



**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 2013**

	NOTE	CURRENT 3 MONTHS ENDED 30 JUN		CUMULATIVE 6 MONTHS ENDED 30 JUN	
		2013 RM'000 (Unaudited)	2012 RM'000 (Unaudited)	2013 RM'000 (Unaudited)	2012 RM'000 (Unaudited)
<b>Continuing operations</b>					
Revenue		74,726	70,786	121,084	126,725
Operating expenses		(71,284)	(66,522)	(113,101)	(121,261)
Operating income		0	0	0	0
<b>Operating profit</b>		3,442	# 4,264	7,983	5,464
Finance costs		(1,547)	(1,746)	(2,921)	(3,231)
Finance Income		0	0	0	0
<b>Profit before tax</b>		1,895	2,518	5,062	2,233
Tax expense	B5	0	(151)	0	(151)
<b>Net profit from continuing operations</b>		1,895	2,367	5,062	2,082
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>					
Gain/(Loss) on fair value of available-for-sale financial asset		0	4	0	(48)
<b>Total comprehensive income for the financial period</b>		<u>1,895</u>	<u>2,371</u>	<u>5,062</u>	<u>2,034</u>
<b>Net profit for the financial year attributable to:-</b>					
Equity holders of the company		1,836	2,242	5,105	2,009
Non-controlling interests		59	125	(43)	73
<b>NET PROFIT</b>		<u>1,895</u>	<u>2,367</u>	<u>5,062</u>	<u>2,082</u>
<b>Total comprehensive income for the period</b>					
<b>attributable to:</b>					
Equity holders fo the Company		1,836	2,246	5,105	1,961
Non-controlling interest		59	125	(43)	73
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>1,895</u>	<u>2,371</u>	<u>5,062</u>	<u>2,034</u>
<b>Basic earnings per ordinary share (sen)</b>	B11	<u>1.43</u>	<u>1.75</u>	<u>3.99</u>	<u>1.57</u>
<b>Diluted earnings per ordinary share (sen)</b>	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 2012



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUN 2013**

	NOTE	UNAUDITED 30 JUN 2013 RM'000	AUDITED 31 DEC 2012 RM'000
<b>ASSETS</b>			
Property, plant and equipment		135,603	139,839
Other investments		174	160
<b>TOTAL NON-CURRENT ASSETS</b>		<b>135,777</b>	<b>139,999</b>
Inventories		59,213	44,982
Trade and other receivables		85,200	85,090
Current tax assets		1,067	922
Cash and cash equivalents		1,544	5,132
<b>TOTAL CURRENT ASSETS</b>		<b>147,024</b>	<b>136,126</b>
<b>TOTAL ASSETS</b>		<b>282,801</b>	<b>276,125</b>
<b>EQUITY</b>			
Share capital		64,016	64,016
Treasury Share		(11)	(0)
Share premium		4	4
Revaluation surplus		31,834	31,834
Foreign currency translation reserve		(15)	(15)
Retained earnings		25,775	20,670
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>121,603</b>	<b>116,509</b>
Non Controlling Interest		(218)	(175)
<b>TOTAL EQUITY</b>		<b>121,385</b>	<b>116,334</b>
<b>LIABILITIES</b>			
Borrowings	<b>B8</b>	12,704	13,817
Deferred tax liabilities		14,578	14,578
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>27,282</b>	<b>28,395</b>
Trade and other payables		14,702	21,953
Borrowings	<b>B8</b>	119,426	109,443
Current tax liabilities		6	0
<b>TOTAL CURRENT LIABILITIES</b>		<b>134,134</b>	<b>131,396</b>
<b>TOTAL LIABILITIES</b>		<b>161,416</b>	<b>159,791</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>282,801</b>	<b>276,125</b>
<b>Net Assets Per Share (Sen)</b>		<b>95</b>	<b>91</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 2012



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL PERIOD ENDED 30 JUN 2013**

	<b>30-Jun-13</b>	<b>30-Jun-12</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	5,062	2,233
<b>Adjustments for:</b>		
Depreciation	4,787	4,353
Interest expenses	2,921	3,231
Unrealised (gain)/ loss on financial instruments at fair value through profit or loss	(14)	105
Operating profit before working capital changes	12,756	9,922
Changed in:-		
Inventories	(14,231)	2,596
Receivables and prepayments	(109)	(14,521)
Payables and advance payments	(7,250)	(5,190)
Cash absorbed by operations	(8,834)	(7,193)
Tax paid	(145)	(3,523)
Tax refunded	6	0
Interest paid	(2,921)	(3,231)
Net cash used in operating activities	(11,894)	(13,947)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(552)	(10,387)
Net cash used in investing activities	(552)	(10,387)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase and lease obligations	(542)	(377)
Purchase of own shares	(11)	0
Repayment of term loans	(665)	(613)
Increase in short term bank borrowings	7,306	23,837
Net cash from financing activities	6,088	22,847
Net decrease in cash and cash equivalents	(6,358)	(1,487)
Cash and cash equivalents brought forward	5,132	(1,408)
Cash and cash equivalents carried forward	(1,226)	(2,895)
<b><u>Cash and cash equivalents carried forward</u></b>		
Cash and cash equivalents	1,544	1,540
Bank overdraft	(2,770)	(4,435)
	(1,226)	(2,895)



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUN 2013**

	Attributable to equity holders of the Company							Distributable		Equity attributable to owners of the company Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
	Non-distributable							Capital Reserve	Retained Earnings			
	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	Currency Translation Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000			
<b>At 1 January 2013</b>	<b>64,016</b>	<b>4</b>	<b>31,834</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(15)</b>	<b>0</b>	<b>20,670</b>	<b>116,509</b>	<b>(175)</b>	<b>116,334</b>
Profit/ (Loss) for the year	0	0	0	0	0	0	0	0	5,105	5,105	(43)	5,062
Total comprehensive income /(expense) for the year	0	0	0	0	0	0	0	0	5,105	5,105	(43)	5,062
Purchase of own shares (representing total transactions with owners)	0	0	0	(11)	0	0	0	0	0	(11)	0	(11)
<b>At 30 Jun 2013</b>	<b>64,016</b>	<b>4</b>	<b>31,834</b>	<b>(11)</b>	<b>0</b>	<b>0</b>	<b>(15)</b>	<b>0</b>	<b>25,775</b>	<b>121,603</b>	<b>(218)</b>	<b>121,385</b>
	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	Currency Translation Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the company Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
<b>At 1 January 2012</b>	<b>64,016</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>2,185</b>	<b>(84)</b>	<b>0</b>	<b>284</b>	<b>28,579</b>	<b>94,984</b>	<b>82</b>	<b>95,066</b>
Loss on available for-sale financial assets	0	0	0	0	0	(48)	0	0	0	(48)	0	(48)
Profit for the year	0	0	0	0	0	0	0	0	2,009	2,009	73	2,082
Total comprehensive (expense)/ income for the year	0	0	0	0	0	(48)	0	0	2,009	1,961	73	2,034
<b>At 30 Jun 2012</b>	<b>64,016</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>2,185</b>	<b>(132)</b>	<b>0</b>	<b>284</b>	<b>30,588</b>	<b>96,945</b>	<b>155</b>	<b>97,100</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 2012



## 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 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.

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2012.

The following MFRSs and Amendments to MFRSs applicable to the Group have been adopted with effect from 1 January 2013.

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (2011)
MFRS 127	Separate Financial Statements (2011)
MFRS 128	Investment in Associates and Joint Ventures (2011)
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116	Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance

The adoption of the above standards and amendments are not expected to have any material financial impact to the current and prior periods financial statements of the Group.



#### **A1. Basis of Preparation (Cont'd)**

The following revised MFRSs and Amendments to MFRSs applicable to the Group have been issued by the MASB and are not yet effective for adoption by the Group.

##### **Amendments effective for annual periods beginning on or after 1 January 2014**

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

##### **MFRSs and Amendments effective for annual periods beginning on or after 1 January 2015**

MFRS 9	Financial Instruments (2009)
MFRS 9	Financial Instruments (2010)
Amendments to MFRS 7	Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group upon their first adoption.

#### **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, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review save for the following:

The shareholders of the Company, by a resolution passed at the Annual General Meeting held on 21 June 2012, approved the Company's plan to purchase its own shares. The Company had obtained its renewal of authority to buy back its own shares at the Annual General Meeting held on 27 May 2013.



#### A5. Debts and Equity or Securities (Cont'd)

During the quarter under review, the Company purchased a total of 34,100 ordinary shares of its issued share capital from the open market at an average cost of RM0.31 per share. The total consideration paid for the shares bought back, including transaction costs during the current quarter amounted to RM10,719 and was financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965. None of the treasury shares held were resold or cancelled during the current financial quarter. As at 30 June 2013, the total number of treasury shares held was 34,200 ordinary shares.

#### 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 2013 RM'000	30-Jun 2012 RM'000	30-Jun 2013 RM'000	30-Jun 2012 RM'000
<b>Profit before tax is arrived at after charging / (crediting)</b>				
Depreciation of property, plant and equipment	2,166	2,211	4,787	4,353
Interest expense	1,547	1,746	2,921	3,231
Foreign exchange loss / (gain)	(121)	(383)	(170)	124

#### A8. Segment Information

Segmental reporting for the cumulative period ended 30 June 2013:

	Trading & Processing Of Iron Ore RM'000	Manufacturing & Trading of Steel Pipe RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>				
- External	60,734	60,350	0	121,084
- Inter-segment	0	8,145	(8,145)	0
<b>Total Revenue</b>	<b>60,734</b>	<b>68,495</b>	<b>(8,145)</b>	<b>121,084</b>
<b>Results</b>				
Operating profit	3,696	4,287	0	7,983
Finance cost	(1,310)	(1,611)	0	(2,921)
Tax expense	0	0	0	0
<b>Segment profit</b>	<b>2,386</b>	<b>2,676</b>	<b>0</b>	<b>5,062</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 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 2013
<b>Eonmetall Group Berhad and its subsidiaries</b>	<b>RM'000</b>
Sales of goods	72
Purchase of goods	3,448
Purchase of machinery parts	393
Rental Expenses	258
	<u><b>4,171</b></u>

**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 RM74.7 million for current quarter under review, an increase of RM3.9 million or 5.5% from RM70.8 million recorded in the preceding year corresponding quarter.

It was mainly attributed to the revenue increase in the Trading and Processing of Iron Ore segment which registered an increase of RM6.9 million or 18.4% from RM37.5 million to RM44.4 million.

Revenue from Manufacturing and Trading of Steel Pipe segment for current quarter compared to preceding year corresponding quarter had recorded a decrease of RM3 million or 9% from RM33.3 million to RM30.3 million.

For the current quarter ended 30 June 2013, the Group posted a profit before taxation of RM1.9 million as compared to the preceding year corresponding quarter of RM2.5 million, representing a reduction of RM0.6 million or 24%. The lower profit before taxation was mainly due to lower profit margin in the Manufacturing and Trading of Steel Pipe segment and contract adjustments for iron ore.





## B2. Current quarter versus the preceding quarter

For the quarter under review, the Group recorded total revenue of RM74.7 million as compared to RM46.4 million in the preceding quarter.

The Group revenue during the current quarter increased by RM28.3 million or 61%. It was mainly attributed to the revenue increase in Trading and Processing of Iron Ore segment for current quarter compared to preceding quarter which had recorded an increase of RM26.2 million or 144% from RM18.2 million to RM44.4 million.

Revenue Manufacturing and Trading of Steel Pipe segment, registered an increase of RM2.1 million or 7.4% from RM28.2 million to RM30.3 million in its revenue.

Despite the increase in revenue, our group profit before tax reduced by RM1.3 million or 40.6% from RM3.2 million to RM1.9 million in current quarter. The reduction in profit before tax was primarily due to lower profit margin in the Manufacturing and Trading of Steel Pipe segment and contract adjustments for iron ore.

## B3. Prospects

In spite of the challenging environment arising from the ongoing uncertainty of the global economy, volatility of foreign currency and steel prices, we expect the business environment for the manufacturing and trading of steel products to remain stable.

The demand for minerals and iron ore remain encouraging and vibrant, hence the management is positive that the trading and processing of iron ore segment will contribute promising results. On the assumption that this environment will persist, the Board is optimistic of maintaining the performance of the Group for the quarter ahead.

## B4. Profit Forecast

Not applicable as no profit forecast was issued.

## B5. Tax Expense

	Current Quarter 3 months ended 30 Jun		Cumulative Quarter 6 months ended 30 Jun	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<b>Malaysian tax</b>				
- Current tax	0	151	0	151
- Deferred tax	0	0	0	0
<b>Total tax expense</b>	0	151	0	151

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 2012 was not subject to any qualification.

## **B7. Status of Corporate Proposal Announced**

Other than the below, there are no other corporate proposals announced but not completed as at the date of issue of this announcement:-

At the Extraordinary General Meeting of the Company held on 28 December 2012, the shareholders of the Company had approved the acquisition by Leader Steel Sdn Bhd (“LSSB”), a wholly owned subsidiary of the Company from Eonmetall Systems Sdn Bhd (“ESSB”), of a parcel of industrial land together with an almost completed single-storey detached factory with an office erected thereon held under Title No. GM 77765, Lot No. 1596, Mukim 12, Daerah Seberang Perai Selatan, Pulau Pinang, for a cash consideration of RM12,100,000.00 (“Acquisition”).

The Company had on 5 April 2013 announced that LSSB had on even date, reached an understanding with ESSB, to further extend the Extended Completion Period for the Acquisition by three (3) months commencing from the expiry of the Extended Completion Date of 27 April 2013, subject to LSSB paying an interest at the rate of 6% per annum on the unpaid balance purchase price calculated on a daily basis.

Subsequent to the above, the Company had on 27 July 2013 announced that LSSB had on even date, reached an understanding with ESSB, to further extend the Extended Completion Period for the Acquisition by three (3) months commencing from the expiry of the Extended Completion Date of 27 July 2013, subject to LSSB paying an interest at the rate of 6% per annum on the unpaid balance purchase price calculated on a daily basis.

Following the above, the last date for settlement of the balance purchase price pursuant to the Acquisition will be on 27 October 2013

## **B8. Borrowings**

	<b>30-Jun-13</b>
<b>Short term borrowings</b>	<b>RM'000</b>
Secured	4,537
Unsecured	114,315
Finance lease liabilities	574
	<u><b>119,426</b></u>
<b>Long term borrowings</b>	
Secured	12,390
Finance lease liabilities	314
	<u><b>12,704</b></u>
<b>Total Borrowings</b>	<u><b>132,130</b></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.

	<b>30-Jun-13</b>	<b>31-Dec-12</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:</b>		
- Realized	29,708	24,646
- Unrealized	(5,959)	(5,959)
Add: Consolidation adjustments	2,026	1,983
Total group retained profits as per consolidation accounts	<b>25,775</b>	<b>20,670</b>

#### B11. Earnings Per Ordinary Share

	<b>Quarter Ended</b>		<b>Cumulative Period Ended</b>	
	<b>30-Jun</b>		<b>30-Jun</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Net earnings attributable to ordinary equity holders of the Company (RM'000)	1,836	2,242	5,105	2,009
Weighted average number of ordinary shares ('000)	128,032	128,032	128,032	128,032
<b>Basic earnings per share (sen)</b>	<b>1.43</b>	<b>1.75</b>	<b>3.99</b>	<b>1.57</b>

By the order of the Board

Datin Tan Pak Say  
 Managing Director  
 Penang  
 29 Aug 2013