

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2016
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Mar-16 RM'000	Preceding Year Corresponding Quarter 31-Mar-15 RM'000	Current Year To Date 31-Mar-16 RM'000	Preceding Year Corresponding Period 31-Mar-15 RM'000
Continuing Operations				
Revenue	220,991	294,377	220,991	294,377
Profit before depreciation	16,969	15,127	16,969	15,127
Depreciation	(7,824)	(9,038)	(7,824)	(9,038)
Operating profit/(loss)	9,145	6,089	9,145	6,089
Interest expense	-	-	-	-
Interest income	2,298	1,766	2,298	1,766
Share of profit/(loss) of associates	16	(558)	16	(558)
Profit/(loss) before tax	11,459	7,297	11,459	7,297
Tax expense	(2,512)	(1,883)	(2,512)	(1,883)
Profit/(loss) after tax from continuing operations	8,947	5,414	8,947	5,414
Other comprehensive income/(loss)	17	160	17	160
Total comprehensive income/(loss)	8,964	5,574	8,964	5,574
Profit/(loss) after tax attributable to equity holders of the parent	8,947	5,414	8,947	5,414
Total comprehensive income/(loss) attributable to equity holders of the parent	8,964	5,574	8,964	5,574
Earnings per share from continuing operations attributable to equity holders of the parent:				
Basic earnings/(loss) per share (sen)	2.43	1.46	2.43	1.46
Diluted earnings/(loss) per share (sen)	2.43	1.46	2.43	1.46

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 2015.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016
(The figures have not been audited)

	As at End of Current Quarter 31-Mar-16 RM'000	As at Preceding Financial Quarter 31-Dec-15 RM'000
Assets		
Non-current assets		
Property, plant and equipment	223,382	227,054
Investment in associates	4,302	4,286
Investment	5,080	5,062
Deferred tax assets	-	81
Prepaid operating lease	17,970	18,029
	<u>250,734</u>	<u>254,512</u>
Current assets		
Inventories	166,827	213,319
Receivables	121,302	130,810
Cash and cash equivalents	289,969	231,379
	<u>578,098</u>	<u>575,508</u>
Total assets	<u><u>828,832</u></u>	<u><u>830,020</u></u>
Equity and Liabilities		
Capital and reserves		
Share capital	380,000	380,000
Share premium	32,441	32,441
Less: treasury shares at cost	(12,212)	(12,199)
Fair value adjustment reserve	897	880
Retained earnings	377,076	368,129
Equity attributable to equity holders of the parent/Total equity	<u>778,202</u>	<u>769,251</u>
Non-current liabilities		
Deferred taxation	21,141	20,381
Long term loan	-	-
	<u>21,141</u>	<u>20,381</u>
Current liabilities		
Payables	29,489	40,388
Short term borrowings	-	-
Taxation	-	-
	<u>29,489</u>	<u>40,388</u>
Total liabilities	<u>50,630</u>	<u>60,769</u>
Total equity and liabilities	<u><u>828,832</u></u>	<u><u>830,020</u></u>
Net Assets per share (RM)	2.11	2.09

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 2015.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2016
(The figures have not been audited)

	Cumulative Quarter	
	Current Year To Date 31-Mar-16 RM'000	Preceding Year Corresponding Period 31-Mar-15 RM'000
OPERATING ACTIVITIES		
Profit before tax/(loss)	11,459	7,297
Adjustments for:		
Non-cash items	7,803	9,601
Non-operating items	(2,364)	(779)
Operating Profit/(Loss) Before Working Capital Changes	16,898	16,119
(Increase)/Decrease in working capital:		
Inventories	45,055	17,210
Trade and other receivables	2,755	(5,193)
Trade and other payables	(400)	(12,335)
Cash Generated From Operations	64,308	15,801
Tax paid	(4,118)	(928)
Interest paid	-	-
Net Cash From/(Used In) Operating Activities	60,190	14,873
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,088)	(27,490)
Interest received	2,431	1,849
Sale of subsidiary net of cash disposed	-	-
Acquisition of investment in associates	-	-
Acquisition of investment	-	-
Dividend received from investment	70	104
Proceeds from disposal of property, plant and equipment	-	-
Net Cash From/(Used In) Investing Activities	(1,587)	(25,537)
FINANCING ACTIVITIES		
Dividend paid	-	-
Proceeds from term loan	-	-
Repayment of term loan	-	-
Net proceeds from/(repayment of) short-term borrowings	-	-
Buy back of own shares	(13)	(10)
Net Cash From/(Used In) Financing Activities	(13)	(10)
Net increase/(decrease) in cash and cash equivalents	58,590	(10,674)
Cash and cash equivalents at beginning of period	231,379	210,395
Cash and cash equivalents at end of period	289,969	199,721
Cash and cash equivalents at end of period comprise:		
Cash & bank balances	8,271	16,896
Deposits in the licensed banks	165,430	72,795
Unit trust funds	116,268	110,030
	289,969	199,721

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 2015.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2016
(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	
Balance as at 1 January 2016	380,000	32,441	(12,199)	880	368,129	769,251
Total comprehensive income/(loss)	-	-	-	17	8,947	8,964
Dividends	-	-	-	-	-	-
Purchase of treasury shares at cost	-	-	(13)	-	-	(13)
Rounding difference	-	-	-	-	-	-
Balance as at 31 March 2016	380,000	32,441	(12,212)	897	377,076	778,202
Balance as at 1 January 2015	380,000	32,441	(9,633)	1,076	324,639	728,523
Total comprehensive income/(loss)	-	-	-	160	5,414	5,574
Dividends	-	-	-	-	-	-
Purchase of treasury shares at cost	-	-	(10)	-	-	(10)
Rounding difference	-	-	-	-	1	1
Balance as at 31 March 2015	380,000	32,441	(9,643)	1,236	330,054	734,088

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 2015.

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 2015. 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 2015.

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 was no dividend paid during the quarter under review.

CSC STEEL HOLDINGS BERHAD
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Notes on the Quarterly Report- Nine Months Ended 31 Mar 2016

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	220,921	-	70	-	220,991
Inter-segment revenue	-	-	1,349	(1,349)	-
Total revenue	<u>220,921</u>	<u>-</u>	<u>1,419</u>	<u>(1,349)</u>	<u>220,991</u>
Segment result	<u>9,092</u>	<u>-</u>	<u>53</u>	<u>-</u>	<u>9,145</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.

A13. Capital commitments

	RM'000
Approved and contracted for	55,154
Approved but not contracted for	16,139
	<u>71,293</u>

Notes on the Quarterly Report- Nine Months Ended 31 Mar 2016

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

B1. Review of performance

The Group registered revenue and profit before tax for the current quarter of RM221.0 million and RM11.5 million respectively. This represents a decrease of RM73.4 million or 24.9% lower in revenue than that of its corresponding quarter. The decrease in revenue is primarily due to significant decreases in selling prices and sales volume of all our steel products. In spite of the lower revenue, the Group recorded a higher profit before tax of RM11.5 million this quarter compared with RM7.3 million in the corresponding quarter. The significant improvement in profit is due to lower cost of production experienced during the quarter as a result of lower Hot Rolled Steel prices.

B2. Variation of results against preceding quarter

The Group's revenue has decreased by 8.9% from RM242.5 million in the preceding quarter to RM221.0 million this quarter. The decrease in revenue is due to substantial decreases in both the sales volume and selling prices of our steel products. Despite the substantial decreases in selling prices of our steel products, production cost has registered a marginal increase. As a consequence and coupled with the absence of the write back of RM16.9 million doubtful debt in the preceding quarter, profit before tax for this quarter was impacted significantly to register a lower RM11.5 million.

B3. Current year prospects

Although there was a dip in domestic sales in the 1st quarter compared with the previous quarter, the Group registered a profit before tax of RM11.5m for the 1st quarter.

This achievement was made possible partly as a result of the Malaysian authorities' imposition of trade measures on pre-painted galvanised steel and cold rolled steel.

The sudden surge in steel prices both locally and internationally as a result of improved demand in China will boost the Group's performance. If the higher prices can be sustained, and the Group can continue to gain access to sufficient raw materials at competitive prices in the coming months, the Group can be expected to continue achieving reasonable profit this year.

However, the Group will monitor the situation closely as sudden surges in demand can give rise to drastic drop in prices if the demand cannot be sustained.

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.

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Notes on the Quarterly Report- Nine Months Ended 31 Mar 2016

B5. Tax expense/ (income)

	Current quarter RM' 000	Year-to- Date RM' 000
Current:		
- Income tax	1,671	1,671
- Deferred tax	841	841
	2,512	2,512
Prior year:		
- Income tax	-	-
- Deferred tax	-	-
	-	-
Total	<u>2,512</u>	<u>2,512</u>

The effective tax rate on consolidated profit before tax for the current period was lower than the statutory income tax rate of 25% due mainly to the following:

- tax effect of income not taxable in determining taxable profit; and
- tax effect of double deduction on export and import marine insurance premium insured locally.

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:	10,000	11,264,100
Number of shares cancelled:	Nil	Nil
Number of shares held as treasury shares:	10,000	11,264,100
Number of treasury shares resold:	Nil	Nil

B8. Group borrowings

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

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Notes on the Quarterly Report- Nine Months Ended 31 Mar 2016

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 had recommended in their last meeting which was announced on 22nd February 2016 a final single tier system of dividend of 8% or 8 sen per share for the financial year ended 2015 which is subject to the approval of the shareholders in the forthcoming annual general meeting.

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>8,947</u>	<u>8,947</u>
Weighted average number of shares in issue ('000)	<u>368,742</u>	<u>368,742</u>
Basic earnings/(loss) per share (sen)	<u>2.43</u>	<u>2.43</u>
Diluted earnings/(loss) per share (sen)	<u>2.43</u>	<u>2.43</u>

B12. Notes to the Consolidated Statement of Comprehensive Income

		Current Quarter Ended 31-Mar-16 RM'000	Financial Year To Date 31-Mar-16 RM'000
a)	Other Income	877	877
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)	2,812	2,812
g)	Gain/(loss) on derivatives	-	-
h)	Exceptional items	-	-

CSC STEEL HOLDINGS BERHAD
(Company No: 640357-X)

Notes on the Quarterly Report- Nine Months Ended 31 Mar 2016

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	424,412	407,248
- Unrealised	<u>(21,281)</u>	<u>(22,104)</u>
	403,131	385,144
Less: Consolidationn adjustment	<u>(26,055)</u>	<u>(17,015)</u>
As per consolidated account	<u><u>377,076</u></u>	<u><u>368,129</u></u>

By order of the Board
Mr. Huang, Chun-Hui
Group Managing Director
16th May 2016