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Aberdeen Leaders Limited

ABN 25 003 236 173

Quarterly Report

Three months ended 31 March 2007



Chairman's Statement

Dear Shareholder,

I am pleased to advise that the NTA rose to 199 cents per share, 175 cents per share, net of deferred tax on unrealised gains at 31 March 2007. This represents an increase of 8% on a pre-tax total return basis for the three months. The share price closed at 180 cents on 31 March, indicating that the discount to pre-tax NTA had widened to 9.6 % in a quarter in which the shares traded quite weakly. It is pleasing to note that in the opening days of the final quarter of this financial year, the pre-tax NTA has gone through \$2 per share and the share price through 190 cents.

It remains the Board's intention, subject to market conditions, to pay dividends of not less than 9 cents per share for the full year. We have declared dividends totalling 5.25 cents per share to date, including the third interim of 1.75 cents payable on 27 April 2007 and continue to maintain a healthy reserves position.

The market recovered from the China-led global pull back in late February to close the quarter at just below the 6,000 mark. In the early days of April it has pushed on to fresh record highs. Materials provided much of the market's strength in March with the increased prospect of a US rate cut offering renewed strength to metal prices. The leveraged buy-out proposals from the private equity sector were again in evidence over the quarter and show no sign of abating. The start of the new quarter saw Wesfarmers entering the fray with an offer for Coles which would be the largest takeover in Australian history.

The Manager continued to monitor the portfolio over the interim results season but again confined activity largely to profit taking or adding on weakness.

Outlook

Equity valuations continue to be supported by strong corporate earnings which have not been impacted by the Reserve Bank's three rate rises last year to address inflation concerns. The domestic economy remains resilient and geared to commodity price strength. On the other hand, the rural sector remains weak and the consumer is probably constrained by current debt levels. The A\$ has risen through 80 cents versus the US dollar as the US contemplates easing rates. On balance the Manager believes that the RBA will be able to hold rates at the current level but that it will remain vigilant on inflation.

We therefore continue to believe that the prospects for the Company's portfolio together with the current yield which is well covered by reserves will remain attractive to both existing and prospective shareholders.

Finally, you may have seen press coverage relating to the Manager's acquisition from Deutsche Bank of certain Australian businesses which are focused on domestic equity and fixed income. We view this as a major step forward for the Manager in the Australian marketplace and from the Company's perspective we were pleased to have had it confirmed that the Aberdeen equity philosophy and process which has served us well in recent years will continue to apply. Shareholders of Aberdeen Leaders can therefore be confident that there will be no change to the Company's investments, other than, of course, to reflect the future decisions from what will be an expanded investment team that will continue to be led by Mark Daniels.



Brian Sherman AM
Chairman

April 2007

Net Tangible Assets

	At 31 March 2007
NTA per share (pre-tax)	\$1.99
NTA per share (post-tax)	\$1.75
Market Price	\$1.80
Discount to NTA (pre-tax)	9.6%
Premium to NTA (post-tax)	2.9%
Annualised Div. Yield (100% franked)	5.0%

Performance Summary

	At 31 March 2007		
	3 Months	6 Months	12 Months
	%	%	%
Total Portfolio*	8.71	17.45	19.75
Benchmark**	6.89	18.58	21.74
Net Assets (pre-tax)***	8.03	18.21	18.15
Net Assets (post-tax)***	7.01	14.91	16.34
Share Price***	-0.16	12.65	20.36

* Performance is calculated based on the change in the value of the total portfolio (excluding the loan and tax liabilities), before deduction of all other fees.

Past performance is not a guide to future performance.

** Benchmark: S&P / ASX 200 Accumulation Index.

*** Return on Net Assets and return on Share Price assume reinvestment of dividends.

Portfolio Composition

	At 31 March 2007
Equities	97.4%
Net cash	2.6%
Total	100.0%

Dividend

A fully franked dividend of 1.75 cents per share payable for the March quarter was declared on 8 March 2007 and was paid on 27 April 2007.

The Board intends, subject to the availability of distributable profits and market conditions, to target a dividend distribution of 9 cents per share for the year ending 30 June 2007. The Company's dividends will continue to be fully franked.

Manager's Review

The Australian market's upward trajectory continued after it shrugged off the late February correction experienced by most markets following on from the sharp fall in Chinese domestic shares. For the quarter ended 31 March 2007, the S&P/ASX 200 Accumulation Index was up 6.9%. The Company's portfolio prior to management fees delivered 8.7% for the quarter.

The start of the final quarter of the financial year has once again seen the stock market achieve fresh record highs. The Australian dollar has reached a 17 year high against the US dollar. The course of both domestic and US interest rates is the subject of debate. The months of February and March each year provide us with a significant level of company information given that the majority of companies in our portfolio report their results for the six months ended 31 December and "issue guidance" i.e. suggest a range of profit outcomes for the full year to 30 June and beyond in some cases.

Rio and BHP are experiencing cost pressures – labour, contractors, etc but both have delivered healthy increases in profits.

Leighton is performing strongly and significantly increased its profit guidance for both 2007 and 2008. The value of contracted work is in excess of \$20 billion and the outlook across all sectors (mining, engineering, infrastructure and commercial property) is strong. In 2006, Downer EDI was forced to issue a profits warning and having taken another \$28 million of provision in the period under review, management were understandably cagey about the likely outcome for the year ending 30 June 2007. Downer is a contract engineering company which has exposure to rail, mining and infrastructure projects.

The new management of ASX (led by CEO Robert Elstone the ex head of merger partner SFE) continues to deliver cost savings well ahead of timetable. Management recognises that strong markets have been a factor in the growth of profits but also that costs need to be kept under control.

Such skills could be usefully applied at Tabcorp which has at long last dropped its expansion strategy to focus on managing the assets it owns more effectively. The failure to deliver effectively on either of those options cost CEO, Matthew Slatter, his job.

Woolworths, QBE and Westfield each continued to produce strong results. The Westfield share price was marked down some 5% at the beginning of March after management advised that the company would reinvest some of its increased earnings growth in an asset redevelopment programme rather than continue with a 100% payout ratio. Unlike the stock market we saw this as a positive factor and therefore added on that weakness.

The only position we decided to reduce in the period was Qantas where we locked in some of the share price profits in January and February. APA has significantly reduced the acceptances level to declare its bid unconditional in an attempt to overcome shareholder resistance to the original proposal and a conclusion appears in sight. APN News and Media received an approach from a consortium comprising the largest shareholder, Tony O'Reilly's Independent News and Media, and two private equity firms. The offer price has been increased twice and is now a final offer of \$6.20 per share. Bendigo Bank has rejected a merger proposal from Bank of Queensland. We also anticipate additional activity in the media sector as the new media ownership laws come into effect.

We are cautious at current valuation levels, but they continue to be supported by strong earnings. We will continue to focus on the long term prospects for the companies that are currently in the portfolio and exercise caution in considering new stock picks.

Portfolio of Investments

The full portfolio of the Company at market value at 31 March 2007 is shown below:

Sector	Company	Market Value (\$)	% of Portfolio
Finance Ex Property Trusts	QBE Insurance Group	9,695,840	7.79
	ANZ Bank Group	9,474,300	7.62
	Westpac Bank	9,198,840	7.39
	Suncorp Metway	6,049,616	4.86
	Commonwealth Bank	5,502,375	4.42
	Australian Stock Exchange	3,552,660	2.86
	Bendigo Bank	3,284,420	2.64
		46,758,051	37.58
Property Trusts	Westfield Group	6,432,150	5.17
		6,432,150	5.17
Consumer Discretionary	Tabcorp Holdings	5,698,620	4.58
	Billabong International	2,692,440	2.16
	APN News & Media	2,486,680	2.00
		10,877,740	8.74
Consumer Staples	Woolworths	7,479,325	6.01
	Lion Nathan	4,188,800	3.37
	Foster's Group	2,505,800	2.01
		14,173,925	11.39
Energy	Woodside Petroleum	6,686,775	5.38
		6,686,775	5.38
Materials	BHP Billiton	13,330,940	10.72
	Rio Tinto	12,057,930	9.69
		25,388,870	20.41
Industrials	Wesfarmers	4,278,950	3.44
	Downer EDI	3,979,860	3.20
	Leighton Holdings	3,422,690	2.75
	Qantas	2,790,375	2.24
		14,471,875	11.63
Telecommunications	Telecom Corp of NZ	2,931,510	2.36
	Telstra Corporation	1,606,575	1.29
		4,538,085	3.65
Utilities	AGL Energy	3,174,028	2.55
	SP AusNet	2,769,200	2.23
		5,943,228	4.78
Total Assets		135,270,699	108.73
Net Liquidity including deferred tax liability		(10,856,608)	(8.73)
Total Assets excluding Debt		124,414,091	100.00
Loan Facility		(25,000,000)	(20.09)
Total Equity		99,414,091	(79.91)

Aberdeen Leaders Limited

The Company is a long term investor which does not intend disposing of its total portfolio. If estimated tax on unrealised gains were to be deducted in determining the NTA, the net asset backing per share as at 31 March 2007 would be \$1.75

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