



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

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

	NOTE	CURRENT 3 MONTHS ENDED 30 JUNE		CUMULATIVE 6 MONTHS ENDED 30 JUNE	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Revenue</b>		<b>46,839</b>	65,909	<b>77,925</b>	98,177
Operating expenses		(45,469)	(62,028)	(76,215)	(93,298)
Operating income		<u>477</u>	<u>385</u>	<u>1,145</u>	<u>568</u>
<b>Operating profit</b>		<b>1,847</b>	4,266	<b>2,855</b>	5,447
Interest expense		(401)	(520)	(865)	(1,256)
Interest income		10	9	13	9
<b>Profit before tax</b>		<b>1,456</b>	3,755	<b>2,003</b>	4,199
Tax expense	17	(450)	(1,022)	(180)	(1,094)
<b>Profit for the year</b>		<b><u>1,006</u></b>	<u>2,733</u>	<b><u>1,823</u></b>	<u>3,105</u>
<b>Attributable to:</b>					
Shareholders of the Company		1,006	2,733	1,823	3,105
Minority interests		-	-	-	-
<b>Profit for the year</b>		<b><u>1,006</u></b>	<u>2,733</u>	<b><u>1,823</u></b>	<u>3,105</u>
Basic earnings per ordinary share (sen)	25	<u>0.79</u>	<u>2.17</u>	<u>1.43</u>	<u>2.47</u>
Diluted earnings per ordinary share (sen)	25	<u>0.79</u>	<u>2.17</u>	<u>1.43</u>	<u>2.47</u>

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



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

	NOTE	UNAUDITED 30 JUNE 2007 RM'000	AUDITED 31 DECEMBER 2006 RM'000
<b>ASSETS</b>			
Property, plant and equipment		63,133	64,761
Prepaid lease payments		4,145	4,191
Other investments	19	240	214
<b>TOTAL NON-CURRENT ASSETS</b>		<b>67,518</b>	<b>69,166</b>
Inventories		38,117	40,015
Trade and other receivables		22,309	34,267
Current tax assets		333	290
Cash and cash equivalents		4,468	1,446
<b>TOTAL CURRENT ASSETS</b>		<b>65,227</b>	<b>76,018</b>
<b>TOTAL ASSETS</b>		<b>132,745</b>	<b>145,184</b>
<b>EQUITY</b>			
Share capital		63,500	62,961
Reserves		21,849	22,132
<b>TOTAL EQUITY</b>		<b>85,349</b>	<b>85,093</b>
<b>LIABILITIES</b>			
Borrowings	21	2,415	4,990
Deferred tax liabilities		7,926	8,374
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,341</b>	<b>13,364</b>
Trade and other payables		9,561	13,027
Borrowings	21	22,996	33,587
Dividend payables		2,318	-
Current tax liabilities		382	113
<b>TOTAL CURRENT LIABILITIES</b>		<b>35,257</b>	<b>46,727</b>
<b>TOTAL LIABILITIES</b>		<b>45,598</b>	<b>60,091</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>130,947</b>	<b>145,184</b>
<b>Net Assets Per Share (Sen)</b>		<b>67.20</b>	<b>67.58</b>

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



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 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 six months period	-	-	-	1,823	1,823
Equity settled share-based transactions	-	212	-	-	212
Issues of shares	539	-	-	-	539
Dividend	-	-	-	(2,318)	(2,318)
	<hr/>				
At 30 June 2007	<u>63,500</u>	<u>1,720</u>	<u>283</u>	<u>19,846</u>	<u>85,349</u>
	<hr/>				
At 1 January 2006	62,961	-	283	16,268	79,512
Profit for the six months period	-	-	-	3,106	3,106
Equity settled share-based transactions	-	401	-	-	401
Dividend	-	-	-	(1,133)	(1,133)
	<hr/>				
At 30 June 2006	<u>62,961</u>	<u>401</u>	<u>283</u>	<u>18,241</u>	<u>81,886</u>

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



**LEADER STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2007**

	UNAUDITED 30 JUNE 2007 RM'000	UNAUDITED 30 JUNE 2006 RM'000
<b>Profit before tax</b>	<b>2,003</b>	4,200
Adjustment for :-		
Non-cash items	<b>2,885</b>	2,988
Non-operating items	<b>853</b>	905
<b>Operating profit before changes in working capital</b>	<b>5,741</b>	8,093
Changes in working capital		
Net changes in current assets	<b>13,855</b>	(24,901)
Net changes in current liabilities	<b>(3,466)</b>	20,381
Tax paid	<b>(401)</b>	(312)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>15,729</b>	3,261
<b>Investing Activities</b>		
- Capital expenditure	<b>(1,040)</b>	-
- Others	<b>31</b>	(1,553)
<b>Net cash outflow from investing activities</b>	<b>(1,009)</b>	(1,553)
<b>Financing Activities</b>		
- Bank borrowings, net	<b>(9,469)</b>	7,582
- Issued of share capital	<b>539</b>	-
- Others	<b>(865)</b>	-
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(9,795)</b>	7,582
<b>Net increase in cash and cash equivalents</b>	<b>4,925</b>	9,290
<b>Cash and cash equivalents at beginning of period</b>	<b>(457)</b>	(6,739)
<b>Cash and cash equivalents at end of period</b>	<b>4,468</b>	2,551
<b>Cash and cash equivalents consist of :-</b>		
Short term deposits with a licensed bank	<b>3,200</b>	-
Cash and bank balances	<b>1,268</b>	2,551
Bank overdrafts	<b>-</b>	-
	<b>4,468</b>	2,551

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



## 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 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 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 second quarter ended 30 June 2007.

#### **4 Extraordinary or exceptional items**

There were no extraordinary/exceptional items for the financial period ended 30 June 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 RM63,499,500 by way of issue of 1,077,000 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**

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



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**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 RM63,499,500 ordinary shares to RM63,575,000 of RM0.50 each via the allotment of 151,000 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**

Amount of corporate guarantees given to third party for credit facilities granted to a subsidiary

**30 JUNE 2007**  
**RM'000**  
**5,000**

**13 Review of the performance**

The Group recorded revenue of RM46,839,478 for the second quarter and profit before tax of RM1,456,879 whilst in preceding year's corresponding quarter, the Group's revenue was RM65,909,406 with profit before tax of RM3,755,104. The decrease in revenue and profit before tax was mainly attributed to lower volume of sales, coupled with lower profit margin.

**14 Variation of results against preceding quarter**

For the quarter under review, the Group recorded a profit before tax of RM1,456,879 compared to the profit before tax of RM545,773 in the preceding quarter mainly due to higher profit margin and demand on trading sales 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		6 MONTHS ENDED	
	30 JUNE		30 JUNE	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current tax expense				
Malaysian - Current period	519	1,324	628	1,341
- Prior years	-	-	-	-
	519	1,324	628	1,341
Deferred tax expense				
Malaysian - Current period	(69)	(368)	(448)	(244)
- Prior years	-	66	-	(3)
	(69)	(302)	(448)	(247)
	<u>450</u>	<u>1,022</u>	<u>180</u>	<u>1,094</u>

The Group's effective tax rate was lower than the corporate tax rate is mainly due to changes in corporate tax rate.

With effect from year of assessment 2007, corporate tax rate is at 27%. The Malaysian Budget 2007 also announced the reduction of corporate tax of 26% in 2008. Consequently deferred tax assets and liabilities are measured using these tax rates.



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**NOTES TO THE INTERIM FINANCIAL REPORT**

**18 Unquoted investments and properties**

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

**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 June 2007

	<b>At Cost</b>	<b>At Book Value</b>	<b>At Market Value</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Total Quoted Shares	245	240	310

**20 Status of corporate proposal announced**

There were no corporate proposal for the current quarter.

**21 Borrowing and Debt Securities**

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

	<b>30 JUNE 2007</b>
	<b>RM'000</b>
Current	
Secured	900
Unsecured	22,096
	<u>22,996</u>
Non-current	
Secured	2,415
Unsecured	1,798
	<u>4,213</u>

All borrowings are denominated in Ringgit Malaysia.

**22 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.

**23 Changes in material litigation**

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

**24 Dividend**

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

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**NOTES TO THE INTERIM FINANCIAL REPORT****25 Earnings per ordinary share***Basic earnings per ordinary share*

The calculation of basic earnings per share for the current quarter and current period to date based on the net profit attributable to ordinary shareholders of RM1,006,879 and RM1,822,652 respectively and the weighted average number of ordinary shares outstanding are calculated as follows:

*Weighted average number of ordinary shares*

	Current Quarter '000	Current year to date '000
At the beginning of quarter/year	126,768	125,922
Effect of shares issued	46	1,254
Weighted average number of ordinary shares	<u>126,814</u>	<u>127,176</u>

*Diluted earnings per ordinary share*

The calculation of diluted earnings per share for the current quarter and current period to date based on the net profit attributable to ordinary shareholders of RM1,006,879 and RM1,822,652 respectively and the weighted average number of ordinary shares (diluted) outstanding are calculated as follows:

*Weighted average number of ordinary shares (diluted)*

	Current Quarter '000	Current year to date '000
Weighted average number of ordinary shares	126,814	127,176
Effect of share options	431	381
Weighted average number of ordinary shares (diluted)	<u>127,245</u>	<u>127,557</u>

**26 Inventories**

No write-down of inventories during the three months period ended 30 June 2007.

**27 Capital commitments**

There were no capital commitments during the period under review.

**28 Related party transactions**

		30 JUNE 2007 RM'000
Sales goods to:		
Eonmetall Group Berhad and its subsidiaries	Companies in which the Director is deemed to have substantial financial interests	<u>89</u>

**BY THE ORDER OF THE BOARD****LAM VOON KEAN (MIA 4793)**

Company Secretary

Dated this 24th August 2007