



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 JUNE 2014

	NOTE	CURRENT 3 MONTHS ENDED 30 JUNE		CUMULATIVE 6 MONTHS ENDED 30 JUNE	
		2014 RM'000 (Unaudited)	2013 RM'000 (Unaudited)	2014 RM'000 (Unaudited)	2013 RM'000 (Unaudited)
Continuing operations					
Revenue		47,974	74,726	132,357	121,084
Operating expenses		<u>(46,003)</u>	<u>(69,118)</u>	<u>(124,992)</u>	<u>(108,314)</u>
Operating profit		1,971	5,608	7,365	12,770
Depreciation		(2,387)	(2,166)	(4,802)	(4,787)
Finance costs		<u>(1,485)</u>	<u>(1,547)</u>	<u>(2,963)</u>	<u>(2,921)</u>
(Loss)/ Profit before tax		(1,901)	1,895	(400)	5,062
Tax expense	B5	<u>(1)</u>	<u>0</u>	<u>(1)</u>	<u>0</u>
Net (loss)/ profit from continuing operations		<u>(1,902)</u>	<u>1,895</u>	<u>(401)</u>	<u>5,062</u>
TOTAL COMPREHENSIVE (EXPENSES)/INCOME		<u>(1,902)</u>	<u>1,895</u>	<u>(401)</u>	<u>5,062</u>
Net (loss)/ profit for the financial year attributable to:-					
Equity holders of the company		(1,876)	1,836	(349)	5,105
Non-controlling interests		<u>(26)</u>	<u>59</u>	<u>(52)</u>	<u>(43)</u>
NET (LOSS)/ PROFIT		<u>(1,902)</u>	<u>1,895</u>	<u>(401)</u>	<u>5,062</u>
Total comprehensive (expenses)/income for the financial year attributable to:-					
Equity holders of the company		(1,876)	1,836	(349)	5,105
Non-controlling interests		<u>(26)</u>	<u>59</u>	<u>(52)</u>	<u>(43)</u>
TOTAL COMPREHENSIVE (EXPENSES)/INCOME		<u>(1,902)</u>	<u>1,895</u>	<u>(401)</u>	<u>5,062</u>
Basic earnings per ordinary share (sen)	B11	<u>(1.47)</u>	<u>1.43</u>	<u>(0.27)</u>	<u>3.99</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 2013



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

	NOTE	UNAUDITED 30 JUNE 2014 RM'000	AUDITED 31 DEC 2013 RM'000
ASSETS			
Property, plant and equipment		132,761	136,134
Other investments		54	46
TOTAL NON-CURRENT ASSETS		132,815	136,180
Inventories		73,145	83,461
Trade and other receivables		49,823	34,370
Current tax assets		102	75
Cash and cash equivalents		7,091	9,370
TOTAL CURRENT ASSETS		130,161	127,276
TOTAL ASSETS		262,976	263,456
EQUITY			
Share capital		64,016	64,016
Treasury share		(194)	(55)
Share premium		4	4
Revaluation surplus		31,528	31,528
Capital reserve		0	0
Foreign currency translation reserve		3	3
Retained earnings		21,184	21,533
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		116,541	117,029
Non Controlling Interest		(582)	(530)
TOTAL EQUITY		115,959	116,499
LIABILITIES			
Borrowings	B8	11,718	16,231
Deferred tax liabilities		13,593	13,593
TOTAL NON-CURRENT LIABILITIES		25,311	29,824
Trade and other payables		13,852	10,077
Borrowings	B8	107,045	105,494
Current tax liabilities		809	1,562
TOTAL CURRENT LIABILITIES		121,706	117,133
TOTAL LIABILITIES		147,017	146,957
TOTAL EQUITY AND LIABILITIES		262,976	263,456
Net Assets Per Share (Sen)		91	91

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 JUNE 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			
At 1 January 2014	64,016	4	31,528	(55)	3,356	0	3	0	18,177	117,029	(530)	116,499
Profit/ (Loss) for the year	0	0	0	0	0	0	0	0	(349)	(349)	(52)	(401)
Total comprehensive (expenses)/income for the year	0	0	0	0	0	0	0	0	(349)	(349)	(52)	(401)
Purchase of own shares (representing total transactions with owners)	0	0	0	(139)	0	0	0	0	0	(139)	0	(139)
At 30 June 2014	64,016	4	31,528	(194)	3,356	0	3	0	17,828	116,541	(582)	115,959

	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			
At 1 January 2013	64,016	4	31,834	(0)	0	0	(15)	0	20,670	116,509	(175)	116,334
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	5,105	5,105	(43)	5,062
Total comprehensive (expenses)/income 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)
At 30 June 2013	64,016	4	31,834	(11)	0	0	(15)	0	25,775	121,603	(218)	121,385

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 JUNE 2014**

	30-Jun-14	30-Jun-13
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before tax	(400)	5,062
Adjustments for:		
Depreciation	4,802	4,787
Impairment loss on available-for-sale financial assets	(8)	(14)
Interest expenses	2,963	2,921
Operating profit before working capital changes	7,357	12,756
Changes in:-		
Inventories	10,316	(14,231)
Receivables and prepayments	(15,454)	(109)
Payables and advance payments	3,775	(7,250)
Cash generated from/(absorbed by) operations	5,994	(8,834)
Tax paid	(781)	(145)
Tax refunded	0	6
Interest paid	(2,963)	(2,921)
Interest received	0	0
Net cash from/ (used) in operating activities	2,250	(11,894)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,428)	(552)
Net cash (used in)/ from investing activities	(1,428)	(552)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase obligations	(167)	(542)
Purchase of own shares	(139)	(11)
Repayment of term loans	(1,460)	(665)
Repayment of commodity financing	(1,635)	0
Increase in short term loans and borrowings	(2,333)	7,306
Net cash (used in)/ from financing activities	(5,734)	6,088
Currency translation differences	0	0
Net increase/(decrease) in cash and cash equivalents	(4,912)	(6,358)
Cash and cash equivalents brought forward	8,816	5,132
Cash and cash equivalents carried forward	3,904	(1,226)
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	7,091	1,544
Bank overdrafts	(3,187)	(2,770)
	3,904	(1,226)



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:

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 60,000 ordinary shares of its issued share capital from the open market at an average cost of RM0.29715 per share. The total consideration paid for the shares bought back, including transaction costs during the current quarter amounted to RM 17,829.51 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 Jun 2014, the total number of treasury shares held was 660,000 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-Jun 2014	30-Jun 2013	30-Jun 2014	30-Jun 2013
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after charging / (crediting)				
Depreciation of property, plant and equipment	2,387	2,166	4,802	4,787
Interest expense	1,485	1,547	2,963	2,921
Foreign exchange loss / (gain)	72	(121)	55	(170)



A8. Segment Information

Segmental reporting for the cumulative period ended 30 Jun 2014:

	Trading & Processing Of Iron Ore RM'000	Manufacturing & Trading of Steel Pipe RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	74,229	60,602	0	134,831
- Inter-segment	(711)	(1,763)	0	(2,474)
Total Revenue	73,518	58,839	0	132,357
Results				
Operating profit/(loss)	954	1,609	0	2,563
Finance cost	(1,137)	(1,826)	0	(2,963)
Tax expense	0	(1)	0	(1)
Segment profit/(loss)	(183)	(218)	0	(401)

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

Companies in which certain directors are deemed to have substantial financial interests	6 months ended 30 Jun 2014
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	123
Purchase of goods	3,676
Purchase of machinery parts	36
Rental expense	-
	3,835



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 RM48 million for current quarter under review, a decrease of RM26.7 million or 35.7% from RM74.7 million recorded in the preceding year's corresponding quarter.

It was mainly attributed by the decrease of revenue in trading and processing of iron ore segment which registered a decrease of RM26.4 million or 59.45% from RM44.4 million to RM18 million in its revenue.

Revenue from manufacturing and trading of steel pipe segment for current quarter compared to preceding year corresponding quarter had recorded a decrease of RM0.3 million or 0.99% from RM30.3 million to RM30 million.

For the current quarter ended 30 Jun 2014, the Group posted a loss before taxation of RM1.9 million as compared to the preceding year's corresponding profit before taxation of RM1.9 million, representing a decrease of RM3.8 million or 200% loss before tax. It was mainly due to the decrease in sales volume and selling price of the trading and processing of iron ore segment.

B2. Current quarter versus the preceding quarter

For the quarter under review, the Group recorded a total revenue of RM48 million as compared to RM84 million in the preceding quarter.

The Group's revenue during the current quarter had decreased by RM36 million or 42.9%. It was mainly attributed by the decrease in trading and processing of iron ore segment for current quarter compared to preceding quarter which had recorded a decrease of RM37 million or 67% from RM55 million to RM18 million. The decrease in revenue is partly attributed by the Group's strategic control on sales during low pricing season.

Revenue from manufacturing and trading of steel pipe segment, registered an increase of RM1 million or 3.45% from RM29 million to RM30 million in its revenue.

In line with the decrease in revenue, the Group's profit before tax decreased by RM3.4 million from RM1.5 million profit to RM1.9 million loss in current quarter. The decrease of profit before tax was primarily due to the decrease of revenue in 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 challenging.

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 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 Jun		Cumulative Quarter 6 months ended 30 Jun	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysian tax				
- Current tax	(1)	0	(1)	0
- Prior year tax	0	0	0	0
- Deferred tax	0	0	0	0
Total tax expense	(1)	0	(1)	0

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

	30-Jun-14
	RM'000
Short term borrowings	
Secured	9,235
Unsecured	97,521
Finance lease liabilities	289
	<u>107,045</u>
Long term borrowings	
Secured	11,542
Finance lease liabilities	176
	<u>11,718</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.

	30-Jun-14	31-Dec-13
	RM'000	RM'000
Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:		
- Realized	25,740	22,785
- Unrealized	(4,804)	(4,804)
Add: Consolidation adjustments	248	3,552
Total Group retained profits as per consolidation accounts	<u><u>21,184</u></u>	<u><u>21,533</u></u>

B11. Earnings Per Ordinary Share

	Quarter Ended		Cumulative Period Ended	
	30-Jun		30-Jun	
	2014	2013	2014	2013
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net (loss) /earnings attributable to ordinary equity holders of the Company (RM'000)	(1,876)	1,836	(349)	5,105
Weighted average number of ordinary shares ('000)	128,032	128,032	128,032	128,032
Basic (loss) /earnings per share (sen)	(1.47)	1.43	(0.27)	3.99

By the order of the Board

Datin Tan Pak Say
 Managing Director
 Penang
 28 August 2014