



# **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 2008. 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 2008.

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 2008.

### **2. Audit Report**

The audit report of the preceding annual financial statements ended 31 December 2008 was not subject to any qualification.

### **3. Seasonal or cyclical factors**

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



## **5. Changes in estimates**

There were no material changes in estimated amounts reported during the current financial period under review.

## **6. Debts and equity or securities**

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 under review.

## **7. Dividend paid**

No dividend was paid during the current financial period under review.

## **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 brought forward, without amendment from the previous annual report.

## **10. Events subsequent to the balance sheet date**

There were no material events during the period from the end of the quarter under review to the date of this report.

## **11. Changes in contingent liabilities**

	30 June 2009 RM'000
Amount of corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	227,825



## **12. Review of the performance**

The Group achieved turnover of RM154.61million for the six months ended 30 June 2009, an increase of 14.9% as compared to RM134.55million in the preceding year's corresponding period. It was mainly due to higher sales volume of trading activity. However, profit before tax for the current six months of RM2.89million was lower than profit before tax of RM15.9million in the preceding year's corresponding period. The decrease in profit before tax was mainly due to drop in selling price of steel products during the current six months under review.

## **13. Variation of results against preceding quarter**

For the current quarter under review, the Group recorded 9.76% increase in turnover to RM80.90million as compared to RM73.71million in the preceding quarter. The current quarter profit before tax was at RM2.34million as compared to profit before tax of RM0.55million in the preceding quarter due to lower raw materials cost in this quarter.

## **14. Prospects for the next financial quarter**

The performance of the group is expected to improve for the next financial quarter.

## **15. Profit forecast**

Not applicable as no profits forecast was issued.



## 16. Tax expense

	Current Year Quarter Ended 30 June		Current Year-to-date Ended 30 June	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Current tax expense</b>				
<b>Malaysian - Current period</b>	200	1,800	200	1,800
<b>- Prior years</b>	-	-	-	-
	200	1,800	200	1,800
<b>Deferred tax expense</b>				
<b>Malaysian - Current period</b>	-	-	-	-
<b>- Prior years</b>	-	-	-	-
	-	-	-	-
<b>Total tax expense</b>	200	1,800	200	1,800

The Group's effective tax rate for the current quarter was lower than the statutory tax rate mainly due to tax incentives available to certain subsidiaries.

## 17. Unquoted investment and properties

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

## 18. Quoted securities

There are no purchases or disposals of quoted securities for the current quarter and financial period under review.

Movement of investment in quoted securities as at 30 June 2009 is shown below:

	RM'000
Balance at 1 January 2009	300
Add: Reversal of diminution in value of quoted shares	208
Balance at 30 June 2009	508



## 19. Status of corporate proposal announced

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

## 20. Borrowings

	<b>As at 30 June 2009 RM'000</b>
<b>Short term borrowings</b>	
Secured	7,330
Unsecured	21,643
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	28,973
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<b>Long term borrowings</b>	
Secured	6,157
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All borrowings are denominated in Ringgit Malaysia.

## 21. Changes in material litigation

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

## 22. Dividend

- i) A first interim tax exempt dividend of 2.5sen per ordinary share of RM0.50, totaling RM3,200,800 in respect of financial year ending 31 December 2009 has been declared on 27 August 2009, based on the share capital of 128,032,000 ordinary shares.
  
- ii) In respect of deposited securities, entitlements to the interim dividend will be determined based on shareholders registered in the record of depositors as at 23 September 2009. The payment date is 30 September 2009.



### 23. 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>	2,141	2,693
<b>Weighted average number of ordinary shares ('000)</b>	128,032	128,032
<b>Basic earnings per share (sen)</b>	1.67	2.10

#### *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>	2,141	2,693
<b>Weighted average number of ordinary shares ('000)</b>	128,032	128,032
<b>Effect of share options ('000)</b>	-	-
<b>Weighted average number of ordinary shares ('000)</b>	128,032	128,032
<b>Diluted earnings per share (sen)</b>	1.67	2.10

### 24. Inventories

There is no write-down of inventories during the financial period under review.

### 25. Capital commitments

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



## 26. Related party transactions

		<b>6 months ended 30 June 2009 RM'000</b>
<b>Eonmetall Group Berhad and its subsidiaries</b>	Companies in which the director is deemed to have substantial financial interests	
Sales of goods		37
Purchase of goods		2,045
Purchase of machinery parts		24
Rental expense		210

By the order of the Board

Lam Voon Kean (MIA 4793)  
Company Secretary  
Penang  
27 August 2009