



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

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

	NOTE	CURRENT 3 MONTHS ENDED 30 SEPTEMBER		CUMULATIVE 9 MONTHS ENDED 30 SEPTEMBER	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Revenue</b>		41,408	52,877	175,953	130,802
Operating expenses		(40,999)	(51,755)	(159,101)	(127,970)
Operating income		758	27	1,436	1,185
<b>Operating profit</b>		1,167	1,149	18,288	4,017
Interest expense		(695)	(340)	(1,940)	(1,219)
Interest income		29	14	52	27
<b>Profit before tax</b>		501	823	16,400	2,825
Tax expense	17	(251)	(387)	(4,591)	(567)
<b>Profit for the period</b>		<u>250</u>	<u>436</u>	<u>11,809</u>	<u>2,258</u>
<b>Attributable to:</b>					
Shareholders of the Company		250	436	11,809	2,258
Minority interests		-	-	-	-
<b>Profit for the period</b>		<u>250</u>	<u>436</u>	<u>11,809</u>	<u>2,258</u>
Basic earnings per ordinary share (sen)	25	<u>0.20</u>	<u>0.34</u>	<u>9.26</u>	<u>1.78</u>
Diluted earnings per ordinary share (sen)	25	<u>0.19</u>	<u>0.34</u>	<u>9.25</u>	<u>1.78</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 SEPTEMBER 2008**

	NOTE	UNAUDITED 30 SEPTEMBER 2008 RM'000	AUDITED 31 DECEMBER 2007 RM'000
<b>ASSETS</b>			
Property, plant and equipment		72,434	68,228
Prepaid lease payments		4,031	4,099
Other investments	19	612	335
<b>TOTAL NON-CURRENT ASSETS</b>		<b>77,077</b>	<b>72,662</b>
Inventories		72,200	36,962
Trade and other receivables		24,522	23,575
Current tax assets		22	193
Cash and cash equivalents		13,151	6,195
<b>TOTAL CURRENT ASSETS</b>		<b>109,895</b>	<b>66,925</b>
<b>TOTAL ASSETS</b>		<b>186,972</b>	<b>139,587</b>
<b>EQUITY</b>			
Share capital		64,016	63,575
Share Premium		4	-
Reserves		34,971	25,378
<b>TOTAL EQUITY</b>		<b>98,991</b>	<b>88,953</b>
<b>LIABILITIES</b>			
Borrowings	21	2,552	3,712
Deferred tax liabilities		8,652	8,652
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>11,204</b>	<b>12,364</b>
Trade and other payables		14,316	7,461
Borrowings	21	58,937	30,291
Current tax liabilities		3,524	518
<b>TOTAL CURRENT LIABILITIES</b>		<b>76,777</b>	<b>38,270</b>
<b>TOTAL LIABILITIES</b>		<b>87,981</b>	<b>50,634</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>186,972</b>	<b>139,587</b>
<b>Net Assets Per Share (Sen)</b>		<b>77.32</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 SEPTEMBER 2008**

	Share Capital RM'000	Share Premium 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	-	-	-	-	11,809	11,809
Equity settled share-based transactions	-	-	152	-	-	152
Issues of shares	441	4	-	-	-	445
Dividend	-	-	-	-	(2,368)	(2,368)
At 30 September 2008	<u>64,016</u>	<u>4</u>	<u>2,084</u>	<u>283</u>	<u>32,604</u>	<u>98,991</u>
At 1 January 2007	62,961	-	1,508	283	20,341	85,093
Profit for the financial period	-	-	-	-	2,258	2,258
Equity settled share-based transactions	-	-	318	-	-	318
Issues of shares	614	-	-	-	-	614
Dividend	-	-	-	-	(2,318)	(2,318)
At 30 September 2007	<u>63,575</u>	<u>-</u>	<u>1,826</u>	<u>283</u>	<u>20,281</u>	<u>85,965</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 SEPTEMBER 2008**

	UNAUDITED 30 SEPTEMBER 2008 RM'000	UNAUDITED 30 SEPTEMBER 2007 RM'000
<b>Profit before tax</b>	16,400	2,825
Adjustments for :-		
Non-cash items	5,620	4,349
Non-operating items	1,888	1,191
<b>Operating profit before changes in working capital</b>	23,908	8,365
Changes in working capital		
Net changes in current assets	(36,186)	11,536
Net changes in current liabilities	6,761	925
Tax paid	(1,414)	(898)
<b>Net cash (outflow)/inflow from operating activities</b>	(6,931)	19,928
<b>Investing Activities</b>		
- Capital expenditure	(8,898)	(2,820)
- Other investments	(889)	-
- Others	52	87
<b>Net cash outflow from investing activities</b>	(9,735)	(2,733)
<b>Financing Activities</b>		
- Bank borrowings, net	27,486	(15,263)
- Issue of share capital	445	614
- Dividend paid	(2,368)	(2,318)
- Others	(1,941)	(1,218)
<b>Net cash inflow/(outflow) from financing activities</b>	23,622	(18,185)
<b>Net (decrease)/increase in cash and cash equivalents</b>	6,956	(990)
<b>Cash and cash equivalents at 1 January</b>	6,195	(457)
<b>Cash and cash equivalents at 30 September</b>	13,151	(1,447)
<b>Cash and cash equivalents consist of :-</b>		
Short term deposits with a licensed bank	5,700	-
Cash and bank balances	7,451	2,892
Bank Overdrafts	-	(4,339)
	13,151	(1,447)

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.267209-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 new ordinary shares of RM0.50 each pursuant to the exercise of options granted under the Employees' 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 2.5 sen per ordinary share 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 September 2008 to 21 November 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 September 2008 RM'000
Amount of corporate guarantees given to a licensed bank for credit facilities granted to a subsidiary	2,500

## 13. Review of the performance

The Group achieved revenue of RM175.95million for the 9 months period ended 30 September 2008 as compared to RM130.80million in preceding year corresponding period. The Group also registered a significant increase in profit before tax by RM13.57million to RM16.40million as compared to RM2.83million in the preceding year’s corresponding period. 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 recorded lower revenue of RM41.41million for the quarter ended 30 September 2008 as compared to RM52.88million in the preceding year’s corresponding quarter. It was mainly due to lower trading sales as compared to last year. This resulted in lower profit before tax of RM0.50million for the current quarter as compared to RM0.82million in the preceding year’s corresponding quarter.



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

For the quarter under review, the Group recorded lower revenue of RM41.41million as compared to RM66.37million in the preceding quarter. Consequently, the profit before tax decreased from RM8.84million in the preceding quarter to RM0.50million in the current quarter. The decrease in revenue and profit before tax was mainly due to current global economic crisis which affected local market demand leading to lower sales volume and profit margin in the Group's manufactured products. In addition, there was an exceptional demand on steel products in preceding quarter.

#### 15. Current year prospects

In view of current global economic crisis, the operating environment remains challenging in the 4<sup>th</sup> quarter which may affect the performance of the Group. However, the Directors are of the opinion that the results of the Group for the financial year ending 31 December 2008 will remain satisfactory.

#### 16. Profit forecast

Not applicable as no profits forecast was issued.

#### 17. Tax expense

	Current Quarter Ended 30 September		Current Year-to-date Ended 30 September	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Current tax expense</b>				
<b>Malaysian – Current period</b>	60	72	4,400	700
<b>- Prior years</b>	191	171	191	171
	251	243	4,591	871
<b>Deferred tax expense</b>				
<b>Malaysian – Current period</b>	-	144	-	(304)
<b>- Prior years</b>	-	-	-	-
	-	144	-	(304)
<b>Total tax expense</b>	251	387	4,591	567

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 current quarter and financial period under review.





## 19. Quoted securities

Purchase and disposal of quoted securities for the current quarter and financial period under review were as follows:

	<b>Current Quarter Ended 30 September 2008</b>	<b>Current Year-to-date Ended 30 September 2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Total purchase consideration	1,160	1,160
Total sales proceeds	165	271
Total gain on disposals	17	21

Investment in quoted securities as at 30 September 2008:

	<b>At Cost RM'000</b>	<b>At Book Value RM'000</b>	<b>At Market Value RM'000</b>
Total Quoted Shares	1,240	612	612

## 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 September 2008 RM'000</b>
<b>Short term borrowings</b>	
Secured	1,554
Unsecured	57,383
	<u>58,937</u>
<b>Long term borrowings</b>	
Secured	<u>2,552</u>

All borrowings are denominated in Ringgit Malaysia.



## 22. Off balance sheet financial instruments

As at 21 November 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	3,812	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>	250	11,809
<b>Weighted average number of ordinary shares ('000)</b>	128,032	127,566
<b>Basic earnings per share (sen)</b>	0.20	9.26



*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>	250	11,809
<b>Weighted average number of ordinary shares ('000)</b>	128,032	127,566
<b>Effect of share options ('000)</b>	61	79
<b>Weighted average number of ordinary shares ('000)</b>	128,093	127,645
<b>Diluted earnings per share (sen)</b>	0.19	9.25

**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**

		9 Months Ended 30 September 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		9,359
Purchase of goods		3,787
Purchase of machinery		3,340
Rental		140

By the order of the Board

Lam Voon Kean (MIA 4793)  
Company Secretary  
Penang  
28 November 2008