

**CSC STEEL HOLDINGS BERHAD**  
**Registration No.: 200401001854 (640357-X)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2021**  
**(The figures have not been audited)**

	<b>INDIVIDUAL QUARTER</b>	<b>INDIVIDUAL QUARTER</b>	<b>CUMULATIVE QUARTER</b>	<b>CUMULATIVE QUARTER</b>
	<b>Current</b>	<b>Preceding Year</b>	<b>Current</b>	<b>Preceding Year</b>
	<b>Year</b>	<b>Corresponding</b>	<b>Year</b>	<b>Corresponding</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>To Date</b>	<b>Period</b>
	<b>31-Mar-21</b>	<b>31-Mar-20</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Continuing Operations</b>				
Revenue	415,949	284,271	415,949	284,271
Profit/(Loss) before depreciation	34,951	9,292	34,951	9,292
Depreciation	(6,053)	(6,211)	(6,053)	(6,211)
Operating profit/(loss)	28,898	3,081	28,898	3,081
Interest expense	-	-	-	-
Interest income	1,261	1,940	1,261	1,940
Share of profit/(loss) of associates	-	-	-	-
Profit/(loss) before tax	30,159	5,021	30,159	5,021
Tax (expense)/credit	(8,332)	(14)	(8,332)	(14)
Profit/(loss) after tax from continuing operations	21,827	5,007	21,827	5,007
Other comprehensive income/(loss)	231	(764)	231	(764)
Total comprehensive income/(loss)	22,058	4,243	22,058	4,243
Profit/(loss) after tax attributable to equity holders of the parent	21,827	5,007	21,827	5,007
Total comprehensive income/(loss) attributable to equity holders of the parent	22,058	4,243	22,058	4,243
<b>Earnings per share from continuing operations attributable to equity holders of the parent:</b>				
Basic earnings/(loss) per share (sen)	5.91	1.36	5.91	1.36
Diluted earnings/(loss) per share (sen)	5.91	1.36	5.91	1.36

**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 2020.

**CSC STEEL HOLDINGS BERHAD**  
**Registration No.: 200401001854 (640357-X)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**  
**(The figures have not been audited)**

	<b>As at End of Current Quarter 31-Mar-21 RM'000</b>	<b>As at Preceding Financial Year Ended 31-Dec-20 RM'000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	164,739	170,283
Investment in associates	-	-
Investment	3,661	3,430
Investment property	41,000	41,000
Deferred tax assets	-	-
Prepaid operating lease	16,784	16,843
Staff loans receivables	460	491
	<u>226,644</u>	<u>232,047</u>
<b>Current assets</b>		
Inventories	286,337	246,482
Receivables	189,637	130,699
Cash and cash equivalents	279,702	311,586
Assets classified as held for sale	-	-
	<u>755,676</u>	<u>688,767</u>
<b>Total assets</b>	<u><u>982,320</u></u>	<u><u>920,814</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	2,248	2,017
Retained earnings	456,975	435,148
<b>Equity attributable to equity holders of the parent/Total equity</b>	<u>860,772</u>	<u>838,714</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	18,884	17,818
Long term loan	-	-
	<u>18,884</u>	<u>17,818</u>
<b>Current liabilities</b>		
Payables	102,664	64,282
Short term borrowings	-	-
Taxation	-	-
	<u>102,664</u>	<u>64,282</u>
<b>Total liabilities</b>	<u>121,548</u>	<u>82,100</u>
<b>Total equity and liabilities</b>	<u><u>982,320</u></u>	<u><u>920,814</u></u>
Net Assets per share (RM)	<u>2.33</u>	<u>2.27</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 2020.

**CSC STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2021**  
**(The figures have not been audited)**

	<b>Cumulative Quarter</b>	
	<b>Current Year To Date 31-Mar-21 RM'000</b>	<b>Preceding Year Corresponding Period 31-Mar-20 RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit before tax/(loss)	30,159	5,021
Adjustments for:		
Non-cash items	5,933	6,211
Non-operating items	(1,315)	(1,976)
Operating Profit Before Working Capital Changes	34,777	9,256
(Increase)/Decrease in working capital:		
Inventories	(39,855)	(34,855)
Trade and other receivables	(38,818)	25,838
Trade and other payables	12,382	(7,129)
Cash Generated From Operations	(31,514)	(6,890)
Tax paid	(1,355)	(3,186)
Interest paid	-	-
Net Cash From/(Used in) Operating Activities	(32,869)	(10,076)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(456)	(943)
Interest received	1,261	1,940
Acquisition of investment	-	-
Dividend received from investment	54	36
Proceeds from disposal of investment	126	-
Proceeds from disposal of property, plant and equipment	-	-
Net Cash From/(Used In) Investing Activities	985	1,033
<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	(31,884)	(9,043)
Cash and cash equivalents at beginning of period	311,586	249,401
Cash and cash equivalents at end of period	279,702	240,358
<b>Cash and cash equivalents at end of period comprise:</b>		
Cash & bank balances	24,463	26,009
Deposits in the licensed banks	28,328	4,026
Unit trust funds	226,911	210,323
	279,702	240,358

**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 2020.

**CSC STEEL HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2021**  
(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 2021</b>	413,163	(11,614)	2,017	435,148	838,714
Total comprehensive income/(loss)	-	-	231	21,827	22,058
Dividends	-	-	-	-	-
Purchase of treasury shares at cost	-	-	-	-	-
Rounding difference	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>413,163</b>	<b>(11,614)</b>	<b>2,248</b>	<b>456,975</b>	<b>860,772</b>
<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>

**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 2020.

**Notes on the Quarterly Report – Three Months Ended 31 March 2021**

**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 2020. 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, 2021 as follows:

Amendments to MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

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.

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>2</sup>
Amendments to MFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS9 <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>4</sup>
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>3</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to MFRS 101	Disclosure of Accounting Policies <sup>2</sup>
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use <sup>1</sup>
Amendments to MFRS 137	Onerous Contract - Cost of Fulfilling a Contract <sup>1</sup>
Annual Improvements to MFRSs 2018 - 2020 Cycle <sup>1</sup>	

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

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after April 1, 2021, with earlier application permitted

<sup>4</sup> Effective date deferred to a date to be determined and announced, with earlier application permitted.

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**Notes on the Quarterly Report – Three Months Ended 31 March 2021****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 2020.

**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 are 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	415,889	-	-	415,889
Inter-segment revenue	-	26,089	(26,029)	60
Total revenue	<u>415,889</u>	<u>26,089</u>	<u>(26,029)</u>	<u>415,949</u>
Segment result	<u>28,805</u>	<u>26,093</u>	<u>(26,000)</u>	<u>28,898</u>

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

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**Notes on the Quarterly Report – Three Months Ended 31 March 2021****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**

The Board of Directors of CSC Steel Holdings Berhad (“CHB” or the “Company”) announced that CSC Steel Sdn. Bhd., a wholly-owned subsidiary of the Company had on 23 April 2021 entered into a Sale and Purchase Agreement with Tashin Hardware Sdn. Bhd. for the disposal of all those two (2) contiguous pieces of industrial land and buildings held under H.S.(D) 14941, PT 2961 & H.S.(D) 14942, PT 2960, both situated in Mukim 11, Daerah Seberang Perai Tengah, Pulau Pinang containing an area of approximately 26,188.8094 square metres and 16,187.4804 square metres respectively and bearing a postal address of No. 1617, Lorong Perusahaan Maju 6, Prai Industrial Estate Phase IV, 13600 Prai, Penang for a sale consideration of RM43,500,000.

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

The Company had on 16 February 2021 entered into a Share Sale and Purchase Agreement (“SSPA”) with Hanwa Co. Ltd. (“Purchaser”) for the disposal of 20% equity interest in Hanwa Steel Centre (M) Sdn. Bhd. (“HSCM”) for a consideration of RM126,400. The Disposal has now been completed, accordingly, the Group ceased to have any interest in HSCM.

**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	13,636,718
Approved but not contracted for	<u>27,998,402</u>
Total	<u><u>41,635,120</u></u>

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**Notes on the Quarterly Report – Three Months Ended 31 March 2021****PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES****B1. Review of performance**Year-on- year performance review

With no adverse effect of MCO 2.0 on the Group's operations compare to a severe impact brought by the first MCO implemented in March 2020, the Group revenue rose 46.3% to RM415.9mil from RM284.3mil in the corresponding quarter last year. Higher sales revenue was due to persistent material supply constraints, reduction in imports from the neighboring country, an uptrend in steel prices, and increase in production to meet higher demand. Consequently, the Group reported a significantly higher profit before tax of RM30.2mil, a surge of 500.6% compared with PBT of RM5mil in the corresponding quarter last year.

## Revenue:

	Q1 2020			Q1 2021			Variance Analysis			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	51,055	124,895	2,446	60,591	176,416	2,912	9,536	18.7%	51,522	41.3%
GI	33,860	94,255	2,784	42,136	142,654	3,386	8,276	24.4%	48,400	51.3%
PPGI	14,131	59,678	4,223	18,711	86,966	4,648	4,580	32.4%	27,288	45.7%
Sub-Con	451	48	106	799	237	297	347	76.9%	189	392.9%
Trading	164	484	2,958	104	328	3,165	-60	-36.6%	-156	-32.2%
Scrap	5,131	4,876	950	6,593	9,288	1,409	1,462	28.5%	4,412	90.5%
Others		35			60				25	71.4%
Total	104,791	284,271	2,713	128,933	415,949	3,226	24,142	23.0%	131,678	46.3%

CRC = cold rolled steel/pickled &amp; oiled steel

GI = galvanized steel

PPGI = pre-painted galvanized steel

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

For the first quarter ended 31 March, the Group reported higher revenue of RM415.9 mil, 13.2% higher compared to RM367.5 mil in the preceding quarter on the back of higher average selling price and higher sales volume. In line with the remarkable revenue, the Group registered a profit before tax of RM30.2 mil, 5.2% higher than RM28.7 mil in the preceding quarter. The profit improvement is associated with persistent steel supply constraints, an uptrend of international steel prices, and sales rose as production increased to meet the customers' demand for all our products.

## Revenue:

	Q4 2020			Q1 2021			Variance Analysis			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	58,236	152,734	2,623	60,591	176,416	2,912	2,354	4.0%	23,682	15.5%
GI	42,459	125,965	2,967	42,136	142,654	3,386	-323	-0.8%	16,689	13.2%
PPGI	18,736	81,523	4,351	18,711	86,966	4,648	-25	-0.1%	5,443	6.7%
Sub-Con	769	79	103	799	237	297	29	3.8%	158	200.0%
Trading	360	1,127	3,126	104	328	3,165	-257	-71.3%	-799	-70.9%
Scrap	6,294	6,095	968	6,593	9,288	1,409	299	4.7%	3,193	52.4%
Others		7			60				54	785.5%
Total	126,855	367,529	2,897	128,933	415,949	3,226	2,078	1.6%	48,420	13.2%

CRC = cold rolled steel/pickled &amp; oiled steel

GI = galvanized steel

PPGI = pre-painted galvanized steel



**Notes on the Quarterly Report – Three Months Ended 31 March 2021****B3. Current year prospects**

The rollout of Covid-19 vaccines during the beginning of this year has strengthened the market confidence and leading most countries to reach the same goal of reviving domestic production and economic activities despite the imposition of travel restrictions. The positive outlook after Chinese New Year showed a surging trend in steel demand due to limited resources. In Q1, both the US and EU HRC prices continued to surge, reaching a new high at US\$1,400/MT, while Asian steel prices are still far behind and there is room for further hike in Q2 due to tight supply.

The global steel demand is driven by the recovery of the automotive, infrastructure, and home appliances sectors, and the steel market is projected to post more robust steel demand in Q2. Furthermore, the US and Chinese governments' plan to spend US\$2.3 trillion and US\$1.6 trillion (RMB 10.6 trillion) respectively on infrastructure development in the region, will benefit the global steel industry as the steel demand is expected to soar further for an extended period. On the other hand, China's strong emphasis on climate is likely to smash the expansion of blast furnace-based production due to environmental issues, which has induced the fear of supply shortage. Also, China's removal of export tax rebates policy on certain steel products is going to impact steel supply and will greatly support steel prices in the market.

The Malaysian steel market has seen the similar trend as the steel prices have risen further due to tight supply. Hence, the Group is committed to implementing full-scale production in order to meet the customers' and markets' needs. However, the aftermath of rapid cost surge in steel materials might cause tensions in the construction sectors and delay the project implementation. The Group will continue to remain resilient amid the current and upcoming uncertainties.

**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	6,728	6,728
- Deferred tax	1,065	1,065
	<u>7,793</u>	<u>7,793</u>
Prior year:		
- Income tax	539	539
- Deferred tax	-	-
	<u>539</u>	<u>539</u>
Total	<u>8,332</u>	<u>8,332</u>

The effective tax rate on consolidated profit before tax for the current period was higher than the statutory income tax rate of 24% due mainly to tax effect of expenses not deductible for tax purposes and under-provision of taxation in respect of year of assessment of 2018. However, the increase is partly offset by the tax effect of the income not taxable in determining taxable profit.

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**Notes on the Quarterly Report – Three Months Ended 31 March 2021****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**

A final single tier dividend of 7 Sen per share for the financial year ended 2020 had been recommended by the Board of Directors in their previous board meeting which was announced on 22 February 2021 and was approved by the shareholders in the Annual General Meeting held on 24 May 2021. The 7 Sen dividend per share will be paid on 09 July 2021 to the shareholders whose names appear on the Record of Depositors of the Company at the close of business on 25 June 2021.

The dividends paid and payable for the financial year 2020 comply with the Group's dividend policy of distributing at least 50% of the Group's profit after tax.

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Registration No.: 200401001854 (640357-X)

**Notes on the Quarterly Report – Three Months Ended 31 March 2021****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)	21,827	21,827
Weighted average number of shares in issue ('000)	369,300	369,300
Basic earnings/(loss) per share (sen)	5.91	5.91
Diluted earnings/(loss) per share (sen)	5.91	5.91

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

	Current Quarter Ended RM'000	Financial Year To Date RM'000
a) Other income	590	590
b) Provision for write off of receivable	-	-
c) Provision for write off of inventories (reversal)	(1,188)	(1,188)
d) Gain/(loss) on disposal of quoted and unquoted investments or properties	126	126
e) Impairment of assets	-	-
f) Foreign exchange gain or (loss)	3,049	3,049
g) Gain/(loss) on derivatives	-	-
h) Fair value gain/(loss) on investment properties	-	-
i) Exceptional items	-	-

By order of the Board  
Mr. Yin, Shou-Kang  
Group Managing Director  
25 May 2021