

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the nine-month financial period ended 30 September 2020

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

The figures have not been audited.

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED		9 MONTHS ENDED	
	30-9-2020	30-9-2019	30-9-2020	30-9-2019
	RM'000	RM'000	RM'000	RM'000
<b>Continuing Operations</b>				
Revenue	15,549	21,830	36,545	57,239
Cost of sales	(12,410)	(15,616)	(28,063)	(40,787)
<b>Gross Profit</b>	<b>3,139</b>	<b>6,214</b>	<b>8,482</b>	<b>16,452</b>
Other income	1,166	1,199	2,843	3,138
Administrative expenses	(2,518)	(2,777)	(7,489)	(7,432)
Selling and marketing expenses	(733)	(1,079)	(1,987)	(2,756)
Finance cost	(4)	-	(14)	-
<b>Profit before tax</b>	<b>1,050</b>	<b>3,557</b>	<b>1,835</b>	<b>9,402</b>
Income tax expense	(304)	(786)	(376)	(2,049)
<b>Profit for the period</b>	<b>746</b>	<b>2,771</b>	<b>1,459</b>	<b>7,353</b>
<b>Profit for the period attributable to:</b>				
Owners of the Company	746	2,771	1,459	7,353
<b>Earnings per share attributable to owners of the Company:</b>				
(i) Basic, for profit for the period	1.79 Sen	6.66 Sen	3.51 Sen	17.68 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 2019 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 nine-month financial period ended 30 September 2020

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

The figures have not been audited.

	Quarter ended	
	30/9/2020	31/12/2019
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	42,399	42,065
Right-of-use asset	478	-
Intangible assets	8	8
	42,885	42,073
<b>Current Assets</b>		
Inventories	39,216	35,488
Trade receivables	13,776	15,806
Other receivables	401	396
Tax recoverable	523	-
Cash & bank balances	63,945	68,186
	117,861	119,876
<b>TOTAL ASSETS</b>	160,746	161,949
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	41,580	41,580
Other reserves	4,124	4,153
Retained earnings	107,976	108,596
	153,680	154,329
<b>Non-Current Liabilities</b>		
Retirement benefits obligations	11	11
Lease liability	484	-
Deferred tax liabilities	289	724
	784	735
<b>Current Liabilities</b>		
Trade payables	2,009	2,583
Other Payables	3,473	2,947
Tax payable	-	28
Contract liabilities	800	1,327
	6,282	6,885
<b>Total liabilities</b>	7,066	7,620
<b>TOTAL EQUITY AND LIABILITIES</b>	160,746	161,949
Net assets per share attributable to ordinary equity holder of the parent	3.70	3.71

*The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.*

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the nine-month financial period ended 30 September 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The figures have not been audited.

	Share capital	Capital reserve	Exchange reserve	Fair value reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2019	41,580	500	3,593	244	102,136	148,053
Currency translation differences representing net expenses recognised directly in equity	-	-	(11)	-	-	(11)
Net profit for the period	-	-	-	-	7,353	7,353
Dividend	-	-	-	-	(2,911)	(2,911)
As at 30 September 2019	41,580	500	3,582	244	106,578	152,484
As at 1 January 2020	41,580	500	3,653	-	108,596	154,329
Currency translation differences representing net expenses recognised directly in equity	-	-	(29)	-	-	(29)
Net profit for the period	-	-	-	-	1,459	1,459
Dividend	-	-	-	-	(2,079)	(2,079)
As at 30 September 2020	41,580	500	3,624	-	107,976	153,680

*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 2019 and the accompanying explanatory notes attached to these interim financial statements.*

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the nine-month financial period ended 30 September 2020**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

The figures have not been audited.

	<b>Cumulative Quarter ended</b>	
	<b>30-09-2020</b>	<b>30-09-2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,835	9,402
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use asset	1,566	1,038
Finance cost	14	-
Interest income	(1,095)	(1,596)
Gain on disposal of property, plant and equipment	-	(42)
Unrealised (gain)/loss on foreign exchange	(21)	18
Operating profit before working capital changes	2,299	8,820
Changes in working capital:		
Increase in inventories	(3,728)	(2,884)
(Increase)/ Decrease in receivables	2,025	149
(Decrease)/ Increase in payables	(554)	686
Cash from operations	42	6,771
Tax paid	(1,371)	(2,376)
Net cash (used in)/ generated from operating activities	(1,329)	4,395
Cash flows from Investing Activities:		
Purchase of property, plant and equipment	(1,668)	(4,535)
Interest Income	1,095	1,596
Short-term deposits with maturity period more than 3 months	(29,000)	(38,000)
Net cash used in investing activities	(29,573)	(40,939)
Cash flows from Financing Activities		
Payment of lease liability	(248)	-
Dividend paid	(2,079)	(2,911)
Net cash used in financing activities	(2,327)	(2,911)
Net change in cash and cash equivalents	(33,229)	(39,455)
Cash and cash equivalents at beginning of financial period	68,186	70,299
Effect of changes in exchange rate on cash and cash equivalents	(12)	33
Cash and cash equivalents at end of financial period	34,945	30,877

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

	<b>30-09-2020</b>	<b>30-09-2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	63,945	68,877
Less: Short-term deposits with maturity period more than 3 months	(29,000)	(38,000)
Cash and cash equivalents	34,945	30,877

*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 2019 and the accompanying explanatory notes attached to these financial statements.*

# LYSAGHT GALVANIZED STEEL BHD (46426-P)

## Explanatory notes pursuant to MFRS 134

For the Nine-month financial period ended 30 September 2020.

### 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 November 2020.

### 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 9: Prepayment Features with Negative Compensation
- MFRS 16 : Leases
- Amendments to MFRS 119 “Employee Benefits”: Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to MFRS Standards 2015-2017 Cycle
- IC Interpretation 23: Uncertainty over Income Tax Treatments
- Amendments to References to the Conceptual Framework in MFRS Standards
- Definition of a Business (Amendments to MFRS 3: Business Combinations)
- Definition of Material (Amendments to MFRS 101: Presentation of Financial Statements and MFRS 108: Accounting Policies, Changes in Accounting Estimates & Errors)
- Interest Rate Benchmark Reform (Amendments to MFRS 9: Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures)

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

#### **2.2 Standards issued but not yet effective**

- Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- MFRS 17 : Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Classification of Liabilities as Current or Non-current (Amendments to MFRS 101: Presentation of Financial Statements)
- Covid-19-Related Rent Concessions (Amendment to MFRS 16: Leases)
- Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018-2020”

- Reference to the Conceptual Framework (Amendments to MFRS 3: Business Combinations)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116: Property, Plant and Equipment)
- Onerous Contracts- Cost of Fulfilling a Contract (Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets)
- Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

\* 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 September 2020.
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 5 sen per ordinary share in respect of the financial year ended 31 December 2019 amounting to RM2,079,000 was paid on 15 September 2020.
9. Operating Revenue

	Current Quarter		Cumulative Quarter	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
Sales of galvanized steel products	15,420	21,668	36,195	56,805
Installation income	25	27	106	72
Delivery income	104	135	244	362
<b>Total operating revenue</b>	<b>15,549</b>	<b>21,830</b>	<b>36,545</b>	<b>57,239</b>

10. Other Income

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
Sundry income	451	5	733	25
Sales of scrap materials	404	596	942	1,429
Bank interest earned	281	515	1,095	1,596
Gain on foreign exchange	30	41	73	46
Gain on disposal of property, plant and equipment	-	42	-	42
Doubtful debts recovery	-	-	-	-
	<u>1,166</u>	<u>1,199</u>	<u>2,843</u>	<u>3,138</u>

11. Segmental Information

The Group operates within a single business segment.

The geographical segment revenue for the financial period ended 30 September 2020 were as follows:

By geographical area :	Current Quarter 3 Months ended		Cumulative Quarter 9 Months ended	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
- Malaysia	9,098	9,801	18,197	28,499
- ASEAN	3,158	6,734	11,171	18,264
- South Asia	903	994	1,391	1,910
- East Asia	65	66	244	405
- Africa	-	29	-	29
- Middle East	302	2,230	1,156	3,906
- Australasia	2,023	1,976	4,386	4,226
	<u>15,549</u>	<u>21,830</u>	<u>36,545</u>	<u>57,239</u>

12. Related Party Disclosures

	Current Quarter 3 Months ended		Cumulative Quarter 9 Months ended	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
Rental of factory paid	93	85	276	256
Fabricating services	32	31	64	93
Transportation services	1	-	13	5
	<u>126</u>	<u>116</u>	<u>353</u>	<u>354</u>

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         | RM'000 |
| Property, plant and equipment:  |        |
| Approved and contracted for     | -      |
| Approved but not contracted for | 23,000 |
|                                 | 23,000 |
|                                 | 23,000 |
14. Subsequent Event  
There were no material events subsequent to the end of the financial period ended 30 September 2020 that have not been reflected in the financial statements for the financial period ended 30 September 2020.
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 September 2020; 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

Table 1: Financial review for current quarter and financial year to date

	Individual Period (3rd quarter)		Changes (Amount/%)		Cumulative Period		Changes (Amount/%)	
	Current Year Quarter	Preceding Year Correspon- ding Quarter	RM'000	%	Current Year To- date	Preceding Year Correspon- ding Period	RM'000	%
	30/9/2020	30/9/2019			30/9/2020	30/9/2019		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	15,549	21,830	(6,281)	(29)	36,545	57,239	(20,694)	(36)
Operating Profit	1,050	3,557	(2,507)	(70)	1,835	9,402	(7,567)	(80)
Profit Before Interest & Tax	1,050	3,557	(2,507)	(70)	1,835	9,402	(7,567)	(80)
Profit Before Tax	1,050	3,557	(2,507)	(70)	1,835	9,402	(7,567)	(80)
Profit After Tax	746	2,771	(2,025)	(73)	1,459	7,353	(5,894)	(80)
Profit Attributable to Ordinary Equity Holders of the Company	746	2,771	(2,025)	(73)	1,459	7,353	(5,894)	(80)

### a) Current Year-to-date vs. Previous Year-to-date (refer Table 1)

The Group's pre-tax profit for the financial period ended 30 September 2020 of RM1.83 million was RM7.57 million lower than the previous corresponding period of RM9.40 million. Net profit attributable to equity holders decreased by RM5.89 million from RM7.35 million to RM1.46 million for the financial period ended 30 September 2020. The sales of poles and decorpoles comprise RM27.99 million and RM1.87 million respectively for financial period ended 30 September 2020 as compared to RM42.24 million and RM6.91 million respectively for previous corresponding period. The decrease in profit was mainly due to decrease in revenue by RM20.69 million for financial period ended 30 September 2020, as a result of implementation of Movement Control Order (MCO) nationwide which was enforced from 18/3/2020 to 3/5/2020, Conditional MCO from 4/5/2020 to 9/6/2020 and Recovery MCO from 10/6/2020 to 31/12/2020.

### b) Current Quarter vs. Previous Year Corresponding Quarter (refer Table 1)

For the 3rd quarter ended 30 September 2020, the Group registered a pre-tax profit of RM1.05 million, a decrease of RM2.51 million or 70% as compared to the previous year corresponding quarter pre-tax profit of RM3.56 million. Earnings attributable to equity holders decreased by RM2.02 million or 73% over the same period. The decrease was mainly due to decrease in revenue by RM6.28 million for 3rd quarter ended 30 September 2020 as compared to previous corresponding quarter.

Table 2: Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 30/9/2020	Immediate Preceding Quarter 30/6/2020	Changes (Amount/%)	
	RM'000	RM'000	RM'000	%
Revenue	15,549	6,281	9,268	148
Operating Profit/(Loss)	1,050	(1,227)	2,277	(186)
Profit/(Loss) Before Interest and Tax	1,050	(1,227)	2,277	(186)
Profit/(Loss) Before Tax	1,050	(1,227)	2,277	(186)
Profit/(Loss) After Tax	746	(902)	1,648	(183)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	746	(902)	1,648	(183)

c) Variation of Results Against Preceding Quarter (refer Table 2)

The Group's pre-tax profit of RM1.05 million for the current quarter shows an increase of RM2.28 million as compared to the pre-tax loss of RM1.23 million for the preceding quarter ended 30 June 2020. The increase in profit was mainly due to increase in revenue by RM9.27 million.

20. Commentary on Prospects

The coming quarters will remain challenging for the Group, given the foreign exchange volatility and increase in competition with lower quality products. Safety and health became immediate priorities to deal with Covid-19 pandemic, and the Group's operations only resumed progressively during Conditional MCO. Disruption of economic activities have affected supply chain networks and buying behaviour, with reduced consumer spending and liquidity tightening across the markets. The Group constantly reviews its operations with a view to increase productivity and enhance 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 9 Months ended	
	30 Sep 2020 RM'000	30 Sep 2019 RM'000	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Group tax figures consist of :-				
- Current provision	362	793	795	2,060
- Under/(Over) provision in prior years	25	(30)	25	(30)
- Deferred Tax	(83)	23	(444)	19
	<u>304</u>	<u>786</u>	<u>376</u>	<u>2,049</u>

23. 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 September 2020.
24. Corporate Proposals  
 There were no outstanding corporate proposals at the date of issue of this quarterly report.
25. Borrowing  
 There were no group borrowings and debt securities as at the end of the reporting period.
26. Off Balance Sheet Financial Instruments  
 There were no off balance sheet financial instruments at the date of issue of this quarterly report.
27. Material Litigation  
 There was no material litigation against the Group for the quarter under review.
28. Dividend Payable  
 No dividend has been proposed for the quarter under review.
29. 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 9 Months ended	
	30 Sep 2020 RM'000	30 Sep 2019 RM'000	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	746	2,771	1,459	7,353
Number of ordinary shares in issue	41,580	41,580	41,580	41,580
Basic Earnings per share	1.79 Sen	6.66 Sen	3.51 Sen	17.68 Sen

30. Profit Before Tax

Profit before tax is derived after taking into account of the following income/ (expenses) items:

	Individual current quarter from 1 July 2020 to 30 Sep 2020 RM'000	Cumulative current year from 1 Jan 2020 to 30 Sep 2020 RM'000
Interest income from fixed deposits	282	1,095
Realised (loss)/gain on foreign exchange	(11)	52
Unrealised gain on foreign exchange	40	21
Auditors' remuneration:		
Statutory audit	(39)	(105)
Non-audit fees:		
- assurance related	(2)	(6)
- tax and other non-audit services	(35)	(71)
Depreciation of property, plant and equipment and right-of-use asset	(541)	(1,566)
Finance cost	(4)	(14)
Rental expenses to a related party	-	(28)
	<hr/>	<hr/>