



**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 MARCH 2014**

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED		12 MONTHS ENDED	
		31 MARCH		31 MARCH	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Continuing operations</b>					
Revenue		84,383	46,358	84,383	46,358
Operating expenses		(81,404)	(41,817)	(81,404)	(41,817)
<b>Operating profit/ (loss)</b>		2,979	4,541	2,979	4,541
Finance costs		(1,477)	(1,374)	(1,477)	(1,374)
<b>(Loss)/ Profit before tax</b>		1,502	3,167	1,502	3,167
Tax expense	B5	(1)	0	(1)	0
<b>Net (loss)/ profit from continuing operations</b>		1,501	3,167	1,501	3,167
<b>TOTAL COMPREHENSIVE (EXPENSES)/INCOME</b>		1,501	3,167	1,501	3,167
<b>Net (loss)/ profit for the financial year attributable to:-</b>					
Equity holders of the company		1,528	3,269	1,528	3,269
Non-controlling interests		(27)	(102)	(27)	(102)
<b>NET (LOSS)/ PROFIT</b>		1,501	3,167	1,501	3,167
<b>Total comprehensive (expenses)/income for the financial year attributable to:-</b>					
Equity holders of the company		1,528	3,269	1,528	3,269
Non-controlling interests		(27)	(102)	(27)	(102)
<b>TOTAL COMPREHENSIVE (EXPENSES)/INCOME</b>		1,501	3,167	1,501	3,167
<b>Basic earnings per ordinary share (sen)</b>	B11	1.19	2.55	1.19	2.55
<b>Diluted earnings per ordinary share (sen)</b>	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 2012



**LEADER STEEL HOLDINGS BERHAD**  
(Company No. 267209 - K)  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2014**

	NOTE	UNAUDITED 31 MAR 2014 RM'000	AUDITED 31 DEC 2013 RM'000
<b>ASSETS</b>			
Property, plant and equipment		135,022	136,134
Other investments		62	46
<b>TOTAL NON-CURRENT ASSETS</b>		<b>135,084</b>	<b>136,180</b>
Inventories		75,502	83,461
Trade and other receivables		67,140	34,370
Current tax assets		86	75
Cash and cash equivalents		12,148	9,370
<b>TOTAL CURRENT ASSETS</b>		<b>154,876</b>	<b>127,276</b>
<b>TOTAL ASSETS</b>		<b>289,960</b>	<b>263,456</b>
<b>EQUITY</b>			
Share capital		64,016	64,016
Treasury share		(118)	(55)
Share premium		4	4
Revaluation surplus		31,528	31,528
Capital reserve		0	0
Foreign currency translation reserve		3	3
Retained earnings		23,061	21,533
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>118,494</b>	<b>117,029</b>
Non Controlling Interest		(557)	(530)
<b>TOTAL EQUITY</b>		<b>117,937</b>	<b>116,499</b>
<b>LIABILITIES</b>			
Borrowings	B8	13,011	16,231
Deferred tax liabilities		13,593	13,593
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>26,604</b>	<b>29,824</b>
Trade and other payables		15,796	10,077
Borrowings	B8	128,532	105,494
Current tax liabilities		1,091	1,562
<b>TOTAL CURRENT LIABILITIES</b>		<b>145,419</b>	<b>117,133</b>
<b>TOTAL LIABILITIES</b>		<b>172,023</b>	<b>146,957</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>289,960</b>	<b>263,456</b>
<b>Net Assets Per Share (Sen)</b>		<b>93</b>	<b>91</b>
		(0)	0
		(0)	0
		0	0

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 CHANGE IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	Attributable to equity holders of the Company Non-distributable						Distributable			Equity attributable to owners of the company Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	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 2014</b>	<b>64,016</b>	<b>4</b>	<b>31,528</b>	<b>(55)</b>	<b>3,356</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>18,177</b>	<b>117,029</b>	<b>(530)</b>	<b>116,499</b>
Currency translation differences for foreign operations	0	0	0	0	0	0	0	0	0	0	0	0
<b>Revaluation of PPE</b>												
Deferred tax relating to Real Property Gain Tax	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	1,528	1,528	(27)	1,501
Total comprehensive income for the year	0	0	0	0	0	0	0	0	1,528	1,528	(27)	1,501
Purchase of own shares (representing total transactions with owners)	0	0	0	(63)	0	0	0	0	0	(63)	0	(63)
<b>At 31 March 2014</b>	<b>64,016</b>	<b>4</b>	<b>31,528</b>	<b>(118)</b>	<b>3,356</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>19,705</b>	<b>118,494</b>	<b>(557)</b>	<b>117,937</b>

	Attributable to equity holders of the Company Non-distributable						Distributable			Equity attributable to owners of the company Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	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>116,508</b>	<b>(175)</b>	<b>116,333</b>
Loss on available for-sale financial assets	0	0	0	0	0	0	0	0	0	0	0	0
Loss for the year	0	0	0	0	0	0	0	0	3,269	3,269	(102)	3,167
Total comprehensive income for the year	0	0	0	0	0	0	0	0	3,269	3,269	(102)	3,167
<b>At 31 March 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>23,939</b>	<b>119,777</b>	<b>(277)</b>	<b>119,500</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**  
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	31-Mar-14 RM'000	31-Mar-13 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before tax	1,502	3,167
<b>Adjustments for:</b>		
Loss/ (gain) on disposal of property, plant and equipment	0	0
Depreciation	2,415	2,622
Impairment loss on available-for-sale financial assets	(16)	0
Impairment loss on loan and receivables	0	0
Impairment loss on property, plant and equipment	0	0
Interest expenses	1,477	1,374
Property, plant and equipment written-off	0	0
Unrealised (gain) on foreign exchange	0	0
Operating profit before working capital changes	5,378	7,166
Changes in:-		
Inventories	7,959	(11,940)
Receivables and prepayments	(32,770)	4,097
Payables and advance payments	5,718	(5,453)
Cash from by operations	(13,715)	(6,130)
Tax paid	(482)	(75)
Tax refunded	0	6
Interest paid	(1,477)	(1,374)
Net cash from/ (used) in operating activities	(15,674)	(7,573)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	0	0
Purchase of property, plant and equipment	(1,302)	(1,507)
Net cash used in investing activities	(1,302)	(1,507)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase obligations	(60)	(433)
Purchase of own shares	(63)	0
Commodity financing raised	0	0
Repayment of term loans	(727)	(331)
Repayment of commodity financing	(740)	0
Increase in short term loans and borrowings	20,838	2,762
Net cash (used in)/ from financing activities	19,248	1,999
Currency translation differences	0	0
Net increase in cash and cash equivalents	2,272	(7,082)
Cash and cash equivalents brought forward	8,816	5,132
Cash and cash equivalents carried forward	11,088	(1,950)
<b><u>Cash and cash equivalents carried forward</u></b>		
Cash and cash equivalents	12,148	1,800
Bank overdrafts	(1,060)	(3,750)
	11,088	(1,950)



## **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 2013.

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 Company for the financial year ended 31 December 2013, except for the adoption of the following MFRS and amendments to MFRS during the financial period:

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
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies	

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.

During the quarter under review, the Company had purchased a total of 415,800 ordinary shares of its issued share capital from the open market at an average cost of RM0.292 per share. The total consideration paid for the shares bought back, including transaction costs during the current quarter amounted to RM 121,436 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 31 Mar 2014, the total number of treasury shares held was 600,000 ordinary shares.

#### A6. Dividend

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

#### A7. (Loss)/ Profit for The Period

	Current Quarter		Cumulative period ended	
	31-Mar 2014 RM'000	31-Mar 2013 RM'000	31-Mar 2014 RM'000	31-Mar 2013 RM'000
<b>Profit before tax is arrived at after charging / (crediting)</b>				
Depreciation of property, plant and equipment	2,415	2,622	2,415	2,622
Interest expense	1,477	1,374	1,477	1,374
Foreign exchange gain	(16)	(48)	(16)	(48)



## A8. Segment Information

Segmental reporting for the cumulative period ended 31 Mar 2014:

	<b>Trading &amp; Processing Of Iron Ore RM'000</b>	<b>Manufacturing &amp; Trading of Steel Pipe RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>				
- External	56,077	29,829	0	85,906
- Inter-segment	(684)	(839)	0	(1,523)
<b>Total Revenue</b>	<b>55,393</b>	<b>28,990</b>	<b>0</b>	<b>84,383</b>
<b>Results</b>				
Operating profit	2,391	588	0	2,979
Finance cost	(677)	(800)	0	(1,477)
Tax expense	0	(1)	0	(1)
<b>Segment profit</b>	<b>1,714</b>	<b>(213)</b>	<b>0</b>	<b>1,501</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. Changes In Contingent Liabilities

The is no contingent liabilities for current quarter.

## A12. Related Party Transactions

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**Companies in which certain directors are deemed to have substantial financial interests**      **3 months ended 31 Mar 2014**

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	<b>RM'000</b>
<b>Eonmetall Group Berhad and its subsidiaries</b>	
Sales of goods	34
Purchase of goods	8
Purchase of machinery parts	-
Rental Expenses	-
	<b>42</b>

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## **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 total revenue of RM84 million for current quarter under review, an increase of RM38 million or 82.6% from RM46 million recorded in the preceding year's corresponding quarter.

It was mainly attributed by the increase in the trading and processing of iron ore segment which registered an increase of RM37 million or 205.6% from RM18 million to RM55 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 RM1 million or 3.6% from RM28 million to RM29 million.

For the current quarter ended 31 Mar 2014, the group posted a lower profit before taxation of RM1.5 million as compared to the preceding year's corresponding profit before taxation of RM3.2 million, representing a decrease of RM1.7 million or 53.1% profit before tax. It was mainly due to lower profit margin in both segments.

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

For the quarter under review, the Group recorded total revenue of RM84 million as compared to RM47 million in the preceding quarter.

The group revenue during the current quarter increased by RM37 million or 78.7%. It was mainly attributed to the increase in trading and processing of iron ore segment for current quarter compared to preceding quarter which had recorded an increase of RM40.4 million or 276.7% from RM14.6 million to RM55 million.

Revenue from manufacturing and trading of steel pipe segment, registered a decrease of RM3.4 million or 10.5% from RM32.4 million to RM29 million in its revenue.

In line with the increase in revenue, our group profit before tax increased by RM1.98 million from RM0.48 million loss to RM1.5 million profit in current quarter. The improvement in profit before tax primarily due to the higher profit margin in both manufacturing and trading of steel pipe and trading and processing of iron ore segment.

### **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		Cumulative Quarter	
	3 months ended 31 Mar		3 months ended 31 Mar	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Malaysian tax				
- Current tax	(1)	0	(1)	0
- Prior year tax	0	0	0	0
- Deferred tax	0	0	0	0
<b>Total tax expense</b>	<b>(1)</b>	<b>0</b>	<b>(1)</b>	<b>0</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.

**B6. Audit Report**

The audited report of the preceding annual financial statements ended 31 December 2013 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.

**B8. Borrowings**

	<b>31-Mar 14</b>
	<b>RM'000</b>
<b>Short term borrowings</b>	
Secured	9,597
Unsecured	118,566
Finance lease liabilities	369
	<u><b>128,532</b></u>
<b>Long term borrowings</b>	
Secured	12,808
Finance lease liabilities	203
	<u><b>13,011</b></u>
<b>Total Borrowings</b>	<u><u><b>141,543</b></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-Mar-14	31-Dec-13
	RM'000	RM'000
<b>Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:</b>		
- Realized	27,643	22,786
- Unrealized	(4,804)	(4,804)
Add: Consolidation adjustments	222	3,551
Total group retained profits as per consolidation accounts	<u>23,061</u>	<u>21,533</u>

## B11. Earnings Per Ordinary Share

	Quarter Ended		Cumulative Period Ended	
	31- Mar		31- Mar	
	2014	2013	2014	2013
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net earnings attributable to ordinary equity holders of the Company (RM'000)	1,528	3,269	1,528	3,269
Weighted average number of ordinary shares ('000)	128,032	128,032	128,032	128,032
<b>Basic earnings per share (sen)</b>	1.19	2.55	1.19	2.55

By the order of the Board

Datin Tan Pak Say  
 Managing Director  
 Penang  
 30 May 2014