



LEFORM BERHAD

G R O U P O F C O M P A N I E S

利 峰 钢 铁 集 团

LEFORM BERHAD

Registration No. 199501001582 (330776-K)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 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-Jun-23 <i>(Unaudited)</i>	30-Jun-22 <i>(Unaudited)</i>		30-Jun-23 <i>(Unaudited)</i>	30-Jun-22 <i>(Unaudited)</i>	
Revenue	73,720	112,578	-34.5%	176,322	213,671	-17.5%
Results from operating activities	(771)	8,279	-109.3%	2,784	15,963	-82.6%
Finance costs	(3,082)	(1,527)	101.8%	(6,123)	(3,524)	73.8%
Finance income	335	21	1495.2%	422	91	363.7%
Other income	3,600	1,628	121.1%	5,185	4,121	25.8%
Profit before taxation	82	8,401	-99.0%	2,268	16,651	-86.4%
Income tax expense	222	(2,647)	-108.4%	(485)	(4,485)	-89.2%
Profit for the period	304	5,754	-94.7%	1,783	12,166	-85.3%
Profit after tax attributable to:-						
Owners of the Company	520	5,923	-91.2%	2,393	12,187	-80.4%
Non-controlling interests	(216)	(169)	27.8%	(610)	(21)	2804.8%
	304	5,754	-94.7%	1,783	12,166	-85.3%
Total Comprehensive income attributable to:-						
Owners of the Company	520	5,923	-91.2%	2,393	12,187	-80.4%
Non-controlling interests	(216)	(169)	27.8%	(610)	(21)	2804.8%
	304	5,754	-94.7%	1,783	12,166	-85.3%
Earnings per ordinary share						
Basic (sen)	0.04	0.51	-92.2%	0.16	1.04	-84.6%

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 JUNE 2023**

<i>in thousands of RM</i>	As at 30-Jun-23 (Unaudited)	As at 31-Dec-22 (Audited)
Assets		
Non-current Assets		
Property, plant and equipment	131,804	126,141
Investment properties	9,646	9,758
Right-of-use assets	5,315	6,225
Goodwill	2,702	2,702
Total non-current assets	149,467	144,826
Current Assets		
Inventories	173,358	228,860
Trade and other receivables	69,896	82,472
Contract assets	1,007	616
Current tax assets	10,277	7,911
Fixed deposits with licensed banks	19,215	15,604
Cash and bank balances	7,954	35,869
Total current assets	281,707	371,332
Total assets	431,174	516,158
Equity and Liabilities		
Equity		
Share capital	146,909	146,909
Reserves	74,263	85,199
Equity attributable to owners of the Company	221,172	232,108
Non-controlling interests	1,712	2,322
Total equity	222,884	234,430
Non-current liabilities		
Lease liabilities	960	1,398
Term loans	15,774	27,645
Deferred tax liabilities	11,395	11,395
Total non-current liabilities	28,129	40,438
Current liabilities		
Trade and other payables	23,455	57,651
Derivatives liabilities	-	337
Lease liabilities	1,071	1,307
Bankers' acceptances and trust receipts	138,880	166,942
Bank overdrafts	10,503	7,501
Term loans	6,252	7,483
Current tax liabilities	-	69
Total current liabilities	180,161	241,290
Total liabilities	208,290	281,728
Total equity and liabilities	431,174	516,158
Net assets per share attributable to owners of the Company (sen)	14.93	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 JUNE 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	-	-	12,187	12,187	(21)	12,166
As at 30 June 2022	6,500	42,340	130,413	179,253	2,723	181,976
As at 1 January 2023	146,909	45,732	39,467	232,108	2,322	234,430
Total comprehensive income for the financial period	-	-	2,393	2,393	(610)	1,783
<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 June 2023	146,909	45,732	28,531	221,172	1,712	222,884

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 JUNE 2023**

<i>in thousands of RM</i>	For the 6 months ended	
	30-Jun-23	30-Jun-22
Cash flows from operating activities		
Profit before taxation	2,268	16,651
Adjustments for non-cash items	7,024	7,924
Operating profit before working capital changes	<u>9,292</u>	<u>24,575</u>
Changes in working capital		
Inventories	56,479	(81,732)
Trade and other payables, including derivatives	(34,533)	14,952
Trade and other receivables	13,810	(8,349)
Cash from/(for) operations	45,048	(50,554)
Income tax paid	(2,919)	(9,585)
Net cash from/(for) operating activities	<u>42,129</u>	<u>(60,139)</u>
Cash flows for investing activities		
Additions of deposits pledged with licensed financial banks or with tenure more than 3 months	(3,611)	-
Interest received	422	91
Proceeds from disposal of property, plant and equipment	50	29
Purchase of property, plant and equipment	(8,617)	(422)
Net cash for investing activities	<u>(11,756)</u>	<u>(302)</u>
Cash flows for financing activities		
Dividends paid to owners of the Company	(13,329)	-
Interest paid	(6,123)	(3,524)
Net (repayment)/drawdown of loans and borrowings	(41,164)	43,210
Net repayment of lease liabilities	(674)	(1,113)
Net cash (for)/from financing activities	<u>(61,290)</u>	<u>38,573</u>
Net decrease in cash and cash equivalents	(30,917)	(21,868)
Cash and cash equivalents at beginning of the financial period	28,368	52,447
Cash and cash equivalents at end of the financial period	<u>(2,549)</u>	<u>30,579</u>

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.

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

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.

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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

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.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A8. DIVIDENDS PAID

No dividends were paid during the quarter ended 30 June 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-Jun-23		30-Jun-22	
	Segmental Revenue (unaudited)	Profit Before tax (unaudited)	Segmental Revenue (unaudited)	Profit Before tax (unaudited)
Manufacturing	70,250	(1,321)	104,738	8,506
Trading	20,251	1,496	22,689	(53)
Transportation	559	(15)	687	(55)
	<u>91,060</u>	<u>160</u>	<u>128,114</u>	<u>8,398</u>
Elimination	<u>(17,340)</u>	<u>(78)</u>	<u>(15,536)</u>	<u>3</u>
	<u><u>73,720</u></u>	<u><u>82</u></u>	<u><u>112,578</u></u>	<u><u>8,401</u></u>

<i>In thousands of RM</i>	CUMULATIVE QUARTER			
	30-Jun-23		30-Jun-22	
	Segmental Revenue (unaudited)	Profit Before tax (unaudited)	Segmental Revenue (unaudited)	Profit Before tax (unaudited)
Manufacturing	169,483	566	196,738	16,658
Trading	45,896	1,554	47,371	48
Transportation	1,209	87	1,288	(97)
	<u>216,588</u>	<u>2,207</u>	<u>245,397</u>	<u>16,609</u>
Elimination	<u>(40,266)</u>	<u>61</u>	<u>(31,726)</u>	<u>42</u>
	<u><u>176,322</u></u>	<u><u>2,268</u></u>	<u><u>213,671</u></u>	<u><u>16,651</u></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.

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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-Jun-23	31-Dec-22
Authorised and not contracted for	26,176	30,038

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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 June 2023 had decreased by RM85.0 million and RM73.4 million to RM431.2 million and RM208.3 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.

Total equity had reduced from RM234.4 million to RM222.9 million mainly due to the payment of dividend amounting to RM13.3 million, lower non-controlling interests due to loss-making from our partially owned subsidiaries, and is being partially offset by the current period profit.

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 June 2023 as utilisation of inventories 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 June 2023 amounted to RM11.8 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.

Cash generated for financing activities amounted to RM61.3 million mainly due to repayment of our bank borrowings which had matured, special dividend of 0.9 sen paid out on 17 February 2023 and higher interest paid due to more bank facilities were drawdown. The hike in OPR interest rate from 2.00% to 3.00% had also contributed to the higher interest.

Analysis of Performance of All Operating Segments

Q2 2023 vs Q2 2022

Revenue had decreased by 34.5% to mainly due to the lower demand from customers and lower average selling price for our manufacturing segments. The lower demand from the customers was attributed to the negative market sentiment while the lower average price was attributed to the higher average selling price in Q2 2022 due to a global supply chain disruption as there were stricter regulations of steel production and removal of export rebates in China.

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B1. OPERATING SEGMENTS REVIEW (CON'D)

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

Q2 2023 vs Q2 2022 (CON'D)

The lower revenue coupled with lower margin had resulted to a marginal profit before tax of RM0.08 million. These was worsened with the increase in OPR rate from 2.0% to 3.0% and higher utilisation of bank facilities which had resulted to additional finance expenses of RM1.6 million. Meanwhile, the increase in the Imbalance Cost Pass-Through (“ICPT”) surcharge had also contributed to the higher electricity bills for the group. The higher expenses were offset with the gain on disposal of a machinery.

YTD 2023 vs YTD 2022

Revenue had decreased by RM37.3 million from RM213.6 million to RM176.3 million. This was mainly due to 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 and was partially offset by the slight increase in demand by 8.1% in terms of volume.

The group reported a profit before tax of RM2.3 million, representing a decline of RM14.4 million from RM16.7 million. The lower profit was due to lower gross profit margin, higher finance expenses, higher employee benefits and higher utilities due to the increase in ICPT rate. The higher expense was offset with the gain on disposal of a machinery.

Manufacturing Segment

Q2 2023 vs Q2 2022

Revenue had decreased by 32.9% from RM104.7 million in Q2 2022 to RM70.3 million in Q2 2023. The decrease was mainly due to the lower demand from customers and lower average selling price.

In Q2 2023, the group had recorded a loss before tax of RM1.3 million mainly due to lower margin, higher finance expenses and higher utilities.

YTD 2023 vs YTD 2022

Revenue had decreased by 13.9% from RM196.7 million to RM169.5 million, mainly due to lower average selling price as overall average selling price in 2022 was higher. This was partially offset with the slight increase in demand by 4.4% in terms of volume.

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B1. OPERATING SEGMENTS REVIEW (CON'D)

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

Manufacturing Segment (CON'D)

YTD 2023 vs YTD 2022 (CON'D)

Similar to the revenue trend, profit before tax for the 6 months ended in Q2 2023 was RM0.6 million as compared to RM16.7 million in Q2 2022. This was attributed to the lower margin, higher finance expenses, and higher utilities.

Trading Segment

Q2 2023 vs Q2 2022

Similar to the manufacturing segment, the trading segment recorded a lower revenue by 10.7% from RM22.7 million in Q2 2022 to RM20.3 million in Q2 2023. The decrease was due to lower average selling price arising from the decrease in revenue but was partially offset by higher sales volume due to increase in demand.

On the contrary, despite the reduction in revenue, the segment garnered a profit before tax of RM1.5 million. This is due to the gain on disposal of a machinery.

YTD 2023 vs YTD 2022

The trading segment recorded a marginal decline in revenue of 3.1% from RM47.4 million to RM45.9 million mainly due to lower average selling price.

Despite generating lower revenue, the segment managed to garner a profit before tax of RM1.6 million as compared to RM0.05 million in 2022 mainly due to the gain on disposal of a machinery.

Transportation Segment

Q2 2023 vs Q2 2022

Revenue for transportation segment slightly decreased by RM0.13 million from RM0.69 million to RM0.56 million. However, the loss before tax had narrowed to RM0.015 million. The lower loss was contributed by lower staff costs, lower freight costs and lower depreciation expenses as some of the motor vehicles had been fully depreciated.

YTD 2023 vs YTD 2022

Revenue had slightly reduced to RM1.2 million from RM1.3 million in 2022 and the segment is making a profit before tax of RM0.09 million. The profit was contributed by the lower depreciation expenses as some of the motor vehicles had been fully depreciated.

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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-Jun-23	31-Mar-23	Changes		30-Jun-23	31-Mar-23	Changes	
			Amount	%			Amount	%
Manufacturing	70,250	99,233	(28,983)	-29%	(1,321)	1,887	(3,208)	-170%
Trading	20,251	25,645	(5,394)	-21%	1,496	58	1,438	2479%
Transportation	559	650	(91)	-14%	(15)	102	(117)	-115%
Elimination	91,060	125,528	(34,468)	-27%	160	2,047	(1,887)	-92%
	(17,340)	(22,926)	5,586	-24%	(78)	139	(217)	-156%
	73,720	102,602	(28,882)	-28%	82	2,186	(2,104)	-96%

Despite the increase in selling price, Q2 2023 revenue was lower by 28% mainly due to the lower demand as market sentiment is not encouraging.

With the lower demand, the group managed to breakeven with a profit before tax of RM0.08 million from the gain on disposal of machinery.

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.

From the start of the new year 2023, lacklustre international steel prices of the past year have improved and been firming up, mainly attributed to the opening up of China from its Covid-19 lockdown policies and softening of US monetary policies. However, in quarter 2, 2023, the weak demand for steel due to negative market sentiment under the influence of uncertainty in the Chinese market and negative macroeconomics factor had resulted in a decline in prices⁽¹⁾.

Despite the volatile global economy environment in the first half of 2023, the Malaysia's economy is set to navigate through the second half journey on continuous support from strong households, intact economic fundamentals and improved outlooks. Economists are also of the view that the targeted GDP of between 4 to 5% set by the government for 2023 is achievable⁽²⁾.

With the above indicators, the Board is of the view that the Group will be better off with the economy expected to recover in second half of 2023.

- 1) <https://gmk.center/en/posts/prices-on-the-global-steel-and-raw-materials-market-went-down/>
- 2) <https://www.thestar.com.my/aseanplus/aseanplus-news/2023/07/16/second-half-of-2023-outlook-improves-malaysia-sets-to-achieve-gdp-target>

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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-Jun-23	Corresponding Quarter ended 30-Jun-22	Current Year To Date 30-Jun-23	Corresponding Year To Date 30-Jun-22
<u>Current tax</u>				
- Current period	(78)	2,647	629	4,485
- Prior year	(144)	-	(144)	-
	<u>(222)</u>	<u>2,647</u>	<u>485</u>	<u>4,485</u>
Effective tax rate	-95%	32%	28%	27%

The Group's effective tax rate for the current quarter ended 30 June 2023 is higher than the statutory tax rate mainly due to losses incurred by some of the subsidiaries during the financial period.

B6. BORROWINGS AND DEBT SECURITIES

<i>in thousands of RM</i>	30-Jun-23	31-Dec-22
<u>Secured</u>		
- Term Loans	22,026	35,128
- Lease Liabilities	2,031	2,705
- Bankers acceptance and Trust receipts	138,880	166,942
- Bank overdrafts	10,503	7,501
	<u>173,440</u>	<u>212,276</u>
Current liabilities	<u>156,706</u>	<u>183,233</u>
Non-Current liabilities	<u>16,734</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.

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B8. DIVIDEND

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

B9. DERIVATIVES

There were no derivatives in the current quarter and financial period under review.

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-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
Profit attributable to owners of the Company (RM'000)	520	5,923	2,393	12,187
Weighted average number of ordinary shares in issue ('000)	1,481,013	1,170,000	1,481,013	1,170,000
Basic EPS (Sen)	0.04	0.51	0.16	1.04

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

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	Quarter ended	Year To Date	Year To Date
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
(a) Interest income	335	21	422	91
(b) Interest expense	(3,082)	(1,527)	(6,123)	(3,524)
(c) Depreciation and Amortisation	(1,988)	(2,002)	(3,977)	(3,933)
(d) Net impairment gain on trade receivables	26	(388)	55	(383)
(e) Net gain on disposal of property, plant and equipment	1,620	29	1,620	1,442
(f) Net foreign exchange gain/(loss)	269	(59)	65	(116)
(g) Reversal of inventories written down	22	-	977	-

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

B12. STATUS OF CORPORATE PROPOSALS

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

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	8,374	16.8	Within 18 months
2	Repayment of bank borrowings	13,185 ⁽³⁾	20.1	13,185	26.5	Within 10 months
3	Working capital	23,561 ⁽³⁾	31.3	23,561	47.2	Within 12 months
4	Estimated listing expenses	4,749 ⁽³⁾	6.6	4,749	9.5	Within 3 months
		71,533	100.0	49,869	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 RM49.9 million as at 15 August 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 21 August 2023.