

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the nine-month financial period ended 30 September 2022

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

The figures have not been audited.

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED		9 MONTHS ENDED	
	30-9-2022	30-9-2021	30-9-2022	30-9-2021
	RM'000	RM'000	RM'000	RM'000
<b>Continuing Operations</b>				
Revenue	19,262	14,231	54,476	40,461
Cost of sales	(13,739)	(10,567)	(39,898)	(30,957)
<b>Gross Profit</b>	5,523	3,664	14,578	9,504
Other income	364	1,651	1,376	2,973
Administrative expenses	(2,602)	(2,315)	(7,723)	(7,359)
Selling and marketing expenses	(545)	(676)	(1,670)	(1,981)
Finance cost	(6)	(2)	(18)	(8)
<b>Profit before tax</b>	2,734	2,322	6,543	3,129
Income tax expense	(602)	(495)	(1,323)	(564)
<b>Profit for the period</b>	2,132	1,827	5,220	2,565
<b>Profit for the period attributable to:</b>				
Owners of the Company	2,132	1,827	5,220	2,565
<b>Earnings per share attributable to owners of the Company:</b>				
(i) Basic, for profit for the period	5.13 Sen	4.39 Sen	12.55 Sen	6.17 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.*

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the nine-month financial period ended 30 September 2022

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

The figures have not been audited.

	Quarter ended	
	30/9/2022	31/12/2021
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	28,984	29,421
Right-of-use asset	12,651	12,506
Deferred tax asset	246	321
Intangible assets	8	8
	<u>41,889</u>	<u>42,256</u>
<b>Current Assets</b>		
Inventories	45,906	44,943
Trade receivables	18,018	15,968
Other receivables	532	747
Contract assets	138	152
Tax recoverable	1,154	1,219
Fixed deposits, cash & bank balances	65,534	61,189
	<u>131,282</u>	<u>124,218</u>
<b>TOTAL ASSETS</b>	<u>173,171</u>	<u>166,474</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	41,580	41,580
Other reserves	6,606	4,716
Retained earnings	117,400	112,596
	<u>165,586</u>	<u>158,892</u>
<b>Non-Current Liabilities</b>		
Lease liability	690	392
Deferred tax liability	230	-
	<u>920</u>	<u>392</u>
<b>Current Liabilities</b>		
Trade payables	2,108	3,204
Other Payables	3,792	2,308
Contract liabilities	765	1,678
	<u>6,665</u>	<u>7,190</u>
<b>Total liabilities</b>	<u>7,585</u>	<u>7,582</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>173,171</u>	<u>166,474</u>
Net assets per share attributable to ordinary equity holder of the parent	3.98	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 nine-month financial period ended 30 September 2022

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

The figures have not been audited.

	<b>Share capital</b>	<b>Capital reserve</b>	<b>Exchange reserve</b>	<b>Retained profits</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<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>	-	-	447	-	447
<b>Net profit for the period</b>	-	-	-	2,565	2,565
<b>Dividend</b>	-	-	-	(416)	(416)
<b>As at 30 September 2021</b>	<u>41,580</u>	<u>500</u>	<u>4,053</u>	<u>111,737</u>	<u>157,870</u>
<b>As at 1 January 2022</b>	41,580	500	4,216	112,596	158,892
<b>Currency translation differences representing net expenses recognised directly in equity</b>	-	-	1,890	-	1,890
<b>Net profit for the period</b>	-	-	-	5,220	5,220
<b>Dividend</b>	-	-	-	(416)	(416)
<b>As at 30 September 2022</b>	<u>41,580</u>	<u>500</u>	<u>6,106</u>	<u>117,400</u>	<u>165,586</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 2021 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 2022**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

The figures have not been audited.

	Quarter ended	
	30-09-2022	30-09-2021
	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	6,543	3,129
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use asset	1,705	1,568
Finance cost	18	8
Interest income	(611)	(602)
Gain on disposal of property, plant and equipment	(8)	-
Unrealised loss/(gain) on foreign exchange	31	(16)
Operating profit before working capital changes	7,678	4,087
Changes in working capital:		
Increase in inventories	(963)	(5,023)
(Increase)/Decrease in receivables	(1,844)	5
(Decrease)/Increase in payables	(533)	2,230
Cash from operations	4,338	1,299
Tax paid	(953)	(1,396)
Net cash generated from/(used in) operating activities	3,385	(97)
<b>Cash flows from Investing Activities:</b>		
Purchase of property, plant and equipment	(554)	(897)
Proceeds from disposal of property, plant and equipment	9	-
Interest Income	611	602
Short-term deposits with maturity period more than 3 months	(24,000)	(45,000)
Net cash used in investing activities	(23,934)	(45,295)
<b>Cash flows from Financing Activities</b>		
Payment of lease liability	(441)	(288)
Dividend paid	(416)	(416)
Net cash used in financing activities	(857)	(704)
Net change in cash and cash equivalents	(21,406)	(46,096)
Cash and cash equivalents at beginning of financial period	61,189	64,999
Effect of changes in exchange rate on cash and cash equivalents	1,751	394
Cash and cash equivalents at end of financial period	41,534	19,297

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

	30-09-2022	30-09-2021
	RM'000	RM'000
Cash and bank balances	65,534	64,297
Less: Short-term deposits with maturity period more than 3 months	(24,000)	(45,000)
Cash and cash equivalents	41,534	19,297

*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**  
**Registration No. 197901002195 (46426-P)**

**Explanatory notes pursuant to MFRS 134**

For the Nine-month financial period ended 30 September 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 17 November 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)
- Lease Liability in a Sale and Leaseback (Amendments 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 30 September 2022.
7. Debt and Equity Securities  
There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities.
8. Dividend Paid  
An interim single tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 December 2021 amounting to RM415,800 was paid on 15 July 2022.

9. Operating Revenue

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	RM'000	RM'000	RM'000	RM'000
Sales of galvanized steel products	19,118	14,141	54,086	40,110
Installation income	15	15	72	110
Delivery income	129	75	318	241
<b>Total operating revenue</b>	<b>19,262</b>	<b>14,231</b>	<b>54,476</b>	<b>40,461</b>

10. Other Income

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	RM'000	RM'000	RM'000	RM'000
Sundry income	2	1,052	65	1,126
Sales of scrap materials	231	342	911	1,217
Bank interest earned	213	201	611	602
Gain/(Loss) on forex	(82)	56	(219)	28
Gain on disposal of property, plant and equipment	-	-	8	-
	<b>364</b>	<b>1,651</b>	<b>1,376</b>	<b>2,973</b>

11. Segmental Information

The Group operates within a single business segment.

The geographical segment revenue for the financial period ended 30 September 2022 were as follows:

By geographical area :	Current Quarter 3 Months ended		Cumulative Quarter 9 Months ended	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	RM'000	RM'000	RM'000	RM'000
- Malaysia	9,192	5,003	23,938	17,132
- ASEAN	7,939	6,373	22,655	16,508
- South Asia	-	482	462	1,542
- East Asia	111	107	808	569
- Middle East	48	17	779	199
- Australasia	1,972	2,249	5,834	4,511
	<b>19,262</b>	<b>14,231</b>	<b>54,476</b>	<b>40,461</b>

12. Related Party Disclosures

	Current Quarter 3 Months ended		Cumulative Quarter 9 Months ended	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	RM'000	RM'000	RM'000	RM'000
Rental of factory paid	147	102	441	288
Fabricating services	55	31	99	70
Galvanizing services	-	-	-	388
Purchase of used motor vehicle	-	-	25	-
Powder coating services	110	-	207	44
Transportation services	-	3	-	8
	312	136	772	798

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	100
Approved but not contracted for	20,900
	21,000

14. Subsequent Event

There were no material events subsequent to the end of the financial period ended 30 September 2022 that have not been reflected in the financial statements for the financial period ended 30 September 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 30 September 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 (3rd quarter)		Changes (Amount/%)		Cumulative Period		Changes (Amount/%)	
	Current Year Quarter	Preceding Year Correspon- ding Quarter			Current Year To- date	Preceding Year Correspon- ding Period		
	30/9/2022	30/9/2021	30/9/2022	30/9/2021				
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	19,262	14,231	5,031	35	54,476	40,461	14,015	35
Operating Profit	2,734	2,322	412	18	6,543	3,129	3,414	109
Profit Before Interest & Tax	2,734	2,322	412	18	6,543	3,129	3,414	109
Profit Before Tax	2,734	2,322	412	18	6,543	3,129	3,414	109
Profit After Tax	2,132	1,827	305	17	5,220	2,565	2,655	104
Profit Attributable to Ordinary Equity Holders of the Company	2,132	1,827	305	17	5,220	2,565	2,655	104

### 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 2022 of RM6.54 million was RM3.41 million higher than the previous corresponding period of RM3.13 million. Net profit attributable to equity holders increased by RM2.65 million from RM2.57 million to RM5.22 million for the financial period ended 30 September 2022. The sales of poles and masts comprise RM42.87 million and RM7.72 million respectively for financial period ended 30 September 2022 as compared to RM32.64 million and RM5.54 million respectively for previous corresponding period. The increase in profit was mainly due to increase in revenue for financial period ended 30 September 2022.

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

For the 3rd quarter ended 30 September 2022, the Group registered a pre-tax profit of RM2.73 million, an increase of RM0.41 million or 18% as compared to the previous year corresponding quarter pre-tax profit of RM2.32 million. Earnings attributable to equity holders increased by RM0.31 million or 17% over the same period. The increase in pre-tax profit was mainly due to increase in revenue by RM5.03 million for 3rd quarter ended 30 September 2022 as compared to previous corresponding quarter.

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

	Current Quarter 30/9/2022	Immediate Preceding Quarter 30/6/2022	Changes (Amount/%)	
	RM'000	RM'000	RM'000	%
Revenue	19,262	18,487	775	4
Operating Profit	2,734	2,228	506	23
Profit Before Interest and Tax	2,734	2,228	506	23
Profit Before Tax	2,734	2,228	506	23
Profit After Tax	2,132	1,755	377	21
Profit Attributable to Ordinary Equity Holders of the Company	2,132	1,755	377	21

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

The Group's pre-tax profit of RM2.73 million for the current quarter shows an increase of RM0.5 million as compared to the pre-tax profit of RM2.23 million for the preceding quarter ended 30 June 2022. The increase in profit was mainly due to increase in revenue by RM0.77 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. 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 2022 RM'000	30 Sep 2021 RM'000	30 Sep 2022 RM'000	30 Sep 2021 RM'000
Group tax figures consist of :-				
- Current provision	309	378	1,037	878
- Under/(Over) provision in prior years	(19)	-	(19)	-
- Deferred Tax	312	117	305	(314)
	<u>602</u>	<u>495</u>	<u>1,323</u>	<u>564</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 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. On 15 August 2022, the Appeal was heard and the Court of Appeal dismissed the Appeal.

On 13 September 2022, Macsteel filed applications to the Federal Court for leave to appeal against the decision of the Court of Appeal for dismissing the Appeal. Macsteel's application before the Federal Court is fixed for hearing on 16 February 2023.

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 2022 RM'000	30 Sep 2021 RM'000	30 Sep 2022 RM'000	30 Sep 2021 RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	2,132	1,827	5,220	2,565
Number of ordinary shares in issue	41,580	41,580	41,580	41,580
Basic Earnings per share	5.13 Sen	4.39 Sen	12.55 Sen	6.17 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 2022 to 30 Sep 2022 RM'000	Cumulative current year from 1 Jan 2022 to 30 Sep 2022 RM'000
Interest income from fixed deposits	213	611
Gain on disposal of property, plant and equipment	-	8
Realised loss on foreign exchange	(147)	(188)
Unrealised gain/(loss) on foreign exchange	65	(31)
Auditors' remuneration:		
Statutory audit -current	(44)	(113)
Non-audit fees:		
- assurance related	(2)	(6)
Depreciation of property, plant and equipment and right-of-use asset	(572)	(1,705)
Finance cost	(6)	(18)
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