



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

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008**  
(THE FIGURES HAVE NOT BEEN AUDITED)

	NOTE	CURRENT 3 MONTHS ENDED 30 JUNE		CUMULATIVE 6 MONTHS ENDED 30 JUNE	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Revenue</b>		66,372	46,839	134,545	77,925
Operating expenses		(57,178)	(45,469)	(118,103)	(76,215)
Operating income		263	477	679	1,145
<b>Operating profit</b>		9,457	1,847	17,121	2,855
Interest expense		(633)	(401)	(1,246)	(865)
Interest income		18	10	24	13
<b>Profit before tax</b>		8,842	1,456	15,899	2,003
Tax expense	17	(2,540)	(450)	(4,340)	(180)
<b>Profit for the period</b>		<u>6,302</u>	<u>1,006</u>	<u>11,559</u>	<u>1,823</u>
<b>Attributable to:</b>					
Shareholders of the Company		6,302	1,006	11,559	1,823
Minority interests		-	-	-	-
<b>Profit for the period</b>		<u>6,302</u>	<u>1,006</u>	<u>11,559</u>	<u>1,823</u>
Basic earnings per ordinary share (sen)	25	<u>4.95</u>	<u>0.79</u>	<u>9.09</u>	<u>1.43</u>
Diluted earnings per ordinary share (sen)	25	<u>4.94</u>	<u>0.79</u>	<u>9.07</u>	<u>1.43</u>

The condensed consolidated income statement should be read in conjunction with the most recent annual financial statements as at 31 December 2007.



**LEADER STEEL HOLDINGS BERHAD**

(Company No. 267209 - K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 30 JUNE 2008**

	NOTE	UNAUDITED 30 JUNE 2008 RM'000	AUDITED 31 DECEMBER 2007 RM'000
<b>ASSETS</b>			
Property, plant and equipment		71,282	68,228
Prepaid lease payments		4,054	4,099
Other investments	19	214	335
<b>TOTAL NON-CURRENT ASSETS</b>		<b>75,550</b>	<b>72,662</b>
Inventories		54,695	36,962
Trade and other receivables		61,892	23,575
Current tax assets		20	193
Cash and cash equivalents		6,018	6,195
<b>TOTAL CURRENT ASSETS</b>		<b>122,625</b>	<b>66,925</b>
<b>TOTAL ASSETS</b>		<b>198,175</b>	<b>139,587</b>
<b>EQUITY</b>			
Share capital		64,016	63,575
Reserves		34,653	25,378
<b>TOTAL EQUITY</b>		<b>98,669</b>	<b>88,953</b>
<b>LIABILITIES</b>			
Borrowings	21	3,723	3,712
Deferred tax liabilities		8,652	8,652
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>12,375</b>	<b>12,364</b>
Trade and other payables		12,605	7,461
Borrowings	21	70,338	30,291
Current tax liabilities		4,188	518
<b>TOTAL CURRENT LIABILITIES</b>		<b>87,131</b>	<b>38,270</b>
<b>TOTAL LIABILITIES</b>		<b>99,506</b>	<b>50,634</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>198,175</b>	<b>139,587</b>
<b>Net Assets Per Share (Sen)</b>		<b>77.07</b>	<b>69.96</b>

The condensed consolidated balance sheet should be read in conjunction with the most recent annual financial statements as at 31 December 2007.



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008**

	Share Capital RM'000	Non-Distributable Share option reserve RM'000	Distributable Capital reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2008	63,575	1,932	283	23,163	88,953
Profit for the financial period	-	-	-	11,559	11,559
Equity settled share-based transactions	-	84	-	-	84
Issues of shares	441	-	-	-	441
Dividend	-	-	-	(2,368)	(2,368)
	<hr/>				
At 30 June 2008	<u>64,016</u>	<u>2,016</u>	<u>283</u>	<u>32,354</u>	<u>98,669</u>
	<hr/>				
At 1 January 2007	62,961	1,508	283	20,341	85,093
Profit for the financial period	-	-	-	1,823	1,823
Equity settled share-based transactions	-	212	-	-	212
Issues of shares	539	-	-	-	539
Dividend	-	-	-	(2,318)	(2,318)
	<hr/>				
At 30 June 2007	<u>63,500</u>	<u>1,720</u>	<u>283</u>	<u>19,846</u>	<u>85,349</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the most recent annual financial statements as at 31 December 2007.



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008**

	UNAUDITED 30 JUNE 2008 RM'000	UNAUDITED 30 JUNE 2007 RM'000
<b>Profit before tax</b>	15,899	2,003
Adjustments for :-		
Non-cash items	3,316	2,885
Non-operating items	1,222	853
<b>Operating profit before changes in working capital</b>	20,437	5,741
Changes in working capital		
Net changes in current assets	(56,050)	13,855
Net changes in current liabilities	5,049	(3,466)
Tax paid	(498)	(401)
<b>Net cash (outflow)/inflow from operating activities</b>	(31,062)	15,729
<b>Investing Activities</b>		
- Capital expenditure	(6,130)	(1,040)
- Other investments	106	-
- Others	24	31
<b>Net cash outflow from investing activities</b>	(6,000)	(1,009)
<b>Financing Activities</b>		
- Bank borrowings, net	40,059	(9,469)
- Issue of share capital	441	539
- Dividend paid	(2,368)	-
- Others	(1,247)	(865)
<b>Net cash inflow/(outflow) from financing activities</b>	36,885	(9,795)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(177)	4,925
<b>Cash and cash equivalents at 1 January</b>	6,195	(457)
<b>Cash and cash equivalents at 30 June</b>	6,018	4,468
<b>Cash and cash equivalents consist of :-</b>		
Short term deposits with a licensed bank	3,600	3,200
Cash and bank balances	2,418	1,268
	6,018	4,468

The condensed consolidated cash flow statement should be read in conjunction with the most recent annual financial statements as at 31 December 2007.



# LEADER STEEL HOLDINGS BERHAD

(Company No.267206-K)

(Incorporated in Malaysia)

## NOTES TO THE INTERIM FINANCIAL REPORT

### 1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134, Interim Financial Reporting and the additional disclosure requirements as in Part A of Appendix 9B of the Revised Listing Requirements.

The interim financial report should be read in conjunction with the most recent annual audited financial statements of the Group for the year ended 31 December 2007. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with the most recent annual audited financial statements for the year ended 31 December 2007 except for the adoption of the following applicable new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 January 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

### 2. Audit Report

The audit report of the preceding annual financial statements ended 31 December 2007 was not subject to any qualification.



**3. Seasonal or cyclical factors**

The business of the Group was not affected by any significant seasonal or cyclical factors during the financial period under review.

**4. Extraordinary or exceptional items**

There were no extraordinary or exceptional items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

**5. Changes in estimates**

There were no material changes in estimates of amounts reported during the financial period under review.

**6. Debts and equity or securities**

During this financial period, the issued and paid up capital of the Company was increased from RM63,575,000 to RM64,016,000 by way of issue of 882,000 ordinary shares of RM0.50 each pursuant to the exercise of option granted under the Employee Share Option Scheme.

Other than the above, there were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations held as treasury shares and resale of treasury shares for the current financial period.

**7. Dividend paid**

A first and final dividend of 2.5sen less 26% tax totaling RM2,368,592 in respect of the financial year ended 31 December 2007 was paid on 30 June 2008.

**8. Segment information**

No segment information by business activities has been prepared as the Group's activities involved are primarily in one sector of operations only.

**9. Property, plant and equipment**

The valuations of land and buildings have been brought forward, without amendment from the previous annual report.



## 10. Events subsequent to the balance sheet date

There are no material events subsequent to the end of financial period ended 30 June 2008 to 22 August 2008 (a date which is not earlier than 7 days from the date of issue of this announcement).

## 11. Changes in the composition of the Group

On 19 January 2008, Leader Minerals Corporation Sdn Bhd (“LMC”) (formerly known as Biostone Tech Sdn Bhd), a wholly owned subsidiary of the Company, had incorporated a new company in Brunei, known as Leader Minerals International Ltd. (“Leader Minerals”). Leader Minerals is a wholly owned subsidiary of LMC. The initial paid-up capital of Leader Minerals is USD1.00 with authorized share capital of USD100,000.00. It will be principally involved in investment holding and trading of minerals.

On 23 April 2008, the Company acquired 20,002 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of GCH Metal Service Centre Sdn. Bhd. for a total cash consideration of RM2.00.

Other than the above, there were no changes in the composition of the Group during the financial period under review.

## 12. Changes in contingent liabilities

	30 June 2008 RM'000
Amount of corporate guarantees given to a licensed bank for credit facilities granted to a subsidiary	900

## 13. Review of the performance

The Group recorded 72.6% increase in revenue to RM134.55million for the first 6 months period ended 30 June 2008 as compared to RM77.93million in preceding year corresponding period. The profit before tax for the current financial period also achieved a significant increase to RM15.90million as compared to the preceding year’s corresponding period of RM2.0million. The improved performance was attributable to higher sales volume as well as higher selling price which resulted in better profit margin of our steel products.

On quarterly basis, the Group achieved revenue of RM66.37million for the quarter ended 30 June 2008, an increase of 41.7% as compared to RM46.84million in the preceding year’s corresponding quarter. This resulted in higher profit before tax for the current quarter of RM8.84million as compared to RM1.46million in the preceding year’s corresponding period. It was mainly contributed by higher sales of manufacturing products and better profit margin.



#### 14. Variation of results against preceding quarter

Revenue decreased slightly by 2.6% in the current quarter to RM66.37million from RM68.17million in the preceding quarter. However, profit before tax increased from RM7.06million in the preceding quarter to RM8.84million in the current quarter. The increase was mainly attributed to better profit margin of our steel products.

#### 15. Current year prospects

The Directors are of the opinion that the Group will achieve satisfactory results for the financial year ending 31 December 2008.

#### 16. Profit forecast

Not applicable as no profits forecast was issued.

#### 17. Tax expense

	Current Quarter Ended 30 June		Current Year-to-date Ended 30 June	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Current tax expense</b>				
Malaysian – Current period	2,540	519	4,340	628
- Prior years	-	-	-	-
	2,540	519	4,340	628
<b>Deferred tax expense</b>				
Malaysian – Current period	-	(69)	-	(448)
- Prior years	-	-	-	-
	-	(69)	-	(448)
	2,540	450	4,340	180

The Group's effective tax rate for the current quarter and financial year-to-date was higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes.

#### 18. Unquoted investment and properties

There were no disposal of unquoted investment and properties during the quarter and financial period under review.





## 19. Quoted securities

The Company has disposed of quoted securities for the current quarter and financial period under review as follows:

	<b>Current Quarter Ended 30 June</b>	<b>Current Year-to-date Ended 30 June</b>
	<b>RM'000</b>	<b>RM'000</b>
Total sales proceeds	-	106
Total gain on disposals	-	4

There are no material purchases of quoted securities for the current quarter and financial year under review.

Investment in quoted securities as at 30 June 2008:

	<b>At Cost RM'000</b>	<b>At Book Value RM'000</b>	<b>At Market Value RM'000</b>
Total Quoted Shares	245	214	258

## 20. Status of corporate proposal announced

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

## 21. Borrowings and debt securities

	<b>As at 30 June 2008 RM'000</b>
<b>Short term borrowings</b>	
Secured	777
Unsecured	69,561
	<u>70,338</u>
<b>Long term borrowings</b>	
Secured	<u>3,723</u>

All borrowings are denominated in Ringgit Malaysia.



## 22. Off balance sheet financial instruments

As at 22 August 2008, the Group had entered into the following outstanding foreign currency contracts to hedge its confirmed receipts in foreign currency:

Currency	Outstanding Contract Amount RM'000	Expiry Date
US Dollars	10,284	August'08 to December'08

These forward foreign currency contracts are entered into to hedge the Group's receipts. This method of hedging mitigates the Group from currency risk. As these contracts are short term in nature, we do not calculate the difference between the contracted rates and spot rates and therefore do not take up the difference in the Income Statement for the current quarter. There are no cash requirements for these contracts.

## 23. Changes in material litigation

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

## 24. Dividend

No dividend has been proposed for the financial period under review.

## 25. Earnings per ordinary share

### *Basic earnings per ordinary share*

	Current Quarter	Current Year-To-Date
<b>Profit for the financial period attributable to ordinary shareholders of the Company (RM'000)</b>	6,302	11,559
<b>Weighted average number of ordinary shares ('000)</b>	127,510	127,331
<b>Basic earnings per share (sen)</b>	4.95	9.09



*Diluted earnings per ordinary share*

	Current Quarter	Current Year-To-Date
<b>Profit for the financial period attributable to ordinary shareholders of the Company (RM'000)</b>	6,302	11,559
<b>Weighted average number of ordinary shares ('000)</b>	127,510	127,331
<b>Effect of share options ('000)</b>	126	88
<b>Weighted average number of ordinary shares ('000)</b>	127,636	127,419
<b>Diluted earnings per share (sen)</b>	4.94	9.07

**26. Inventories**

No write-down of inventories during the financial period under review.

**27. Capital commitments**

There were no capital commitments during the financial period under review.

**28. Related party transactions**

		6 Months Ended 30 June 2008 RM'000
<b>Eonmetall Group Berhad and its subsidiaries</b>	Companies in which the director is deemed to have substantial financial interests	
Sales of goods		5,962
Purchase of goods		1,897
Purchase of machinery		1,900

By the order of the Board

Lam Voon Kean (MIA 4793)  
Company Secretary  
Penang  
29 August 2008