



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

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2005
(THE FIGURES HAVE NOT BEEN AUDITED)**

	CURRENT 3 MONTHS ENDED 31 MARCH		CUMULATIVE 3 MONTHS ENDED 31 MARCH	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	48,940	43,792	48,940	43,792
Operating expenses	(46,449)	(35,839)	(46,449)	(35,839)
Operating income	<u>508</u>	<u>347</u>	<u>508</u>	<u>347</u>
Operating profit	2,999	8,300	2,999	8,300
Interest expense	(454)	(289)	(454)	(289)
Interest income	<u>27</u>	<u>22</u>	<u>27</u>	<u>22</u>
Profit before tax	2,572	8,033	2,572	8,033
Tax expense	<u>(692)</u>	<u>(1,791)</u>	<u>(692)</u>	<u>(1,791)</u>
Profit after tax	1,880	6,242	1,880	6,242
Minority interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net profit for the period	<u><u>1,880</u></u>	<u><u>6,242</u></u>	<u><u>1,880</u></u>	<u><u>6,242</u></u>
Basic earnings per ordinary share (sen)	<u><u>1.49</u></u>	<u><u>5.07</u></u>	<u><u>1.49</u></u>	<u><u>5.07</u></u>
Diluted earnings per ordinary share (sen)	<u><u>1.49</u></u>	<u><u>4.91</u></u>	<u><u>1.49</u></u>	<u><u>4.91</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 31 MARCH 2005**

	NOTE	UNAUDITED 31 MARCH 2005 RM'000	AUDITED 31 DECEMBER 2004 RM'000
PROPERTY, PLANT AND EQUIPMENT	9	64,274	63,655
OTHER INVESTMENT		160	1,496
DEFERRED TAX ASSETS		-	325
CURRENT ASSETS			
Inventories	26	55,342	48,277
Trade and other receivables		28,053	19,857
Cash and cash equivalents		8,559	6,219
		91,954	74,353
CURRENT LIABILITIES			
Trade and other payables		14,365	4,755
Borrowings		46,584	39,300
Taxation		1,160	524
		62,109	44,579
NET CURRENT ASSETS		29,845	29,774
		94,279	95,250
Financed by:			
SHARE CAPITAL		62,961	62,961
RESERVES		19,948	20,334
SHAREHOLDERS' FUNDS		82,909	83,295
LONG TERM AND DEFERRED LIABILITIES			
Borrowings		4,134	4,366
Deferred Tax Liabilities		7,236	7,589
		94,279	95,250
Net Tangible Assets Per Share (Sen)		65.84	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 31 MARCH 2005**

	UNAUDITED 31 MARCH 2005 RM'000	UNAUDITED 31 MARCH 2004 RM'000
Profit before tax	2,572	8,033
Adjustment for :-		
Non-cash items	1,693	1,230
Non-operating items	428	(352)
Operating profit before changes in working capital	4,693	8,911
Changes in working capital		
Net changes in current assets	(15,773)	(7,361)
Net changes in current liabilities	9,610	9,951
Net cash (outflow)/inflow from operating activities	(1,470)	11,501
Investing Activities		
- Other investments	(975)	(7,309)
Net cash outflow from investing activities	(975)	(7,309)
Financing Activities		
- Bank borrowings, net	6,555	(5,518)
- Dividend paid	(2,266)	238
Net cash inflow from financing activities	4,289	(5,280)
Net increase in cash and cash equivalents	1,844	(1,088)
Cash and cash equivalents at beginning of year	6,219	3,336
Cash and cash equivalents at end of year	8,063	2,248
Cash and cash equivalents consist of :-		
Short term deposits	7,200	500
Cash and bank balances	1,360	1,748
Bank overdrafts	(497)	-
	8,063	2,248

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



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 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 three months period	-	-	-	1,880	1,880
Dividend	-	-	-	(2,266)	(2,266)
	<hr/>				
At 31 March 2005	<u>62,961</u>	<u>-</u>	<u>283</u>	<u>19,665</u>	<u>82,909</u>
At 1 January 2004	<hr/>				
- As previously reported	40,824	3,660	283	22,623	67,390
Issues of shares	238	-	-	-	238
Net profit for the three months period	-	-	-	6,242	6,242
	<hr/>				
At 31 March 2004	<u>41,062</u>	<u>3,660</u>	<u>283</u>	<u>28,865</u>	<u>73,870</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 31 March 2005.

4 Extraordinary or exceptional items

There were no extraordinary/exceptional items for the financial period ended 31 March 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

A second interim dividend of 2.5 sen per share less 28% tax for the year ended 31 December 2004, was paid on 31 March 2005.

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

The Company had on 18 April 2005 announced the acquisition of 2 ordinary shares of RM1.00 each in the capital of Fresh Rewards Sdn Bhd ("Fresh Rewards") and Biostone Tech Sdn Bhd ("Biostone"). Consequently, Fresh Rewards and Biostone became the wholly- owned subsidiaries of the Company.

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 RM48,940,128 for the first quarter and profit before income tax of RM2,572,450 whilst in preceding year's corresponding quarter, the Group's revenue was RM43,791,884, with profit before income tax of RM8,032,926. The increase in revenue was mainly attributed to higher selling price and volume. 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 RM2,572,450 compared to RM2,279,875 in the preceding quarter mainly due to higher revenue.

15 Current year prospects

The directors expect the performance of the Group for the current financial year 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	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current tax expense				
Malaysian - Current period	720	900	720	900
- Prior years	-	269	-	269
	720	1,169	720	1,169
Deferred tax expense				
Malaysian - Current period	(313)	375	(313)	375
- Prior years	285	247	285	247
	(28)	622	(28)	622
	692	1,791	692	1,791

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.

**LEADER STEEL HOLDINGS BERHAD**

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NOTES TO THE INTERIM FINANCIAL REPORT**18 Unquoted investments and properties**

On 10th March 2005, the Company disposed off investment in PT Bumi Cikarang for a total consideration of RM866,589. Loss on disposal of this investment amounted RM469,568.

19 Quoted investments

There were no material purchases or disposal of quoted shares for the period under review.

Investment in quoted securities as at 31 March 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>164</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.

	31 MARCH 2005 RM'000
Current	
Secured	910
Unsecured	<u>45,674</u>
	<u>46,584</u>
Non-current	
Secured	4,131
Unsecured	<u>3</u>
	<u>4,134</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 RM1,880,450 and RM1,880,450 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 RM1,880,450 and RM1,880,450 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	11	11
Weighted average number of ordinary shares(diluted)	<u>125,933</u>	<u>125,933</u>

26 Inventories

No write-down of inventories during the three months period ended 31 March 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 30 May 2005