



MESSAGE FROM  
**MANAGING DIRECTOR  
& CHIEF EXECUTIVE  
OFFICER**

## Performance of the Group

The Group registered a revenue of RM2.54 billion for 2008 approximately 9.96% lower compared to 2007. The difference was mainly due to a 12.63% decline in revenue from the Group's cable & wire business as a result of lower sales volume and negative variance in material prices. However, the power generation business and other businesses had recorded improvements during the financial year 2008.

Although the Group's revenue for 2008 was lower, profit had improved compared to 2007. Profit before tax rose from RM94.53 million to RM102.03 million, an increase of 7.93%. Operating profit also improved from RM123.85 million to RM133.93 million, an increase of 8.14% from the previous financial year.

Basic earnings per share also improved from 12.43 sen to 14.88 sen, showing an improvement of 19.71%, while net asset value per share improved from 1.24 sen to 1.39 sen, an improvement of 12.10% compared to 2007.

Overall, the Group had made much progress in most aspects for financial year ended 31 December 2008.

## Review of Operations

### Cable and Wire Division

This core business division accounted for 90.73% of the Group's total revenue in 2008. In spite of the increasingly competitive business environment and global economic crisis, the division managed to achieve revenue of RM2.31 billion in 2008, slightly lower than the revenue of RM2.64 billion in 2007.

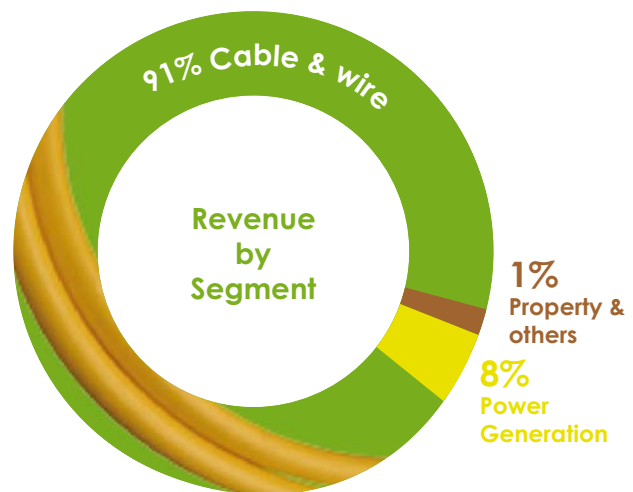
The lower revenue was due to the softening in the demand for cable & wire products during the last quarter of the year. There were also delays in the works undertaken by contractors as a result of slowdown in economic activities during the year. The sharp fall in the price of copper and aluminium on the London Metal Exchange in the last quarter of the year also had a negative impact on the sales revenue. During the year, the price of copper reached a peak high of USD8,684/mt and dropped to USD3,072/mt and the price of aluminium also plunged from USD3,071/mt to USD1,490/mt, causing a material difference in the amount of sales revenue.

While domestic sales had largely contributed to the revenue achieved for the year, export sales remained a key and important component and contributor to the division's and the Group's revenue. Export sales had increased in 2008, and this had helped to sustain the marginally lower domestic sales during the year.

The Group continued with its ongoing cost savings and cost controlling measures, contributing positively to the Group's financial performance. Programmes to optimize management and operational resources were further enhanced and also led to improved operational efficiency and performance. The Group further improved and upgraded its manufacturing processes, quality management systems and improved its products to meet new and changing requirements.

Leader Cable Industry Berhad's ("LCIB") optical ground wire cables had successfully passed the type test at Kinectrics International Inc. Canada and Underwriters Laboratories, New York, USA. LCIB also successfully completed the MS ISO 9001:2000 Quality Management System Reassessment Audit conducted by SIRIM QAS International. These are testaments of the Group's commitment in product and quality management excellence. Several new and improved cable and aluminium products were introduced during the year, while some are

“ It is my pleasure to present an overview of the Group's operations and performance for the financial year ended 31 December 2008. ”



currently under study.

Universal Cable (M) Berhad, ("UCMB") was invited to participate in the prestigious BrandLaureate Award 2008 by Asia Pacific Brands Foundation for best brand in Asia Pacific under the Electrical & Electronic Peripherals category for the second time. Having maintained its exemplary brand performance speaks volume of the company's credibility, strong brand attributes and distinction at the global scene. UCMB was the winner in 2007 and emerged as the winner again in 2008 under the same category. The company also bagged the BrandLaureate Award 2009 as winner for the power cables category.

UCMB's plant in Plentong, Johore was also awarded with the Gold Certificate of Merit of the Frost & Sullivan Malaysia Manufacturing Excellence Award 2008 for efforts taken by the plant and its personnel in enhancing manufacturing and supply chain excellence.

UCMB also successfully implemented the Occupational Health and Safety Management systems and was awarded the OHSAS 18001: 1999 certification by SIRIM QAS International Sdn Bhd.

During the year, the Group also ventured out into new area of cable related business. Leader Communication Sdn Bhd (formerly known as Leader Marketing Sdn Bhd) is now involved in the trading of telecommunication related products and as a total solutions provider.

Going forward, to reap the benefits on economies of scale, the Group would consolidate its business activities, harness resources from within and improve further on the way we operate in order to face the challenges ahead. Plans are underway to consolidate its marketing activities and strategies, optimize all key raw material procurements, improve and consolidate manufacturing facilities and process, improve production efficiencies, introduce new and improved products and to continue to revamp the management information systems for better control and work efficiencies.

The Group would continue to pursue new export opportunities while strengthening our position as the leading manufacturer and supplier in the country. The Group's products are currently exported to countries in the Asia Pacific, South Asia, Middle East, Africa, Australasia and Europe.

### Power Generation Division

Although in 2008, the power generation division accounted for only 8.10% of total Group's revenue, the division contributed 37.66% of the overall Group's operating profit.

For 2008, Cambodia Utilities Pte Ltd, ("CUPL") generated sales revenue of RM205.88 million as compared to RM158.94 million in 2007 showing an upward growth of 29.53%. The division continued to forge ahead consistently to achieve its optimum throughout with improved and higher plant availability during the year.

The Group's second power generation project, the 100MW coal-fired power generation project which had been halved from the initial 200MW size, and now to be developed solely by LEADER shall be located at Sihanoukville, Cambodia. The project is progressing well and barring any unforeseen circumstances, the plant is targeted to come on stream by 2013. Discussions are ongoing with the EPC contractors on the engineering, procurement and construction works. A new



Power Purchase Agreement and Implementation Agreement for the 100MW project would be re-executed with the relevant Cambodian authorities and parties.

Our power generation business would remain the Group's second engine of growth in the near future. The Group is also pursuing the venture into power transmission business to complement the Group's existing power generation business. Apart from supplying and installing of cables, the Group would build, own, operate and lease the power transmission project. In view of the Group's aggressive foray into the power generation and transmission business, the Group had beef up its manpower, ready to undertake the new projects. The Group is also looking at other concession projects on power generation and related projects in the region to provide new sources of future income to the Group.

### Others

This division registered sales revenue of RM29.72 million in 2008 compared to RM24.37 million in 2007. The higher sales revenue was contributed by sales of the remaining units of the Mayfair super condominium project along Jalan Sultan Ahmad Shah, Penang, and the increase in rental income generated from the Group's leasing properties. The other remaining units for sale are the retail lots at Kompleks Pulau Mutiara located at Lebuhat Gat Macallum, Penang. Plans are underway to promote sales and bring in more income from this division.

## Group Corporate Structure

During the year several overseas subsidiaries were incorporated for the power projects. Leader (Cambodia) Limited, Cambodian Energy Limited and Cambodian Transmission Limited were incorporated in Cambodia.

Several wholly-owned subsidiaries which have been dormant for several years and with no reactivation plans in the near future had commenced the Members' Voluntary Winding Up process. These are Northern & Wire Cable Sdn Bhd and Leader Agency Sdn Bhd. Whereas Leader Power International (Pakistan) Incorporated, which was incorporated in the Cayman Islands, was struck off by the Registrar of Companies following an application by the company. LEADER also disposed off its remaining 10% equity in Leader Universal (Mauritius) Company Limited and relinquished all its rights in the company.

To achieve a flatter company structure, several subsidiaries, namely Leader Universal Aluminium Sdn Bhd, Universal Cable Engineering Sdn Bhd and Leader Engineering Sdn Bhd, were transferred to be held directly by LEADER.



## Outlook in 2009

The operating environment is expected to be more challenging in 2009 with most economies projected to be in recession. Malaysia had cut its 2009 Gross Domestic Product growth to between -1 to 1% in anticipation of slower growth as compared to earlier forecast of 3.5%. However, as at March 2009, the Group's cable & wire business has order book of approximately RM700 million, and with the announced total of RM17 billion economic stimulus packages and the RM60 billion Mini Budget that placed emphasis on infrastructure development, the Group expects a continuing demand for its cables & wires products. Demand growth is also expected with the successful implementation of projects under the 9th Malaysian Plan, the Bakun submarine cable interconnection project and the double rail track project. Notwithstanding the aforesaid, the Group will be prudent and continue to reduce operating and financial costs, put in place the necessary measures and strategies to cushion off and minimize the negative impact on the Group.

## Employees' Development Activities

The Group sees the importance of human capital development. Management, technical and executive staffs are sent for training to equip them with the necessary skills, competencies and knowledge to carry out their tasks effectively. The Company had sponsored employees to attend seminars and workshops to keep them abreast of new and changing developments. In-house workshops were arranged when necessary to tackle specific issues.

To foster a closer working relationship and promote staff interaction, combined sports activities, get-togethers, outings, festive celebrations were organized for staff members to mingle and interact with one another.



*From the desk of ...*

*Sean H'ng*

*I would like to thank our shareholders, customers, business associates, bankers, regulatory & governmental authorities and board of directors for their continued confidence and support to the management team. Despite the setback in the world economies, I am pleased to report on the positive achievements and good progress made in 2008. I also wish to thank all the staff and workers for the cooperation, dedication and hard work. I sincerely hope that we would continue to work diligently as a team to bring the Group to greater heights and achievements in the years ahead.*

*I wish to reiterate that, once again, determination and enthusiasm are the powerful ingredients for our success and this is especially true at LEADER where we have demonstrated our sheer determination and enthusiasm to churn in good results and performance in spite of all the challenges that we continue to face.*

*Sean H'ng Chun Hsiang  
MD & CEO  
6 April 2009*