



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 YEAR ENDED 31 DECEMBER 2021**

	NOTE	CURRENT			CUMULATIVE		
		3 MONTHS ENDED			12 MONTHS ENDED		
		2021	2020	Changes	2021	2020	Changes
		RM'000	RM'000	(%)	RM'000	RM'000	(%)
		(Unaudited)	(Audited)		(Unaudited)	(Audited)	
Continuing operations							
Revenue		68,086	57,885	18	231,681	217,860	6
Cost of sales		(52,780)	(48,720)		(180,960)	(194,291)	
Gross profit		15,306	9,165	67	50,721	23,569	115
Other income		(309)	509		2,382	851	
Distribution expenses		(471)	(1,216)		(2,148)	(3,607)	
Administrative expenses		(7,079)	(2,419)		(13,593)	(8,820)	
Finance costs		(567)	(747)		(1,956)	(3,319)	
Profit before tax		6,880	5,292	30	35,406	8,674	308
Taxation	B5	(1,231)	(1,797)		(9,040)	(2,461)	
Net profit from continuing operations		5,649	3,495		26,366	6,213	
PROFIT FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME		5,649	3,495	62	26,366	6,213	324
Net profit for the financial year attributable to:-							
Equity holders of the company		5,655	3,501		26,400	6,239	
Non-controlling interests		(6)	(6)		(34)	(26)	
NET PROFIT		5,649	3,495		26,366	6,213	
Total comprehensive income for the financial period attributable to:-							
Equity holders of the company		5,655	3,501		26,400	6,239	
Non-controlling interests		(6)	(6)		(34)	(26)	
TOTAL COMPREHENSIVE INCOME		5,649	3,495		26,366	6,213	
Basic and diluted earnings per share (sen)	B10	4.35	2.68		20.29	4.77	

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 2020.



LEADER STEEL HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2021**

	NOTE	31 DEC 2021 RM'000 (Unaudited)	31 DEC 2020 RM'000 (Audited)
ASSETS			
Property, plant and equipment		131,789	132,591
Right-of-use assets		22,562	23,721
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		154,409	156,370
Inventories		83,261	46,198
Receivables, deposits and prepayments		65,188	49,773
Current tax assets		10	2,060
Cash and bank balances		8,483	2,789
TOTAL CURRENT ASSETS		156,942	100,820
TOTAL ASSETS		311,351	257,190
EQUITY			
Share capital		67,218	67,218
Treasury shares		(2,210)	(1,759)
Reserves		120,882	96,500
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		185,890	161,959
Non-controlling interests		57	91
TOTAL EQUITY		185,947	162,050
LIABILITIES			
Borrowings	B8	760	1,240
Lease liabilities		71	75
Deferred tax liabilities		15,087	15,653
TOTAL NON-CURRENT LIABILITIES		15,918	16,968
Trade, other payables and accruals		20,032	14,495
Borrowings	B8	86,975	62,988
Lease liabilities		159	228
Current tax liabilities		2,320	461
TOTAL CURRENT LIABILITIES		109,486	78,172
TOTAL LIABILITIES		125,404	95,140
TOTAL EQUITY AND LIABILITIES		311,351	257,190
Net Assets Per Share (Sen)		132	115

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 2020.



LEADER STEEL HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	31 DEC 2021	31 DEC 2020
	RM'000	RM'000
Profit before tax	35,406	8,674
Adjustments for:		
Depreciation of property, plant and equipment	4,602	4,623
Depreciation of right-of-use assets	915	1,131
Gain on modification of lease payment	0	(3)
Gain on modification of lease term	0	(4)
Impairment losses on trade receivables	2,032	66
Interest expenses	1,956	3,319
Interest income	0	(22)
Reversal of impairment losses on other receivables	(1)	0
Lease concessions	0	(3)
Property, plant and equipment written off	53	0
Unrealised loss on foreign exchange	227	102
Gain on disposal of property, plant and equipment	(312)	0
Operating profit before working capital changes	<u>44,878</u>	<u>17,883</u>
Changes in:-		
Inventories	(37,063)	26,433
Receivables, deposits and prepayments	(17,397)	(11,658)
Trade, other payables and accruals	5,275	(5,474)
Cash (used in)/generated from operations	<u>(4,307)</u>	<u>27,184</u>
Tax paid	(5,697)	(859)
Interest paid	(1,956)	(3,290)
Interest received	0	22
Net cash (used in)/from operating activities	<u>(11,960)</u>	<u>23,057</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	320	0
Purchase of property, plant and equipment	(3,376)	(1,106)
Purchase of right-of-use assets	(30)	0
Net cash used in investing activities	<u>(3,086)</u>	<u>(1,106)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in short-term loans and borrowings	23,693	(23,014)
Dividends paid	(2,018)	0
Purchase of treasury shares	(451)	(192)
Payments of lease liabilities	(283)	(655)
Proceeds from issuance of share	0	3,198
Repayments of term loans	(480)	(480)
Net cash from/(used in) financing activities	<u>20,461</u>	<u>(21,143)</u>
Currency translation differences	(15)	44
Net increase in cash and cash equivalents	<u>5,400</u>	<u>852</u>
Cash and cash equivalents brought forward	2,789	1,937
Cash and cash equivalents carried forward	<u>8,189</u>	<u>2,789</u>
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	8,483	2,789
Bank overdrafts	(294)	0
	<u>8,189</u>	<u>2,789</u>



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	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	26,400	26,400	(34)	26,366
Total comprehensive income/(loss) for the period	0	0	0	26,400	26,400	(34)	26,366
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 31 December 2021	67,218	68,882	(2,210)	52,000	185,890	57	185,947

	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 2020	64,020	68,882	(1,567)	21,379	152,714	117	152,831
Profit/(Loss) for the financial period	0	0	0	6,239	6,239	(26)	6,213
Total comprehensive income/(loss) for the period	0	0	0	6,239	6,239	(26)	6,213
Transactions with owners							
Issue of shares	3,198	0	0	0	3,198	0	3,198
Purchase of treasury shares	0	0	(192)	0	(192)	0	(192)
Total transactions with owners	3,198	0	(192)	0	3,006	0	3,006
Balance as at 31 December 2020	67,218	68,882	(1,759)	27,618	161,959	91	162,050

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 2020.

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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 2020.

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 2020.

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:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16

Interest Rate Benchmark Reform – Phase 2

Amendment to MFRS 16 *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

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
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment – Proceeds Before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contract – Cost of Fulfilling a Contract</i>	1 January 2022
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
<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

A1. Basis of Preparation (Continued)

Standards issued but not yet effective (Continued)

Title	Effective Date
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
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

Save as disclosed below, there were no issuance, cancellations, resale and repayment of debt and equity securities for the current quarter and period under review:-

During the year, the Company had bought back 800,000 of its own shares at a total cash consideration of RM451,408.50. The highest and the lowest price per share purchased were at RM0.575 and RM0.550 respectively.

A6. Dividend

No dividend was paid or declared for the current quarter under review.

A7. Profit for the Period

Current Quarter ended		Cumulative Year ended	
31-Dec 2021	31-Dec 2020	31-Dec 2021	31-Dec 2020
RM'000	RM'000	RM'000	RM'000

Profit before tax is arrived at after charging

Depreciation of property, plant and equipment	1,187	1,203	4,602	4,623
Depreciation of right-of-use assets	237	267	915	1,131
Impairment losses on trade receivables	2,032	66	2,032	66
Interest expense	567	747	1,956	3,319
Foreign exchange (gain)/loss	(620)	(9)	(565)	109
Unrealised foreign exchange loss/(gain)	592	(184)	227	102

A8. Segment Information

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

Year-to-date ended 31 December 2021	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	40,114	193,641	0	233,755
- Inter-segment	0	0	(2,074)	(2,074)
Total Revenue	40,114	193,641	(2,074)	231,681
Results				
Operating (loss)/profit	(3,821)	61,882	(15,182)	42,879
Depreciation of				
- property, plant and equipment	(202)	(4,400)	0	(4,602)
- right-of-use assets	(108)	(1,285)	478	(915)
Finance cost	(153)	(2,053)	250	(1,956)
Tax expenses	38	(9,078)	0	(9,040)
Segment (loss)/profit	(4,246)	45,066	(14,454)	26,366

A8. Segment Information (Continued)

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

Year-to-date ended 31 December 2020	Trading & Processing of Minerals RM'000	Manufacturing & Trading of Steel Products RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
- External	61,754	158,593	0	220,347
- Inter-segment	0	0	(2,487)	(2,487)
Total Revenue	61,754	158,593	(2,487)	217,860
Results				
Operating profit	3,297	15,754	(1,304)	17,747
Depreciation of				
- property, plant and equipment	(246)	(4,377)	0	(4,623)
- right-of-use assets	(45)	(1,564)	478	(1,131)
Finance cost	(742)	(3,269)	692	(3,319)
Tax expenses	(552)	(1,909)	0	(2,461)
Segment profit	1,712	4,635	(134)	6,213

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 31.12.2021 RM'000	As at 31.12.2020 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 31.12.2021 RM'000	As at 31.12.2020 RM'000
Unsecured		
Corporate guarantees given to banks for credit facilities granted to		
- subsidiaries	162,206	158,691
- a third party	14,900	14,900
 Amount utilised		
- subsidiaries	87,735	64,228
- a third party	14,900	14,900

A13. Related Party Transactions

Companies in which certain directors are deemed to have substantial financial interests	12 months ended 31 Dec 2021
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	2,096
Purchase of goods	1
Sales of machinery	320
Purchase of machinery	390

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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 RM68.09 million for the current quarter under review as compared to RM57.89 million for the preceding year corresponding quarter, representing an increase of RM10.20 million or 17.62%. The increase in revenue was mainly due to higher sales generated from trading of mineral.

The steel segment recorded a revenue of RM43.56 million for the current quarter compared to RM52.59 million for the preceding year corresponding quarter, representing a decrease of RM9.03 million or 17.17%. The decrease in revenue was attributed to lower sales quantity during the current quarter.

The minerals segment recorded revenue of RM24.53 million for the current quarter compared to RM5.30 million for the preceding year corresponding quarter, representing an increase of RM19.23 million or 362.83%. Sales was lower in the preceding year corresponding quarter due to supply chain disruption caused by inclement weather.

The Group recorded profit before tax of RM6.88 million in current quarter as compared to the profit before tax of RM5.29 million in preceding year corresponding quarter, representing an increase of RM1.59 million or 30.06%. The significant increase was contributed by better profit margin in the steel segment during the current quarter.

For year to date

The Group recorded a revenue of RM231.68 million for the financial year-to-date ended 31.12.2021 as compared to RM217.86 million for the financial year-to-date ended 31.12.2020, representing an increase of RM13.82 million or 6.34%. The increase in revenue was mainly due to higher selling prices of steel products.

The Group recorded profit before tax of RM35.41 million for the financial year-to-date ended 31.12.2021 as compared to the profit before tax of RM8.67 for the financial year-to-date ended 31.12.2020, representing an increase of RM26.74 million or 308.42%. The significant increase was contributed by better profit margin in the steel segment.

B2. Current quarter compared to the preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes
	31/12/2021	30/09/2021	
	RM'000	RM'000	(%)
Revenue	68,086	56,723	20%
Gross Profit	15,306	12,755	20%
Profit Before Tax	6,880	10,266	-33%

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

The Group reported a revenue of RM68.09 million as compared to RM56.72 million in the preceding quarter, representing an increase of RM11.37 million or 20.05%. This was mainly due to higher sales generated from trading of mineral.

The steel segment recorded a revenue of RM43.56 million for the current quarter compared to RM51.92 million for the preceding quarter, representing a decrease of RM8.36 million or 16.10%. The decrease in revenue was attributed to lower sales quantity during the current quarter.

During the current quarter, minerals segment reported revenue of RM24.53 million compared to RM4.80 million in the preceding quarter. This represents an increase of RM19.73 million or 411.04%. Lower revenue was reported in the preceding quarter due to disruption in supply chain attributable to the Covid-19 pandemic.

The Group reported profit before tax amounting to RM6.88 million in the current quarter as compared to profit before tax of RM10.27 million in the preceding quarter. This represents a decrease of RM3.39 million or 33.01% in the current quarter. The decrease in profit was attributed to higher administrative expenses and provision for impairment loss on receivables recognised during the current quarter.

B3. Prospects

The demand and supply of commodity and commodity related products remain heavily influenced by measures taken by various government to contain the Covid-19 pandemic and the resultant global supply chain disruption. The Group anticipates that the supply, demand and the prices of steel and steel related product to remain volatile.

Nevertheless, the management will monitor closely the market trend and will take prudent measures to mitigate those risks.

Barring unforeseen circumstances, we are cautiously optimistic that the results for financial year ending 31 December 2022 to be satisfactory.

B4. Profit Forecast

Not applicable as no profit forecast was issued.

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B5. Tax expenses

	Current Quarter 3 months ended 31 Dec		Cumulative Period 12 months ended 31 Dec	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
- Current tax	(1,896)	(1,445)	(9,705)	(2,120)
- Prior year tax	98	(44)	98	(33)
- Deferred tax	567	(308)	567	(308)
Total tax expenses	(1,231)	(1,797)	(9,040)	(2,461)

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 2020 was not subject to any qualification.

B7. Status of Corporate Proposal Announced

There was no corporate proposal announced and not completed as at the date of this announcement.

B8. Borrowings

	31-Dec-21 RM'000	31-Dec-20 RM'000
Current		
<i>Secured</i>		
Bank overdraft	294	0
Bankers' acceptances	81,201	57,592
Revolving credit	5,000	4,916
Term loans	480	480
	<u>86,975</u>	<u>62,988</u>
Non-current		
<i>Secured</i>		
Term loans	760	1,240
	<u>760</u>	<u>1,240</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-Dec		Cumulative Period Ended 31-Dec	
	2021	2020	2021	2020
Net earnings attributable to ordinary equity holders of the Company (RM'000)	5,655	3,501	26,400	6,239
Weighted average number of ordinary shares ('000)	130,118	130,731	130,118	130,731
Basic earnings per share (sen)	4.35	2.68	20.29	4.77

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 February 2022