



LEADER STEEL HOLDINGS BERHAD

(Company No. 267209 - 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 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.