



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

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007
(THE FIGURES HAVE NOT BEEN AUDITED)**

	NOTE	CURRENT 3 MONTHS ENDED 31 DECEMBER		CUMULATIVE 12 MONTHS ENDED 31 DECEMBER	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue		54,615	44,462	185,417	187,145
Operating expenses		(50,665)	(43,453)	(178,636)	(179,717)
Operating income		<u>618</u>	<u>704</u>	<u>1,803</u>	<u>1,497</u>
Operating profit		4,568	1,713	8,584	8,925
Interest expense		(354)	(603)	(1,572)	(1,978)
Interest income		<u>6</u>	<u>3</u>	<u>33</u>	<u>33</u>
Profit before tax		4,220	1,113	7,045	6,980
Tax expense	17	<u>(1,338)</u>	<u>378</u>	<u>(1,905)</u>	<u>(1,065)</u>
Profit for the year		<u>2,882</u>	<u>1,491</u>	<u>5,140</u>	<u>5,915</u>
Attributable to:					
Shareholders of the Company		2,882	1,491	5,140	5,915
Minority interests		-	-	-	-
Profit for the year		<u>2,882</u>	<u>1,491</u>	<u>5,140</u>	<u>5,915</u>
Basic earnings per ordinary share (sen)	25	<u>2.27</u>	<u>1.18</u>	<u>4.05</u>	<u>4.70</u>
Diluted earnings per ordinary share (sen)	25	<u>2.27</u>	<u>1.18</u>	<u>4.04</u>	<u>4.70</u>

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 31 DECEMBER 2007**

	NOTE	UNAUDITED 31 DECEMBER 2007 RM'000	AUDITED 31 DECEMBER 2006 RM'000
ASSETS			
Property, plant and equipment		68,228	64,761
Prepaid lease payments		4,099	4,191
Other investments	19	335	214
TOTAL NON-CURRENT ASSETS		72,662	69,166
Inventories		36,962	40,015
Trade and other receivables		23,575	34,267
Current tax assets		193	290
Cash and cash equivalents		6,195	1,446
TOTAL CURRENT ASSETS		66,925	76,018
TOTAL ASSETS		139,587	145,184
EQUITY			
Share capital		63,575	62,961
Reserves		25,378	22,132
TOTAL EQUITY		88,953	85,093
LIABILITIES			
Borrowings	21	3,712	4,990
Deferred tax liabilities		8,652	8,374
TOTAL NON-CURRENT LIABILITIES		12,364	13,364
Trade and other payables		7,461	13,027
Borrowings	21	30,291	33,587
Current tax liabilities		518	113
TOTAL CURRENT LIABILITIES		38,270	46,727
TOTAL LIABILITIES		50,634	60,091
TOTAL EQUITY AND LIABILITIES		139,587	145,184
Net Assets Per Share (Sen)		69.96	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
(Company No. 267209 - K)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 financial year	-	-	-	5,140	5,140
Equity settled share-based transactions	-	424	-	-	424
Issues of shares	614	-	-	-	614
Dividend	-	-	-	(2,318)	(2,318)
	<hr/>				
At 31 December 2007	<u>63,575</u>	<u>1,932</u>	<u>283</u>	<u>23,163</u>	<u>88,953</u>
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	709	283	15,559	79,512
Profit for the nine months period	-	-	-	5,915	5,915
Equity settled share-based transactions	-	799	-	-	799
Dividend	-	-	-	(1,133)	(1,133)
	<hr/>				
At 31 December 2006	<u>62,961</u>	<u>1,508</u>	<u>283</u>	<u>20,341</u>	<u>85,093</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
(Company No. 267209 - K)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

	UNAUDITED 31 DECEMBER 2007 RM'000	AUDITED 31 DECEMBER 2006 RM'000
Profit before tax	7,045	6,980
Adjustments for :-		
Non-cash items	5,898	6,013
Non-operating items	1,540	1,945
Operating profit before changes in working capital	14,483	14,938
Changes in working capital		
Net changes in current assets	13,744	(4,656)
Net changes in current liabilities	(5,566)	2,790
Tax paid	(1,123)	(532)
Net cash inflow from operating activities	21,538	12,540
Investing Activities		
- Capital expenditure	(8,769)	(9,348)
- Other investments	(102)	(84)
- Others	33	40
Net cash outflow from investing activities	(8,838)	(9,392)
Financing Activities		
- Bank borrowings, net	(2,771)	6,266
- Issue of share capital	614	-
- Dividend paid	(2,318)	(1,133)
- Others	(1,573)	(1,978)
Net cash (outflow)/inflow from financing activities	(6,048)	3,155
Net (decrease)/increase in cash and cash equivalents	6,652	6,303
Cash and cash equivalents at 1 January	(457)	(6,760)
Cash and cash equivalents at 31 December	6,195	(457)
Cash and cash equivalents consist of :-		
Cash and bank balances	6,195	1,446
Bank overdrafts	0	(1,903)
	6,195	(457)

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 year 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 year under review.

5. Changes in estimates

There were no material changes in estimates of amounts reported during the financial year under review.



6. Debts and equity or securities

During this financial year, 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 year.

7. Dividend paid

A first and final dividend of 5% less 27% tax totaling 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 year ended 31 December 2007 except that:

- i) On 28 January 2008, an additional 2,000 new ordinary shares of RM0.50 each were issued pursuant to the exercise of option granted under the Employee Share Option Scheme.
- ii) On 16 January 2008, the Company announced that its 100% owned subsidiary, Biostone Tech Sdn Bhd ("Biostone Tech") was in the process of incorporating a new company in Brunei to be known as Leader Minerals International Ltd. ("Leader Minerals"). Leader Minerals will be 100% owned subsidiary of Biostone Tech. The initial paid-up capital of Leader Minerals would be USD1.00 with authorized share capital of USD100,000.00. It will be principally involved in investment holding and trading of minerals.

Leader Minerals has been duly incorporated on 19 January 2008.



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 year ended 31 December 2007.

12. Changes in contingent liabilities

	31 December 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 slightly lower turnover of RM185.42million for the financial year ended 31 December 2007 as compared to RM187.15million in the previous financial year. The decrease in turnover was mainly due to lower sales volume in manufactured products. Despite lower sales volume, profit before tax increased from RM6.98million in the previous financial year to RM7.05million in the financial year under review. The improved performance was mainly attributed to better profit margin on the steel products.

On quarterly basis, the Group's turnover increased by 23% to RM54.62million for the quarter under review as compared to RM44.46million in the preceding year's corresponding quarter. The Group also recorded 279% increase in profit before tax from RM1.11million in preceding year corresponding quarter to RM4.22million for the quarter under review. The significant increase in turnover and profit before tax was mainly due to higher selling price which in turn improved profit margin of our steel products.

14. Variation of results against preceding quarter

For the quarter under review, the Group recorded marginal increase in turnover to RM54.62million as compared to RM52.88million in the preceding quarter. The current quarter profit before tax increased significantly to RM4.22million as compared to last quarter of RM0.82million. The improved performance was attributable to higher sales volume coupled with higher selling price which in turn improved profit margin of our steel products.

15. Current year prospects

The Directors are of the opinion that the Group will achieve improved results for the financial year ending 31 December 2008.

16. Profit forecast

Not applicable as no profits forecast was issued.



17. Tax expense

	3 Months Ended 31 December		12 Months Ended 31 December	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current tax expense				
Malaysian – Current period	501	(840)	1,201	949
- Prior years	255	(78)	426	(78)
	756	(918)	1,627	871
Deferred tax expense				
Malaysian – Current period	336	596	32	253
- Prior years	246	(56)	246	(59)
	582	540	278	194
	1,338	(378)	1,905	1,065

The Group's effective tax rate for the current quarter and financial year were higher than the statutory tax rate mainly due to tax certain expenses which were not deductible for tax purposes.

18. Unquoted investment and properties

There were no disposal of unquoted investment and properties during the quarter and financial year under review.

19. Quoted securities

The Company has purchased quoted securities amounted to RM102,000.00 for the quarter and financial year under review.

There are no material disposals of quoted securities for the quarter and financial year under review.

Investment in quoted securities as at 31 December 2007:

	At Cost RM'000	At Book Value RM'000	At Market Value RM'000
Total Quoted Shares	347	335	398

20. Status of corporate proposal announced

There were no corporate proposals announced but not completed as at the date of issue of this announcement.



21. Borrowings and debt securities

	12 Months Ended 31 December 2007 RM'000
Short term borrowings	
Secured	1,561
Unsecured	28,730
	<hr/>
	30,291
	<hr/>
Long term borrowings	
Secured	3,712
	<hr/>

All borrowings are denominated in Ringgit Malaysia.

There were no debts securities for the current financial year.

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

The Board of Director at its meeting held on 29 February 2008, had recommended a first and final dividend of 2.5 sen per share less 26% tax, (2006: 2.5 sen per share less 27% tax) for the financial year ended 31 December 2007, which is subject to shareholders' approval in the forthcoming Annual General Meeting.

The dividend payment and book closure dates for the above proposed dividend will be announced at a later date.



25. Earnings per ordinary share

Basic earnings per ordinary share

	Current Quarter	Current Year-To-Date
Profit for the financial year attributable to ordinary shareholders of the Company (RM'000)	2,882	5,140
Weighted average number of ordinary shares ('000)	127,150	126,872
Basic earnings per share (sen)	2.27	4.05

Diluted earnings per ordinary share

	Current Quarter	Current Year-To-Date
Profit for the financial year attributable to ordinary shareholders of the Company (RM'000)	2,882	5,140
Weighted average number of ordinary shares ('000)	127,150	126,872
Effect of share options ('000)	-	239
Weighted average number of ordinary shares ('000)	127,150	127,111
Diluted earnings per share (sen)	2.27	4.04

26. Inventories

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

27. Capital commitments

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

Property, plant and equipment – Authorised and contracted for	RM'000 <u>1,671</u>
--	-------------------------------



28. Related party transactions

		12 Months Ended 31 December 2007 RM'000
Eonmetall Group Berhad and its subsidiaries	Companies in which the director is deemed to have substantial financial interests	
Sales of goods		759
Purchase of goods		1,018
Purchase of machinery		4,851

By the order of the Board

Lam Voon Kean (MIA 4793)
Company Secretary
Penang
29 February 2008