

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 MARCH 2020**  
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Mar-20 RM'000	Preceding Year Corresponding Quarter 31-Mar-19 RM'000	Current Year To Date 31-Mar-20 RM'000	Preceding Year Corresponding Period 31-Mar-19 RM'000
<b>Continuing Operations</b>				
Revenue	284,271	331,193	284,271	331,193
Profit/(Loss) before depreciation	9,292	12,003	9,292	12,003
Depreciation	(6,211)	(7,485)	(6,211)	(7,485)
Operating profit/(loss)	3,081	4,518	3,081	4,518
Interest expense	-	(21)	-	(21)
Interest income	1,940	1,335	1,940	1,335
Share of profit/(loss) of associates	-	-	-	-
Profit/(loss) before tax	5,021	5,832	5,021	5,832
Tax expense	(14)	(1,225)	(14)	(1,225)
Profit/(loss) after tax from continuing operations	5,007	4,607	5,007	4,607
Other comprehensive income/(loss)	(764)	142	(764)	142
Total comprehensive income/(loss)	4,243	4,749	4,243	4,749
Profit/(loss) after tax attributable to equity holders of the parent	5,007	4,607	5,007	4,607
Total comprehensive income/(loss) attributable to equity holders of the parent	4,243	4,749	4,243	4,749
<b>Earnings per share from continuing operations attributable to equity holders of the parent:</b>				
Basic earnings/(loss) per share (sen)	1.36	1.25	1.36	1.25
Diluted earnings/(loss) per share (sen)	1.36	1.25	1.36	1.25

**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 2019.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**  
(The figures have not been audited)

	<b>As at End of Current Quarter 31-Mar-20 RM'000</b>	<b>As at Preceding Financial Year Ended 31-Dec-19 RM'000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	177,734	182,943
Investment in associates	-	-
Investment	1,688	7,418
Investment property	43,500	43,500
Deferred tax assets	-	130
Prepaid operating lease	17,022	17,081
	<u>239,944</u>	<u>251,072</u>
<b>Current assets</b>		
Inventories	269,617	234,761
Receivables	168,790	162,988
Cash and cash equivalents	240,358	249,401
Assets classified as held for sale	4,966	-
	<u>683,731</u>	<u>647,150</u>
<b>Total assets</b>	<u><u>923,675</u></u>	<u><u>898,222</u></u>
<b>Equity and Liabilities</b>		
<b>Capital and reserves</b>		
Share capital	413,163	413,163
Less: 10,700,000 treasury shares at cost	(11,614)	(11,614)
	401,549	401,549
Fair value adjustment reserve	276	1,040
Retained earnings	427,529	422,522
<b>Equity attributable to equity holders of the parent/Total equity</b>	<u>829,354</u>	<u>825,111</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	16,587	17,249
Long term loan	-	-
	<u>16,587</u>	<u>17,249</u>
<b>Current liabilities</b>		
Payables	77,734	55,862
Short term borrowings	-	-
Taxation	-	-
	<u>77,734</u>	<u>55,862</u>
<b>Total liabilities</b>	<u>94,321</u>	<u>73,111</u>
<b>Total equity and liabilities</b>	<u><u>923,675</u></u>	<u><u>898,222</u></u>
Net Assets per share (RM)	<u>2.25</u>	<u>2.23</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 2019.

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2020**  
(The figures have not been audited)

	Cumulative Quarter	
	Current Year To Date 31-Mar-20 RM'000	Preceding Year Corresponding Period 31-Mar-19 RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax/(loss)	5,021	5,832
Adjustments for:		
Non-cash items	6,211	7,484
Non-operating items	(1,976)	(1,214)
Operating Profit Before Working Capital Changes	9,256	12,102
(Increase)/Decrease in working capital:		
Inventories	(34,855)	28,986
Trade and other receivables	25,838	(40,009)
Trade and other payables	(7,129)	(7,591)
Cash Generated From Operations	(6,890)	(6,512)
Tax paid	(3,186)	(1,999)
Interest paid	-	(21)
Net Cash From Operating Activities	(10,076)	(8,532)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(943)	(7,613)
Interest received	1,940	1,335
Sale of subsidiary net of cash disposed (Note 1)	-	-
Acquisition of investment	-	-
Dividend received from investment	36	-
Acquisition of investment property	-	-
Proceeds from disposal of property, plant and equipment	-	-
Net Cash Used In Investing Activities	1,033	(6,278)
<b>FINANCING ACTIVITIES</b>		
Dividend paid	-	-
Proceeds from term loan	-	-
Repayment of term loan	-	-
Net proceeds from/(repayment of) short-term borrowings	-	-
Disposal/(Buy back) of own shares	-	-
Net Cash From/(Used In) Financing Activities	-	-
Net increase/(decrease) in cash and cash equivalents	(9,043)	(14,810)
Cash and cash equivalents at beginning of period	249,401	192,532
Cash and cash equivalents at end of period	240,358	177,722
<b>Cash and cash equivalents at end of period comprise:</b>		
Cash & bank balances	26,009	16,681
Deposits in the licensed banks	4,026	20,700
Unit trust funds	210,323	140,341
	240,358	177,722

**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 2019.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2020**  
**(The figures have not been audited)**

	Non-Distributable			Distributable	Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Fair Value Adjustment Reserve RM'000	Retained Earnings RM'000	
<b>Balance as at 1 January 2020</b>	413,163	(11,614)	1,040	422,522	825,111
Total comprehensive income/(loss)	-	-	(764)	5,007	4,243
Dividends	-	-	-	-	-
Purchase of treasury shares at cost	-	-	-	-	-
Rounding difference	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>413,163</b>	<b>(11,614)</b>	<b>276</b>	<b>427,529</b>	<b>829,354</b>
<b>Balance as at 1 January 2019</b>	413,163	(11,614)	827	402,491	804,867
Total comprehensive income/(loss)	-	-	142	4,607	4,749
Dividends	-	-	-	-	-
Purchase of treasury shares at cost	-	-	-	-	-
Rounding difference	-	-	-	-	-
<b>Balance as at 31 March 2019</b>	<b>413,163</b>	<b>(11,614)</b>	<b>969</b>	<b>407,098</b>	<b>809,616</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 2019.

**Notes on the Quarterly Report – Three Months Ended 31 March 2020**

**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 2019. 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.

- 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, 2020 as follows:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS	References to the Conceptual Framework

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.

- New and amendments to MFRS but not yet effective

As of the date of authorization for issue of interim financial statements, the Group and the Company have not applied the following new and amendments to MFRS that have been issued but not yet effective:

MFRS 17	Insurance Contracts <sup>1</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after January 1, 2021, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2022, with earlier application permitted.

<sup>3</sup> Effective date deferred to a date to be determined and announced, with earlier application permitted.

**Notes on the Quarterly Report – Three Months Ended 31 March 2020**

**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 2019.

**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 are 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 is no dividend paid during the quarter under review.

**A8. Segment information**

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

	Steel coils*	Others	Consolidation adjustment	Current year to date
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	284,235	-	-	284,235
Inter-segment revenue	-	29,065	(29,029)	36
Total revenue	<u>284,235</u>	<u>29,065</u>	<u>(29,029)</u>	<u>284,271</u>
Segment result	<u>3,085</u>	<u>28,996</u>	<u>(29,000)</u>	<u>3,081</u>

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

**Notes on the Quarterly Report – Three Months Ended 31 March 2020**

**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 fiscal 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 are no changes 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**

	<u>RM'000</u>
Approved and contracted for	3,867,710
Approved but not contracted for	<u>24,346,745</u>
Total	<u>28,214,455</u>

**Notes on the Quarterly Report – Three Months Ended 31 March 2020**

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

**B1. Review of performance**

Year-on- year performance review

For the quarter under review, the Group achieved a turnover of RM284.2mil, which was 14.2% lower compared to RM331.1mil in the corresponding period last year. The decrease mainly attributed to the temporary halt of business operation as comply with the government’s Covid19 MCO and drop in the average price in line with lower raw material cost. The Group’s profit before tax reduced to RM5.02mil in the current quarter, which was 13.9% or RM810k lower compared to RM5.8mil in the same period last year as the operating loss on MCO and the reduce in forex gains has partly wiped off the gains from better product mix and better cost management. Ringgit depreciated against USD during the quarter partly due to widespread of Covid19 and plunge in the cruel oil prices.

Revenue:

	Q1 2019			Q1 2020			Variance Analysis			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	62,953	171,509	2,724	51,055	124,895	2,446	-11,898	-18.9%	-46614	-27.2%
GI	27,311	84,549	3,096	33,860	94,255	2,784	6,549	24.0%	9706	11.5%
PPGI	14,728	66,258	4,499	14,131	59,678	4,223	-598	-4.1%	-6580	-9.9%
Sub-Con	508	67	132	451	48	106	-57	n/a	-19	-28%
Trading	878	2,576	2,933	164	484	2,958	-715	-81.4%	-2092	-81%
Scrap	5,758	6,234	1,083	5,131	4,876	950	-627	-10.9%	-1358	-22%
Others					35				35	
Total	112,137	331,193	2,953	104,791	284,271	2,713	(7,346)	-6.6%	(46,922)	-14.2%

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 at RM284.2 mil for the current quarter, which was 15% lower compared to RM334.3 mil in the preceding quarter, mainly attributed to a decrease in sales volume due to the MCO and lower average selling price due to the downward raw material price. In tandem with lower revenue, the profit before tax decreased by 42.5% to RM5.02 million compared to RM8.7 million in the preceding quarter, mainly as a result of the loss on MCO and the decrease in forex gain as a result of USD strengthen against Ringgit.



**Notes on the Quarterly Report – Three Months Ended 31 March 2020**

Revenue

	Q4 2019			Q1 2020			Variance Analysis			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	57,008	149,928	2,630	51,055	124,895	2,446	-5,954	-10.4%	-25,033	-16.7%
GI	35,589	104,233	2,929	33,860	94,255	2,784	-1,729	-4.9%	-9,978	-9.6%
PPGI	16,468	70,590	4,287	14,131	59,678	4,223	-2,337	-14.2%	-10,912	-15.5%
Sub-Con	195	15	77	451	48	106	256	131.1%	33	220.4%
Trading	1,438	3,771	2,622	164	484	2,958	-1,275	-88.6%	-3,287	-87.2%
Scrap	6,004	5,853	975	5,131	4,876	950	-873	-14.5%	-977	-16.7%
Others					35				35	
Total	116,703	334,390	2,865	104,791	284,271	2,713	(11,911)	-10.2%	(50,119)	-15.0%

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

**B3. Current year prospects**

The COVID-19 pandemic has getting more serious around the world since March after the Chinese government locked down the city of Wuhan as a way to prevent the spread of the virus. The economic toll of the outbreak also has potentially disastrous implications worldwide.

For the steel industry, due to lockdown or other emergency countermeasures applied by countries one by one, steelmakers from Europe, Brazil, Japan, India, and the US temporarily shut down their blast furnaces in order to cope with the weak demand of steel products that is worse than the economic crisis during the year 2008. As this crisis plays out, the global steel mills have forced to suspend their production and the move has led to the severe disruption of the whole demand and supply chain.

Being categorized as a non-essential industry by the Malaysian government, the iron and steel related industries are bracing for an enormous loss of revenue due to the months-long shutdown enforced by the Government under the nationwide movement control order (MCO). The 1st and 2nd stage of MCO starting from March 18 to April 14 was already estimated to cost the industry RM3.2 billion in lost revenue.

Although some companies have obtained operating approvals during 3rd MCO with certain SOPs to be followed, it is predicted that the demand in Q2 would contract more than 30% due to downstream steel consumers such as the construction & automotive sectors still remain shut down and would not be fully recovered soon in the near future. The post-COVID-19 demands forecast becomes more and more pessimistic as MCO is further extended.

However, given that the epidemic situation slows down in Q3 where the downstream steel players resume their operation in conjunction with the related economic stimulus package implemented by the government, it is expected that the steel demand will be back to its pace again.

The company will adhere to the government regulations, ensure the safety of the employees, and work closely with downstream in order to get through the difficult time. The safety of our employees is all the time the first priority. We shall also cooperate closely with our customers to overcome the economic

**Notes on the Quarterly Report – Three Months Ended 31 March 2020**

tsunami. In the meantime, production planning will be more flexibly adjusted according to market and economic recovery

**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	546	546
- Deferred tax	(532)	(532)
	14	14
Prior year:		
- Income tax	-	-
- Deferred tax	-	-
	-	-
Total	14	14

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.

**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

**Notes on the Quarterly Report – Three Months Ended 31 March 2020**

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**

A final single tier dividend of 6.6 Sen per share for the financial year ended 2019 had been recommended by the Board of Directors in their previous board meeting which was announced on 28 February 2019 for the approval of the shareholders at the forthcoming Annual General Meeting of the company.

The dividend 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.

**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: -

	<u>Current Quarter</u>	<u>Current Year To-date</u>
Profit/(Loss) attributable to equity holders of the parent (RM'000)	5,007	5,007
Weighted average number of shares in issue ('000)	369,300	369,300
Basic earnings/(loss) per share (sen)	1.36	1.36
Diluted earnings/(loss) per share (sen)	1.36	1.36

**Notes on the Quarterly Report – Three Months Ended 31 March 2020**

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

	<b>Current Quarter Ended</b>	<b>Financial Year To Date</b>
	<b>RM'000</b>	<b>RM'000</b>
a) Other income	1,005	1,005
b) Provision for write off of receivable	-	-
c) Provision for write off of inventories (reversal)	2,029	2,029
d) Gain/(loss) on disposal of quoted investments or properties	-	-
e) Impairment of assets	-	-
f) Foreign exchange gain or (loss)	1,681	1,681
g) Gain/(loss) on derivatives	-	-
h) Exceptional items	-	-

By order of the Board  
Mr. Yin, Shou-Kang  
Group Managing Director  
18 May 2020