

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the nine-month financial period ended 30 September 2023

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

The figures have not been audited.

	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
	30-9-2023 RM'000	30-9-2022 RM'000	30-9-2023 RM'000	30-9-2022 RM'000
<b>Continuing Operations</b>				
Revenue	24,269	19,262	61,024	54,476
Cost of sales	(18,284)	(13,739)	(44,969)	(39,898)
<b>Gross Profit</b>	<b>5,985</b>	<b>5,523</b>	<b>16,055</b>	<b>14,578</b>
Other income	1,129	364	3,384	1,376
Administrative expenses	(2,682)	(2,602)	(8,067)	(7,723)
Selling and marketing expenses	(580)	(545)	(1,652)	(1,670)
Finance cost	(3)	(6)	(9)	(18)
<b>Profit before tax</b>	<b>3,849</b>	<b>2,734</b>	<b>9,711</b>	<b>6,543</b>
Income tax expense	(894)	(602)	(1,689)	(1,323)
<b>Profit for the period</b>	<b>2,955</b>	<b>2,132</b>	<b>8,022</b>	<b>5,220</b>
<b>Profit for the period attributable to:</b>				
Owners of the Company	2,955	2,132	8,022	5,220
<b>Earnings per share attributable to owners of the Company:</b>				
(i) Basic, for profit for the period	7.11 Sen	5.13 Sen	19.29 Sen	12.55 Sen
(ii) Diluted, for profit for the period	N/A	N/A	N/A	N/A

*The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

The figures have not been audited.

	Quarter ended	
	30/9/2023	31/12/2022
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	28,132	28,942
Right-of-use asset	12,289	12,453
Deferred tax asset	247	247
Intangible assets	8	8
	40,676	41,650
<b>Current Assets</b>		
Inventories	34,447	43,669
Trade receivables	21,358	12,970
Other receivables	458	406
Contract assets	188	68
Tax recoverable	-	1,067
Fixed deposits, cash & bank balances	87,485	74,356
	143,936	132,536
<b>TOTAL ASSETS</b>	184,612	174,186
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	41,580	41,580
Other reserves	9,436	7,190
Retained earnings	124,798	119,271
	175,814	168,041
<b>Non-Current Liabilities</b>		
Lease liability	532	547
Deferred tax liability	956	658
	1,488	1,205
<b>Current Liabilities</b>		
Trade payables	2,670	1,046
Other Payables	4,083	2,616
Tax payable	105	-
Contract liabilities	452	1,278
	7,310	4,940
<b>Total liabilities</b>	8,798	6,145
<b>TOTAL EQUITY AND LIABILITIES</b>	184,612	174,186
Net assets per share attributable to owners of the Company	4.23	4.04

*The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023

**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 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 year</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>
<b>As at 1 January 2023</b>	41,580	500	6,690	119,271	168,041
<b>Currency translation differences representing net expenses recognised directly in equity</b>	-	-	2,246	-	2,246
<b>Net profit for the year</b>	-	-	-	8,022	8,022
<b>Dividend</b>	-	-	-	(2,495)	(2,495)
<b>As at 30 September 2023</b>	<u>41,580</u>	<u>500</u>	<u>8,936</u>	<u>124,798</u>	<u>175,814</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 2022 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 2023**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

The figures have not been audited.

	<b>Cumulative Quarter ended</b>	
	<b>30-9-2023</b>	<b>30-9-2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	9,711	6,543
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use asset	1,707	1,705
Finance cost	9	18
Interest income	(1,774)	(611)
Gain on disposal of property, plant and equipment	(14)	(8)
Unrealised (gain)/loss on foreign exchange	(2)	31
Operating profit before working capital changes	9,637	7,678
Changes in working capital:		
Decrease/(increase) in inventories	9,223	(963)
Increase in receivables	(8,702)	(1,844)
Increase/(Decrease) in payables	2,265	(533)
Cash from operations	12,423	4,338
Tax paid	(220)	(953)
Net cash generated from operating activities	12,203	3,385
<b>Cash flows from Investing Activities:</b>		
Purchase of property, plant and equipment	(172)	(554)
Proceeds from disposal of property, plant and equipment	14	9
Interest Income	1,774	611
Short-term deposits with maturity period more than 3 months	(10,000)	(24,000)
Net cash used in investing activities	(8,384)	(23,934)
<b>Cash flows from Financing Activities</b>		
Payment of lease liability	(441)	(441)
Dividend paid	(2,495)	(416)
Net cash used in financing activities	(2,936)	(857)
Net change in cash and cash equivalents	883	(21,406)
Cash and cash equivalents at beginning of financial period	74,356	61,189
Effect of changes in exchange rate on cash and cash equivalents	2,246	1,751
Cash and cash equivalents at end of financial period	77,485	41,534

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

	<b>30-9-2023</b>	<b>30-9-2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	87,485	65,534
Less: Short-term deposits with maturity period more than 3 months	(10,000)	(24,000)
Cash and cash equivalents	77,485	41,534

*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 2022 and the accompanying explanatory notes attached to these financial statements.*

**LYSAGHT GALVANIZED STEEL BHD**  
**Registration No. 197901002195 (46426-P)**

**Explanatory notes to the interim financial statements**

For the Nine-month financial period ended 30 September 2023.

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 22 November 2023.

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:-

- 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)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)

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**

- Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases)
- Non-Current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)
- Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)
- Lack of Exchangeability (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)

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 2023.

#### 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 3 sen per ordinary share in respect of the financial year ended 31 December 2022 amounting to RM1,247,400 was paid on 14 July 2023.

An interim single tier dividend of 3 sen per ordinary share in respect of the financial year ending 31 December 2023 amounting to RM1,247,400 was paid on 29 September 2023.

#### 9. Operating Revenue

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 Sep 2023</b>	<b>30 Sep 2022</b>	<b>30 Sep 2023</b>	<b>30 Sep 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sales of galvanized steel products	24,007	19,118	60,432	54,086
Installation income	114	15	223	72
Delivery income	148	129	369	318
<b>Total operating revenue</b>	<b>24,269</b>	<b>19,262</b>	<b>61,024</b>	<b>54,476</b>

10. Other Income

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
	RM'000	RM'000	RM'000	RM'000
Sundry income	2	2	395	65
Sales of scrap materials, zinc ash & dross	398	231	1,120	911
Bank interest earned	615	213	1,774	611
(Loss)/Gain on forex	107	(82)	74	(219)
Bad debts recovered	7	-	7	-
Gain on disposal of property, plant and equipment	-	-	14	8
	<u>1,129</u>	<u>364</u>	<u>3,384</u>	<u>1,376</u>

11. Segmental Information

The Group operates within a single business segment.

The geographical segment revenue for the financial period ended 30 September 2023 were as follows:

By geographical area :	Current Quarter		Cumulative Quarter	
	3 Months ended		9 Months ended	
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
	RM'000	RM'000	RM'000	RM'000
- Malaysia	11,314	9,192	27,746	23,938
- ASEAN	11,113	7,939	23,898	22,655
- South Asia	53	-	181	462
- East Asia	731	111	855	808
- Middle East	359	48	928	779
- Australasia	699	1,972	7,416	5,834
	<u>24,269</u>	<u>19,262</u>	<u>61,024</u>	<u>54,476</u>

12. Related Party Disclosures

	Current Quarter		Cumulative Quarter	
	3 Months ended		9 Months ended	
	30 Sep 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
	RM'000	RM'000	RM'000	RM'000
Rental of factory paid	147	147	441	441
Fabricating services	12	55	19	99
Purchase of used motor vehicle	-	-	-	25
Powder coating services	49	110	150	207
Purchase of goods	1,783	1,511	4,686	3,553
	<u>1,991</u>	<u>1,823</u>	<u>5,296</u>	<u>4,325</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	100
Approved but not contracted for	19,400
	<hr/>
	19,500
	<hr/>

14. Subsequent Event

There were no material events subsequent to the end of the financial period ended 30 September 2023 that have not been reflected in the financial statements for the financial period ended 30 September 2023.

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 audited 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 2023; 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

Other than the material litigation in Note 27, there were no changes in contingent liabilities or contingent assets from those disclosed in 2022 audited financial statements.

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		
	30/9/2023	30/9/2022	30/9/2023	30/9/2022				
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	24,269	19,262	5,007	26	61,024	54,476	6,548	12
Operating Profit	3,849	2,734	1,115	41	9,711	6,543	3,168	48
Profit Before Interest & Tax	3,849	2,734	1,115	41	9,711	6,543	3,168	48
Profit Before Tax	3,849	2,734	1,115	41	9,711	6,543	3,168	48
Profit After Tax	2,955	2,132	823	39	8,022	5,220	2,802	54
Profit Attributable to Ordinary Equity Holders of the Company	2,955	2,132	823	39	8,022	5,220	2,802	54

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 2023 of RM9.71 million was RM3.17 million higher than the previous corresponding period of RM6.54 million. Net profit attributable to equity holders increased by RM2.80 million from RM5.22 million to RM8.02 million for the financial period ended 30 September 2023. The sales of poles and masts comprise RM48.91 million and RM9.09 million respectively for financial period ended 30 September 2023 as compared to RM42.87 million and RM7.72 million respectively for previous corresponding period. The increase in profit was mainly due to more delivery of higher margin product of masts by additional RM1.37 million and also increase in the average selling price of standard poles.

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

For the 3rd quarter ended 30 September 2023, the Group registered a pre-tax profit of RM3.85 million, an increase of RM1.12 million or 41% as compared to the previous year corresponding quarter pre-tax profit of RM2.73 million. Earnings attributable to equity holders increased by RM0.82 million or 39% over the same period. The increase in pre-tax profit was mainly due to increase in revenue by RM5.01 million for 3rd quarter ended 30 September 2023 as compared to previous corresponding quarter.

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

	Current Quarter 30/9/2023	Immediate Preceding Quarter 30/6/2023	Changes (Amount/%)	
	RM'000	RM'000	RM'000	%
Revenue	24,269	19,767	4,502	23
Operating Profit	3,849	2,590	1,259	49
Profit Before Interest and Tax	3,849	2,590	1,259	49
Profit Before Tax	3,849	2,590	1,259	49
Profit After Tax	2,955	2,378	577	24
Profit Attributable to Ordinary Equity Holders of the Company	2,955	2,378	577	24

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

The Group's pre-tax profit of RM3.85 million for the current quarter shows an increase of RM1.26 million as compared to the pre-tax profit of RM2.59 million for the preceding quarter ended 30 June 2023. The increase in profit was mainly due to increase in revenue by RM4.50 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. The Russia-Ukraine conflict 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 issued any profit forecast or profit guarantee.

22. Income Tax Expense

	Current Quarter 3 Months ended		Cumulative Quarter 9 Months ended	
	30 Sep 2023 RM'000	30 Sep 2022 RM'000	30 Sep 2023 RM'000	30 Sep 2022 RM'000
Group tax figures consist of :-				
- Current provision	511	309	1,404	1,037
- Under/(Over) provision in prior years	(13)	(19)	(13)	(19)
- Deferred Tax	396	312	298	305
	<u>894</u>	<u>602</u>	<u>1,689</u>	<u>1,323</u>
Effective tax rate (%)	23.6%	22.7%	17.5%	20.5%

Income tax is recognised based on management's estimate.

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 2023.
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 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 against the grant of the anti-arbitration injunction and dismissal of the stay pending arbitration applications (the "Appeal"). On 15 August 2022, the Appeal was heard and the Court of Appeal dismissed the Appeal.
- On 13 September 2022, Macsteel filed 3 notices of motion to the Federal Court for leave to appeal against the decision of the Court of Appeal for dismissing the Appeal. Macsteel's motion before the Federal Court was fixed for hearing on 16 February 2023 and the Federal Court had dismissed Macsteel's motion for leave to appeal to the Federal Court.
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 2023 RM'000	30 Sep 2022 RM'000	30 Sep 2023 RM'000	30 Sep 2022 RM'000
Profit net of tax attributable to owners of the Company used in the computation of earnings per share	2,955	2,132	8,022	5,220
Number of ordinary shares in issue	41,580	41,580	41,580	41,580
Basic Earnings per share	7.11 Sen	5.13 Sen	19.29 Sen	12.55 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 2023 to 30 Sep 2023 RM'000	Cumulative current year from 1 Jan 2023 to 30 Sep 2023 RM'000
Interest income from fixed deposits	615	1,774
Realised gain on foreign exchange	108	72
Unrealised (loss)/gain on foreign exchange	(1)	2
Bad debts recovered	7	7
Gain on disposal of property, plant & equipment	-	14
Depreciation of property, plant and equipment and right-of-use asset	(572)	(1,707)
Finance cost	(3)	(9)