

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	31-Dec-20	Quarter	31-Dec-20	Period
	RM'000	31-Dec-19	RM'000	31-Dec-19
		RM'000		RM'000
Continuing Operations				
Revenue	367,529	334,390	1,080,042	1,363,006
Profit/(Loss) before depreciation	33,324	13,403	64,564	65,255
Depreciation	(6,053)	(6,318)	(24,544)	(27,569)
Operating profit/(loss)	27,271	7,085	40,020	37,686
Interest expense	-	-	-	(21)
Interest income	1,387	1,642	6,552	5,784
Share of profit/(loss) of associates	-	-	-	-
Profit/(loss) before tax	28,658	8,727	46,572	43,449
Tax (expense)/credit	(7,232)	(1,662)	(9,572)	(8,645)
Profit/(loss) after tax from continuing operations	21,426	7,065	37,000	34,804
Other comprehensive income/(loss)	1,315	(71)	977	213
Total comprehensive income/(loss)	22,741	6,994	37,977	35,017
Profit/(loss) after tax attributable to equity holders of the parent	21,426	7,065	37,000	34,804
Total comprehensive income/(loss) attributable to equity holders of the parent	22,741	6,994	37,977	35,017
Earnings per share from continuing operations attributable to equity holders of the parent:				
Basic earnings/(loss) per share (sen)	5.80	1.91	10.02	9.42
Diluted earnings/(loss) per share (sen)	5.80	1.91	10.02	9.42

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
Registration No.: 200401001854 (640357-X)

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

	As at End of Current Quarter 31-Dec-20 RM'000	As at Preceding Financial Year Ended 31-Dec-19 RM'000
Assets		
Non-current assets		
Property, plant and equipment	170,283	182,943
Investment in associates	-	-
Investment	3,430	7,418
Investment property	41,000	43,500
Deferred tax assets	-	130
Prepaid operating lease	16,843	17,081
	<u>231,556</u>	<u>251,072</u>
Current assets		
Inventories	246,482	234,761
Receivables	131,190	162,988
Cash and cash equivalents	311,586	249,401
Assets classified as held for sale	-	-
	<u>689,258</u>	<u>647,150</u>
Total assets	<u><u>920,814</u></u>	<u><u>898,222</u></u>
Equity and Liabilities		
Capital and reserves		
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	2,017	1,040
Retained earnings	435,148	422,522
Equity attributable to equity holders of the parent/Total equity	<u>838,714</u>	<u>825,111</u>
Non-current liabilities		
Deferred tax liabilities	17,818	17,249
Long term loan	-	-
	<u>17,818</u>	<u>17,249</u>
Current liabilities		
Payables	64,282	55,862
Short term borrowings	-	-
Taxation	-	-
	<u>64,282</u>	<u>55,862</u>
Total liabilities	<u>82,100</u>	<u>73,111</u>
Total equity and liabilities	<u><u>920,814</u></u>	<u><u>898,222</u></u>
Net Assets per share (RM)	<u>2.27</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
Registration No.: 200401001854 (640357-X)

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

	Cumulative Quarter	
	Current Year To Date 31-Dec-20 RM'000	Preceding Year Corresponding Period 31-Dec-19 RM'000
OPERATING ACTIVITIES		
Profit before tax/(loss)	46,572	43,449
Adjustments for:		
Non-cash items	26,855	26,617
Non-operating items	(6,588)	8,468
Operating Profit Before Working Capital Changes	66,839	78,534
(Increase)/Decrease in working capital:		
Inventories	(11,721)	52,991
Trade and other receivables	34,868	(10,613)
Trade and other payables	8,419	(33,328)
Cash Generated From Operations	98,405	87,584
Tax paid	(11,943)	(8,335)
Interest paid	-	(21)
Net Cash From/(Used in) Operating Activities	86,462	79,228
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,648)	(13,834)
Interest received	6,552	5,784
Acquisition of investment	-	-
Dividend received from investment	36	463
Proceeds from disposal of investment	5,126	-
Proceeds from disposal of property, plant and equipment	31	-
Net Cash From/(Used In) Investing Activities	97	(7,587)
FINANCING ACTIVITIES		
Dividend paid	(24,374)	(14,772)
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	(24,374)	(14,772)
Net increase/(decrease) in cash and cash equivalents	62,185	56,869
Cash and cash equivalents at beginning of period	249,401	192,532
Cash and cash equivalents at end of period	311,586	249,401
Cash and cash equivalents at end of period comprise:		
Cash & bank balances	65,620	22,523
Deposits in the licensed banks	278	33,177
Unit trust funds	245,688	193,701
	311,586	249,401

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
Registration No.: 200401001854 (640357-X)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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	
Balance as at 1 January 2020	413,163	(11,614)	1,040	422,522	825,111
Total comprehensive income/(loss)	-	-	977	37,000	37,977
Dividends	-	-	-	(24,374)	(24,374)
Purchase of treasury shares at cost	-	-	-	-	-
Rounding difference	-	-	-	-	-
Balance as at 31 December 2020	413,163	(11,614)	2,017	435,148	838,714
Balance as at 1 January 2019	413,163	(11,614)	827	402,491	804,867
Total comprehensive income/(loss)	-	-	213	34,804	35,017
Dividends	-	-	-	(14,772)	(14,772)
Purchase of treasury shares at cost	-	-	-	-	-
Rounding difference	-	-	-	(1)	(1)
Balance as at 31 December 2019	413,163	(11,614)	1,040	422,522	825,111

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 – Twelve Months Ended 31 December 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 16	Covid-19-Related Rent Concessions
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS	Amendments to References to the Conceptual Framework in MFRSs Standards

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 ³
Amendments to MFRS 9, MFRS139, MFRS 7, MFRS4, and MFRS 16	Interest Rate Benchmark Reform - Phase 2 ¹
Amendments to MFRS 3	Reference to the Conceptual Framework ²
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS9 ³
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its associate or Joint Venture ⁴
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ³
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use ²
Amendments to MFRS 137	Onerous Contract - Cost of Fulfilling a Contract ²
Annual Improvements to MFRSs 2018 - 2020 Cycle ²	

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

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

³ Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

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

Notes on the Quarterly Report – Twelve Months Ended 31 December 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 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	1,079,993	-	-	1,079,993
Inter-segment revenue	-	29,167	(29,118)	49
Total revenue	<u>1,079,993</u>	<u>29,167</u>	<u>(29,118)</u>	<u>1,080,042</u>
Segment result	<u>40,744</u>	<u>28,276</u>	<u>(29,000)</u>	<u>40,020</u>

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

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Notes on the Quarterly Report – Twelve Months Ended 31 December 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

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 will not have material effects on the Group’s financial statement.

A11. Changes in the composition of the Group

The Board of Directors of CSC Steel Holdings Berhad (“CHB” or the “Company”) announced that Group Steel Corporation (M) Sdn. Bhd. (“GSCM”), a wholly-owned subsidiary of the Company, which were placed under Member’s Voluntary Winding Up on 1 December 2020 pursuant to Section 441 of the Companies Act, 2016. The Winding Up did not have any material financial or operational effect on the Group for the current financial year ended 31 December 2020.

Other than the above, there were no changes in the composition of the Group during the financial year ended 31 December 2020.”

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	9,826,293
Approved but not contracted for	<u>12,040,769</u>
Total	<u><u>21,867,062</u></u>

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Notes on the Quarterly Report – Twelve Months Ended 31 December 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 reported total revenue of RM367.5 mil, a 9.9% higher compared to the RM334.3 mil in the corresponding quarter last year. The growth in revenue is primarily due to an increase in sales volume and selling prices of its products. In line with the higher sale volume and revenue, the Group recorded a significantly higher profit before tax of RM28.6 mil this quarter, 228.3% higher compared with RM8.7mil in the corresponding quarter. The improved profit is mainly due to a better margin, favorable product mix, and lower cost amidst higher production utilization.

Revenue:

	Q4 2019			Q4 2020			Variance Analysis			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	57,008	149,928	2,630	58,236	152,734	2,623	1,228	2.2%	2806	1.9%
GI	35,589	104,233	2,929	42,459	125,965	2,967	6,871	19.3%	21732	20.8%
PPGI	16,468	70,590	4,287	18,736	81,523	4,351	2,268	13.8%	10933	15.5%
Sub-Con	195	15	77	769	79	103	574	294%	64	426%
Trading	1,438	3,771	2,622	360	1,127	3,126	-1,078	-74.9%	-2644	-70%
Scrap	6,004	5,853	975	6,294	6,095	968	290	4.8%	242	4%
Others					7				7	
Total	116,703	334,390	2,865	126,855	367,529	2,897	10,153	8.7%	33,139	9.9%

CRC = cold rolled steel/pickled & oiled steel

GI = galvanized steel

PPGI = pre-painted galvanized steel

Year-on- year performance review

For the whole of 2020, the Group's registered revenue of RM1080mil was 20.8% lower than RM1363mil achieved in the previous year (2019) due mainly to the severe interruption of business operation during the first phase of MCO from Mar to May 2020. However, despite lower revenue, the profit before tax improved by 7.2% to RM46.5mil, due mainly to better margin contributed by the coated products, lower in selling and marketing expenditures as the business focus more on the domestic market, and a reversal of inventory write off as well.

Revenue:

	YTD 2019			YTD 2020			Variance Analysis			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	238,903	645,831	2,703	183,920	466,422	2,536	-54,983	-23.0%	-179,409	-27.8%
GI	132,101	400,392	3,031	123,329	355,568	2,883	-8,772	-6.6%	-44,824	-11.2%
PPGI	63,637	281,616	4,425	54,802	235,812	4,303	-8,836	-13.9%	-45,804	-16.3%
Sub-Con	1,591	177	111	11,818	1,482	125	10,227	643.0%	1,305	737%
Trading	3,357	9,682	2,884	785	2,387	3,042	-2,573	-76.6%	-7,295	-75%
Scrap	23,603	24,845	1,053	19,077	18,322	960	-4,526	-19.2%	-6,523	-26%
Others		463			49				-414	-92%
Total	463,192	1,363,006	2,943	393,731	1,080,042	2,743	-69,462	-15.0%	-282,964	-20.8%

Notes on the Quarterly Report – Twelve Months Ended 31 December 2020

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 has increased by 19.8% from RM306.8mil in the preceding quarter to RM367.5 mil in this quarter. The improvement was mainly due to the increase in sales volume and selling price amidst encouraging demand for its products. Consequently, the Group registered a significantly higher profit before tax of RM28.6 mil, 79.7% higher than RM15.9 mil in the preceding quarter. The improved profit in tandem with higher sales generated, improved production activities, and better margin mainly due to shortage of materials and an uptrend in steel prices.

Revenue:

	Q3 2020			Q4 2020			Variance Analysis			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	50,087	127,359	2,543	58,236	152,734	2,623	8,149	16.3%	25,374	19.9%
GI	35,731	103,496	2,896	42,459	125,965	2,967	6,728	18.8%	22,469	21.7%
PPGI	16,113	69,107	4,289	18,736	81,523	4,351	2,623	16.3%	12,416	18.0%
Sub-Con	10,219	1,318	129	769	79	103	-9,449	-92.5%	-1,239	-94.0%
Trading	116	343	2,957	360	1,127	3,126	245	211.2%	785	229.0%
Scrap	5,419	5,205	960	6,294	6,095	968	875	16.1%	890	17.1%
Others		7			7				0	
Total	117,685	306,835	2,607	126,855	367,529	2,897	9,171	7.8%	60,695	19.8%

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

B3. Current year prospects

In the fourth quarter (Q4) of 2020, the international iron ore price had reached US\$166 per ton in December 2020, setting a seven-year highest record attributed to the increased demand and unstable supply of iron ore. The coking coal prices remained high, the container freight rates from Asia continued to surge, reaching highs far in excess of long-term sustainable level, all these factors have pushed the costs higher and driving the steel price up even further. Furthermore, with the lower production which was far afield from the pre-pandemic level, causing the steel price in Europe and the US higher than in South East Asia, has given the opportunity for the export market of Asian mills to shift their target. In the first quarter (Q1) of 2021, the surge of global steel price will provide price supports globally and projecting further boost in the steel market sentiments towards positive growth.

The Malaysia steel sector in Q4 of 2020 remained resilient and survived through the post-pandemic with the aid of continuing recovery of the construction sector and the rebounding of the Malaysia economy. The prospect of the domestic steel market in Q1 of 2021 appears to be favourable with the Government initiatives to support the business environment while managing the third wave of pandemic transmission. The prolonged low-interest-rate environment will also help the domestic real estate and durable goods markets in maintaining its growth. Although the Movement Control Order (MCO) 2.0 might slow down the steel industry activities, however, the Government's dynamic responses and supports are expected to help the steel industry to survive during this challenging period.

B4. Variance of actual and forecast profit

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

CSC STEEL HOLDINGS BERHAD

Registration No.: 200401001854 (640357-X)

Notes on the Quarterly Report – Twelve Months Ended 31 December 2020**B5. Tax expense/ (income)**

	Current Quarter RM'000	Current Year To Date RM'000
Current:		
- Income tax	4,487	8,683
- Deferred tax	2,559	700
	<u>7,046</u>	<u>9,383</u>
Prior year:		
- Income tax	186	189
- Deferred tax	-	-
	<u>186</u>	<u>189</u>
Total	<u>7,232</u>	<u>9,572</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. However, the increase is partly offset by the tax effect of the income not taxable in determining taxable profit.

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.

CSC STEEL HOLDINGS BERHAD

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Notes on the Quarterly Report – Twelve Months Ended 31 December 2020**B10. Dividend recommended by Directors**

The Board of Directors has recommended a final single-tier system of a dividend of 7 Sen per share for the financial year ended 2020, which is subject to the approval of the shareholders in the forthcoming annual general meeting.

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: -

	Current Quarter	Current Year To-date
Profit/(Loss) attributable to equity holders of the parent (RM'000)	21,426	37,000
Weighted average number of shares in issue ('000)	369,300	369,300
Basic earnings/(loss) per share (sen)	5.80	10.02
Diluted earnings/(loss) per share (sen)	5.80	10.02

B12. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter Ended RM'000	Financial Year To Date RM'000
a) Other income	1,326	5,181
b) Provision for write off of receivable	-	-
c) Provision for write off of inventories (reversal)	(8,027)	(5,882)
d) Gain/(loss) on disposal of quoted and unquoted investments or properties	-	160
e) Impairment of assets	-	-
f) Foreign exchange gain or (loss)	6,616	15,426
g) Gain/(loss) on derivatives	-	-
h) Fair value gain/(loss) on investment properties	(2,500)	(2,500)
i) Exceptional items	-	-

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