



LEADER STEEL HOLDINGS BERHAD
(Registration No. 199301012471 (267209-K))
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	NOTE	CURRENT 3 MONTHS ENDED 30 JUNE		CUMULATIVE 6 MONTHS ENDED 30 JUNE	
		2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)	2021 RM'000 (Unaudited)	2020 RM'000 (Unaudited)
Continuing operations					
Revenue		54,191	39,100	106,873	99,246
Operating expenses		(43,564)	(37,198)	(85,018)	(94,343)
Operating profit		10,627	1,902	21,855	4,903
Depreciation		(1,367)	(1,433)	(2,730)	(2,876)
Finance costs		(458)	(866)	(864)	(1,799)
Profit/(Loss) before tax		8,802	(397)	18,261	228
Tax (expenses)/income	B5	(2,289)	(5)	(4,643)	6
PROFIT/(LOSS) FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS)		6,513	(402)	13,618	234
Net profit/(loss) for the financial period attributable to:-					
Equity holders of the company		6,519	(395)	13,630	247
Non-controlling interests		(6)	(7)	(12)	(13)
NET PROFIT/(LOSS)		6,513	(402)	13,618	234
Total comprehensive income/(loss) for the financial period attributable to:-					
Equity holders of the company		6,519	(395)	13,630	247
Non-controlling interests		(6)	(7)	(12)	(13)
TOTAL COMPREHENSIVE INCOME/(LOSS)		6,513	(402)	13,618	234
Basic and diluted earnings/(loss) per share (sen)	B10	5.01	(0.31)	10.47	0.20

The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2020.



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	30 JUNE 2021 RM'000 (Unaudited)	31 DEC 2020 RM'000 (Audited)
ASSETS			
Property, plant and equipment		130,545	132,591
Right-of-use assets		23,499	23,721
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		154,102	156,370
Inventories		50,151	46,198
Trade and other receivables		69,482	49,773
Current tax assets		326	2,060
Cash and cash equivalents		5,252	2,789
TOTAL CURRENT ASSETS		125,211	100,820
TOTAL ASSETS		279,313	257,190
EQUITY			
Share capital		67,218	67,218
Treasury shares		(2,210)	(1,759)
Reserves		108,112	96,500
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		173,120	161,959
Non-controlling interests		79	91
TOTAL EQUITY		173,199	162,050
LIABILITIES			
Borrowings	B8	1,000	1,240
Lease liabilities		50	75
Deferred tax liabilities		15,653	15,653
TOTAL NON-CURRENT LIABILITIES		16,703	16,968
Trade and other payables		8,300	14,495
Borrowings	B8	79,106	62,988
Lease liabilities		348	228
Current tax liabilities		1,657	461
TOTAL CURRENT LIABILITIES		89,411	78,172
TOTAL LIABILITIES		106,114	95,140
TOTAL EQUITY AND LIABILITIES		279,313	257,190
Net Assets Per Share (Sen)		123	115

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2020.



LEADER STEEL HOLDINGS BERHAD
(Registration No. 199301012471 (267209-K))
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	30 JUNE 2021	30 JUNE 2020
	RM'000	RM'000
Profit before tax	18,261	228
Adjustments for:		
Depreciation of property, plant and equipment	2,281	2,239
Depreciation of right-of-use assets	449	637
Interest expenses	864	1,799
Unrealised (gain)/loss on foreign exchange	(395)	362
Operating profit before working capital changes	<u>21,460</u>	<u>5,265</u>
Changes in:-		
Inventories	(3,953)	7,607
Trade and other receivables	(19,235)	(4,469)
Trade and other payables	(6,274)	(1,108)
Cash (used in)/generated from operations	<u>(8,002)</u>	<u>7,295</u>
Tax paid	(1,713)	(157)
Interest paid	(864)	(1,799)
Net cash (used in)/from operating activities	<u>(10,579)</u>	<u>5,339</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(235)	(139)
Purchase of right-of-use assets	(30)	0
Net cash used in investing activities	<u>(265)</u>	<u>(139)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in short-term loans and borrowings	16,118	(2,521)
Dividends paid	(2,018)	0
Purchase of treasury shares	(451)	(192)
Payments of lease liabilities	(102)	(387)
Repayments of term loans	(240)	(240)
Net cash from/(used in) financing activities	<u>13,307</u>	<u>(3,340)</u>
Currency translation differences	0	159
Net increase in cash and cash equivalents	<u>2,463</u>	<u>2,019</u>
Cash and cash equivalents brought forward	2,789	1,937
Cash and cash equivalents carried forward	<u><u>5,252</u></u>	<u><u>3,956</u></u>
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	5,252	4,963
Bank overdrafts	0	(1,007)
	<u><u>5,252</u></u>	<u><u>3,956</u></u>



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Attributable to equity holders of the Company						Total Equity RM'000
	Share Capital RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	
Balance as at 1 January 2021	67,218	68,882	(1,759)	27,618	161,959	91	162,050
Profit/(Loss) for the financial period	0	0	0	13,630	13,630	(12)	13,618
Total comprehensive income/(loss) for the period	0	0	0	13,630	13,630	(12)	13,618
Transactions with owners							
Dividends paid	0	0	0	(2,018)	(2,018)	0	(2,018)
Purchase of treasury shares	0	0	(451)	0	(451)	0	(451)
Total transactions with owners	0	0	(451)	(2,018)	(2,469)	0	(2,469)
Balance as at 30 June 2021	67,218	68,882	(2,210)	39,230	173,120	79	173,199

	Attributable to equity holders of the Company						Total Equity RM'000
	Share Capital RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	
Balance as at 1 January 2020	64,020	68,882	(1,567)	21,378	152,713	118	152,831
Profit/(Loss) for the financial period	0	0	0	247	247	(13)	234
Total comprehensive income/(loss) for the period	0	0	0	247	247	(13)	234
Transactions with owners							
Purchase of treasury shares	0	0	(192)	0	(192)	0	(192)
Total transactions with owners	0	0	(192)	0	(192)	0	(192)
Balance as at 30 June 2020	64,020	68,882	(1,759)	21,625	152,768	105	152,873

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2020.

LEADER STEEL HOLDINGS BERHAD

(Registration No. 199301012471 (267209-K))

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A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards 134 (MFRS134): “Interim Financial Reporting” and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the audited consolidated financial statements of the Group for the financial year ended 31 December 2020.

Adoption of Standards, Amendments and Issues Committee (“IC”) Interpretations and changes in accounting policies

During the financial period, the Group has adopted the following Standards, Amendments and IC Interpretations:

Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 *Leases*)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group.

Standards issued but not yet effective

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been earlier adopted by the Group:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment – Proceeds Before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023

A1. Basis of Preparation (Continued)

Standards issued but not yet effective (Continued)

Title	Effective Date
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial periods.

A2. Seasonal or Cyclical Factors

The business of the Group was not affected by any significant seasonal or cyclical factors.

A3. Unusual Items

There were no items of unusual nature, size or incidence which affect assets, liabilities, equity, net income or cash flows during the current quarter under review.

A4. Changes in Accounting Estimates

There were no changes in accounting estimates of amounts reported in prior year that have a material effect in the current quarter under review.

A5. Debts and Equity or Securities

Save as disclosed below, there were no issuance, cancellations, resale and repayment of debt and equity securities for the current quarter and period under review:-

As at to-date, the Company had bought back 800,000 of its own shares at a total cash consideration of RM451,408.50. The highest and the lowest price per share purchased were at RM0.575 and RM0.550 respectively.

A6. Dividend

A first single-tier interim dividend of 1.5 sen per ordinary share amounting to RM2,017,988 was paid on 11 May 2021 in respect of the financial year ended 31 December 2020.

A7. Profit/(Loss) for the Period

Current Quarter ended		Cumulative Period ended	
30-Jun 2021	30-Jun 2020	30-Jun 2021	30-Jun 2020
RM'000	RM'000	RM'000	RM'000

**Profit/(Loss) before tax is arrived at after charging
/(crediting)**

Depreciation of property, plant and equipment	1,139	1,123	2,281	2,239
Depreciation of right-of-use assets	228	310	449	637
Interest expense	458	866	864	1,799
Foreign exchange loss/(gain)	58	(50)	65	(289)
Unrealised foreign exchange (gain)/loss	(290)	(119)	(395)	362

A8. Segment Information

Segmental reporting for the financial period-to-date is as below:

Period-to-date ended 30 June 2021	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	10,784	98,134	0	108,918
- Inter-segment	0	0	(2,045)	(2,045)
Total Revenue	10,784	98,134	(2,045)	106,873
Results				
Operating profit	1,774	20,081	0	21,855
Depreciation of				
- property, plant and equipment	(98)	(2,183)	0	(2,281)
- right-of-use assets	(18)	(431)	0	(449)
Finance cost	(62)	(802)	0	(864)
Tax expenses	(398)	(4,245)	0	(4,643)
Segment profit	1,198	12,420	0	13,618

A8. Segment Information (Continued)

Segmental reporting for the financial period-to-date is as below: (Continued)

Period-to-date ended 30 June 2020	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	40,375	59,835	0	100,210
- Inter-segment	0	0	(964)	(964)
Total Revenue	40,375	59,835	(964)	99,246
Results				
Operating profit	2,239	2,664	0	4,903
Depreciation of - property, plant and equipment	(52)	(2,187)	0	(2,239)
- right-of-use assets	(60)	(577)	0	(637)
Finance cost	(457)	(1,342)	0	(1,799)
Tax income	6	0	0	6
Segment profit/(loss)	1,676	(1,442)	0	234

A9. Events after the Interim Period

There is no event subsequent to the interim period.

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period-to-date.

A11. Capital Commitment

There is no commitment in respect of capital expenditure on property, plant and equipment for current quarter.

A12. Changes in Contingent Liabilities

	As at 30.06.2021 RM'000	As at 31.12.2020 RM'000
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	185,730	173,591

A13. Related Party Transactions

Companies in which certain directors are deemed to have substantial financial interests	6 months ended 30 Jun 2021
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	592
Purchase of goods	1
Sales of machinery	320
	913

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Current quarter compared to the corresponding quarter of last year

The Group recorded a revenue of RM54.19 million for the current quarter under review as compared to RM39.10 million for the preceding year corresponding quarter, representing an increase of RM15.09 million or 38.59%. The increase in revenue was mainly due to higher sales generated by steel segment.

The manufacturing of steel products segment recorded a revenue of RM47.46 million for the current quarter compared to RM20.35 million for the preceding year corresponding quarter, representing an increase of RM27.11 million or 133.22%. The increase in revenue was attributed to higher sales quantity coupled with higher selling price during the current quarter.

The trading of minerals segment recorded revenue of RM6.73 million for the current quarter compared to RM18.75 million for the preceding year corresponding quarter, representing a decrease of RM12.02 million or 64.11%. The decrease in revenue was mainly due to disruption in the supply chain attributed to pandemic during the current quarter.

The Group recorded profit before tax of RM8.80 million in current quarter as compared to the loss before tax of RM0.40 million in preceding year corresponding quarter, representing an increase of RM9.20 million or 2,300%. The significant increase was contributed by higher revenue growth in the steel segment and better profit margin during the current quarter.

B2. Current quarter compared to the preceding quarter

The Group reported a revenue of RM54.19 million as compared to RM52.68 million in the preceding quarter, representing an increase of RM1.51 million or 2.87%. This was mainly due to higher sales generated by trading of mineral segment.

The manufacturing of steel products segment recorded a revenue of RM47.46 million for the current quarter compared to RM48.63 million for the preceding quarter, representing a decrease of RM1.17 million or 2.41%. This was mainly due to reduction in business activities since the implementation of Full Movement Control Order (FMCO).

During the current quarter, the trading of minerals segment reported revenue of RM6.73 million compared to RM4.05 million in the preceding quarter. This represents an increase of RM2.68 million or 66.17%. The increase in revenue was mainly due to higher sales volume during the current quarter.

The Group reported profit before tax amounting to RM8.80 million in the current quarter as compared to profit before tax of RM9.46 million in the preceding quarter. This represents a decrease of RM0.66 million or 6.98% in the current quarter. The decrease in profit was attributed to reduced business activities in the steel segment during FMCO period.

B3. Prospects

The steel sector's outlook remains positive with the gradual reopening of the economy, enabled by an increase in vaccination rate. Steel prices remain strong, mainly due to raw material shortage in the local market, as well as demand resumption from the construction industry. Meanwhile, the Group's minerals segment's operations are affected by disruption due to COVID-19 pandemic. With high COVID-19 cases, the Group continues to follow the workplace SOP and implemented flexible work arrangements to reduce staffs' exposure to the coronavirus.

The Group will continue to closely monitor the macro factors that may affect the company in the financial year 2021 and adjust its business strategy accordingly.

Barring unforeseen circumstances, the Board remain optimistic about the Group's prospects and will exercise caution whilst striving to achieve a positive performance for the remaining quarters of 2021.

B4. Profit Forecast

Not applicable as no profit forecast was issued.

B5. Tax (expenses)/income

	Current Quarter		Cumulative Period	
	3 months ended 30 Jun		6 months ended 30 Jun	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
- Current tax	(2,289)	(5)	(4,643)	(5)
- Prior year tax	0	0	0	11
Total tax (expenses)/income	(2,289)	(5)	(4,643)	6

Income tax is calculated at the Malaysia statutory tax rate of 24% of the estimated assessable profit for the year.

B6. Audit Report

The audited report of the preceding annual financial statements ended 31 December 2020 was not subject to any qualification.

B7. Status of Corporate Proposal Announced

There was no corporate proposal announced and not completed as at the date of this announcement.

B8. Borrowings

	30-Jun-21
	RM'000
Short term borrowings	
Secured	480
Unsecured	78,626
	<u>79,106</u>
Long term borrowings	
Secured	1,000
	<u>1,000</u>

B9. Changes in Material Litigation

There were no outstanding material litigations as at the date of this announcement.

B10. Basic and Diluted Earnings/(Loss) per Share

	Current Quarter		Cumulative Period	
	Ended 30-Jun		Ended 30-Jun	
	2021	2020	2021	2020
Net earnings/(loss) attributable to ordinary equity holders of the Company (RM'000)	6,519	(395)	13,630	247
Weighted average number of ordinary shares ('000)	130,118	126,126	130,118	126,126
Basic earnings/(loss) per share (sen)	5.01	(0.31)	10.47	0.20

Diluted earnings/(loss) per ordinary share is the same as basic earnings/(loss) per ordinary share as there is no dilutive potential ordinary share outstanding during the period.

By the order of the Board

Datin Tan Pak Say
Managing Director
Penang

26 August 2021