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| **LYSAGHT GALVANIZED STEEL BHD (46426-P)** | | | | |
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| **Explanatory notes pursuant to MFRS 134**  For the twelve-month financial year ended 31 December 2013 | | | | |
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| 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 25 February 2014. | | | |
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| 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 * Amendments to MFRS 136 : Recoverable Amount Disclosures for Non-Financial Assets * Amendments to MFRS 139 : Novation of Derivative and Continuation of Hedge Accounting * IC Interpretation 21 Levies * Amendments to MFRS 119 : Defined Benefit Plans : Employee Contributions * Annual Improvements to MFRSs 2010-2012 Cycle * Annual Improvements to MFRSs 2011-2013 Cycle     \* 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. | | | |

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| 5. | Auditors’ Report on Preceding Annual Financial Statements | | | |
|  | The audit report of the preceding annual financial statements was not subject to any qualification. | | | |
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| 6. | Comments about Seasonal or Cyclical Factors | | | |
|  | The Group’s operations were not affected by seasonality or cyclicality. | | | |
|  |  | | | |
| 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 year ended 31 December 2013. | | | |
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| 8. | Debt and Equity Securities | | | |

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

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| 9. | Dividend Paid | | | | | | | |
|  | No dividend was paid during the current quarter. | | | | | | | |
|  |  | | | | | | | |
| 10. | | Operating Revenue  **Current Quarter Cumulative Quarter**  **3 months ended 12 months ended**  **31 Dec 2013 31 Dec 2012 31 Dec 2013 31 Dec 2012**  RM’000 RM’000 RM’000 RM’000  Sales of galvanized steel  products 18,691 25,460 79,515 79,318  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Total operating revenue 18,691 25,460 79,515 79,318  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | | | |
| 11. | | Other Income  **Current Quarter Cumulative Quarter**  **3 months ended 12 months ended**  **31 Dec 2013 31 Dec 2012 31 Dec 2013 31 Dec 2012**  RM’000 RM’000 RM’000 RM’000  Sundry income - 16 45 53  Sales of scrap materials 339 619 2,589 1,486  Rental income 42 42 170 170  Bank interest earned 224 246 915 980  Gain/(Loss) on foreign exchange 273 402 661 269  Gain on disposal of fixed  assets - 10 13 15  Fixed assets written off - 253 - -  Doubtful debts recovery 115 7 172 185  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  993 1,595 4,565 3,158  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | | | | | |
| 12. | | Segmental Information  The Group operates within a single business segment. | | | | | | | |
|  | | The geographical segment revenue for the financial year ended 31 December 2013 were as follows: | | | | | | | |
|  | |  | | | | | | | |
|  | |  | | | **Current Quarter**  **3 Months ended** | |  | **Cumulative Quarter**  **12 Months ended** | |
|  | |  | | | **31 Dec 2013** | **31 Dec 2012** |  | **31 Dec 2013** | **31 Dec 2012** |
|  | | By geographical area : | | | RM’000 | RM’000 |  | RM’000 | RM’000 |
|  | | - | | Malaysia | 10,462 | 20,249 |  | 52,263 | 60,049 |
|  | | - | | ASEAN | 7,034 | 4,588 |  | 23,720 | 17,134 |
|  | | - | | South Asia | 713 | 78 |  | 1,723 | 355 |
|  | | - | | East Asia | 195 | 103 |  | 935 | 480 |
|  | | - | | Middle East | - | - |  | - | - |
|  | | - | | Australasia | 287 | 442 |  | 874 | 1,300 |
|  | | - | | East Europe | - | - |  | - | - |
|  | | - | | Africa | - | - |  | - | - |
|  | |  | | | 18,691 | 25,460 |  | 79,515 | 79,318 |
|  | |
|  | |  | | | | | | | |
| 13. | | Related Party Disclosures  **Current Quarter Cumulative Quarter**  **3 months ended 12 months ended**  **31 Dec 2013 31 Dec 2012 31 Dec 2013 31 Dec 2012**  RM’000 RM’000 RM’000 RM’000  Rental paid to Holding Co  -Lysaght (Malaysia) Sdn Bhd 71 102 384 408  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 year ended 31 December 2013 that have not been reflected in the financial statements for the financial year ended 31 December 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 year ended 31 December 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 year ended 31 December 2013. | | | | | | | |
|  | |  | | | | | | | |
| 20. | | Operating Segment Review | | | | | | | |
|  | | Current Year-to-date vs. Previous Year-to-date  The Group’s pre-tax profit for the financial year ended 31 December 2013 of RM19.16 million was RM3.84 million or 25.07% higher than the previous corresponding period of RM15.32 million. Net profit attributable to equity holders increased by RM3.33 million to RM15.06 million. The increase in earnings was mainly due to improved margins and higher other income. | | | | | | | |
|  | | Current Quarter vs. Previous Year Corresponding Quarter  For the 4th quarter ended 31 December 2013, the Group registered a pre-tax profit of RM3.85 million, a decrease of RM2.73 million or 41.49% as compared to the previous year corresponding quarter of RM6.58 million. The decrease in earnings was mainly due lower revenue. Earnings attributable to equity holders decreased by RM1.76 million or 34.99% over the same period. | | | | | | | |
|  | |  | | | | | | | |
|  | | Variation of Results Against Preceding Quarter  The Group’s pre-tax profit of RM3.85 million for the 4th quarter ended 31 December 2013 shows a decrease of RM1.12 million or 22.54% as compared to the pre-tax profit of RM4.97 million for the preceding quarter ended 30 September 2013. Net profit attributable to equity holders decreased by RM0.63 million or 16.15% over the same period. The decrease in profit was mainly due to lower other income. | | | | | | | |
| 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**  **3 Months ended** | |  | **Cumulative Quarter**  **12 Months ended** | |
|  | |  | | | **31 Dec 2013** | **31 Dec 2012** |  | **31 Dec 2013** | **31 Dec 2012** |
|  | |  | | | RM’000 | RM’000 |  | RM’000 | RM’000 |
|  | | Group tax figures consist of :- | | |  |  |  |  |  |
|  | | - | Current provision | | 658 | 1,532 |  | 4,022 | 3,652 |
|  | | - | Under/(Over) provision in prior years | | - | - |  | - | - |
|  | | - | Deferred Tax | | (74) | 23 |  | 76 | (61) |
|  | |  |  | |  |  |  |  |  |
|  | |  |  | | 584 | 1,555 |  | 4,098 | 3,591 |
|  | |  | | | | | | | |
|  | |  | | | | | | | |
| 24. | | Sale of Unquoted Investment and Properties | | | | | | | |
|  | | There was no sale of unquoted investments and/or properties for the financial year ended 31 December 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 31 December 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 | | | | | | | |
|  | | A final single tier dividend of 12% amounting to RM 4,989,600.00 has been recommended for the quarter under review to be approved by the shareholders at the coming 35th Annual General Meeting. | | | | | | | |
| 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**  **12 Months ended** | |
|  | |  | | | **31 Dec 2013** | **31 Dec 2012** |  | **31 Dec 2013** | **31 Dec 2012** |
|  | |  | | | RM’000 | RM’000 |  | RM’000 | RM’000 |
|  | | Profit net of tax attributable to owners of the parent used in the computation of earnings per share | | | 3,268 | 5,025 |  | 15,062 | 11,733 |
|  | | Number of ordinary shares in issue | | | 41,580 | 41,580 |  | 41,580 | 41,580 |
|  | | Basic Earnings per share | | | 7.86 Sen | 12.09 Sen |  | 36.22 Sen | 28.22 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 31 Dec 2013 | |
|  | |  | | |  | |  | RM’000 | |
|  | | Retained earnings of the Company and its subsidiaries | | | | |  |  |  |
|  | | - Realised | | |  |  |  | 70,951 | |
|  | | - Unrealised | | |  |  |  | (582) | |
|  | |  | | | | |  | ----------- | |
|  | | Retained earnings as per financial statements | | | | |  | 70,369 | |
|  | |  | | |  |  |  | ======= | |
|  | |  | | |  |  |  |  |  |