

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Dec-18 RM'000	Preceding Year Corresponding Quarter 31-Dec-17 RM'000	Current Year To Date 31-Dec-18 RM'000	Preceding Year Corresponding Period 31-Dec-17 RM'000
Revenue	355,504	367,187	1,382,346	1,323,259
Profit/Loss) before depreciation	2,882	26,852	56,325	105,051
Depreciation	(8,038)	(8,640)	(34,231)	(34,197)
Operating profit/(loss)	(5,156)	18,212	22,094	70,854
Interest expense	-	-	-	-
Interest income	1,213	1,401	5,692	6,201
Share of profit/(loss) of associates	(610)	(292)	(1,480)	(976)
Profit/(loss) before tax	(4,553)	19,321	26,306	76,079
Tax expense	2,473	(4,502)	(4,415)	(16,269)
Profit/(loss) after tax from continuing operations	(2,080)	14,819	21,891	59,810
Other comprehensive income/(loss)	(782)	(426)	(1,350)	1,119
Total comprehensive income/(loss)	(2,862)	14,393	20,541	60,929
Profit/(loss) after tax attributable to equity holders of the parent	(2,080)	14,819	21,891	59,810
Total comprehensive income/(loss) attributable to equity holders of the parent	(2,862)	14,393	20,541	60,929
<b>Earnings per share from continuing operations attributable to equity holders of the parent:</b>				
Basic earnings/(loss) per share (sen)	(0.56)	4.01	5.93	16.20
Diluted earnings/(loss) per share (sen)	(0.56)	4.01	5.93	16.20

**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 2017.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**  
**(The figures have not been audited)**

	As at End of Current Quarter 31-Dec-18 RM'000	As at Preceding Financial Year Ended 31-Dec-17 RM'000 (Restated)	As at Year Ended 1-Jan-17 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	196,692	208,100	220,676
Investment in associates	-	2,216	4,993
Investment	6,960	8,461	5,240
Investment property	42,544	42,544	42,544
Deferred tax assets	92	77	153
Prepaid operating lease	17,318	17,555	17,792
	<u>263,606</u>	<u>278,953</u>	<u>291,398</u>
<b>Current assets</b>			
Inventories	287,752	260,530	224,396
Receivables	161,314	184,690	90,392
Cash and cash equivalents	192,532	161,036	269,529
	<u>641,598</u>	<u>606,256</u>	<u>584,317</u>
<b>Total assets</b>	<u>905,204</u>	<u>885,209</u>	<u>875,715</u>
<b>Equity and Liabilities</b>			
<b>Capital and reserves</b>			
Share capital	380,000	380,000	380,000
Share premium	33,163	33,163	32,441
Less: 10,700,000 treasury shares at cost	(11,614)	(11,614)	(12,266)
	401,549	401,549	400,175
Fair value adjustment reserve	827	2,177	1,057
Retained earnings	402,491	417,529	407,319
<b>Equity attributable to equity holders of the parent/Total equity</b>	<u>804,867</u>	<u>821,255</u>	<u>808,551</u>
	-		
<b>Non-current liabilities</b>			
Deferred tax liabilities	18,074	18,757	20,045
Long term loan	-	-	-
	<u>18,074</u>	<u>18,757</u>	<u>20,045</u>
<b>Current liabilities</b>			
Payables	82,263	45,197	47,119
Short term borrowings	-	-	-
Taxation	-	-	-
	<u>82,263</u>	<u>45,197</u>	<u>47,119</u>
<b>Total liabilities</b>	<u>100,337</u>	<u>63,954</u>	<u>67,164</u>
<b>Total equity and liabilities</b>	<u>905,204</u>	<u>885,209</u>	<u>875,715</u>
Net Assets per share (RM)	<u>2.18</u>	<u>2.22</u>	<u>2.19</u>

**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 2017.

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**  
**(The figures have not been audited)**

	Cumulative Quarter	
	Current Year To Date 31-Dec-18 RM'000	Preceding Year Corresponding Period 31-Dec-17 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax/(loss)	26,306	76,079
Adjustments for:		
Non-cash items	36,604	35,732
Non-operating items	(1,592)	4,873
Operating Profit Before Working Capital Changes	61,318	116,684
(Increase)/Decrease in working capital:		
Inventories	(26,258)	(29,621)
Trade and other receivables	4,456	(88,692)
Trade and other payables	58,861	(23,777)
Cash Generated From Operations	98,377	(25,406)
Tax paid	(13,934)	(18,466)
Interest paid	-	-
Net Cash From Operating Activities	84,443	(43,872)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(22,590)	(21,943)
Interest received	5,699	6,951
Sale of subsidiary net of cash disposed (Note 1)	-	-
Acquisition of investment	-	-
Dividend received from investment	874	699
Acquisition of investment property	-	-
Proceeds from disposal of property, plant and equipment	-	-
Net Cash Used In Investing Activities	(16,017)	(14,293)
<b>FINANCING ACTIVITIES</b>		
Dividend paid	(36,930)	(51,702)
Proceeds from term loan	-	-
Repayment of term loan	-	-
Net proceeds from/(repayment of) short-term borrowings	-	-
Disposal/(Buy back) of own shares	-	1,374
Net Cash From/(Used In) Financing Activities	(36,930)	(50,328)
Net increase/(decrease) in cash and cash equivalents	<b>31,496</b>	<b>(108,493)</b>
Cash and cash equivalents at beginning of period	-	269,529
Cash and cash equivalents at end of period	<b>31,496</b>	<b>161,036</b>
<b>Cash and cash equivalents at end of period comprise:</b>		
Cash & bank balances	28,910	16,723
Deposits in the licensed banks	52,194	16,745
Unit trust funds	111,428	127,568
	<b>192,532</b>	<b>161,036</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 2017.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**  
**(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 2018</b>	380,000	33,163	(11,614)	2,177	417,529	821,255
Total comprehensive income/(loss)	-	-	-	(1,350)	21,891	20,541
Dividends	-	-	-	-	(36,930)	(36,930)
Purchase of treasury shares at cost	-	-	-	-	-	-
Rounding difference	-	-	-	-	1	1
<b>Balance as at 31 December 2018</b>	<b>380,000</b>	<b>33,163</b>	<b>(11,614)</b>	<b>827</b>	<b>402,491</b>	<b>804,867</b>
<b>Balance as at 1 January 2017</b>	380,000	32,441	(12,266)	1,057	407,319	808,551
Total comprehensive income/(loss)	-	-	-	1,119	59,810	60,929
Dividends	-	-	-	-	(51,702)	(51,702)
Purchase of treasury shares at cost	-	722	651	-	-	1,373
Rounding difference	-	-	1	1	-	2
<b>Balance as at 31 December 2017</b>	<b>380,000</b>	<b>33,163</b>	<b>(11,614)</b>	<b>2,177</b>	<b>415,427</b>	<b>819,153</b>
(As previously reported)						
Effect of adoption MFRS9	-	-	-	-	2,102	2,102
<b>Balance as at 31 December 2017 (as restated)</b>	<b>380,000</b>	<b>33,163</b>	<b>(11,614)</b>	<b>2,177</b>	<b>417,529</b>	<b>821,255</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 2017.

**Notes on the Quarterly Report – Twelve Months Ended 31 December 2018**

**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 2017. 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 financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

• **Adoption of new and amendments to MFRS and IC Interpretation ("IC Int.")**

In the current financial year, the Group adopted a number of new and amendments to MFRS and IC Int. issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after January 1, 2018.

The adoption of the above new and amendments to the MFRS and IC Int. did not have material impact on the amounts reported in the financial statements of the Group upon its initial application other than as discussed below:

**(i) MFRS 9 *Financial Instruments***

Upon adoption of MFRS 9, opening balance amounts as at 1 January 2018 were restated based on the modified retrospective approach. The reclassifications and the adjustments arising from the new standard was not reflected in the statement of financial position as at 31 December 2017, but are recognised in the opening statement of financial position on 1 January 2018 and the statement of changes in equity.

The following tables show the adjustments recognised for each individual line item. The adjustments are explained in more detail below.

<b>Statement of Financial Position</b>	<b>31.12.2017 RM</b>	<b>MFRS 9 RM</b>	<b>1.1.2018 RM</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	<u>6,359,420</u>	2,101,827	<u>8,461,247</u>
<b>Capital and reserves</b>			
Retained earnings	<u>415,426,700</u>	2,101,827	<u>417,528,527</u>

**Notes on the Quarterly Report – Twelve Months Ended 31 December 2018**

Prior to the adoption of MFRS 9, the investment in unquoted shares outside Malaysia was carried at cost and subject to impairment assessment. Upon adoption of FRS 9, investment in unquoted shares has been measured at fair value through profit or loss (“FVTPL”).

The total impact on the Group’s retained earnings as of January 1, 2018 are as follows:

	<b>31.12.2017</b>
	<b>RM</b>
Closing retained earnings as of December 31, - MFRS 139	415,426,700
Fair value gain on financial assets designated as at FVTPL	<u>2,101,827</u>
Adjustment to retained earnings from adoption of MFRS 9 on January 1, 2018/Opening retained earnings as of January 1 - MFRS 9	<u>417,528,527</u>

**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 2017.

**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.

**A7. Dividend Paid**

There are no dividend paid during the quarter under review.

**Notes on the Quarterly Report – Twelve Months Ended 31 December 2018**

**A8. Segment information**

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

	<u>Steel coils*</u> RM'000	<u>Others</u> RM'000	<u>Consolidation adjustment</u> RM'000	<u>Current year to date</u> RM'000
Revenue from external customers	1,381,471	875	-	1,382,346
Inter-segment revenue	-	42,468	(42,468)	-
Total revenue	<u>1,381,471</u>	<u>43,343</u>	<u>(42,468)</u>	<u>1,382,346</u>
Segment result	<u>22,529</u>	<u>34,389</u>	<u>(34,823)</u>	<u>22,095</u>

\*Steel coils – cold rolled, galvanized & pre-painted galvanized 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.

**Notes on the Quarterly Report – Twelve Months Ended 31 December 2018**

**A13. Capital commitments**

	RM'000	
Approved and contracted for	22,444	
Approved but not contracted for	16,927	
	<b>39,371</b>	

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

**B1. Review of performance**

Year-on year performance review

The Group reported total revenue of RM355.5 million in this quarter, a decrease by RM11.6 million or 3.2% compared to previous year corresponding quarter. The decrease was mainly due to lower sales volume for GI and PPCI products accompanied by lower key products average selling price by 1.55%.

The Group registered a loss before tax of RM4.5 million for current quarter compared to profit before tax of RM19.3 in the corresponding period caused by losses in key products i.e. CRC, GI and PPGI. The losses was mainly attributed to the increase in the cost of the raw material which was difficult to pass on effectively to the customers in subdued steel market conditions.

**Revenue**

	Q4 2017			Q4 2018			Variance Analysis			
	mt	RM'000	RM/mt	Mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	50,941	142,336	2,794	61,409	174,969	2,849	10,468	20.6%	32,633	22.9%
GI	41,892	136,918	3,268	31,816	103,562	3,255	(10,076)	-24.1%	(33,356)	-24.4%
PPGI	18,716	82,821	4,425	15,927	70,258	4,411	(2,789)	-14.9%	(12,563)	-15.2%
Sub-Con	13	4	282	740	45	61	727	5595.9%	41	1128.5%
Trading			0	237	824	3,483	237	n/a	824	n/a
Scrap	6,133	5,108	833	5,616	5,846	1,041	(517)	-8.4%	738	14.4%
Others										
	117,695	367,187	3,120	115,745	355,504	3,071	(1,950)	-1.7%	(11,683)	-3.2%

CRC = cold rolled steel/pickled & oiled steel  
 GI = galvanized steel  
 PPGI = pre-painted galvanized steel



**Notes on the Quarterly Report – Twelve Months Ended 31 December 2018**

Year-to-date (YTD) performance review

In current year, the Group recorded total revenue and profit before tax of RM1,382.3 million and RM26.3 million respectively compared with RM1,323.2 million and RM76.0 million achieved for the year 2017. The increase in revenue is mainly due to the increase of sales for CRC but partly offset by lower sales volume for both GI and PPGI. However, the Group's profit before tax has reduced by RM49.7 million as the increase in the cost of raw material was inadequately passed on to the customers.

Revenue

	YTD 2017			YTD 2018			Variance Analysis			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	181,616	498,666	2,746	216,188	621,651	2,876	34,572	19.0%	122,985	24.7%
GI	160,878	516,829	3,213	133,474	440,119	3,297	(27,404)	-17.0%	(76,710)	-14.8%
PPGI	67,112	287,949	4,291	65,395	293,394	4,486	(1,717)	-2.6%	5,445	1.9%
Sub-Con	13	4	282	956	61	64	943	7264.9%	57	1565.3%
Trading			0	442	1,556	3,524	442	n/a	1,556	n/a
Scrap	23,990	19,082	795	22,655	24,690	1,090	(1,335)	-5.6%	5,609	29.4%
Others		730			875				145	n/a
	433,609	1,323,259	3,052	439,110	1,382,346	3,148	5,501	1.3%	59,087	4.5%

CRC = cold rolled steel/pickled & oiled steel  
 GI = galvanized steel  
 PPGI = pre-painted galvanized steel

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

The Group's revenue increased by 5.6% from RM336.5 million in the preceding quarter to RM355.5 million this quarter. The increase was mainly due to increase in sales for CRC and GI, but partly offset by lower sales for PPGI and lower key products average selling price by 3.6%. However, the Group registered a loss before tax of RM4.5 million in this quarter compared with profit before tax of RM3.1 in preceding quarter due to lower selling price coupled with higher raw material cost in persist keener competition situation.

Revenue

	Q3 2018			Q4 2018			Variance Analysis			
	Mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	51,044	147,552	2,891	61,409	174,969	2,849	10,365	20.3%	27,417	18.6%
GI	28,903	94,976	3,286	31,816	103,562	3,255	2,913	10.1%	8,586	9.0%
PPGI	19,139	85,771	4,482	15,927	70,258	4,411	(3,211)	-16.8%	(15,513)	-18.1%
Sub-Con	202	14	69	740	45	61	538	266.7%	31	221.4%
Trading	205	732	3,572	237	824	3,483	32	15.5%	92	12.6%
Scrap	5,802	6,707	1,156	5,616	5,846	1,041	(186)	-3.2%	(861)	-12.8%
Others		839							(839)	-100.0%
	105,295	336,591	3,197	115,745	355,504	3,071	10,450	9.9%	18,913	5.6%

**Notes on the Quarterly Report – Twelve Months Ended 31 December 2018**

**B3. Current year prospects**

The global steel prices fell sharply for the last 6 months driven by slower demand and ample steel availability. U.S. Section 232 tariffs and EU's definitive safeguards on import of steel products are currently the 2 major global trade measures affecting the imports of steel products into U.S. and EU countries respectively. Although China is trying to push the steel demand up and to improve its momentum, the impacts are so huge that it may prolong the time to recover the steel distribution. In Malaysia, a significant number of buyers are trying to lower their inventory level to avoid further losses if the steel prices continue to lose momentum. The Group believes that the steel market will eventually be able to turn around and benefit the steel industry.

However, the influence of politics and economic development on the steel industry may provide opportunities for reconciliation in China-US trade negotiations. The political and economic growth in Southeast Asia and the world steel demand continues to show resilience are foreseen to have positive impact on Malaysia. The Group strives to upgrade product quality, expand the supply channels and provide good customer service to meet customers' expectations.

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

**B4. Variance of actual and forecast profit**

Not applicable as the Group does not make any profit forecast for current financial year.

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

	Current Quarter RM'000	Current Year To Date RM'000
Current:		
- Income tax	(3,887)	4,882
- Deferred tax	1,414	(698)
	(2,473)	4,184
Prior year:		
- Income tax	-	231
- Deferred tax	-	-
	-	231
<b>Total</b>	<b>(2,473)</b>	<b>4,415</b>

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 tax effect of income not taxable in determining taxable profit. However, the decrease is partly offset by the tax effect of the expenses not deductible for tax purposes.

**Notes on the Quarterly Report – Twelve Months Ended 31 December 2018**

**B6. Status of corporate proposal announced**

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

**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:	Nil	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**

The Board of Directors has recommended a final single tier system of dividend of 4 Sen per share for the financial year ended 2018 which is subject to the approval of the shareholders in the forthcoming annual general meeting

The dividends declared and recommended by the directors comply with the Group's dividend policy of distributing at least 50% of the Group's profit after tax.

**Notes on the Quarterly Report – Twelve Months Ended 31 December 2018**

**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>(2,080)</u>	<u>21,891</u>
Weighted average number of shares in issue ('000)	<u>369,300</u>	<u>369,300</u>
Basic earnings/(loss) per share (sen)	<u>(0.56)</u>	<u>5.93</u>
Diluted earnings/(loss) per share (sen)	<u>(0.56)</u>	<u>5.93</u>

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

	Current Quarter Ended	Financial Year To Date
	RM'000	RM'000
a) Other income	2,636	7,437
b) Provision for write off of receivable	-	-
c) Provision for write off of inventories (reversa	1,401	(233)
d) Gain/(loss) on disposal of quoted investments or properties	-	-
e) Impairment of assets	-	-
f) Foreign exchange gain or (loss)	4,356	16,298
g) Gain/(loss) on derivatives	-	-
h) Exceptional items	-	-
		+

By order of the Board  
Mr. Lee, Ie-Hsian  
Group Managing  
Director  
26 February 2019