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| **LYSAGHT GALVANIZED STEEL BHD (46426-P)** |
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| **Explanatory notes pursuant to MFRS 134**For the three-month financial period ended 31 March 2014 |
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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 6 May 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:- |
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|  | * Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities
* Amendments to MFRS 10, MFRS 12 and MFRS 127 : Investment Entities
* Amendments to MFRS 136 : Recoverable Amount Disclosures for Non-Financial Assets
* Amendments to MFRS 139 : Novation of Derivatives and Continuation of Hedge Accounting
* IC Interpretation 21 : Levies

 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 119 : Defined Benefit Plans : Employee Contributions
* Annual Improvements to MFRSs 2010-2012 Cycle
* Annual Improvements to MFRSs 2011-2013 Cycle
* MFRS 9 : Financial Instruments (IFRS 9 issued by IASB in November 2009)
* MFRS 9 : Financial Instruments (IFRS 9 issued by IASB in October 2010)
* MFRS 9 : Financial Instruments : Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139

\* International Accounting Standards BoardThe 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.  |
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|  3. | Changes in estimatesThere 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. |
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| 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 31 March 2014. |
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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. |
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|  10. | Operating Revenue **Current Quarter Cumulative Quarter** **3 months ended 3 months ended**  **31 Mar 2014 31 Mar 2013 31 Mar 2014 31 Mar 2013** RM’000 RM’000 RM’000 RM’000Sales of galvanized steelproducts 15,076 22,425 15,076 22,425 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Total operating revenue 15,076 22,425 15,076 22,425 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
|  11. | Other Income **Current Quarter Cumulative Quarter** **3 months ended 3 months ended**  **31 Mar 2014 31 Mar 2013 31 Mar 2014 31 Mar 2013** RM’000 RM’000 RM’000 RM’000Sundry income 19 5 19 5 Sales of scrap materials 329 1,025 329 1,025Rental income 42 42 42 42Bank interest earned 120 198 120 198Gain/(Loss) on foreign exchange 43 89 43 89Gain on disposal of fixed assets - 1 - 1Fixed assets written off - - - -Doubtful debts recovery 10 5 10 5 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 563 1,365 563 1,365 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  |
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| 12. | Segmental InformationThe Group operates within a single business segment. |
|  | The geographical segment revenue for the financial period ended 31 March 2014 were as follows: |
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|  |  | **Current Quarter****3 Months ended** |  | **Cumulative Quarter** **3 Months ended** |
|  |  | **31 Mar 2014** | **31 Mar 2013** |  | **31 Mar 2014** | **31 Mar 2013** |
|  | By geographical area : | RM’000 | RM’000 |  | RM’000 | RM’000 |
|  | - | Malaysia | 9,075 |  16,354 |  | 9,075 |  16,354 |
|  | - | ASEAN | 5,289 | 5,067 |  |  5,289 |  5,067 |
|  | - | South Asia |  172 |  488 |  |  172 |  488 |
|  | - | East Asia |  147 |  64 |  |  147 |  64 |
|  | - | Middle East |  - |  - |  |  - |  - |
|  | - | Australasia | 393 |  452 |  |  393 |  452 |
|  | - | East Europe |  - |  - |  |  - |  - |
|  | - | Africa |  - |  - |  |  - |  - |
|  |  |  15,076 |  22,425 |  |  15,076 |  22,425 |
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|  |  |
|  13.  | Related Party Disclosures **Current Quarter Cumulative Quarter** **3 months ended 3 months ended**  **31 Mar 2014 31 Mar 2013 31 Mar 2014 31 Mar 2013**RM’000 RM’000 RM’000 RM’000Rental paid to Holding Co-Lysaght (Malaysia) Sdn Bhd - 102 - 102There was no related party transaction in this quarter. |
| 14. | Capital Commitments |
|  | There were no capital commitments at the date of issue of this quarterly report. |
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| 15. | Subsequent Event |
|  | There were no material events subsequent to the end of the financial period ended 31 March 2014 that have not been reflected in the financial statements for the financial period ended 31 March 2014. |
|  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 31 March 2014: 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 AssetsThere 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 31 March 2014 |
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| 20. | Operating Segment Review |
|  | Current Year-to-date vs. Previous Year-to-dateThe Group’s pre-tax profit for the financial period ended 31 March 2014 of RM3.96 million was RM2.16 million or 35.29% lower than the previous corresponding period of RM6.12 million. Net profit attributable to equity holders decreased by RM1.53 million to RM3.06 million. The decrease in earnings was mainly due to lower revenue.  |
|  | Current Quarter vs. Previous Year Corresponding QuarterFor the 1st quarter ended 31 March 2014, the Group registered a pre-tax profit of RM3.96 million, a decrease of RM2.16 million or 35.29% as compared to the previous year corresponding quarter of RM6.12 million. The decrease in earnings was mainly due to lower revenue. Earnings attributable to equity holders decreased by RM1.53 million or 33.33% over the same period. |
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|  | Variation of Results Against Preceding QuarterThe Group’s pre-tax profit of RM3.96 million for the 1st quarter ended 31 March 2014 shows an increase of RM0.11 million or 2.86% as compared to the pre-tax profit of RM3.85 million for the preceding quarter ended 31 December 2013. Net profit attributable to equity holders decreased by RM0.21 million or 6.42% over the same period. The decrease in profit was mainly due to higher income tax expenses. |
| 21. | Commentary on Prospects |
|  | The market for the Group’s products remains very competitive. The Group’s products continue to face stiff price competition. The Management are studying ways to face these challenges ahead as best as possible. |
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| 22. | Profit forecast/profit guarantee  |
|  | No explanatory notes will be provided as the Group has not provided any profit forecast or profit guarantee. |
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| 23. | Income Tax Expense |
|  |  | **Current Quarter****3 Months ended**  |  | **Cumulative Quarter** **3 Months ended** |
|  |  | **31 Mar 2014** | **31 Mar 2013** |  | **31 Mar 2014** | **31 Mar 2013** |
|  |  | RM’000 | RM’000 |  | RM’000 | RM’000 |
|  | Group tax figures consist of :- |  |  |  |  |  |
|  | - | Current provision | 899 |  1,499 |  |  899 |  1,499 |
|  | - | Under/(Over) provision in prior years | - | - |  | - | - |
|  | - | Deferred Tax | - | 25 |  |  - |  25 |
|  |  |  |  |  |  |  |  |
|  |  |  |  899 | 1,524 |  |  899 |  1,524 |
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|  |  |
| 24. | Sale of Unquoted Investment and Properties |
|  | There was no sale of unquoted investments and/or properties for the financial period ended 31 March 2014. |
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| 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 March 2014. |
| 26. | Corporate Proposals |
|  | There were no outstanding corporate proposals at the date of issue of this quarterly report. |
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| 27. | Borrowing |
|  | There were no group borrowings and debt securities as at the end of the reporting period. |
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| 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 LitigationThere 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. |
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|  |  | **Individual Quarter****3 Months ended** |  | **Cumulative Quarter** **3 Months ended**  |
|  |  | **31 Mar 2014** | **31 Mar 2013** |  | **31 Mar 2014** | **31 Mar 2013** |
|  |  | 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 |   3,063 |  4,594 |  |  3,063 |  4,594 |
|  | Number of ordinary shares in issue | 41,580 | 41,580 |  | 41,580 | 41,580 |
|  | Basic Earnings per share | 7.37 Sen |  11.05 Sen |  |  7.37 Sen |  11.05 Sen |
|  32. | Disclosure on Realised and Unrealised Profits/LossesThe 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 March 2014 |
|  |  |  |  | RM’000 |
|  | Retained earnings of the Company and its subsidiaries |  |  |  |
|  |  - Realised |  |  |  | 74,026 |
|  |  - Unrealised |  |  |  |  (582) |
|  |  |  | ----------- |
|  | Retained earnings as per financial statements |  | 73,444 |
|  |  |  |  |  | ======= |
|  |  |  |  |  |  |  |