



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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007
(THE FIGURES HAVE NOT BEEN AUDITED)

	NOTE	CURRENT 3 MONTHS ENDED 30 SEPTEMBER		CUMULATIVE 9 MONTHS ENDED 30 SEPTEMBER	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue		52,877	44,506	130,802	142,683
Operating expenses		(51,755)	(42,623)	(127,970)	(136,264)
Operating income		27	245	1,185	823
Operating profit		1,149	2,128	4,017	7,242
Interest expense		(340)	(481)	(1,219)	(1,404)
Interest income		14	20	27	29
Profit before tax		823	1,667	2,825	5,867
Tax expense	17	(387)	(349)	(567)	(1,443)
Profit for the year		436	1,318	2,258	4,424
Attributable to:					
Shareholders of the Company		436	1,318	2,258	4,424
Minority interests		-	-	-	-
Profit for the year		436	1,318	2,258	4,424
Basic earnings per ordinary share (sen)	25	0.34	1.05	1.78	3.51
Diluted earnings per ordinary share (sen)	25	0.34	1.05	1.78	3.51

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



LEADER STEEL HOLDINGS BERHAD

(Company No. 267209 - K)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2007**

	NOTE	UNAUDITED 30 SEPTEMBER 2007 RM'000	AUDITED 31 DECEMBER 2006 RM'000
ASSETS			
Property, plant and equipment		63,531	64,761
Prepaid lease payments		4,122	4,191
Other investments	19	242	214
TOTAL NON-CURRENT ASSETS		67,895	69,166
Inventories		36,260	40,015
Trade and other receivables		26,485	34,267
Current tax assets		375	290
Cash and cash equivalents		2,892	1,446
TOTAL CURRENT ASSETS		66,012	76,018
TOTAL ASSETS		133,907	145,184
EQUITY			
Share capital		63,575	62,961
Reserves		22,390	22,132
TOTAL EQUITY		85,965	85,093
LIABILITIES			
Borrowings	21	3,764	4,990
Deferred tax liabilities		8,070	8,374
TOTAL NON-CURRENT LIABILITIES		11,834	13,364
Trade and other payables		13,951	13,027
Borrowings	21	21,986	33,587
Current tax liabilities		171	113
TOTAL CURRENT LIABILITIES		36,108	46,727
TOTAL LIABILITIES		47,942	60,091
TOTAL EQUITY AND LIABILITIES		133,907	145,184
Net Assets Per Share (Sen)		67.61	67.58

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



LEADER STEEL HOLDINGS BERHAD
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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

	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 2007	62,961	1,508	283	20,341	85,093
Profit for the nine months period	-	-	-	2,258	2,258
Equity settled share-based transactions	-	318	-	-	318
Issues of shares	614	-	-	-	614
Dividend	-	-	-	(2,318)	(2,318)
	<hr/>				
At 30 September 2007	<u>63,575</u>	<u>1,826</u>	<u>283</u>	<u>20,281</u>	<u>85,965</u>
At 1 January 2006	<hr/>				
As previously stated	62,961	-	283	16,268	79,512
Prior period adjustment in respect of equity settled share-based transactions	-	709	-	(709)	-
Restated balance	62,961	709	283	15,559	79,512
Profit for the nine months period	-	-	-	4,424	4,424
Equity settled share-based transactions	-	599	-	-	599
Dividend	-	-	-	(1,133)	(1,133)
	<hr/>				
At 30 September 2006	<u>62,961</u>	<u>1,308</u>	<u>283</u>	<u>18,850</u>	<u>83,402</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 2006.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2007**

	UNAUDITED 30 SEPTEMBER 2007 RM'000	UNAUDITED 30 SEPTEMBER 2006 RM'000
Profit before tax	2,825	5,867
Adjustments for :-		
Non-cash items	4,349	4,485
Non-operating items	1,191	1,346
Operating profit before changes in working capital	8,365	11,698
Changes in working capital		
Net changes in current assets	11,536	(13,703)
Net changes in current liabilities	925	7,595
Tax paid	(898)	(548)
Net cash inflow from operating activities	19,928	5,042
Investing Activities		
- Capital expenditure	(2,820)	(1,852)
- Other investments	-	(84)
- Others	87	29
Net cash outflow from investing activities	(2,733)	(1,907)
Financing Activities		
- Bank borrowings, net	(15,263)	6,906
- Issue of share capital	614	-
- Dividend paid	(2,318)	(1,133)
- Others	(1,218)	(1,375)
Net cash (outflow)/inflow from financing activities	(18,185)	4,398
Net (decrease)/increase in cash and cash equivalents	(990)	7,533
Cash and cash equivalents at 1 January	(457)	(6,760)
Cash and cash equivalents at 30 September	(1,447)	773
Cash and cash equivalents consist of :-		
Cash and bank balances	2,892	773
Bank overdrafts	(4,339)	-
	(1,447)	773

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



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 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 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 the current financial period, the issued and paid up capital of the Company was increased from RM62,961,000 to RM63,575,000 by way of issue of 1,228,000 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

A first and final dividend of 5% less 27% tax totalling RM2,317,731 in respect of the financial year ended 31 December 2006 was paid on 18 July 2007.

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 30 September 2007 to 14 November 2007 (a date which is not earlier than 7 days from the date of issue of this announcement).

11. Changes in the composition of the Group

Saved as disclosed in the Company's earlier general announcement, there were no changes in the composition of the Group during the financial period ended 30 September 2007.

12. Changes in contingent liabilities

	30 September 2007 RM'000
Amount of corporate guarantees given to a licensed bank for credit facilities granted to a subsidiary	10,500



13. Review of the performance

The Group achieved a turnover of RM130.80million and profit before tax of RM2.83million for the nine months period ended 30 September 2007 as compared to RM142.68million and RM5.87million for the corresponding period of previous year. The decrease in turnover and profit before tax was mainly due to lower sales volume in manufactured products coupled with lower profit margin.

On quarterly basis, the Group's turnover of RM52.88million for the quarter under review was 18.9% higher than the preceding year's corresponding quarter of RM44.51million. It was mainly due to higher selling price of steel products and trading sales as compared to last year. However, profit before tax was decreased to RM0.82million for the current quarter as compared to RM1.67million in the preceding year corresponding quarter as a result of lower profit margin arising from higher cost of raw materials and market competition.

14. Variation of results against preceding quarter

For the quarter under review, the Group recorded a higher turnover of RM52.88million as compared to RM46.84million in the preceding quarter. However, the current quarter profit before tax of RM0.82million was lower as compared to last quarter of RM1.46million. It was mainly due to lower profit margin.

15. Current year prospects

The Directors are of the opinion that the Group will continue to achieve satisfactory results for the current financial year.

16. Profit forecast

Not applicable as no profits forecast was issued.



17. Tax expense

	3 Months Ended 30 September		9 Months Ended 30 September	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current tax expense				
Malaysian – Current period	72	449	700	1,790
- Prior years	171	-	171	-
	243	449	871	1,790
Deferred tax expense				
Malaysian – Current period	144	(100)	(304)	(344)
- Prior years	-	-	-	(3)
	144	(100)	(304)	(347)
	387	349	567	1,443

The Group's effective tax rate for the current quarter and financial year-to-date was lower than the statutory tax rate mainly due to tax incentive available to certain subsidiaries.

18. Unquoted investment and properties

There were no disposal of unquoted investment and properties during the quarter and financial year-to-date.

19. Quoted investments

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

Investment in quoted securities as at 30 September 2007:

	At Cost RM'000	At Book Value RM'000	At Market Value RM'000
Total Quoted Shares	245	242	314

20. Status of corporate proposal announced

There were no corporate proposals for the current financial year-to-date.



21. Borrowings and debt securities

	9 Months Ended 30 September 2007 RM'000
Short term borrowings	
Secured	1,634
Unsecured	20,352
	21,986
Long term borrowings	
Secured	3,764

All borrowings are denominated in Ringgit Malaysia.

There were no debts securities for the current financial year-to-date.

22. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk at the date of issue of this announcement.

23. Changes in material litigation

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

24. Dividend

No dividend is recommended for the financial period ended 30 September 2007.

25. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per share for the current quarter and financial year-to-date based on the net profit attributable to ordinary shareholders of RM435,525 and RM2,258,177 respectively and the weighted average number of ordinary shares outstanding are calculated as follows:

Weighted average number of ordinary shares

	Current Quarter RM'000	Current Year-To- Date RM'000
At the beginning of quarter/year	126,999	125,922
Effect of share	93	850
Weighted average number of ordinary shares	127,092	126,772



Diluted earnings per ordinary share

The calculation of diluted earnings per share for the current quarter and financial year-to-date based on the net profit attributable to ordinary shareholders of RM435,525 and RM2,258,177 respectively and the weighted average number of ordinary shares (diluted) outstanding are calculated as follows:

Weighted average number of ordinary shares (diluted)

	Current Quarter RM'000	Current Year-To-Date RM'000
Weighted average number of ordinary shares	127,092	126,772
Effect of share options	350	341
Weighted average number of ordinary shares	127,442	127,113

26. Inventories

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

27. Capital commitments

Capital expenditure not provided for in the financial statement is as follows:

	RM'000
Property, plant and equipment – Authorised and contracted for	1,671

28. Related party transactions

		9 Months Ended 30 September 2007 RM'000
Sales of goods to:		
Eonmetall Group Berhad and its subsidiaries	Companies in which the director is deemed to have substantial financial interests	280

By the order of the Board

Lam Voon Kean (MIA 4793)

Company Secretary

Penang

21 November 2007