

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three-month financial period ended 31 March 2021

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

The figures have not been audited.

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED		3 MONTHS ENDED	
	31-3-2021	31-3-2020	31-3-2021	31-3-2020
	RM'000	RM'000	RM'000	RM'000
<b>Continuing Operations</b>				
Revenue	15,374	14,715	15,374	14,715
Cost of sales	(11,680)	(10,343)	(11,680)	(10,343)
<b>Gross Profit</b>	<b>3,694</b>	<b>4,372</b>	<b>3,694</b>	<b>4,372</b>
Other income	929	974	929	974
Administrative expenses	(2,513)	(2,605)	(2,513)	(2,605)
Selling and marketing expenses	(689)	(725)	(689)	(725)
Finance cost	(3)	(4)	(3)	(4)
<b>Profit before tax</b>	<b>1,418</b>	<b>2,012</b>	<b>1,418</b>	<b>2,012</b>
Income tax expense	(230)	(397)	(230)	(397)
<b>Profit for the period</b>	<b>1,188</b>	<b>1,615</b>	<b>1,188</b>	<b>1,615</b>
<b>Profit for the period attributable to:</b>				
Owners of the Company	1,188	1,615	1,188	1,615
<b>Earnings per share attributable to owners of the Company:</b>				
(i) Basic, for profit for the period	2.86 Sen	3.88 Sen	2.86 Sen	3.88 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 2020 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 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The figures have not been audited.

	Quarter ended	
	31/3/2021	31/12/2020
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	41,859	42,084
Right-of-use asset	299	389
Deferred tax asset	27	27
Intangible assets	8	8
	<u>42,193</u>	<u>42,508</u>
<b>Current Assets</b>		
Inventories	38,237	37,918
Trade receivables	14,276	14,989
Other receivables	516	528
Tax recoverable	1,103	844
Cash & bank balances	67,870	64,999
	<u>122,002</u>	<u>119,278</u>
<b>TOTAL ASSETS</b>	<u>164,195</u>	<u>161,786</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	41,580	41,580
Other reserves	4,617	4,106
Retained earnings	110,776	109,588
	<u>156,973</u>	<u>155,274</u>
<b>Non-Current Liabilities</b>		
Retirement benefits obligations	11	11
Lease liability	305	395
Deferred tax liabilities	331	413
	<u>647</u>	<u>819</u>
<b>Current Liabilities</b>		
Trade payables	3,829	3,008
Other Payables	2,098	2,033
Contract liabilities	648	652
	<u>6,575</u>	<u>5,693</u>
<b>Total liabilities</b>	<u>7,222</u>	<u>6,512</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>164,195</u>	<u>161,786</u>
Net assets per share attributable to ordinary equity holder of the parent	3.78	3.73

*The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2021**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

The figures have not been audited.

	Share capital	Capital reserve	Exchange reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1 January 2020</b>	41,580	500	3,653	108,596	154,329
<b>Currency translation differences representing net expenses recognised directly in equity</b>	-	-	(200)	-	(200)
<b>Net profit for the period</b>	-	-	-	1,615	1,615
<b>Dividend</b>	-	-	-	-	-
<b>As at 31 March 2020</b>	<u>41,580</u>	<u>500</u>	<u>3,453</u>	<u>110,211</u>	<u>155,744</u>
<b>As at 1 January 2021</b>	41,580	500	3,606	109,588	155,274
<b>Currency translation differences representing net expenses recognised directly in equity</b>	-	-	511	-	511
<b>Net profit for the period</b>	-	-	-	1,188	1,188
<b>Dividend</b>	-	-	-	-	-
<b>As at 31 March 2021</b>	<u>41,580</u>	<u>500</u>	<u>4,117</u>	<u>110,776</u>	<u>156,973</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 2020 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 2021

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The figures have not been audited.

	Quarter ended	
	31-03-2021 RM'000	31-03-2020 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,418	2,012
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use asset	503	464
Finance cost	3	4
Interest income	(189)	(447)
Unrealised (gain)/loss on foreign exchange	52	(12)
Operating profit before working capital changes	<u>1,787</u>	<u>2,021</u>
Changes in working capital:		
(Increase)/ Decrease in inventories	(319)	143
(Increase)/ Decrease in receivables	725	(100)
Increase/ (Decrease) in payables	830	(1,484)
Cash from operations	<u>3,023</u>	<u>580</u>
Tax paid	<u>(571)</u>	<u>(623)</u>
Net cash generated from/ (used in) operating activities	<u>2,452</u>	<u>(43)</u>
<b>Cash flows from Investing Activities:</b>		
Purchase of property, plant and equipment	(137)	(953)
Interest Income	189	447
Short-term deposits with maturity period more than 3 months	<u>(42,000)</u>	<u>(41,000)</u>
Net cash used in investing activities	<u>(41,948)</u>	<u>(41,506)</u>
<b>Cash flows from Financing Activities</b>		
Payment of lease liability	(93)	(62)
Dividend paid	-	-
Net cash used in financing activities	<u>(93)</u>	<u>(62)</u>
Net change in cash and cash equivalents	(39,589)	(41,611)
Cash and cash equivalents at beginning of financial period	64,999	68,186
Effect of changes in exchange rate on cash and cash equivalents	460	(183)
Cash and cash equivalents at end of financial period	<u>25,870</u>	<u>26,392</u>

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

	31-03-2021 RM'000	31-03-2020 RM'000
Cash and bank balances	<u>67,870</u>	<u>67,392</u>
Less: Short-term deposits with maturity period more than 3 months	<u>(42,000)</u>	<u>(41,000)</u>
Cash and cash equivalents	<u>25,870</u>	<u>26,392</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 2020 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 2021.

### 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 19 May 2021.

### 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)
- Annual Improvements to MFRS Standards 2018-2020 Cycle
- 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)
- Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)
- Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)

\* 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 2020.
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 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
	RM'000	RM'000	RM'000	RM'000
Sales of galvanized steel products	15,227	14,549	15,227	14,549
Installation income	53	72	53	72
Delivery income	94	94	94	94
<b>Total operating revenue</b>	<b>15,374</b>	<b>14,715</b>	<b>15,374</b>	<b>14,715</b>

10. Other Income

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
	RM'000	RM'000	RM'000	RM'000
Sundry income	39	21	39	21
Sales of scrap materials	716	437	716	437
Bank interest earned	189	447	189	447
Gain/(Loss) on foreign exchange	(15)	69	(15)	69
	<b>929</b>	<b>974</b>	<b>929</b>	<b>974</b>

11. Segmental Information

The Group operates within a single business segment.

The geographical segment revenue for the financial period ended 31 March 2021 were as follows:

By geographical area :	Current Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
	RM'000	RM'000	RM'000	RM'000
- Malaysia	6,783	6,490	6,783	6,490
- ASEAN	5,983	5,552	5,983	5,552
- South Asia	551	488	551	488
- East Asia	460	174	460	174
- Middle East	15	348	15	348
- Australasia	1,582	1,663	1,582	1,663
	<b>15,374</b>	<b>14,715</b>	<b>15,374</b>	<b>14,715</b>

12. Related Party Disclosures

	Current Quarter		Cumulative Quarter	
	3 Months ended		3 Months ended	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
	RM'000	RM'000	RM'000	RM'000
Rental of factory paid	93	90	93	90
Fabricating services	25	28	25	28
Galvanizing services	388	-	388	-
Powder coating services	44	-	44	-
Transportation services	3	3	3	3
	553	121	553	121

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	1,000
Approved but not contracted for	21,000
	22,000

14. Subsequent Event

There were no material events subsequent to the end of the financial period ended 31 March 2021 that have not been reflected in the financial statements for the financial period ended 31 March 2021.

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 2021: 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 (1st quarter)		Changes (Amount/%)		Cumulative Period		Changes (Amount/%)	
	Current Year Quarter	Preceding Year Correspon- ding Quarter			Current Year To- date	Preceding Year Correspon- ding Period		
	31/3/2021	31/3/2020	31/3/2021	31/3/2020				
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	15,374	14,715	659	4	15,374	14,715	659	4
Operating Profit	1,418	2,012	(594)	(30)	1,418	2,012	(594)	(30)
Profit Before Interest & Tax	1,418	2,012	(594)	(30)	1,418	2,012	(594)	(30)
Profit Before Tax	1,418	2,012	(594)	(30)	1,418	2,012	(594)	(30)
Profit After Tax	1,188	1,615	(427)	(26)	1,188	1,615	(427)	(26)
Profit Attributable to Ordinary Equity Holders of the Company	1,188	1,615	(427)	(26)	1,188	1,615	(427)	(26)

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

The Group's pre-tax profit for the financial period ended 31 March 2021 of RM1.42 million was RM0.59 million lower than the previous corresponding period of RM2.01 million. Net profit attributable to equity holders decreased by RM0.43 million from RM1.62 million to RM1.19 million for the financial period ended 31 March 2021. The sales of poles and decorpoles comprise RM12.16 million and RM1.21 million respectively for financial period ended 31 March 2021 as compared to RM10.38 million and RM0.52 million respectively for previous corresponding period. The decrease in profit was mainly due to less delivery by RM1.85 million of higher margin products of masts for financial period ended 31 March 2021.

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

For the 1st quarter ended 31 March 2021, the Group registered a pre-tax profit of RM1.42 million, a decrease of RM0.59 million or 30% as compared to the previous year corresponding quarter of RM2.01 million. Earnings attributable to equity holders decreased by RM0.43 million or 26% over the same period. The decrease in profit was mainly due to less delivery of higher margin products of masts in the current quarter.

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

	Current Quarter	Immediate Preceding Quarter	Changes (Amount/%)	
	31/3/2021	31/12/2020	RM'000	%
Revenue	15,374	18,383	(3,009)	(16)
Operating Profit	1,418	2,017	(599)	(30)
Profit Before Interest and Tax	1,418	2,017	(599)	(30)
Profit Before Tax	1,418	2,017	(599)	(30)
Profit After Tax	1,188	1,612	(424)	(26)
Profit Attributable to Ordinary Equity Holders of the Company	1,188	1,612	(424)	(26)

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

The Group's pre-tax profit of RM1.42 million for the current quarter shows a decrease of RM0.60 million as compared to the pre-tax profit of RM2.02 million for the preceding quarter ended 31 December 2020. The decrease in profit was mainly due to decrease in revenue by RM3.01 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		Cumulative Quarter	
	3 Months ended		3 Months ended	
	31 Mar 2021	31 Mar 2020	31 Mar 2021	31 Mar 2020
	RM'000	RM'000	RM'000	RM'000
Group tax figures consist of :-				
- Current provision	312	367	312	367
- Under/(Over) provision in prior years	-	-	-	-
- Deferred Tax	(82)	30	(82)	30
	<u>230</u>	<u>397</u>	<u>230</u>	<u>397</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 31 March 2021.
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  
 The Company had filed a civil suit before the High Court of Malaya on 14 January 2021 against Popeye Resources Sdn Bhd and Macsteel International Far East Limited for, amongst others, that the three alleged contracts for the sale of steel coils in January 2020 and February 2020 amounting to USD1,555,656.12 were forgeries and/or fraudulently prepared.

On 25 March 2021, the Company had obtained an ad interim injunction against Macsteel from proceeding with the arbitration in Hong Kong pending the disposal of the interlocutory injunction application filed by the Company.

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 3 Months ended	
	31 Mar 2021 RM'000	31 Mar 2020 RM'000	31 Mar 2021 RM'000	31 Mar 2020 RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	1,188	1,615	1,188	1,615
Number of ordinary shares in issue	41,580	41,580	41,580	41,580
Basic Earnings per share	2.86 Sen	3.88 Sen	2.86 Sen	3.88 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 Jan 2021 to 31 Mar 2021 RM'000	Cumulative current year from 1 Jan 2021 to 31 Mar 2021 RM'000
Interest income from fixed deposits	189	189
Realised gain on foreign exchange	37	37
Unrealised loss on foreign exchange	(52)	(52)
Auditors' remuneration:		
Statutory audit	(33)	(33)
Non-audit fees:		
- assurance related	(2)	(2)
- tax and other non-audit services	(8)	(8)
Depreciation of property, plant and equipment and right-of-use asset	(503)	(503)
Finance cost	(3)	(3)
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