



## **LEFORM BERHAD**

Registration No. 199501001582 (330776-K)

*(Incorporated in Malaysia)*

### **UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

<i>in thousands of RM</i>	Individual Quarter			Cumulative Quarter		
	Current	Corresponding	Change	Cumulative	Cumulative	Change
	Quarter Ended 30-Sep-22	Quarter Ended 30-Sep-21		Year to Date 30-Sep-22	Year to Date 30-Sep-21	
<b>CONTINUED OPERATIONS</b>						
Revenue	72,848	65,467	11.3%	286,519	268,818	6.6%
Results from operating activities	(5,008)	13,950	-135.9%	10,864	46,816	-76.8%
Finance costs	(2,632)	(1,186)	121.9%	(6,156)	(4,264)	44.4%
Finance income	44	62	-29.0%	135	105	28.6%
Other income	2,437	1,618	50.6%	6,649	7,044	-5.6%
(Loss)/Profit before taxation	(5,159)	14,444	-135.7%	11,492	49,701	-76.9%
Income tax expense	1,428	(3,361)	-142.5%	(3,057)	(10,995)	-72.2%
(Loss)/Profit after tax from continued operations	(3,731)	11,083	-133.7%	8,435	38,706	-78.2%
<b>DISCONTINUED OPERATIONS</b>						
Profit after taxation from discontinued operations	-	-	-	-	78	-100.0%
(Loss)/ Profit after taxation	(3,731)	11,083	-133.7%	8,435	38,784	-78.3%
<b>(Loss)/Profit attributable to:-</b>						
<u>Owners of the Company</u>						
- continuing operations	(3,780)	10,956	-134.5%	8,407	37,821	-77.8%
- discontinued operations	-	-	-	-	78	-100.0%
	(3,780)	10,956	-134.5%	8,407	37,899	-77.8%
Non-controlling interests	49	127	-61.4%	28	885	-96.8%
	(3,731)	11,083	-133.7%	8,435	38,784	-78.3%
<b>Total comprehensive (expense)/income attributable to:</b>						
<u>Owners of the Company</u>						
- continuing operations	(3,780)	10,956	-134.5%	8,407	37,821	-77.8%
- discontinued operations	-	-	-	-	78	-100.0%
	(3,780)	10,956	-134.5%	8,407	37,899	-77.8%
Non-controlling interests	49	127	-61.4%	28	885	-96.8%
	(3,731)	11,083	-133.7%	8,435	38,784	-78.3%
<b>(Loss)/Earnings per ordinary share</b>						
Basic/Diluted (sen)	(0.32)	0.94	-134.0%	0.72	3.23	-77.7%

*The above unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 26 October 2022 and the accompanying explanatory notes attached to this interim financial report.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2022**

<i>in thousands of RM</i>	As at <b>30-Sep-22</b> (Unaudited)	As at <b>31-Dec-21</b> (Audited)
<b>Assets</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	123,041	110,174
Investment properties	9,814	9,983
Right-of-use-assets	7,165	17,914
Goodwill on consolidation	2,702	2,702
<b>Total non-current assets</b>	<b>142,722</b>	<b>140,773</b>
<b>Current Assets</b>		
Inventories	201,823	115,396
Trade and other receivables	77,463	80,687
Contract assets	616	616
Current tax assets	9,088	92
Derivatives Assets	1,197	-
Fixed deposits with a licensed bank	301	10,000
Cash and bank balances	10,727	42,447
<b>Total current assets</b>	<b>301,215</b>	<b>249,238</b>
<b>Total assets</b>	<b>443,937</b>	<b>390,011</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Share Capital	78,000	6,500
Reserves	97,473	160,566
Equity attributable to owners of the Company	175,473	167,066
Non-controlling interests	2,772	2,744
<b>Total equity</b>	<b>178,245</b>	<b>169,810</b>
<b>Non-current liabilities</b>		
Lease liabilities	1,618	2,417
Term loans	23,961	29,040
Deferred tax liabilities	10,950	10,986
<b>Total non-current liabilities</b>	<b>36,529</b>	<b>42,443</b>
<b>Current liabilities</b>		
Trade and other payables	60,230	28,801
Lease liabilities	1,535	2,241
Banker's acceptance and trust receipts	154,083	138,825
Term loans	12,999	6,102
Current tax liabilities	316	1,789
<b>Total current liabilities</b>	<b>229,163</b>	<b>177,758</b>
<b>Total liabilities</b>	<b>265,692</b>	<b>220,201</b>
<b>Total equity and liabilities</b>	<b>443,937</b>	<b>390,011</b>
<b>Net assets per share attributable to owners of the Company (sen)</b>	<b>15.00</b>	<b>14.28</b>

*Calculated based on net assets attributable to owners of the Company divided by the Company enlarged number of 1,170,000,000 shares after the Pre-IPO exercise but before the Company IPO*

*The above unaudited condensed consolidated statement of financial position should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 26 October 2022 and the accompanying explanatory notes attached to this interim financial report.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

<i>in thousand of RM</i>	Share Capital	Non-Distributable Revaluation Reserves	Distributable Retained Profits	Total	Non- controlling interests	Total equity
As at 1 January 2021	6,500	41,297	75,915	123,712	2,046	125,758
Profit after tax/ Total comprehensive income for the financial period	-	-	37,899	37,899	885	38,784
Changes in a subsidiary's ownership interests	-	-	(18)	(18)	288	270
Realisation of revaluation surplus	-	(757)	757	-	-	-
<u>Distributions to owners of the Company:-</u>						
- Dividend	-	-	(3,000)	(3,000)	(500)	(3,500)
<b>As at 30 September 2021</b>	<b>6,500</b>	<b>40,540</b>	<b>111,553</b>	<b>158,593</b>	<b>2,719</b>	<b>161,312</b>
As at 1 January 2022	6,500	42,340	118,226	167,066	2,744	169,810
Profit after tax/ Total comprehensive income for the financial period	-	-	8,407	8,407	28	8,435
Issue of share capital	71,500	-	(71,500)	-	-	-
<b>As at 30 September 2022</b>	<b>78,000</b>	<b>42,340</b>	<b>55,133</b>	<b>175,473</b>	<b>2,772</b>	<b>178,245</b>

*The above unaudited condensed consolidated statement of changes in equity should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 26 October 2022 and the accompanying explanatory notes attached to this interim financial report.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

<i>in thousands of RM</i>	<b>For the 9 months ended</b>	
	<b>30-Sep-22</b>	<b>30-Sep-21</b>
<b>Cash flows from operating activities</b>		
Profit before tax and non-controlling interests		
- Continuing operations	11,492	49,701
- Discontinued operations	-	78
Adjustments for non-cash items	12,522	10,434
<b>Operating profit before working capital changes</b>	<u>24,014</u>	<u>60,213</u>
<b>Changes in working capital</b>		
Inventories	(88,044)	(11,051)
Trade and other payables, including derivatives	31,429	(17,697)
Trade and other receivables, including derivatives	4,377	30,098
<b>Cash (used in)/generated from operations</b>	<u>(28,224)</u>	<u>61,563</u>
Net income tax paid	(13,562)	(2,368)
<b>Net cash (used in)/generated from operating activities</b>	<u>(41,786)</u>	<u>59,195</u>
<b>Cash flows (used in)/ from investing activities</b>		
Disposal of a subsidiary, net of cash and cash equivalents disposed of	-	922
Interest received	135	105
Net addition to right-of-use assets	(204)	(1,982)
Proceeds from disposal of property, plant and equipment	90	6,999
Proceeds from disposal of right-of-use assets	-	1,086
Proceeds from partial disposal of investment in a subsidiary	-	270
Purchase of property, plant and equipment	(8,870)	(1,763)
<b>Net cash (used in)/ generated from investing activities</b>	<u>(8,849)</u>	<u>5,637</u>
<b>Cash flows from/(for) financing activities</b>		
Dividends paid to non-controlling interests	-	(500)
Dividends paid to owners of the Company	-	(3,000)
Interest paid	(6,156)	(4,264)
Net drawdown/(repayment) of loans and borrowings	17,077	(23,253)
Net repayment of lease liabilities	(1,705)	(3,423)
<b>Net cash from/(for) financing activities</b>	<u>9,216</u>	<u>(34,440)</u>
Net (decrease)/increase in cash and cash equivalents	(41,419)	30,392
Cash and cash equivalents at beginning of the financial period	52,447	5,298
Cash and cash equivalents at end of the financial period	<u>11,028</u>	<u>35,690</u>

*The above unaudited condensed consolidated statement of cash flows should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 26 October 2022 and the accompanying explanatory notes attached to this interim financial report.*

**A1. BASIS OF PREPARATION**

The interim financial report (“Interim Financial Report”) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”).

This Interim Financial Report should be read in conjunction with the Accountants’ Report as disclosed in the prospectus of the Company dated 26 October 2022 and the accompanying explanatory notes attached to this Interim Financial Report.

**A2. SINGIFICANT ACCOUNTING POLICIES**

The financial statements of Leform and its subsidiaries (“Group”) have been prepared in accordance with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The significant accounting policies and methods of computation adopted by the Group in this Interim Financial Report are consistent with those adopted in preparation of the Accountants’ Report as disclosed in the Prospectus dated 26 October 2022.

During the financial period the Group has adopted the following interpretations and amendments issued by the Malaysian Accounting Standards Board (“MASB”), which became effective for annual periods beginning on or after 1 January 2022:

- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*;
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended use*;
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*;
- Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

**LEFORM BERHAD (Registration No. 199501001582 (330776-K))**  
**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A2. SIGNIFICANT ACCOUNTING POLICIES (CON'D)**

The following are new MFRS, Interpretations and amendments issued by MASB but not yet effective for the Group:-

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- *Initial Application of MFRS 17 and MFRS 9 – Comparative Information (Amendment to MFRS 17 Insurance Contracts)*
- *Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies;*
- *Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates; and*
- *Amendments to MFRS 112, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current and prior year financial statements of the Group.

**A3. AUDIT QUALIFICATIONS**

There was no audit qualification in the annual financial statements of the Group for the financial year ended 31 December 2021.

**A4. SEASONAL OR CYCLICAL FACTORS**

The operations of the Group were not affected by any seasonal or cyclical factors.

**A5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items that had a material effect on the assets, liabilities, equity, net income or cash flows for the current financial quarter under review.

However, global steel prices started to be on a down trend which had attributed to a lower margin for both the Group's manufacturing and trading segment which resulted in a loss before tax for the current quarter ended.

**A6. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES**

There were no material changes in estimates of amounts reported which have a material effect on the results for the current financial quarter under review.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A7. DEBTS AND EQUITY SECURITIES**

On 19 September 2022, the Company issued 71,500,000 new ordinary shares pursuant to a bonus issue on the basis of 11 new ordinary shares in the Company (“Share(s)”) for every 1 existing Share held by the capitalisation of retained earnings of the Company of RM71,500,000.

On 20 September 2022, the Company have subdivided every 1 existing Share into 15 Shares. The issued shares of the Company have increased from 78,000,000 Shares into 1,170,000,000 Shares.

Save as disclosed above, there were no issuance, repurchase, resale or repayment of debts and equity securities in the current financial quarter under review.

**A8. DIVIDENDS PAID**

No dividends were paid during the current financial quarter under review.



**LEFORM BERHAD (Registration No. 199501001582 (330776-K))**  
**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A9. SEGMENTAL INFORMATION**

The Group is organised into 3 main reportable segments as follows: -

- *Manufacturing segment:* involved in manufacturing of steel products comprising steel pipes, guardrails and flat steel products.
- *Trading segment:* involved in trading of steel products which are deemed complementary to its manufacturing segment.
- *Other segment:* - involved in provision of transport and carrier services of the Group's finished steel products.

<i>In thousands of RM</i>	<b>INDIVIDUAL QUARTER</b>			
	<b>30-Sep-22</b>		<b>30-Sep-21</b>	
	<b>Segmental Revenue</b>	<b>Profit Before tax</b>	<b>Segmental Revenue</b>	<b>Profit Before tax</b>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Manufacturing	66,648	(6,246)	67,572	17,735
Trading	19,663	22	14,393	360
Transportation	499	(159)	413	(146)
	<u>86,810</u>	<u>(6,383)</u>	<u>82,378</u>	<u>17,949</u>
Elimination	<u>(13,962)</u>	<u>1,224</u>	<u>(16,911)</u>	<u>(3,505)</u>
	<u><u>72,848</u></u>	<u><u>(5,159)</u></u>	<u><u>65,467</u></u>	<u><u>14,444</u></u>

<i>In thousands of RM</i>	<b>CUMULATIVE QUARTER</b>			
	<b>30-Sep-22</b>		<b>30-Sep-21</b>	
	<b>Segmental Revenue</b>	<b>Profit Before tax</b>	<b>Segmental Revenue</b>	<b>Profit Before tax</b>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Manufacturing	263,386	10,412	265,568	52,415
Trading	67,034	70	57,930	5,311
Transportation	1,787	(256)	1,794	(331)
	<u>332,207</u>	<u>10,226</u>	<u>325,292</u>	<u>57,395</u>
Elimination	<u>(45,688)</u>	<u>1,266</u>	<u>(56,474)</u>	<u>(7,694)</u>
	<u><u>286,519</u></u>	<u><u>11,492</u></u>	<u><u>268,818</u></u>	<u><u>49,701</u></u>

**A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The valuation of property, plant and equipment were brought forward without amendment from the annual financial statements for the financial year ended 31 December 2021.

**LEFORM BERHAD (Registration No. 199501001582 (330776-K))**  
**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A11. RELATED PARTY DISCLOSURES**

The Group carried out the following significant transactions with related parties during the current financial quarter under review: -

<i>in thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter ended 30-Sep-22	Corresponding Quarter ended 30-Sep-21	Current Year To Date 30-Sep-22	Corresponding Year To Date 30-Sep-21
Sales to companies in which a director has interest	-	3,377	-	26,872
Sales of scrap to companies in which a director has interest	-	-	-	552
Purchases from companies in which a director has interest	-	(2,425)	-	(6,878)

The above transactions had been entered into in the ordinary course of business on normal commercial terms. The sales and purchases were entered into with companies to which one of the directors of the Company previously has interest.

**A12. MATERIAL SUBSEQUENT EVENT**

Save as disclosed in Note B12, there was no material event subsequent to the end of the quarter under review.

**A13. CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group for the quarter under review.

**A14. CONTINGENT ASSETS AND LIABILITIES**

There were no contingent assets or contingent liabilities as at 30 September 2022.

**A15. CAPITAL COMMITMENTS**

<i>in thousands of RM</i>	30-Sep-22	30-Sep-21
Authorised and not contracted for	30,038	-

**LEFORM BERHAD (Registration No. 199501001582 (330776-K))**  
**PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING**  
**REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. OPERATING SEGMENTS REVIEW**

**Statement of Financial Position**

Total assets and total liabilities had increased by RM53.9 million and RM45.5 million respectively. The increase was mainly due to the purchase of inventories which lead to higher bank borrowings and outstanding payables. The purchase of a piece of land at Lot 857, Persiaran Kesidang Selatan, Kawasan Perindustrian Sungai Buloh, Selangor amounting to RM7.8 million had also contributed to the increase in total assets and total liabilities as it is financed via term loans. Current ratio was slightly reduced from 1.4 times to 1.3 times. Overall, total equity had increased mainly due to the profit for the period.

**Statement of Cash Flows and Capital expenditure**

The increased in inventories had led to net cash used in operating activities of RM41.8 million for the financial period to date. This was offset by the increase in trade payables which arises from purchases of inventories yet to be paid.

Net cash used in investing activities of RM8.8 million was mainly due to the purchase of a piece of land as mention earlier which is offset with the disposal of unused building materials.

Cash generated from financing activities had increased as we drawdown more facilities to financed our purchase of inventories and acquisition of land.

**Analysis of Performance of All Operating Segments**

**Q3 2022 vs Q3 2021**

Revenue had increased by 11.3% from RM65.4 million to RM72.8 million in Q3 2022 mainly due to the higher demand from trading segment. Despite the increase in revenue, Profit Before Tax (“PBT”) had reduced from RM14.4 million to Loss Before Tax (“LBT”) of RM5.2 million mainly attributed to lower margin for our manufacturing and trading segments as global steel prices started to be on a down trend since May 2022 until August 2022, as disclosed in Sections 4.1.1 and 11.17 of the Prospectus.

**YTD 2022 vs YTD 2021**

Revenue had increased by 6.6% from RM268.8 million to RM286.5 million mainly attributable to the increase in revenue from the trading segment. Despite the increase in revenue, the PBT margin had reduced from 18.5% to 4.0% mainly due to higher average costs of materials, written down of inventories, impairment of trade receivables and also higher interest costs.

**LEFORM BERHAD (Registration No. 199501001582 (330776-K))**  
**PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING**  
**REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. OPERATING SEGMENTS REVIEW (CON'D)**

**Analysis of Performance of All Operating Segments (CON'D)**

**Manufacturing Segment**

**Q3 2022 vs Q3 2021**

Revenue for manufacturing was slightly reduced from RM67.6 million to RM66.6 million. In line with the decline in the global steel price, the Group's selling price per metric tonne ("MT") had also declined which resulted in lower revenue, despite the increase in volume of sales in MT.

The slight decrease in revenue had resulted in a LBT of RM6.2 million in the current quarter of 2022 mainly due to lower selling price and higher average cost of materials.

**YTD 2022 vs YTD 2021**

Revenue had reduced by RM2.2 million from RM265.6 million to RM263.4 million mainly due to lower demand as customers are more cautious in purchasing as the decline in global steel price.

The lower demand, had resulted in a lower PBT of RM10.4 million for the financial year to date as compared to corresponding period in the financial year 2021 of RM52.4 million.

**Trading Segment**

**Q3 2022 vs Q3 2021**

Revenue for trading segment had increased by 36.6% from RM14.4 million to RM19.7 million mainly due to higher demand. However, PBT had reduced to RM0.02 million from RM0.4 million as lower selling price per MT had offset the increase in demand.

**YTD 2022 vs YTD 2021**

Revenue had increased by RM9.1 million mainly due to higher selling price per MT while demand in MT had slightly increased by 2.4%. Despite the increase, the PBT for the nine-month period decreased to RM0.07 million from RM5.3 million due to higher average cost of materials.

**LEFORM BERHAD (Registration No. 199501001582 (330776-K))**  
**PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING**  
**REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. OPERATING SEGMENTS REVIEW (CON'D)**

**Analysis of Performance of All Operating Segments (CON'D)**

**Transportation Segment**

**Q3 2022 vs Q3 2021**

Revenue had marginally increase by RM0.09 million while the LBT widened to RM0.16 million mainly due to higher operating costs.

**YTD 2022 vs YTD 2021**

Revenue was relatively similar to prior year however LBT had improve to RM0.26 million mainly due to lower interest expenses as some of the Group's hire purchase facilities had matured.

**B2. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER**

in thousands of RM	Segmental Revenue				Segmental Profit/(Loss) before tax			
	30-Sep-22	30-Jun-22	Changes		30-Sep-22	30-Jun-22	Changes	
			Amount	%			Amount	%
Manufacturing	66,648	104,738	(38,090)	-36%	(6,246)	8,506	(14,752)	-173%
Trading	19,663	22,689	(3,026)	-13%	22	(53)	75	-142%
Transportation	499	687	(188)	-27%	(159)	(55)	(104)	189%
	86,810	128,114	(41,304)	-32%	(6,383)	8,398	(14,781)	-176%
Elimination	(13,962)	(15,536)	1,574	10%	1,224	3	1,221	40700%
	72,848	112,578	(39,730)	-35%	(5,159)	8,401	(13,560)	-161%

Revenue for Q3 2022 had reduced by RM39.7 million or 35.3%. Global steel prices started to decline from May 2022 till August 2022 which resulted in customer being more cautious in purchasing. In addition, there was a decline in the selling price of the Group's products which are in line with the global price trend.

The group incurred a LBT of RM5.2 million in Q3 2022 mainly due to the reduction in revenue as mention above. The written down of inventories had also contributed to the loss position in the current quarter.

**PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B3. COMMENTARY ON PROSPECTS**

Leform is principally involved in the manufacturing and trading in steel products. Raw material comprised more than 90% of the total cost of sales. As such, volatility of the steel price will affect our margin. In view of the volatility, our management will closely monitor the pricing of the raw materials before purchasing.

The Russian-Ukraine war had a multiplier effect especially to the European countries as more steel mills in Europe had ceased operation due to the rising price of electricity. In addition, one of the world's largest steel manufacturers in South Korea has shut down its processing facility due to a typhoon in September 2022. The shut down is expected to adversely affect the supply of steel products and cause the steel price to be on an uptrend.

The management foresee that there will be increase in demand for steel products from mega projects announced by the Government which are used as materials in the construction.

Due to the factors above, the management expects a better outlook for the Group.

**B4. PROFIT FORECAST OR PROFIT GUARANTEE**

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review.

**B5. INCOME TAX EXPENSE**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter ended 30-Sep-22	Corresponding Quarter ended 30-Sep-21	Current Year To Date 30-Sep-22	Corresponding Year To Date 30-Sep-21
<i>in thousands of RM</i>				
<b>Current tax</b>				
- Current period	(1,428)	3,361	3,057	10,995
	<u>(1,428)</u>	<u>3,361</u>	<u>3,057</u>	<u>10,995</u>
Effective tax rate	28%	23%	27%	22%

The Group's effective tax rate for the financial period ended 30 September 2022 is higher than the statutory tax rate mainly due to non-deductible expenses.

**LEFORM BERHAD** (Registration No. 199501001582 (330776-K))  
**PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING  
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B6. BORROWINGS AND DEBT SECURITIES**

*in thousands of RM*

	<b>30-Sep-22</b>	<b>31-Dec-21</b>
<u>Secured</u>		
- Term Loans	36,960	35,142
- Lease Liabilities	3,153	4,658
- Bankers acceptance and Trust receipts	154,083	138,825
	<u>194,196</u>	<u>178,625</u>
Current liabilities	<u>168,617</u>	<u>147,168</u>
Non-Current liabilities	<u>25,579</u>	<u>31,457</u>

**B7. CHANGES IN MATERIAL LITIGATION**

There was no material litigation against the Group as at the date of this Interim Financial Report.

**B8. DIVIDEND**

No dividend has been proposed for the current quarter ended 30 September 2022. (2021: NIL)

**B9. DERIVATIVES**

The outstanding United States Dollar (“USD”) denominated forward foreign currency contracts entered as at 30 September 2022 are as follow:-

*In thousands of RM*

<b>Type Derivatives</b>	<b>Nominal Value</b>	<b>Net Fair value Asset</b>	<b>Maturity</b>
USD denominated forward foreign exchange contracts	57,491	1,197	Less than 1 year

Fair value information

There was no gain or loss arising from fair value changes of the Group’s financial liabilities for the current quarter and financial period under review.

Starting in April 2022, the Group has entered into derivatives financial instruments above to manage exposure to foreign currency in respect of purchases of materials by the Group. There were no changes to the Group’s financial risk management policies in managing these derivatives financial instruments and their related accounting policies.

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**PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING**  
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**B10. EARNINGS /DILUTED EARNINGS PER SHARE**

The calculation of basic earnings per share for the period is based on the net profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the period as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
Profit/(loss) attributable to owners				
Of the Company (RM'000)	(3,780)	10,956	8,407	37,821
Weighted average number of ordinary shares in issue ('000)	1,170,000	1,170,000	1,170,000	1,170,000
Basic EPS (Sen)	(0.32)	0.94	0.72	3.23

The total number of ordinary shares issued by the Company as at 30 September 2022 was 1,170,000,000 (30 September 2021: 1,170,000,000)

The Company has not issued any dilutive instrument and hence, the diluted earnings per share is equal to the basic earnings per share.

**B11. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

(Loss)/Profit before tax is arrived at after taking in the following items:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter ended 30-Sep-22	Corresponding Quarter ended 30-Sep-21	Current Year To Date 30-Sep-22	Corresponding Year To Date 30-Sep-21
<i>in thousands of RM</i>				
(a) Interest income	44	62	135	105
(b) Interest expense	(2,632)	(1,186)	(6,156)	(4,264)
(c) Depreciation and Amortisation	(2,146)	(2,106)	(6,079)	(6,682)
(d) Net impairment loss on trade receivables	76	-	(307)	-
(e) Inventories written down	-	-	(1,617)	-
(f) Net gain on disposal of property, plant and equipment and Right of use assets	60	-	1,502	3,264
(g) Net foreign exchange (loss)/gain	(82)	18	(198)	89
(h) Unrealised gain on derivatives	1,197	-	1,197	-



**PART B: EXPLANATORY NOTES PURSUANT TO ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B12. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS**

Save as disclosed below, there were no corporate proposals announced as at the date of this Interim Financial Report except as below:-

In conjunction with the Company's listing on the ACE Market of Bursa Securities, the Company has undertaken the following listing scheme:

- (a) Bonus Issue of 11 new Shares for every 1 existing Share held by its shareholder involving issuance of 71,500,000 new Shares which was completed on 19 September 2022.
- (b) A share split involving subdivision of 78,000,000 Shares after the bonus issue into 1,170,000,000 Shares which was completed on 20 September 2022.
- (c) On 26 October 2022, the Company issued its Prospectus for the Company's initial public offering in conjunction with its listing of and quotation on the ACE Market of the Bursa Securities ("Listing") comprising a public issue of 311,013,000 new Shares and offer for sale of 74,051,000 existing Shares, at an issue/offer price of RM0.23 per Share. The listing of and quotation for the entire enlarged issued Shares of the Company on the ACE Market of Bursa Securities is expected to be completed on 30 November 2022.

**B13. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS (CON'D)**

The gross proceed of approximately RM71.5 million from the IPO are intended to be utilised in the following manner:-

	Utilisation of proceeds	Amount of proceeds		Amount utilised		Estimated timeframe for use upon Listing
		RM'000	%	RM'000	%	
1	Construction of new headquarters, warehouse storage facility and workers' accommodation	30,038	42.0	-	-	Within 18 months
2	Repayment of bank borrowings	14,385	20.1	-	-	Within 10 months
3	Working capital	21,910	30.6	-	-	Within 12 months
4	Estimated listing expenses	5,200	7.3	-	-	Within 3 months
		71,533	100.0	-	-	

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**B14. AUTHORISATION FOR ISSUE**

The Interim Financial Report have been authorised for issue by the Board of Directors (“Board”) in accordance with its resolution of the Board dated 28 November 2022.