



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

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2005
(THE FIGURES HAVE NOT BEEN AUDITED)**

	CURRENT 3 MONTHS ENDED 30 JUNE		CUMULATIVE 6 MONTHS ENDED 30 JUNE	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	51,236	28,676	100,176	72,468
Operating expenses	(49,186)	(23,562)	(95,634)	(59,401)
Operating income	<u>323</u>	<u>405</u>	<u>831</u>	<u>752</u>
Operating profit	2,373	5,519	5,373	13,819
Interest expense	(519)	(396)	(973)	(685)
Interest income	<u>8</u>	<u>6</u>	<u>35</u>	<u>28</u>
Profit before tax	1,862	5,129	4,435	13,162
Tax expense	<u>11</u>	<u>(269)</u>	<u>(681)</u>	<u>(2,060)</u>
Profit after tax	1,873	4,860	3,754	11,102
Minority interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net profit for the period	<u><u>1,873</u></u>	<u><u>4,860</u></u>	<u><u>3,754</u></u>	<u><u>11,102</u></u>
Basic earnings per ordinary share (sen)	<u><u>1.49</u></u>	<u><u>3.89</u></u>	<u><u>2.98</u></u>	<u><u>8.91</u></u>
Diluted earnings per ordinary share (sen)	<u><u>1.43</u></u>	<u><u>3.85</u></u>	<u><u>2.83</u></u>	<u><u>8.83</u></u>

The condensed consolidated income statement should be read in conjunction with the most recent annual financial statement as at 31 December 2004



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**CONDENSED CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2005**

	NOTE	UNAUDITED 30 JUNE 2005 RM'000	AUDITED 31 DECEMBER 2004 RM'000
PROPERTY, PLANT AND EQUIPMENT	9	67,089	63,655
OTHER INVESTMENT		160	1,496
DEFERRED TAX ASSETS		-	325
CURRENT ASSETS			
Inventories	26	61,711	48,277
Trade and other receivables		34,742	19,857
Cash and cash equivalents		604	6,219
		97,057	74,353
CURRENT LIABILITIES			
Trade and other payables		6,966	4,755
Borrowings		60,313	39,300
Taxation		1,441	524
		68,720	44,579
NET CURRENT ASSETS		28,337	29,774
		95,586	95,250
Financed by:			
SHARE CAPITAL		62,961	62,961
RESERVES		21,822	20,334
SHAREHOLDERS' FUNDS		84,783	83,295
LONG TERM AND DEFERRED LIABILITIES			
Borrowings		3,862	4,366
Deferred Tax Liabilities		6,941	7,589
		95,586	95,250
Net Tangible Assets Per Share (Sen)		67.33	66.15

The condensed consolidated balance sheet should be read in conjunction with the most recent annual financial statement as at 31 December 2004.



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2005**

	UNAUDITED 30 JUNE 2005 RM'000	UNAUDITED 30 JUNE 2004 RM'000
Profit before tax	4,435	13,162
Adjustment for :-		
Non-cash items	2,994	2,467
Non-operating items	236	(676)
Operating profit before changes in working capital	<u>7,665</u>	<u>14,953</u>
Changes in working capital		
Net changes in current assets	(28,488)	(31,044)
Net changes in current liabilities	2,058	1,199
Net cash outflow from operating activities	<u>(18,765)</u>	<u>(14,892)</u>
Investing Activities		
- Other investments	(5,092)	(7,930)
Net cash outflow from investing activities	<u>(5,092)</u>	<u>(7,930)</u>
Financing Activities		
- Bank borrowings, net	19,857	19,570
- Increased in share capital	-	850
- Dividend paid	(2,267)	(2,084)
Net cash inflow from financing activities	<u>17,590</u>	<u>18,336</u>
Net decrease in cash and cash equivalents	<u>(6,267)</u>	<u>(4,486)</u>
Cash and cash equivalents at beginning of year	<u>6,219</u>	<u>3,336</u>
Cash and cash equivalents at end of year	<u>(48)</u>	<u>(1,150)</u>
Cash and cash equivalents consist of :-		
Cash and bank balances	604	686
Bank overdrafts	(652)	(1,836)
	<u>(48)</u>	<u>(1,150)</u>

The condensed consolidated cash flow statement should be read in conjunction with the most recent annual financial statement as at 31 December 2004.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2005**

	Share Capital RM'000	Non- distributable Reserves RM'000	Distributable Capital reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2005	62,961	-	283	20,051	83,295
Net profit for the six months period	-	-	-	3,754	3,754
Dividend	-	-	-	(2,266)	(2,266)
At 30 June 2005	<u>62,961</u>	<u>-</u>	<u>283</u>	<u>21,539</u>	<u>84,783</u>
At 1 January 2004 - As previously reported	40,824	3,660	283	22,623	67,390
Issues of shares	850	-	-	-	850
Net profit for the three months period	-	-	-	11,102	11,102
Dividend	-	-	-	(2,084)	(2,084)
At 30 June 2004	<u>41,674</u>	<u>3,660</u>	<u>283</u>	<u>31,641</u>	<u>77,258</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 2004.



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 2004.

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 2004.

2 Audit report

The audit report of the preceding annual financial statements ended 31 December 2004 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 30 June 2005.

4 Extraordinary or exceptional items

There were no extraordinary/exceptional items for the financial period ended 30 June 2005.

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

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.

8 Segment information

No segment information by business activities has been prepared as the Group's activities involved is 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 were no material events subsequent to the period under review.



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NOTES TO THE INTERIM FINANCIAL REPORT

11 Changes in the composition of the Group

Further to the Company's announcement made on 21 March 2003, it wishes to announce that its 100% owned subsidiary, Leader Steel Marketing Sdn. Bhd. (In Member's Voluntary Liquidation) will be dissolved on 12 October 2005.

12 Changes in contingent liabilities

There were no changes in the contingent liabilities during the period under review.

13 Review of the performance

The Group recorded revenue of RM51,235,972 for the second quarter and profit before income tax of RM1,862,484 whilst in preceding year's corresponding quarter, the Group's revenue was RM28,676,314, with profit before income tax of RM5,128,773. The increase in revenue was mainly attributed to higher selling price, volume of sales and trading activities. However, due to higher cost of raw material compared to preceding year's corresponding quarter, profit before income tax was substantially reduced.

14 Variation of results against preceding quarter

For the quarter under review, the Group recorded a profit before tax of RM1,862,484 compared to RM2,572,450 in the preceding quarter mainly due to lower profit margin.

15 Current year prospects

The directors expect the performance of the Group for the remaining financial period to be maintained at the current level.

16 Profit forecast

Not applicable as no profit forecast was published.

17 Tax expense

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 JUNE		30 JUNE	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current tax expense				
Malaysian - Current period	284	475	1,004	1,375
- Prior years	-	(269)	-	-
	284	206	1,004	1,375
Deferred tax expense				
Malaysian - Current period	30	373	(283)	748
- Prior years	(325)	(310)	(40)	(63)
	(295)	63	(323)	685
	<u>(11)</u>	<u>269</u>	<u>681</u>	<u>2,060</u>

The Group's effective tax rate is lower than the prima facie tax rate is mainly due to the utilisation of unabsorbed tax losses brought forward and reinvestment allowance available to certain subsidiaries.

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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 2005

	At Cost RM'000	At Book Value RM'000	At Market Value RM'000
Total Quoted Shares	<u>160</u>	<u>160</u>	<u>156</u>

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.

	30 JUNE 2005 RM'000
Current	
Secured	957
Unsecured	<u>59,356</u>
	<u>60,313</u>
Non-current	
Secured	3,862
Unsecured	<u>-</u>
	<u>3,862</u>

All borrowings are denominated in Ringgit Malaysia.

22 Off balance sheet financial instruments

During the financial period 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 has been recommended for this quarter.



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NOTES TO THE INTERIM FINANCIAL REPORT

25 Earnings per share

Basic earnings per 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 RM1,873,484 and RM3,753,934 and the weighted average number of ordinary shares outstanding calculated as follows:

Weighted average number of ordinary shares

	Current Quarter '000	Current year todate '000
Issued ordinary shares at beginning of the period	125,922	125,922
Effect of shares issued during the period	-	-
Weighted average number of ordinary shares	<u>125,922</u>	<u>125,922</u>

Diluted earnings per 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 RM1,873,484 and RM3,753,934 and the weighted average number of ordinary shares outstanding calculated as follows:

Weighted average number of ordinary shares(diluted)

	Current Quarter '000	Current year todate '000
Weighted average number of ordinary shares	125,922	125,922
Effect of share options	5,261	6,637
Weighted average number of ordinary shares(diluted)	<u>131,183</u>	<u>132,559</u>

26 Inventories

No write-down of inventories during the three months period ended 30 June 2005.

27 Capital commitments

There were no capital commitments during the period under review.

28 Related party transactions

There were no related party transactions during the period under review.

BY THE ORDER OF THE BOARD

LAM VOON KEAN (MIA 4793)

Company Secretary

Dated this 15 August 2005