

LYSAGHT GALVANIZED STEEL BHD (46426-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month financial period ended 30 June 2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The figures have not been audited.

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED		6 MONTHS ENDED	
	30-06-2016	30-06-2015	30-06-2016	30-06-2015
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	16,581	16,272	31,642	33,300
Cost of sales	(10,031)	(9,480)	(18,293)	(20,380)
Gross Profit	6,550	6,792	13,349	12,920
Other income	817	982	1,811	5,677
Administrative expenses	(2,019)	(2,297)	(4,294)	(4,433)
Selling and marketing expenses	(955)	(875)	(1,788)	(1,773)
Other expenses	(7)	(9)	(21)	(19)
Finance cost	-	-	-	-
Profit before tax	4,386	4,593	9,057	12,372
Income tax expense	(883)	(1,095)	(1,826)	(2,112)
Profit for the period	3,503	3,498	7,231	10,260
Profit for the period attributable to:				
Owners of the Company	3,503	3,498	7,231	10,260
Earnings per share attributable to owners of the Company:				
(i) Basic, for profit for the period	8.42 Sen	8.41 Sen	17.39 Sen	24.68 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.

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month financial period ended 30 June 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The figures have not been audited.

	Quarter ended	
	30/06/2016	31/12/2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,252	30,924
Investments	131	131
Intangible assets	8	8
	<u>30,391</u>	<u>31,063</u>
Current Assets		
Inventories	17,660	20,926
Trade receivables	14,453	13,529
Other receivables	369	451
Cash & bank balances	63,970	62,391
	<u>96,452</u>	<u>97,297</u>
TOTAL ASSETS	<u>126,843</u>	<u>128,360</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	41,580	41,580
Other reserves	4,081	4,090
Retained earnings	73,136	72,142
	<u>118,797</u>	<u>117,812</u>
Non-Current Liabilities		
Retirement benefits obligations	176	179
Deferred tax liabilities	489	568
	<u>665</u>	<u>747</u>
Current Liabilities		
Trade payables	3,060	2,399
Other Payables	2,455	5,929
Current tax payable	1,866	1,473
	<u>7,381</u>	<u>9,801</u>
Total liabilities	<u>8,046</u>	<u>10,548</u>
TOTAL EQUITY AND LIABILITIES	<u>126,843</u>	<u>128,360</u>
Net assets per share attributable to ordinary equity holder of the parent	2.86	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 six-month financial period ended 30 June 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	-	-	638	-	-	638
Net profit for the period	-	-	-	-	10,260	10,260
Dividend	-	-	-	-	-	-
As at 30 June 2015	41,580	500	2,521	-	66,096	110,697
As at 1 January 2016	41,580	500	3,590	-	72,142	117,812
Currency translation differences representing net expenses recognised directly in equity	-	-	(9)	-	-	(9)
Net profit for the period	-	-	-	-	7,231	7,231
Dividend	-	-	-	-	(6,237)	(6,237)
As at 30 June 2016	41,580	500	3,581	-	73,136	118,797

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 six-month financial period ended 30 June 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The figures have not been audited.

	Quarter ended	
	30-06-2016 RM'000	30-06-2015 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	9,057	12,372
Adjustments for:		
Depreciation of property, plant and equipment	601	604
Interest income	(995)	(567)
Gain on disposal of fixed assets	-	(3,796)
Reversal of impairment loss on trade receivables	(18)	(10)
Operating profit before working capital changes	8,645	8,603
Changes in working capital:		
Decrease in inventories	3,266	3,668
Decrease/(Increase) in receivables	(824)	722
Decrease in payables	(2,813)	(2,935)
Cash from operations	8,274	10,058
Retirement benefits paid	(3)	-
Tax paid	(1,512)	(1,160)
Net cash generated from/(used in) operating activities	6,759	8,898
Cash flows from Investing activities:		
Purchase of Property, plant and equipment	(9)	(327)
Proceeds from disposal of property, plant and equipment	-	6,404
Interest Income	995	567
Net cash generated from investing activities	986	6,644
Cash flows from Financing Activities		
Dividend paid	(6,237)	-
Net cash used in financing activities	(6,237)	-
Net change in cash and cash equivalents	1,508	15,542
Cash and cash equivalents at beginning of financial period	62,391	33,165
Effect of changes in exchange rate on cash and cash equivalents	71	638
Cash and cash equivalents at end of financial period	63,970	49,345

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

	30-06-2016 RM'000	30-06-2015 RM'000
Cash and bank balances	63,970	49,345

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 Six-month financial period ended 30 June 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 24 August 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 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. Auditors' Report on Preceding Annual Financial Statements
The audit report of the preceding annual financial statements was not subject to any qualification.
5. Comments about Seasonal or Cyclical Factors
The Group's operations were not affected by seasonality or cyclicity.
6. 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 2016.
7. Debt and Equity Securities
There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities.
8. Dividend Paid
A final single tier dividend of 15 sen per ordinary share of RM1.00 in respect of the financial year ended 31 December 2015 amounting to RM6,237,000 was paid on 23 June 2016.

9. Operating Revenue

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Sales of galvanized steel products	16,581	16,272	31,642	33,300
Total operating revenue	16,581	16,272	31,642	33,300

10. Other Income

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Sundry income	10	1	51	45
Sales of scrap materials	125	293	401	499
Rental income	-	-	-	41
Bank interest earned	534	347	995	567
Gain/(Loss) on foreign exchange	140	341	346	719
Gain on disposal of fixed assets	-	-	-	3,796
Doubtful debts recovery	8	-	18	10
Total other income	817	982	1,811	5,677

11. Segmental Information

The Group operates within a single business segment.

The geographical segment revenue for the financial period ended 30 June 2016 were as follows:

	Current Quarter 3 Months ended		Cumulative Quarter 6 Months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
By geographical area :	RM'000	RM'000	RM'000	RM'000
- Malaysia	7,308	6,772	14,224	17,407
- ASEAN	8,245	8,659	15,784	13,783
- South Asia	141	79	158	327
- East Asia	381	3	410	335
- Middle East	-	15	-	15
- Australasia	506	728	1,066	1,417
- East Europe	-	3	-	3
- America	-	13	-	13
	<u>16,581</u>	<u>16,272</u>	<u>31,642</u>	<u>33,300</u>

12. Related Party Disclosures

There was no related party transaction in this quarter.

13. Capital Commitments

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

14. Subsequent Event

There were no material events subsequent to the end of the financial period ended 30 June 2016 that have not been reflected in the financial statements for the financial period ended 30 June 2016.

15. 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.

16. 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 2016: and
- b) The Group has not entered into any type of derivatives not disclosed in the previous financial year.

17. Changes in Contingent Liabilities and Contingent Assets

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

18. Changes in Composition of the Group

There are no changes in the composition of the Group.

19. 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 2016 of RM9.06 million was RM0.48 million higher than the previous corresponding period of RM8.57 million (RM12.37 million minus RM3.80 million one-off gain from sales of investment property). Net profit attributable to equity holders increased by RM0.77 million from RM6.46 million (RM10.26 million minus RM3.80 million one-off gain from sales of investment property) to RM7.23 million for the financial period ending 30 June 2016.

b) Current Quarter vs. Previous Year Corresponding Quarter

For the 2nd quarter ended 30 June 2016, the Group registered a pre-tax profit of RM4.39 million, a decrease of RM0.21 million or 4.51% as compared to the previous year corresponding quarter of RM4.59 million. Earnings attributable to equity holders increased slightly by RM0.01 million or 0.14% over the same period.

c) Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM4.39 million for the current quarter shows a marginal decrease of RM0.28 million as compared to the pre-tax profit of RM4.67 million for the preceding quarter ended 31 March 2016.

20. Commentary on Prospects

The coming quarters will remain challenging for the Group. The Group constantly reviews its operations with a view to enhance profitability. The Group expects to maintain its profitability based on its approach to venture into new markets.

21. Profit forecast/profit guarantee

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

22. Income Tax Expense

	Current Quarter 3 Months ended		Cumulative Quarter 6 Months ended	
	30 June 2016 RM'000	30 June 2015 RM'000	30 June 2016 RM'000	30 June 2015 RM'000
Group tax figures consist of :-				
- Current provision	1,024	874	1,905	1,912
- Under/(Over) provision in prior years	-	67	-	67
- Deferred Tax	(141)	154	(79)	133
	883	1,095	1,826	2,112

23. Sale of Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties for the financial period ended 30 June 2016.

24. 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 2016.

25. Corporate Proposals
There were no outstanding corporate proposals at the date of issue of this quarterly report.
26. Borrowing
There were no group borrowings and debt securities as at the end of the reporting period.
27. Off Balance Sheet Financial Instruments
There were no off balance sheet financial instruments at the date of issue of this quarterly report.
28. Material Litigation
There was no material litigation against the Group for the quarter under review.
29. Dividend Payable
No dividend has been proposed for the quarter under review.
30. 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		6 Months ended	
	30 June 2016	30 June 2015	30 June 2016	30 June 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	3,503	3,498	7,231	10,260
Number of ordinary shares in issue	41,580	41,580	41,580	41,580
Basic Earnings per share	8.42 Sen	8.41 Sen	17.39 Sen	24.68 Sen

31. 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 2016
	RM'000
Retained earnings of the Company and its subsidiaries	
- Realised	73,625
- Unrealised	(489)

Retained earnings as per financial statements	73,136
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