

MESSAGE FROM THE CHAIRMAN



Dear Shareholders,
On behalf of the Board of Directors, I am pleased to present to you the Annual Report and audited financial statements of LEADER and its Group of Companies (“LEADER” or “the Group”) for the financial year ended 31 December 2007.

MESSAGE FROM THE CHAIRMAN (CONT'D)

FINANCIAL PERFORMANCE

The Group delivered a commendable financial performance for 2007, with revenue and profit surpassing the 2006 levels. There was growth in all key areas, and enhanced financial results were posted by both the Cable & Wire division and the Power Generation division.

The Group not only maintained revenue above the RM2 billion mark for the second consecutive year, but achieved a new high of RM2.82 billion, up 19% on the RM2.37 billion recorded in 2006. Profit before tax climbed from RM65.76 million in 2006 to RM94.53 million, a rise of 43.8%.

On the back of this laudable performance, basic earnings per share improved from 8.09 sen to 15.12 sen, while net asset value per share advanced from 0.85 sen in 2006 to 0.99 sen: a gain of 16.5%.

DIVIDEND PAYMENT

Given the Group's strong performance, the Board declared two interim dividends to reward shareholders for their continuous support. A total gross interim dividend of 3 sen per share was paid during the year under review.

NEW JOINT VENTURES

On 21 February 2007 and 8 March 2007, the Group announced that it had secured two new power projects in Cambodia and Pakistan respectively. However, due to the then prevailing developments in Pakistan and various other factors evolving the joint venture, the Board of Directors, after careful consideration of the situation, decided not to proceed with the proposed joint venture to build and operate a 200MW heavy fuel oil-fired power project in Pakistan, as announced on 20 November 2007.

More positively, the joint venture project to build-own-operate a 200MW coal-fired power plant in Sihanoukville, Cambodia is progressing well. The 30-year project is being undertaken by Power Synergy Corporation Co. Ltd, (PSC) a company formed on a 50:50 joint venture basis with our local Cambodian partner MKCSS Holdings Co. Ltd.

On 27 March 2008, LEADER via the joint venture company, PSC, entered into a Power Purchase Agreement ("PPA") with Electricite du Cambodge, (EDC) a Cambodian state wholly-owned utility enterprise of the Ministry of Industry, Mines and Energy, on the sale of electricity to EDC. EDC undertakes to purchase on a minimum take basis of 86 % dependable capacity per annum. The Cambodian government further issued a Government Guarantee of Payment to PSC to guarantee the

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payment by EDC. The PPA shall commence from the date of signing and shall continue for a period of 30 years from the commercial operation date of the power project. An Implementation Agreement was also entered into with The Royal Government of Cambodia for PSC to implement the power project and to be accorded the exclusive rights to construct the power plant in accordance with internationally accepted engineering standards and operational requirements. The signing signifies the successful launch of the Group's second power project in Cambodia.

In line with its plans to further expand its involvement in the electricity related concession business, LEADER is actively looking into the development of other power generation projects, and also downstream transmission and distribution projects. The power business is currently experiencing phenomenal growth worldwide, and LEADER's focus on this sector which is not unrelated to its mainstay cable and wire manufacturing business, is

expected to smooth out the humps of the more cyclical manufacturing business.

EUROCONVERTIBLE BONDS

The Group had finally closed the chapter on its Euroconvertible bonds (ECB) which were fully paid off in May 2007. The ECB of USD100 million were issued and listed on the Luxembourg Stock Exchange in 1997.

MAINTAINING THE GROUP'S PROMINENCE

We take pride to be the first Malaysian cable company to be listed among the top players in the world – as well as being the largest in South East Asia. The Group was ranked number 35 in a special research report on the world's Top 50 cable manufacturers conducted by Integer Research Ltd. of the UK jointly with Wire Journal International. The report was published in the January 2007 issue of Wire Journal International. The Group will remain vigilant in developing competitive strategies to strengthen its presence and grow its business.

ANOTHER MILESTONE CELEBRATION

The Group wholly-owned subsidiary namely Universal Cable (M) Berhad (UCMB) celebrated its 40th Anniversary in March 2007. UCMB became a subsidiary of LEADER in 1990 following a merger with Leader Cable Industry Berhad, which propelled the Group to become the largest cable producer in Malaysia and South East Asia.

GOING FORWARD

The outlook for the Group remains favourable for 2008, with Malaysia's GDP growth forecast to be in the region of 5% to 6%.

We are confident that the implementation of the 9th Malaysia Plan (9MP) and the expansion of infrastructure facilities such as bridges, roads, airports, highways, schools and IT systems will provide ample growth opportunities to the Group. Anticipating an increase in the nation's demand for power in line with 9MP, Tenaga Nasional Berhad (TNB), the nation's utility company, has set aside RM4.5

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billion as capital expenditure for 2008 out of which RM2 billion will be spent on distribution. This additional expenditure by TNB should result in a higher demand for the Group's cable and wire products. Another positive development is the construction of a 10-year high-speed broadband project by Telekom Malaysia Berhad which involves connecting homes with fibre optic cables for high speed Internet access and services. In addition, other projects, such as the Bakun submarine cable interconnection project and the revived double rail project, should spur further growth.

The outlook for the export sector remains positive with strong demand anticipated from Singapore, Australia, New Zealand & the Middle East countries. This sector is expected to continue to contribute positively towards the revenue of the Group.

APPRECIATION

On behalf of the Board, I would like to express sincere appreciation to our valued shareholders, customers, business associates, bankers and regulatory and governmental authorities for their confidence in and support for the Group.

I would also like to extend a special note of thanks and appreciation to my fellow directors for their wisdom, foresight and steadfastness. Last but not least, I offer hearty congratulations to our management team and staff for their proactive approach,

innovativeness, dedication and commitment to delivering such excellent results.

Tan Sri Razali Ismail
Chairman
3 April 2008

