



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 2022**

	NOTE	CURRENT 3 MONTHS ENDED 30 JUNE			CUMULATIVE 6 MONTHS ENDED 30 JUNE		
		2022	2021	Changes	2022	2021	Changes
		RM'000 (Unaudited)	RM'000 (Unaudited)	(%)	RM'000 (Unaudited)	RM'000 (Unaudited)	(%)
Continuing operations							
Revenue		44,654	54,191	-18	102,428	106,873	-4
Cost of sales		<u>(36,279)</u>	<u>(43,530)</u>		<u>(87,534)</u>	<u>(84,212)</u>	
Gross profit		8,375	10,661	-21	14,894	22,661	-34
Other income		447	1,261		563	1,723	
Distribution expenses		(605)	(471)		(1,266)	(1,069)	
Administrative expenses		(4,199)	(2,191)		(6,274)	(4,190)	
Finance costs		<u>(512)</u>	<u>(458)</u>		<u>(1,062)</u>	<u>(864)</u>	
Profit before tax		3,506	8,802	-60	6,855	18,261	-62
Taxation	B5	<u>(1,010)</u>	<u>(2,289)</u>		<u>(1,834)</u>	<u>(4,643)</u>	
PROFIT FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME		2,496	6,513	-62	5,021	13,618	-63
Net profit for the financial period attributable to:-							
Equity holders of the company		2,498	6,519		5,024	13,630	
Non-controlling interests		<u>(2)</u>	<u>(6)</u>		<u>(3)</u>	<u>(12)</u>	
NET PROFIT		2,496	6,513		5,021	13,618	
Total comprehensive income for the financial period attributable to:-							
Equity holders of the company		2,498	6,519		5,024	13,630	
Non-controlling interests		<u>(2)</u>	<u>(6)</u>		<u>(3)</u>	<u>(12)</u>	
TOTAL COMPREHENSIVE INCOME		2,496	6,513		5,021	13,618	
Basic and diluted earnings per share (sen)							
	B10	<u>1.92</u>	<u>5.01</u>		<u>3.86</u>	<u>10.47</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 30 JUNE 2022

	NOTE	30 JUNE 2022 RM'000 (Unaudited)	31 DEC 2021 RM'000 (Audited)
ASSETS			
Property, plant and equipment		137,075	131,789
Right-of-use assets		24,209	22,562
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		161,342	154,409
Inventories		70,507	83,261
Receivables, deposits and prepayments		43,819	65,188
Current tax assets		870	10
Cash and bank balances		16,253	8,483
TOTAL CURRENT ASSETS		131,449	156,942
TOTAL ASSETS		292,791	311,351
EQUITY			
Share capital		67,218	67,218
Treasury shares		(2,210)	(2,210)
Reserves		125,906	120,882
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		190,914	185,890
Non-controlling interests		54	57
TOTAL EQUITY		190,968	185,947
LIABILITIES			
Borrowings	B8	520	760
Lease liabilities		794	71
Deferred tax liabilities		15,087	15,087
TOTAL NON-CURRENT LIABILITIES		16,401	15,918
Trade, other payables and accruals		20,674	20,032
Borrowings	B8	63,790	86,975
Lease liabilities		951	159
Current tax liabilities		7	2,320
TOTAL CURRENT LIABILITIES		85,422	109,486
TOTAL LIABILITIES		101,823	125,404
TOTAL EQUITY AND LIABILITIES		292,791	311,351
Net Assets Per Share (Sen)		136	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.



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	30 JUNE 2022	30 JUNE 2021
	RM'000	RM'000
Profit before tax	6,855	18,261
Adjustments for:		
Depreciation of property, plant and equipment	2,178	2,281
Depreciation of right-of-use assets	461	449
Interest expenses	1,062	864
Unrealised loss/(gain) on foreign exchange	131	(395)
Gain on disposal of property, plant and equipment	(353)	0
Operating profit before working capital changes	10,334	21,460
Changes in:-		
Inventories	12,754	(3,953)
Receivables, deposits and prepayments	21,285	(19,235)
Trade, other payables and accruals	595	(6,274)
Cash generated from/(used in) operations	44,968	(8,002)
Tax paid	(5,007)	(1,713)
Interest paid	(1,062)	(864)
Net cash from/(used in) operating activities	38,899	(10,579)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	493	0
Purchase of property, plant and equipment	(7,604)	(235)
Purchase of right-of-use assets	(260)	(30)
Net cash used in investing activities	(7,371)	(265)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease)/ increase in short-term loans and borrowings	(22,912)	16,118
Dividends paid	0	(2,018)
Purchase of treasury shares	0	(451)
Payments of lease liabilities	(333)	(102)
Repayments of term loans	(240)	(240)
Net cash (used in)/from financing activities	(23,485)	13,307
Currency translation differences	0	0
Net increase in cash and cash equivalents	8,043	2,463
Cash and cash equivalents brought forward	8,189	2,789
Cash and cash equivalents carried forward	16,232	5,252
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	16,253	5,252
Bank overdrafts	(21)	0
	16,232	5,252



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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	5,024	5,024	(3)	5,021
Total comprehensive income/(loss) for the period	0	0	0	5,024	5,024	(3)	5,021
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 30 June 2022	67,218	68,882	(2,210)	57,024	190,914	54	190,968

	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	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

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.

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 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 (Continued)	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

A first single-tier interim dividend of 1.5 sen per ordinary share amounting to RM2,017,988 was paid on 18 July 2022 in respect of the financial year ending 31 December 2022.

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A7. Profit for the Period

Current Quarter Ended		Cumulative Period Ended	
30-June 2022	30-June 2021	30-June 2022	30-June 2021
RM'000	RM'000	RM'000	RM'000

Profit before tax is arrived at after charging

Depreciation of property, plant and equipment	1,083	1,139	2,178	2,281
Depreciation of right-of-use assets	257	228	461	449
Interest expense	512	458	1,062	864
Foreign exchange (gain)/loss	(234)	58	(390)	65
Unrealised foreign exchange (gain)/loss	(13)	(290)	131	(395)

A8. Segment Information

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

Year-to-date ended 30 June 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	99,187	0	102,615
- Inter-segment	0	0	(187)	(187)
Total Revenue	3,428	99,187	(187)	102,428
Results				
Operating (loss)/profit	(130)	10,686	0	10,556
Depreciation of				
- property, plant and equipment	(70)	(2,108)	0	(2,178)
- right-of-use assets	(35)	(426)	0	(461)
Finance cost	(107)	(955)	0	(1,062)
Tax expenses	0	(1,834)	0	(1,834)
Segment (loss)/profit	(342)	5,363	0	5,021

A8. Segment Information (Continued)

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

Year-to-date ended 30 June 2021	Mineral Segment RM'000	Steel Segment 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

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 30.06.2022 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>

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A12. Changes in Contingent Liabilities

	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000
Unsecured		
Corporate guarantees given to banks for credit facilities granted to		
- subsidiaries	137,454	138,586
- a third party	14,900	14,900
Amount utilised		
- subsidiaries	64,310	87,735
- a third party	0	14,900

A13. Related Party Transactions

Companies in which certain directors are deemed to have substantial financial interests	6 months ended 30 June 2022
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	1,127
Purchase of goods	575
Purchase of machinery	2
Supply of materials and labour	6,950

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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 RM44.65 million for the current quarter under review as compared to RM54.19 million for the preceding year corresponding quarter, representing a decrease of RM9.54 million or 17.60%. The decrease in revenue was mainly due to lower sales generated in Minerals Segment.

The Steel Segment recorded a revenue of RM44.65 million for the current quarter compared to RM47.46 million for the preceding year corresponding quarter, representing a decrease of RM2.81 million or 5.92%. This was mainly due to weak market demand during the current quarter.

No revenue was recorded in the Mineral Segment for the current quarter due to the supply issue. In the previous year corresponding quarter, a revenue of RM6.73 million was recorded in this division.

The Group recorded profit before tax of RM3.51 million in current quarter as compared to the profit before tax of RM8.80 million in preceding year corresponding quarter, representing a decrease of RM5.29 million or 60.11%. The decrease in profit was mainly due to lower profit margin as a result of higher raw materials input costs during the current quarter.

For year to date

The Group recorded a revenue of RM102.43 million for the financial year-to-date ended 30.06.2022 as compared to RM106.87 million for the financial year-to-date ended 30.06.2021, representing a decrease of RM4.44 million or 4.15%. The decrease in revenue was mainly due to lower sales generated in Minerals Segment.

The Group recorded profit before tax of RM6.86 million for the financial year-to-date ended 30.06.2022 as compared to the profit before tax of RM18.26 for the financial year-to-date ended 30.06.2021, representing a decrease of RM11.4 million or 62.43%. The significant decrease was contributed by lower profit margins as a result of higher raw materials costs during the period.

B2. Current quarter compared to the preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes
	30/06/2022	31/03/2022	
	RM'000	RM'000	(%)
Revenue	44,654	57,774	-23%
Gross Profit	8,375	6,519	28%
Profit Before Tax	3,506	3,349	5%

B2. Current quarter compared to the preceding quarter (Continued)

The Group reported a revenue of RM44.65 million as compared to RM57.77 million in the preceding quarter, representing a decrease of RM13.12 million or 22.71%. This was mainly due to lower sales generated by Mineral Segment.

The Steel Segment recorded a revenue of RM44.65 million for the current quarter compared to RM54.35 million for the preceding quarter, representing a decrease of RM9.70 million or 17.85%. The decrease in revenue was attributed to weak market demand and lower steel prices during the current quarter.

No revenue was recorded in the Mineral Segment for the current quarter due to the supply issue. In the preceding quarter, a revenue of RM3.43 million was recorded in this division.

The Group reported profit before tax amounting to RM3.51 million in the current quarter as compared to profit before tax of RM3.35 million in the preceding quarter. This represents an increase of RM0.16 million or 4.78% in the current quarter. The increase in profit was mainly due to better profit margin during the current quarter.

B3. Prospects

The Group's performance in the second half of 2022 are being influenced by several factors such as rising interest and inflation rates, continued uncertainties in global supply and demand, ongoing geo-political conflicts in Europe, Middle East and East Asia, stronger US Dollar for importation as well as increasing labour costs following revision to minimum wages and recent changes to employment law in Malaysia.

Nonetheless, the Group remains vigilant in monitoring and managing its key business risks. Accordingly, the Group is cautiously optimistic to deliver positive results for Financial Year 2022 in spite of the above challenges.

B4. Profit Forecast

Not applicable as no profit forecast was issued.

B5. Tax expenses

	Current Quarter		Cumulative Period	
	3 months ended 30 June		6 months ended 30 June	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
- Current tax	(1,010)	(2,289)	(1,834)	(4,643)
Total tax expenses	(1,010)	(2,289)	(1,834)	(4,643)

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.

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.

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B8. Borrowings

	30-June-22	31-Dec-21
	RM'000	RM'000
Current		
<i>Secured</i>		
Bank overdraft	21	294
Bankers' acceptances	58,357	81,201
Revolving credit	4,932	5,000
Term loans	480	480
	<u>63,790</u>	<u>86,975</u>
Non-current		
<i>Secured</i>		
Term loans	520	760
	<u>520</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.

B10. Basic and Diluted Earnings per Share

	Current Quarter		Cumulative Period	
	Ended 30-June		Ended 30-June	
	2022	2021	2022	2021
Net earnings attributable to ordinary equity holders of the Company (RM'000)	2,498	6,519	5,024	13,630
Weighted average number of ordinary shares ('000)	130,118	130,118	130,118	130,118
Basic earnings per share (sen)	1.92	5.01	3.86	10.47

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

24 August 2022