



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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006
(THE FIGURES HAVE NOT BEEN AUDITED)

	NOTE	CURRENT 3 MONTHS ENDED 31 DECEMBER		CUMULATIVE 12 MONTHS ENDED 31 DECEMBER	
		RESTATED AUDITED		RESTATED AUDITED	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue		44,462	28,870	187,145	160,952
Operating expenses		(43,476)	(32,813)	(179,740)	(161,147)
Operating income		728	77	1,521	1,126
Operating profit/(loss)		1,714	(3,866)	8,926	931
Interest expense		(603)	(462)	(1,978)	(2,017)
Interest income		3	-	33	36
Profit/(loss) before tax		1,114	(4,328)	6,981	(1,050)
Tax expense	18	378	(879)	(1,065)	(1,175)
Profit/(loss) for the year		1,492	(5,207)	5,916	(2,225)
Attributable to:					
Shareholders of the Company		1,492	(5,207)	5,916	(2,225)
Minority interests		-	-	-	-
Profit/(loss) for the year		1,492	(5,207)	5,916	(2,225)
Basic earnings/(loss) per ordinary share (sen)	26	1.18	(4.14)	4.70	(1.77)
Diluted earnings/(loss) per ordinary share (sen)	26	1.18	(4.14)	4.70	(1.77)

The condensed consolidated income statement should be read in conjunction with the most recent annual financial statement as at 31 December 2005.



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**CONDENSED CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2006**

	NOTE	UNAUDITED 31 DECEMBER 2006 RM'000	RESTATED AUDITED 31 DECEMBER 2005 RM'000
ASSETS			
Property, plant and equipment		64,766	60,539
Leasehold land held for own use under an operating lease		4,191	4,282
Other investments	20	214	49
TOTAL NON-CURRENT ASSETS		69,170	64,870
Inventories		40,015	47,919
Trade and other receivables		34,266	21,706
Tax recoverable		290	597
Cash and cash equivalents		1,446	347
TOTAL CURRENT ASSETS		76,018	70,568
TOTAL ASSETS		145,188	135,438
EQUITY			
Share capital		62,961	62,961
Reserves		22,133	16,551
TOTAL EQUITY		85,094	79,512
LIABILITIES			
Borrowings	22	4,994	6,326
Deferred tax liabilities		8,374	8,180
TOTAL NON-CURRENT LIABILITIES		13,368	14,506
Trade and other payables		13,027	10,237
Borrowings	22	33,587	31,100
Taxation		113	83
TOTAL CURRENT LIABILITIES		46,726	41,420
TOTAL LIABILITIES		60,094	55,926
TOTAL EQUITY AND LIABILITIES		145,188	135,438
Net Assets Per Share (Sen)		67.58	63.14

The condensed consolidated balance sheet should be read in conjunction with the most recent annual financial statement as at 31 December 2005.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	UNAUDITED 31 DECEMBER 2006 RM'000	RESTATED AUDITED 31 DECEMBER 2005 RM'000
Profit/(Loss) before tax	6,981	(1,050)
Adjustment for :-		
Non-cash items	6,063	7,410
Non-operating items	1,945	1,981
Operating profit before changes in working capital	14,989	8,341
Changes in working capital		
Net changes in current assets	(4,656)	(2,028)
Net changes in current liabilities	2,790	5,482
Tax paid	(535)	(760)
Net cash inflow from operating activities	12,587	11,035
Investing Activities		
- Capital expenditure	(9,196)	(4,948)
- Purchase of investments	(425)	-
- Others	178	2,345
Net cash outflow from investing activities	(9,443)	(2,603)
Financing Activities		
- Bank borrowings, net	6,270	(17,127)
- Dividend paid	(1,133)	(2,267)
- Others	(1,978)	(2,017)
Net cash inflow/(outflow) from financing activities	3,159	(21,411)
Net increase/(decrease) in cash and cash equivalents	6,303	(12,979)
Cash and cash equivalents at beginning of year	(6,760)	6,219
Cash and cash equivalents at end of year	(457)	(6,760)
Cash and cash equivalents consist of :-		
Cash and bank balances	1,446	347
Bank overdrafts	(1,903)	(7,107)
	(457)	(6,760)

The condensed consolidated cash flow statement should be read in conjunction with the most recent annual financial statement as at 31 December 2005.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Share Capital RM'000	Distributable Capital reserve RM'000	Non-Distributable Capital reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2006					
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	283	709	15,559	79,512
Profit for the year	-	-	-	5,916	5,916
Equity settled share-based transactions	-	-	799	-	799
Dividend	-	-	-	(1,133)	(1,133)
At 31 December 2006	62,961	283	1,508	20,342	85,094
At 1 January 2005	62,961	283	-	20,051	83,295
Loss for the year, as restated	-	-	-	(2,225)	(2,225)
Equity settled share-based transactions	-	-	709	-	709
Dividend	-	-	-	(2,267)	(2,267)
At 31 December 2005	62,961	283	709	15,559	79,512

The condensed consolidated statement of changes in equity should be read in conjunction with the most recent annual financial statement as at 31 December 2005.



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 2005.

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 2005 except for the accounting policy changes that are expected to be reflected in the 2006 annual financial statements. Details of these changes in accounting policies are set out in Note 2.

2 Changes in accounting policies

The Malaysian Accounting Standards Board ("MASB") has issued a number of new and revised Financial Reporting Standards (FRSs, which term collectively includes the MASB's Issues Committee's Interpretations) that are effective for accounting periods beginning on or after 1 January 2006.

In 2006, the MASB issued another two revised FRSs which are effective for annual periods beginning on or after 1 October 2006.

The board of directors has determined the accounting policies to be adopted in the preparation of the Group's annual financial statements for the year ending 31 December 2006 including early adopting the two FRSs issued by the MASB in 2006, on the basis of FRSs currently in issue.

The following sets out further information on the changes in accounting policies for the annual accounting period beginning on 1 January 2006 which have been reflected in this interim financial report.

(a) Impact on the results

There was no significant impact to the net profit for the 12 months period ended 31 December 2006 as a result of the adoption of the new and revised FRSs.

(b) Leasehold land held for own use

With the adoption of FRS 117 as from 1 January 2006, the leasehold interest in the land held for own use is accounted for as being held under an operating lease. Such leasehold land will no longer be revalued. Where the leasehold land had been previously revalued, the Group retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments as allowed by FRS 117.67A. Such prepaid lease payments are amortised on a straight line basis over the remaining lease term of the land.

(c) Employee share option scheme (FRS 2, Share-based Payment)

In prior years, no amounts were recognised when employees (which term includes directors) were granted share options over shares in the Company. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1 January 2006, in order to comply with FRS 2, the Group recognises the fair value of such share options as an expense in the income statement, or as an asset, if the cost qualifies for recognition as an asset under the Group's accounting policies. A corresponding increase is recognised in a capital reserve within equity.

Where the employees are required to meet vesting conditions before they become entitled to the options, the Group recognises the fair value of the options granted over the vesting period. Otherwise, the Group recognises the fair value in the period in which the options are granted.

If an employee chooses to exercise options, the related capital reserve is transferred to share capital and share premium, together with the exercise price. If the options lapse unexercised, the related capital reserves transferred directly to retained earnings.

The new accounting policy has been applied retrospectively with comparatives restated in accordance with FRS 2, except that the Group has taken advantage of the transitional provisions set out in paragraph 53 of FRS 2 under which the new recognition and measurement policies have not been applied to the following grants of options:

- (i) all options granted to employees on or before 31 December 2004; and
- (ii) all options granted to employees on after 31 December 2004 but which had vested before 1 January 2006.

The amount charged to the income statement as a result of the change of policy impact in income statement for current year ended on 31 December 2006 by RM799,000, with the corresponding amounts credited to the capital reserve. The change in accounting policy following adoption of FRS 2 has been accounted for by restating the opening balance of capital reserve and retained profits as at 1 January 2006 by RM709,000, with the corresponding amounts credited to the capital reserve.

Details of the employee share option scheme can be found in the Company's annual report for the year ended 31 December 2005.

3 Audit report

The audit report of the preceding annual financial statements ended 31 December 2005 was not subject to any qualification.

4 Seasonal or cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors in the fourth quarter ended 31 December 2006.

5 Extraordinary or exceptional items

There were no extraordinary/exceptional items for the financial year ended 31 December 2006.

6 Changes in estimates

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

7 Debts and equity or securities

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.

8 Dividend paid

During financial year the Company paid a first and final dividend of 2.5% less 28% tax totalling RM1,133,298 in respect of the year ended 31 December 2005 on 3 July 2006.



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NOTES TO THE INTERIM FINANCIAL REPORT

9 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.

10 Property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous annual report.

11 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 125,922,000 ordinary shares of RM0.50 each to 126,524,000 ordinary shares of RM0.50 each via the allotment of 602,000 ordinary shares issued pursuant to the Employee Share Option Scheme.

12 Changes in the composition of the Group

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

13 Changes in contingent liabilities

31 DECEMBER 2006

Amount of corporate guarantees given to third party for credit facilities granted to a subsidiary
The amount of credit facilities utilised as at balance sheet date was RM693,135.

RM'000

5,000

14 Review of the performance

The Group recorded revenue of RM44,461,792 for the fourth quarter and profit before tax of RM1,114,451 whilst in preceding year's corresponding quarter, the Group's revenue was RM28,869,701 with loss before tax of RM4,327,948. The increase in revenue and profit before tax was mainly attributed to higher volume of demand, coupled with higher profit margin.

15 Variation of results against preceding quarter

For the quarter under review, the Group recorded a profit before tax of RM1,114,451 compared to the profit before tax of RM1,667,041 in the preceding quarter mainly due to lower profit margin during the current quarter.

16 Current year prospects

The directors expect the performance of the Group for the next financial year to be better.

17 Profit forecast

Not applicable as no profit forecast was published.

18 Tax expense

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DECEMBER		31 DECEMBER	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Current tax expense				
Malaysian - Current period	(840)	(124)	950	217
- Prior years	(78)	42	(78)	42
	(918)	(82)	871	259
Deferred tax expense				
Malaysian - Current period	596	369	253	217
- Prior years	(56)	592	(59)	699
	540	961	194	916
	(378)	879	1,065	1,175

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

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NOTES TO THE INTERIM FINANCIAL REPORT**19 Unquoted investments and properties**

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

20 Quoted investments

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

Investment in quoted securities as at 31 December 2006

	At Cost RM'000	At Book Value RM'000	At Market Value RM'000
Total Quoted Shares	245	214	214

21 Status of corporate proposal announced

There were no corporate proposal for the current quarter.

22 Borrowing and Debt Securities

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

	31 DECEMBER 2006 RM'000
Current	
Secured	900
Unsecured	32,687
	<u>33,587</u>
Non-current	
Secured	2,878
Unsecured	2,116
	<u>4,994</u>

All borrowings are denominated in Ringgit Malaysia.

23 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.

24 Changes in material litigation

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

25 Dividend

The Board of Directors have proposed a first and final dividend of 5% less 27% tax for the financial year ended 31 December 2006, subject to shareholders' approval at the forthcoming Annual General Meeting.



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NOTES TO THE INTERIM FINANCIAL REPORT

26 Earnings/(loss) per share

Basic and Diluted earnings/(loss) per share

The calculation of basic and diluted earnings/(loss) per share for the current quarter and current year to date based on the net profit attributable to ordinary shareholders of RM1,492,107 and RM5,916,037 and the number of ordinary shares outstanding of 125,922,000.

27 Inventories

No write-down of inventories during the three months period ended 31 December 2006.

28 Capital commitments

There were no capital commitments during the period under review.

29 Related party transactions

31 DECEMBER 2006

RM'000

Sales goods to:

Eonmetall Group Berhad and its subsidiaries

Companies in which the Director is deemed to have substantial financial interests

932

Purchase goods from:

Eonmetall Group Berhad and its subsidiaries

Companies in which the Director is deemed to have substantial financial interests

50

BY THE ORDER OF THE BOARD

LAM VOON KEAN (MIA 4793)

Company Secretary

Dated this 27th February 2007