



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 2022**

	NOTE	CURRENT 3 MONTHS ENDED 31 DEC			CUMULATIVE 12 MONTHS ENDED 31 DEC		
		2022	2021	Changes (%)	2022	2021	Changes (%)
		RM'000 (Unaudited)	RM'000 (Audited)		RM'000 (Unaudited)	RM'000 (Audited)	
Continuing operations							
Revenue		53,096	68,086	-22	221,789	231,681	-4
Cost of sales		<u>(54,787)</u>	<u>(52,780)</u>		<u>(204,129)</u>	<u>(180,960)</u>	
Gross (loss)/profit		(1,691)	15,306	-111	17,660	50,721	-65
Other income		7,783	254		9,163	2,945	
Distribution expenses		(797)	(471)		(2,767)	(2,148)	
Administrative expenses		(3,869)	(7,642)		(12,954)	(14,156)	
Finance costs		<u>(469)</u>	<u>(567)</u>		<u>(2,027)</u>	<u>(1,956)</u>	
Profit before tax	A7	957	6,880	-86	9,075	35,406	-74
Taxation	B5	<u>(368)</u>	<u>(1,231)</u>		<u>(2,585)</u>	<u>(9,040)</u>	
PROFIT FOR THE PERIOD, REPRESENTING TOTAL COMPREHENSIVE INCOME		589	5,649	-90	6,490	26,366	-75
Net profit for the financial period attributable to:-							
Equity holders of the company		591	5,655		6,496	26,400	
Non-controlling interests		<u>(2)</u>	<u>(6)</u>		<u>(6)</u>	<u>(34)</u>	
NET PROFIT		589	5,649		6,490	26,366	
Total comprehensive income for the financial period attributable to:-							
Equity holders of the company		591	5,655		6,496	26,400	
Non-controlling interests		<u>(2)</u>	<u>(6)</u>		<u>(6)</u>	<u>(34)</u>	
TOTAL COMPREHENSIVE INCOME		589	5,649		6,490	26,366	
Basic and diluted earnings per share (sen)	B10	0.44	4.35		4.83	20.29	

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 31 DECEMBER 2022

	NOTE	31 DEC 2022 RM'000 (Unaudited)	31 DEC 2021 RM'000 (Audited)
ASSETS			
Property, plant and equipment		106,028	131,789
Investment properties		30,945	0
Right-of-use assets		24,327	22,562
Goodwill		58	58
TOTAL NON-CURRENT ASSETS		161,358	154,409
Inventories		34,430	83,261
Receivables, deposits and prepayments		58,586	65,188
Current tax assets		911	10
Cash and bank balances		30,622	8,483
TOTAL CURRENT ASSETS		124,549	156,942
TOTAL ASSETS		285,907	311,351
EQUITY			
Share capital		67,218	67,218
Treasury shares		(2,210)	(2,210)
Reserves		125,360	120,882
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		190,368	185,890
Non-controlling interests		51	57
TOTAL EQUITY		190,419	185,947
LIABILITIES			
Borrowings	B8	280	760
Lease liabilities		729	71
Deferred tax liabilities		15,576	15,087
TOTAL NON-CURRENT LIABILITIES		16,585	15,918
Trade, other payables and accruals		16,448	20,032
Borrowings	B8	61,404	86,975
Lease liabilities		1,046	159
Current tax liabilities		5	2,320
TOTAL CURRENT LIABILITIES		78,903	109,486
TOTAL LIABILITIES		95,488	125,404
TOTAL EQUITY AND LIABILITIES		285,907	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 YEAR ENDED 31 DECEMBER 2022

	31 DEC 2022 RM'000	31 DEC 2021 RM'000
Profit before tax	9,075	35,406
Adjustments for:		
Depreciation of property, plant and equipment	4,489	4,602
Depreciation of right-of-use assets	1,076	915
Gain on modification of lease term	0	(1)
Impairment losses on trade and other receivables	0	2,461
Interest expenses	2,027	1,956
Interest income	0	(7)
Reversal of impairment losses on trade and other receivables	(2,741)	(29)
Property, plant and equipment written off	0	62
Unrealised loss on foreign exchange	644	227
Gain on disposal of property, plant and equipment	(458)	(320)
Operating profit before working capital changes	14,112	45,272
Changes in:-		
Inventories	48,831	(37,063)
Receivables, deposits and prepayments	9,275	(17,798)
Trade, other payables and accruals	(3,365)	5,277
Cash generated from/(used in) operations	68,853	(4,312)
Tax paid	(5,311)	(5,696)
Interest paid	(2,027)	(1,942)
Interest received	0	7
Net cash from/(used in) operating activities	61,515	(11,943)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	599	320
Purchase of property, plant and equipment	(9,813)	(3,377)
Purchase of right-of-use assets	(343)	(32)
Net cash used in investing activities	(9,557)	(3,089)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (decrease)/ increase in short-term loans and borrowings	(25,333)	23,694
Dividends paid	(2,018)	(2,018)
Purchase of treasury shares	0	(451)
Payments of lease liabilities	(954)	(298)
Repayments of term loans	(480)	(480)
Net cash (used in)/from financing activities	(28,785)	20,447
Currency translation differences	(795)	(15)
Net increase in cash and cash equivalents	22,378	5,400
Cash and cash equivalents brought forward	8,189	2,789
Cash and cash equivalents carried forward	30,567	8,189
<u>Cash and cash equivalents carried forward</u>		
Cash and cash equivalents	30,622	8,483
Bank overdrafts	(55)	(294)
	30,567	8,189



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	6,496	6,496	(6)	6,490
Total comprehensive income/(loss) for the period	0	0	0	6,496	6,496	(6)	6,490
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 31 December 2022	67,218	68,882	(2,210)	56,478	190,368	51	190,419

	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

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

Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)

Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)

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
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contract)</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)</i>	1 January 2023

A1. Basis of Preparation (Continued)

Standards issued but not yet effective (Continued)

Title (Continued)	Effective Date
<i>Lease liability in a sale and leaseback (Amendments to MFRS 16 Leases)</i>	1 January 2024
<i>Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)</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	
31-Dec 2022	31-Dec 2021	31-Dec 2022	31-Dec 2021
RM'000	RM'000	RM'000	RM'000

Profit before tax is arrived at after charging

Depreciation of property, plant and equipment	1,207	1,187	4,489	4,602
Depreciation of right-of-use assets	352	237	1,076	915
Impairment losses on trade and other receivables	0	2,461	0	2,461
Reversal of impairment losses on trade and other receivables	(2,741)	(29)	(2,741)	(29)
Interest expense	469	567	2,027	1,956
Foreign exchange gain	(571)	(620)	(1,017)	(565)
Unrealised foreign exchange loss	867	592	644	227
Gain on disposal of property, plant and equipment	(105)	(320)	(458)	(320)

A8. Segment Information

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

Year-to-date ended 31 December 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	39,750	182,355	0	222,105
- Inter-segment	0	0	(316)	(316)
Total Revenue	39,750	182,355	(316)	221,789
Results				
Operating profit	3,190	20,126	(6,649)	16,667
Depreciation of				
- property, plant and equipment	(186)	(4,303)	0	(4,489)
- right-of-use assets	(77)	(1,483)	484	(1,076)
Finance cost	(246)	(2,025)	244	(2,027)
Tax expenses	(283)	(2,302)	0	(2,585)
Segment profit	2,398	10,013	(5,921)	6,490

A8. Segment Information (Continued)

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

Year-to-date ended 31 December 2021	Mineral Segment RM'000	Steel Segment 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

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 31.12.2022 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	6,304	15,333

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A12. Changes in Contingent Liabilities

	As at 31.12.2022 RM'000	As at 31.12.2021 RM'000
Unsecured		
Corporate guarantees given to banks for credit facilities granted to		
- subsidiaries	146,984	138,586
- a third party	0	14,900
Amount utilised		
- subsidiaries	61,684	87,735
- a third party	0	14,900

A13. Related Party Transactions

Companies in which certain directors are deemed to have substantial financial interests	12 months ended 31 Dec 2022
Eonmetall Group Berhad and its subsidiaries	RM'000
Sales of goods	1,577
Purchase of goods	576
Purchase of property, plant and equipment	2,180
Supply of materials and labour	6,950
Rental income	4,070

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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 RM53.10 million for the current quarter under review as compared to RM68.09 million for the preceding year corresponding quarter, representing a decrease of RM14.99 million or 22.01%. The decrease in revenue was mainly due to lower sales generated in both Steel and Minerals Segment.

The Steel Segment recorded a revenue of RM42.28 million for the current quarter compared to RM43.56 million for the preceding year corresponding quarter, representing a decrease of RM1.28 million or 2.94%. Despite higher quantity sold, the decrease in revenue was due to lower selling price following the drop in steel price in the international market.

The Minerals Segment recorded a revenue of RM10.82 million for the current quarter compared to RM24.53 million for the preceding year corresponding quarter, representing a decrease of RM13.71 million or 55.89%. The decrease in revenue was mainly due to lower quantity exported during the quarter.

The Group recorded profit before tax of RM0.96 million in current quarter as compared to the profit before tax of RM6.88 million in preceding year corresponding quarter, representing a decrease of RM5.92 million or 86.05%. The decrease in profit was mainly due to lower profit margin from Steel Segment as the drop in selling price is faster than the drop in cost of material consumed during the current quarter.

For year to date

The Group recorded a revenue of RM221.79 million for the financial year ended 31.12.2022 as compared to RM231.68 million for the financial year ended 31.12.2021, representing a decrease of RM9.89 million or 4.27%. The decrease in revenue was mainly due to lower sales generated in both Steel and Minerals Segment.

The Group recorded profit before tax of RM9.08 million for the financial year ended 31.12.2022 as compared to the profit before tax of RM35.41 million for the financial year ended 31.12.2021, representing a decrease of RM26.33 million or 74.36%. 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 Preceding Quarter	<i>Changes</i>
	31/12/2022	30/09/2022	
	RM'000	RM'000	(%)
Revenue	53,096	66,265	-19.87
Gross (Loss)/Profit	(1,691)	4,457	-137.94
Profit Before Tax	957	1,263	-24.23

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

The Group reported a revenue of RM53.10 million as compared to RM66.27 million in the preceding quarter, representing a decrease of RM13.17 million or 19.87%. This was mainly due to lower sales generated by Mineral Segment.

The Steel Segment recorded a revenue of RM42.28 million for the current quarter compared to RM40.76 million for the preceding quarter, representing an increase of RM1.52 million or 3.73%. The increase in revenue was mainly due to higher quantity sold during the quarter.

The Minerals Segment recorded a revenue of RM10.82 million for the current quarter compared to RM25.51 million for the preceding quarter, representing a decrease of RM14.69 million or 57.59%. The decrease in revenue was mainly due to lower quantity exported during the quarter.

The Group reported profit before tax amounting to RM0.96 million in the current quarter as compared to profit before tax of RM1.26 million in the preceding quarter. This represents a decrease of RM0.30 million or 23.81% in the current quarter. The decrease in profit was mainly due to changes in sales mix and lower margin from Steel Segment.

B3. Prospects

The company's performance is expected to remain challenging due to numerous factors such as persistent inflationary pressures, the possibility of global recession, ongoing geopolitical conflicts, labour shortages as well as increasing labour costs.

Barring unforeseen circumstances, 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 2023.

B4. Profit Forecast

Not applicable as no profit forecast was issued.

B5. Tax expenses

	Current Quarter		Cumulative Period	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
- Current tax	122	(1,896)	(2,298)	(9,705)
- Prior year tax	0	98	203	98
- Deferred tax	(490)	567	(490)	567
Total tax expenses	(368)	(1,231)	(2,585)	(9,040)

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.

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B8. Borrowings

	31-Dec-22	31-Dec-21
	RM'000	RM'000
Current		
<i>Secured</i>		
Bank overdraft	55	294
Bankers' acceptances	55,938	81,201
Revolving credit	4,931	5,000
Term loans	480	480
	<u>61,404</u>	<u>86,975</u>
Non-current		
<i>Secured</i>		
Term loans	280	760
	<u>280</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 31-Dec		Ended 31-Dec	
	2022	2021	2022	2021
Net earnings attributable to ordinary equity holders of the Company (RM'000)	591	5,655	6,496	26,400
Weighted average number of ordinary shares ('000)	134,533	130,118	134,533	130,118
Basic earnings per share (sen)	0.44	4.35	4.83	20.29

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

23 February 2023