



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

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009
(THE FIGURES HAVE NOT BEEN AUDITED)**

	NOTE	CURRENT 3 MONTHS ENDED 31 MARCH		CUMULATIVE 3 MONTHS ENDED 31 MARCH	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue		73,708	68,173	73,708	68,173
Operating expenses		(72,791)	(60,924)	(72,791)	(60,924)
Operating income		341	416	341	416
Operating profit		1,258	7,665	1,258	7,665
Interest expense		(726)	(613)	(726)	(613)
Interest income		20	6	20	6
Profit before tax		552	7,058	552	7,058
Tax expense	17	-	(1,800)	-	(1,800)
Profit for the period		<u>552</u>	<u>5,258</u>	<u>552</u>	<u>5,258</u>
Attributable to:					
Shareholders of the Company		552	5,258	552	5,258
Minority interests		-	-	-	-
Profit for the period		<u>552</u>	<u>5,258</u>	<u>552</u>	<u>5,258</u>
Basic earnings per ordinary share (sen)	25	<u>0.43</u>	<u>4.14</u>	<u>0.43</u>	<u>4.14</u>
Diluted earnings per ordinary share (sen)	25	<u>0.43</u>	<u>4.13</u>	<u>0.43</u>	<u>4.13</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 BALANCE SHEET
AS AT 31 MARCH 2009**

	NOTE	UNAUDITED 31 MARCH 2009 RM'000	AUDITED 31 DECEMBER 2008 RM'000
ASSETS			
Property, plant and equipment		70,824	70,553
Prepaid lease payments		5,952	5,965
Investment property		642	644
Other investments	19	250	300
TOTAL NON-CURRENT ASSETS		77,668	77,462
Inventories		28,001	38,589
Trade and other receivables		74,151	39,779
Current tax assets		119	347
Cash and cash equivalents		4,105	2,869
TOTAL CURRENT ASSETS		106,376	81,584
TOTAL ASSETS		184,044	159,046
EQUITY			
Share capital		64,016	64,016
Reserves		24,376	23,819
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		88,392	87,835
Minority interest		49	-
TOTAL EQUITY		88,441	87,835
LIABILITIES			
Borrowings	21	7,752	4,030
Deferred tax liabilities		7,270	7,270
TOTAL NON-CURRENT LIABILITIES		15,022	11,300
Trade and other payables		46,371	23,616
Borrowings	21	33,814	35,241
Current tax liabilities		396	1,054
TOTAL CURRENT LIABILITIES		80,581	59,911
TOTAL LIABILITIES		95,603	71,211
TOTAL EQUITY AND LIABILITIES		184,044	159,046
Net Assets Per Share (Sen)		69.04	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 STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009**

	← 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	Distributable Capital reserve RM'000	Distributable Retained earnings RM'000	Total RM'000		
At 1 January 2009	64,016	4	2,135	283	21,397	87,835	-	87,835
Profit for the financial period	-	-	-	-	552	552	-	552
Equity settled share-based transactions	-	-	5	-	-	5	-	5
Shares issued to minority interest	-	-	-	-	-	-	49	49
At 31 March 2009	64,016	4	2,140	283	21,949	88,392	49	88,441
At 1 January 2008	63,575	-	1,932	283	23,163	88,953	-	88,953
Profit for the financial period	-	-	-	-	5,258	5,258	-	5,258
Equity settled share-based transactions	-	-	51	-	-	51	-	51
Issues of shares	1	-	-	-	-	1	-	1
At 31 March 2008	63,576	-	1,983	283	28,421	94,263	-	94,263

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 31 MARCH 2009**

	UNAUDITED 31 MARCH 2009 RM'000	UNAUDITED 31 MARCH 2008 RM'000
Profit before tax	552	7,058
Adjustments for :-		
Non-cash items	1,917	1,552
Non-operating items	706	607
Operating profit before changes in working capital	3,175	9,217
Changes in working capital		
Net changes in current assets	(23,783)	(38,419)
Net changes in current liabilities	22,755	(1,614)
Tax paid	(430)	(249)
Net cash inflow/(outflow) from operating activities	1,717	(31,065)
Investing Activities		
- Capital expenditure	(2,070)	(3,124)
- Other investments	-	106
- Others	20	6
Net cash outflow from investing activities	(2,050)	(3,012)
Financing Activities		
- Bank borrowings, net	2,295	29,549
- Issue of share capital	-	1
- Others	(726)	(613)
Net cash inflow from financing activities	1,569	28,937
Net increase/(decrease) in cash and cash equivalents	1,236	(5,140)
Cash and cash equivalents at 1 January	2,869	6,195
Cash and cash equivalents at 31 December	4,105	1,055
Cash and cash equivalents consist of :-		
Cash and bank balances	4,105	2,935
Bank overdrafts	-	(1,880)
	4,105	1,055

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 (including its consequential amendments) and interpretations that are effective for financial year beginning on 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

The Group plans to apply the abovementioned FRSs/Interpretations from the annual period beginning 1 January 2010 except for FRS 4 which is not applicable to the Group.



1. Basis of Preparation (Cont'd)

The impact of applying FRS 7 and FRS 139 on the interim financial statements upon first adoption as required by paragraph 30(b) of the FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in the respective FRSs. The initial application of the standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Group's interim financial statements.

FRS 8, Operating Segment

FRS 8 will become effective for financial statements for the year ending 31 December 2010. FRS 8, which replaces FRS 114, Segment Reporting, requires 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. Currently, the Group presents segment information in respect of its business and geographical segments. The adoption of FRS 8 will not have any significant impact on the interim financial statements of the Group other than the expanded disclosure requirements, if any.

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 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

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

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

10. Events subsequent to the balance sheet date

There were no material events subsequent to the end of financial period ended 31 March 2009.

11. Changes in the composition of the Group

On 22 January 2009, Leader Steel Sdn Bhd ("LSSB"), a wholly owned subsidiary of the Company, had acquired and subscribed for 2 and 50,998 ordinary shares of RM1.00 each respectively representing 51% of the issued and paid-up capital of Acme United Sdn Bhd ("ACME") for a total cash consideration of RM51,000. The remaining 49% of the issued and paid-up share capital of ACME is held by Liuzhou Kaifan Material Co Ltd ("LKM"), a company incorporated in China. The rationale of the proposed investment is to venture into manufacturing of steel products to complement the company existing business in future.

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

	31 March 2009 RM'000
Amount of corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	45,600



13. Review of the performance

The Group achieved turnover of RM73.71million for the quarter ended 31 March 2009, an increase of 8% as compared to RM68.17million in the preceding year's corresponding quarter. It was mainly due to higher sales volume of our products. However profit before tax for the current quarter of RM552,000 was lower than profit before tax of RM7.06million in the preceding year's corresponding period. The decrease in profit before tax was mainly due to decrease of profit margin arising from melt down of our steel products.

14. Variation of results against preceding quarter

For the quarter under review, the Group recorded 32.5% increase in turnover to RM73.71million as compared to RM55.65million in the preceding quarter. The current quarter profit before tax was at RM552,000 as compared to losses before tax of RM14.98million in the preceding quarter due to improvement of profit margin in the current quarter as opposed to losses from extra ordinary item incurred due to adjustment made which was announced in the preceding quarter.

15. Current year prospects

The Directors are of the opinion that the Group will continue to achieve improved results for the financial year ending 31 December 2009.

16. Profit forecast

Not applicable as no profits forecast was issued.

17. Tax expense

	Current Quarter Ended 31 March		Current Year-to-date Ended 31 March	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expense				
Malaysian – Current period	-	1,800	-	1,800
- Prior years	-	-	-	-
	-	1,800	-	1,800
Deferred tax expense				
Malaysian – Current period	-	-	-	-
- Prior years	-	-	-	-
	-	-	-	-
Total tax expense	-	1,800	-	1,800

The Group's effective tax rate for the preceding year's corresponding 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 were no purchases or disposals of quoted securities for the current quarter and financial period under review.

Investment in quoted securities as at 31 March 2009:

	At Cost RM'000	At Book Value RM'000	At Market Value RM'000
Total Quoted Shares	1,160	250	250

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

	As at 31 March 2009 RM'000
Short term borrowings	
Secured	2,200
Unsecured	31,614
	33,814
Long term borrowings	
Secured	7,752

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 financial period under review.



24. Earnings per ordinary share

Basic earnings per ordinary share

	Current Quarter	Current Year-To-Date
Profit for the financial period attributable to ordinary shareholders of the Company (RM'000)	552	552
Weighted average number of ordinary shares ('000)	128,032	128,032
Basic earnings per share (sen)	0.43	0.43

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)	552	552
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)	0.43	0.43

25. Inventories

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

		3 Months Ended 31 March 2009 RM'000
Eonmetall Group Berhad and its subsidiaries	Companies in which the director is deemed to have substantial financial interests	
Purchase of goods		565
Rental		105

By the order of the Board

Lam Voon Kean (MIA 4793)
Company Secretary
Penang
21 May 2009