



**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 SEP 2012**

	NOTE	CURRENT		CUMULATIVE	
		3 MONTHS ENDED		9 MONTHS ENDED	
		2012	2011	2012	2011
		RM'000	RM'000	RM'000	RM'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Continuing operations</b>					
<b>Revenue</b>		73,130	79,993	199,855	229,147
Operating expenses		(72,063)	(74,734)	(193,319)	(225,113)
Operating income		0	(3,634)	0	3,213
<b>Operating profit</b>		1,067	1,625	6,536	7,247
Finance costs		(1,750)	(1,550)	(4,981)	(3,907)
Finance Income		0	0	0	0
<b>Profit /(Loss)before tax</b>		(683)	75	1,555	3,340
Tax expense	B5	0	(39)	(151)	(599)
<b>Net (Loss)/Profit from continuing operations</b>		(683)	36	1,404	2,741
<b>Other comprehensive income / (expense)</b>					
Fair value of available-for-sale financial asset		(42)	0	(6)	0
Foreign currency translation differences of foreign subsidiary		0	0	11	0
<b>Total comprehensive income / (expense) for the financial period</b>		(725)	36	1,409	2,741
<b>(Loss) / Profit attributable to:</b>					
Equity holders of the Company		(633)	36	1,382	2,703
Non-controlling interests		(51)	0	22	38
<b>(Loss) / Profit attributable to:</b>		(683)	36	1,404	2,741
<b>Total comprehensive (expense)/ income for the period attributable to:</b>					
Equity holders of the Company		(675)	36	1,387	2,703
Non-controlling interests		(51)	0	22	38
<b>Total comprehensive (expense)/ income for the period</b>		(725)	36	1,409	2,741
<b>Basic (loss)/earnings per ordinary share (sen)</b>	B11	(0.49)	0.03	1.08	2.11
<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 2011



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEP 2012**

	NOTE	UNAUDITED 30 SEP 2012 RM'000	AUDITED 31 DEC 2011 RM'000
<b>ASSETS</b>			
Property, plant and equipment		106,132	100,761
Other investments		226	316
<b>TOTAL NON-CURRENT ASSETS</b>		<b>106,358</b>	<b>101,077</b>
Inventories		72,390	53,924
Trade and other receivables		113,344	76,997
Current tax assets		875	381
Cash and cash equivalents		761	2,614
<b>TOTAL CURRENT ASSETS</b>		<b>187,369</b>	<b>133,916</b>
<b>TOTAL ASSETS</b>		<b>293,728</b>	<b>234,993</b>
<b>EQUITY</b>			
Share capital		64,016	64,016
Share premium		3	3
Capital reserve		284	284
Share option reserve		2,185	2,185
Foreign currency translation reserve		11	0
Fair value reserve		(90)	(84)
Retained earnings		29,963	28,580
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>96,371</b>	<b>94,984</b>
Non Controlling Interest		104	82
<b>TOTAL EQUITY</b>		<b>96,476</b>	<b>95,066</b>
<b>LIABILITIES</b>			
Borrowings	B8	19,255	19,296
Deferred tax liabilities		6,725	6,725
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>25,980</b>	<b>26,021</b>
Trade and other payables		41,411	23,211
Borrowings	B8	129,861	87,736
Current tax liabilities		0	2,960
<b>TOTAL CURRENT LIABILITIES</b>		<b>171,272</b>	<b>113,906</b>
<b>TOTAL LIABILITIES</b>		<b>197,252</b>	<b>139,927</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>293,728</b>	<b>234,993</b>
<b>Net Assets Per Share (Sen)</b>		<b>75</b>	<b>74</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 2011



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY**

**FOR THE FINANCIAL PERIOD ENDED 30 SEP 2012**

	← Attributable to equity holders of the Company →						→ Distributable →				
	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000	Fair Value Reserve RM'000	Translation Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non Controlling Interest RM'000	Total Equity RM'000	
<b>At 1 January 2012</b>	<b>64,016</b>	<b>3</b>	<b>2,185</b>	<b>(84)</b>	<b>0</b>	<b>284</b>	<b>28,580</b>	<b>94,984</b>	<b>82</b>	<b>95,066</b>	
Fair value of available for-sale financial assets	0	0	0	(6)	0	0	0	(6)	0	(6)	
Exchange difference arising from foreign subsidiary	0	0	0	0	11	0	0	11	0	11	
(Loss) / Profit for the year	0	0	0	0	0	0	1,382	1,382	22	1,404	
Total comprehensive (expenses)/income for the year	0	0	0	(6)	11	0	1,382	1,387	22	1,409	
<b>At 30 SEP 2012</b>	<b>64,016</b>	<b>3</b>	<b>2,185</b>	<b>(90)</b>	<b>11</b>	<b>284</b>	<b>29,963</b>	<b>96,371</b>	<b>104</b>	<b>96,476</b>	
	Share Capital RM'000	Share Premium RM'000	Share Option Reserve RM'000	Value Reserve RM'000	Foreign Translation Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non Controlling Interest RM'000	Total Equity RM'000	
<b>At 1 January 2011</b>	<b>64,016</b>	<b>4</b>	<b>2,185</b>	<b>0</b>	<b>41</b>	<b>284</b>	<b>32,552</b>	<b>99,082</b>	<b>0</b>	<b>99,082</b>	
Fair value of available for-sale financial assets	0	0	0	0	0	0	0	0	0	0	
Exchange difference arising from foreign subsidiary companies	0	0	0	0	0	0	0	0	0	0	
Profit / (Loss) for the year	0	0	0	0	0	0	2,703	2,703	38	2,741	
Total comprehensive (expenses)/income for the year	0	0	0	0	0	0	2,703	2,703	-	38	
<b>At 30 SEP 2011</b>	<b>64,016</b>	<b>4</b>	<b>2,185</b>	<b>0</b>	<b>41</b>	<b>284</b>	<b>35,255</b>	<b>101,785</b>	<b>-</b>	<b>101,823</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 2011



## LEADER STEEL HOLDINGS BERHAD

(Company No. 267209 - K)

(Incorporated in Malaysia)

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEP 2012

<i>In thousands of RM</i>	NOTE	<b>30-Sep-12</b> RM (Unaudited)	<b>30-Sep-11</b> RM (Unaudited)
<b>Cash flows from operating activities</b>			
(Loss)/Profit before tax from continuing operations		1,550	3,340
Adjustments for:-			
Depreciation - Property, plant and equipment		6,590	6,358
Interest expense		4,981	3,907
<b>Operating profit before working capital changes</b>		13,121	13,605
Changes in working capital:			
Inventories		(18,466)	3,604
Trade and other receivables		(36,434)	(47,760)
Trade and other payables		18,199	13,075
<b>Cash used in operating activities</b>		(23,580)	(17,477)
Income tax paid		(3,453)	(1,341)
Interest paid		(4,981)	(3,907)
<b>Net cash (used in) / operating activities</b>		(32,014)	(22,725)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(11,961)	(17,394)
Others		(48)	(228)
<b>Net cash used in investing activities</b>		(12,010)	(17,621)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of term loans		(927)	(1,166)
Repayment of hire purchase and lease obligations		(718)	(480)
Bank borrowings, net		44,065	34,365
<b>Net cash generated from financing activities</b>		42,420	32,719
<b>Net (decrease)/increase in cash and cash equivalents</b>		(1,604)	(7,628)
Effect of exchange rate fluctuation on cash held		0	(550)
Cash and Cash Equivalents at Beginning of The Period		(1,408)	(983)
<b>Cash and Cash Equivalents at End of The Period</b>	A	(3,014)	(9,162)

#### (A) Cash and cash equivalents

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:

<i>In thousands of RM</i>	<b>30-Sep-12</b> RM	<b>30-Sep-11</b> RM
Fixed deposit with a licensed bank	1	1
Cash and bank balances	760	593
Bank overdrafts	(3,774)	(9,755)
	(3,014)	(9,162)



## **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 reports 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. For the period up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

These are the Group’s interim financial statements for part of the period covered by the Group’s first MFRS framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

The adoption of the MFRSs and Amendments do not have any material impact on the financial statements of the Group.

#### **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 and repayment of debts and equity securities, share buy-backs, share cancellation held as treasury shares and resale of treasury shares for the current period under review.

#### **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-Sep 2012 RM'000	30-Sep 2011 RM'000	30-Sep 2012 RM'000	30-Sep 2011 RM'000
<b>Profit before tax is arrived at after charging / (crediting)</b>				
Depreciation of property, plant and equipment	2,237	2,188	6,590	6,358
Interest expense	1,750	1,550	4,981	3,907
Foreign exchange loss / (gain)	(494)	189	(370)	(312)

#### A8. Segment Information

Segmental reporting for the cumulative period ended 30 Sep 2012:

	Trading & Processing Of Iron Ore RM'000	Manufacturing & Trading of Steel Pipe RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>				
- External	116,499	94,266	-	210,765
- Inter-segment	(2,721)	(8,189)	(10,910)	(10,910)
Total Revenue	113,778	86,077		199,855
<b>Results</b>				
Operating profit/(loss)	7,722	(1,186)	-	6,536
Finance cost	(2,599)	(2,382)		(4,981)
Tax expense	(151)	-	-	(151)
<b>Segment profit/(loss)</b>	<b>4,972</b>	<b>(3,568)</b>		<b>1,404</b>



Segmental reporting for the cumulative period ended 30 Sep 2011:

	<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	160,189	98,309	-	258,498
- Inter-segment	(27,531)	(1,820)	(29,351)	(29,351)
<b>Total Revenue</b>	<b>132,658</b>	<b>96,489</b>		<b>229,147</b>
<b>Results</b>				
Operating profit/(loss)	7,840	(593)	-	7,247
Finance cost	(709)	(3,198)		(3,907)
Tax expense	(599)	-	-	(599)
<b>Segment profit/(loss)</b>	<b>6,532</b>	<b>(3,791)</b>		<b>2,741</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**

<b>Companies in which certain directors are deemed to have substantial financial interests</b>	<b>9 months ended 30 Sep 2012 RM'000</b>
<b>Eonmetall Group Berhad and its subsidiaries</b>	
Sales of goods	4,524
Purchase of goods	38,824
Purchase of machinery parts	3,359
Rental expense	702
	<b>47,409</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's total revenue for the third quarter ended 30 September 2012 decreased by 8.8% from the RM80 million recorded in the preceding year's corresponding quarter to RM73 million. The Group's revenue for the financial period to-date also recorded a decrease of 12.8% from RM229 million down to RM200 million compared to the corresponding financial period to-date mainly due to the lower international iron ore prices in the iron ore business segment.

The Group recorded a loss before tax of RM0.68 million, a decreased of RM0.76 million from profits of RM0.08 million as compared to the preceding year corresponding quarter. The performance of the respective business segments are is as follows:

#### **a. Steel Product Business**

Revenue from the steel product business for the current quarter compared to the preceding year corresponding quarter recorded a decrease of 0.78% or RM0.21 million from RM26.6 million to RM26.4 million.

Revenue from this business segment for the financial period to-date under review decreased by 10.4% to RM86 million as compared to RM96 million reported in the previous year corresponding period. Although the revenue dropped, but the loss before tax decreased from RM3.8 million to RM3.6 million due to improved in cost efficiency.

#### **b. Iron ore Business**

Revenue from Iron Ore business segment for the current quarter compared to the preceding year corresponding quarter recorded a decreased of 12.4% or RM6.6 million from RM53.3 million to RM46.7 million in its revenue.

Revenue from this business segment for the financial period to-date under review decreased by 14.3% to RM114 million as compared to RM133 million reported in the previous year corresponding period. Profit before Tax from this business segment decreased from RM6.5 million to RM5 million mainly due to lower international Iron Ore prices.

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

For current quarter under review, the group recorded total revenue of RM73 million as compared to RM71 millions in the preceding quarter. The group revenue during the current quarter increased by 2.74% or RM2 million. It was mainly attributed by the increase in the trading and processing of Iron Ore business segment, which registered an increase of 24.53% or RM9.2 million from RM37.5 million to RM46.7 million in its revenue. Revenue from steel product business segment decreased by 20.4% or RM6.8 million from RM33.3 million to RM26.5 million.





Our group profit before tax decreased by RM3.18 million from RM2.5 million profit to RM0.68 million loss. The substantial decrease in profit when compared with previous quarter was mainly attributed to the lower profit margin in both Iron ore and Ssteel product segment.

### **B3. Prospects**

Inspite of the challenging environment, the ongoing uncertainty of the global economy, volatility of foreign currency and the steel price, the group will continue to focus on the cost and production efficiency. , Wwe are positive and expect the business activities for the steel product business segment towill be promising.

The demand in iron ore business segment remains encouraging and vibrant, with expectationsed that the needs from China market shall continually increase. Hence, the management is positive that this business segment will continue to contribute promising results. The Board is optimistic that the performance for the group for the quarter ahead will be continually profitable.

### **B4. Profit Forecast**

Not applicable as no profits forecast was issued.

### **B5. Tax Expense**

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended 30 Sep</b>		<b>9 months ended 30 Sep</b>	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<b>Malaysian tax</b>				
- Current tax	0	(39)	(151)	(599)
- Deferred tax	0	0	0	0
<b>Total tax expense</b>	0	(39)	(151)	(599)

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 2011 was not subject to any qualification.



**B7. Status of Corporate Proposal Announced**

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

**B8. Borrowings**

	<b>30-Sep-12</b>
	<b>RM'000</b>
<b>Short term borrowings</b>	
Secured	595
Unsecured	127,758
Finance lease liabilities	1,508
	<hr/> <b>129,861</b> <hr/>
<b>Long term borrowings</b>	
Secured	19,078
Finance lease liabilities	177
	<hr/> <b>19,255</b> <hr/>

All borrowings are denominated in Ringgit Malaysia.

**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-12</b>	<b>31-Dec-11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:</b>		
- Realized	37,457	34,455
- Unrealized	(6,724)	(6,725)
Add: Consolidation adjustments	(770)	850
Total group retained profits as per consolidation accounts	<b>29,963</b>	<b>28,580</b>



## B11. Earnings Per Ordinary Share

	Quarter Ended 30-Sep		Cumulative Period Ended 30-Sep	
	2012 (RM'000)	2011 (RM'000)	2012 (RM'000)	2011 (RM'000)
Net loss /earnings attributable to ordinary equity holders of the Company (RM'000)	(633)	36	1,382	2,703
Weighted average number of ordinary shares ('000)	128,032	128,032	128,032	128,032
Basic (loss) /earnings per share (sen)	(0.49)	0.03	1.08	2.11

### *Diluted earnings per ordinary share*

For current quarter ended 30 Sep 2012, diluted earnings per ordinary share was not computed and presented as the effect of the Employees' Share Option is anti-dilutive.

By the order of the Board

Datin Tan Pak Say  
Managing Director  
Penang  
30 Nov 2012