



LEFORM BERHAD

Registration No. 199501001582 (330776-K)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

CONTENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	4
NOTES TO THE QUARTERLY FINANCIAL REPORT	5-16

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2023**

<i>in thousands of RM</i>	Individual Quarter			Cumulative Quarter		
	Current	Corresponding	Change	Cumulative	Cumulative	Change
	Quarter Ended	Quarter Ended		Year to Date	Year to Date	
	30-Sep-23	30-Sep-22		30-Sep-23	30-Sep-22	
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	85,160	72,848	16.9%	261,482	286,519	-8.7%
Results from operating activities	(10,264)	(5,008)	105.0%	(7,480)	10,864	-168.9%
Finance costs	(2,821)	(2,632)	7.2%	(8,944)	(6,156)	45.3%
Finance income	194	44	340.9%	616	135	356.3%
Other income	1,766	2,437	-27.5%	6,951	6,649	4.5%
(Loss)/Profit before taxation	(11,125)	(5,159)	115.6%	(8,857)	11,492	-177.1%
Income tax expense	(63)	1,428	-104.4%	(548)	(3,057)	-82.1%
(Loss)/Profit for the period	(11,188)	(3,731)	199.9%	(9,405)	8,435	-211.5%
(Loss)/Profit after tax attributable to:-						
Owners of the Company	(11,094)	(3,780)	193.5%	(8,701)	8,407	-203.5%
Non-controlling interests	(94)	49	-291.8%	(704)	28	-2614.3%
	(11,188)	(3,731)	199.9%	(9,405)	8,435	-211.5%
Total Comprehensive (expense)/ income attributable to:-						
Owners of the Company	(11,094)	(3,780)	193.5%	(8,701)	8,407	-203.5%
Non-controlling interests	(94)	49	-291.8%	(704)	28	-2614.3%
	(11,188)	(3,731)	199.9%	(9,405)	8,435	-211.5%
Earnings per ordinary share						
Basic (sen)	(0.75)	(0.32)	134.4%	(0.59)	0.72	-181.9%

The above unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

<i>in thousands of RM</i>	As at 30-Sep-23 (Unaudited)	As at 31-Dec-22 (Audited)
Assets		
Non-current Assets		
Property, plant and equipment	134,890	126,141
Investment properties	9,590	9,758
Right-of-use assets	4,355	6,225
Goodwill	2,702	2,702
Total non-current assets	151,537	144,826
Current Assets		
Inventories	158,742	228,860
Trade and other receivables	75,327	82,472
Contract assets	1,471	616
Current tax assets	9,666	7,911
Derivatives Assets	421	-
Fixed deposits with licensed banks	20,246	15,604
Cash and bank balances	11,784	35,869
Total current assets	277,657	371,332
Total assets	429,194	516,158
Equity and Liabilities		
Equity		
Share capital	146,909	146,909
Reserves	63,169	85,199
Equity attributable to owners of the Company	210,078	232,108
Non-controlling interests	1,618	2,322
Total equity	211,696	234,430
Non-current liabilities		
Lease liabilities	790	1,398
Term loans	13,376	27,645
Deferred tax liabilities	11,395	11,395
Total non-current liabilities	25,561	40,438
Current liabilities		
Trade and other payables	33,951	57,651
Derivatives liabilities	-	337
Lease liabilities	896	1,307
Bankers' acceptances and trust receipts	142,193	166,942
Bank overdrafts	8,557	7,501
Term loans	6,340	7,483
Current tax liabilities	-	69
Total current liabilities	191,937	241,290
Total liabilities	217,498	281,728
Total equity and liabilities	429,194	516,158
Net assets per share attributable to owners of the Company (sen)	14.18	19.39

Calculated based on net assets attributable to owners of the Company divided by the Company weighted average number of ordinary shares in issue

The above unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 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 2023**

<i>in thousand of RM</i>	Share Capital	Non-Distributable Revaluation Reserves	Distributable Retained Profits	Attributable to Owners of the Company	Non-controlling interests	Total equity
As at 1 January 2022	6,500	42,340	118,226	167,066	2,744	169,810
Total comprehensive income for the financial period	-	-	8,407	8,407	28	8,435
<u>Contribution by and distributions to owners of the Company:</u>						
Issue of share pursuant to bonus issue	71,500	-	(71,500)	-	-	-
As at 30 September 2022	78,000	42,340	55,133	175,473	2,772	178,245
As at 1 January 2023	146,909	45,732	39,467	232,108	2,322	234,430
Total comprehensive income for the financial period	-	-	(8,701)	(8,701)	(704)	(9,405)
<u>Contribution by and distributions to owners of the Company:</u>						
Dividend to owners of the Company	-	-	(13,329)	(13,329)	-	(13,329)
As at 30 September 2023	146,909	45,732	17,437	210,078	1,618	211,696

The above unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 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 2023**

<i>in thousands of RM</i>	For the 9 months ended	
	30-Sep-23	30-Sep-22
Cash flows from operating activities		
(Loss)/Profit before taxation	(8,857)	11,492
Adjustments for non-cash items	11,420	12,522
Operating profit before working capital changes	2,563	24,014
Changes in working capital		
Inventories	71,200	(88,044)
Trade and other payables, including derivatives	(24,037)	31,429
Trade and other receivables, including derivatives	7,504	4,377
Cash from/(for) operations	57,230	(28,224)
Income tax paid	(2,372)	(13,562)
Net cash from/(for) operating activities	54,858	(41,786)
Cash flows for investing activities		
Additions of deposits pledged with licensed financial banks or with tenure more than 3 months	(4,642)	-
Interest received	616	135
Net addition to right-of-use assets	-	(204)
Proceeds from disposal of property, plant and equipment	70	90
Purchase of property, plant and equipment	(12,590)	(8,870)
Net cash for investing activities	(16,546)	(8,849)
Cash flows for financing activities		
Dividends paid to owners of the Company	(13,329)	-
Interest paid	(8,944)	(6,156)
Net (repayment)/drawdown of loans and borrowings	(40,161)	17,077
Net repayment of lease liabilities	(1,019)	(1,705)
Net cash (for)/from financing activities	(63,453)	9,216
Net decrease in cash and cash equivalents	(25,141)	(41,419)
Cash and cash equivalents at beginning of the financial period	28,368	52,447
Cash and cash equivalents at end of the financial period	3,227	11,028

The above unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 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 audited financial statements for the financial year ended 31 December 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 audited financial statements for the for the financial year ended 31 December 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 2023:

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17: Insurance Contracts
- Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 19 – 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*
- Amendments to MFRS 112: *International Tax Reform – Pillar Two Model Rules*

The adoption of the above accounting standard(s) and/or interpretation(s) did not have any material impact on the Group’s financial statements.

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

A2. SINGIFICANT ACCOUNTING POLICIES (CON'D)

The Group has not applied in advance the following accounting standards and/or interpretations that have been issued by the MASB but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangement	1 January 2024
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations is expected to have no material impact on the financial statements of the Group upon their initial application.

A3. AUDIT QUALIFICATIONS

There was no audit qualification in the annual financial statements of the Group for the financial year ended 31 December 2022.

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.

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.

A7. DEBTS AND EQUITY SECURITIES

There were no issuance, repurchase, resale or repayment of debts and equity securities in the current financial quarter under review.

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

A8. DIVIDENDS PAID

No dividends were paid during the quarter ended 30 September 2023.

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>	INDIVIDUAL QUARTER			
	30-Sep-23		30-Sep-22	
	Segmental Revenue (unaudited)	Profit/(Loss) Before tax (unaudited)	Segmental Revenue (unaudited)	Profit/(Loss) Before tax (unaudited)
Manufacturing	79,304	(11,602)	66,648	(6,246)
Trading	27,234	32	19,663	22
Transportation	566	(4)	499	(159)
	<u>107,104</u>	<u>(11,574)</u>	<u>86,810</u>	<u>(6,383)</u>
Elimination	<u>(21,944)</u>	<u>449</u>	<u>(13,962)</u>	<u>1,224</u>
	<u>85,160</u>	<u>(11,125)</u>	<u>72,848</u>	<u>(5,159)</u>

<i>In thousands of RM</i>	CUMULATIVE QUARTER			
	30-Sep-23		30-Sep-22	
	Segmental Revenue (unaudited)	Profit/(Loss) Before tax (unaudited)	Segmental Revenue (unaudited)	Profit Before tax (unaudited)
Manufacturing	248,787	(11,036)	263,386	10,412
Trading	73,130	1,586	67,034	70
Transportation	1,775	83	1,787	(256)
	<u>323,692</u>	<u>(9,367)</u>	<u>332,207</u>	<u>10,226</u>
Elimination	<u>(62,210)</u>	<u>510</u>	<u>(45,688)</u>	<u>1,266</u>
	<u>261,482</u>	<u>(8,857)</u>	<u>286,519</u>	<u>11,492</u>

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Pursuant to the revaluation model applied for land and buildings, the Group's land and buildings are subsequently measured at revalued amount less accumulated depreciation and any accumulated impairment losses.

The valuation of land and buildings were brought forward without amendment from the annual audited financial statements for the year ended 31 December 2022.

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

A11. RELATED PARTY DISCLOSURES

Since 2022, there are no related party transactions till to-date.

A12. MATERIAL EVENT SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL QUARTER

There were no material events subsequent to the end of the reporting period and up to the date of issuance of this report.

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 31 December 2022.

A15. CAPITAL COMMITMENTS

in thousands of RM

	30-Sep-23	31-Dec-22
Authorised and not contracted for	21,159	<u>30,038</u>

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 as at 30 September 2023 had decreased by RM87.0 million and RM64.2 million to RM429.2 million and RM217.5 million respectively. The decrease in total assets and total liabilities are mainly due to utilisation of our inventories and decrease in cash and bank balances for the repayment of trade payables and bank borrowings which in turn reduces our total liabilities. Non-current assets had increased by RM6.7 million to RM151.5 million mainly due to the construction of our new facilities.

Total equity had reduced to RM211.7 million mainly due to the payment of dividend amounting to RM13.3 million, and year-to-date ("YTD") losses for both the group and non-controlling interests.

Statement of Cash Flows and Capital expenditure

During the financial period under review, the Group had generated net cash inflow from operating activities in the financial period ended ("FPE") 30 September 2023. These was mainly due to the utilisation of inventories which exceeds the purchases made during the period. This was partially offset by the repayment of trade payables for the purchases we made in 2022 which was due for payment in the current period and less purchases were made.

Net cash outflow for investing activities in the FPE 30 September 2023 amounted to RM16.5 million was mainly due to the progress payment of our construction of new warehouse storage facility, headquarters and workers' accommodation and also placement of sinking funds for one of our facilities with a financial institution.

Net cash outflow for financing activities amounted to RM63.4 million was mainly due to repayment of our bank borrowings which had matured, special dividend of 0.9 sen per share paid out on 17 February 2023 and higher interest paid due to more bank facilities were drawdown. The hike in OPR interest rate had also contributed to the higher interest.

Analysis of Performance of All Operating Segments

Q3 2023 vs Q3 2022

Revenue had increased by RM12.3 million from RM72.8 million to RM85.2 million, mainly due to higher volume sold in Q3 2023. However, the increase was being offset by the lower average selling price for our manufacturing segment. The lower average selling price was attributed by higher average selling price in 2022 due to global supply chain disruption as there were stricter regulations of steel production and removal of export rebates in China.

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)

Q2 2023 vs Q2 2022 (CON'D)

Despite the increase in revenue, loss before tax had widened from RM5.1 million to RM11.1 million mainly due to lower margin. This was worsened with the higher administrative expenses due to higher carriage outwards for delivery to customers, higher electricity bill due to increase in Imbalance Cost Pass-Through (“ICPT”) and higher directors fees as the fees started in Q4 2022. Higher finance costs by RM0.2 million has also contributed to the loss before tax as higher financing facilities were drawdown coupled with higher interest rate as the base lending rate is at 3.0% as compared to 2.5% in September 2022.

YTD 2023 vs YTD 2022

Revenue had decreased by 8.7% to RM261.5 million. These was due to the lower average selling price. However, the decrease was offset by higher volume sold.

With the lower revenue, gross profit margin had deteriorated, coupled with the increase in administrative expenses and finance expenses (as explained above), the Group incurred a loss before tax of RM8.9 million. The higher expenses were offset with the higher other income as higher demand for second grade pipes.

Manufacturing Segment

Q3 2023 vs Q3 2022

Revenue had increased by 19.0% to RM79.3 million. The increase in revenue was mainly due to higher demand for our products despite lower average selling price.

As explained above, the loss before tax had widened to RM11.6 million mainly due to lower margin, higher carriage outwards, higher electricity bill, directors fees and finance costs.

YTD 2023 vs YTD 2022

Unlike Q3 2023, the revenue in YTD 2023 had decreased by RM14.6 million from RM263.4 million to RM248.8 million mainly due to lower average selling price. However, for the 9 months period, the demand in volume in YTD 2023 was slightly better than YTD 2022 by 9.9%.

In line with the decrease in revenue, the segment reported a loss before tax of RM11.0 million for YTD 2023 mainly due to lower margin, higher administrative and finance expenses.

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)

Trading Segment

Q3 2023 vs Q3 2022

Revenue for the trading segment had increased by 38.5% to RM27.2 million. This was mainly due to higher demand for our trading products.

Despite the increase in revenue, the profit before tax only increased by RM0.01 million. This was due to the lower average selling price as the average selling price in 2022 was higher due to global supply chain disruption as there were stricter regulations of steel production and removal of export rebates in China.

YTD 2023 vs YTD 2022

Similar to Q3 2023, the revenue for YTD 2023 had increased by 9.1% to RM73.1 million mainly due to higher demand for our products.

The trading segment for YTD 2023 managed to garner a profit before tax of RM1.6 million as compared to RM0.07 million in YTD 2022 mainly due to the gain on disposal of a machinery.

Transportation Segment

Q3 2023 vs Q3 2022

Revenue for transportation segment slightly increased by RM0.07 million from RM0.5 million to RM0.57 million. With the higher revenue, the loss before tax had narrowed to RM0.004 million. The lower loss was contributed by lower staff costs, lower depreciation expenses as some of the motor vehicles had been fully depreciated.

YTD 2023 vs YTD 2022

Revenue had slightly reduced and the segment is making a profit before tax of RM0.08 million. The profit was contributed by the lower depreciation expenses as some of the motor vehicles had been fully depreciated and lower staff costs.

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

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

<i>in thousands of RM</i>	Segmental Revenue				Segmental Profit before tax			
	30-Sep-23	30-Jun-23	Changes		30-Sep-23	30-Jun-23	Changes	
			Amount	%			Amount	%
Manufacturing	79,304	70,250	9,054	13%	(11,602)	(1,321)	(10,281)	778%
Trading	27,234	20,251	6,983	34%	32	1,496	(1,464)	-98%
Transportation	566	559	7	1%	(4)	(15)	11	-73%
Elimination	107,104	91,060	16,044	18%	(11,574)	160	(11,734)	-7334%
	(21,944)	(17,340)	(4,604)	27%	449	(78)	527	-676%
	85,160	73,720	11,440	16%	(11,125)	82	(11,207)	-13667%

The increase in revenue as compared with the preceding quarter was mainly contributed by the increase in demand. However, the lower average selling price in Q3 2023 has resulted to a loss of RM11.1 million for the current quarter to date.

B3. COMMENTARY ON PROSPECTS

Leform is principally involved in the manufacturing and trading of steel products with raw materials accounting for more than 90% of our total cost of sales. As such, volatility of steel price, being one of the key risk factors to the business of the Group, would have impact on our margin. In view of this volatility, our management closely monitor the pricing of raw materials for procurement purposes.

At the outset of 2023, lackluster international steel prices started gaining traction and firming up, marking an improvement from the previous year. The shift was primarily attributed to China's reopening from Covid-19 lockdown measures and a softening stance in US monetary policies. However, as the second quarter unfolded, steel demand weakened, influenced by negative market sentiment stemming from uncertainties in the Chinese market and unfavorable macroeconomic factors, resulting in a notable price decline.

Geopolitical instability prompted local customers to exercise caution in major purchases. The situation exacerbated with a sustained increase in US interest rates, contributing to the depreciation of our local currency. This is reflected in our revised GDP for 2023, lowered from 4.5% to 4.0%*. Despite these challenges, we are cautiously optimistic with the implementation of local projects announced during Budget 2024. These initiatives have the potential to reinvigorate steel demand, providing a promising outlook for the market.

*<https://budget.theedgemarkets.com/budget/2024/index.html>

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

B3. COMMENTARY ON PROSPECTS (CON'D)

Looking ahead, the Group remains cautiously optimistic, prioritizing long-term strategies to ensure relevance and sustainability in the face of evolving market dynamics.

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

<i>in thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter ended 30-Sep-23	Corresponding Quarter ended 30-Sep-22	Current Year To Date 30-Sep-23	Corresponding Year To Date 30-Sep-22
<u>Current tax</u>				
- Current period	57	(1,428)	686	3,057
- Prior year	6	-	(138)	-
	<u>63</u>	<u>(1,428)</u>	<u>548</u>	<u>3,057</u>
Effective tax rate	-1%	28%	-8%	27%

The Group's effective tax rate for the current quarter ended 30 September 2023 is lower than the statutory tax rate mainly due to losses incurred by the manufacturing segment during the financial period.

B6. BORROWINGS AND DEBT SECURITIES

<i>in thousands of RM</i>	30-Sep-23	31-Dec-22
<u>Secured</u>		
- Term Loans	19,716	35,128
- Lease Liabilities	1,686	2,705
- Bankers acceptance and Trust receipts	142,193	166,942
- Bank overdrafts	8,557	7,501
	<u>172,152</u>	<u>212,276</u>
Current liabilities	<u>157,986</u>	<u>183,233</u>
Non-Current liabilities	<u>14,166</u>	<u>29,043</u>

B7. CHANGES IN MATERIAL LITIGATION

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

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

B8. DIVIDEND

No dividend has been proposed for the current quarter ended 30 September 2023.

B9. DERIVATIVES

The outstanding United States Dollar (“USD”) denominated forward foreign currency contracts entered as at 30 September 2023 are as follow:-

Type Derivatives	Nominal Value (USD'000)	Net Fair value assets (RM'000)	Maturity
USD denominated forward foreign exchange contracts	4,674	421	Less than 1 year

Fair value information

There was a profit arising from fair value changes of the Group’s financial assets for the current quarter under review due to the favourable exchange rate as at 30 September 2023.

There were no changes to the Group’s financial risk management policies in managing these derivatives financial instruments and their related accounting policies.

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-23	30-Sep-22	30-Sep-23	30-Sep-22
(Loss)/Profit attributable to owners of the Company (RM'000)	(11,094)	(3,780)	(8,701)	8,407
Weighted average number of ordinary shares in issue ('000)	1,481,013	1,170,000	1,481,013	1,170,000
Basic EPS (Sen)	(0.75)	(0.32)	(0.59)	0.72

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

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

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

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

<i>in thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Corresponding	Current	Corresponding
	Quarter ended 30-Sep-23	Quarter ended 30-Sep-22	Year To Date 30-Sep-23	Year To Date 30-Sep-22
(a) Finance income	194	44	616	135
(b) Finance costs	(2,821)	(2,632)	(8,944)	(6,156)
(c) Depreciation and Amortisation	(1,902)	(2,146)	(5,879)	(6,079)
(d) Net impairment gain/(Loss) on trade receivables	30	76	85	(307)
(e) Inventories written down	-	-	-	(1,617)
(f) Net gain on disposal of property, plant and equipment	-	60	1,620	1,502
(g) Net foreign exchange gain/(loss)	56	(82)	121	(198)
(h) Reversal of inventories written down	105	-	1,082	-
(i) Unrealised gain on derivatives	421	1,197	421	1,197

B12. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced as at the date of this Interim Financial Report.

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

B13. UTILISATION OF PROCEEDS FROM THE IPO

The status of utilisation of gross proceeds of approximately RM71.5 million from the IPO are as follows:-

	Utilisation of proceeds	Proposed utilisation		Actual utilisation		Estimated timeframe for use upon Listing
		RM'000	% ⁽¹⁾	RM'000	% ⁽²⁾	
1	Construction of new headquarters, warehouse storage facility and workers' accommodation	30,038	42.0	11,491	21.7	Within 18 months
2	Repayment of bank borrowings	13,185 ⁽³⁾	20.1	13,185	24.9	Within 10 months
3	Working capital	23,561 ⁽³⁾	31.3	23,561	44.4	Within 12 months
4	Estimated listing expenses	4,749 ⁽³⁾	6.6	4,749	9.0	Within 3 months
		71,533	100.0	52,986	100.0	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 26 October 2022.

Notes:

(1) Based on the total proceeds of RM71.5 million.

(2) Based on the actual utilisation of RM53.0 million as at 13 November 2023.

(3) The balance of unutilised portion allocated for the listing expenses and repayment of bank borrowings of RM451,000 and RM1,200,000 respectively has been re-allocated for working capital.

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 20 November 2023.