

LYSAGHT GALVANIZED STEEL BHD (46426-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the twelve-month financial period ended 31 December 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The figures have not been audited.

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED		12 MONTHS ENDED	
	31-12-2015	31-12-2014	31-12-2015	31-12-2014
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	16,361	17,470	63,887	65,242
Cost of sales	(8,826)	(10,549)	(37,952)	(41,073)
Gross Profit	7,535	6,921	25,935	24,169
Other income	1,108	1,600	7,370	3,256
Administrative expenses	(2,706)	(3,155)	(9,169)	(9,114)
Selling and marketing expenses	(1,173)	(1,116)	(3,762)	(3,677)
Other expenses	(22)	(19)	(59)	(112)
Finance cost	-	-	-	-
Profit before tax	4,742	4,231	20,315	14,522
Income tax expense	(1,182)	(955)	(4,010)	(3,287)
Profit for the period	3,560	3,276	16,305	11,235
Profit for the period attributable to:				
Owners of the Company	3,560	3,276	16,305	11,235
Earnings per share attributable to owners of the Company:				
(i) Basic, for profit for the period	8.56 Sen	7.88 Sen	39.21 Sen	27.02 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 2014 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 twelve-month financial period ended 31 December 2015**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

The figures have not been audited.

	Quarter ended	
	31/12/2015	31/12/2014
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,924	31,278
Investments	131	131
Intangible assets	8	8
	31,063	31,417
Current Assets		
Inventories	20,926	24,161
Trade receivables	11,919	17,887
Other receivables	451	904
Cash & bank balances	62,391	33,165
	95,687	76,117
Non current assets held for sales	-	2,609
TOTAL ASSETS	126,750	110,143
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	41,580	41,580
Other reserves	4,090	2,383
Retained earnings	72,141	55,836
	117,811	99,799
Non-Current Liabilities		
Retirement benefits obligations	181	181
Deferred tax liabilities	568	567
	749	748
Current Liabilities		
Trade payables	2,482	1,908
Other Payables	4,235	6,625
Current tax payable	1,473	1,063
	8,190	9,596
Total liabilities	8,939	10,344
TOTAL EQUITY AND LIABILITIES	126,750	110,143
Net assets per share attributable to ordinary equity holder of the parent	2.83	2.40

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the twelve-month financial period ended 31 December 2015

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 2014	41,580	500	1,708	-	70,381	114,169
Currency translation differences representing net expenses recognised directly in equity	-	-	175	-	-	175
Net profit for the period	-	-	-	-	11,235	11,235
Dividend	-	-	-	-	(25,780)	(25,780)
As at 31 December 2014	<u>41,580</u>	<u>500</u>	<u>1,883</u>	<u>-</u>	<u>55,836</u>	<u>99,799</u>
As at 1 January 2015	41,580	500	1,883	-	55,836	99,799
Currency translation differences representing net expenses recognised directly in equity	-	-	1,707	-	-	1,707
Net profit for the period	-	-	-	-	16,305	16,305
Dividend	-	-	-	-	-	-
As at 31 December 2015	<u>41,580</u>	<u>500</u>	<u>3,590</u>	<u>-</u>	<u>72,141</u>	<u>117,811</u>

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 2014 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the twelve-month financial period ended 31 December 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The figures have not been audited.

	Quarter ended	
	31-12-2015 RM'000	31-12-2014 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	20,315	14,522
Adjustments for:		
Impairment loss on trade receivables	134	103
Depreciation of property, plant and equipment	1,245	1,531
Interest income	(1,562)	(619)
Gain on disposal of fixed assets	(3,795)	-
Reversal of impairment loss on trade receivables	(30)	(143)
Unrealised gain on foreign exchange	(219)	(264)
Inventories written down	-	-
Property, plant and equipment written off	-	-
Operating profit before working capital changes	16,088	15,130
Changes in working capital:		
Decrease in inventories	3,235	6,349
Decrease in receivables	5,808	1,184
(Decrease)/Increase in payables	(1,816)	734
Tax paid	(3,110)	(3,612)
Net cash generated from operating activities	20,205	19,785
Cash flows from Investing activities:		
Purchase of Property, plant and equipment	(307)	(1,060)
Proceeds from disposal of property, plant and equipment	6,405	-
Interest Income	1,562	619
Net cash generated from/(used in) investing activities	7,660	(441)
Cash flows from Financing Activities		
Dividend paid	-	(25,780)
Net cash used in financing activities	-	(25,780)
Net change in cash and cash equivalents	27,865	(6,436)
Cash and cash equivalents at beginning of financial period	33,165	39,325
Effect of changes in exchange rate on cash and cash equivalents	1,361	276
Cash and cash equivalents at end of financial period	62,391	33,165

Cash and cash equivalents at the end of financial period comprise the following:

	31-12-2015 RM'000	31-12-2014 RM'000
Cash and bank balances	62,391	33,165

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 2014 and the accompanying explanatory notes attached to these financial statements.

LYSAGHT GALVANIZED STEEL BHD (46426-P)

Explanatory notes pursuant to MFRS 134

For the Twelve-month financial period ended 31 December 2015

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 24th February 2016.

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:-

- Amendments to MFRS 119 : Defined Benefit Plans : Employee Contributions
- Annual Improvements to MFRSs 2010-2012 Cycle
- Annual Improvements to MFRSs 2011-2013 Cycle

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

- MFRS 9 : Financial Instruments
- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 116 and MFRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations
- MFRS 15 : Revenue from Contracts with Customers
- Amendments to MFRS 116 and MFRS 141 : Agriculture : Bearer Plants
- Amendments to MFRS 127 : Equity Method in Separate Financial Statements
- Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Annual Improvements to MFRSs 2012-2014 Cycle
- Amendments to MFRS 101 : Disclosure Initiatives
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exceptions

* 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 31 December 2015.
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		Cumulative Quarter	
	3 months ended		12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Sales of galvanized steel products	16,361	17,470	63,887	65,242
Total operating revenue	16,361	17,470	63,887	65,242

11. Other Income

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Sundry income	10	23	62	60
Sales of scrap materials	242	267	837	1,111
Rental income	-	42	41	170
Bank interest earned	576	220	1,561	619
Gain/(Loss) on foreign exchange	275	1,018	1,043	1,122
Gain on disposal of fixed assets	-	-	3,796	-
Fixed assets written off	-	-	-	12
Doubtful debts recovery	5	30	30	162
	1,108	1,600	7,370	3,256

12. Segmental Information

The Group operates within a single business segment.

The geographical segment revenue for the financial period ended 31 December 2015 were as follows:

By geographical area :	Current Quarter 3 Months ended		Cumulative Quarter 12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
- Malaysia	9,857	8,698	35,328	37,030
- ASEAN	5,846	7,269	25,380	24,139
- South Asia	70	305	398	1,102
- East Asia	130	475	474	663
- Middle East	-	292	88	292
- Australasia	458	431	2,203	2,016
- East Europe	-	-	3	-
- America	-	-	13	-
	16,361	17,470	63,887	65,242

13. Related Party Disclosures

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
	-	-	-	-

There 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.

15. Subsequent Event

There were no material events subsequent to the end of the financial period ended 31 December 2015 that have not been reflected in the financial statements for the financial period ended 31 December 2015.

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 December 2015: 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 31 December 2015

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 31 December 2015 of RM20.32 million was RM5.80 million or 39.94% higher than the previous corresponding period of RM14.52 million. Net profit attributable to equity holders increased from RM11.24 million to RM16.31 million. The increase was mainly due to capital gain from the disposal of an investment of property.

(b) Current Quarter vs. Previous Year Corresponding Quarter

For the 4th quarter ended 31 December 2015, the Group registered a pre-tax profit of RM4.74 million, an increase of RM0.51 million or 12.06% as compared to the previous year corresponding quarter of RM4.23 million. Earnings attributable to equity holders increased by RM0.28 million or 8.54% over the same period. The increase was mainly due to better margin and lower administrative expenses.

(c) Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM4.74 million for the current quarter shows an increase of RM1.54 million or 48.13% as compared to the pre-tax profit of RM3.20 million for the preceding quarter ended 30 September 2015. The increase in profit was mainly due to higher revenue.

21. Commentary on Prospects

The year ahead is very challenging for the Group. Number of enquiries and the quantity of pole requirements have reduced significantly. Pricing will be very challenging in such competitive market. Management will look into ways to value add to our group range of products to enhance our competitive edge.

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		12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Group tax figures consist of :-				
- Current provision	1,137	970	3,934	3,302
- Under/(Over) provision in prior years	8	-	75	-
- Deferred Tax	37	(15)	1	(15)
	<u>1,182</u>	<u>955</u>	<u>4,010</u>	<u>3,287</u>

24. Sale of Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties for the financial period ended 31 December 2015.

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 2015.

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 15% amounting to RM6,237,000.00 has been recommended for the quarter under review to be approved by the shareholders at the coming 37th 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		Cumulative Quarter	
	3 Months ended		12 months ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	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	3,560	3,276	16,305	11,235
Number of ordinary shares in issue	41,580	41,580	41,580	41,580
Basic Earnings per share	8.56 Sen	7.88 Sen	39.21 Sen	27.02 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 2015 RM'000
Retained earnings of the Company and its subsidiaries	
- Realised	72,709
- Unrealised	(568)
	<u>72,141</u>
Retained earnings as per financial statements	<u><u>72,141</u></u>