



LEADER STEEL HOLDINGS BERHAD
(Company No. 267209-K)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED		6 MONTHS ENDED	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
Continuing operations					
Revenue		28,144	47,974	83,158	132,357
Operating expenses		<u>(26,088)</u>	<u>(46,003)</u>	<u>(77,185)</u>	<u>(124,992)</u>
Operating profit/(loss)		2,056	1,971	5,973	7,365
Depreciation		(1,996)	(2,387)	(4,035)	(4,802)
Finance costs		<u>(1,364)</u>	<u>(1,485)</u>	<u>(2,728)</u>	<u>(2,963)</u>
(Loss)/profit before tax		(1,304)	(1,901)	(790)	(400)
Tax expense	B5	<u>(1)</u>	<u>(1)</u>	<u>36</u>	<u>(1)</u>
Net (loss)/profit from continuing operations		<u>(1,305)</u>	<u>(1,902)</u>	<u>(754)</u>	<u>(401)</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX					
Items that will not be reclassified subsequently to profit or loss:-					
- Gross revaluation increase of properties		0	0	0	0
- Deferred tax relating to revalued properties		0	0	0	0
Items that may be reclassified subsequently to profit or loss:-					
Foreign currency translations		0	0	0	0
Other comprehensive income/(expenses) for the financial period		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE (EXPENSES)/INCOME		<u>(1,305)</u>	<u>(1,902)</u>	<u>(754)</u>	<u>(401)</u>
Net (loss)/profit for the financial year attributable to:-					
Equity holders of the company		(1,278)	(1,876)	(679)	(349)
Non-controlling interests		<u>(27)</u>	<u>(26)</u>	<u>(75)</u>	<u>(52)</u>
NET LOSS		<u>(1,305)</u>	<u>(1,902)</u>	<u>(754)</u>	<u>(401)</u>
Total comprehensive (expenses)/income for the financial year attributable to:-					
Equity holders of the company		(1,278)	(1,876)	(679)	(349)
Non-controlling interests		<u>(27)</u>	<u>(26)</u>	<u>(75)</u>	<u>(52)</u>
TOTAL COMPREHENSIVE (EXPENSES)		<u>(1,305)</u>	<u>(1,902)</u>	<u>(754)</u>	<u>(401)</u>
Basic earnings per ordinary share (sen)	B11	<u>(1.00)</u>	<u>(1.47)</u>	<u>(0.53)</u>	<u>(0.27)</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 statements of profit or loss and other 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 2014.



LEADER STEEL HOLDINGS BERHAD
 (Company No. 267209-K)
 (Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	NOTE	30 JUNE 2015 RM'000 (Unaudited)	31 DEC 2014 RM'000 (Audited)
ASSETS			
Property, plant and equipment		152,007	148,490
Available-for-sale financial asset		100	20
TOTAL NON-CURRENT ASSETS		152,107	148,510
Inventories		61,508	60,175
Trade and other receivables		28,652	43,193
Current tax assets		1,613	1,153
Cash and cash equivalents		657	1,561
TOTAL CURRENT ASSETS		92,430	106,082
TOTAL ASSETS		244,537	254,592
EQUITY			
Share capital		64,016	64,016
Treasury shares		(331)	(308)
Share premium		4	4
Revaluation surplus		47,613	47,613
Foreign currency translation reserve		3	3
Retained earnings		7,998	8,677
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		119,303	120,005
Non-controlling interests		243	318
TOTAL EQUITY		119,546	120,323
LIABILITIES			
Borrowings	B8	7,020	10,360
Deferred tax liabilities		14,369	14,369
TOTAL NON-CURRENT LIABILITIES		21,389	24,729
Trade and other payables		10,428	12,896
Borrowings	B8	93,174	96,644
TOTAL CURRENT LIABILITIES		103,602	109,540
TOTAL LIABILITIES		124,991	134,269
TOTAL EQUITY AND LIABILITIES		244,537	254,592
Net Assets Per Share (Sen)		93	94

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 2014.



LEADER STEEL HOLDINGS BERHAD
(Company No. 267209-K)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Attributable to equity holders of the Company							Distributable		Equity attributable to owners of the Company Total RM'000	Non-Controlling Interests 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 Shares 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			
Balance as at 1 January 2015	64,016	4	47,613	(308)	0	0	3	0	8,677	120,005	318	120,323
Gross revaluation increase of properties	0	0	0	0	0	0	0	0	0	0	0	0
(Loss)/profit for the financial period	0	0	0	0	0	0	0	0	(679)	(679)	(75)	(754)
Total comprehensive (expenses)/income for the financial period	0	0	0	0	0	0	0	0	(679)	(679)	(75)	(754)
Transactions with owners												
Purchase of treasury shares	0	0	0	(23)	0	0	0	0	0	(23)	0	(23)
Total transactions with owners	0	0	0	(23)	0	0	0	0	0	(23)	0	(23)
Balance as at 30 June 2015	64,016	4	47,613	(331)	0	0	3	0	7,998	119,303	243	119,546

	Attributable to equity holders of the Company							Distributable		Equity attributable to owners of the Company Total RM'000	Non-Controlling Interests 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 Shares 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			
Balance as at 1 January 2014	64,016	4	31,528	(55)	0	0	3	0	21,533	117,029	(530)	116,499
Gross revaluation increase of properties	0	0	0	0	0	0	0	0	0	0	0	0
(Loss)/profit for the financial period	0	0	0	0	0	0	0	0	(349)	(349)	(52)	(401)
Total comprehensive (expenses)/income for the financial period	0	0	0	0	0	0	0	0	(349)	(349)	(52)	(401)
Transactions with owners												
Purchase of treasury shares	0	0	0	(139)	0	0	0	0	0	(139)	0	(139)
Total transactions with owners	0	0	0	(139)	0	0	0	0	0	(139)	0	(139)
Balance as at 30 June 2014	64,016	4	31,528	(194)	0	0	3	0	21,184	116,541	(582)	115,959

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 2014.



LEADER STEEL HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	30 JUNE 2015	30 JUNE 2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(790)	(400)
Adjustments for:		
Depreciation	4,035	4,802
Impairment loss on available-for-sale financial asset	(80)	(8)
Interest expenses	2,728	2,963
Operating profit before working capital changes	<u>5,893</u>	<u>7,357</u>
Changes in:-		
Inventories	(1,333)	10,316
Trade and other receivables	14,541	(15,454)
Trade and other payables	(2,468)	3,775
Cash generated from operations	<u>16,633</u>	<u>5,994</u>
Tax paid	(524)	(781)
Tax refunded	99	0
Interest paid	(2,728)	(2,963)
Net cash from operating activities	<u>13,480</u>	<u>2,250</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	2	0
Purchase of property, plant and equipment	(7,553)	(1,428)
Net cash used in investing activities	<u>(7,551)</u>	<u>(1,428)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase obligations	(185)	(167)
Purchase of own shares	(23)	(139)
Repayment of term loans	(1,583)	(1,460)
Repayment of commodity financing	(1,972)	(1,635)
Increase in short term loans and borrowings	(2,399)	(2,333)
Net cash used in financing activities	<u>(6,162)</u>	<u>(5,734)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(233)</u>	<u>(4,912)</u>
Cash and cash equivalents brought forward	(2,779)	8,816
Cash and cash equivalents carried forward	<u>(3,012)</u>	<u>3,904</u>
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	657	7,091
Bank overdrafts	(3,669)	(3,187)
	<u>(3,012)</u>	<u>3,904</u>



LEADER STEEL HOLDINGS BERHAD

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A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian 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 financial year ended 31 December 2014.

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 Group for the financial year ended 31 December 2014.

Adoption of Amendments to Standards and IC Interpretations

The Group had adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014.

Amendments to MFRS 10	<i>Consolidated Financial Statements: Investment Entities</i>
Amendments to MFRS 12	<i>Disclosure of Interest in Other Entities: Investment Entities</i>
Amendments to MFRS 127	<i>Separate Financial Statements(2011): Investment Entities</i>
Amendments to MFRS 132	<i>Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 136	<i>Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to MFRS 139	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IC Interpretation 21	<i>Levies</i>

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.



New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2015

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Description	Effective for financial periods beginning on or after
MFRS 14	<i>Regulatory Deferral Accounts</i> 1 January 2016
MFRS 15	<i>Revenue from Contracts with Customers</i> 1 January 2017
MFRS 9	<i>Financial Instruments (IFRS as issued by International Accounting Standards Board ("IASB") in July 2014)</i> 1 January 2018
Amendments to MFRS 119	<i>Defined Benefit Plans: Employee Contributions</i> 1 July 2014
Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i> 1 January 2016
Amendments to MFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> 1 January 2016
Amendments to MFRS 116 and MFRS 138	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> 1 January 2016
Amendments to MFRS 116 and MFRS 141	<i>Agriculture: Bearer Plants</i> 1 January 2016
Amendments to MFRS 127	<i>Equity Method in Separate Financial Statements</i> 1 January 2016
Amendments to MFRS 101	<i>Disclosure Initiative</i> 1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	<i>Investment Entities: Applying the Consolidation Exception</i> 1 January 2016
Amendments to MFRSs Annual Improvements 2010 – 2012 Cycle	1 July 2014
Amendments to MFRSs Annual Improvements 2011 – 2013 Cycle	1 July 2014
Amendments to MFRSs Annual Improvements 2012 – 2014 Cycle	1 January 2016

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

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 quarter 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 quarter 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 100,000 ordinary shares of its issued share capital from the open market at an average cost of RM0.23 per share. The total consideration paid for the shares bought back, including transaction costs during the current quarter amounted to RM 23,535.98 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 2015 the total number of treasury shares held was 1,125,000 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	30-Jun	30-Jun	30-Jun
2015	2014	2015	2014
RM'000	RM'000	RM'000	RM'000

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

Depreciation of property, plant and equipment	1,996	2,387	4,035	4,802
Interest expense	1,364	1,485	2,728	2,963
Foreign exchange (gain)/loss	(352)	72	(983)	55
Unrealised foreign exchange (gain)/loss	(451)	0	(451)	0



A8. Segment Information

Segmental reporting for the cumulative period ended 30 Jun 2015:

	Trading of Minerals RM'000	Manufacturing & Trading of Steel Pipe RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	25,880	57,278	0	83,158
- Inter-segment	0	2,055	(2,055)	0
Total Revenue	25,880	59,333	(2,055)	83,158
Results				
Operating profit/(loss)	3,724	(1,785)	(1)	1,938
Finance cost	(593)	(2,135)	0	(2,728)
Tax expense	(1)	37	0	36
Segment Profit/(Loss)	3,130	(3,883)	(1)	(754)

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. Capital Commitment

There is no commitment in respect of capital expenditure on property, plant and equipment for current quarter.

A12. Changes in Contingent Liabilities

There is no contingent liability for current quarter.

A13. Related Party Transactions

Companies in which certain directors are deemed to have substantial financial interests	6 months ended 30 Jun 2015
Eonmetall Group Berhad and its subsidiaries	RM'000
Sale of goods	221
Purchase of goods	2,233
Purchase of machinery	1,800
Rental expense	155
	4,409



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 RM28 million for the current quarter under review representing a decrease of RM20 million or 41.66% from RM48 million recorded in the preceding year's corresponding quarter.

It was mainly due to the decrease of revenue in the trading of minerals which recorded a decrease in revenue of RM14.4 million or 80% from RM18 million to RM3.6 million in its revenue.

Revenue from manufacturing and trading of steel pipe segment for the current quarter compared to preceding year corresponding quarter recorded a decrease of RM5.6 million or 18.66% from RM30 million to RM24.4 million.

For the current quarter ended 30 Jun 2015, the Group posted a loss before taxation of RM1.3 million as compared to the preceding year's corresponding loss before taxation of RM1.9 million, representing a decrease of RM0.6 million in loss before tax. The decrease in loss before tax was due to lower operating expenses during the quarter as a result of lower margin in steel prices.

B2. Current quarter versus the preceding quarter

During the quarter under review, the Group reported a revenue of RM28 million as compared to RM55 million in the preceding quarter.

The Group's revenue during the current quarter had decreased by RM27 million or 49%. It was mainly attributable to the decrease in trading of minerals for current quarter compared to preceding quarter which recorded a decrease of RM19.4 million or 84.3% from RM23 million to RM3.6 million in its revenue.

Revenue from manufacturing and trading of steel pipe segment recorded a decrease of RM7.6 million or 23.75% from RM32 million to RM24.4 million.

Our Group's reported loss before tax amounting RM1.3 million in the current quarter as compared to profit before tax of RM0.5 million in preceding quarter. This representing an increase of RM1.8 million losses in current quarter. The losses were mainly due to lower selling price of steel products. Lower export tonnage in minerals segment due to slow demand in international market had further reduced the profitability of the Group.



B3. Prospects

In view of the challenging environment arising from the ongoing uncertainty of the global economy, volatility of foreign currencies and steel prices, we expect the business environment for the manufacturing and trading of steel products to be challenging.

In spite of challenging environment, the demand for minerals remain stable. Hence the management is positive that the trading of minerals segment will contribute positive results albeit depressed margin. On the assumption that this environment will persist, the Board is hoping to achieve an improvement in 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysian tax				
- Current tax	(1)	(1)	(1)	(1)
- Prior year tax	0	0	37	0
- Deferred tax	0	0	0	0
Total tax expense	(1)	(1)	36	(1)

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.

The Budget 2014 announced on October 25, 2013 reduces the corporate income tax rate from 25% to 24% with effect from year of assessment 2016. The real property gains tax ("RPGT") is also revised to 30% for disposal within the first three years, 20% within the fourth year, 15% within the fifth year and 5% from sixth year onwards, on gains from the disposal of real property effective January 1, 2014. Following these, the applicable tax rates to be used for the measurement of any applicable deferred tax will be the respective expected rates.

B6. Audit Report

The audited report of the preceding annual financial statements ended 31 December 2014 was not subject to any qualification.



B7. Status of Corporate Proposal Announced

There are no other corporate proposals announced but not completed as at the date of issue of this announcement.

B8. Borrowings

	30-Jun-15
	RM'000
Short term borrowings	
Secured	7,290
Unsecured	85,585
Finance lease liabilities	299
	<u>93,174</u>
Long term borrowings	
Secured	6,618
Finance lease liabilities	402
	<u>7,020</u>

B9. Changes in Material Litigation

There were no outstanding material litigations as at the date of this announcement.

B10. Realised and Unrealised Profits/Losses

The following analysis of realised and unrealised 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 Realised and Unrealised 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-15	31 Dec 2014
	RM'000	RM'000
Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:		
- Realized	3,103	3,707
- Unrealized	(2,310)	(2,311)
Add: Consolidation adjustments	7,205	7,281
Total group retained profits as per consolidation accounts	<u>7,998</u>	<u>8,677</u>



B11. Earnings Per Ordinary Share

	Quarter Ended		Cumulative Period Ended	
	30-Jun		30-Jun	
	2015	2014	2015	2014
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net (loss)/earnings attributable to ordinary equity holders of the Company (RM'000)	(1,278)	(1,876)	(679)	(349)
Weighted average number of ordinary shares ('000)	127,456	128,032	127,456	128,032
Basic (loss)/earnings per share (sen)	(1.00)	(1.47)	(0.53)	(0.27)

By the order of the Board

Datin Tan Pak Say
Managing Director
Penang