dec 2012 RM'000	31-Dec 2011 RM'000
Profit before tax is arrived at after charging / (crediting)				
Depreciation of property, plant and equipment	2,220	2,131	8,810	8,489
Interest expense	1,081	1,381	6,062	4,741
Foreign exchange loss / (gain)	(230)	(1,009)	39	(369)

A8. Segment Information

Segmental reporting for the cumulative period ended 31 Dec 2012:

	Trading & Processing Of Iron Ore RM'000	Manufacturing & Trading of Steel Pipes RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	165,209	132,597		297,807
- Inter-segment	(3,424)	(11,046)		(14,471)
Total Revenue	161,785	121,551		283,336
Results				
Operating profit/(loss)	(921)	(4,196)		(5,118)
Finance cost	(4,144)	(1,918)		(6,062)
Tax expense	(642)	1,229		587
Segment profit/(loss)	(5,707)	(4,885)		(10,593)

A9. Events after the Interim Period

There is no event subsequent to the interim period.



A10. Changes In The Composition of The Group

Application has been submitted on 31 December 2012 to the Companies Commission of Malaysia to strike off the following subsidiary companies pursuant to Section 308 of the Companies Act, 1965 (“Strike Off”):-

- 1) Leader Steel Asia Sdn Bhd (Company No. 405625-V)
- 2) Acme Steel Works Sdn Bhd (Company No. 735121-V)

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	12 months ended 31 Dec 2012
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	6,221
Purchase of goods	46,290
Purchase of machinery parts	3,373
Rental expense	831
Deposit	1,210
Expenses Charge	14
	57,939

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIRMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Current quarter compared to the corresponding quarter of last year

The Group achieved total revenue of RM83 million for current quarter under review, an increase of RM37 million from RM46 million recorded in the preceding year corresponding quarter.

It was mainly attributed to the increase in revenue from the trading and processing of iron ore segment which registered an increase of RM32 million from RM11 million to RM43 million in its revenue.

Revenue from manufacturing and trading of steel pipe segment for current quarter compared to preceding year corresponding quarter had recorded an increase of RM5 million from RM35 million to RM40 million.

Loss before tax for current quarter recorded at RM13 million, an increase of RM12.5 million from RM0.5 million profit in the preceding year corresponding quarter attributed to the impairment losses, iron ore price variances and write-off of property, plant and equipment.



B2. Current quarter versus the preceding quarter

For the quarter under review, the Group recorded total revenue of RM83 million as compared to RM73 millions in the preceding quarter.

The Group revenue during the current quarter increased by RM10 million. It was mainly attributed to the increase in the manufacturing and trading of steel pipe segment, which registered an increase of RM13 million from RM26 million to RM39 million in its revenue.

Revenue from trading and processing of iron ore segment for current quarter compared to preceding quarter recorded a decrease of RM3 million from RM47 million to RM44 million.

Our group loss before tax increased by RM12.4 million from RM0.68 million loss to RM13 million loss. The substantial decrease in profit when compared with previous quarter was mainly attributed to the drop in world iron ore price during 3rd quarter of 2012, impairment adjustment in trade receivables and property, plant and equipment written off.

B3. Prospects

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

The demand in minerals trade and processing segment, remains encouraging and vibrant, hence the management is positive that this segment will contribute promising results. 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 3 months ended 31 Dec		Cumulative Quarter 12 months ended 31 Dec	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysian tax				
- Tax expenses - Current year	-	(5,253)	-	(4,368)
- Prior year	-	-	(151)	-
- Deferred tax - Current year	1,425	-	1,425	-
- Prior year	(687)	-	(687)	-
Total Tax Expenses	738	(5,253)	587	(4,368)



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

	31-Dec-12
Short term borrowings	RM'000
Secured	1,347
Unsecured	86,303
Unsecured – USD5,619,209	17,098
Finance lease liabilities	1,176
	<u>105,924</u>
Long term borrowings	
Secured	17,083
Finance lease liabilities	254
	<u>17,337</u>
Total Borrowings	<u><u>123,261</u></u>

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.

	31-Dec-12	31-Dec-11
	RM'000	RM'000
Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:		
- Realized	21,851	33,893
- Unrealized	(5,252)	(6,105)
Add: Consolidation adjustments	3,828	790
Total group retained profits as per consolidation accounts	20,427	28,578

B11. Earnings Per Ordinary Share

	Quarter Ended		Cumulative Period Ended	
	31-Dec		31-Dec	
	2012	2011	2012	2011
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net loss /earnings attributable to ordinary equity holders of the Company (RM'000)	(11,717)	(4,597)	(10,336)	(1,573)
Weighted average number of ordinary shares ('000)	128,032	128,032	128,032	128,032
Basic (loss) /earnings per share (sen)	(9.15)	(3.59)	(8.07)	(1.23)

Diluted earnings per ordinary share

For current quarter ended 31 Dec 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
 28 Feb 2013