

**CSC STEEL HOLDINGS BERHAD**  
(Company No. 640357-X)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**  
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-Sep-17 RM'000	Preceding Year Corresponding Quarter 30-Sep-16 RM'000	Current Year To Date 30-Sep-17 RM'000	Preceding Year Corresponding Period 30-Sep-16 RM'000
<b>Continuing Operations</b>				
Revenue	325,679	257,575	956,072	748,281
Profit before depreciation	23,182	30,955	78,198	91,520
Depreciation	(8,600)	(8,158)	(25,558)	(23,857)
Operating profit/(loss)	14,582	22,797	52,640	67,663
Interest expense	-	-	-	-
Interest income	1,462	2,387	4,800	7,343
Share of profit/(loss) of associates	(134)	(369)	(684)	(734)
Profit/(loss) before tax	15,910	24,815	56,756	74,272
Tax expense	(1,868)	(583)	(11,767)	(11,773)
Profit/(loss) after tax from continuing operations	14,042	24,232	44,989	62,499
Other comprehensive income/(loss)	(71)	462	1,546	569
Total comprehensive income/(loss)	13,971	24,694	46,535	63,068
Profit/(loss) after tax attributable to equity holders of the parent	14,042	24,232	44,989	62,499
Total comprehensive income/(loss) attributable to equity holders of the parent	13,971	24,694	46,535	63,068
<b>Earnings per share from continuing operations attributable to equity holders of the parent:</b>				
Basic earnings/(loss) per share (sen)	3.80	6.57	12.18	16.95
Diluted earnings/(loss) per share (sen)	3.80	6.57	12.18	16.95

**Notes:**

The condensed financial statements should be read in conjunction with the accompanying explanatory notes attached to the financial statements and the audited financial statements for the financial year ended 31 December 2016.

**CSC STEEL HOLDINGS BERHAD**  
**(Company No. 640357-X)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2017**  
**(The figures have not been audited)**

	<b>As at End of Current Quarter 30-Sep-17 RM'000</b>	<b>As at Preceding Financial Qtr. 31-Dec-16 RM'000</b>
<b>ASSETS:</b>		
<b>Non-current assets</b>		
Property, plant and equipment	210,509	220,676
Investment in associates	2,508	3,192
Investment	6,786	5,240
Investment property	42,544	42,544
Deferred tax assets	118	153
Prepaid operating lease	17,614	17,792
	280,079	289,597
<b>Current assets</b>		
Inventories	266,713	230,909
Receivables	148,066	95,608
Cash and cash equivalents	173,511	269,529
	588,290	596,046
<b>Total assets</b>	868,369	885,643
<b>EQUITY AND LIABILITIES:</b>		
<b>Capital and reserves</b>		
Share capital	380,000	380,000
Share premium	33,163	32,441
Less: treasury shares at cost	(11,614)	(12,266)
Fair value adjustment reserve	2,603	1,057
Retained earnings	400,607	407,319
<b>Equity attributable to equity holders of the parent/Total equity</b>	804,759	808,551
<b>Non-current liabilities</b>		
Deferred taxation	19,251	20,045
Long term loan	-	-
	19,251	20,045
<b>Current liabilities</b>		
Payables	44,359	57,047
Short term borrowings	-	-
Taxation	-	-
	44,359	57,047
<b>Total liabilities</b>	63,610	77,092
<b>Total equity and liabilities</b>	868,369	885,643
Net Assets per share (RM)	2.18	2.19

**Notes:**

The condensed financial statements should be read in conjunction with the accompanying explanatory notes attached to the financial statements and the audited financial statements for the financial year ended 31 December 2016.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**  
(The figures have not been audited)

	<b>Cumulative Quarter</b>	
	<b>Current Year To Date 30-Sep-17 RM'000</b>	<b>Preceding Year Corresponding Period 30-Sep-16 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax/(loss)	56,756	74,272
Adjustments for:		
Non-cash items	26,704	23,943
Non-operating items	5,409	(3,341)
Operating Profit/(Loss) Before Working Capital Changes	88,869	94,874
(Increase)/Decrease in working capital:		
Inventories	(35,804)	23,841
Trade and other receivables	(53,566)	1,499
Trade and other payables	(23,750)	(6,599)
Cash Generated From Operations	(24,251)	113,615
Tax paid	(11,979)	(12,090)
Interest paid	-	-
Net Cash From/(Used In) Operating Activities	(36,230)	101,525
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(15,673)	(23,349)
Interest received	5,515	7,499
Sale of subsidiary net of cash disposed	-	-
Acquisition of investment in associates	-	-
Acquisition of investment	-	-
Dividend received from investment	699	70
Acquisition of investment property	-	(21,523)
Proceeds from disposal of property, plant and equipment	-	-
Net Cash From/(Used In) Investing Activities	(9,459)	(37,303)
<b>FINANCING ACTIVITIES</b>		
Dividend paid	(51,702)	(29,499)
Proceeds from term loan	-	-
Repayment of term loan	-	-
Net proceeds from/(repayment of) short-term borrowings	-	-
Disposal/(buy back) of own shares	1,373	(67)
Net Cash From/(Used In) Financing Activities	(50,329)	(29,566)
Net increase/(decrease) in cash and cash equivalents	(96,018)	34,656
Cash and cash equivalents at beginning of period	269,529	231,379
Cash and cash equivalents at end of period	<b>173,511</b>	<b>266,035</b>
<b>Cash and cash equivalents at end of period comprise:</b>		
Cash & bank balances	14,991	12,231
Deposits in the licensed banks	32,786	156,072
Unit trust funds	125,734	97,732
	<b>173,511</b>	<b>266,035</b>

**Notes:**

The condensed financial statements should be read in conjunction with the accompanying explanatory notes attached to the financial statements and the audited financial statements for the financial year ended 31 December 2016.

**CSC STEEL HOLDINGS BERHAD**  
**(Company No. 640357-X)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**  
**(The figures have not been audited)**

	Non-Distributable				Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Fair Value Adjustment Reserve RM'000	Retained Earnings RM'000	
<b>Balance as at 1 January 2017</b>	380,000	32,441	(12,266)	1,057	407,319	808,551
Total comprehensive income/(loss)	-	-	-	1,546	44,989	46,535
Dividends	-	-	-	-	(51,702)	(51,702)
Purchase of treasury shares at cost	-	722	651	-	-	1,373
Rounding difference	-	-	1	-	1	2
<b>Balance as at 30 September 2017</b>	<b>380,000</b>	<b>33,163</b>	<b>(11,614)</b>	<b>2,603</b>	<b>400,607</b>	<b>804,759</b>
<b>Balance as at 1 January 2016</b>	380,000	32,441	(12,199)	880	368,129	769,251
Total comprehensive income/(loss)	-	-	-	569	62,499	63,068
Dividends	-	-	-	-	(29,499)	(29,499)
Purchase of treasury shares at cost	-	-	(67)	-	-	(67)
Rounding difference	-	-	-	(1)	-	(1)
<b>Balance as at 30 September 2016</b>	<b>380,000</b>	<b>32,441</b>	<b>(12,266)</b>	<b>1,449</b>	<b>401,129</b>	<b>802,752</b>

**Notes:**

The condensed financial statements should be read in conjunction with the accompanying explanatory notes attached to the financial statements and the audited financial statements for the financial year ended 31 December 2016.

**PART A: EXPLANATORY NOTES AS PER MFRS 134**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and Paragraph 9.22 and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements have been prepared on the basis of consolidating the results of the subsidiary companies during the three months period under review using the acquisition method of accounting. The interim financial statements are to be read in conjunction with the Company audited annual financial statements for the financial year ended 31 December 2016. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

The accounting principles and bases used are consistent with those previously adopted in the preparation of the financial statements of CSC Steel Holdings Berhad ("CHB"), and its subsidiary companies ("Group").

**A2. Qualification of Annual Financial Statements**

There has not been any qualification made by the auditors on the annual financial statements of the Group for the financial year ended 31 December 2016.

**A3. Seasonal and cyclical factors**

The Group's business operation results are not materially affected by any major seasonal or cyclical factors.

**A4. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows**

There is no item of unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows.

**A5. Material changes in estimates**

There is no material changes in estimates of amounts reported in the current quarter under review.

**A6. Issuances and repayment of debt and equity securities**

There is no issuance and repayment of debt and equity securities during the quarter under review.

**CSC STEEL HOLDINGS BERHAD**  
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**Notes on the Quarterly Report- Nine Months Ended 30 September 2017**

**A7. Dividend Paid**

During the quarter under review a final single tier system of dividend of 10 sen per share and a special dividend of 4 Sen per share for the financial year ended 2016 were paid on 12th July 2017 to the Company's shareholders whose names appeared on the Register of Members at the close of business on 30th June 2017.

**A8. Segment information**

Segmental information in respect of the Group's business segments is as follows:-

	<u>Steel coils*</u>	Technical <u>fee</u>	<u>Others</u>	Consolidation <u>adjustment</u>	Current year <u>to date</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	955,343	-	729	-	956,072
Inter-segment revenue	-	-	55,408	(55,408)	-
Total revenue	<u>955,343</u>	<u>-</u>	<u>56,137</u>	<u>(55,408)</u>	<u>956,072</u>
Segment result	<u>52,978</u>	<u>-</u>	<u>52,012</u>	<u>(52,350)</u>	<u>52,640</u>

\*Steel coils– cold rolled, galvanised & pre-painted galvanised steel coils

**A9. Valuation of property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for freehold land which is stated at cost. There is no revaluation of property, plant and equipment for the current quarter and financial year to date.

**A10. Material events subsequent to the end of the interim period**

There is no material event subsequent to the end of the quarter under review.

**A11. Changes in the composition of the Group**

There is no change in the composition of the Group during the quarter under review.

**A12. Changes in contingent liabilities**

There is no contingent liability incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.

**CSC STEEL HOLDINGS BERHAD**  
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**Notes on the Quarterly Report- Nine Months Ended 30 September 2017**

**A13. Capital commitments**

	RM'000
Approved and contracted for	13,559
Approved but not contracted for	21,308
	<u>34,867</u>

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF  
BURSA SECURITIES**

**B1. Review of performance**

Year-on-year performance review

The Group registered revenue and profit before tax for the current quarter of RM325.7 million and RM15.9 million respectively. This represents an increase of RM68.1 million or 26.4% higher in revenue than that of its corresponding quarter. The increase in revenue is primarily due to significant increase in selling prices of our steel products with marginal increase in total sale volume. However, the Group recorded a significantly lower profit before tax of RM15.9 million this quarter compared with RM24.8 million in the corresponding quarter. The 35.9% drop in profit is mainly due to significant increase in production cost as a result of higher raw material cost and the increase in HRC cost far exceeded increase in selling prices of our steel products.

Year-to-date performance review

The Group registered revenue and profit before tax of RM956.1 million and RM56.8 million respectively. This represents an increase of RM207.8 million or 27.8% increase in revenue than that of its corresponding period. The increase in revenue is primarily due to significant increase in selling prices of all steel products albeit at marginally lower sale volume. However, the Group recorded a significant drop in profit before tax of RM56.8 million for the first nine months of 2017 compared with RM74.3 million for the same period 2016. The significant 23.6% drop in profit is mainly due to higher production cost as a result of significantly higher raw material cost and marginal drop in the total sale volume.

**B2. Variation of results against preceding quarter**

The Group's revenue has increased by 1.6% from RM320.5 million in the preceding quarter to RM325.7 million this quarter. The increase in revenue is due to substantial increase in total sale volume despite a substantial drop in selling prices of all our steel products. The Group registered a significantly lower profit before tax of RM15.9 million this quarter compared with RM18.8 million achieved in the previous quarter due mainly to greater substantial drop in selling prices vis-à-vis drop in production cost resulting in lower gross margin for all our steel products.

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**Notes on the Quarterly Report- Nine Months Ended 30 September 2017**

**B3. Current year prospects**

The Group noticed that iron ore and coking coal prices have softened since the end of third quarter and at the same time the movement of steel prices in China has also become stagnant and sellers were finding it difficult to conclude regular business transactions. These market factors have affected many of the markets including Malaysia. The scenario of domestic steel market is truly reactive to such a market sentiment. However, China's move to cut steel production during the winter season is expected to provide support to the local steel player. Hence, the Group expects a positive buying sentiment in the fourth quarter.

Barring any unforeseen circumstances, the Group is cautiously optimistic to achieve profitability for the rest of the year.

**B4. Variance of actual and financial estimate, forecast or projection**

Not applicable as the Group does not make any financial estimate, forecast or projection for current financial year.

**B5. Tax expense/ (income)**

	<b>Current quarter RM' 000</b>	<b>Year-to- Date RM' 000</b>
Current:		
- Income tax	3,891	12,912
- Deferred tax	(1,634)	(756)
	2,257	12,156
Prior year:		
- Income tax	(387)	(387)
- Deferred tax	(2)	(2)
	(389)	(389)
Total	1,868	11,767

The effective tax rate on consolidated profit before tax for the current period was lower than the statutory income tax rate of 24% due mainly to the following:

- tax effect of income not taxable in determining taxable profit; and
- tax effect of utilizing re-investment allowance.

**B6. Status of corporate proposal announced**

There is no corporate proposal announced during the quarter under review.



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**Notes on the Quarterly Report- Nine Months Ended 30 September 2017**

**B7. Details of treasury shares**

As at the end of the reporting quarter, the status of the share buy-back is as follows:-

	Current Year-to-Date -----	Accumulated Total -----
Description of shares purchased:	Ordinary share of RM1.00 each:	
Number of shares purchased:	Nil	11,300,000
Number of shares cancelled:	Nil	Nil
Number of shares held as treasury shares:	Nil	10,700,000
Number of treasury shares resold:	600,000	600,000

**B8. Group borrowings**

There are no borrowings as at the end of the reporting quarter.

**B9. Changes in material litigation**

Neither CHB nor any of its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or any of its subsidiaries.

**B10. Dividend recommended by Directors**

There is no dividend recommended by directors during the quarter under review.

**B11. Earnings per share**

The basic earnings per share and diluted earnings per share for the current quarter and cumulative year to date are computed as follows:-

	Current Quarter	Current Year To-date
Profit/(Loss) attributable to equity holders of the parent (RM'000)	<u>14,042</u>	<u>44,989</u>
Weighted average number of shares in issue ('000)	<u>369,300</u>	<u>369,285</u>
Basic earnings/(loss) per share (sen)	<u>3.80</u>	<u>12.18</u>
Diluted earnings/(loss) per share (sen)	<u>3.80</u>	<u>12.18</u>

**CSC STEEL HOLDINGS BERHAD**  
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**Notes on the Quarterly Report- Nine Months Ended 30 September 2017**

**B12. Notes to the Consolidated Statement of Comprehensive Income**

						<b>Current Quarter Ended 30-Sep-17 RM'000</b>	<b>Financial Year To Date 30-Sep-17 RM'000</b>
a)	Other Income					781	2,610
b)	Provision for write off/(reversal) of receivable					-	-
c)	Provision for write off of inventories					-	-
d)	Gain/(loss) on disposal of quoted investment or properties					-	-
e)	Impairment of assets					-	-
f)	Foreign exchange gain or (loss)					4,725	17,320
g)	Gain/(loss) on derivatives					-	-
h)	Exceptional items					-	-

**B13. Disclosure of realised and unrealised profits**

	Current financial period/financial year (RM'000)	As at end of last financial year (RM'000)
Total retained earnings of the Group		
- Realised	449,470	459,592
- Unrealised	(20,819)	(26,262)
	428,651	433,330
Less: Consolidationn adjustment	(28,044)	(26,011)
As per consolidated account	400,607	407,319

By order of the Board  
Mr. Lee, Ie-Hsian  
Group Managing Director  
24<sup>th</sup> November 2017