



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

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008
(THE FIGURES HAVE NOT BEEN AUDITED)**

	NOTE	CURRENT 3 MONTHS ENDED 31 DECEMBER		CUMULATIVE 12 MONTHS ENDED 31 DECEMBER	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue		55,657	54,615	231,610	185,417
Operating expenses		(70,433)	(50,665)	(229,534)	(178,636)
Operating income		516	618	1,952	1,803
Operating profit		(14,260)	4,568	4,028	8,584
Interest expense		(742)	(348)	(2,683)	(1,572)
Interest income		18	0	71	33
Profit/(Loss) before tax		(14,984)	4,220	1,416	7,045
Tax expense	17	3,759	(1,338)	(832)	(1,905)
Profit/(Loss) for the period		<u>(11,225)</u>	<u>2,882</u>	<u>584</u>	<u>5,140</u>
Attributable to:					
Shareholders of the Company		(11,225)	2,882	584	5,140
Minority interests		-	-	-	-
Profit/(Loss) for the period		<u>(11,225)</u>	<u>2,882</u>	<u>584</u>	<u>5,140</u>
Basic earnings per ordinary share (sen)	24	<u>(8.77)</u>	<u>2.27</u>	<u>0.46</u>	<u>4.05</u>
Diluted earnings per ordinary share (sen)	24	<u>(8.77)</u>	<u>2.27</u>	<u>0.46</u>	<u>4.04</u>

The condensed consolidated income statement should be read in conjunction with the most recent annual financial statements as at 31 December 2007.



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**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008**

	NOTE	UNAUDITED 31 DECEMBER 2008 RM'000	AUDITED 31 DECEMBER 2007 RM'000
ASSETS			
Property, plant and equipment		73,154	68,228
Prepaid lease payments		4,008	4,099
Other investments	19	300	335
TOTAL NON-CURRENT ASSETS		77,462	72,662
Inventories		38,589	36,962
Trade and other receivables		40,082	23,575
Current tax assets		127	193
Cash and cash equivalents		2,869	6,195
TOTAL CURRENT ASSETS		81,667	66,925
TOTAL ASSETS		159,129	139,587
EQUITY			
Share capital		64,016	63,575
Share Premium		4	-
Reserves		23,797	25,378
TOTAL EQUITY		87,817	88,953
LIABILITIES			
Borrowings	21	4,412	3,712
Deferred tax liabilities		7,270	8,652
TOTAL NON-CURRENT LIABILITIES		11,682	12,364
Trade and other payables		23,433	7,461
Borrowings	21	35,168	30,291
Current tax liabilities		1,029	518
TOTAL CURRENT LIABILITIES		59,630	38,270
TOTAL LIABILITIES		71,312	50,634
TOTAL EQUITY AND LIABILITIES		159,129	139,587
Net Assets Per Share (Sen)		68.59	69.96

The condensed consolidated balance sheet should be read in conjunction with the most recent annual financial statements as at 31 December 2007.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

	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 equity RM'000
At 1 January 2008	63,575	-	1,932	283	23,163	88,953
Profit for the financial year	-	-	-	-	584	584
Equity settled share-based transactions	-	-	203	-	-	203
Issues of shares	441	4	-	-	-	445
Dividend	-	-	-	-	(2,368)	(2,368)
At 31 December 2008	<u>64,016</u>	<u>4</u>	<u>2,135</u>	<u>283</u>	<u>21,379</u>	<u>87,817</u>
At 1 January 2007	62,961	-	1,508	283	20,341	85,093
Profit for the financial year	-	-	-	-	5,140	5,140
Equity settled share-based transactions	-	-	424	-	-	424
Issues of shares	614	-	-	-	-	614
Dividend	-	-	-	-	(2,318)	(2,318)
At 31 December 2007	<u>63,575</u>	<u>-</u>	<u>1,932</u>	<u>283</u>	<u>23,163</u>	<u>88,953</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 2007.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

	UNAUDITED 31 DECEMBER 2008 RM'000	AUDITED 31 DECEMBER 2007 RM'000
Profit before tax	1,416	7,044
Adjustments for :-		
Non-cash items	8,052	5,909
Non-operating items	2,612	1,520
Operating profit before changes in working capital	12,080	14,473
Changes in working capital		
Net changes in current assets	(18,133)	13,744
Net changes in current liabilities	15,878	(5,566)
Tax paid	(1,638)	(1,118)
Net cash (outflow)/inflow from operating activities	8,187	21,533
Investing Activities		
- Capital expenditure	(8,873)	(8,779)
- Other investments	(827)	(88)
- Others	71	33
Net cash outflow from investing activities	(9,629)	(8,834)
Financing Activities		
- Bank borrowings, net	2,723	(2,771)
- Issue of share capital	445	614
- Dividend paid	(2,368)	(2,318)
- Others	(2,684)	(1,572)
Net cash inflow/(outflow) from financing activities	(1,884)	(6,047)
Net (decrease)/increase in cash and cash equivalents	(3,326)	6,652
Cash and cash equivalents at 1 January	6,195	(457)
Cash and cash equivalents at 31 December	2,869	6,195
Cash and cash equivalents consist of :-		
Short term deposit with a licensed bank	-	5,100
Cash and bank balances	2,869	1,095
	2,869	6,195

The condensed consolidated cash flow statement should be read in conjunction with the most recent annual financial statements as at 31 December 2007.



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 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 2007. 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 2007.

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 2007 except for the adoption of the following applicable new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 January 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

2. Audit Report

The audit report of the preceding annual financial statements ended 31 December 2007 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 year 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 year under review.

5. Changes in estimates

There were no material changes in estimates of amounts reported during the financial year under review.

6. Debts and equity or securities

During this financial year, the issued and paid up capital of the Company was increased from RM63,575,000 to RM64,016,000 by way of issue of 882,000 new ordinary shares of RM0.50 each pursuant to the exercise of options granted under the Employees' Share Option Scheme.

Other than the above, 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 year.

7. Dividend paid

A first and final dividend of 2.5 sen per ordinary share less 26% tax totaling RM2,368,592 in respect of the financial year ended 31 December 2007 was paid on 30 June 2008.

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 are no material events subsequent to the end of financial year ended 31 December 2008 to 19 February 2009 (a date which is not earlier than 7 days from the date of issue of this announcement).

11. Changes in the composition of the Group

On 19 January 2008, Leader Minerals Corporation Sdn Bhd (“LMC”) (formerly known as Biostone Tech Sdn Bhd), a wholly owned subsidiary of the Company, had incorporated a new company in Brunei, known as Leader Minerals International Ltd. (“Leader Minerals”). Leader Minerals is a wholly owned subsidiary of LMC. The initial paid-up capital of Leader Minerals is USD1.00 with authorized share capital of USD100,000.00. It will be principally involved in investment holding and trading of minerals.

On 23 April 2008, the Company acquired 20,002 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of GCH Metal Service Centre Sdn. Bhd. for a total cash consideration of RM2.00.

On 22 January 2009, Leader Steel Sdn. Bhd. (“LSSB”), a wholly owned subsidiary of the company, had proposed to acquire and subscribe 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 year under review.

12. Changes in contingent liabilities

	31 December 2008 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 revenue of RM231.61million for the year ended 31 December 2008 as compared to RM185.42 million in the last financial year. However, the Group registered lower profit before tax of RM1.42 million as compared to RM7.04 million in the last financial year. The loss in this quarter was mainly due to settlement of a dispute relating to a quality issue of the trading goods resulting in RM7.2 million adjustments. In addition the current economic crisis has greatly contributed to the lower profit of the Group's products.

On quarterly basis, the Group achieved marginal increase in revenue of RM55.66 million for the quarter ended 31 December 2008 as compared to RM54.62 million in the preceding year's corresponding quarter. However, the group recorded loss before tax of RM14.98 million as compared to profit before tax of RM4.22 million in the preceding year's corresponding quarter. The loss before tax was mainly due to the reasons as stated in the above paragraph.

14. Variation of results against preceding quarter

For the quarter under review, the Group recorded higher revenue of RM55.66 million as compared to RM41.41 million in preceding quarter. However, the Group registered loss before tax of RM14.98 million in the current quarter as compared to profit before tax of RM0.50 million in the preceding quarter. The main reason was due to settlement of a dispute relating to a quality issue of the trading goods resulting in RM7.2 million adjustments. In addition the current economic crisis has greatly contributed to the lower profit of the Group's products.

15. Current year prospects

The Directors are of the opinion that the results of the Group will be very much affected by the current unpredictable world and local economic situations 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 December		Current Year-to-date Ended 31 December	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current tax expense				
Malaysian – Current period	(3,061)	501	1,339	1,201
- Prior years	684	255	875	426
	(2,377)	756	2,214	1,627
Deferred tax expense				
Malaysian – Current period	(134)	336	(134)	32
- Prior years	(1,248)	246	(1,248)	246
	(1,382)	582	(1,382)	278
Total tax expense	(3,759)	1,338	832	1,905

The Group's effective tax rate for the current quarter and financial year-to-date were different with the statutory tax rate mainly due to certain subsidiaries were suffering losses during the current quarter and financial year.

18. Unquoted investment and properties

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



19. Quoted securities

Purchase and disposal of quoted securities for the current quarter and financial year under review were as follows:

	Current Quarter Ended 31 December 2008	Current Year-to-date Ended 31 December 2008
	RM'000	RM'000
Total purchase consideration	-	1,160
Total sales proceeds	61	332
Total loss on disposals	23	2

Investment in quoted securities as at 31 December 2008:

	At Cost RM'000	At Book Value RM'000	At Market Value RM'000
Total Quoted Shares	1,160	300	300

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 December 2008 RM'000
Short term borrowings	
Secured	2,200
Unsecured	32,968
	<u>35,168</u>
Long term borrowings	
Secured	<u>4,412</u>

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 year 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)	(11,225)	584
Weighted average number of ordinary shares ('000)	128,032	127,682
Basic earnings per share (sen)	(8.77)	0.46

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)	(11,225)	584
Weighted average number of ordinary shares ('000)	128,032	127,682
Effect of share options ('000)	-	12
Weighted average number of ordinary shares ('000)	128,032	127,694
Diluted earnings per share (sen)	(8.77)	0.46

25. Inventories

An amount of RM194k has been written down during the financial year under review.

26. Capital commitments

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



27. Related party transactions

		12 Months Ended 31 December 2008 RM'000
Eonmetall Group Berhad and its subsidiaries	Companies in which the director is deemed to have substantial financial interests	
Sales of goods		9,666
Purchase of goods		8,218
Purchase of machinery		3,340
Rental		245

By the order of the Board

Lam Voon Kean (MIA 4793)
Company Secretary
Penang
26 February 2009