

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six-month financial period ended 30 June 2013

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

The figures have not been audited.

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED		6 MONTHS ENDED	
	30-06-2013	30-06-2012	30-06-2013	30-06-2012
	RM'000	RM'000	RM'000	RM'000
<b>Continuing Operations</b>				
Revenue	19,518	20,094	41,943	32,017
Cost of sales	(12,682)	(14,854)	(27,339)	(24,123)
<b>Gross Profit</b>	<b>6,836</b>	<b>5,240</b>	<b>14,604</b>	<b>7,894</b>
Other income	652	136	2,017	705
Administrative expenses	(2,250)	(2,059)	(4,166)	(4,100)
Selling and marketing expenses	(966)	(660)	(1,999)	(1,068)
Other expenses	(54)	(43)	(120)	(53)
Finance cost	-	-	-	-
<b>Profit before tax</b>	<b>4,218</b>	<b>2,614</b>	<b>10,336</b>	<b>3,378</b>
Income tax expense	(921)	(559)	(2,445)	(748)
<b>Profit for the period</b>	<b>3,297</b>	<b>2,055</b>	<b>7,891</b>	<b>2,630</b>
<b>Profit for the period attributable to:</b>				
Owners of the Company	3,297	2,055	7,891	2,630
<b>Earnings per share attributable to owners of the Company:</b>				
(i) Basic, for profit for the period	7.93 Sen	4.94 Sen	18.98 Sen	6.33 Sen
(ii) Diluted, for profit for the period	N/A	N/A	N/A	N/A

*The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.*

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six-month financial period ended 30 June 2013

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

The figures have not been audited.

	Quarter ended	
	30/06/2013	31/12/2012
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	23,082	22,260
Investments	131	131
Intangible assets	8	8
	<u>23,221</u>	<u>22,399</u>
<b>Current Assets</b>		
Inventories	29,682	31,565
Trade receivables	18,779	24,363
Other receivables	598	1,081
Cash & bank balances	46,739	33,065
	<u>95,798</u>	<u>90,074</u>
<b>TOTAL ASSETS</b>	<u>119,019</u>	<u>112,473</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	41,580	41,580
Other reserves	1,436	1,304
Retained earnings	68,188	60,297
	<u>111,204</u>	<u>103,181</u>
<b>Non-Current Liabilities</b>		
Retirement benefits obligations	181	188
Deferred tax liabilities	534	506
	<u>715</u>	<u>694</u>
<b>Current Liabilities</b>		
Trade payables	2,244	2,674
Other Payables	2,530	4,471
Current tax payable	2,326	1,453
	<u>7,100</u>	<u>8,598</u>
<b>Total liabilities</b>	<u>7,815</u>	<u>9,292</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>119,019</u>	<u>112,473</u>
Net assets per share attributable to ordinary equity holder of the parent		
	2.67	2.48

*The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.*

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the six-month financial period ended 30 June 2013

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The figures have not been audited.

	Share capital	Capital reserve	Exchange reserve	Reserve on consolidation	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2012	41,580	500	343	-	52,722	95,145
Currency translation differences representing net expenses recognised directly in equity	-	-	461	-	-	461
Net profit for the period	-	-	-	-	11,733	11,733
Dividend	-	-	-	-	(4,158)	(4,158)
As at 31 December 2012	41,580	500	804	-	60,297	103,181
As at 1 January 2013	41,580	500	804	-	60,297	103,181
Currency translation differences representing net expenses recognised directly in equity	-	-	132	-	-	132
Net profit for the period	-	-	-	-	7,891	7,891
Dividend	-	-	-	-	-	-
As at 30 June 2013	41,580	500	936	-	68,188	111,204

*The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and 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 six-month financial period ended 30 June 2013

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

The figures have not been audited.

	Quarter ended	
	30-06-2013 RM'000	30-06-2012 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	10,336	4,038
Adjustments for:		
Impairment loss on trade receivables	-	
Depreciation of property, plant and equipment	686	523
Interest income	(443)	(557)
Loss/(Gain) on disposal of fixed assets	(13)	6
Reversal of impairment loss on trade receivables	-	
Unrealised loss/(gain) on foreign exchange	-	
Inventories written down	-	
Property, plant and equipment written off	-	
Operating profit before working capital changes	<u>10,566</u>	<u>4,010</u>
Changes in working capital:		
(Increase)/decrease in inventories	1,883	(1,583)
Decrease/(increase) in receivables	6,067	(1,260)
Decrease/(increase) in amount due to related companies	-	2
(Decrease)/increase in payables	(2,371)	(1,401)
Tax paid	<u>(1,544)</u>	<u>(1,372)</u>
Net cash used in operating activities	14,601	(1,604)
Cash flows from Investing activities:		
Purchase of Property, plant and equipment	(1,508)	(64)
Proceeds from disposal of property plant and equipment	13	(6)
Interest Income	443	557
Net cash used in investing activities	<u>(1,052)</u>	<u>487</u>
Cash flows from Financing Activities		
Dividend paid		-
Retirement benefits paid	(7)	
Net cash generated from financing activities	<u>(7)</u>	<u>-</u>
Net change in cash and cash equivalents	13,542	(1,117)
Cash and cash equivalents at beginning of financial period	33,065	507
Effect of changes in exchange rate on cash and cash equivalents	132	47,261
Cash and cash equivalents at end of financial period	<u>46,739</u>	<u>46,651</u>
Cash and cash equivalents at the end of financial period comprise the following:		
	30-06-2013 RM'000	30-06-2012 RM'000
Cash and bank balances	<u>46,739</u>	<u>46,651</u>

*The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these financial statements.*

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

## **Explanatory notes pursuant to MFRS 134**

For the three-month financial period ended 30 June 2013

### **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 29 Aug 2013.

### **2. Changes in Accounting Policies**

#### **2.1 Adoption of Standards, Amendments and Issues Committee (IC) Interpretations and changes in accounting policies.**

##### **Adoption of Standards, Amendments and IC Interpretations**

The Group adopted the following Standards, Amendments and IC interpretations:-

- MFRS 101 : Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)
- Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- MFRS 3 : Business Combinations (IFRS 3 Business Combinations issued by IASB\* in March 2004)
- MFRS 10 : Consolidated Financial Statements
- MFRS 11 : Joint Arrangements
- MFRS 12 : Disclosure of interests in Other Entities
- MFRS 13 : Fair value measurement
- MFRS 119 : Employees Benefits
- MFRS 127 : Separate Financial Statements
- MFRS 128 : Investments in Associates and Joint Ventures
- MFRS 127 : Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB\* in December 2003)
- Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 7 : Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 1 : First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
- Amendments to MFRS 1 : First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements 2009-2011 Cycle
- Amendments to MFRS 116 : Property , Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 132 : Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)

- Amendments to MFRS 134 : Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 10 : Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11 : Joint Arrangements: Transition Guidance
- Amendments to MFRS 12 : Disclosure of Interests in Other Entities Transition Guidance

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

## 2.2 Standards issued but not yet effective

- Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 12 and MFRS 127 : Investment Entities
- MFRS 9 : Financial Instruments

\* International Accounting Standards Board

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application.

### 3. Changes in estimates

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

### 4. Changes in Composition of the Group

There are no changes in the composition of the Group.

### 5. Auditors' Report on Preceding Annual Financial Statements

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

### 6. Comments about Seasonal or Cyclical Factors

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

### 7. 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 period ended 30 June 2013.

### 8. Debt and Equity Securities

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

### 9. Dividend Paid

No dividend was paid during the current quarter.

10. Operating Revenue

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 Jun 2013 RM'000	30 Jun 2012 RM'000	30 Jun 2013 RM'000	30 Jun 2012 RM'000
Sales of galvanized steel products	19,518	20,094	41,943	32,017
<b>Total operating revenue</b>	<b>19,518</b>	<b>20,094</b>	<b>41,943</b>	<b>32,017</b>

11. Other Income

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 Jun 2013 RM'000	30 Jun 2012 RM'000	30 Jun 2013 RM'000	30 Jun 2012 RM'000
Sundry income	-	26	5	31
Sales of scrap materials	207	273	1,231	511
Rental income	42	42	85	85
Bank interest earned	245	297	443	522
Gain/(Loss) on foreign exchange	96	(303)	185	(310)
Gain on disposal of fixed assets	12	5	13	5
Fixed assets written off	-	(253)	-	(253)
Doubtful debts recovery	50	49	55	114
	<b>652</b>	<b>136</b>	<b>2,017</b>	<b>705</b>

12. Segmental Information

The Group operates within a single business segment.

The geographical segment revenue for the financial period ended 30 June 2013 were as follows:

By geographical area :	Current Quarter 3 Months ended		Cumulative Quarter 6 Months ended	
	30 Jun 2013 RM'000	30 Jun 2012 RM'000	30 Jun 2013 RM'000	30 Jun 2012 RM'000
- Malaysia	13,912	15,477	30,266	23,199
- ASEAN	4,685	4,115	9,752	7,670
- South Asia	201	201	689	234
- East Asia	633	62	697	361
- Middle East	-	-	-	-
- Australasia	87	239	539	553
- East Europe	-	-	-	-
- Africa	-	-	-	-
	<b>19,518</b>	<b>20,094</b>	<b>41,943</b>	<b>32,017</b>

### 13. Related Party Disclosures

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012
	RM'000	RM'000	RM'000	RM'000
Rental paid to Holding Co				
-Lysaght (Malaysia) Sdn Bhd	127	102	229	204

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.

### 14. Capital Commitments

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

### 15. Subsequent Event

There were no material events subsequent to the end of the financial period ended 30 June 2013 that have not been reflected in the financial statements for the financial period ended 30 June 2013.

### 16. 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.

### 17. Derivatives

a) There were no outstanding derivatives (including financial instruments designated as hedging instruments) as at the end of the financial period ended 30 June 2013; and

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

### 18. Changes in Contingent Liabilities and Contingent Assets

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

### 19. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 June 2013.

## 20. Operating Segment Review

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

The Group's pre-tax profit for the financial period ended 30 June 2013 of RM10.34 million was RM6.96 million or 205.92% higher than the previous corresponding period of RM3.38 million. Net profit attributable to equity holders increased by RM5.26 million to RM7.89 million. The increase in earnings was mainly due to higher revenue, improved margins and higher other income.

### (b) Current Quarter vs. Previous Year Corresponding Quarter

For the 2nd quarter ended 30 June 2013, the Group registered a pre-tax profit of RM4.22 million, an increase of RM1.60 million or 61.36% as compared to the previous year corresponding quarter of RM2.61 million. The increase in earnings was mainly due to better margins. Earnings attributable to equity holders increased by RM1.24 million or 60.44% over the same period.

### (c) Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM4.22 million for the 2nd quarter ended 30 June 2013 shows a decrease of RM1.90 million or 31.05% as compared to the pre-tax profit of RM6.12 million for the preceding quarter ended 31 March 2013. Net profit attributable to equity holders decreased by RM1.30 million or 28.23% over the same period. The decrease in profit was mainly due to lower revenue.

## 21. Commentary on Prospects

The Group is encountering stiff competition for some of its products. Management is studying the situation to face the challenges ahead as best as possible.

## 22. Profit forecast/profit guarantee

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

## 23. Income Tax Expense

	Current Quarter		Cumulative Quarter	
	3 Months ended	3 Months ended	6 Months ended	6 Months ended
	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012
	RM'000	RM'000	RM'000	RM'000
Group tax figures consist of :-				
- Current provision	918	683	2,417	879
- Under/(Over) provision in prior years	-	-	-	-
- Deferred Tax	3	(124)	28	(131)
	<u>921</u>	<u>559</u>	<u>2,445</u>	<u>748</u>

## 24. Sale of Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties for the financial period ended 30 June 2013.

## 25. 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 June 2013.

26. Corporate Proposals

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

27. Borrowing

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

28. Off Balance Sheet Financial Instruments

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

29. Material Litigation

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

30. Dividend Payable

No dividend has been proposed for the quarter under review.

31. 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 6 Months ended	
	30 Jun 2013 RM'000	30 Jun 2012 RM'000	30 Jun 2013 RM'000	30 Jun 2012 RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	3,297	2,055	7,891	2,630
Number of ordinary shares in issue	41,580	41,580	41,580	41,580
Basic Earnings per share	7.93 Sen	4.94 Sen	18.98 Sen	6.33 Sen

32. 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 June 2013 RM'000
Retained earnings of the Company and its subsidiaries	
- Realised	68,706
- Unrealised	(518)
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Retained earnings as per financial statements	<u><u>68,188</u></u>