



## LEADER STEEL HOLDINGS BERHAD

(Company No. 267209 - K)

(Incorporated in Malaysia)

### STATEMENTS OF FINANCIAL POSITION AS AT 31 DEC 2010

	NOTE	UNAUDITED 31 DEC 2010 RM'000	AUDITED 31 DECEMBER 2009 RM'000
<b>ASSETS</b>			
Property, plant and equipment		86,014	81,081
Prepaid lease payments		3,825	5,915
Other investments	19	400	516
Investment property			634
Mining Right		889	
Goodwill		2,640	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>93,768</b>	<b>88,146</b>
Inventories		80,671	51,859
Trade and other receivables		50,350	40,143
Assets held for sale			300
Current tax assets		1,211	426
Cash and cash equivalents		3,509	8,301
<b>TOTAL CURRENT ASSETS</b>		<b>135,741</b>	<b>101,029</b>
<b>TOTAL ASSETS</b>		<b>229,509</b>	<b>189,175</b>
<b>EQUITY</b>			
Share capital		64,016	64,016
Reserves		34,866	29,722
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<b>98,882</b>	<b>93,738</b>
Minority interest		0	38
<b>TOTAL EQUITY</b>		<b>98,882</b>	<b>93,776</b>
<b>LIABILITIES</b>			
Borrowings	21	13,233	3,787
Deferred tax liabilities		7,392	7,468
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>20,625</b>	<b>11,255</b>
Trade and other payables		26,436	15,258
Borrowings	21	83,572	67,300
Current tax liabilities		(5)	1,586
<b>TOTAL CURRENT LIABILITIES</b>		<b>110,003</b>	<b>84,144</b>
<b>TOTAL LIABILITIES</b>		<b>130,628</b>	<b>95,399</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>229,509</b>	<b>189,175</b>
<b>Net Assets Per Share (Sen)</b>		<b>77.23</b>	<b>73.21</b>

The condensed consolidated balance sheet 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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**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DEC 2010**

	NOTE	CURRENT 3 MONTHS ENDED 31 DECEMBER		CUMULATIVE 12 MONTHS ENDED 31 DECEMBER	
		2010 RM'000 (Unaudited)	2009 RM'000 (Unaudited)	2010 RM'000 (Unaudited)	2009 RM'000 (audited)
Revenue		62,024	75,458	216,713	389,578
Operating expenses		(58,914)	(75,121)	(207,681)	(377,594)
Operating income		<u>(954)</u>	<u>(247)</u>	<u>(1,159)</u>	<u>1,401</u>
<b>Operating profit/(loss)</b>		<b>2,156</b>	<b>90</b>	<b>7,873</b>	<b>13,385</b>
Interest expense		(1,658)	(519)	(3,434)	(1,991)
Interest income		<u>(39)</u>	<u>71</u>	<u>0</u>	<u>0</u>
<b>(Loss)/Profit before tax</b>		<b>459</b>	<b>(358)</b>	<b>4,439</b>	<b>11,394</b>
Tax expense	17	<u>(50)</u>	<u>(833)</u>	<u>1,107</u>	<u>(2,352)</u>
<b>(Loss)/Profit for the year</b>		<b><u>410</u></b>	<b><u>(1,191)</u></b>	<b><u>5,547</u></b>	<b><u>9,042</u></b>
<b>Attributable to:</b>					
Equity holders of the Company		410	(1,182)	5,585	9,053
Minority interests		<u>(0)</u>	<u>(9)</u>	<u>(38)</u>	<u>(0)</u>
<b>(Loss)/Profit for the year</b>		<b><u>410</u></b>	<b><u>(1,191)</u></b>	<b><u>5,547</u></b>	<b><u>9,042</u></b>
Basic earnings per ordinary share (sen)	23	<u>0.32</u>	<u>(0.92)</u>	<u>4.36</u>	<u>7.07</u>
Diluted earnings per ordinary share (sen)	23	<u>0.32</u>	<u>(0.92)</u>	<u>4.36</u>	<u>7.07</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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**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DEC 2010**

	INDIVIDUAL QUARTER 3 MONTHS ENDED 30 DECEMBER		CUMULATIVE QUARTER 12 MONTHS ENDED 31 DECEMBER		
	2010 RM'000 (Unaudited)	2009 RM'000 (Unaudited)	2010 RM'000 (Unaudited)	2009 RM'000 (Unaudited)	
<b>Profit for the period</b>	0	(1,191)	6	9,042	
Other comprehensive income for the period					
- Gain on fair value in financial assets available-for-sale		-		-	
<b>Total comprehensive income for the period</b>	<u>0</u>	<u>(1,191)</u>	<u>6</u>	<u>9,042</u>	-
<b>Attributable to:</b>					
Equity holders of the Company	0	(1,182)	6	9,053	
Minority interests	<u>(0)</u>	<u>(9)</u>	<u>(0)</u>	<u>(11)</u>	
	<u>0</u>	<u>(1,191)</u>	<u>6</u>	<u>9,042</u>	-



**LEADER STEEL HOLDINGS BERHAD**  
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**CONSOLIDATED STATEMENT OF CHANGE IN EQUITY  
FOR THE YEAR ENDED 31 DEC 2010**

	← Attributable to equity holders of the Company →							Minority interest RM'000	Total equity RM'000
	Share Capital RM'000	Share Premium RM'000	Non-Distributable Share option reserve RM'000	Available For Sale reserve RM'000	Distributable Capital reserve RM'000	Distributable Retained earnings RM'000	Total RM'000		
Balance as at 1 January 2010	64,016	4	2,185		284	27,249	93,738	38	93,776
Total comprehensive income for the period		-	(2,185)		2,185	5,144	5,144	(38)	5,106
Balance as at 31 Dec 2010	<u>64,016</u>	<u>4</u>	<u>0</u>	<u>-</u>	<u>2,469</u>	<u>32,393</u>	<u>98,882</u>	<u>0</u>	<u>98,882</u>
Balance as at 1 January 2009	64,016	4	2,135	-	284	21,397	87,836	-	87,836
Total comprehensive income for the pe	-	-	-	-	-	9,053	9,053	(2)	9,051
Equity settled share-based transactions	-	-	50		-	-	50	-	50
Issues of shares	-	-	-		-	-	-	40	40
Dividend						(3,201)	(3,201)		(3,201)
Balance as at 31 Dec 2009	<u>64,016</u>	<u>4</u>	<u>2,185</u>	<u>-</u>	<u>284</u>	<u>27,249</u>	<u>93,738</u>	<u>38</u>	<u>93,776</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 2009



**LEADER STEEL HOLDINGS BERHAD**  
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**STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED 31 DEC 2010**

	UNAUDITED 31 DECEMBER 2010 RM'000	UNAUDITED 31 DECEMBER 2009 RM'000
<b>Profit before tax</b>	4,439	11,394
Adjustments for :-		
Non-cash items	27,750	6,956
Non-operating items	3,434	1,866
<b>Operating profit before changes in working capital</b>	<b>35,623</b>	<b>20,216</b>
Changes in working capital		
- Net changes in current assets	(39,018)	(14)
- Net changes in current liabilities	11,178	(8)
- Tax paid	(3,482)	(2)
- Interest received	(0)	0
- Interest paid	(3,434)	(2)
- Dividend received	-	-
<b>Net cash (outflow)/inflow from operating activities</b>	<b>867</b>	<b>(5,343)</b>
<b>Investing Activities</b>		
- Capital expenditure	(458)	(18)
- Other investments	-	122
- Others	84	0
- Issue of share to minority interest	-	49
<b>Net cash outflow from investing activities</b>	<b>(375)</b>	<b>(17,841)</b>
<b>Financing Activities</b>		
- Bank borrowings, net	(9,761)	31,816
- Issue of share capital	1	-
- Dividend paid	-	(3,201)
- Others	-	(6,063)
<b>Net cash inflow from financing activities</b>	<b>(9,761)</b>	<b>22,553</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(9,269)</b>	<b>(631)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>8,301</b>	<b>2,869</b>
Effects of exchange difference on retranslation of foreign subsidiary		
<b>Cash and cash equivalents at 31 December</b>	<b>(968)</b>	<b>2,238</b>
<b>Cash and cash equivalents consist of :-</b>		
Deposits with a licenced bank	-	6,063
Cash and bank balances	3,509	2,238
Bank Overdraft	(4,478)	-
	<b>(968)</b>	<b>8,301</b>

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

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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.

#### (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.



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

### **(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.

## **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

There is no change in the events subsequent to the balance sheet date.

## 11. Changes in the composition of the Group

On 8 July 2010, The Board of Directors of the Company approved the acquisition of 40% and 60% owned social capital of PADMA YESSHE S. DE R.L. DE C.V ("Padma Yesshe"), a company incorporated in Mexico by its two (2) wholly-owned subsidiaries, Leader Steel Sdn. Bhd. and Leader Steel Minerals Corporation Sdn. Bhd. for a total cash consideration of 20,000 and 30,000 Peso respectively. (Approximately RM5,120 and RM7,680 respectively)

On 4 August 2010, The Board of Directors of the Company authorized the subscription for 10,000 ordinary shares at HKD1.00 each in PADMA MINERALS CO. LIMITED. ("Padma Minerals HK") in Hong Kong by its wholly owned subsidiary, Leader Minerals Corporation Sdn. Bhd. Padma Minerals HK intended principal activity is general trading. Padma Minerals is currently dormant. The authorized share capital of Padma Minerals HK is HKD10,000.00 comprising 10,000 ordinary shares of HKD1.00 each whilst its issued and paid-up share capital is HKD10,000.00 comprising 10,000 ordinary share of HKD1.00.

## 12. Changes in contingent liabilities

	<b>31 December 2010</b> <b>RM'000</b>
Amount of corporate guarantees given to licensed banks for credit facilities to subsidiaries	230,730

## 13. Review of the performance

The Group achieved turnover of RM 216.71 million for the twelve months ended 31 December 2010, a decrease of 44.4% as compared to RM 389.58 million in the preceding year's corresponding period. The decrease was attributable to the overall decrease in sales volume of iron ore. Profit before tax for the same period of RM4.44 million was lower than profit before tax of RM11.39 million in the preceding year's corresponding period.





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

During the current quarter under review, the Group recorded revenue of RM62.8 million, representing an increase of 82.5% as compared to RM34.4 million in the preceding quarter. The current quarter profit before tax is RM0.4 million, an increase of RM0.4 million as compared to profit before tax of RM0.04 million recorded in the preceding quarter. The increased in profits was due to higher trading sales of iron ore.

#### 15. Prospects

The directors are optimistic that the Group's 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 Dec		Cumulative Quarter 12 months ended 31 Dec	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Malaysian tax</b>				
- Current	1,610	736	453	2,255
- Prior year	(1,560)	97	(1,560)	97
<b>Total tax expense/(reversal)</b>	50	833	(1,107)	2,352

#### 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.

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

Movement	RM'000
Balance at 1 January 2010	516
Less: Fair value changes	116
Balance at 31 Dec 2010	<u>400</u>

	As at 31 Dec 2010 RM'000
Cost	1,160
Carrying value	400
Market value	400



## 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 Dec 2010 RM'000</b>
Short term borrowings	
Unsecured	83,572
	<hr/>
	83,572
Long term borrowings	
Secured	13,233
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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. 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>As at 31 December 2010 RM'000</b>	<b>As at 31 September 2010 RM'000</b>
Total retained profits of Leader Steel Holdings Berhad and its subsidiaries:	31,520	28,300
- Realized	30,806	27,653
- Unrealized	714	647
Total share of retained profits from associated companies:		
- Realized		
- Unrealized		
Total share of retained profits from jointly controlled entities:		
- Realized		
- Unrealized		
Less: Consolidation adjustments	(873)	(4,037)
Total group retained profits as per consolidation accounts	<u>32,393</u>	<u>32,337</u>



## 24. Dividend

The Board of Director at its meeting held on 21 February 2011, had recommended a first and final dividend of 2.5 sen per share less 25% tax, (2009: 2.5 sen per share less 25% tax) for the financial year ended 31 December 2010, which is subject to shareholders' approval in the forthcoming Annual General Meeting.

The dividend payment and book closure dates for the above proposed dividend will be announced at a later date.

## 25. 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>	410	5,585
<b>Weighted average number of ordinary shares ('000)</b>	128,032	128,032
<b>Basic earnings per share (sen)</b>	0.32	4.36

### *Diluted 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>	410	5,585
<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>	0.32	4.36

## 26. Capital commitments

There were no capital commitments during the period under review.



## 27. Related party transactions

		<b>12 months ended 31 December 2010 RM'000</b>
<b>Eonmetall Group Berhad and its subsidiaries</b>	Companies in which certain directors are deemed to have substantial financial interests	
Sales of goods		2,056
Purchase of goods		19,631
Purchase of machinery parts		1,141
Rental expense		678

By the order of the Board

Lam Voon Kean (MIA 4793)  
Company Secretary  
Penang  
21 Feb 2011