

**LYSAGHT GALVANIZED STEEL BHD (46426-P)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the twelve-month financial year ended 31 December 2012

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED		12 MONTHS ENDED	
	31-12-2012 Unaudited	31-12-2011 Audited	31-12-2012 Unaudited	31-12-2011 Audited
Note	RM'000	RM'000	RM'000	RM'000
Revenue	25,460	13,964	79,318	57,268
Cost of sales	(15,979)	(9,461)	(54,554)	(40,031)
<b>Gross profit</b>	<b>9,481</b>	<b>4,503</b>	<b>24,764</b>	<b>17,237</b>
Other income	967	1,891	2,530	3,295
Administrative expenses	(2,411)	(2,958)	(8,051)	(8,598)
Selling and marketing expenses	(1,358)	(503)	(3,723)	(1,857)
Other expenses	(94)	(19)	(191)	(71)
<b>Operating profit</b>	<b>6,585</b>	<b>2,914</b>	<b>15,329</b>	<b>10,006</b>
Finance cost	-	-	-	-
<b>Profit before tax</b>	<b>6,585</b>	<b>2,914</b>	<b>15,329</b>	<b>10,006</b>
Income tax expense	(1,569)	(701)	(3,605)	(2,279)
<b>Profit for the period</b>	<b>5,016</b>	<b>2,213</b>	<b>11,724</b>	<b>7,727</b>
<b>Profit for the period attributable to:</b>				
Owners of the parent	5,016	2,213	11,724	7,727
<b>Earnings per share attributable to owners of the parent (sen per share):</b>				
Basic	12.06 Sen	5.32 Sen	28.20 Sen	18.58 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 twelve-month financial year ended 31 December 2012

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	31/12/2012	31/12/2011
	Unaudited	Audited
Note	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	22,260	18,276
Investments	131	131
Intangible assets	8	8
	22,399	18,415
<b>Current Assets</b>		
Inventories	31,566	18,093
Trade receivables	23,928	13,255
Other receivables	1,148	436
Cash & cash equivalent	33,065	52,774
	89,707	84,558
<b>TOTAL ASSETS</b>	<b>112,106</b>	<b>102,973</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	41,580	41,580
Other reserves	1,804	1,343
Retained earnings	59,788	52,222
	103,172	95,145
<b>Non-Current Liabilities</b>		
Retirement benefits obligations	188	197
Deferred tax liabilities	506	567
	694	764
<b>Current Liabilities</b>		
Trade payables	2,781	2,195
Other Payables	3,992	4,158
Current tax payable	1,467	711
	8,240	7,064
<b>Total liabilities</b>	<b>8,934</b>	<b>7,828</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>112,106</b>	<b>102,973</b>

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

LYSAGHT GALVANIZED STEEL BHD (46426-P)  
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the twelve-month financial year ended 31 December 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	-	-	461	-	-	461
Net profit for the period	-	-	-	-	11,724	11,724
Dividend	-	-	-	-	(4,158)	(4,158)
As at 31 December 2012	41,580	500	1,304	-	59,788	103,172

*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 twelve-month financial year ended 31 December 2012

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	12 months ended	
	31-12-2012	31-12-2011
	Unaudited RM'000	Audited RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	15,329	10,006
Adjustments for:		
Impairment loss on trade receivables	-	46
Depreciation of property, plant and equipment	1,239	1,202
Interest income	(980)	(1,178)
Loss/(Gain) on disposal of fixed assets	(15)	(39)
Reversal of impairment loss on trade receivables	-	(265)
Unrealised loss/(gain) on foreign exchange	-	(86)
Inventories written down	-	63
Property, plant and equipment written off	-	2
Total adjustments	244	(255)
Operating cash flows before working capital changes	15,573	9,751
Changes in working capital:		
(Increase)/decrease in inventories	(13,473)	(220)
Decrease/(increase) in trade and other receivables	(11,385)	1,279
Decrease/(increase) in amount due to related companies	-	-
(Decrease)/increase in trade and other payables	420	94
Total changes in working capital	(24,438)	1,153
Interest received	980	1,178
Income tax paid	(2,910)	(2,092)
Retirement benefits paid	(9)	-
	(1,939)	(914)
Cash flows from operations carried forward		
Investing activities:		
Purchase of Property, plant and equipment	(5,223)	(749)
Proceeds from disposal of property plant and equipment	15	46
Net cash used in investing activities	(5,208)	(703)
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	(20,170)	5,129
Effect of changes in exchange rate on cash and cash equivalents	461	384
Cash and cash equivalents at 1 January	52,774	47,261
Cash and cash equivalents at 30 September	33,065	52,774

*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 twelve-month financial year ended 31 December 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 26 February 2013.

### 2. First-time adoption of Malaysian Financial Reporting Standards (“MFRS”)

These condensed consolidated interim financial statements, for the financial year ended 31 December 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 financial year ended 31 December 2012.

9. Debt and Equity Securities

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

10. Dividend Paid

No dividend was paid during the current quarter.

11. Operating Revenue

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>
	RM'000	RM'000	RM'000	RM'000
Sales of galvanized steel products	25,460	13,964	79,318	57,268
Total operating revenue	25,460	15,499	79,318	57,268

12. Other Income

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
	RM'000	RM'000	RM'000	RM'000
Sundry income	16	-	53	147
Sales of scrap materials	619	313	1,486	974
Rental income	42	42	170	170
Bank interest earned	247	332	981	1,178
Gain/(Loss) on foreign exchange	26	895	(107)	523
Gain on disposal of fixed assets	10	44	15	38
Fixed assets written off	-	-	(253)	-
Doubtful debts recovery	7	265	185	265
	<u>967</u>	<u>1,891</u>	<u>2,530</u>	<u>3,295</u>

13. Segmental Information

The Group operates within a single business segment.

The geographical segment revenue for the financial year ended 31 December 2012 were as follows:

By geographical area :	Current Quarter 3 Months ended		Cumulative Quarter 12 Months ended	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
	RM'000	RM'000	RM'000	RM'000
- Malaysia	20,249	9,079	60,049	35,380
- ASEAN	4,588	3,907	17,134	17,351
- South Asia	78	41	355	1,534
- East Asia	103	747	480	1,024
- Middle East	-	-	-	71
- Australasia	442	190	1,300	1,908
- East Europe	-	-	-	-
- Africa	-	-	-	-
	<u>25,460</u>	<u>13,964</u>	<u>79,318</u>	<u>57,268</u>

14. Related Party Disclosures

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
	RM'000	RM'000	RM'000	RM'000
Rental paid to Holding Co -Lysaght (Malaysia) Sdn Bhd	102	102	408	408
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 financial year ended 31 December 2012 that have not been reflected in the financial statements for the financial year ended 31 December 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 financial year ended 31 December 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 financial year ended 31 December 2012.

21. Operating Segment Review

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

The Group's pre-tax profit for the financial year ended 31 December 2012 of RM16.30 million was RM6.29 million or 62.89% higher than the previous corresponding period of RM10.0 million. Net profit attributable to equity holders increased by RM4.87 million to RM12.60 million. The increase in earnings was mainly due to higher revenue.

(b) Current Quarter vs. Previous Year Corresponding Quarter

For the 4<sup>th</sup> quarter ended 31 December 2012, the Group registered a pre-tax profit of RM7.55 million, an increase of RM4.64 million or 159.13% as compared to the previous year corresponding quarter of RM2.91 million. The increase in earnings was mainly due to higher revenue. Earnings attributable to equity holders increased by RM3.68 million or 166.11% over the same period.

(c) Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM7.55 million for the 4<sup>th</sup> quarter ended 31 December 2012 shows an increase of RM2.18 million or 40.69% as compared to the pre-tax profit of RM5.37 million for the preceding quarter ended 30 September 2012. Net profit attributable to equity holders increased by RM1.81 million or 44.37% over the same period. The increase in profit was mainly due to higher revenue.



## 22. Commentary on Prospects

The market for the Group's products remains very competitive. The Group's products continue to face stiff price competition. The Group will take the necessary action to face the challenges ahead as best as possible.

## 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 12 Months ended	
	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Group tax figures consist of :-				
- Current provision	1,555	708	3,675	2,332
- Under/(Over) provision in prior years	-	-	-	-
- Deferred Tax	107	(7)	23	(53)
	<u>1,662</u>	<u>701</u>	<u>3,698</u>	<u>2,279</u>

## 25. Sale of Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties for the financial year ended 31 December 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 31 December 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

A final single tier dividend of 12 % amounting to RM4,989,600.00 has been recommended for the quarter under review to be approved by the shareholders at the coming 34<sup>th</sup> Annual General Meeting.

### 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 12 Months ended	
	31 Dec 2012 RM'000	31 Dec 2011 RM'000	31 Dec 2012 RM'000	31 Dec 2011 RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	5,889	2,213	12,597	7,727
Number of ordinary shares in issue	41,580	41,580	41,580	41,580
Basic Earnings per share	14.16 Sen	5.32 Sen	30.30 Sen	18.58 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 31 December 2012 RM'000
Retained earnings of the Company and its subsidiaries	
- Realised	61,151
- Unrealised	(490)
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Retained earnings as per financial statements	60,661
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