

Message from Chairman



Tan Sri Razali Ismail

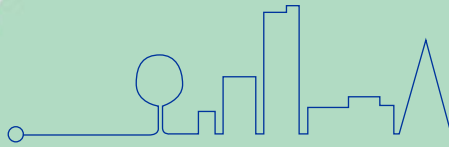
Chairman / Independent Non-Executive Director

by dividing our
contributions
strategically,
we are able to
give diversely.





On behalf of the Board of Directors of Leader Universal Holdings Berhad ("LEADER"), it gives me great pleasure to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2010.



FINANCIAL PERFORMANCE

The Group has achieved another year of commendable performance for the 12 months ended 31 December 2010.

Total revenue was RM2.49 billion compared to RM1.95 billion for the corresponding period ended 31 December 2009. This improvement in total revenue is mainly attributed to the higher metal prices coupled with the increase in sales volume of the cable and wire products during the year under review.

Despite the higher revenue achieved, gross profit and profit before tax were lower at RM153.82 million (2009 - RM156.24 million) and RM66.99 million (2009 - RM76.85 million) respectively. Margins were lower due largely to a change in sales mix, higher export sales and higher oil-based raw materials for the cable and wire division and ongoing cost overheads incurred by our 100MW coal-fired power generation and 230kV power transmission projects in Cambodia, both of which are currently still under construction.

Nevertheless, the Group has maintained its profitability through perseverance and sound risks management strategy in facing the difficult global market conditions. This determined performance by the management team led by Dato' Sean H'ng is indeed laudable.

DIVIDEND PAYOUT

With the Group's continued profitability and to reward shareholders for their support, for the financial year ended 31 December 2010, the Board of Directors had declared an interim dividend of 1.5 sen per share less tax on 21 May 2010, which was paid on 30 June 2010.

100MW COAL-FIRED POWER PROJECT IN SIHANOUKVILLE, CAMBODIA

As previously reported in the Company's 2009 Annual Report, the Group's second power project in Cambodia, the 100MW coal-fired power project on a Build-Own-Operate basis for a period of 30 years, is undertaken by Cambodian Energy Limited ("CEL") which, pursuant to the Joint Venture and Shareholders Agreement dated 11 June 2009 ("JVSA") entered into between LEADER's wholly-owned subsidiary, Leader (Cambodia) Limited ("LCL") and Cambodia International Investment Development Group Co. Ltd. ("CIIDG"), was then a joint venture company between LEADER and CIIDG with equity percentage shareholdings of 80% and 20% respectively.

On 2 July 2010, LCL, CIIDG and CEL entered into a Supplemental and Collaboration Agreement ("SCA") whereby CIIDG shall cease to be a shareholder of CEL and that CEL shall become a wholly-owned subsidiary of LCL. Notwithstanding the aforesaid, subject to the terms and conditions of the SCA, CIIDG shall continue to collaborate with CEL in respect of the project by providing the relevant assistance for the project and to continue with the lease of the project land to CEL.

Pursuant to the terms and conditions of the SCA, the JVSA shall become null and void and cease to be of any effect, save as otherwise provided in the SCA, upon the SCA becoming effective.

The SCA has since become fully effective on 1 October 2010.

Subsequent to the signing of the Agreement for the Syndicated Term Loan Facility amounting to USD140 million on 10 February 2010, all Conditions Precedent for drawdown have been fulfilled. The drawdown of loan has been made progressively in tandem with the construction progress of the project.

230kV POWER TRANSMISSION PROJECT FROM NORTH PHNOM PENH TO KAMPONG CHAM, CAMBODIA

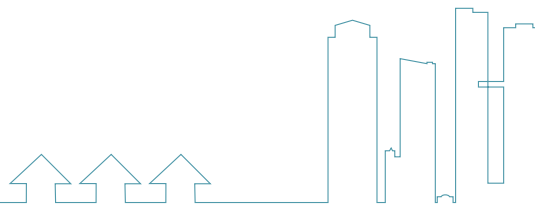
This power transmission project, undertaken by the Group's wholly-owned subsidiary Cambodian Transmission Limited ("CTL") on a Build-Operate-Transfer basis for a period of 25 years, involves the construction of 2 substations, the North Phnom Penh 230/115/22kV Substation and the Kampong Cham 115/22kV Substation together with the construction of approximately 110km of double circuit 230kV overhead transmission lines linking the 2 substations.

Up to end March 2011, substantial parts of the civil works of both the substations have been completed and erection of the electrical equipment and transmission lines is in progress. Overall, the progress of the project is in line with schedule.

The Islamic financing under Overseas Project Financing-i of USD65 million secured from Export-Import Bank of Malaysia Berhad for a tenure of 13 years under the principle of Istisna' to part finance the project has been drawn down in tandem with the progress of the project.

LEADER'S EQUITY INTEREST IN LISTED ASSOCIATED COMPANY, SARAWAK CABLE BERHAD

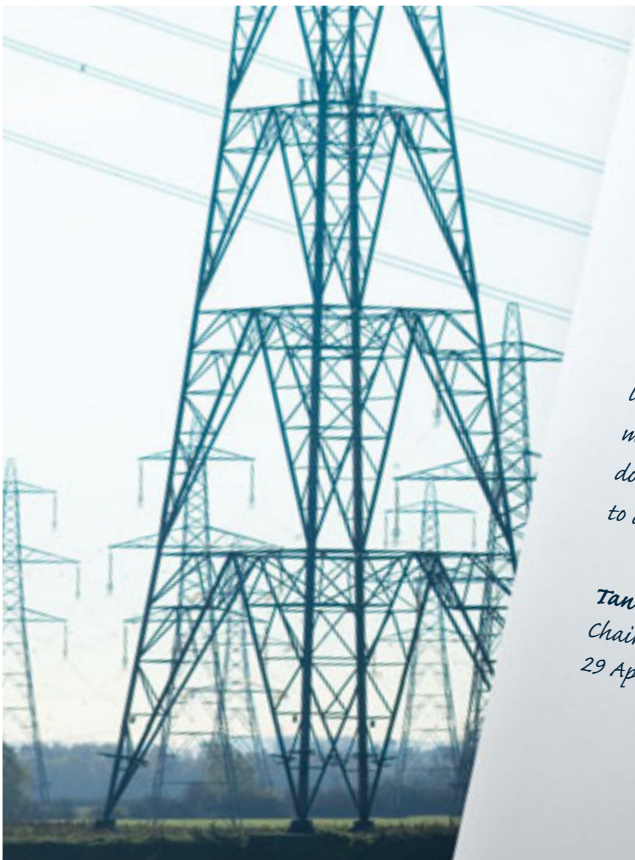
Subsequent to the listing of Sarawak Cable Berhad ("SCB") on the main market of Bursa Malaysia Securities Berhad on 25 May 2010 and the corporate exercises carried out by SCB, the issued and paid-up capital of SCB as at 3 December 2010 was 135,000,000 ordinary shares of RM0.50 each, of which LEADER holds 20,739,998 shares or 15.36%.



PROSPECTS AND OUTLOOK

Malaysia's Gross Domestic Product expanded by 7.2% in 2010. Based on the expectation of moderate growth in advanced economies and a return to more normal growth rates in Asian economies, the Malaysian government is projecting a Gross Domestic Product growth of between 5% and 6% for the year 2011.

With the rollout of the 10th Malaysia Plan for the period 2011 to 2015 and the Economic Transformation Programme, the economic development of the five growth corridors identified during the 9th Malaysia Plan, namely the Iskandar Development Region, the Northern Corridor Economic Region, the East Coast Economic Region, the Sarawak Corridor Renewable Energy and the Sabah Development Corridor will be accelerated by focusing on high-density clusters in the said corridors that have sector and geographical advantages for infrastructure development projects. This is a positive indicator for the domestic cable and wire industry and LEADER Group stands to gain from the demand for our cable and wire products required for the projects. Securing of more domestic contracts that will command better margins coupled with the strengthening of Ringgit that will reduce the cost of imported materials should see positive impact on earnings in 2011.



Note of Appreciation

I would like to take this opportunity to thank our valued shareholders, customers, business associates, bankers and regulatory & governmental authorities for their ongoing support that has enabled the Group to achieve another year of success.

I would also like to express my thanks and appreciation to my fellow directors for their wisdom, foresight and camaraderie of the Board in leading the Group forward. Last but not least, I also wish to thank the management and staff at all levels who have worked very hard and done their utmost under the tough business environment and contributed to our continued growth and success for the year.

Tan Sri Razali Ismail
Chairman
29 April 2011

