



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

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

	CURRENT 3 MONTHS ENDED 31 DECEMBER		CUMULATIVE 12 MONTHS ENDED 31 DECEMBER	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	28,834	48,228	160,916	172,919
Operating expenses	(32,562)	(46,199)	(160,424)	(153,707)
Operating income	<u>105</u>	466	<u>1,154</u>	1,468
Operating (loss)/profit	(3,624)	2,495	1,646	20,680
Interest expense	(462)	(249)	(2,017)	(1,506)
Interest income	<u>0</u>	34	<u>36</u>	86
(Loss)/Profit before tax	(4,085)	2,280	(334)	19,260
Tax expense	(879)	246	(1,175)	(2,421)
(Loss)/Profit after tax	(4,964)	2,526	(1,509)	16,839
Minority interests	-	-	-	-
Net (loss)/profit for the period/year	<u>(4,964)</u>	<u>2,526</u>	<u>(1,509)</u>	<u>16,839</u>
Basic (loss)/earnings per ordinary share (sen)	<u>(3.94)</u>	<u>2.01</u>	<u>(1.20)</u>	<u>13.42</u>
Diluted (loss)/earnings per ordinary share (sen)	<u>(4.05)</u>	<u>1.99</u>	<u>(1.20)</u>	<u>13.27</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 DECEMBER 2005**

	NOTE	UNAUDITED 31 DECEMBER 2005 RM'000	AUDITED 31 DECEMBER 2004 RM'000
PROPERTY, PLANT AND EQUIPMENT	9	64,821	63,655
OTHER INVESTMENT		49	1,496
DEFERRED TAX ASSETS		-	325
CURRENT ASSETS			
Inventories	26	47,919	48,277
Trade and other receivables		22,303	19,857
Cash and cash equivalents		368	6,219
		70,590	74,353
CURRENT LIABILITIES			
Trade and other payables		10,251	4,755
Borrowings		31,100	39,300
Taxation		83	524
		41,434	44,579
NET CURRENT ASSETS		29,156	29,774
		94,026	95,250
Financed by:			
SHARE CAPITAL		62,961	62,961
RESERVES		16,558	20,334
SHAREHOLDERS' FUNDS		79,519	83,295
LONG TERM AND DEFERRED LIABILITIES			
Borrowings		6,326	4,366
Deferred Tax Liabilities		8,180	7,589
		94,026	95,250
Net Assets Per Share (Sen)		63.15	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 YEAR ENDED 31 DECEMBER 2005**

	UNAUDITED 31 DECEMBER 2005 RM'000	AUDITED 31 DECEMBER 2004 RM'000
(Loss)/Profit before tax	(334)	19,260
Adjustment for :-		
Non-cash items	6,701	5,574
Non-operating items	(760)	(1,172)
Operating profit before changes in working capital	5,607	23,662
Changes in working capital		
Net changes in current assets	(2,028)	(24,444)
Net changes in current liabilities	5,496	(2,064)
Net cash inflow/(outflow) from operating activities	9,075	(2,846)
Investing Activities		
- Other investments	(3,763)	(10,152)
Net cash outflow from investing activities	(3,763)	(10,152)
Financing Activities		
- Bank borrowings, net	(16,003)	16,814
- Increased in share capital	-	1,150
- Dividend paid	(2,267)	(2,084)
Net cash (outflow)/inflow from financing activities	(18,269)	15,880
Net (decrease)/increase in cash and cash equivalents	(12,958)	2,882
Cash and cash equivalents at beginning of year	6,219	3,337
Cash and cash equivalents at end of year	(6,739)	6,219
Cash and cash equivalents consist of :-		
Short term deposits with a licensed bank	-	2,400
Cash and bank balances	186	3,819
Bank overdrafts	(6,926)	-
	(6,739)	6,219

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 YEAR ENDED 31 DECEMBER 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 loss for the year	-	-	-	(1,509)	(1,509)
Dividend	-	-	-	(2,267)	(2,267)
At 31 December 2005	<u>62,961</u>	<u>-</u>	<u>283</u>	<u>16,275</u>	<u>79,519</u>
At 1 January 2004	40,824	3,660	283	22,623	67,390
Issues of shares	22,137	(3,660)	-	(17,327)	1,150
Net profit for the year	-	-	-	16,839	16,839
Dividend	-	-	-	(2,084)	(2,084)
At 31 December 2004	<u>62,961</u>	<u>-</u>	<u>283</u>	<u>20,051</u>	<u>83,295</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 fourth quarter ended 31 December 2005.

4 Extraordinary or exceptional items

There were no extraordinary/exceptional items for the financial year ended 31 December 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 year.

7 Dividend paid

No dividend was paid for the financial year 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

There were no changes in composition of the Group for the current quarter.

12 Changes in contingent liabilities

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

13 Review of the performance

The Group recorded revenue of RM28,833,834 for the fourth quarter and loss before tax of RM4,084,969 whilst in preceding year's corresponding quarter, the Group's revenue was RM48,227,848 with profit before tax of RM2,279,875. The decrease in revenue was mainly attributed to a lower demand, coupled with higher cost of raw materials and lower selling price which attributed to the losses.

14 Variation of results against preceding quarter

For the quarter under review, the Group recorded a loss before tax of RM4,084,969 compared to the loss before tax of RM684,358 in the preceding quarter mainly due to lower margin of which the phenomenal prevailing in the steel industries during the period. In addition, there was a provision for impairment of assets amounting to RM798,778 recorded in this quarter.

15 Current year prospects

Based on the current upwards trend of the selling price, the directors expect the performances of the Group for the next financial quarter will improve.

16 Profit forecast

Not applicable as no profit forecast was published.

17 Tax expense

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 DECEMBER		31 DECEMBER	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian - Current period/year	(121)	173	220	1,811
- Prior years	39	(54)	39	(54)
	(82)	119	259	1,757
Deferred tax expense				
Malaysian - Current period/year	369	(385)	217	707
- Prior years	592	20	699	(43)
	961	(365)	916	664
	<u>879</u>	<u>(246)</u>	<u>1,175</u>	<u>2,421</u>

The Group's effective tax rate was 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**

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

19 Quoted investments

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

Investment in quoted securities as at 31 December 2005

	At Cost RM'000	At Book Value RM'000	At Market Value RM'000
Total Quoted Shares	<u>160</u>	<u>49</u>	<u>49</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 year to date.

	31 DECEMBER 2005 RM'000
Current	
Secured	900
Unsecured	<u>30,200</u>
	<u>31,100</u>
Non-current	
Secured	3,466
Unsecured	<u>2,860</u>
	<u>6,326</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 year to date.

24 Dividend

The Board of Directors have proposed a first and final dividend of 2.5% less 28% tax totalling RM1,133,298 in respect of the year ended 31 December 2005, subject to shareholders' approval at the forthcoming Annual General Meeting.



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NOTES TO THE INTERIM FINANCIAL REPORT

25 (Loss)/Earnings per share

Basic (loss)/earnings per share

The calculation of basic loss per share for the current quarter and current year to date based on the net loss attributable to ordinary shareholders of RM4,963,772 and RM1,509,196 and the number of ordinary shares outstanding of 125,922,000.

Diluted (loss)/earnings per share

The calculation of diluted loss per share for the current quarter and current year to date based on the net loss attributable to ordinary shareholders of RM4,963,772 and RM1,509,196 and the weighted average number of ordinary shares outstanding are calculated as follows:

Weighted average number of ordinary shares (diluted)

	Current Quarter	Current year to date
	'000	'000
Weighted average number of ordinary shares	125,922	125,922
Effect of share options	<u>(3,284)</u>	<u>3,994</u>
Weighted average number of ordinary shares (diluted)	<u>122,638</u>	<u>129,916</u>

26 Inventories

No write-down of inventories during the three months period ended 31 December 2005.

27 Capital commitments

There were no capital commitments during the year under review.

28 Related party transactions

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

BY THE ORDER OF THE BOARD

LAM VOON KEAN (MIA 4793)
Company Secretary
Dated this 23rd February 2006