



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 2023**

| | NOTE | CURRENT 3 MONTHS ENDED 31 MAR | | | CUMULATIVE 3 MONTHS ENDED 31 MAR | | |
|--|------------|-------------------------------------|-----------------------|------------|--|-----------------------|------------|
| | | 2023 | 2022 | Changes | 2023 | 2022 | Changes |
| | | RM'000 (Unaudited) | RM'000 (Unaudited) | (%) | RM'000 (Unaudited) | RM'000 (Unaudited) | (%) |
| Continuing operations | | | | | | | |
| Revenue | | 49,958 | 57,774 | -14 | 49,958 | 57,774 | -14 |
| Cost of sales | | (44,313) | (51,255) | | (44,313) | (51,255) | |
| Gross profit | | 5,645 | 6,519 | -13 | 5,645 | 6,519 | -13 |
| Other income | | 2,246 | 116 | | 2,246 | 116 | |
| Distribution expenses | | (809) | (661) | | (809) | (661) | |
| Administrative expenses | | (3,043) | (2,075) | | (3,043) | (2,075) | |
| Finance costs | | (615) | (550) | | (615) | (550) | |
| Profit before tax | A7 | 3,424 | 3,349 | 2 | 3,424 | 3,349 | 2 |
| Taxation | B5 | (946) | (824) | | (946) | (824) | |
| PROFIT FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME | | 2,478 | 2,525 | -2 | 2,478 | 2,525 | -2 |
| Net profit for the financial period attributable to:- | | | | | | | |
| Equity holders of the company | | 2,479 | 2,526 | | 2,479 | 2,526 | |
| Non-controlling interests | | (1) | (1) | | (1) | (1) | |
| NET PROFIT | | 2,478 | 2,525 | | 2,478 | 2,525 | |
| Total comprehensive income for the financial period attributable to:- | | | | | | | |
| Equity holders of the company | | 2,479 | 2,526 | | 2,479 | 2,526 | |
| Non-controlling interests | | (1) | (1) | | (1) | (1) | |
| TOTAL COMPREHENSIVE INCOME | | 2,478 | 2,525 | | 2,478 | 2,525 | |
| Basic and diluted earnings per share (sen) | B10 | 1.84 | 1.88 | | 1.84 | 1.88 | |

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 2022.



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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023

| | NOTE | 31 MAR 2023 RM'000 (Unaudited) | 31 DEC 2022 RM'000 (Audited) |
|---|------|--------------------------------------|------------------------------------|
| ASSETS | | | |
| Property, plant and equipment | | 105,061 | 106,027 |
| Investment properties | | 30,883 | 30,945 |
| Right-of-use assets | | 24,043 | 24,328 |
| Goodwill | | 58 | 58 |
| TOTAL NON-CURRENT ASSETS | | 160,045 | 161,358 |
| Inventories | | 41,474 | 34,430 |
| Receivables, deposits and prepayments | | 70,595 | 58,764 |
| Current tax assets | | 353 | 911 |
| Cash and bank balances | | 19,430 | 30,622 |
| TOTAL CURRENT ASSETS | | 131,852 | 124,727 |
| TOTAL ASSETS | | 291,897 | 286,085 |
| EQUITY | | | |
| Share capital | | 67,218 | 67,218 |
| Treasury shares | | (2,210) | (2,210) |
| Reserves | | 127,839 | 125,360 |
| TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | | 192,847 | 190,368 |
| Non-controlling interests | | 50 | 51 |
| TOTAL EQUITY | | 192,897 | 190,419 |
| LIABILITIES | | | |
| Borrowings | B8 | 160 | 280 |
| Lease liabilities | | 535 | 729 |
| Deferred tax liabilities | | 15,576 | 15,576 |
| TOTAL NON-CURRENT LIABILITIES | | 16,271 | 16,585 |
| Trade, other payables and accruals | | 12,898 | 16,626 |
| Borrowings | B8 | 68,887 | 61,404 |
| Lease liabilities | | 938 | 1,046 |
| Current tax liabilities | | 6 | 5 |
| TOTAL CURRENT LIABILITIES | | 82,729 | 79,081 |
| TOTAL LIABILITIES | | 99,000 | 95,666 |
| TOTAL EQUITY AND LIABILITIES | | 291,897 | 286,085 |
| Net Assets Per Share (Sen) | | 137 | 136 |

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 2022.

**LEADER STEEL HOLDINGS BERHAD**

(Registration No. 199301012471 (267209-K))

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

| | 31 MAR 2023 | 31 MAR 2022 |
|--|--------------------|--------------------|
| | RM'000 | RM'000 |
| Profit before tax | 3,424 | 3,349 |
| Adjustments for: | | |
| Depreciation of: | | |
| - property, plant and equipment | 1,051 | 1,095 |
| - investment property | 62 | 0 |
| - right-of-use assets | 285 | 204 |
| Interest expenses | 615 | 550 |
| Unrealised (gain)/loss on foreign exchange | (791) | 144 |
| Gain on disposal of property, plant and equipment | 0 | (352) |
| Operating profit before working capital changes | <u>4,646</u> | <u>4,990</u> |
| Changes in:- | | |
| Inventories | (7,044) | 8,779 |
| Receivables, deposits and prepayments | (11,771) | 19,051 |
| Trade, other payables and accruals | (3,817) | (1,798) |
| Cash (used in)/generated from operations | <u>(17,986)</u> | <u>31,022</u> |
| Tax paid | (387) | (3,663) |
| Interest paid | (615) | (550) |
| Net cash (used in)/from operating activities | <u>(18,988)</u> | <u>26,809</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment | 0 | 493 |
| Purchase of property, plant and equipment | (85) | (637) |
| Purchase of right-of-use assets | 0 | (114) |
| Net cash used in investing activities | <u>(85)</u> | <u>(258)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net increase/(decrease) in short-term loans and borrowings | 7,417 | (7,930) |
| Payments of lease liabilities | (302) | (87) |
| Repayments of term loans | (120) | (120) |
| Net cash from/(used in) financing activities | <u>6,995</u> | <u>(8,137)</u> |
| Currency translation differences | 820 | 0 |
| Net (decrease)/increase in cash and cash equivalents | <u>(11,258)</u> | <u>18,414</u> |
| Cash and cash equivalents brought forward | 30,567 | 8,189 |
| Cash and cash equivalents carried forward | <u>19,309</u> | <u>26,603</u> |
| <u>Cash and cash equivalents carried forward</u> | | |
| Cash and cash equivalents | 19,430 | 26,702 |
| Bank overdrafts | (121) | (99) |
| | <u>19,309</u> | <u>26,603</u> |



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

| | 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 2023 | 67,218 | 68,882 | (2,210) | 56,478 | 190,368 | 51 | 190,419 |
| Profit/(Loss) for the financial period | 0 | 0 | 0 | 2,479 | 2,479 | (1) | 2,478 |
| Total comprehensive income/(loss) for the period | 0 | 0 | 0 | 2,479 | 2,479 | (1) | 2,478 |
| Transactions with owners | | | | | | | |
| Dividends paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 2023 | 67,218 | 68,882 | (2,210) | 58,957 | 192,847 | 50 | 192,897 |

| | 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 |

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 2022.

LEADER STEEL HOLDINGS BERHAD

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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 2022.

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 2022.

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:

MFRS 17 Insurance Contracts

Amendment to MFRS 17 Initial Application

Amendment to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*

Amendments to MFRS 101 *Disclosure of Accounting Policies*

Amendments to MFRS 108 *Definition of Accounting Estimates*

Amendments to MFRS 112 *Deferred tax related to Assets and Liabilities arising from a Single Transaction*

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 16 <i>Leases - Lease liability in a Sale and Leaseback</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i> | 1 January 2024 |
| 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 announce the declaration of a single-tier interim dividend of 1.5 sen per ordinary share for the financial year ending December 31, 2023. The dates for entitlement and payment will be determined and announced at a later time.

A7. Profit for the Period

| Current Quarter Ended | | Cumulative Period Ended | |
|-----------------------|-------------|-------------------------|-------------|
| 31-Mar 2023 | 31-Mar 2022 | 31-Mar 2023 | 31-Mar 2022 |
| RM'000 | RM'000 | RM'000 | RM'000 |

Profit before tax is arrived at after charging

| | | | | |
|---|-------|-------|-------|-------|
| Depreciation of property, plant and equipment | 1,051 | 1,095 | 1,051 | 1,095 |
| Depreciation of investment property | 62 | 0 | 62 | 0 |
| Depreciation of right-of-use assets | 285 | 204 | 285 | 204 |
| Interest expense | 615 | 550 | 615 | 550 |
| Foreign exchange loss/(gain) | 377 | (156) | 377 | (156) |
| Unrealised foreign exchange (gain)/ loss | (791) | 144 | (791) | 144 |
| Gain on disposal of property, plant and equipment | 0 | (352) | 0 | (352) |

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A8. Segment Information

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

| Year-to-date ended | Trading & Processing of Minerals | Manufacturing & Trading of Steel Products | Eliminations | Consolidated |
|---------------------------------|---|--|---------------------|---------------------|
| 31 March 2023 | ("Mineral Segment") | ("Steel Segment") | | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | |
| - External | 6,341 | 43,617 | 0 | 49,958 |
| Total Revenue | 6,341 | 43,617 | 0 | 49,958 |
| Results | | | | |
| Operating profit | 730 | 4,707 | 0 | 5,437 |
| Depreciation of | | | | |
| - property, plant and equipment | (36) | (1,015) | 0 | (1,051) |
| - investment property | 0 | (62) | 0 | (62) |
| - right-of-use assets | (22) | (263) | 0 | (285) |
| Finance cost | (123) | (492) | 0 | (615) |
| Tax expenses | (135) | (811) | 0 | (946) |
| Segment profit | 414 | 2,064 | 0 | 2,478 |
| Year-to-date ended | | | | |
| 31 March 2022 | | | | |
| Revenue | | | | |
| - External | 3,428 | 54,346 | 0 | 57,774 |
| Total Revenue | 3,428 | 54,346 | 0 | 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 |

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 31.03.2023 RM'000 | As at 31.12.2022 RM'000 |
|---|--|--|
| Capital expenditure in respect of purchase of property, plant and equipment: Contracted but not provided for | <u>0</u> | <u>6,304</u> |

A12. Changes in Contingent Liabilities

| | As at 31.03.2023 RM'000 | As at 31.12.2022 RM'000 |
|--|--|--|
| Unsecured | | |
| Corporate guarantees given to banks for credit facilities granted to | | |
| - subsidiaries | 184,770 | 171,470 |
| - a third party | 14,900 | 14,900 |
| Amount utilised | | |
| - subsidiaries | 69,047 | 61,684 |
| - a third party | 0 | 0 |

A13. Related Party Transactions

| Companies in which certain directors are deemed to have substantial financial interests | 3 months ended 31 Mar 2023 |
|--|---------------------------------------|
| Eonmetall Group Berhad and its subsidiaries | RM'000 |
| Sales of goods | 311 |

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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 RM49.96 million for the current quarter under review as compared to RM57.77 million for the preceding year corresponding quarter, representing a decrease of RM7.81 million or 13.52%. The decrease in revenue was mainly due to lower sales generated in Steel Segment.

The Steel Segment recorded a revenue of RM43.62 million for the current quarter compared to RM54.35 million for the preceding year corresponding quarter, representing a decrease of RM10.73 million or 19.74%. Despite an increase in quantity of product sold, the decline in revenue was contributed by the reduced average selling price in line with the weakening of international steel price.

The Minerals Segment recorded a revenue of RM6.34 million for the current quarter compared to RM3.43 million for the preceding year corresponding quarter, representing an increase of RM2.91 million or 84.84%. The increase in revenue was mainly due to increase in export quantity during the quarter.

The Group recorded profit before tax of RM3.42 million in the current quarter as compared to the profit before tax of RM3.35 million in preceding year corresponding quarter, representing an increase of RM0.07 million or 2.09%. The increase in profit before taxation was mainly due to rental income and foreign currency exchange gain recognized in the current quarter.

B2. Current quarter compared to the preceding quarter

| | Current Quarter | Immediate Preceding Quarter | Changes |
|----------------------------|------------------------|------------------------------------|----------------|
| | 31/03/2023 | 31/12/2022 | |
| | RM'000 | RM'000 | (%) |
| Revenue | 49,958 | 53,096 | -5.91 |
| Gross (Loss)/Profit | 3,424 | (1,691) | 302.48 |
| Profit Before Tax | 2,478 | 957 | 158.93 |

The Group reported a revenue of RM49.96 million as compared to RM53.10 million in the preceding quarter, representing a decrease of RM3.14 million or 5.91%. This was mainly due to lower sales generated by Mineral Segment.

The Steel Segment recorded a revenue of RM43.62 million for the current quarter compared to RM42.28 million for the preceding quarter, representing an increase of RM1.34 million or 3.17%. The increase in revenue during the quarter was attributable to increase in average selling price and sales quantity in the current quarter.

The Minerals Segment recorded a revenue of RM6.34 million for the current quarter compared to RM10.82 million for the preceding quarter, representing a decrease of RM4.48 million or 41.40%. The decrease in revenue was mainly due to lower export quantity during the quarter.

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

The Group reported profit before tax amounting to RM3.42 million in the current quarter as compared to profit before tax of RM0.96 million in the preceding quarter. This represents an increase of RM2.46 million or 256.25% in the current quarter. The increase in profit was mainly due to the higher profit margin from Steel Segment during the current quarter. The improvement in results was attributable to improvement in selling price and lower cost of materials consumed.

B3. Prospects

The Board is aware of the continuing challenges faced by the Group including rising interest rate, escalating labour cost and volatility in international steel price.

Against the above backdrop, the Group will continue to exercise caution to manage these challenges and vie to maintain a positive performance for financial year 2023.

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 | |
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| - Current tax | (946) | (824) | (946) | (824) |
| Total tax expenses | (946) | (824) | (946) | (824) |

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 2022 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) The Proposals were approved by the shareholders at an extraordinary general meeting ("EGM") held on 30 May 2022.
- (c) On 26 August 2022, the Company announced the implementation of the Proposed ESOS following 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 to complete the implementation of the Proposed Private Placement and approval was granted on 6 October 2022 for EOT of up to 28 April 2023.
- (e) On 3 April 2023, the shareholders had, at an EGM, approved the waiver of pre-emptive rights for the Company to implement the Proposed Private Placement and Proposed ESOS.
- (f) On 13 April 2023, the Board announced that an application has been submitted to Bursa Securities to seek its approval for an extension of time of 6 months for the Company to complete the implementation of the Private Placement. The approval was granted on 19 May 2023 for EOT up to 28 October 2023.

B8. Borrowings

| | 31-Mar-23 | 31-Dec-22 |
|----------------------|----------------------|----------------------|
| | RM'000 | RM'000 |
| Current | | |
| <i>Secured</i> | | |
| Bank overdraft | 121 | 55 |
| Bankers' acceptances | 63,304 | 55,938 |
| Revolving credit | 4,982 | 4,931 |
| Term loans | 480 | 480 |
| | <u>68,887</u> | <u>61,404</u> |
| Non-current | | |
| <i>Secured</i> | | |
| Term loans | 160 | 280 |
| | <u>160</u> | <u>280</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 Ended 31-Mar | | Cumulative Period Ended 31-Mar | |
|--|---|-------------|---|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net earnings attributable to ordinary equity holders of the Company (RM'000) | 2,479 | 2,526 | 2,479 | 2,526 |
| Weighted average number of ordinary shares ('000) | 134,533 | 134,533 | 134,533 | 134,533 |
| Basic earnings per share (sen) | 1.84 | 1.88 | 1.84 | 1.88 |

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

31 May 2023