

LYSAGHT GALVANIZED STEEL BHD (46426-P)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month financial period ended 31 March 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The figures have not been audited.

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED		3 MONTHS ENDED	
	31-3-2017	31-3-2016	31-3-2017	31-3-2016
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	20,254	15,061	20,254	15,061
Cost of sales	(12,091)	(8,262)	(12,091)	(8,262)
Gross Profit	8,163	6,799	8,163	6,799
Other income	772	994	772	994
Administrative expenses	(2,241)	(2,275)	(2,241)	(2,275)
Selling and marketing expenses	(1,049)	(833)	(1,049)	(833)
Other expenses	(22)	(14)	(22)	(14)
Finance cost	-	-	-	-
Profit before tax	5,623	4,671	5,623	4,671
Income tax expense	(1,182)	(943)	(1,182)	(943)
Profit for the period	4,441	3,728	4,441	3,728
Profit for the period attributable to:				
Owners of the Company	4,441	3,728	4,441	3,728
Earnings per share attributable to owners of the Company:				
(i) Basic, for profit for the period	10.68 Sen	8.97 Sen	10.68 Sen	8.97 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 2016 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 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The figures have not been audited.

	Quarter ended	
	31/3/2017	31/12/2016
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	31,210	31,043
Investments	131	131
Intangible assets	8	8
	31,349	31,182
Current Assets		
Inventories	28,914	24,560
Trade receivables	18,913	18,033
Other receivables	903	1,052
Cash & bank balances	59,594	61,582
	108,324	105,227
TOTAL ASSETS	139,673	136,409
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	41,580	41,580
Other reserves	4,962	4,566
Retained earnings	85,323	80,882
	131,865	127,028
Non-Current Liabilities		
Retirement benefits obligations	14	14
Deferred tax liabilities	700	585
	714	599
Current Liabilities		
Trade payables	3,978	2,955
Other Payables	1,235	4,210
Current tax payable	1,881	1,617
	7,094	8,782
Total liabilities	7,808	9,381
TOTAL EQUITY AND LIABILITIES	139,673	136,409
Net assets per share attributable to ordinary equity holder of the parent	3.17	3.06

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017

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 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
As at 1 January 2017	41,580	500	4,066	-	80,882	127,028
Currency translation differences representing net expenses recognised directly in equity	-	-	396	-	-	396
Net profit for the period	-	-	-	-	4,441	4,441
Dividend	-	-	-	-	-	0
As at 31 March 2017	41,580	500	4,462	-	85,323	131,865

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 2016 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 2017**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

The figures have not been audited.

	Quarter ended	
	31-03-2017 RM'000	31-03-2016 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	5,623	4,671
Adjustments for:		
Depreciation of property, plant and equipment	309	300
Interest income	(375)	(461)
Loss on disposal of fixed assets	16	-
Reversal of impairment loss on trade receivables	(11)	(10)
Unrealised gain on foreign exchange	(582)	-
Operating profit before working capital changes	4,980	4,500
Changes in working capital:		
(Increase)/Decrease in inventories	(4,354)	1,987
Decrease/(Increase) in receivables	(138)	1,947
Decrease in payables	(1,952)	(3,744)
Cash from operations	(1,464)	4,690
Retirement benefits paid	-	(1)
Tax paid	(804)	(764)
Net cash generated from/(used in) operating activities	(2,268)	3,925
Cash flows from Investing activities:		
Purchase of Property, plant and equipment	(434)	(1)
Proceeds from disposal of property, plant and equipment	28	-
Interest Income	375	461
Net cash generated from investing activities	(31)	460
Cash flows from Financing Activities		
Dividend paid	-	-
Net cash used in financing activities	-	-
Net change in cash and cash equivalents	(2,299)	4,385
Cash and cash equivalents at beginning of financial period	61,582	62,391
Effect of changes in exchange rate on cash and cash equivalents	311	(347)
Cash and cash equivalents at end of financial period	59,594	66,429
Cash and cash equivalents at the end of financial period comprise the following:		
	31-03-2017	31-03-2016
	RM'000	RM'000
Cash and bank balances	59,594	66,429

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 2016 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 2017.

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 11 May 2017.

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 107: Disclosure Initiative
- Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to MFRS Standards 2014-2016 Cycle
 - (i) Amendments to MFRS 12 “Disclosure of Interests in Other Entities”

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
- Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Annual Improvements to MFRS Standards 2014-2016 Cycle
 - (i) Amendments to MFRS 1 “First-time Adoption of Malaysian Financial Reporting Standards”
 - (ii) Amendments to MFRS 128 “Investments in Associates and Joint Ventures”
- Amendments to MFRS 140: Transfers of Investment Property
- IC Interpretation 22: Foreign Currency Transactions and Advance Consideration
- MFRS 16 : Leases
- 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 31 March 2017.

7. Debt and Equity Securities

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

8. Dividend Paid

No dividend was paid during the current quarter.

9. Operating Revenue

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000
Sales of galvanized steel products	20,254	15,061	20,254	15,061
Total operating revenue	20,254	15,061	20,254	15,061

10. Other Income

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000
Sundry income	13	41	13	41
Sales of scrap materials	283	276	283	276
Rental income	-	-	-	-
Bank interest earned	376	461	376	461
Gain/(Loss) on foreign exchange	105	206	105	206
Gain/(Loss) on disposal of fixed assets	(16)	-	(16)	-
Doubtful debts recovery	11	10	11	10
	772	994	772	994

11. Segmental Information

The Group operates within a single business segment.

The geographical segment revenue for the financial period ended 31 March 2017 were as follows:

	Current Quarter		Cumulative Quarter	
	3 Months ended		3 Months ended	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
By geographical area :	RM'000	RM'000	RM'000	RM'000
- Malaysia	10,309	6,916	10,309	6,916
- ASEAN	7,397	7,539	7,397	7,539
- South Asia	237	17	237	17
- East Asia	13	29	13	29
- Middle East	-	-	-	-
- Australasia	2,298	560	2,298	560
- East Europe	-	-	-	-
- America	-	-	-	-
	<u>20,254</u>	<u>15,061</u>	<u>20,254</u>	<u>15,061</u>

12. Related Party Disclosures

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000
Rental of land and buildings	57	-	57	-

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.

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 31 March 2017 that have not been reflected in the financial statements for the financial period ended 31 March 2017.

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 31 March 2017; 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 31 March 2017 of RM5.62 million was RM0.95 million higher than the previous corresponding period of RM4.67 million. Net profit attributable to equity holders increased by RM0.71 million from RM3.73 million to RM4.44 million for the financial period ended 31 March 2017. The increase was mainly due to higher revenue from sales of poles and masts.

b) Current Quarter vs. Previous Year Corresponding Quarter

For the 1st quarter ended 31 March 2017, the Group registered a pre-tax profit of RM5.62 million, an increase of RM0.95 million or 20.34% as compared to the previous year corresponding quarter of RM4.67 million. Earnings attributable to equity holders increased by RM0.71 million or 19.03% over the same period. The increase was mainly due to higher revenue from sales of poles and masts.

c) Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM5.62 million for the current quarter shows a decrease of RM0.54 million as compared to the pre-tax profit of RM6.16 million for the preceding quarter ended 31 December 2016. The decrease in profit was mainly due to less delivery of higher margin products in the 1st quarter.

20. Commentary on Prospects

The coming quarters will remain challenging for the Group, given the foreign exchange volatility and increase in raw materials cost. The Group constantly reviews its operations with a view to enhance profitability. Notwithstanding the above, the Group expects to maintain its profitability.

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 3 Months ended	
	31 Mar 2017 RM'000	31 Mar 2016 RM'000	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Group tax figures consist of :-				
- Current provision	1,068	881	1,068	881
- Under/(Over) provision in prior years	-	-	-	-
- Deferred Tax	114	62	114	62
	<u>1,182</u>	<u>943</u>	<u>1,182</u>	<u>943</u>

23. Sale of Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties for the financial period ended 31 March 2017.

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 31 March 2017.
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 3 Months ended		Cumulative Quarter 3 Months ended	
	31 Mar 2017 RM'000	31 Mar 2016 RM'000	31 Mar 2017 RM'000	31 Mar 2016 RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	4,441	3,728	4,441	3,728
Number of ordinary shares in issue	41,580	41,580	41,580	41,580
Basic Earnings per share	10.68 Sen	8.97 Sen	10.68 Sen	8.97 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 31 Mar 2017 RM'000
Retained earnings of the Company and its subsidiaries	
- Realised	86,023
- Unrealised	(700)

Retained earnings as per financial statements	85,323
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