



LEADER STEEL HOLDINGS BERHAD

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

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

	NOTE	CURRENT 3 MONTHS ENDED 31 DECEMBER		CUMULATIVE 12 MONTHS ENDED 31 DECEMBER	
		2009 RM'000 (Unaudited)	2008 RM'000 (Unaudited)	2009 RM'000 (Unaudited)	2008 RM'000 (Audited)
Revenue		76,143	55,657	389,578	231,597
Operating expenses		(75,806)	(70,433)	(377,632)	(229,337)
Operating income		(247)	516	1,296	1,603
Operating profit/(loss)		90	(14,260)	13,242	3,863
Interest expense		(519)	(742)	(1,973)	(2,694)
Interest income		71	18	125	71
(Loss)/Profit before tax		(358)	(14,984)	11,394	1,240
Tax expense	17	(833)	3,759	(2,351)	(637)
(Loss)/Profit for the year		(1,191)	(11,225)	9,043	603
Attributable to:					
Equity holders of the Company		(1,182)	(11,225)	9,054	603
Minority interests		(9)	-	(11)	-
(Loss)/Profit for the year		(1,191)	(11,225)	9,043	603
Basic earnings per ordinary share (sen)	24	(0.92)	(8.77)	7.07	0.47
Diluted earnings per ordinary share (sen)	24	(0.92)	(8.77)	7.07	0.47

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

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**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009**

	NOTE	UNAUDITED 31 DECEMBER 2009 RM'000	AUDITED 31 DECEMBER 2008 RM'000
ASSETS			
Property, plant and equipment		81,085	70,553
Prepaid lease payments		5,914	5,965
Other investments	19	516	300
Investment property		630	644
TOTAL NON-CURRENT ASSETS		88,145	77,462
Inventories		51,859	38,589
Trade and other receivables		40,143	39,779
Assets held for sale		300	-
Current tax assets		427	347
Cash and cash equivalents		8,301	2,869
TOTAL CURRENT ASSETS		101,030	81,584
TOTAL ASSETS		189,175	159,046
EQUITY			
Share capital		64,016	64,016
Reserves		29,722	23,819
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		93,738	87,835
Minority interest		38	-
TOTAL EQUITY		93,776	87,835
LIABILITIES			
Borrowings	21	3,758	4,030
Deferred tax liabilities		7,468	7,270
TOTAL NON-CURRENT LIABILITIES		11,226	11,300
Trade and other payables		15,258	23,616
Borrowings	21	67,329	35,241
Current tax liabilities		1,586	1,054
TOTAL CURRENT LIABILITIES		84,173	59,911
TOTAL LIABILITIES		95,399	71,211
TOTAL EQUITY AND LIABILITIES		189,175	159,046
Net Assets Per Share (Sen)		73.21	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
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

	← Attributable to equity holders of the Company →							
	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/(loss) for the year	-	-	-	-	9,054	9,054	(11)	9,043
Equity settled share-based transactio:	-	-	50	-	-	50	-	50
Shares issued to minority interest	-	-	-	-	-	-	49	49
Dividend	-	-	-	-	(3,201)	(3,201)	-	(3,201)
At 31 December 2009	<u>64,016</u>	<u>4</u>	<u>2,185</u>	<u>283</u>	<u>27,250</u>	<u>93,738</u>	<u>38</u>	<u>93,776</u>
At 1 January 2008	63,575	-	1,932	283	23,163	88,953	-	88,953
Profit for the year	-	-	-	-	603	603	-	603
Equity settled share-based transactio:	-	-	203	-	-	203	-	203
Issues of shares	441	4	-	-	-	445	-	445
Dividend	-	-	-	-	(2,369)	(2,369)	-	(2,369)
At 31 December 2008	<u>64,016</u>	<u>4</u>	<u>2,135</u>	<u>283</u>	<u>21,397</u>	<u>87,835</u>	<u>-</u>	<u>87,835</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
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009**

	UNAUDITED 31 DECEMBER 2009 RM'000	AUDITED 31 DECEMBER 2008 RM'000
Profit before tax	11,394	1,240
Adjustments for :-		
Non-cash items	7,060	8,073
Non-operating items	1,847	2,586
Operating profit before changes in working capital	20,301	11,899
Changes in working capital		
- Net changes in current assets	(13,633)	(17,832)
- Net changes in current liabilities	(8,358)	16,061
- Tax paid	(1,701)	(1,629)
- Interest received	125	71
- Interest paid	(1,973)	(2,694)
- Dividend received	-	27
Net cash (outflow)/inflow from operating activities	(5,239)	5,903
Investing Activities		
- Capital expenditure	(17,993)	(10,679)
- Other investments	-	(827)
- Others	49	(17)
Net cash outflow from investing activities	(17,944)	(11,523)
Financing Activities		
- Bank borrowings, net	31,816	4,218
- Issue of share capital	-	445
- Dividend paid	(3,201)	(2,369)
Net cash inflow from financing activities	28,615	2,294
Net decrease in cash and cash equivalents	5,432	(3,326)
Cash and cash equivalents at 1 January	2,869	6,195
Cash and cash equivalents at 31 December	8,301	2,869
Cash and cash equivalents consist of :-		
Deposits with a licenced bank	6,063	-
Cash and bank balances	2,238	2,869
	8,301	2,869

The entire deposits placed with a licensed bank has been pledged to a bank for banking facilities granted to a subsidiary and hence, are not available for general use.

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

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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 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 (revised)	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
Amendments to 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
FRS 1, First-time Adoption of Financial Reporting Standards (revised)	1 July 2010
FRS 3, Business Combinations (revised)	1 July 2010
FRS 127, Consolidated and Separate Financial Statements (revised)	1 July 2010
Amendments to FRS 2, Share-based Payment	1 July 2010
Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138, Intangible Assets	1 July 2010
IC Interpretation 12, Service Concession Agreements	1 July 2010
IC Interpretation 15, Agreements for the Construction of Real Estate	1 July 2010



IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17, Distribution of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives	1 July 2010

The Group plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 January 2010 and 1 January 2011 whichever is applicable, except for Amendments to FRS 1 and FRS 127, FRS 4, IC Interpretation 12, 13, 14, 15, 16 and 17 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 year under review.

5. Changes in estimates

There were no material changes in estimated amounts reported during the current financial year 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 year 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 subsequent events to be disclosed as at 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 year 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

31 December 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 RM389.58 million for the financial year ended 31 December 2009, an increase of 68.2% as compared to RM231.60million in the preceding year's corresponding period. It was mainly due to higher sales volume of trading activity. Hence, profit before tax for the same period of RM11.39 million was higher than profit before tax of RM1.24 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 RM76.14 million, representing a decrease of RM82.69 million or 52.06% as compared to RM158.83million in the preceding quarter. The current quarter loss before tax was at RM0.36 million, a decrease of RM9.22 million as compared to profit before tax of RM8.86million in the preceding quarter. The decrease in profit was due to lower revenue achieved in the current quarter.

15. Prospects

The directors are optimistic that the Groups performance for the coming year will improve.

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expense				
- Current	732	(3,061)	2,153	1,340
- Prior year	(97)	684	-	679
	635	(2,377)	2,153	2,019
Deferred tax expense				
- Current	(62)	(134)	(62)	(723)
- Prior year	553	(1,248)	553	(438)
- Reversal of deferred tax on revaluation surplus	(293)	-	(293)	(221)
	198	(1,382)	198	(1,382)
Total tax expense	833	(3,759)	2,351	637

The Group's effective tax rate for the current year ended 31 December 2009 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 year under review.

19. Quoted securities

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

Movement and balances of investment in quoted securities as at 31 December 2009 are shown below:

Movement	RM'000
Balance at 1 January 2009	300
Add: Reversal of diminution in value of quoted shares	216
Balance at 31 December 2009	<u>516</u>

Balances	As at 31 December 2009 RM'000
Cost	1,160
Carrying value	516
Market value	516



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 31 December 2009 RM'000
Short term borrowings	
Secured	2,539
Unsecured	64,790
	<hr/>
	67,329
	<hr/>
Long term borrowings	
Secured	3,758
	<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 further dividend has been proposed for the current financial year under review.

24. (Loss)/Earnings per ordinary share

Basic (loss)/earnings per ordinary share

	Current Quarter	Current Year To- Date
Net (loss)/profit attributable to ordinary equity holders of the Company (RM'000)	<hr/> (1,182) <hr/>	<hr/> 9,054 <hr/>
Weighted average number of ordinary shares ('000)	<hr/> 128,032 <hr/>	<hr/> 128,032 <hr/>
Basic (loss)/earnings per share (sen)	<hr/> (0.92) <hr/>	<hr/> 7.07 <hr/>



Diluted (loss)/earnings per ordinary share

	Current Quarter	Current Year-To-Date
Net (loss)/profit attributable to ordinary equity holders of the Company (RM'000)	(1,182)	9,054
Weighted average number of ordinary shares ('000)	128,032	128,032
Effect of share options ('000)	-	-
Weighted average number of ordinary shares (diluted) ('000)	128,032	128,032
Diluted (loss)/earnings per share (sen)	(0.92)	7.07

25. Inventories

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

26. Capital commitments

31 December 2009
RM'000

Contracted but not provided for in the financial statements 342

27. Related party transactions

		12 months ended 31 December 2009 RM'000
Eonmetall Group Berhad and its subsidiaries	Companies in which the director is deemed to have substantial financial interests	
Sales of goods		821
Purchase of goods		32,533
Purchase of machinery parts		979
Rental expense		420

By the order of the Board

Lam Voon Kean (MIA 4793)
Company Secretary
Penang
25 February 2010