

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three-month financial period ended 31 March 2022

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

The figures have not been audited.

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED		3 MONTHS ENDED	
	31-3-2022	31-3-2021	31-3-2022	31-3-2021
	RM'000	RM'000	RM'000	RM'000
<b>Continuing Operations</b>				
Revenue	16,727	15,374	16,727	15,374
Cost of sales	(12,632)	(11,680)	(12,632)	(11,680)
<b>Gross Profit</b>	<b>4,095</b>	<b>3,694</b>	<b>4,095</b>	<b>3,694</b>
Other income	559	929	559	929
Administrative expenses	(2,520)	(2,513)	(2,520)	(2,513)
Selling and marketing expenses	(547)	(689)	(547)	(689)
Finance cost	(6)	(3)	(6)	(3)
<b>Profit before tax</b>	<b>1,581</b>	<b>1,418</b>	<b>1,581</b>	<b>1,418</b>
Income tax expense	(248)	(230)	(248)	(230)
<b>Profit for the period</b>	<b>1,333</b>	<b>1,188</b>	<b>1,333</b>	<b>1,188</b>
<b>Profit for the period attributable to:</b>				
Owners of the Company	1,333	1,188	1,333	1,188
<b>Earnings per share attributable to owners of the Company:</b>				
(i) Basic, for profit for the period	3.21 Sen	2.86 Sen	3.21 Sen	2.86 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 2021 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 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The figures have not been audited.

	Quarter ended	
	31/3/2022	31/12/2021
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	29,248	29,421
Right-of-use asset	13,006	12,506
Deferred tax asset	455	321
Intangible assets	8	8
	42,717	42,256
<b>Current Assets</b>		
Inventories	45,703	44,943
Trade receivables	15,190	15,968
Other receivables	528	747
Contract assets	39	152
Tax recoverable	1,062	1,219
Cash & bank balances	61,895	61,189
	124,417	124,218
<b>TOTAL ASSETS</b>	167,134	166,474
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	41,580	41,580
Other reserves	4,924	4,716
Retained earnings	113,929	112,596
	160,433	158,892
<b>Non-Current Liabilities</b>		
Lease liability	972	392
	972	392
<b>Current Liabilities</b>		
Trade payables	3,074	3,204
Other Payables	2,036	2,308
Contract liabilities	619	1,678
	5,729	7,190
<b>Total liabilities</b>	6,701	7,582
<b>TOTAL EQUITY AND LIABILITIES</b>	167,134	166,474
Net assets per share attributable to ordinary equity holder of the parent	3.86	3.82

*The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022

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
As at 1 January 2021	41,580	500	3,606	109,588	155,274
Currency translation differences representing net expenses recognised directly in equity	-	-	511	-	511
Net profit for the period	-	-	-	1,188	1,188
Dividend	-	-	-	-	-
As at 31 March 2021	41,580	500	4,117	110,776	156,973
As at 1 January 2022	41,580	500	4,216	112,596	158,892
Currency translation differences representing net expenses recognised directly in equity	-	-	208	-	208
Net profit for the period	-	-	-	1,333	1,333
Dividend	-	-	-	-	-
As at 31 March 2022	41,580	500	4,424	113,929	160,433

*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 2021 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 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The figures have not been audited.

	Cumulative Quarter ended	
	31-3-2022	31-3-2021
	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,581	1,418
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use asset	564	503
Finance cost	6	3
Interest income	(156)	(189)
Gain on disposal of property, plant and equipment	(8)	-
Unrealised loss on foreign exchange	53	52
Operating profit before working capital changes	2,040	1,787
Changes in working capital:		
Increase in inventories	(760)	(319)
Decrease in receivables	1,110	725
Increase/(Decrease) in payables	(1,514)	830
Cash from operations	876	3,023
Tax paid	(226)	(571)
Net cash generated from operating activities	650	2,452
Cash flows from Investing Activities:		
Purchase of property, plant and equipment	(155)	(137)
Proceeds from disposal of property, plant and equipment	9	-
Interest Income	156	189
Short-term deposits with maturity period more than 3 months	(41,000)	(42,000)
Net cash used in investing activities	(40,990)	(41,948)
Cash flows from Financing Activities		
Payment of lease liability	(147)	(93)
Dividend paid	-	-
Net cash used in financing activities	(147)	(93)
Net change in cash and cash equivalents	(40,487)	(39,589)
Cash and cash equivalents at beginning of financial period	61,189	64,999
Effect of changes in exchange rate on cash and cash equivalents	193	460
Cash and cash equivalents at end of financial period	20,895	25,870
Cash and cash equivalents at the end of financial period comprise the following:		
	31-3-2022	31-3-2021
	RM'000	RM'000
Cash and bank balances	61,895	67,870
Less: Short-term deposits with maturity period more than 3 months	(41,000)	(42,000)
Cash and cash equivalents	20,895	25,870

*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 2021 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 2022.

### 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 2022.

### 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)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)
- Initial Application of MFRS 17 and MFRS 9-Comparative Information (Amendment to MFRS 17 Insurance Contracts)

\* 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 2022.
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 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
	RM'000	RM'000	RM'000	RM'000
Sales of galvanized steel products	16,616	15,227	16,616	15,227
Installation income	12	53	12	53
Delivery income	99	94	99	94
<b>Total operating revenue</b>	<b>16,727</b>	<b>15,374</b>	<b>16,727</b>	<b>15,374</b>

10. Other Income

	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
	RM'000	RM'000	RM'000	RM'000
Sundry income	22	39	22	39
Sales of scrap materials	356	716	356	716
Bank interest earned	156	189	156	189
Gain/(Loss) on forex	17	(15)	17	(15)
Gain on disposal of property, plant and equipment	8	-	8	-
	<b>559</b>	<b>929</b>	<b>559</b>	<b>929</b>

11. Segmental Information

The Group operates within a single business segment.

The geographical segment revenue for the financial period ended 31 March 2022 were as follows:

By geographical area :	Current Quarter 3 Months ended		Cumulative Quarter 3 Months ended	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
	RM'000	RM'000	RM'000	RM'000
- Malaysia	7,436	6,783	7,436	6,783
- ASEAN	6,636	5,983	6,636	5,983
- South Asia	211	551	211	551
- East Asia	39	460	39	460
- Middle East	126	15	126	15
- Australasia	2,279	1,582	2,279	1,582
	<b>16,727</b>	<b>15,374</b>	<b>16,727</b>	<b>15,374</b>

12. Related Party Disclosures

	Current Quarter		Cumulative Quarter	
	3 Months ended		3 Months ended	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
	RM'000	RM'000	RM'000	RM'000
Rental of factory paid	147	93	147	93
Fabricating services	17	25	17	25
Galvanizing services	-	388	-	388
Purchase of used motor vehicle	25	-	25	-
Powder coating services	15	44	15	44
Transportation services	-	3	-	3
	204	553	204	553

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	200
Approved but not contracted for	20,900
	21,100

14. Subsequent Event

There were no material events subsequent to the end of the financial period ended 31 March 2022 that have not been reflected in the financial statements for the financial period ended 31 March 2022.

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 2022; 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 Corresponding Quarter			Current Year To- date	Preceding Year Corresponding Period		
	31/3/2022	31/3/2021	31/3/2022	31/3/2021				
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	16,727	15,374	1,353	9	16,727	15,374	1,353	9
Operating Profit	1,581	1,418	163	11	1,581	1,418	163	11
Profit Before Interest & Tax	1,581	1,418	163	11	1,581	1,418	163	11
Profit Before Tax	1,581	1,418	163	11	1,581	1,418	163	11
Profit After Tax	1,333	1,188	145	12	1,333	1,188	145	12
Profit Attributable to Ordinary Equity Holders of the Company	1,333	1,188	145	12	1,333	1,188	145	12

### 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 2022 of RM1.58 million was RM0.16 million higher than the previous corresponding period of RM1.42 million. Net profit attributable to equity holders increased by RM0.14 million from RM1.19 million to RM1.33 million for the financial period ended 31 March 2022. The sales of poles and decorpoles comprise RM14.06 million and RM1.36 million respectively for financial period ended 31 March 2022 as compared to RM12.16 million and RM1.21 million respectively for previous corresponding period. The increase in profit was mainly due to increase in revenue for financial period ended 31 March 2022.

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

For the 1st quarter ended 31 March 2022, the Group registered a pre-tax profit of RM1.58 million, an increase of RM0.16 million or 11% as compared to the previous year corresponding quarter pre-tax profit of RM1.42 million. Earnings attributable to equity holders increased by RM0.14 million or 12% over the same period. The increase in pre-tax profit was mainly due to increase in revenue by RM1.35 million for 1st quarter ended 31 March 2022 as compared to previous corresponding quarter.

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

	Current Quarter 31/3/2022	Immediate Preceding Quarter 31/12/2021	Changes (Amount/%)	
	RM'000	RM'000	RM'000	%
Revenue	16,727	17,156	(429)	(3)
Operating Profit	1,581	951	630	66
Profit Before Interest and Tax	1,581	951	630	66
Profit Before Tax	1,581	951	630	66
Profit After Tax	1,333	679	654	96
Profit Attributable to Ordinary Equity Holders of the Company	1,333	679	654	96

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

The Group's pre-tax profit of RM1.58 million for the current quarter shows an increase of RM0.63 million as compared to the pre-tax profit of RM0.95 million for the preceding quarter ended 31 December 2021. The increase in profit was mainly due to the increase in average selling price of poles in the current quarter.

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. 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 3 Months ended	
	31 Mar 2022 RM'000	31 Mar 2021 RM'000	31 Mar 2022 RM'000	31 Mar 2021 RM'000
Group tax figures consist of :-				
- Current provision	382	312	382	312
- Under/(Over) provision in prior years	-	-	-	-
- Deferred Tax	(134)	(82)	(134)	(82)
	<u>248</u>	<u>230</u>	<u>248</u>	<u>230</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 2022.
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.
- The Company had applied for an interlocutory injunction against Macsteel to injunct Macsteel from proceeding with the arbitration in Hong Kong. Thereafter, Macsteel had applied to the High Court for a stay of proceedings pursuant to the Arbitration Act 2005 for the suit before the High Court to be stayed while parties resolve the dispute by way of arbitration.
- On 20 October 2021, the Company's application for an interlocutory injunction was allowed while Macsteel's application for a stay of proceedings was dismissed. Following the decision of the High Court, Macsteel is prevented from proceeding with the arbitration initiated in Hong Kong pending disposal of the suit before the High Court.
- On 26 October 2021, Macsteel had appealed against the decisions of the High Court to the Court of Appeal (the "**Appeal**"). On 17 March 2022 Macsteel had also filed an application to the Court of Appeal for Interim Order to stay the High Court proceedings pending appeal ('Stay Pending Appeal Application'). On 6 April 2022 Macsteel had filed another interim application for stay pending the hearing of the interim order application which was dismissed on 15 April 2022 by the Court of Appeal. Following the dismissal of Macsteel's Interim Application before the Court of Appeal, Macsteel had withdrawn its Stay Pending Appeal Application. The Appeal is now fixed for hearing on 15 August 2022.
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 2022 RM'000	31 Mar 2021 RM'000	31 Mar 2022 RM'000	31 Mar 2021 RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	1,333	1,188	1,333	1,188
Number of ordinary shares in issue	41,580	41,580	41,580	41,580
Basic Earnings per share	3.21 Sen	2.86 Sen	3.21 Sen	2.86 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 2022 to 31 Mar 2022 RM'000	Cumulative current year from 1 Jan 2022 to 31 Mar 2022 RM'000
Interest income from fixed deposits	156	156
Realised gain on foreign exchange	57	57
Unrealised loss on foreign exchange	(40)	(40)
Auditors' remuneration:		
Statutory audit -current	(30)	(30)
Non-audit fees:		
- assurance related	(2)	(2)
Depreciation of property, plant and equipment and right-of-use asset	(564)	(564)
Finance cost	(6)	(6)
	<hr/>	<hr/>