



LEADER STEEL HOLDINGS BERHAD

(Company No. 267209 - K)

(Incorporated in Malaysia)

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
	<u>(270)</u>	<u>73</u>	<u>(270)</u>	<u>73</u>

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.