



LEADER STEEL HOLDINGS BERHAD

(Company No. 267209 - K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2009**

	NOTE	UNAUDITED 30 SEPTEMBER 2009 RM'000	AUDITED 31 DECEMBER 2008 RM'000
ASSETS			
Property, plant and equipment		76,061	70,553
Prepaid lease payments		5,885	5,965
Other investments	19	612	300
Investment property		637	644
TOTAL NON-CURRENT ASSETS		83,195	77,462
Inventories		32,350	38,589
Trade and other receivables		50,281	39,779
Current tax assets		400	347
Cash and cash equivalents		16,414	2,869
TOTAL CURRENT ASSETS		99,445	81,584
TOTAL ASSETS		182,640	159,046
EQUITY			
Share capital		64,016	64,016
Reserves		30,892	23,819
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		94,908	87,835
Minority interest		47	-
TOTAL EQUITY		94,955	87,835
LIABILITIES			
Borrowings	21	5,025	4,030
Deferred tax liabilities		7,270	7,270
TOTAL NON-CURRENT LIABILITIES		12,295	11,300
Trade and other payables		17,244	23,616
Borrowings	21	56,725	35,241
Current tax liabilities		1,421	1,054
TOTAL CURRENT LIABILITIES		75,390	59,911
TOTAL LIABILITIES		87,685	71,211
TOTAL EQUITY AND LIABILITIES		182,640	159,046
Net Assets Per Share (Sen)		74.13	68.60

The condensed consolidated balance sheet should be read in conjunction with the most recent annual financial statements as at 31 December 2008.



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

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009
(THE FIGURES HAVE NOT BEEN AUDITED)**

	NOTE	CURRENT 3 MONTHS ENDED 30 SEPTEMBER		CUMULATIVE 9 MONTHS ENDED 30 SEPTEMBER	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue		158,825	41,408	313,435	175,953
Operating expenses		(150,609)	(40,999)	(301,826)	(159,101)
Operating income		<u>1,081</u>	<u>758</u>	<u>1,543</u>	<u>1,436</u>
Operating profit		9,297	1,167	13,152	18,288
Interest expense		(443)	(695)	(1,454)	(1,940)
Interest income		<u>7</u>	<u>29</u>	<u>54</u>	<u>52</u>
Profit before tax		8,861	501	11,752	16,400
Tax expense	17	<u>(1,318)</u>	<u>(251)</u>	<u>(1,518)</u>	<u>(4,591)</u>
Profit for the period		<u>7,543</u>	<u>250</u>	<u>10,234</u>	<u>11,809</u>
Attributable to:					
Equity of the Company		7,543	250	10,236	11,809
Minority interests		<u>0</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
Profit for the period		<u>7,543</u>	<u>250</u>	<u>10,234</u>	<u>11,809</u>
Basic earnings per ordinary share (sen)	24	<u>5.89</u>	<u>0.20</u>	<u>7.99</u>	<u>9.26</u>
Diluted earnings per ordinary share (sen)	24	<u>5.89</u>	<u>0.19</u>	<u>7.99</u>	<u>9.25</u>

The condensed consolidated income statement should be read in conjunction with the most recent annual financial statements as at 31 December 2008.



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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009**

	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 RM'000	Minority interest RM'000	Total equity RM'000
At 1 January 2009	64,016	4	2,135	283	21,397	87,835	-	87,835
Profit / (loss) for the financial period	-	-	-	-	10,236	10,236	(2)	10,234
Equity settled share-based transactions	-	-	38	-	-	38	-	38
Shares issued to minority interest	-	-	-	-	-	-	49	49
Dividend	-	-	-	-	(3,201)	(3,201)	-	(3,201)
At 30 September 2009	<u>64,016</u>	<u>4</u>	<u>2,173</u>	<u>283</u>	<u>28,432</u>	<u>94,908</u>	<u>47</u>	<u>94,955</u>
At 1 January 2008	63,575	-	1,932	283	23,163	88,953	-	88,953
Profit for the financial period	-	-	-	-	11,809	11,809	-	11,809
Equity settled share-based transactions	-	-	152	-	-	152	-	152
Issues of shares	441	4	-	-	-	445	-	445
Dividend	-	-	-	-	(2,368)	(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>	<u>-</u>	<u>98,991</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 2008.



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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009**

	UNAUDITED 30 SEPTEMBER 2009 RM'000	UNAUDITED 30 SEPTEMBER 2008 RM'000
Profit before tax	11,752	16,400
Adjustments for :-		
Non-cash items	5,036	5,620
Non-operating items	1,399	1,888
Operating profit before changes in working capital	18,187	23,908
Changes in working capital		
Net changes in current assets	(4,263)	(36,186)
Net changes in current liabilities	(6,372)	6,761
Tax paid	(1,204)	(1,414)
Net cash inflow/(outflow) from operating activities	6,348	(6,931)
Investing Activities		
- Capital expenditure	(10,730)	(8,898)
- Other investments	-	(889)
- Others	54	52
- Issue of shares to minority interest	49	-
Net cash outflow from investing activities	(10,627)	(9,735)
Financing Activities		
- Bank borrowings, net	22,479	27,486
- Issue of share capital	0	445
- Dividend paid	(3,201)	(2,368)
- Others	(1,454)	(1,941)
Net cash inflow from financing activities	17,824	23,622
Net increase in cash and cash equivalents	13,545	6,956
Cash and cash equivalents at 1 January	2,869	6,195
Cash and cash equivalents at 30 September	16,414	13,151
Cash and cash equivalents consist of :-		
Short term deposits with a licenced bank	6,000	5,700
Cash and bank balances	10,414	7,451
	16,414	13,151

The condensed consolidated cash flow statement should be read in conjunction with the most recent annual financial statements as at 31 December 2008.



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.

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs / Interpretations	Effective date
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010



FRS 8, Operating Segments	1 July 2009
FRS 101, Presentation of Financial Statements	1 January 2010
FRS 123, Borrowing Costs	1 January 2010
Amendments to FRS 132, Financial Instruments: Presentation and FRS 101, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2010
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
Improvements to FRSs 2009	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13, Customer Loyalty Programmes	1 January 2010
IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2010

The Group plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 January 2010 except for Amendments to FRS 1 and FRS 127, FRS 4, IC Interpretation 13 and 14 which are not relevant to the Group.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the other standards, amendments and interpretations is not expected to have any material impact on the financial statements or any material change in accounting policy.



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

A first interim tax exempt dividend of 2.5 sen per ordinary share, amounting to RM3,200,800 in respect of the financial year ended 31 December 2009 was paid on 30 September 2009.

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

11. Changes in the composition of the Group

There were no changes in the composition of the Group during the financial period under review except for the incorporation of a new subsidiary, ACME United Sdn. Bhd. (“ACME”) in which the Company’s wholly-owned subsidiary, Leader Steel Sdn. Bhd. subscribed for 51,000 ordinary shares of RM1 each representing 51% equity in ACME for a total cash consideration of RM51,000. The remaining 49% equity of ACME was held by Liuzhou Kaifan Material Co. Ltd, a company incorporated in People’s Republic of China.

12. Changes in contingent liabilities

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

13. Review of the performance

The Group achieved turnover of RM313.44million for the nine months ended 30 September 2009, an increase of 78.1% as compared to RM175.95million in the preceding year’s corresponding period. It was mainly due to higher sales volume of trading activity. However, profit before tax for the same period of RM11.75million was lower than profit before tax of RM16.4million in the preceding year’s corresponding period. The decrease in profit before tax was mainly due to lower selling price of steel products during the nine months under review.

14. Variation of results against preceding quarter

During the current quarter under review, the Group recorded revenue of RM 158.83million, representing an increase of RM77.93million or 96.3% as compared to RM80.90million in the preceding quarter. The current quarter profit before tax was at RM8.86 million, an increase of RM6.52 million or 278.6% as compared to profit before tax of RM2.34million in the preceding quarter. The improvement in profit was due to higher selling price of steel products during the quarter.



15. Prospects for the next financial quarter

The performance of the Group has been within expectations for the current quarter under review. Barring unforeseen circumstances, the Directors expect the Group's performance in the coming quarter to be maintained.

16. Profit forecast

Not applicable as no profits forecast was issued.

17. Tax expense

	Current Year Quarter Ended 30 September		Current Year-to-date Ended 30 September	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expense				
Malaysian - Current period	1,221	1,800	1,421	1,800
- Prior year	97	-	97	-
	1,318	1,800	1,518	1,800
Deferred tax expense				
Malaysian - Current period	-	-	-	-
- Prior year	-	-	-	-
	-	-	-	-
Total tax expense	1,318	1,800	1,518	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.

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

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

Movement and balances of investment in quoted securities as at 30 September 2009 is shown below:

Movement	RM'000
Balance at 1 January 2009	300
Add: Reversal of diminution in value of quoted shares	312
Balance at 30 September 2009	612

	As at 30 September 2009 RM'000
Balances	
Cost	1,160
Carrying value	612
Market value	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

	As at 30 September 2009 RM'000
Short term borrowings	
Secured	1,951
Unsecured	54,774
	<hr/>
	56,725
Long term borrowings	
Secured	5,025
	<hr/> <hr/>

All borrowings are denominated in Ringgit Malaysia.

22. Changes in material litigation

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



23. Dividend

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

24. Earnings per ordinary share

Basic earnings per ordinary share

	Current Quarter	Current Period-To-Date
Profit for the financial period attributable to ordinary shareholders of the Company (RM'000)	7,543	10,236
Weighted average number of ordinary shares ('000)	128,032	128,032
Basic earnings per share (sen)	5.89	7.99

Diluted earnings per ordinary share

	Current Quarter	Current Year-To-Date
Profit for the financial period attributable to ordinary shareholders of the Company (RM'000)	7,543	10,236
Weighted average number of ordinary shares ('000)	128,032	128,032
Effect of share options ('000)	-	-
Weighted average number of ordinary shares ('000)	128,032	128,032
Diluted earnings per share (sen)	5.89	7.99

25. Inventories

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

26. Capital commitments

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



27. Related party transactions

		9 months ended 30 September 2009 RM'000
Eonmetall Group Berhad and its subsidiaries	Companies in which the director is deemed to have substantial financial interests	
Sales of goods		403
Purchase of goods		11,867
Purchase of machinery parts		24
Rental expense		315

By the order of the Board

Lam Voon Kean (MIA 4793)
Company Secretary
Penang
25 November 2009