

LYSAGHT GALVANIZED STEEL BHD (46426-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2012

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
		30-09-2012 Unaudited	30-09-2011 Unaudited	30-09-2012 Unaudited	30-09-2011 Unaudited
		RM'000	RM'000	RM'000	RM'000
Revenue		21,841	15,499	53,858	43,304
Cost of sales		(14,452)	(10,359)	(38,575)	(30,570)
Gross profit		7,389	5,140	15,283	12,734
Other income		858	334	1,563	1,404
Administrative expenses		(2,060)	(1,908)	(6,160)	(5,640)
Selling and marketing expenses		(777)	(494)	(1,845)	(1,354)
Other expenses		(44)	(18)	(97)	(52)
Operating profit		5,366	3,054	8,744	7,092
Finance cost		-	-	-	-
Profit before tax		5,366	3,054	8,744	7,092
Income tax expense		(1,288)	(655)	(2,036)	(1,578)
Profit for the period		4,078	2,399	6,708	5,514
Profit for the period attributable to:					
Owners of the parent		4,078	2,399	6,708	5,514
Earnings per share attributable to owners of the parent (sen per share):					
Basic		9.81 Sen	5.77 Sen	16.13 Sen	13.26 Sen
Diluted		N/A	N/A	N/A	N/A

These condensed consolidated statement of comprehensive income should be read in conjunction with the the accompanying explanatory notes attached to these interim financial statements.

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/09/2012	31/12/2011
	Unaudited	Audited
Note	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	18,711	18,276
Investments	131	131
Intangible assets	8	8
	18,850	18,415
Current Assets		
Inventories	35,639	18,093
Trade receivables	19,529	13,255
Other receivables	1,121	436
Cash & cash equivalent	30,523	52,774
	86,812	84,558
TOTAL ASSETS	105,662	102,973
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	41,580	41,580
Other reserves	1,785	1,343
Retained earnings	54,772	52,222
	98,137	95,145
Non-Current Liabilities		
Retirement benefits obligations	195	197
Deferred tax liabilities	483	567
	678	764
Current Liabilities		
Trade payables	2,492	2,195
Other Payables	3,027	4,158
Current tax payable	1,328	711
	6,847	7,064
Total liabilities	7,525	7,828
TOTAL EQUITY AND LIABILITIES	105,662	102,973

These condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2012

Condensed Consolidated Statement of Changes in Equity

	Share capital	Capital reserve	Exchange reserve	Reserve on consolidation	Retained profits	Equity, total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2011	41,580	500	501	-	48,653	91,234
Currency translation differences representing net expenses recognised directly in equity	-	-	342	-	-	342
Net profit for the period	-	-	-	-	7,727	7,727
Dividend	-	-	-	-	(4,158)	(4,158)
As at 31 December 2011	41,580	500	843	-	52,222	95,145
As at 1 January 2012	41,580	500	843	-	52,222	95,145
Currency translation differences representing net expenses recognised directly in equity	-	-	442	-	-	442
Net profit for the period	-	-	-	-	6,708	6,708
Dividend	-	-	-	-	(4,158)	(4,158)
As at 30 September 2012	41,580	500	1,285	-	54,772	98,137

These condensed consolidated statement of comprehensive income should be read in conjunction with the the accompanying explanatory notes attached to these interim financial statements.

LYSAGHT GALVANIZED STEEL BHD (46426-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2012

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	9 months ended	
	30-09-2012 Unaudited RM'000	30-09-2011 Unaudited RM'000
OPERATING ACTIVITIES		
Profit before tax	8,744	7,092
Adjustments for:		
Impairment loss on trade receivables	-	
Depreciation of property, plant and equipment	914	884
Interest income	(734)	(846)
Loss/(Gain) on disposal of fixed assets	(5)	6
Reversal of impairment loss on trade receivables	-	
Unrealised loss/(gain) on foreign exchange	-	
Inventories written down	-	
Property, plant and equipment written off	-	
Total adjustments	175	44
Operating cash flows before working capital changes	8,919	7,136
Changes in working capital:		
(Increase)/decrease in inventories	(17,546)	(727)
Decrease/(increase) in trade and other receivables	(6,758)	(2,228)
Decrease/(increase) in amount due to related companies	-	9
(Decrease)/increase in trade and other payables	(834)	(1,385)
Total changes in working capital	(25,138)	(4,331)
Interest received	734	846
Income tax paid	(1,703)	(1,664)
Retirement benefits paid	(2)	-
	(971)	(818)
Cash flows from operations carried forward		
Investing activities:		
Purchase of Property, plant and equipment	(1,350)	(243)
Proceeds from disposal of property plant and equipment	5	(6)
Net cash used in investing activities	(1,345)	(249)
Financing Activities		
Dividend paid	(4,158)	(4,158)
Net cash generated from financing activities	(4,158)	(4,158)
Net decrease in cash and cash equivalents	(22,693)	(2,420)
Effect of changes in exchange rate on cash and cash equivalents	442	701
Cash and cash equivalents at 1 January	52,774	47,261
Cash and cash equivalents at 30 September	30,523	45,542

These condensed consolidated statement of comprehensive income should be read in conjunction with the the accompanying explanatory notes attached to these interim financial statements.

LYSAGHT GALVANIZED STEEL BHD (46426-P)

Explanatory notes pursuant to MFRS 134

For the six-month period ended 30 September 2012

1. Corporate information

Lysaght Galvanized Steel Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 22 November 2012.

2. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements, for the period ended 30 September 2012, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company registered office at No.11, Jalan Majistret U1/26, Seksyen U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.

These condensed consolidated interim financial statements are the Group's MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 *First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")* has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note 3 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS 2 to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

3. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011. As such there are no reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those

reported for those periods and at the date of transition under MFRS presented.

4. Changes in estimates

There were no changes in estimates that have had a material effect in the current interim results.

5. Changes in Composition of the Group

There are no changes in the composition of the Group.

6. Auditors' Report on Preceding Annual Financial Statements

The audit report of the preceding annual financial statements was not subject to any qualification.

7. Comments about Seasonal or Cyclical Factors

The Group's operations were not affected by seasonality or cyclicity.

8. Unusual Items due to their Nature, Size or Incidence

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the interim financial period ended 30 September 2012.

9. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities.

10. Dividend Paid

A 10% tax exempted final dividend in respect of the financial year ended 31 December 2011 amounting to RM4,158,000 was paid during the current quarter.

11. Operating Revenue

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 Sep 2012	30 Sep 2011	30 Sep 2012	30 Sep 2011
	RM'000	RM'000	RM'000	RM'000
Sales of galvanized steel products	21,841	15,499	53,858	43,304
Total operating revenue	21,841	15,499	53,858	43,304

12. Other Income

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sep 2012	30 Sep 2011	30 Sep 2012	30 Sep 2011
	RM'000	RM'000	RM'000	RM'000
Sundry income	6	3	37	146
Sales of scrap materials	356	163	867	662
Rental income	42	42	128	128
Bank interest earned	212	289	734	846
Gain/(Loss) on foreign exchange	178	(163)	(133)	(378)
Gain on disposal of fixed assets	-	-	5	-
Fixed assets written off	-	-	(253)	-
Doubtful debts recovery	64	-	178	-
	858	334	1,563	1,404

13. Segmental Information

The Group operates within a single business segment.

The geographical segment revenue for the interim financial period ended 30 September 2012 were as follows:

By geographical area :	Current Quarter 3 Months ended		Cumulative Quarter 9 Months ended	
	30 Sep 2012	30 Sep 2011	30 Sep 2012	30 Sep 2011
	RM'000	RM'000	RM'000	RM'000
- Malaysia	16,601	8,467	39,800	26,301
- ASEAN	4,876	5,666	12,546	13,444
- South Asia	43	301	277	1,493
- East Asia	16	257	377	277
- Middle East	-	-	-	71
- Australasia	305	808	858	1,718
- East Europe	-	-	-	-
- Africa	-	-	-	-
	21,841	15,499	53,858	43,304

14. Related Party Disclosures

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sep 2012	30 Sep 2011	30 Sep 2012	30 Sep 2011
	RM'000	RM'000	RM'000	RM'000
Rental paid to Holding Co				
-Lysaght (Malaysia) Sdn Bhd	102	102	306	306
Fabricating services to Associate				
Co-Lysaght Corrugated Pipe S/B	-	6	-	22

The directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

15. Capital Commitments

There were no capital commitments at the date of issue of this quarterly report.

16. Subsequent Event

There were no material events subsequent to the end of the interim financial period ended 30 September 2012 that have not been reflected in the financial statements for the interim financial period ended 30 September 2012.

17. Carrying Amount of Revalued Assets

There were no valuations of property, plant and equipment during the period. Valuations of property, plant and equipment have been brought forward, without amendment from the previous annual financial statements.

18. Derivatives

a) There were no outstanding derivatives (including financial instruments designated as hedging instruments) as at the end of the interim financial period ended 30 September 2012: and

b) The Group has not entered into any type of derivatives not disclosed in the previous financial year.

19. Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

20. Changes in Composition of the Group

There were no changes in the composition of the Group during the interim financial period ended 30 September 2012.

21. Operating Segment Review

(a) Current Year-to-date vs. Previous Year-to-date

The Group's pre-tax profit for the interim financial period ended 30 September 2012 of RM8.74 million was RM1.65 million or 23.29% higher than the previous corresponding period of RM7.09 million. Net profit attributable to equity holders increased by RM1.19 million to RM6.71 million. The increase in earnings was mainly due to higher revenue.

(b) Current Quarter vs. Previous Year Corresponding Quarter

For the 3rd quarter ended 30 September 2012, the Group registered a pre-tax profit of RM5.37 million, an increase of RM2.31 million or 75.70% as compared to the previous year corresponding quarter of RM3.05 million. The increase in earnings was mainly due to higher revenue. Earnings attributable to equity holders increased by RM1.68 million or 70.00% over the same period.

(c) Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM5.37 million for the 3rd quarter ended 30 September 2012 shows an increase of RM2.75 million or 105.28% as compared to the pre-tax profit of RM2.61 million for the preceding quarter ended 30 June 2012. Net profit attributable to equity holders increased by RM2.02 million or 98.44% over the same period. The increase in profit was mainly due to higher revenue and gross margin.

22. Commentary on Prospects

In addition to the announcement made in March 2012, whereby the Group was awarded substantial subcontracts for the supply of antenna poles, the Group had in July 2012 announced further substantial subcontracts for the same. These subcontracts are expected to contribute positively to the earnings and net assets of the Group for the current financial year. This will help to cushion an anticipated slower second half ending December 2012.

23. Profit forecast/profit guarantee

No explanatory notes will be provided as the Group has not provided any profit forecast or profit guarantee.

24. Income Tax Expense

	Current Quarter 3 Months ended		Cumulative Quarter 9 Months ended	
	30 Sep 2012 RM'000	30 Sep 2011 RM'000	30 Sep 2012 RM'000	30 Sep 2011 RM'000
Group tax figures consist of :-				
- Current provision	1,241	660	2,120	1,624
- Under/(Over) provision in prior years	-	-	-	-
- Deferred Tax	47	(5)	(84)	(46)
	<u>1,288</u>	<u>655</u>	<u>2,036</u>	<u>1,578</u>

25. Sale of Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties for the financial period ended 30 September 2012.

26. Quoted securities

- (i) There were no purchases or sales of quoted securities for the financial period under review.
- (ii) There were no investments in quoted securities as at 30 September 2012.

27. Corporate Proposals

There were no outstanding corporate proposals at the date of issue of this quarterly report.

28. Borrowing

There were no group borrowings and debt securities as at the end of the reporting period.

29. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments at the date of issue of this quarterly report.

30. Material Litigation

There was no material litigation against the Group for the quarter under review.

31. Dividend Payable

No dividend has been proposed for the quarter under review.

32. Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the number of ordinary shares in issue during the period.

	Individual Quarter 3 Months ended		Cumulative Quarter 9 Months ended	
	30 Sep 2012 RM'000	30 Sep 2011 RM'000	30 Sep 2012 RM'000	30 Sep 2011 RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	4,078	2,399	6,708	5,514
Number of ordinary shares in issue	41,580	41,580	41,580	41,580
Basic Earnings per share	9.81 Sen	5.77 Sen	16.13 Sen	13.26 Sen

33. Disclosure on Realised and Unrealised Profits/Losses

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, as disclosed pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:

	Group As at 30 September 2012 RM'000
Retained earnings of the Company and its subsidiaries	
- Realised	55,239
- Unrealised	(467)

Retained earnings as per financial statements	54,772
	=====