

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS****For the nine-month financial period ended 30 September 2013****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

The figures have not been audited.

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 MONTHS ENDED		9 MONTHS ENDED	
	30-09-2013	30-09-2012	30-09-2013	30-09-2012
	RM'000	RM'000	RM'000	RM'000
<b>Continuing Operations</b>				
Revenue	18,881	21,841	60,824	53,858
Cost of sales	(12,579)	(14,452)	(39,918)	(38,575)
<b>Gross Profit</b>	<b>6,302</b>	<b>7,389</b>	<b>20,906</b>	<b>15,283</b>
Other income	1,555	858	3,572	1,563
Administrative expenses	(1,933)	(2,060)	(6,099)	(6,160)
Selling and marketing expenses	(907)	(777)	(2,906)	(1,845)
Other expenses	(45)	(44)	(165)	(97)
Finance cost	-	-	-	-
<b>Profit before tax</b>	<b>4,972</b>	<b>5,366</b>	<b>15,308</b>	<b>8,744</b>
Income tax expense	(1,069)	(1,288)	(3,514)	(2,036)
<b>Profit for the period</b>	<b>3,903</b>	<b>4,078</b>	<b>11,794</b>	<b>6,708</b>
<b>Profit for the period attributable to:</b>				
Owners of the Company	3,903	4,078	11,794	6,708
<b>Earnings per share attributable to owners of the Company:</b>				
(i) Basic, for profit for the period	9.39 Sen	9.81 Sen	28.36 Sen	16.13 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 2012 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 nine-month financial period ended 30 September 2013

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

The figures have not been audited.

	Quarter ended	
	30/09/2013	31/12/2012
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	23,406	22,260
Investments	131	131
Intangible assets	8	8
	<u>23,545</u>	<u>22,399</u>
<b>Current Assets</b>		
Inventories	28,401	31,565
Trade receivables	19,239	24,363
Other receivables	1,604	1,081
Cash & bank balances	46,402	33,065
	<u>95,646</u>	<u>90,074</u>
<b>TOTAL ASSETS</b>	<u>119,191</u>	<u>112,473</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	41,580	41,580
Other reserves	2,179	1,304
Retained earnings	67,101	60,297
	<u>110,860</u>	<u>103,181</u>
<b>Non-Current Liabilities</b>		
Retirement benefits obligations	181	188
Deferred tax liabilities	657	506
	<u>838</u>	<u>694</u>
<b>Current Liabilities</b>		
Trade payables	2,117	2,674
Other Payables	3,354	4,471
Current tax payable	2,022	1,453
	<u>7,493</u>	<u>8,598</u>
<b>Total liabilities</b>	<u>8,331</u>	<u>9,292</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>119,191</u>	<u>112,473</u>
Net assets per share attributable to ordinary equity holder of the parent	2.67	2.48

*The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The figures have not been audited.

	Share capital	Capital reserve	Exchange reserve	Reserve on consolidation	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2012	41,580	500	343	-	52,722	95,145
Currency translation differences representing net expenses recognised directly in equity	-	-	461	-	-	461
Net profit for the period	-	-	-	-	11,733	11,733
Dividend	-	-	-	-	(4,158)	(4,158)
As at 31 December 2012	41,580	500	804	-	60,297	103,181
As at 1 January 2013	41,580	500	804	-	60,297	103,181
Currency translation differences representing net expenses recognised directly in equity	-	-	875	-	-	875
Net profit for the period	-	-	-	-	11,794	11,794
Dividend	-	-	-	-	(4,990)	(4,990)
As at 30 September 2013	41,580	500	1,679	-	67,101	110,860

*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 2012 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 2013

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

The figures have not been audited.

	Quarter ended	
	30-09-2013	30-09-2012
	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	15,308	8,744
Adjustments for:		
Impairment loss on trade receivables	-	-
Depreciation of property, plant and equipment	1,078	914
Interest income	(691)	(734)
Loss/(Gain) on disposal of fixed assets	(13)	(5)
Reversal of impairment loss on trade receivables	-	-
Unrealised loss/(gain) on foreign exchange	-	-
Inventories written down	-	-
Property, plant and equipment written off	-	-
Operating profit before working capital changes	15,682	8,919
Changes in working capital:		
Decrease/(increase) in inventories	3,164	(17,546)
Decrease/(increase) in receivables	4,601	(6,758)
(Decrease) in payables	(1,674)	(834)
Tax paid	(2,794)	(1,703)
Net cash used in operating activities	18,979	(17,922)
Cash flows from Investing activities:		
Purchase of Property, plant and equipment	(2,224)	(1,350)
Proceeds from disposal of property plant and equipment	13	5
Interest Income	691	734
Net cash used in investing activities	(1,520)	(611)
Cash flows from Financing Activities		
Dividend paid	(4,990)	(4,158)
Retirement benefits paid	(7)	(2)
Net cash generated from financing activities	(4,997)	(4,160)
Net change in cash and cash equivalents	12,462	(22,693)
Cash and cash equivalents at beginning of financial period	33,065	52,774
Effect of changes in exchange rate on cash and cash equivalents	875	442
Cash and cash equivalents at end of financial period	46,402	30,523
Cash and cash equivalents at the end of financial period comprise the following:		
	30-09-2013	30-09-2012
	RM'000	RM'000
Cash and bank balances	46,402	30,523

*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 2012 and the accompanying explanatory notes attached to these financial statements.*

# LYSAGHT GALVANIZED STEEL BHD (46426-P)

## Explanatory notes pursuant to MFRS 134

For the nine-month financial period ended 30 September 2013

### 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 25 November 2013.

### 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:-

- MFRS 101 : Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)
- Amendments to MFRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- MFRS 3 : Business Combinations (IFRS 3 Business Combinations issued by IASB\* in March 2004)
- MFRS 10 : Consolidated Financial Statements
- MFRS 11 : Joint Arrangements
- MFRS 12 : Disclosure of interests in Other Entities
- MFRS 13 : Fair value measurement
- MFRS 119 : Employees Benefits
- MFRS 127 : Separate Financial Statements
- MFRS 128 : Investments in Associates and Joint Ventures
- MFRS 127 : Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB\* in December 2003)
- Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 7 : Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 1 : First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
- Amendments to MFRS 1 : First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements 2009-2011 Cycle
- Amendments to MFRS 116 : Property , Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 132 : Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)

- Amendments to MFRS 134 : Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 10 : Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11 : Joint Arrangements: Transition Guidance
- Amendments to MFRS 12 : Disclosure of Interests in Other Entities Transition Guidance

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

## 2.2 Standards issued but not yet effective

- Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, MFRS 12 and MFRS 127 : Investment Entities
- MFRS 9 : Financial Instruments
- Amendments to MFRS 136 : Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139 : Novation of Derivative and Continuation of Hedge Accounting
- IC Interpretation 21 Levies

\* 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. Changes in Composition of the Group

There are no changes in the composition of the Group.

### 5. Auditors' Report on Preceding Annual Financial Statements

The audit report of the preceding annual financial statements was not subject to any qualification.

### 6. Comments about Seasonal or Cyclical Factors

The Group's operations were not affected by seasonality or cyclicity.

### 7. 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 2013.

### 8. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities.

### 9. Dividend Paid

A 12% tax exempted final dividend in respect of the financial year ended 31 December 2012 amounting to RM 4,989,600.00 was paid during the current quarter.

10. Operating Revenue

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sep 2013	30 Sep 2012	30 Sep 2013	30 Sep 2012
	RM'000	RM'000	RM'000	RM'000
Sales of galvanized steel products	18,881	21,841	60,824	53,858
<b>Total operating revenue</b>	<b>18,881</b>	<b>21,841</b>	<b>60,824</b>	<b>53,858</b>

11. Other Income

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30 Sep 2013	30 Sep 2012	30 Sep 2013	30 Sep 2012
	RM'000	RM'000	RM'000	RM'000
Sundry income	40	6	45	37
Sales of scrap materials	1,019	356	2,250	867
Rental income	42	42	128	128
Bank interest earned	248	212	691	734
Gain/(Loss) on foreign exchange	204	178	388	(133)
Gain on disposal of fixed assets	-	-	13	5
Fixed assets written off	-	-	-	(253)
Doubtful debts recovery	2	64	57	178
	<b>1,555</b>	<b>858</b>	<b>3,572</b>	<b>1,563</b>

12. Segmental Information

The Group operates within a single business segment.

The geographical segment revenue for the financial period ended 30 September 2013 were as follows:

By geographical area :	Current Quarter 3 Months ended		Cumulative Quarter 9 Months ended	
	30 Sep 2013	30 Sep 2012	30 Sep 2013	30 Sep 2012
	RM'000	RM'000	RM'000	RM'000
- Malaysia	11,534	16,601	41,801	39,800
- ASEAN	6,934	4,876	16,686	12,546
- South Asia	321	43	1,010	277
- East Asia	43	16	740	377
- Middle East	-	-	-	-
- Australasia	49	305	587	858
- East Europe	-	-	-	-
- Africa	-	-	-	-
	<b>18,881</b>	<b>21,841</b>	<b>60,824</b>	<b>53,858</b>

13. Related Party Disclosures

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 Sep 2013</b>	<b>30 Sep 2012</b>	<b>30 Sep 2013</b>	<b>30 Sep 2012</b>
	RM'000	RM'000	RM'000	RM'000
Rental paid to Holding Co				
-Lysaght (Malaysia) Sdn Bhd	84	102	313	306

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.

14. Capital Commitments

There were no capital commitments at the date of issue of this quarterly report.

15. Subsequent Event

There were no material events subsequent to the end of the financial period ended 30 September 2013 that have not been reflected in the financial statements for the financial period ended 30 September 2013.

16. 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.

17. 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 2013; and

b) The Group has not entered into any type of derivatives not disclosed in the previous financial year.

18. Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.

19. Changes in Composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 September 2013.



## 20. Operating Segment Review

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

The Group's pre-tax profit for the financial period ended 30 September 2013 of RM15.31 million was RM6.57 million or 75.17% higher than the previous corresponding period of RM8.74 million. Net profit attributable to equity holders increased by RM5.08 million to RM11.79 million. The increase in earnings was mainly due to higher revenue, improved margins and higher other income.

### (b) Current Quarter vs. Previous Year Corresponding Quarter

For the 3rd quarter ended 30 September 2013, the Group registered a pre-tax profit of RM4.97 million, an decrease of RM0.40 million or 7.45% as compared to the previous year corresponding quarter of RM5.37 million. The decrease in earnings was mainly due lower revenue. Earnings attributable to equity holders decreased by RM0.18 million or 4.41% over the same period.

### (c) Variation of Results Against Preceding Quarter

The Group's pre-tax profit of RM4.97 million for the 3rd quarter ended 30 September 2013 shows a increase of RM0.75 million or 17.77% as compared to the pre-tax profit of RM4.22 million for the preceding quarter ended 30 June 2013. Net profit attributable to equity holders increased by RM0.60 million or 18.18% over the same period. The increase in profit was mainly due to higher other income.

## 21. Commentary on Prospects

The Group is encountering stiff competition for some of its products. Management is studying the situation to face the challenges ahead as best as possible.

## 22. Profit forecast/profit guarantee

No explanatory notes will be provided as the Group has not provided any profit forecast or profit guarantee.

## 23. Income Tax Expense

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30 Sep 2013</b>	<b>30 Sep 2012</b>	<b>30 Sep 2013</b>	<b>30 Sep 2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Group tax figures consist of :-				
- Current provision	947	1,241	3,364	2,120
- Under/(Over) provision in prior years	-	-	-	-
- Deferred Tax	122	47	150	(84)
	<u>1,069</u>	<u>1,288</u>	<u>3,514</u>	<u>2,036</u>

## 24. Sale of Unquoted Investment and Properties

There was no sale of unquoted investments and/or properties for the financial period ended 30 September 2013.

## 25. 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 2013.

26. Corporate Proposals

There were no outstanding corporate proposals at the date of issue of this quarterly report.

27. Borrowing

There were no group borrowings and debt securities as at the end of the reporting period.

28. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments at the date of issue of this quarterly report.

29. Material Litigation

There was no material litigation against the Group for the quarter under review.

30. Dividend Payable

No dividend has been proposed for the quarter under review.

31. 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 2013 RM'000	30 Sep 2012 RM'000	30 Sep 2013 RM'000	30 Sep 2012 RM'000
Profit net of tax attributable to owners of the parent used in the computation of earnings per share	3,903	4,078	11,794	6,708
Number of ordinary shares in issue	41,580	41,580	41,580	41,580
Basic Earnings per share	9.39 Sen	9.81 Sen	28.36 Sen	16.13 Sen

32. Disclosure on Realised and Unrealised Profits/Losses

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, as disclosed pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:

	Group As at 30 Sep 2013 RM'000
Retained earnings of the Company and its subsidiaries	
- Realised	67,741
- Unrealised	(640)
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Retained earnings as per financial statements	<u><u>67,101</u></u>