

(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 SEPTEMBER 2022

	NOTE	CURRENT 3 MONTHS ENDED 30 SEP		CUMULATIVE 9 MONTHS ENDED 30 SEP			
Continuing		2022 RM'000 (Unaudited)	RM'000	Changes (%) )	RM'000	2021 RM'000 (Unaudited)	Changes (%)
Continuing operations Revenue		66,265	56,723	17	168,693	163,596	3
Cost of sales		(61,808)	(43,968)		(149,342)	(128,180)	
Gross profit		4,457	12,755	-65	19,351	35,416	-45
Other income		817	967		1,380	2,690	
Distribution expenses		(704)	(608)		(1,970)	(1,677)	
Administrative expenses		(2,811)	(2,324)		(9,085)	(6,513)	
Finance costs		(496)	(524)		(1,558)	(1,389)	
Profit before tax	<b>A7</b>	1,263	10,266	-88	8,118	28,527	-72
Taxation	B5	(383)	(3,167)		(2,217)	(7,810)	
PROFIT FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME		880	7,099	-88	5,901	20,717	-72
Net profit for the financial period attributab	le to:-	881	7 105		5 005	20.525	
Equity holders of the company Non-controlling interests		(1)	7,105		5,905	20,735 (18)	
NET PROFIT		<u>880</u>	7,099		5,901	20,717	
Total comprehensive income for the financia attributable to:-	l period						
Equity holders of the company Non-controlling interests		<b>881</b> (1)	7,105 (6)		5,905 (4)	20,735 (18)	
TOTAL COMPREHENSIVE INCOME		880	7,099		5,901	20,717	
			1,099		3,901	20,/1/	
Basic and diluted earnings per share (sen)	B10	0.68	5.46		4.54	15.94	

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.



(Registration No. 199301012471 (267209-K))

(Incorporated in Malaysia)

# CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	NOTE	30 SEP 2022 RM'000 (Unaudited)	31 DEC 2021 RM'000 (Audited)
ASSETS		(Unaudited)	(Audited)
Property, plant and equipment		135,978	131,789
Right-of-use assets		23,939	22,562
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		159,975	154,409
Inventories		51,922	83,261
Receivables, deposits and prepayments		57,482	65,188
Current tax assets		769	10
Cash and bank balances		16,851	8,483
TOTAL CURRENT ASSETS		127,024	156,942
TOTAL ASSETS		286,999	311,351
EQUITY			
Share capital		67,218	67,218
Treasury shares		(2,210)	(2,210)
Reserves		124,769	120,882
TOTAL EQUITY ATTRIBUTABLE TO EQUITY THE COMPANY	Y HOLDERS OF	189,777	185,890
Non-controlling interests		53	57
TOTAL EQUITY		189,830	185,947
LIABILITIES			
Borrowings	В8	400	760
Lease liabilities		634	71
Deferred tax liabilities		15,087	15,087
TOTAL NON-CURRENT LIABILITIES		16,121	15,918
Trade, other payables and accruals		22,921	20,032
Borrowings	B8	57,269	86,975
Lease liabilities		858	159
Current tax liabilities		0	2,320
TOTAL CURRENT LIABILITIES		81,048	109,486
TOTAL LIABILITIES		97,169	125,404
TOTAL EQUITY AND LIABILITIES		286,999	311,351
Net Assets Per Share (Sen)		135	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 30 SEPTEMBER 2022

Profit before tax  Adjustments for:  Depreciation of property, plant and equipment  Depreciation of right-of-use assets  Interest expenses  Unrealised gain on foreign exchange  Gain on disposal of property, plant and equipment  Operating profit before working capital changes	8,118 3,282 724 1,558 (223) (353)	28,527 3,415 678
Depreciation of property, plant and equipment Depreciation of right-of-use assets Interest expenses Unrealised gain on foreign exchange Gain on disposal of property, plant and equipment	724 1,558 (223)	678
Depreciation of right-of-use assets Interest expenses Unrealised gain on foreign exchange Gain on disposal of property, plant and equipment	1,558 (223)	
Unrealised gain on foreign exchange Gain on disposal of property, plant and equipment	(223)	
Gain on disposal of property, plant and equipment	` '	1,389
	(353)	(364)
Omegating profit before growling conital abangas	(333)	0
Operating profit before working capital changes	13,106	33,645
Changes in:-		
Inventories	31,339	(23,728)
Receivables, deposits and prepayments	7,952	(19,137)
Trade, other payables and accruals	2,866	803
Cash generated from/(used in) operations	55,263	(8,417)
Гах paid	(5,296)	(1,932)
Interest paid	(1,558)	(1,389)
Net cash from/(used in) operating activities	48,409	(11,738)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	493	0
Purchase of property, plant and equipment	(7,611)	(573)
Purchase of right-of-use assets	(253)	(30)
Net cash used in investing activities	(7,371)	(603)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease)/ increase in short-term loans and borrowings	(29,453)	23,335
Dividends paid	(2,018)	(2,018)
Purchase of treasury shares	0	(451)
Payments of lease liabilities	(586)	(157)
Repayments of term loans	(360)	(360)
Net cash (used in)/from financing activities	(32,417)	20,349
Currency translation differences	0	0
Net increase in cash and cash equivalents	8,621	8,008
Cash and cash equivalents brought forward	8,189	2,789
Cash and cash equivalents carried forward	16,810	10,797
Cash and cash equivalents carried forward		
Cash and cash equivalents Carried for ward  Cash and cash equivalents	16,851	10,797
Bank overdrafts	(41)	10,797
Zum Oronano	16,810	10,797



Transactions with owners

Purchase of treasury shares

Total transactions with owners

Balance as at 30 September 2021

Dividends paid

#### LEADER STEEL HOLDINGS BERHAD

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# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022

#### Attributable to equity holders of the Company

		Attributable to equity noiders of the Company					
	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	Total Equity 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	5,905	5,905	(4)	5,901
Total comprehensive income/(loss) for the period	0	0	0	5,905	5,905	(4)	5,901
Transactions with owners							
Dividends paid	0	0	0	(2,018)	(2,018)	0	(2,018)
Purchase of treasury shares	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	(2,018)	(2,018)	0	(2,018)
Balance as at 30 September 2022	67,218	68,882	(2,210)	55,887	189,777	53	189,830
		Attributable to e	quity holders of th	e Company			
	Share Capital RM'000	Revaluation Surplus RM'000	Treasurv Shares RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- Controlling Interests RM'000	Total Equity 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	20,735	20,735	(18)	20,717
Total comprehensive income/(loss) for the period							

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.

0

0

0

68,882

0

(451)

(451)

(2,210)

(2,018)

(2,018)

46,335

(2,018)

(2,469)

180,225

(451)

0

0

73

(2,018)

(451)

(2,469)

180,298

0

0

67,218

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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	<b>Effective Date</b>
Amendments to MFRS 101 Classification of Liabilities as Current or	
Non-current	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts – <i>Initial</i>	
Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS	
101 Presentation of Financial Statements)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108	
Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Amendments to MFRS 112 Deferred tax related to Assets	
and Liabilities arising from a Single Transaction	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 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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.

# A7. Profit for the Period

Current Quarter		<b>Cumulative Period</b>		
Ended		Ended		
30-Sep	30-Sep	30-Sep	30-Sep	
2022	2021	2022	2021	
RM'000	RM'000	RM'000	RM'000	

# Profit before tax is arrived at after charging

Depreciation of property, plant and equipment	1,104	1,134	3,282	3,415
Depreciation of right-of-use assets	263	229	724	678
Interest expense	496	524	1,558	1,389
Foreign exchange (gain)/loss	(56)	(10)	(446)	55
Unrealised foreign exchange (gain)/loss	(354)	31	(223)	(364)
Gain on disposal of property, plant and equipment	0	0	(353)	0

# **A8.** Segment Information

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

Year-to-date ended	Trading & Processing of Minerals ("Mineral Segment")	Manufacturing & Trading of Steel Products ("Steel Segment")	Eliminations	Consolidated
30 September 2022	RM'000	RM'000	RM'000	RM'000
Revenue				
- External	28,933	139,947	0	168,880
- Inter-segment	0	0	(187)	(187)
<b>Total Revenue</b>	28,933	139,947	(187)	168,693
Results Operating profit Depreciation of - property, plant and	1,049	12,654	(21)	13,682
equipment	(99)	(3,183)	0	(3,282)
- right-of-use assets	(56)	(668)	0	(724)
Finance cost	(144)	(1,414)	0	(1,558)
Tax expenses	(301)	(1,916)	0	(2,217)
Segment profit	449	5,473	(21)	5,901

# **A8.** Segment Information (Continued)

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

Year-to-date ended 30 September 2021	Mineral Segment RM'000	Steel Segment RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	15,584	150,086	0	165,670
- Inter-segment	0	0	(2,074)	(2,074)
Total Revenue	15,584	150,086	(2,074)	163,596
Results				
Operating profit	3,234	31,775	(1,000)	34,009
Depreciation of - property, plant and				
equipment	(122)	(3,293)	0	(3,415)
- right-of-use assets	(60)	(618)	0	(678)
Finance cost	(98)	(1,291)	0	(1,389)
Tax expenses	(490)	(7,320)	0	(7,810)
Segment profit	2,464	19,253	(1,000)	20,717

# 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 30.09.2022 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	15,333	15,333

# **A12.** Changes in Contingent Liabilities

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
	KW 000	KWI 000
Unsecured		
Corporate guarantees given to banks for		
credit facilities granted to		
- subsidiaries	142,663	138,586
- a third party	14,900	14,900
Amount utilised		
- subsidiaries	57,669	87,735
- a third party	0	14,900

# **A13.** Related Party Transactions

Companies in which certain directors are deemed to have substantial financial interests	9 months ended 30 Sep 2022
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	1,382
Purchase of goods	576
Purchase of machinery	2
Supply of materials and labour	6,950

# 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 RM66.27 million for the current quarter under review as compared to RM56.72 million for the preceding year corresponding quarter, representing an increase of RM9.55 million or 16.84%. The increase in revenue was mainly due to higher sales generated in Minerals Segment, offset by reduction in sale in Steel Segment.

The Steel Segment recorded a revenue of RM40.76 million for the current quarter compared to RM51.92 million for the preceding year corresponding quarter, representing a decrease of RM11.16 million or 21.49%. This was mainly due to lower selling prices as a result of a drop in steel price.

The Minerals Segment recorded a revenue of RM25.51 million for the current quarter compared to RM4.80 million for the preceding year corresponding quarter, representing an increase of RM20.71 million or 431.46%. The increase in revenue was mainly due to higher sales quantity during the current quarter.

The Group recorded profit before tax of RM1.26 million in current quarter as compared to the profit before tax of RM10.27 million in preceding year corresponding quarter, representing a decrease of RM9.01 million or 87.73%. Despite higher revenue, the decrease in profit before tax was due to lower selling price following the drop in steel price in the international market.

### For year to date

The Group recorded a revenue of RM168.69 million for the financial year-to-date ended 30.09.2022 as compared to RM163.60 million for the financial year-to-date ended 30.09.2021, representing an increase of RM5.09 million or 3.11%. The increase in revenue was mainly due to higher sales generated in Minerals Segment, offset by reduction in sale in Steel Segment.

The Group recorded profit before tax of RM8.12 million for the financial year-to-date ended 30.09.2022 as compared to the profit before tax of RM28.53 for the financial year-to-date ended 30.09.2021, representing a decrease of RM20.41 million or 71.54%. The significant decrease was mainly due to lower selling prices and proportionately higher material cost.

# **B2.** Current quarter compared to the preceding quarter

	Current Quarter	Immediate	
		<b>Preceding Quarter</b>	Changes
	30/09/2022	30/06/2022	
	RM'000	RM'000	(%)
Revenue	66,265	44,654	48%
Gross Profit	4,457	8,375	-47%
Profit Before Tax	1,263	3,506	-64%

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

The Group reported a revenue of RM66.27 million as compared to RM44.65 million in the preceding quarter, representing an increase of RM21.62 million or 48.42%. This was mainly due to resumption of sales in Mineral Segment after the resolution of supply chain issue.

The Steel Segment recorded a revenue of RM40.76 million for the current quarter compared to RM44.65 million for the preceding quarter, representing a decrease of RM3.89 million or 8.71%. The decrease in revenue was attributed to lower steel prices during the current quarter.

The Minerals Segment recorded a revenue of RM25.51 million for the current quarter.

The Group reported profit before tax amounting to RM1.26 million in the current quarter as compared to profit before tax of RM3.51 million in the preceding quarter. This represents a decrease of RM2.25 million or 64.10% in the current quarter. The decrease in profit was mainly due to lower profit margin during the current quarter.

## **B3.** Prospects

The Group's performance is expected to remain challenging due to numerous factors such as rising interest and inflation rates, uncertainty in the global economy, ongoing geopolitical conflicts, fluctuating foreign currency exchange, labour shortages as well as increasing labour costs following revision to minimum wages and recent changes to employment law in Malaysia.

Moving forward, the Group remains vigilant in monitoring and mitigating any potential impacts to the business operation of the Group. The Group is cautiously optimistic to maintain performance for the financial year 2022.

### **B4.** Profit Forecast

Not applicable as no profit forecast was issued.

### **B5.** Tax expenses

	Current Quarter 3 months ended 30 Sep		Cumulative Period 9 months ended 30 Sep	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
- Current tax	(586)	(3,167)	(2,420)	(7,810)
- Prior year tax	203	0	203	0
Total tax expenses	(383)	(3,167)	(2,217)	(7,810)

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.
- (c) On 26 August 2022, the Company announced that the Proposed ESOS was effectively implemented as the Company is in full compliance with all relevant requirements.
- (d) On 29 September 2022, the Board announced that the Company has submitted an application to Bursa Securities for an extension of time and Bursa Securities had vide its letter dated 6 October 2022, granted the extension of time of up to 28 April 2023 for the Company to complete the implementation of the Private Placement.

## **B8.** Borrowings

	30-Sep-22 RM'000	31-Dec-21 RM'000
Current		
Secured		
Bank overdraft	41	294
Bankers' acceptances	51,765	81,201
Revolving credit	4,983	5,000
Term loans	480	480
	57,269	86,975
Non-current		
Secured		
Term loans	400	760
	400	760

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 Ended 30-Sep			Cumulative Period Ended 30-Sep	
	2022	2021	2022	2021	
Net earnings attributable to ordinary equity holders of the Company (RM'000)	881	7,105	5,905	20,735	
Weighted average number of ordinary shares ('000)	130,118	130,118	130,118	130,118	
Basic earnings per share (sen)	0.68	5.46	4.54	15.94	

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 November 2022