



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

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008
(THE FIGURES HAVE NOT BEEN AUDITED)**

	NOTE	CURRENT 3 MONTHS ENDED 31 MARCH		CUMULATIVE 3 MONTHS ENDED 31 MARCH	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue		68,173	31,086	68,173	31,086
Operating expenses		(60,924)	(30,746)	(60,924)	(30,746)
Operating income		416	670	416	670
Operating profit		7,665	1,010	7,665	1,010
Interest expense		(613)	(467)	(613)	(467)
Interest income		6	3	6	3
Profit before tax		7,058	546	7,058	546
Tax expense	17	(1,800)	270	(1,800)	270
Profit for the period		<u>5,258</u>	<u>816</u>	<u>5,258</u>	<u>816</u>
Attributable to:					
Shareholders of the Company		5,258	816	5,258	816
Minority interests		-	-	-	-
Profit for the period		<u>5,258</u>	<u>816</u>	<u>5,258</u>	<u>816</u>
Basic earnings per ordinary share (sen)	25	<u>4.14</u>	<u>0.65</u>	<u>4.14</u>	<u>0.65</u>
Diluted earnings per ordinary share (sen)	25	<u>4.13</u>	<u>0.64</u>	<u>4.13</u>	<u>0.64</u>

The condensed consolidated income statement should be read in conjunction with the most recent annual financial statements as at 31 December 2007.



LEADER STEEL HOLDINGS BERHAD

(Company No. 267209 - K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008**

	NOTE	UNAUDITED 31 MARCH 2008 RM'000	AUDITED 31 DECEMBER 2007 RM'000
ASSETS			
Property, plant and equipment		69,888	68,228
Prepaid lease payments		4,076	4,099
Other investments	19	215	335
TOTAL NON-CURRENT ASSETS		74,179	72,662
Inventories		43,787	36,962
Trade and other receivables		55,168	23,575
Current tax assets		18	193
Cash and cash equivalents		2,935	6,195
TOTAL CURRENT ASSETS		101,908	66,925
TOTAL ASSETS		176,087	139,587
EQUITY			
Share capital		63,576	63,575
Reserves		30,687	25,378
TOTAL EQUITY		94,263	88,953
LIABILITIES			
Borrowings	21	3,722	3,712
Deferred tax liabilities		8,652	8,652
TOTAL NON-CURRENT LIABILITIES		12,374	12,364
Trade and other payables		5,847	7,461
Borrowings	21	61,709	30,291
Current tax liabilities		1,894	518
TOTAL CURRENT LIABILITIES		69,450	38,270
TOTAL LIABILITIES		81,824	50,634
TOTAL EQUITY AND LIABILITIES		176,087	139,587
Net Assets Per Share (Sen)		74.13	69.96

The condensed consolidated balance sheet should be read in conjunction with the most recent annual financial statements as at 31 December 2007.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008**

	Share Capital RM'000	Non-Distributable Share option reserve RM'000	Distributable Capital reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2008	63,575	1,932	283	23,163	88,953
Profit for the financial period	-	-	-	5,258	5,258
Equity settled share-based transactions	-	51	-	-	51
Issues of shares	1	-	-	-	1
	<hr/>				
At 31 March 2008	<u>63,576</u>	<u>1,983</u>	<u>283</u>	<u>28,421</u>	<u>94,263</u>
	<hr/>				
At 1 January 2007	62,961	1,508	283	20,341	85,093
Profit for the financial 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>

The condensed consolidated statement of changes in equity should be read in conjunction with the most recent annual financial statements as at 31 December 2007.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008**

	UNAUDITED 31 MARCH 2008 RM'000	UNAUDITED 31 MARCH 2007 RM'000
Profit before tax	7,058	546
Adjustments for :-		
Non-cash items	1,552	1,454
Non-operating items	607	464
Operating profit before changes in working capital	<u>9,217</u>	<u>2,464</u>
Changes in working capital		
Net changes in current assets	(38,419)	4,150
Net changes in current liabilities	(1,614)	3,700
Tax paid	(249)	(123)
Net cash (outflow)/inflow from operating activities	<u>(31,065)</u>	<u>10,191</u>
Investing Activities		
- Capital expenditure	(3,124)	(364)
- Other investments	106	-
- Others	6	7
Net cash outflow from investing activities	<u>(3,012)</u>	<u>(357)</u>
Financing Activities		
- Bank borrowings, net	29,549	(8,619)
- Issue of share capital	1	423
- Others	(613)	(464)
Net cash inflow/(outflow) from financing activities	<u>28,937</u>	<u>(8,660)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(5,140)</u>	<u>1,174</u>
Cash and cash equivalents at 1 January	<u>6,195</u>	<u>(457)</u>
Cash and cash equivalents at 31 March	<u>1,055</u>	<u>717</u>
Cash and cash equivalents consist of :-		
Cash and bank balances	2,935	5,894
Bank overdrafts	(1,880)	(5,177)
	<u>1,055</u>	<u>717</u>

The condensed consolidated cash flow statement should be read in conjunction with the most recent annual financial statements as at 31 December 2007.



LEADER STEEL HOLDINGS BERHAD

(Company No.267206-K)

(Incorporated in Malaysia)

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 2007. 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 2007.

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 2007 except for the adoption of the following applicable new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 January 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

2. Audit Report

The audit report of the preceding annual financial statements ended 31 December 2007 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 during the 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 financial period under review.

5. Changes in estimates

There were no material changes in estimates of amounts reported during the financial period under review.

6. Debts and equity or securities

During this financial period, the issued and paid up capital of the Company was increased from RM63,575,000 to RM63,576,000 by way of issue of 2,000 ordinary shares of RM0.50 each pursuant to the exercise of option granted under the Employee Share Option Scheme.

Other than the above, 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 period.

7. Dividend paid

No dividend was paid for the financial period under review.

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 are no material events subsequent to the end of financial period ended 31 March 2008 except that:

- i) On 23 May 2008, an additional 207,000 new ordinary shares of RM0.50 each were issued pursuant to the exercise of option granted under the Employee Share Option Scheme.
- ii) On 23 April 2008, the Company acquired 20,002 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of GCH Metal Service Centre Sdn. Bhd. for a total cash consideration of RM2.00.

11. Changes in the composition of the Group

On 19 January 2008, Leader Minerals Corporation Sdn Bhd (“LMC”) (formerly known as Biostone Tech Sdn Bhd), a wholly owned subsidiary of the Company, had incorporated a new company in Brunei, known as Leader Minerals International Ltd. (“Leader Minerals”). Leader Minerals is a wholly owned subsidiary of LMC. The initial paid-up capital of Leader Minerals is USD1.00 with authorized share capital of USD100,000.00. It will be principally involved in investment holding and trading of minerals.

Other than the above, there were no changes in the composition of the Group during the financial period under review.

12. Changes in contingent liabilities

	31 March 2008 RM'000
Amount of corporate guarantees given to a licensed bank for credit facilities granted to a subsidiary	900

13. Review of the performance

The Group achieved revenue of RM68.17million for the quarter ended 31 March 2008, an increase of 119% as compared to RM31.09million in the preceding year’s corresponding quarter. The increase in revenue is mainly due to higher sales volume as well as higher selling price and this resulted in higher profit before tax for the current quarter of RM7.06million as compared to RM0.55million in the preceding year’s corresponding period.



14. Variation of results against preceding quarter

For the quarter under review, the Group recorded 24.8% increase in revenue to RM68.17million as compared to RM54.62million in the preceding quarter. The current quarter profit before tax increased significantly to RM7.06million as compared to last quarter of RM4.22million. The improved performance was attributable to higher sales volume as well as higher selling price which resulted in improved profit margin of our steel products.

15. Current year prospects

The Directors are of the opinion that the Group will continue to achieve improved results for the financial year ending 31 December 2008.

16. Profit forecast

Not applicable as no profits forecast was issued.

17. Tax expense

	Current Quarter Ended 31 March		Current Year-to-date Ended 31 March	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current tax expense				
Malaysian – Current period	1,800	109	1,800	109
- Prior years	-	-	-	-
	1,800	109	1,800	109
Deferred tax expense				
Malaysian – Current period	-	(379)	-	(379)
- Prior years	-	-	-	-
	-	(379)	-	(379)
	1,800	(270)	1,800	(270)

The Group's effective tax rate for the current quarter 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 quarter and financial period under review.



19. Quoted securities

The Company has disposed of quoted securities for the current quarter and financial period under review as follows:

	Current Quarter Ended 31 March	Current Year-to-date Ended 31 March
	RM'000	RM'000
Total sales proceeds	106	106
Total gain on disposals	4	4

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

Investment in quoted securities as at 31 March 2008:

	At Cost RM'000	At Book Value RM'000	At Market Value RM'000
Total Quoted Shares	245	215	260

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 and debt securities

	As at 31 March 2008 RM'000
Short term borrowings	
Secured	1,165
Unsecured	60,544
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	61,709
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Long term borrowings	
Secured	3,722
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All borrowings are denominated in Ringgit Malaysia.



22. Off balance sheet financial instruments

As at 22 May 2008, the Group had entered into the following outstanding foreign currency contracts to hedge its confirmed receipts in foreign currency:

Currency	Outstanding Contract Amount RM'000	Expiry Date
US Dollars	15,424	May'08 to June'08

These forward foreign currency contracts are entered into to hedge the Group's receipts. This method of hedging mitigates the Group from currency risk. As these contracts are short term in nature, we do not calculate the difference between the contracted rates and spot rates and therefore do not take up the difference in the Income Statement for the current quarter. There are no cash requirements for these contracts.

23. Changes in material litigation

There were no material litigations pending as at the date of this announcement.

24. Dividend

No dividend has been proposed for the financial period under review.

25. Earnings per ordinary share

Basic earnings per ordinary share

	Current Quarter	Current Year-To-Date
Profit for the financial period attributable to ordinary shareholders of the Company (RM'000)	5,258	5,258
Weighted average number of ordinary shares ('000)	127,152	127,152
Basic earnings per share (sen)	4.14	4.14



Diluted earnings per ordinary share

	Current Quarter	Current Year-To-Date
Profit for the financial period attributable to ordinary shareholders of the Company (RM'000)	5,258	5,258
Weighted average number of ordinary shares ('000)	127,152	127,152
Effect of share options ('000)	104	104
Weighted average number of ordinary shares ('000)	127,256	127,256
Diluted earnings per share (sen)	4.13	4.13

26. Inventories

No write-down of inventories during the financial period under review.

27. Capital commitments

There were no capital commitments during the financial period under review.

28. Related party transactions

		3 Months Ended 31 March 2008 RM'000
Eonmetall Group Berhad and its subsidiaries	Companies in which the director is deemed to have substantial financial interests	
Sales of goods		1,952
Purchase of goods		941

By the order of the Board

Lam Voon Kean (MIA 4793)
Company Secretary
Penang
29 May 2008