



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 31 MARCH 2022**

	NOTE	CURRENT 3 MONTHS ENDED 31 MAR			CUMULATIVE 3 MONTHS ENDED 31 MAR		
		2022	2021	Changes (%)	2022	2021	Changes (%)
		RM'000 (Unaudited)	RM'000 (Unaudited)		RM'000 (Unaudited)	RM'000 (Unaudited)	
Continuing operations							
Revenue		57,774	52,682	10	57,774	52,682	10
Cost of sales		<u>(51,255)</u>	<u>(40,681)</u>		<u>(51,255)</u>	<u>(40,681)</u>	
Gross profit		6,519	12,001	-46	6,519	12,001	-46
Other income		116	462		116	462	
Distribution expenses		(661)	(598)		(661)	(598)	
Administrative expenses		(2,075)	(2,001)		(2,075)	(2,001)	
Finance costs		<u>(550)</u>	<u>(405)</u>		<u>(550)</u>	<u>(405)</u>	
Profit before tax		3,349	9,459	-65	3,349	9,459	-65
Taxation	B5	<u>(824)</u>	<u>(2,354)</u>		<u>(824)</u>	<u>(2,354)</u>	
Net profit from continuing operations		<u>2,525</u>	<u>7,105</u>		<u>2,525</u>	<u>7,105</u>	
PROFIT FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME		<u>2,525</u>	<u>7,105</u>	-64	<u>2,525</u>	<u>7,105</u>	-64
Net profit for the financial period attributable to:-							
Equity holders of the company		2,526	7,111		2,526	7,111	
Non-controlling interests		<u>(1)</u>	<u>(6)</u>		<u>(1)</u>	<u>(6)</u>	
NET PROFIT		<u>2,525</u>	<u>7,105</u>		<u>2,525</u>	<u>7,105</u>	
Total comprehensive income for the financial period attributable to:-							
Equity holders of the company		2,526	7,111		2,526	7,111	
Non-controlling interests		<u>(1)</u>	<u>(6)</u>		<u>(1)</u>	<u>(6)</u>	
TOTAL COMPREHENSIVE INCOME		<u>2,525</u>	<u>7,105</u>		<u>2,525</u>	<u>7,105</u>	
Basic and diluted earnings per share (sen)	B10	<u><u>1.94</u></u>	<u><u>5.47</u></u>		<u><u>1.94</u></u>	<u><u>5.47</u></u>	

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 2021.



LEADER STEEL HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	NOTE	31 MAR 2022 RM'000 (Unaudited)	31 DEC 2021 RM'000 (Audited)
ASSETS			
Property, plant and equipment		131,190	131,789
Right-of-use assets		23,290	22,562
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		154,538	154,409
Inventories		74,482	83,261
Receivables, deposits and prepayments		46,018	65,188
Current tax assets		534	10
Cash and bank balances		26,702	8,483
TOTAL CURRENT ASSETS		147,736	156,942
TOTAL ASSETS		302,274	311,351
EQUITY			
Share capital		67,218	67,218
Treasury shares		(2,210)	(2,210)
Reserves		123,408	120,882
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		188,416	185,890
Non-controlling interests		56	57
TOTAL EQUITY		188,472	185,947
LIABILITIES			
Borrowings	B8	640	760
Lease liabilities		433	71
Deferred tax liabilities		15,087	15,087
TOTAL NON-CURRENT LIABILITIES		16,160	15,918
Trade, other payables and accruals		18,259	20,032
Borrowings	B8	78,850	86,975
Lease liabilities		528	159
Current tax liabilities		5	2,320
TOTAL CURRENT LIABILITIES		97,642	109,486
TOTAL LIABILITIES		113,802	125,404
TOTAL EQUITY AND LIABILITIES		302,274	311,351
Net Assets Per Share (Sen)		134	132

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 2021.



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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	31 MAR 2022 RM'000	31 MAR 2021 RM'000
Profit before tax	3,349	9,459
Adjustments for:		
Depreciation of property, plant and equipment	1,095	1,143
Depreciation of right-of-use assets	204	221
Interest expenses	550	405
Unrealised loss/(gain) on foreign exchange	144	(105)
Gain on disposal of property, plant and equipment	(352)	0
Operating profit before working capital changes	4,990	11,123
Changes in:-		
Inventories	8,779	1,322
Receivables, deposits and prepayments	19,051	(3,133)
Trade, other payables and accruals	(1,798)	(2,156)
Cash generated from operations	31,022	7,156
Tax paid	(3,663)	(1,495)
Interest paid	(550)	(405)
Net cash from operating activities	26,809	5,256
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	493	0
Purchase of property, plant and equipment	(637)	(75)
Purchase of right-of-use assets	(114)	0
Net cash used in investing activities	(258)	(75)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net decrease in short-term loans and borrowings	(7,930)	(1,901)
Purchase of treasury shares	0	(451)
Payments of lease liabilities	(87)	(48)
Repayments of term loans	(120)	(120)
Net cash used in financing activities	(8,137)	(2,520)
Currency translation differences	0	0
Net increase in cash and cash equivalents	18,414	2,661
Cash and cash equivalents brought forward	8,189	2,789
Cash and cash equivalents carried forward	26,603	5,450
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	26,702	5,450
Bank overdrafts	(99)	0
	26,603	5,450



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	Attributable to equity holders of the Company				Equity attributable to owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Retained Earnings RM'000			
Balance as at 1 January 2022	67,218	68,882	(2,210)	52,000	185,890	57	185,947
Profit/(Loss) for the financial period	0	0	0	2,526	2,526	(1)	2,525
Total comprehensive income/(loss) for the period	0	0	0	2,526	2,526	(1)	2,525
Transactions with owners							
Purchase of treasury shares	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0
Balance as at 31 March 2022	67,218	68,882	(2,210)	54,526	188,416	56	188,472

	Attributable to equity holders of the Company				Equity attributable to owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Revaluation Surplus RM'000	Treasury Shares RM'000	Retained Earnings 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	7,111	7,111	(6)	7,105
Total comprehensive income/(loss) for the period	0	0	0	7,111	7,111	(6)	7,105
Transactions with owners							
Purchase of treasury shares	0	0	(451)	0	(451)	0	(451)
Total transactions with owners	0	0	(451)	0	(451)	0	(451)
Balance as at 31 March 2021	67,218	68,882	(2,210)	34,729	168,619	85	168,704

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 2021.

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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 2021.

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 2021.

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:

Annual Improvements to MFRS Standards 2018 – 2020

Amendments to MFRS 3 *Reference to the Conceptual Framework*

Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*

Amendments to MFRS 137 *Onerous Contract – Cost of Fulfilling a Contract*

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
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
Amendments to MFRS 17 <i>Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

A1. Basis of Preparation (Continued)

Standards issued but not yet effective (Continued)

Title	Effective Date
Amendments to MFRS 10 and MFRS 128 <i>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

There were no issuance, cancellations, resale and repayment of debt and equity securities for the current quarter and period under review.

A6. Dividend

The Board of Directors is pleased to declare a single-tier interim dividend of 1.5 sen per ordinary share in respect of the financial year ending 31 December 2022. The entitlement and payment dates will be determined and announced at a later date.

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A7. Profit for the Period

Current Quarter ended		Cumulative Year ended	
31-Mar 2022	31-Mar 2021	31-Mar 2022	31-Mar 2021
RM'000	RM'000	RM'000	RM'000

Profit before tax is arrived at after charging

Depreciation of property, plant and equipment	1,095	1,143	1,095	1,143
Depreciation of right-of-use assets	204	221	204	221
Interest expense	550	405	550	405
Foreign exchange (gain)/loss	(156)	7	(156)	7
Unrealised foreign exchange loss/(gain)	144	(105)	144	(105)

A8. Segment Information

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

Year-to-date ended 31 March 2022	Trading & Processing of Minerals ("Mineral Segment") RM'000	Manufacturing & Trading of Steel Products ("Steel Segment") RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	3,428	54,472	0	57,900
- Inter-segment	0	0	(126)	(126)
Total Revenue	3,428	54,472	(126)	57,774
Results				
Operating profit	159	5,039	0	5,198
Depreciation of				
- property, plant and equipment	(40)	(1,055)	0	(1,095)
- right-of-use assets	(13)	(191)	0	(204)
Finance cost	(53)	(497)	0	(550)
Tax expenses	(7)	(817)	0	(824)
Segment profit	46	2,479	0	2,525

A8. Segment Information (Continued)

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

Year-to-date ended 31 March 2021	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	4,056	50,638	0	54,694
- Inter-segment	0	0	(2,012)	(2,012)
Total Revenue	4,056	50,638	(2,012)	54,682
Results				
Operating profit	550	10,678	0	11,228
Depreciation of - property, plant and equipment	(44)	(1,099)	0	(1,143)
- right-of-use assets	(15)	(206)	0	(221)
Finance cost	(22)	(383)	0	(405)
Tax expenses	(121)	(2,233)	0	(2,354)
Segment profit	348	6,757	0	7,105

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

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
Capital expenditure in respect of purchase of property, plant and equipment: Contracted but not provided for	<u>15,333</u>	<u>15,333</u>

A12. Changes in Contingent Liabilities

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
Unsecured		
Corporate guarantees given to banks for credit facilities granted to		
- subsidiaries	138,332	138,586
- a third party	14,900	14,900
 Amount utilised		
- subsidiaries	79,490	87,735
- a third party	14,900	14,900

A13. Related Party Transactions

Companies in which certain directors are deemed to have substantial financial interests	3 months ended 31 Mar 2022
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	980
Purchase of machinery	2

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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

For the Quarter

The Group recorded a revenue of RM57.77 million for the current quarter under review as compared to RM52.68 million for the preceding year corresponding quarter, representing an increase of RM5.09 million or 9.66%. The increase in revenue was mainly due to higher sales generated in Steel Segment.

The Steel Segment recorded a revenue of RM54.35 million for the current quarter compared to RM48.63 million for the preceding year corresponding quarter, representing an increase of RM5.72 million or 11.76%. This was mainly due to adjustment in selling price to reflect higher material cost.

The Minerals Segment recorded a revenue of RM3.43 million for the current quarter compared to RM4.06 million for the preceding year corresponding quarter, representing a decrease of RM0.63 million or 15.52%. The decrease in revenue was mainly due to lower selling price during the current quarter.

The Group recorded profit before tax of RM3.35 million in current quarter as compared to the profit before tax of RM9.46 million in preceding year corresponding quarter, representing a decrease of RM6.11 million or 64.59%. The decrease in profit was mainly due to higher cost of the raw materials during the current quarter.

B2. Current quarter compared to the preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes
	31/03/2022	31/12/2021	
	RM'000	RM'000	(%)
Revenue	57,774	68,086	-15%
Gross Profit	6,519	15,306	-57%
Profit Before Tax	3,349	6,880	-51%

The Group reported a revenue of RM57.77 million as compared to RM68.09 million in the preceding quarter, representing a decrease of RM10.32 million or 15.16%. This was mainly due to lower sales generated by Mineral Segment.

The Steel Segment recorded a revenue of RM54.35 million for the current quarter compared to RM43.56 million for the preceding quarter, representing an increase of RM10.79 million or 24.77%. The increase in revenue was attributed to higher demand for steel products during the current quarter.

During the current quarter, Minerals Segment reported revenue of RM3.43 million compared to RM24.53 million in the preceding quarter. This represents a decrease of RM21.10 million or 86.02%. Lower revenue was mainly due to lower shipment quantity during the current quarter.

The Group reported profit before tax amounting to RM3.35 million in the current quarter as compared to profit before tax of RM6.88 million in the preceding quarter. This represents a decrease of RM3.53 million or 51.31% in the current quarter. The decrease in profit was mainly due to lower sales for Mineral Segment and higher material cost.

B3. Prospects

As the world grapples with the after effects of the Covid-19 pandemic, the global economy is gradually entering into a recovery phase. The emergence of the Omicron and other variants remain potential threats which may derail the recovery process.

Steel supply may be disrupted for the foreseeable future due to Russia-Ukraine conflict, both countries being major steel exporters. Supply chains from food to energy and freight are disrupted by the Russia-Ukraine conflict and pandemic lockdowns in China, driving operating costs higher. Steel demand may be impacted by inflation and economy slowdown. Consequently there may be correction in steel prices.

In Malaysia, a significant revision in minimum wage to RM1,500 per month effective from 1 May 2022 has been announced. The revision will result in higher operation cost for the Group.

Faced with the above challenges, the Group will remain vigilant to monitor and manage its key business risks. The Group is cautiously optimistic to deliver positive results for the coming financial year.

B4. Profit Forecast

Not applicable as no profit forecast was issued.

B5. Tax expenses

	Current Quarter		Cumulative Period	
	3 months ended 31 Mar		3 months ended 31 Mar	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
- Current tax	(824)	(2,354)	(824)	(2,354)
Total tax expenses	(824)	(2,354)	(824)	(2,354)

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 2021 was not subject to any qualification.

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B7. Status of Corporate Proposal Announced

Save as disclosed below, there was no corporate proposal announced and not completed as at the date of this announcement: -

- (a) On 15 April 2022, the Company announced to undertake the Proposed Private Placement and Proposed Employees' Share Option Scheme ("ESOS") (hereinafter collectively referred to as "Proposals"). Subsequently, on 5 May 2022, the Company announced that Bursa Securities has approved the listing and quotation of:
- (i) up to 40,359,700 new Shares to be issued pursuant to the Proposed Private Placement; and
 - (ii) such number of additional new Shares, representing up to 15% of the total number of issued Shares (excluding treasury shares) to be issued pursuant to the Proposed ESOS.
- (b) On 13 April 2022, the Company issued a circular to shareholders in relation to the Proposals together with the notice of the extraordinary general meeting ("EGM") to the shareholders of the Company. The Proposals was duly passed by way of poll at the EGM held on 30 May 2022.

B8. Borrowings

	31-Mar-22	31-Dec-21
	RM'000	RM'000
Current		
<i>Secured</i>		
Bank overdraft	99	294
Bankers' acceptances	73,271	81,201
Revolving credit	5,000	5,000
Term loans	480	480
	<u>78,850</u>	<u>86,975</u>
Non-current		
<i>Secured</i>		
Term loans	640	760
	<u>640</u>	<u>760</u>

Borrowings are subject to floating interest rate.

B9. Changes in Material Litigation

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

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B10. Basic and Diluted Earnings per Share

	Current Quarter Ended 31-Mar		Cumulative Period Ended 31-Mar	
	2022	2021	2022	2021
Net earnings attributable to ordinary equity holders of the Company (RM'000)	2,526	7,111	2,526	7,111
Weighted average number of ordinary shares ('000)	130,118	130,118	130,118	130,118
Basic earnings per share (sen)	1.94	5.47	1.94	5.47

Diluted earnings per ordinary share is the same as basic earnings 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

30 May 2022