



**LEADER STEEL HOLDINGS BERHAD**

(Company No. 267209 - K)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2010**

	NOTE	UNAUDITED 31 MARCH 2010 RM'000	AUDITED 31 DECEMBER 2009 RM'000
<b>ASSETS</b>			
Property, plant and equipment		81,806	81,081
Prepaid lease payments		3,600	5,915
Financial assets available-for-sale	19	580	516
Investment property		632	634
<b>TOTAL NON-CURRENT ASSETS</b>		<b>86,618</b>	<b>88,146</b>
Inventories		43,283	51,859
Trade and other receivables		47,710	40,143
Assets held for sale		2,100	300
Current tax assets		365	426
Cash and cash equivalents		10,100	8,301
<b>TOTAL CURRENT ASSETS</b>		<b>103,558</b>	<b>101,029</b>
<b>TOTAL ASSETS</b>		<b>190,176</b>	<b>189,175</b>
<b>EQUITY</b>			
Share capital		64,016	64,016
Reserves		33,037	29,722
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>97,053</b>	<b>93,738</b>
Minority interest		-	38
<b>TOTAL EQUITY</b>		<b>97,053</b>	<b>93,776</b>
<b>LIABILITIES</b>			
Borrowings	21	2,561	3,787
Deferred tax liabilities		7,468	7,468
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,029</b>	<b>11,255</b>
Trade and other payables		14,736	15,258
Borrowings	21	66,361	67,300
Current tax liabilities		1,997	1,586
<b>TOTAL CURRENT LIABILITIES</b>		<b>83,094</b>	<b>84,144</b>
<b>TOTAL LIABILITIES</b>		<b>93,123</b>	<b>95,399</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>190,176</b>	<b>189,175</b>
<b>Net Assets Per Share (Sen)</b>		<b>75.80</b>	<b>73.21</b>

The condensed consolidated statement of financial position should be read in conjunction with the most recent annual financial statements as at 31 December 2009.



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

	NOTE	INDIVIDUAL QUARTER 3 MONTHS ENDED 31 MARCH		CUMULATIVE QUARTER 3 MONTHS ENDED 31 MARCH	
		2010 RM'000 (Unaudited)	2009 RM'000 (Unaudited)	2010 RM'000 (Unaudited)	2009 RM'000 (Unaudited)
<b>Revenue</b>		68,953	73,708	68,953	73,708
Operating expenses		(64,606)	(72,791)	(64,606)	(72,791)
Operating income		<u>53</u>	<u>341</u>	<u>53</u>	<u>341</u>
<b>Operating profit</b>		4,400	1,258	4,400	1,258
Interest expense		(573)	(726)	(573)	(726)
Interest income		<u>27</u>	<u>20</u>	<u>27</u>	<u>20</u>
<b>Profit before tax</b>		3,854	552	3,854	552
Tax expense	17	<u>(641)</u>	<u>-</u>	<u>(641)</u>	<u>-</u>
<b>Profit for the period</b>		<u><u>3,213</u></u>	<u><u>552</u></u>	<u><u>3,213</u></u>	<u><u>552</u></u>
<b>Attributable to:</b>					
Equity holders of the Company		3,251	552	3,251	552
Minority interests		<u>(38)</u>	<u>-</u>	<u>(38)</u>	<u>-</u>
<b>Profit for the period</b>		<u><u>3,213</u></u>	<u><u>552</u></u>	<u><u>3,213</u></u>	<u><u>552</u></u>
Basic earnings per ordinary share (sen)	23	<u><u>2.59</u></u>	<u><u>0.43</u></u>	<u><u>2.59</u></u>	<u><u>0.43</u></u>
Diluted earnings per ordinary share (sen)	23	<u><u>2.59</u></u>	<u><u>0.43</u></u>	<u><u>2.59</u></u>	<u><u>0.43</u></u>

The condensed consolidated income statement should be read in conjunction with the most recent annual financial statements as at 31 December 2009.



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

	INDIVIDUAL QUARTER 3 MONTHS ENDED 31 MARCH		CUMULATIVE QUARTER 3 MONTHS ENDED 31 MARCH	
	2010 RM'000 (Unaudited)	2009 RM'000 (Unaudited)	2010 RM'000 (Unaudited)	2009 RM'000 (Unaudited)
<b>Profit for the period</b>	<b>3,213</b>	<b>552</b>	<b>3,213</b>	<b>552</b>
Other comprehensive income for the period				
- Gain on fair value in financial assets available-for-sale	64	-	64	-
<b>Total comprehensive income for the period</b>	<b>3,277</b>	<b>552</b>	<b>3,277</b>	<b>552</b>
<b>Attributable to:</b>				
Equity holders of the Company	3,315	552	3,315	552
Minority interests	(38)	-	(38)	-
	<b>3,277</b>	<b>552</b>	<b>3,277</b>	<b>552</b>



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

	← Attributable to equity holders of the Company →							Minority interest RM'000	Total equity RM'000
	Non-Distributable			Distributable					
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Available-For-Sale reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total RM'000		
Balance as at 1 January 2010	64,016	4	2,185	-	283	27,250	93,738	38	93,776
Total comprehensive income for the period	-	-	-	64	-	3,251	3,315	(38)	3,277
<b>Balance as at 31 March 2010</b>	<b>64,016</b>	<b>4</b>	<b>2,185</b>	<b>64</b>	<b>283</b>	<b>30,501</b>	<b>97,053</b>	<b>-</b>	<b>97,053</b>
Balance as at 1 January 2009	64,016	4	2,135	-	283	21,397	87,835	-	87,835
Total comprehensive income for the period	-	-	-	-	-	552	552	-	552
Equity settled share-based transactions	-	-	5	-	-	-	5	-	5
Issues of shares	-	-	-	-	-	-	-	49	49
<b>Balance as at 31 March 2009</b>	<b>64,016</b>	<b>4</b>	<b>2,140</b>	<b>-</b>	<b>283</b>	<b>21,949</b>	<b>88,392</b>	<b>49</b>	<b>88,441</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the most recent annual financial statements as at 31 December 2009.



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010**

	UNAUDITED 31 MARCH 2010 RM'000	UNAUDITED 31 MARCH 2009 RM'000
<b>Profit before tax</b>	3,854	552
Adjustments for :-		
Non-cash items	1,978	1,917
Non-operating items	610	706
<b>Operating profit before changes in working capital</b>	6,442	3,175
Changes in working capital		
- Net changes in current assets	1,009	(23,783)
- Net changes in current liabilities	(522)	22,755
- Tax paid	(169)	(430)
<b>Net cash inflow from operating activities</b>	6,760	1,717
<b>Investing Activities</b>		
- Capital expenditure	(2,249)	(2,070)
- Others	26	20
<b>Net cash outflow from investing activities</b>	(2,223)	(2,050)
<b>Financing Activities</b>		
- Bank borrowings, net	(4,665)	2,295
- Others	(573)	(726)
<b>Net cash (outflow)/inflow from financing activities</b>	(5,238)	1,569
<b>Net (decrease)/increase in cash and cash equivalents</b>	(701)	1,236
<b>Cash and cash equivalents at 1 January</b>	8,301	2,869
<b>Cash and cash equivalents at 31 March</b>	7,600	4,105
<b>Cash and cash equivalents consist of :-</b>		
Deposits with a licenced bank	6,090	-
Cash and bank balances	4,010	4,105
Bank overdraft	(2,500)	-
	7,600	4,105

The condensed consolidated cash flow statement should be read in conjunction with the most recent annual financial statements as at 31 December 2009



# LEADER STEEL HOLDINGS BERHAD

(Company No.267209-K)

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## 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 Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the most recent annual audited financial statements of the Group for the year ended 31 December 2009. 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 2009.

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 2009, except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective 1 January 2010 as follows:

- FRS 7, Financial Instruments: Disclosures
- FRS 8, Operating Segments
- FRS 101, Presentation of Financial Statements (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment

The initial applications of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group, except as disclosed below:

#### (a) **FRS 8, Operating Segments**

FRS 8 replaces FRS 114<sub>2004</sub>, Segment Reporting and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity’s chief operating decision maker in order to allocate resources to the segment and to assess its performance. The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements, if any.



## **1. Basis of Preparation (Cont'd)**

### **(b) FRS 101, Presentation of Financial Statements (revised)**

The Group adopts FRS 101, Presentation of Financial Statements (revised) which became effective as of 1 January 2010. FRS 101 (revised) requires the Group to present in statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented in order to conform with the revised standard. FRS 101 (revised) impacts presentation of financial information, and does not have any impact on the Group's financial position or results.

### **(c) FRS 139 Financial Instruments: Recognition and Measurement**

#### **(i) Financial assets**

Financial assets are classified either as fair value through profit and loss, financial assets held-to-maturity, loans and receivables or financial assets available-for-sale.

Financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Prior to 1 January 2010, the Group classified its investment in quoted securities as non-current investments which are stated at cost less allowance for diminution in value. With the adoption of FRS 139, these investments are now classified as financial assets available-for-sale and measured at fair value. Subsequent changes to the fair value of these quoted securities have been recognised directly in the Consolidated Statement of Comprehensive Income.

#### **(ii) Financial liabilities**

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities at amortised cost using the effective interest method.

## **2. Audit Report**

The audit report of the preceding annual financial statements ended 31 December 2009 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.

## **4. 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.



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## **5. Changes in estimates**

There were no changes in estimates of amounts reported in prior year that have a material effect in the current 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 period under review.

## **7. Dividend**

No dividend was paid or declared for the current quarter 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 been brought forward, without amendment from the previous annual report.

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

On 23 April 2010, a wholly-owned subsidiary of the Company, GCH Metal Service Centre Sdn. Bhd. ("GCH") the Company entered into a Sale and Purchase Agreement ("S & P Agreement") with Chin Well Fasteners Co. Sdn. Bhd. to dispose of a piece of leasehold land together with the structure to be erected thereon according to the approved building plan for a total consideration of RM4,950,000.00. The proposed disposal is expected to be completed within six months from the date of the S & P Agreement.

## **11. Changes in the composition of the Group**

There were no changes in the composition of the Group for the current quarter under review.

## **12. Changes in contingent liabilities**

31 March 2010  
RM' 000

Amount of corporate guarantees given to licensed banks  
for credit facilities granted to subsidiaries

351,450





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### 13. Review of the performance

The Group recorded lower revenue of RM68.95 million for the current quarter compared to preceding year corresponding quarter of RM73.71 million. Despite lower revenue, profit before tax increased by RM3.30 million from RM0.55 million to RM3.85 million. The increase in profit before tax was mainly due to higher selling prices of our steel products during current quarter under review.

### 14. Variation of results against preceding quarter

During the current quarter under review, the Group recorded revenue of RM68.95 million, a decrease of RM7.19 million or 9.44% compared to RM76.14 million in the preceding quarter. The current quarter profit before tax is RM3.85 million, an increase of RM4.21 million from a loss before tax of RM0.36 million in the preceding quarter. The increased in profit was due to higher selling price of steel products and higher profit margin of trading activities during the quarter.

### 15. Prospects

The directors are optimistic that the Groups performance for the coming quarter will continue to be profitable.

### 16. Profit forecast

Not applicable as no profits forecast was issued.

### 17. Tax expense

	Current Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Malaysian tax</b>				
- Current	641	-	641	--
- Prior year	-	-	-	-
<b>Total tax expense</b>	641	-	641	-

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.

### 18. Unquoted investment and properties

There were no disposals of unquoted investment and properties during the current quarter under review.

### 19. Investment in quoted securities (Financial assets available-for-sale)

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



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Movement and balances of investment in quoted securities as at 31 March 2010 is as below:

<b>Movement</b>	<b>RM'000</b>
Balance at 1 January 2010	516
Add: Fair value changes	64
Balance at 31 March 2010	<u>580</u>

	<b>As at 31 March 2010 RM'000</b>
Carrying value	580
Market value	580

## 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

	<b>As at 31 March 2010 RM'000</b>
<b>Short term borrowings</b>	
Secured	3,324
Unsecured	63,037
	<u>66,361</u>
<b>Long term borrowings</b>	
Secured	<u>2,561</u>

All borrowings are denominated in Ringgit Malaysia.

## 22. Changes in material litigation

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

## 23. Earnings per ordinary share

*Basic earnings per ordinary share*

	<b>Current Quarter</b>	<b>Cumulative Quarter</b>
<b>Net profit attributable to ordinary equity holders of the Company (RM'000)</b>	<u>3,315</u>	<u>3,315</u>
<b>Weighted average number of ordinary shares ('000)</b>	<u>128,032</u>	<u>128,032</u>
<b>Basic earnings per share (sen)</b>	<u>2.59</u>	<u>2.59</u>



*Diluted earnings per ordinary share*

	Current Quarter	Cumulative Quarter
<b>Net profit attributable to ordinary equity holders of the Company (RM'000)</b>	3,315	3,315
<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 (diluted) ('000)</b>	128,032	128,032
<b>Diluted earnings per share (sen)</b>	2.59	2.59

**24. Capital commitments**

31 March 2010  
RM'000

Contracted but not provided for in the financial statements 342

**25. Related party transactions**

		3 months ended 31 March 2010 RM'000
<b>Eonmetall Group Berhad and its subsidiaries</b>	Companies in which certain directors are deemed to have substantial financial interests	
Sales of goods		1,009
Purchase of goods		8,162
Purchase of machinery parts		2
Rental expense		105

By the order of the Board

Lam Voon Kean (MIA 4793)  
Company Secretary  
Penang

27 May 2010