



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 2023**

	NOTE	CURRENT 3 MONTHS ENDED 30 JUNE			CUMULATIVE 6 MONTHS ENDED 30 JUNE		
		2023	2022	Changes	2023	2022	Changes
		RM'000 (Unaudited)	RM'000 (Unaudited)	(%)	RM'000 (Unaudited)	RM'000 (Unaudited)	(%)
Continuing operations							
Revenue		44,081	44,654	-1	94,039	102,428	-8
Cost of sales		(37,997)	(36,279)		(82,310)	(87,534)	
Gross profit		6,084	8,375	-27	11,729	14,894	-21
Other income		1,085	447		3,331	563	
Distribution expenses		(739)	(605)		(1,548)	(1,266)	
Administrative expenses		(3,793)	(4,199)		(6,837)	(6,274)	
Finance costs		(720)	(512)		(1,335)	(1,062)	
Profit before tax	A7	1,917	3,506	-45	5,340	6,855	-22
Taxation	B5	(904)	(1,010)		(1,850)	(1,834)	
PROFIT FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME		1,013	2,496	-59	3,490	5,021	-30
Net profit for the financial period attributable to:-							
Equity holders of the company		1,016	2,498		3,494	5,024	
Non-controlling interests		(3)	(2)		(4)	(3)	
NET PROFIT		1,013	2,496		3,490	5,021	
Total comprehensive income for the financial period attributable to:-							
Equity holders of the company		1,016	2,498		3,494	5,024	
Non-controlling interests		(3)	(2)		(4)	(3)	
TOTAL COMPREHENSIVE INCOME		1,013	2,496		3,490	5,021	
Basic and diluted earnings per share (sen)	B10	0.76	1.86		2.60	3.73	

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
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTE	30 JUNE 2023 RM'000 (Unaudited)	31 DEC 2022 RM'000 (Audited)
ASSETS			
Property, plant and equipment		104,442	106,027
Investment properties		30,821	30,945
Right-of-use assets		23,758	24,328
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		159,079	161,358
Inventories		45,059	34,430
Receivables, deposits and prepayments		72,103	58,764
Current tax assets		89	911
Cash and bank balances		22,893	30,622
TOTAL CURRENT ASSETS		140,144	124,727
TOTAL ASSETS		299,223	286,085
EQUITY			
Share capital		67,218	67,218
Treasury shares		(2,210)	(2,210)
Reserves		130,026	125,360
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		195,034	190,368
Non-controlling interests		47	51
TOTAL EQUITY		195,081	190,419
LIABILITIES			
Borrowings	B8	40	280
Lease liabilities		396	729
Deferred tax liabilities		15,576	15,576
TOTAL NON-CURRENT LIABILITIES		16,012	16,585
Trade, other payables and accruals		9,557	16,626
Borrowings	B8	77,667	61,404
Lease liabilities		840	1,046
Current tax liabilities		66	5
TOTAL CURRENT LIABILITIES		88,130	79,081
TOTAL LIABILITIES		104,142	95,666
TOTAL EQUITY AND LIABILITIES		299,223	286,085
Net Assets Per Share (Sen)		139	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
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

	30 JUNE 2023	30 JUNE 2022
	RM'000	RM'000
Profit before tax	5,340	6,855
Adjustments for:		
Depreciation of:		
- property, plant and equipment	2,095	2,178
- investment property	124	0
- right-of-use assets	570	461
Employees' share options expenses	1,172	0
Interest expenses	1,335	1,062
Unrealised (gain)/loss on foreign exchange	(648)	131
Gain on disposal of property, plant and equipment	0	(353)
Operating profit before working capital changes	<u>9,988</u>	<u>10,334</u>
Changes in:-		
Inventories	(10,629)	12,754
Receivables, deposits and prepayments	(13,344)	21,285
Trade, other payables and accruals	(7,235)	595
Cash (used in)/generated from operations	<u>(21,220)</u>	<u>44,968</u>
Tax paid	(967)	(5,007)
Interest paid	(1,335)	(1,062)
Net cash (used in)/from operating activities	<u>(23,522)</u>	<u>38,899</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	0	493
Purchase of property, plant and equipment	(510)	(7,604)
Purchase of right-of-use assets	0	(260)
Net cash used in investing activities	<u>(510)</u>	<u>(7,371)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in short-term loans and borrowings	16,084	(22,912)
Payments of lease liabilities	(539)	(333)
Repayments of term loans	(240)	(240)
Net cash from/(used in) financing activities	<u>15,305</u>	<u>(23,485)</u>
Currency translation differences	819	0
Net (decrease)/increase in cash and cash equivalents	<u>(7,908)</u>	<u>8,043</u>
Cash and cash equivalents brought forward	30,567	8,189
Cash and cash equivalents carried forward	<u>22,659</u>	<u>16,232</u>
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	22,893	16,253
Bank overdrafts	(234)	(21)
	<u>22,659</u>	<u>16,232</u>



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Attributable to equity holders of the Company							Total Equity RM'000
	Share Capital RM'000	Revaluation Surplus RM'000	Employee share option reserve 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 2023	67,218	68,882	0	(2,210)	56,478	190,368	51	190,419
Profit/(Loss) for the financial period	0	0	0	0	3,494	3,494	(4)	3,490
Total comprehensive income/(loss) for the period	0	0		0	3,494	3,494	(4)	3,490
Transactions with owners								
Dividends paid	0	0	0	0	0	0	0	0
Purchase of treasury shares	0	0	0	0	0	0	0	0
Employees' share options expenses	0	0	1,172	0	0	1,172	0	1,172
Total transactions with owners	0	0	1,172	0	0	1,172	0	1,172
Balance as at 30 June 2023	67,218	68,882	1,172	(2,210)	59,972	195,034	47	195,081

	Attributable to equity holders of the Company							Total Equity RM'000
	Share Capital RM'000	Revaluation Surplus RM'000	Employee share option reserve 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 2022	67,218	68,882	0	(2,210)	52,000	185,890	57	185,947
Profit/(Loss) for the financial period	0	0	0	0	5,024	5,024	(3)	5,021
Total comprehensive income/(loss) for the period	0	0	0	0	5,024	5,024	(3)	5,021
Transactions with owners								
Purchase of treasury shares	0	0	0	0	0	0	0	0
Total transactions with owners	0	0	0	0	0	0	0	0
Balance as at 30 June 2022	67,218	68,882	0	(2,210)	57,024	190,914	54	190,968

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

(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 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

A first single-tier interim dividend of 1.5 sen per ordinary share amounting to RM2,017,988 was paid on 8 August 2023 in respect of the financial year ending 31 December 2023.

A7. Profit for the Period

Current Quarter Ended		Cumulative Period Ended	
30-June 2023	30-June 2022	30-June 2023	30-June 2022
RM'000	RM'000	RM'000	RM'000

Profit before tax is arrived at after charging

Depreciation of property, plant and equipment	1,044	1,083	2,095	2,178
Depreciation of investment property	62	0	124	0
Depreciation of right-of-use assets	285	257	570	461
Interest expense	720	512	1,335	1,062
Foreign exchange (gain)/loss	(30)	(234)	347	(390)
Unrealised foreign exchange loss/(gain)	143	(13)	(648)	131
Gain on disposal of property, plant and equipment	0	0	0	(353)

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A8. Segment Information

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

Year-to-date ended	Manufacturing & Trading of Steel Products ("Steel Segment")	Trading & Processing of Minerals ("Mineral Segment")	Eliminations	Consolidated
30 June 2023	RM'000	RM'000	RM'000	RM'000
Revenue				
- External	80,981	13,058	0	94,039
Total Revenue	80,981	13,058	0	94,039
Results				
Operating profit	8,630	834	0	9,464
Depreciation of				
- property, plant and equipment	(2,022)	(73)	0	(2,095)
- investment property	(124)	0	0	(124)
- right-of-use assets	(527)	(43)	0	(570)
Finance cost	(1,073)	(262)	0	(1,335)
Tax expenses	(1,731)	(119)	0	(1,850)
Segment profit	3,153	337	0	3,490
Year-to-date ended				
30 June 2022				
Revenue				
- External	99,000	3,428	0	102,428
Total Revenue	99,000	3,428	0	102,428
Results				
Operating profit	10,686	(130)	0	10,556
Depreciation of				
- property, plant and equipment	(2,108)	(70)	0	(2,178)
- right-of-use assets	(426)	(35)	0	(461)
Finance cost	(955)	(107)	0	(1,062)
Tax expenses	(1,834)	0	0	(1,834)
Segment (loss)/ profit	5,363	(342)	0	5,021

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 30.06.2023 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 30.06.2023 RM'000	As at 31.12.2022 RM'000
Unsecured		
Corporate guarantees given to banks for credit facilities granted to		
- subsidiaries	207,270	171,470
- a third party	14,900	14,900
Amount utilised		
- subsidiaries	77,707	61,684
- a third party	0	0

A13. Related Party Transactions

Companies in which certain directors are deemed to have substantial financial interests	6 months ended 30 June 2023
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	991
Purchases of goods	2
Rental income	1,603

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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 RM44.08 million for the current quarter under review, compared to RM44.65 million for the corresponding quarter of the preceding year, representing a decrease of RM0.57 million or 1.28%. The decrease in revenue was mainly due to lower revenue generated in the Steel Segment.

The Steel Segment recorded a revenue of RM37.36 million for the current quarter, down from RM44.65 million for the corresponding quarter of the preceding year, marking a decrease of RM7.29 million or 16.33%. While the quantity sold improved due to positive market sentiment, the unit selling price declined due to the drop in international steel prices.

In the Minerals Segment, the recorded revenue for the current quarter was RM6.72 million, whereas no revenue was recorded for the corresponding quarter of the previous year. This increase in revenue was mainly attributed to higher export quantities during the quarter.

The Group's profit before tax for the current quarter was RM1.92 million, compared to a profit before tax of RM3.51 million in the corresponding quarter of the preceding year, representing a decrease of RM1.59 million or 45.30%. This decrease in profit before taxation was mainly attributed to a reduced gross profit margin due to lower selling prices and one-off expenses related to Employees' share options granted in the current quarter.

For year to date

The Group recorded a revenue of RM94.04 million for the financial year-to-date ended 30.06.2023, compared to RM102.43 million for the financial year-to-date ended 30.06.2022, representing a decrease of RM8.39 million or 8.19%. The decrease in revenue was mainly due to lower revenue generated in the Steel Segment.

The Group recorded a profit before tax of RM5.34 million for the financial year-to-date ended 30.06.2023, compared to a profit before tax of RM6.86 million for the financial year-to-date ended 30.06.2022, representing a decrease of RM1.52 million or 22.16%. This decrease in profit before taxation was mainly attributed to a reduced revenue and one-off expenses related to Employees' share options granted in the period.

B2. Current quarter compared to the preceding quarter

	Current Quarter	Immediate Preceding Quarter	<i>Changes</i>
	30/06/2023	31/03/2023	
	RM'000	RM'000	(%)
Revenue	44,081	49,958	-11.77
Gross Profit	6,084	5,645	7.78
Profit Before Tax	1,917	3,424	-43.86

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

The Group reported a revenue of RM44.08 million, compared to RM49.96 million in the preceding quarter, representing a decrease of RM5.88 million or 11.77%. This decrease was primarily due to lower sales generated by both the Steel and Mineral Segments.

The Steel Segment recorded a revenue of RM37.36 million for the current quarter, as opposed to RM43.62 million for the preceding quarter, indicating a decrease of RM6.26 million or 14.35%. Sales quantity decreased due to a slowdown in market demand, while the unit selling price decreased in line with fluctuations in the international steel price.

The Minerals Segment recorded a revenue of RM6.72 million for the current quarter, compared to RM6.34 million for the preceding quarter, representing an increase of RM0.38 million or 5.99%. This increase in revenue was primarily due to a higher average selling price during the quarter.

The Group reported a profit before tax amounting to RM1.92 million in the current quarter, compared to a profit before tax of RM3.42 million in the preceding quarter. This represents a decrease of RM1.50 million or 43.86% in the current quarter. The decrease in results was attributable to lower sales and one-off expenses related to Employees' share options granted in the current quarter.

B3. Prospects

The Board is aware of the continuing challenges faced by the Group including rising interest rate 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 30 June		6 months ended 30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
- Current tax	(904)	(1,010)	(1,850)	(1,834)
Total tax expenses	(904)	(1,010)	(1,850)	(1,834)

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.

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 extension of time 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 extension of time up to 28 October 2023.
- (g) A total of 6,509,700 ESOS options under the ESOS Scheme was offered to eligible directors and employees at RM0.4510 on 31 May 2023 and 7 June 2023.

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B8. Borrowings

	30-June-23	31-Dec-22
	RM'000	RM'000
Current		
<i>Secured</i>		
Bank overdraft	234	55
Bankers' acceptances	72,040	55,938
Revolving credit	4,913	4,931
Term loans	480	480
	<u>77,667</u>	<u>61,404</u>
Non-current		
<i>Secured</i>		
Term loans	40	280
	<u>40</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		Cumulative Period	
	Ended 30-June		Ended 30-June	
	2023	2022	2023	2022
Net earnings attributable to ordinary equity holders of the Company (RM'000)	1,016	2,498	3,494	5,024
Weighted average number of ordinary shares ('000)	134,533	134,533	134,533	134,533
Basic earnings per share (sen)	0.76	1.86	2.60	3.73

Diluted earnings per ordinary share equals basic earnings per ordinary share as the effect of unexercised Employees' Share Option is anti-dilutive.

By the order of the Board

Datin Tan Pak Say
Managing Director
Penang

23 August 2023