

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the twelve-month financial period ended 31 December 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The figures have not been audited.

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED		12 MONTHS ENDED	
	31-12-2023	31-12-2022	31-12-2023	31-12-2022
	RM'000	RM'000	RM'000	RM'000
Revenue	23,299	15,934	84,323	70,410
Cost of sales	(16,690)	(11,529)	(61,659)	(51,427)
Gross Profit	6,609	4,405	22,664	18,983
Other income	1,239	1,155	4,623	2,531
Administrative expenses	(3,101)	(2,375)	(11,168)	(10,098)
Selling and marketing expenses	(647)	(516)	(2,299)	(2,186)
Finance cost	(5)	(5)	(14)	(23)
Profit before tax	4,095	2,664	13,806	9,207
Income tax expense	(868)	(793)	(2,557)	(2,116)
Profit for the period	3,227	1,871	11,249	7,091
Profit for the period attributable to:				
Owners of the Company	3,227	1,871	11,249	7,091
Earnings per share attributable to owners of the Company:				
(i) Basic, for profit for the period	7.76 Sen	4.50 Sen	27.05 Sen	17.05 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 twelve-month financial period ended 31 December 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The figures have not been audited.

	Quarter ended	
	31/12/2023	31/12/2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	27,795	28,942
Right-of-use asset	12,077	12,453
Deferred tax asset	247	247
Intangible assets	8	8
	<u>40,127</u>	<u>41,650</u>
Current Assets		
Inventories	31,054	43,669
Trade receivables	19,682	12,970
Other receivables	317	406
Contract assets	88	68
Tax recoverable	-	1,766
Fixed deposits, cash & bank balances	94,943	74,356
	<u>146,084</u>	<u>133,235</u>
TOTAL ASSETS	<u>186,211</u>	<u>174,885</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	41,580	41,580
Other reserves	9,938	7,190
Retained earnings	128,025	119,271
	<u>179,543</u>	<u>168,041</u>
Non-Current Liabilities		
Lease liability	390	547
Deferred tax liability	1,366	658
	<u>1,756</u>	<u>1,205</u>
Current Liabilities		
Trade payables	2,245	1,046
Other Payables	2,307	2,616
Tax payable	81	699
Contract liabilities	279	1,278
	<u>4,912</u>	<u>5,639</u>
Total liabilities	<u>6,668</u>	<u>6,844</u>
TOTAL EQUITY AND LIABILITIES	<u>186,211</u>	<u>174,885</u>
Net assets per share attributable to owners of the Company	4.32	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 twelve-month financial period ended 31 December 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
As at 1 January 2022	41,580	500	4,216	112,596	158,892
Currency translation differences representing net expenses recognised directly in equity	-	-	2,470	-	2,470
Net profit for the year	-	-	-	7,091	7,091
Dividend	-	-	-	(416)	(416)
As at 31 December 2022	<u>41,580</u>	<u>500</u>	<u>6,686</u>	<u>119,271</u>	<u>168,037</u>
As at 1 January 2023	41,580	500	6,690	119,271	168,041
Currency translation differences representing net expenses recognised directly in equity	-	-	2,748	-	2,748
Net profit for the year	-	-	-	11,249	11,249
Dividend	-	-	-	(2,495)	(2,495)
As at 31 December 2023	<u>41,580</u>	<u>500</u>	<u>9,438</u>	<u>128,025</u>	<u>179,543</u>

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes at to these interim financial statements.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the twelve-month financial period ended 31 December 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The figures have not been audited.

	Cumulative Quarter ended	
	31-12-2023	31-12-2022
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	13,806	9,207
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use asset	2,292	2,279
Finance cost	14	23
Interest income	(2,648)	(1,033)
Gain on disposal of property, plant and equipment	(14)	(8)
Impairment loss on trade receivables	160	-
Inventories written down	136	-
Unrealised loss on foreign exchange	8	22
Operating profit before working capital changes	<u>13,754</u>	<u>10,490</u>
Changes in working capital:		
Decrease in inventories	12,479	1,274
(Increase)/Decrease in receivables	(6,985)	5,707
Decrease in payables	(109)	(2,259)
Cash from operations	<u>19,139</u>	<u>15,212</u>
Tax paid	<u>(701)</u>	<u>(1,231)</u>
Net cash generated from operating activities	18,438	13,981
Cash flows from Investing Activities:		
Purchase of property, plant and equipment	(177)	(847)
Proceeds from disposal of property, plant and equipment	14	9
Interest Income	2,648	1,033
Short-term deposits with maturity period more than 3 months	(14,812)	(8,000)
Net cash used in investing activities	<u>(12,327)</u>	<u>(7,805)</u>
Cash flows from Financing Activities		
Payment of lease liability	(589)	(588)
Dividend paid	(2,495)	(416)
Net cash used in financing activities	<u>(3,084)</u>	<u>(1,004)</u>
Net change in cash and cash equivalents	3,027	5,172
Cash and cash equivalents at beginning of financial period	74,356	61,189
Effect of changes in exchange rate on cash and cash equivalents	2,748	(5)
Cash and cash equivalents at end of financial period	<u>80,131</u>	<u>66,356</u>

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

	31-12-2023	31-12-2022
	RM'000	RM'000
Cash and bank balances	<u>94,943</u>	<u>74,356</u>
Less: Short-term deposits with maturity period more than 3 months	(14,812)	(8,000)
Cash and cash equivalents	<u>80,131</u>	<u>66,356</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 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 Twelve-month financial period ended 31 December 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.

The Quarterly Report has been prepared in accordance with the reporting requirements outlined in the MFRS 134 issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Listing Requirements of Bursa Securities Malaysia Berhad and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2022.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2022.

These condensed consolidated interim financial statements were approved by the Board of Directors on 22 February 2024.

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 31 December 2023.

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 12 months ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM'000	RM'000	RM'000	RM'000
Sales of galvanized steel products	22,038	15,810	82,470	69,896
Installation income	129	32	352	104
Delivery income	1,132	92	1,501	410
Total operating revenue	23,299	15,934	84,323	70,410

10. Other Income

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM'000	RM'000	RM'000	RM'000
Sundry income	34	1	429	66
Sales of scrap materials, zinc ash & dross	289	791	1,409	1,702
Bank interest earned	874	422	2,648	1,033
(Loss)/Gain on forex	42	(59)	116	(278)
Bad debts recovered	-	-	7	-
Gain on disposal of property, plant and equipment	-	-	14	8
	<u>1,239</u>	<u>1,155</u>	<u>4,623</u>	<u>2,531</u>

11. Segmental Information

The Group operates within a single business segment.

The geographical segment revenue for the financial period ended 31 December 2023 were as follows:

By geographical area :	Current Quarter 3 Months ended		Cumulative Quarter 12 Months ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM'000	RM'000	RM'000	RM'000
- Malaysia	10,923	8,075	38,669	32,013
- ASEAN	10,485	5,650	34,383	28,305
- South Asia	-	193	181	655
- East Asia	113	3	968	811
- Middle East	379	24	1,307	803
- Central Europe	28	-	28	-
- Australasia	1,371	1,989	8,787	7,823
	<u>23,299</u>	<u>15,934</u>	<u>84,323</u>	<u>70,410</u>

12. Related Party Disclosures

	Current Quarter 3 Months ended		Cumulative Quarter 12Months ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM'000	RM'000	RM'000	RM'000
Rental of factory paid	148	147	589	588
Fabricating services	28	8	47	107
Purchase of used motor vehicle	-	-	-	25
Powder coating services	25	19	175	226
Purchase of goods	1,092	882	5,778	4,464
	<u>1,293</u>	<u>1,056</u>	<u>6,589</u>	<u>5,410</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

15,445

15,445

14. Subsequent Event

There were no material events subsequent to the end of the financial period ended 31 December 2023 that have not been reflected in the financial statements for the financial period ended 31 December 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 31 December 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 (4th quarter)		Changes (Amount/%)		Cumulative Period		Changes (Amount/%)	
	Current Year Quarter	Preceding Year Correspon- ding Quarter			Current Year To- date	Preceding Year Correspon- ding Period		
	31/12/2023	31/12/2022	31/12/2023	31/12/2022				
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	23,299	15,934	7,365	46	84,323	70,410	13,913	20
Operating Profit	4,095	2,664	1,431	54	13,806	9,207	4,599	50
Profit Before Interest & Tax	4,095	2,664	1,431	54	13,806	9,207	4,599	50
Profit Before Tax	4,095	2,664	1,431	54	13,806	9,207	4,599	50
Profit After Tax	3,227	1,871	1,356	72	11,249	7,091	4,158	59
Profit Attributable to Ordinary Equity Holders of the Company	3,227	1,871	1,356	72	11,249	7,091	4,158	59

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 December 2023 of RM13.81 million was RM4.60 million higher than the previous corresponding period of RM9.21 million. Net profit attributable to equity holders increased by RM4.16 million from RM7.09 million to RM11.25 million for the financial period ended 31 December 2023. The sales of poles and masts comprise RM67.69 million and RM12.29 million respectively for financial period ended 31 December 2023 as compared to RM56.77 million and RM9.14 million respectively for previous corresponding period. The increase in profit was mainly due to increase in the average selling price of standard poles.

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

For the 4th quarter ended 31 December 2023, the Group registered a pre-tax profit of RM4.09 million, an increase of RM1.43 million or 54% as compared to the previous year corresponding quarter pre-tax profit of RM2.66 million. Earnings attributable to equity holders increased by RM1.36 million or 72% over the same period. The increase in pre-tax profit was mainly due to increase in revenue by RM7.36 million for 4th quarter ended 31 December 2023 as compared to previous corresponding quarter.

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

	Current Quarter 31/12/2023	Immediate Preceding Quarter 30/9/2023	Changes (Amount/%)	
	RM'000	RM'000	RM'000	%
Revenue	23,299	24,269	(970)	(4)
Operating Profit	4,095	3,849	246	6
Profit Before Interest and Tax	4,095	3,849	246	6
Profit Before Tax	4,095	3,849	246	6
Profit After Tax	3,227	2,955	272	9
Profit Attributable to Ordinary Equity Holders of the Company	3,227	2,955	272	9

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

The Group's pre-tax profit of RM4.09 million for the current quarter shows an increase of RM0.24 million as compared to the pre-tax profit of RM3.85 million for the preceding quarter ended 30 September 2023. The increase in profit was mainly due to increase in average selling price of decorative poles in the current quarter.

20. Commentary on Prospects

The coming quarters will remain challenging for the Group, given the foreign exchange volatility, slowing global economy with geopolitical tensions, inflationary cost pressures and increase in competition with lower quality products. Global factors such as volatility in commodities and crude oil prices will affect our suppliers pricing for raw materials sourced from overseas. The Group will remain vigilant on the movement of steel prices and focus on prudent procurement strategies and inventory management to optimise cost 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 12 Months ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM'000	RM'000	RM'000	RM'000
Group tax figures consist of :-				
- Current provision	458	323	1,862	1,360
- Under/(Over) provision in prior years	-	42	(13)	23
- Deferred Tax :current	700	213	998	518
- Under/(Over) provision in prior years	(290)	215	(290)	215
	868	793	2,557	2,116
Effective tax rate (%)	28.3%	20.1%	20.7%	20.4%

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 31 December 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.

The case is now fixed for hearing from 9th to 12th September 2024.

28. Dividend

A final single tier dividend of 5 sen per ordinary share amounting to RM2,079,000 has been recommended for the quarter under review to be approved by the shareholders at the coming 45th Annual General Meeting.

An interim single tier dividend of 3 sen per ordinary share amounting to RM1,247,400 was paid on 29 September 2023.

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		Cumulative Quarter	
	3 Months ended		12 Months ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM'000	RM'000	RM'000	RM'000
Profit net of tax attributable to owners of the Company used in the computation of earnings per share	3,227	1,871	11,249	7,091
Number of ordinary shares in issue	41,580	41,580	41,580	41,580
Basic Earnings per share	7.76 Sen	4.50 Sen	27.05 Sen	17.05 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 Oct 2023 to 31 Dec 2023 RM'000	Cumulative current year from 1 Jan 2023 to 31 Dec 2023 RM'000
Interest income from fixed deposits	874	2,648
Realised gain on foreign exchange	52	124
Unrealised (loss)/gain on foreign exchange	(10)	(8)
Bad debts recovered	-	7
Gain on disposal of property, plant & equipment	-	14
Depreciation of property, plant and equipment and right-of-use asset	(585)	(2,292)
Impairment loss on trade receivables	(118)	(160)
Inventories written down	(136)	(136)
Finance cost	(5)	(14)
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