

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three-month financial period ended 31 March 2016

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

The figures have not been audited.

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED		3 MONTHS ENDED	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
	RM'000	RM'000	RM'000	RM'000
<b>Continuing Operations</b>				
Revenue	15,061	17,028	15,061	17,028
Cost of sales	(8,262)	(10,900)	(8,262)	(10,900)
<b>Gross Profit</b>	6,799	6,128	6,799	6,128
Other income	994	4,695	994	4,695
Administrative expenses	(2,275)	(2,136)	(2,275)	(2,136)
Selling and marketing expenses	(833)	(898)	(833)	(898)
Other expenses	(14)	(10)	(14)	(10)
Finance cost	-	-	-	-
<b>Profit before tax</b>	4,671	7,779	4,671	7,779
Income tax expense	(943)	(1,017)	(943)	(1,017)
<b>Profit for the period</b>	3,728	6,762	3,728	6,762
<b>Profit for the period attributable to:</b>				
Owners of the Company	3,728	6,762	3,728	6,762
<b>Earnings per share attributable to owners of the Company:</b>				
(i) Basic, for profit for the period	8.97 Sen	16.26 Sen	8.97 Sen	16.26 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 2015 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 three-month financial period ended 31 March 2016****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

The figures have not been audited.

	Quarter ended	
	31/03/2016	31/12/2015
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	30,435	30,924
Investments	131	131
Intangible assets	8	8
	<u>30,574</u>	<u>31,063</u>
<b>Current Assets</b>		
Inventories	18,939	20,926
Trade receivables	11,613	13,529
Other receivables	430	451
Cash & bank balances	66,429	62,391
	<u>97,411</u>	<u>97,297</u>
<b>TOTAL ASSETS</b>	<u>127,985</u>	<u>128,360</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	41,580	41,580
Other reserves	3,553	4,090
Retained earnings	75,870	72,142
	<u>121,003</u>	<u>117,812</u>
<b>Non-Current Liabilities</b>		
Retirement benefits obligations	179	179
Deferred tax liabilities	630	568
	<u>809</u>	<u>747</u>
<b>Current Liabilities</b>		
Trade payables	2,251	2,399
Other Payables	2,332	5,929
Current tax payable	1,590	1,473
	<u>6,173</u>	<u>9,801</u>
<b>Total liabilities</b>	<u>6,982</u>	<u>10,548</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>127,985</u>	<u>128,360</u>
Net assets per share attributable to ordinary equity holder of the parent	2.91	2.83

*The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.*

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the three-month financial period ended 31 March 2016

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 2015	41,580	500	1,883	-	55,836	99,799
Currency translation differences representing net expenses recognised directly in equity	-	-	268	-	-	268
Net profit for the period	-	-	-	-	6,762	6,762
Dividend	-	-	-	-	-	-
As at 31 March 2015	41,580	500	2,151	-	62,598	106,829
As at 1 January 2016	41,580	500	3,590	-	72,142	117,812
Currency translation differences representing net expenses recognised directly in equity	-	-	(537)	-	-	(537)
Net profit for the period	-	-	-	-	3,728	3,728
Dividend	-	-	-	-	-	-
As at 31 March 2016	41,580	500	3,053	-	75,870	121,003

*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 2015 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 three-month financial period ended 31 March 2016

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

The figures have not been audited.

	Quarter ended	
	31-03-2016 RM'000	31-03-2015 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	4,671	7,779
Adjustments for:		
Depreciation of property, plant and equipment	300	300
Interest income	(461)	(221)
Gain on disposal of fixed assets	-	(3,796)
Reversal of impairment loss on trade receivables	(10)	(10)
Operating profit before working capital changes	<u>4,500</u>	<u>4,052</u>
Changes in working capital:		
Decrease in inventories	1,987	1,024
Decrease/(Increase) in receivables	1,947	(2,384)
Decrease in payables	(3,744)	(2,977)
Cash from operations	<u>4,690</u>	<u>(285)</u>
Retirement benefits paid	(1)	-
Tax paid	(764)	(153)
Net cash generated from/(used in) operating activities	<u>3,925</u>	<u>(438)</u>
Cash flows from Investing activities:		
Purchase of Property, plant and equipment	(1)	(46)
Proceeds from disposal of property, plant and equipment	-	6,404
Interest Income	461	221
Net cash generated from investing activities	<u>460</u>	<u>6,579</u>
Cash flows from Financing Activities		
Dividend paid	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	4,385	6,141
Cash and cash equivalents at beginning of financial period	62,391	33,165
Effect of changes in exchange rate on cash and cash equivalents	(347)	185
Cash and cash equivalents at end of financial period	<u>66,429</u>	<u>39,491</u>

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

	31-03-2016 RM'000	31-03-2015 RM'000
Cash and bank balances	<u>66,429</u>	<u>39,491</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 2015 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 31 March 2016.

### 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 12<sup>th</sup> May 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:-

- Annual Improvements to MFRSs 2012-2014 Cycle
- Amendments to MFRS 116 and MFRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141 : Agriculture : Bearer Plants
- Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 127 : Equity Method in Separate Financial Statements
- Amendments to MFRS 101 : Disclosure Initiatives
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exceptions
- MFRS 14 Regulatory Deferral Accounts

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 15 : Revenue from Contracts with Customers
- MFRS 16 : Leases
- Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to MFRS 107: Disclosure Initiative
- Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

\* 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 March 2016.
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 3 months ended	
	31 Mar 2016 RM'000	31 Mar 2015 RM'000	31 Mar 2016 RM'000	31 Mar 2015 RM'000
Sales of galvanized steel products	15,061	17,028	15,061	17,028
Total operating revenue	15,061	17,028	15,061	17,028

11. Other Income

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Sundry income	41	44	41	44
Sales of scrap materials	276	206	276	206
Rental income	-	41	-	41
Bank interest earned	461	220	461	220
Gain/(Loss) on foreign exchange	206	378	206	378
Gain on disposal of fixed assets	-	3,796	-	3,796
Doubtful debts recovery	10	10	10	10
	994	4,695	994	4,695

12. Segmental Information

The Group operates within a single business segment.

The geographical segment revenue for the financial period ended 31 March 2016 were as follows:

By geographical area :	Current Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
- Malaysia	6,916	10,635	6,916	10,635
- ASEAN	7,539	5,124	7,539	5,124
- South Asia	17	248	17	248
- East Asia	29	332	29	332
- Middle East	-	-	-	-
- Australasia	560	689	560	689
- East Europe	-	-	-	-
- Africa	-	-	-	-
	15,061	17,028	15,061	17,028

13. Related Party Disclosures

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 March 2016 that have not been reflected in the financial statements for the financial period ended 31 March 2016.

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 2016; 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 March 2016.

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 March 2016 of RM4.67 million was RM3.11 million or 39.97% lower than the previous corresponding period of RM7.78 million. Net profit attributable to equity holders decreased from RM6.76 million to RM3.73 million. The lower earnings was mainly due to the one-off gain from sales of investment property derived during the previous financial period ending 31 March 2015.

b) Current Quarter vs. Previous Year Corresponding Quarter

For the 1st quarter ended 31 March 2016, the Group registered a pre-tax profit of RM4.67 million, a decrease of RM3.11 million or 39.97% as compared to the previous year corresponding quarter of RM7.78 million. Earnings attributable to equity holders decreased by RM3.03 million or 44.81% over the same period. The decrease in earnings was mainly due to gain from sales of investment property during the corresponding 1<sup>st</sup> Quarter ended 31 March 2015.

c) Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM4.67 million for the current quarter shows a marginal decrease of RM0.07 million or 1.48% as compared to the pre-tax profit of RM4.74 million for the preceding quarter ended 31 December 2015.

21. Commentary on Prospects

The coming quarters will remain challenging for the group. Enquiries have reduced while competition remains very stiff.

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 3 Months ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RM'000	RM'000	RM'000	RM'000
Group tax figures consist of :-				
- Current provision	881	1,038	881	1,038
- Under/(Over) provision in prior years	-	-	-	-
- Deferred Tax	62	(21)	62	(21)
	<u>943</u>	<u>1,017</u>	<u>943</u>	<u>1,017</u>

24. Sale of Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties for the financial period ended 31 March 2016.

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 2016.

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 3 Months ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	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	3,728	6,762	3,728	6,762
Number of ordinary shares in issue	41,580	41,580	41,580	41,580
Basic Earnings per share	8.97 Sen	16.26 Sen	8.97 Sen	16.26 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 Mar 2016 RM'000
Retained earnings of the Company and its subsidiaries	
- Realised	76,500
- Unrealised	(630)
Retained earnings as per financial statements	<u>75,870</u>