



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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

	NOTE	CURRENT 3 MONTHS ENDED 31 MARCH		CUMULATIVE 3 MONTHS ENDED 31 MARCH	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue		31,086	32,268	31,086	32,268
Operating expenses		(30,746)	(31,612)	(30,746)	(31,612)
Operating income		<u>670</u>	183	<u>670</u>	183
Operating profit		1,010	839	1,010	839
Interest expense		(464)	(394)	(464)	(394)
Interest income		-	-	-	-
Profit before tax		546	445	546	445
Tax expense	17	<u>270</u>	(73)	<u>270</u>	(73)
Profit for the year		<u>816</u>	<u>372</u>	<u>816</u>	<u>372</u>
Attributable to:					
Shareholders of the Company		816	372	816	372
Minority interests		-	-	-	-
Profit for the year		<u>816</u>	<u>372</u>	<u>816</u>	<u>372</u>
Basic earnings per ordinary share (sen)	25	<u>0.65</u>	0.30	<u>0.65</u>	0.30
Diluted earnings per ordinary share (sen)	25	<u>0.64</u>	0.30	<u>0.64</u>	0.30

The condensed consolidated income statement should be read in conjunction with the most recent annual financial statement as at 31 December 2006.



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**CONDENSED CONSOLIDATED BALANCE SHEET
AT 31 MARCH 2007**

	NOTE	UNAUDITED 31 MARCH 2007 RM'000	AUDITED 31 DECEMBER 2006 RM'000
ASSETS			
Property, plant and equipment		63,796	64,761
Leasehold land held for own use under an operating lease		4,168	4,191
Other investments	19	211	214
TOTAL NON-CURRENT ASSETS		68,174	69,166
Inventories		40,960	40,015
Trade and other receivables		29,170	34,267
Tax recoverable		331	290
Cash and cash equivalents		5,894	1,446
TOTAL CURRENT ASSETS		76,356	76,018
TOTAL ASSETS		144,530	145,183
EQUITY			
Share capital		63,384	62,961
Reserves		23,054	22,132
TOTAL EQUITY		86,438	85,093
LIABILITIES			
Borrowings	21	4,643	4,990
Deferred tax liabilities		7,995	8,374
TOTAL NON-CURRENT LIABILITIES		12,638	13,364
Trade and other payables		16,726	13,027
Borrowings	21	28,589	33,587
Taxation		139	113
TOTAL CURRENT LIABILITIES		45,454	46,726
TOTAL LIABILITIES		58,092	60,090
TOTAL EQUITY AND LIABILITIES		144,530	145,183
Net Assets Per Share (Sen)		68.19	67.58

The condensed consolidated balance sheet should be read in conjunction with the most recent annual financial statement as at 31 December 2006.



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2007**

	UNAUDITED 31 MARCH 2007 RM'000	UNAUDITED 31 MARCH 2006 RM'000
Profit before tax	546	445
Adjustment for :-		
Non-cash items	1,454	1,388
Non-operating items	464	-
Operating profit before changes in working capital	2,464	1,833
Changes in working capital		
Net changes in current assets	4,150	(7,693)
Net changes in current liabilities	3,700	4,244
Tax paid	(123)	(132)
Net cash inflow/(outflow) from operating activities	10,191	(1,747)
Investing Activities		
- Capital expenditure	(364)	-
- Others	7	(443)
Net cash outflow from investing activities	(357)	(443)
Financing Activities		
- Bank borrowings, net	(8,619)	6,542
- Issued of share capital	423	-
- Others	(464)	-
Net cash (outflow)/inflow from financing activities	(8,660)	6,542
Net increase in cash and cash equivalents	1,174	4,351
Cash and cash equivalents at beginning of year	(457)	(6,739)
Cash and cash equivalents at end of year	717	(2,388)
Cash and cash equivalents consist of :-		
Cash and bank balances	5,894	1,590
Bank overdrafts	(5,177)	(3,978)
	717	(2,388)

The condensed consolidated cash flow statement should be read in conjunction with the most recent annual financial statement as at 31 December 2006.



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2007**

	Share Capital RM'000	Non-Distributable Share option reserve RM'000	Distributable Capital reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2007	62,961	1,508	283	20,341	85,093
Profit for the three months period	-	-	-	816	816
Equity settled share-based transactions	-	106	-	-	106
Issues of shares	423	-	-	-	423
	<hr/>				
At 31 March 2007	<u>63,384</u>	<u>1,614</u>	<u>283</u>	<u>21,157</u>	<u>86,438</u>
At 1 January 2006	62,961	-	283	16,268	79,512
Profit for the three months period	-	-	-	372	372
Equity settled share-based transactions	-	58	-	-	58
	<hr/>				
At 31 March 2006	<u>62,961</u>	<u>58</u>	<u>283</u>	<u>16,640</u>	<u>79,942</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the most recent annual financial statement as at 31 December 2006.



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 2006.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2006.

The Malaysian Accounting Standards Board ("MASB") has issued the new/revised Financial Reporting Standards ("FRS") that are effective for annual periods beginning on or after 1 January 2007. There is no any material effect on the financial statements of the Group.

2 Audit report

The audit report of the preceding annual financial statements ended 31 December 2006 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 in the first quarter ended 31 March 2007.

4 Extraordinary or exceptional items

There were no extraordinary/exceptional items for the financial period ended 31 March 2007.

5 Changes in estimates

There were no material changes in the estimates used for the preparation of this interim financial report.

6 Debts and equity or securities

During the current financial period to date, the issued and paid up capital of the Company was increased from RM62,961,000 to RM63,384,000 by way of issue of 846,000 ordinary shares of RM0.50 each pursuant to the exercise of options granted under the Employee Share Option Scheme.

Other than the above, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period.

7 Dividend paid

No dividend was paid for the financial period under review.



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NOTES TO THE INTERIM FINANCIAL REPORT

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

Subsequent to the balance sheet date, the issued and paid up share capital of the Company was increased from RM63,384,000 ordinary shares to RM63,480,500 of RM0.50 each via the allotment of 193,000 ordinary shares issued pursuant to the Employee Share Option Scheme.

11 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter.

12 Changes in contingent liabilities

31 MARCH 2007

RM'000

5,000

Amount of corporate guarantees given to third party for credit facilities granted to a subsidiary

13 Review of the performance

The Group recorded revenue of RM31,086,001 for the first quarter and profit before tax of RM545,773 whilst in preceding year's corresponding quarter, the Group's revenue was RM32,267,746 with profit before tax of RM444,825. Notwithstanding with the decrease in revenue, the higher in profit before tax was mainly attributed to higher margin.

14 Variation of results against preceding quarter

For the quarter under review, the Group recorded a profit before tax of RM545,773 compared to the profit before tax of RM1,114,451 in the preceding quarter mainly due to lower profit margin, demand and higher cost during the current quarter.

15 Current year prospects

The directors expect the performance of the Group for the next quarter to be maintained.

16 Profit forecast

Not applicable as no profit forecast was published.

17 Tax expense

	3 MONTHS ENDED		3 MONTHS ENDED	
	31 MARCH		31 MARCH	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current tax expense				
Malaysian - Current period	109	18	109	18
- Prior years	-	-	-	-
	109	18	109	18
Deferred tax expense				
Malaysian - Current period	(379)	124	(379)	124
- Prior years	-	(69)	-	(69)
	(379)	55	(379)	55
	(270)	73	(270)	73

The Group's effective tax rate was lower than the prima facie tax rate is mainly due to the tax incentive available to certain subsidiaries.



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NOTES TO THE INTERIM FINANCIAL REPORT

18 Unquoted investments and properties

There were no disposals of unquoted investments and properties during the period under review.

19 Quoted investments

There were no material purchases or disposal of quoted shares for the period under review.

Investment in quoted securities as at 31 March 2007

	At Cost RM'000	At Book Value RM'000	At Market Value RM'000
Total Quoted Shares	245	211	252

20 Status of corporate proposal announced

There were no corporate proposal for the current quarter.

21 Borrowing and Debt Securities

There were no debt securities for the current financial period to date.

	31 MARCH 2007 RM'000
Current	
Secured	900
Unsecured	27,690
	<u>28,589</u>
Non-current	
Secured	2,646
Unsecured	1,996
	<u>4,643</u>

All borrowings are denominated in Ringgit Malaysia.

22 Off balance sheet financial instruments

During the financial year to date, the Group did not enter into any contracts involving off balance sheet financial instruments.

23 Changes in material litigation

The Group was not engaged in any material litigation for the current financial period to date.

24 Dividend

No dividend is recommended for the financial period ended 31 March 2007.

(Note: The Board of Directors had on 4 May 2007 recommended a first and final dividend of 5% less 27% tax for the financial year ended 31 December 2006 and this has been approved by the shareholders of the Company on 28 May 2007.)



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NOTES TO THE INTERIM FINANCIAL REPORT

25 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the current quarter and current period to date based on the net profit attributable to ordinary shareholders of RM815,773 and RM815,773 respectively and the weighted average number of ordinary shares outstanding of 126,320,000.

Diluted earnings per share

The calculation of diluted earnings per share for the current quarter and current period to date based on the net profit attributable to ordinary shareholders of RM815,773 and RM815,773 and the weighted average number of ordinary shares outstanding are calculated as follows:

Weighted average number of ordinary shares (diluted)

	Current Quarter '000	Current year to date '000
Weighted average number of ordinary shares	126,320	126,320
Effect of share options	371	371
Weighted average number of ordinary shares (diluted)	<u>126,691</u>	<u>126,691</u>

26 Inventories

No write-down of inventories during the three months period ended 31 March 2007.

27 Capital commitments

There were no capital commitments during the period under review.

28 Related party transactions

		31 MARCH 2007 RM'000
Sales goods to:		
Eonmetall Group Berhad and its subsidiaries	Companies in which the Director is deemed to have substantial financial interests	<u>149</u>
Purchase goods from:		
Eonmetall Group Berhad and its subsidiaries	Companies in which the Director is deemed to have substantial financial interests	<u>153</u>

BY THE ORDER OF THE BOARD

LAM VOON KEAN (MIA 4793)
Company Secretary
Dated this 28th May 2007