



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

**QUARTERLY REPORT ON CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL QUARTER ENDED
30 JUNE 2001**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Jun-01 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-00 RM'000	CURRENT YEAR TO DATE 30-Jun-01 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-00 RM'000
1 (a) Revenue	17,349	21,633	33,424	44,068
(b) Investment income	-	-	-	-
(c) Other income including interest income	230	95	355	384
2 (a) Profit/(loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interest and extraordinary items	1,179	3,850	2,289	8,000
(b) Finance costs	(847)	(1,096)	(1,815)	(2,090)
(c) Depreciation and amortisation	(1,102)	(1,190)	(2,241)	(2,340)
(d) Exceptional items	-	-	-	-
(e) (Loss)/Profit before income tax, minority interest, and extraordinary items	(770)	1,564	(1,767)	3,570
(f) Share of profits of associate	-	-	-	-
(g) (Loss) / Profit before income tax, minority interests, and extraordinary items	(770)	1,564	(1,767)	3,570
(h) Income Tax	(329)	(9)	170	(554)
(i) (i) (Loss) / Profit after income tax, before deducting minority interest	(1,099)	1,555	(1,597)	3,016
(ii) Minority interests	594	44	1,027	8
(j) Pre-acquisition profit / (loss), if applicable	-	-	-	-
(k) Net profit / (loss) from ordinary activities attributable to members of the company	(505)	1,599	(570)	3,024
(l) (i) Extraordinary items	-	-	-	-
(ii) Less minority interests	-	-	-	-
(iii) Extraordinary items attributable to members of the company	-	-	-	-
(m) Net (loss)/profit attributable to members of the company	(505)	1,599	(570)	3,024
3 (a) Earnings per share based on 2(m) above after deducting any provision for preference dividends, if any:-				
Basic (sen)	(2.53)	8.00	(2.85)	15.12
Basic earnings per share based on number of ordinary shares	19,998	19,998	19,998	19,998



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CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2001

	UNAUDITED AS AT END OF CURRENT QUARTER 30-Jun-01 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31-Dec-00 RM'000
1 Property, plant and equipment	69,962	69,686
2 Investment property	-	-
3 Investment in associated companies	158	158
4 Long term investments - Others	2,315	2,315
5 Goodwill on consolidation	246	251
6 Intangible assets	-	-
7 Other long term assets	-	-
8 Current assets		
Inventories	17,041	24,627
Trade receivables	17,935	10,894
Other receivables, deposits and prepayments	1,425	1,578
Short term deposits	198	195
Cash and bank balances	2,081	960
	38,680	38,254
9 Current liabilities		
Trade payables	6,664	4,054
Other payables and accruals	5,099	3,710
Short term borrowings	37,375	38,708
Provision for taxation	555	488
Dividend payable/Proposed dividend	-	-
	49,693	46,960
10 Net current liabilities	(11,013)	(8,706)
	61,668	63,704
11 Shareholders' Funds		
Share capital	19,998	19,998
Reserves		
Share premium (non-distributable)	3,660	3,660
Capital reserve (distributable)	284	284
Exchange fluctuation reserve (non-distributable)	310	310
Retained profits	23,408	23,978
	47,660	48,230
12 Minority interests	3,834	4,861
13 Long term borrowings	6,169	6,314
14 Other long term liabilities	97	97
15 Deferred taxation	3,908	4,202
	61,668	63,704
16 Net tangible assets per share (sen)	237.09	239.92



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NOTES TO THE QUARTERLY REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2001

1 Accounting Policies

The 2nd quarter financial statements of the Group have been prepared using the same accounting policies and methods of computation as compared with the most recent annual audited financial statements for the year ended 31 December 2000 and the accounting policies comply with applicable approved accounting standards of the Malaysian Accounting Standards Board (MASB).

2 Exceptional items

There were no exceptional items for the financial period ended 30 June 2001.

3 Extraordinary items

There were no extraordinary items for the financial period ended 30 June 2001.

4 Income tax

Income tax comprises the following: -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30-Jun-01 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-00 RM'000	CURRENT YEAR TO DATE 30-Jun-01 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-00 RM'000
Current taxation				
- Current period	22	219	42	295
- Prior years	-	(6)	82	45
	22	213	124	340
Deferred taxation				
- Current period	307	(204)	(294)	214
- Preceding period	-	-	-	-
- Prior year	0	-	0	-
	307	(204)	(294)	214
Real property gain tax	-	-	-	-
	<u>329</u>	<u>9</u>	<u>(170)</u>	<u>554</u>

The disproportionate tax charge in relation to the results of the Group for the current period under review was mainly due to the availability of certain tax incentives to a subsidiary.

5 Profit/(loss) on sale of properties and/or investments

There were no material profits on sale of properties/investments for the current financial period to date.

6 Quoted securities

The Group did not deal in any quoted securities.



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NOTES TO THE QUARTERLY REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2001

7 Changes in the composition of the Group

There were no changes in the composition of the Group for the financial quarter under review.

8 Status of corporate proposal

On 12 July 2001, the Company announced a Proposed Bonus Issue of 19,998,000 new ordinary shares of RM1.00 each ("Shares") on the basis of one (1) New Share for every One (1) existing share held ("Proposed Bonus Issue"). As at the date of this report, a circular to shareholders setting out the details of the Proposed Bonus Issue together with the notice to convene the EGM will be despatched to the shareholders of the Company in due course.

9 Issuance of equity or debts securities etc

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 to date.

10 Group Borrowings and Debt Securities

There were no debt securities for the current financial period to date.

The Group borrowings as at 30 June 2001 are as follows:

	As at end of 30-Jun-01 RM'000
(A) Bank borrowings, unsecured	
Bank overdrafts	14,263
<u>Other bank borrowings</u>	
Bankers' acceptances	8,008
Trust receipts	-
Revolving credits	5,635
Term loans (short term portion)	9,469
	23,112
	37,375

All borrowings are denominated in Ringgit Malaysia.

	As at end of 30-Jun-01 RM'000
(B) Term loans, unsecured	
Analysis of repayments:	
Within 1 year	9,469
After 1 year	6,169
	15,638
Less : Amount repayable within 1 year (included under bank borrowings)	(9,469)
	6,169



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11 Contingent liabilities

There are no changes to the contingent liabilities since the last annual balance sheet date to the date of this announcement.

12 Off balance sheet financial instruments

The Group did not have any financial instruments with off balance sheet risk as at the date of this announcement (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

13 Pending material litigation

The Group was not engaged in any material litigation as at the date of this announcement (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report).

14 Segmental reporting

	INDIVIDUAL CURRENT YEAR QUARTER 30-Jun-01 RM'000	CUMULATIVE CURRENT YEAR TO DATE RM'000
<u>Revenue</u>		
- Malaysia	17,349	33,424
- Australia	-	
	17,349	33,424
<u>(Loss) / Profit before income tax</u>		
- Malaysia	(770)	(1,587)
- Australia	-	(180)
	(770)	(1,767)
<u>Gross Assets Employed</u>		
- Malaysia		111,112
- Australia		249
		111,361

No segmental reporting by business activities has been prepared as the Group's activities involve primarily only one sector of operations.



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NOTES TO THE QUARTERLY REPORT FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2001

15 Material changes in the Quarterly Results compared to the results of the Preceding Quarter

	Current Quarter 30-Jun-01 RM'000	Preceding Quarter 31-Mar-01 RM'000
Revenue	17,349	16,075
Consolidated (Loss) / Profit before income tax	<u>(770)</u>	<u>(997)</u>
Consolidated (Loss) / Profit after income tax	<u>(1,099)</u>	<u>(498)</u>

The Group performance recorded a loss before income tax of RM770,136 for the current quarter compared to a loss of RM996,569 for the preceding quarter. The reduction of its losses are due to marginal improvement in its cost of raw materials. The net loss after income tax of RM1,099,346 was mainly attributed to the underprovision in deferred taxation of RM307,000 whilst during the preceding quarter there was a reversal of overprovision of deferred taxation amounted to RM841,000 offset by the current period tax expense of RM340,000.

16 Review of the performance of the Company and its Principal Subsidiaries

For the quarter ended 30 June 2001, the Group recorded revenue of RM17 million and loss before income tax of RM770,136. In the corresponding period last year, the Group's revenue amounted to RM21 million and profit before income tax of RM1,563,657. The loss in 2001 were mainly due to the regulatory restriction on importation of hot rolled coil/plate which had been the Group's main raw materials. This resulted in a shift to an alternative type of raw materials and a change in products, the demand for which was soft during the period.

17 Material events subsequent to balance sheet date

There were no material events subsequent to balance sheet date as at 27 August 2001

18 Seasonal or Cyclical Factors

The Group performance is normally not affected by the seasonal and cyclical factor except during the first quarter whereby there is shorter production time due to the substantially more and longer festival seasons and holidays.

19 Prospects for the next financial quarter

The Directors do not expect the Group's performance to improve in the coming quarter.

20 Variance of actual profit from forecast profit - profit guarantee

The Group is not involved in any profit guarantee arrangement.

21 Dividend

No dividend is recommended for the financial quarter ended 30 June 2001.

BY THE ORDER OF THE BOARD

LAM VOON KEAN (MIA 4793)

Company Secretary

Dated this 28 August 2001