



## 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 SEPTEMBER 2014

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED	3 MONTHS ENDED	9 MONTHS ENDED	9 MONTHS ENDED
		30 SEPTEMBER	30 SEPTEMBER	30 SEPTEMBER	30 SEPTEMBER
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Continuing operations</b>					
Revenue		50,572	90,576	182,929	211,660
Operating expenses		<u>(50,211)</u>	<u>(88,809)</u>	<u>(175,203)</u>	<u>(197,122)</u>
<b>Operating profit/ (loss)</b>		361	1,767	7,726	14,538
Depreciation		(2,361)	(2,417)	(7,163)	(7,204)
Finance costs		<u>(1,556)</u>	<u>(1,485)</u>	<u>(4,519)</u>	<u>(4,406)</u>
<b>(Loss)/ Profit before tax</b>		(3,556)	(2,135)	(3,956)	2,928
Tax expense	B5	<u>396</u>	<u>(167)</u>	<u>395</u>	<u>(167)</u>
<b>Net (loss)/ profit from continuing operations</b>		<u>(3,160)</u>	<u>(2,302)</u>	<u>(3,561)</u>	<u>2,761</u>
<b>TOTAL COMPREHENSIVE (EXPENSES)/INCOME</b>					
		<u>(3,160)</u>	<u>(2,302)</u>	<u>(3,561)</u>	<u>2,761</u>
<b>Net (loss)/ profit for the financial year attributable to:-</b>					
Equity holders of the company		(3,131)	(2,262)	(3,480)	2,843
Non-controlling interests		<u>(29)</u>	<u>(40)</u>	<u>(81)</u>	<u>(82)</u>
<b>NET (LOSS)/ PROFIT</b>		<u>(3,160)</u>	<u>(2,302)</u>	<u>(3,561)</u>	<u>2,761</u>
<b>Total comprehensive (expenses)/income for the financial year attributable to:-</b>					
Equity holders of the company		(3,131)	(2,262)	(3,480)	2,843
Non-controlling interests		<u>(29)</u>	<u>(40)</u>	<u>(81)</u>	<u>(82)</u>
<b>TOTAL COMPREHENSIVE (EXPENSES)/INCOME</b>		<u>(3,160)</u>	<u>(2,302)</u>	<u>(3,561)</u>	<u>2,761</u>
<b>Basic earnings per ordinary share (sen)</b>	B11	<u>(2.45)</u>	<u>(1.77)</u>	<u>(2.72)</u>	<u>2.22</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 2013



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2014**

	NOTE	UNAUDITED 30 SEP 2014 RM'000	AUDITED 31 DEC 2013 RM'000
<b>ASSETS</b>			
Property, plant and equipment		130,443	136,134
Other investments		60	46
<b>TOTAL NON-CURRENT ASSETS</b>		<b>130,503</b>	<b>136,180</b>
Inventories		72,164	83,461
Trade and other receivables		50,368	34,370
Current tax assets		1,327	75
Cash and cash equivalents		4,129	9,370
<b>TOTAL CURRENT ASSETS</b>		<b>127,988</b>	<b>127,276</b>
<b>TOTAL ASSETS</b>		<b>258,491</b>	<b>263,456</b>
<b>EQUITY</b>			
Share capital		64,016	64,016
Treasury share		(263)	(55)
Share premium		4	4
Revaluation surplus		31,528	31,528
Capital reserve		0	0
Foreign currency translation reserve		3	3
Retained earnings		18,053	21,533
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>113,341</b>	<b>117,029</b>
Non Controlling Interest		(611)	(530)
<b>TOTAL EQUITY</b>		<b>112,730</b>	<b>116,499</b>
<b>LIABILITIES</b>			
Borrowings	B8	10,692	16,231
Deferred tax liabilities		13,593	13,593
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>24,285</b>	<b>29,824</b>
Trade and other payables		13,031	10,077
Borrowings	B8	108,445	105,494
Current tax liabilities		0	1,562
<b>TOTAL CURRENT LIABILITIES</b>		<b>121,476</b>	<b>117,133</b>
<b>TOTAL LIABILITIES</b>		<b>145,761</b>	<b>146,957</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>258,491</b>	<b>263,456</b>
<b>Net Assets Per Share (Sen)</b>		<b>89</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 2013



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	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 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>
Profit/ (Loss) for the year	0	0	0	0	0	0	0	0	(3,480)	(3,480)	(81)	(3,561)
Total comprehensive (expenses)/income for the year	0	0	0	0	0	0	0	0	(3,480)	(3,480)	(81)	(3,561)
Purchase of own shares (representing total transactions with owners)	0	0	0	(208)	0	0	0	0	0	(208)	0	(208)
<b>At 30 September 2014</b>	<b>64,016</b>	<b>4</b>	<b>31,528</b>	<b>(263)</b>	<b>3,356</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>14,697</b>	<b>113,341</b>	<b>(611)</b>	<b>112,730</b>

	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>
Loss on available for-sale financial assets	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	2,843	2,843	(82)	2,761
Total comprehensive (expenses)/income for the year	0	0	0	0	0	0	0	0	2,843	2,843	(82)	2,761
Purchase of own shares (representing total transactions with owners)	0	(0)	0	(40)	0	0	0	0	0	(40)	0	(40)
<b>At 30 September 2013</b>	<b>64,016</b>	<b>4</b>	<b>31,834</b>	<b>(40)</b>	<b>0</b>	<b>0</b>	<b>(15)</b>	<b>0</b>	<b>23,513</b>	<b>119,312</b>	<b>(257)</b>	<b>119,055</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 2013



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	<b>30 SEP 2014</b>	<b>30 SEP 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before tax	(3,956)	2,928
<b>Adjustments for:</b>		
Amortisation of investments	0	679
Depreciation	7,163	7,204
Impairment loss on available-for-sale financial assets	(14)	18
Interest expenses	4,519	4,406
Operating profit before working capital changes	7,712	15,235
Changes in:-		
Inventories	11,297	3,771
Receivables and prepayments	(15,998)	(1,161)
Payables and advance payments	2,954	(12,178)
Cash generated from/(absorbed by) operations	5,965	5,667
Tax paid	(2,420)	(223)
Tax refunded	0	94
Interest paid	(4,519)	(4,406)
Net cash from/ (used) in operating activities	(974)	1,132
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,472)	(1,068)
Net cash (used in)/ from investing activities	(1,472)	(1,068)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase obligations	99	(853)
Purchase of own shares	(208)	(40)
Repayment of term loans	(2,197)	(1,005)
Repayment of commodity financing	(2,524)	0
Increase in short term loans and borrowings	(804)	8,599
Net cash (used in)/ from financing activities	(5,634)	6,701
Net increase/(decrease) in cash and cash equivalents	(8,080)	6,765
Cash and cash equivalents brought forward	8,816	5,132
Cash and cash equivalents carried forward	736	11,897
<b><u>Cash and cash equivalents carried forward</u></b>		
Cash and cash equivalents	4,129	14,854
Bank overdrafts	(3,393)	(2,957)
	736	11,897



## **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.

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:

During the quarter under review, the Company had purchased a total of 209,700 ordinary shares of its issued share capital from the open market at an average cost of RM0.33 per share. The total consideration paid for the shares bought back, including transaction costs during the current quarter amounted to RM 69,203.83 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 Sep 2014, the total number of treasury shares held was 869,700 ordinary shares.

#### 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	
30-Sep	30-Sep	30-Sep	30-Sep
2014	2013	2014	2013
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	2,361	2,417	7,163	7,204
Interest expense	1,556	1,485	4,519	4,406
Foreign exchange (gain)/loss	124	(246)	179	(415)



## A8. Segment Information

Segmental reporting for the cumulative period ended 30 Sep 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	95,401	93,375	0	188,776
- Inter-segment	0	0	(5,847)	(5,847)
<b>Total Revenue</b>	<b>95,401</b>	<b>93,375</b>	<b>(5,847)</b>	<b>182,929</b>
<b>Results</b>				
Operating profit/(loss)	199	379	(15)	563
Finance cost	(1,447)	(3,072)	0	(4,519)
Tax expense	397	(2)	0	395
<b>Segment profit/(loss)</b>	<b>(851)</b>	<b>(2,695)</b>	<b>(15)</b>	<b>(3,561)</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

There is no contingent liabilities for current quarter.

## A12. Related Party Transactions

<b>Companies in which certain directors are deemed to have substantial financial interests</b>	<b>9 months ended 30 Sep 2014</b>
<b>Eonmetall Group Berhad and its subsidiaries</b>	<b>RM'000</b>
Sales of goods	221
Purchase of goods	4,970
Purchase of machinery parts	36
Rental expense	75
	<b>5,302</b>



## **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 RM50.6 million for the current quarter under review representing a decrease of RM40 million or 44.2% from RM90.6 million recorded in the preceding year's corresponding quarter.

It was mainly attributed to the decrease of revenue in the trading and processing of iron ore segment which registered a decrease in revenue of RM38.5 million or 64.7% from RM59.5 million to RM21 million.

Revenue from manufacturing and trading of steel pipe segment for the current quarter compared to preceding year corresponding quarter had also recorded a decrease of RM1.5 million or 4.8% from RM31.1 million to RM29.6 million.

For the current quarter ended 30 September 2014, the Group posted a loss before taxation of RM3.6 million as compared to the preceding year's corresponding loss before taxation of RM2.1 million, representing an increase of RM1.5 million or 71.4% in loss before tax. It was mainly contributed by the decrease in revenue.

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

For the quarter under review, the Group recorded a total revenue of RM50.6 million as compared to RM48 million in the preceding quarter.

The Group's revenue during the current quarter had increased by RM2.6 million or 5.4%. 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 RM3 million or 16.7% from RM18 million to RM21 million.

Revenue from manufacturing and trading of steel pipe segment registered a decrease of RM0.4 million or 1.33% from RM30 million to RM29.6 million.

Despite of the increase in revenue, our Group's loss before tax had increased by RM1.7 million from RM1.9 million loss to RM3.6 million loss in current quarter. The increase of loss before tax was primarily due to the decrease in revenue.

### **B3. Prospects**

In view 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 challenging.

The demand for minerals except for iron ore remain encouraging. Hence, the management is positive that the minerals will contribute promising results to the trading and processing of iron ore segment. On the assumption that this environment will persist, the Board is optimistic of improving the performance of the Group for the quarter ahead. However, in view of the pricing pressure, the Group does not expect to record exceptional results.





**B4. Profit Forecast**

Not applicable as no profit forecast was issued.

**B5. Tax Expense**

	Current Quarter 3 months ended 30 Sep		Cumulative Quarter 9 months ended 30 Sep	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Malaysian tax</b>				
- Current tax	(1)	0	(2)	0
- Prior year tax	397	(167)	397	(167)
- Deferred tax	0	0	0	0
<b>Total tax expense</b>	<b>396</b>	<b>(167)</b>	<b>395</b>	<b>(167)</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>30-Sep-14</b>
	<b>RM'000</b>
<b>Short term borrowings</b>	
Secured	8,935
Unsecured	99,192
Finance lease liabilities	318
	<u><b>108,445</b></u>
<b>Long term borrowings</b>	
Secured	10,279
Finance lease liabilities	413
	<u><b>10,692</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-Sep-14</b>	<b>31-Dec-13</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:</b>		
- Realized	22,566	22,785
- Unrealized	(4,804)	(4,804)
Add: Consolidation adjustments	292	3,552
Total group retained profits as per consolidation accounts	<b>18,053</b>	<b>21,533</b>

## B11. Earnings Per Ordinary Share

	<b>Quarter Ended</b>		<b>Cumulative Period Ended</b>	
	<b>30-Sep</b>		<b>30-Sep</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Net loss /earnings attributable to ordinary equity holders of the Company (RM'000)	(3,131)	(2,262)	(3,480)	2,843
Weighted average number of ordinary shares ('000)	128,032	128,032	128,032	128,032
<b>Basic (loss) /earnings per share (sen)</b>	<b>(2.45)</b>	<b>(1.77)</b>	<b>(2.72)</b>	<b>2.22</b>

By the order of the Board

Datin Tan Pak Say  
Managing Director  
Penang

26 November 2014