

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2022
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Mar-22 RM'000	Preceding Year Corresponding Quarter 31-Mar-21 RM'000	Current Year To Date 31-Mar-22 RM'000	Preceding Year Corresponding Period 31-Mar-21 RM'000
Continuing Operations				
Revenue	455,060	415,949	455,060	415,949
Profit/(Loss) before depreciation	20,844	34,951	20,844	34,951
Depreciation	(5,615)	(6,053)	(5,615)	(6,053)
Operating profit/(loss)	15,229	28,898	15,229	28,898
Interest expense	(394)	-	(394)	-
Interest income	983	1,261	983	1,261
Share of profit/(loss) of associates	-	-	-	-
Profit/(loss) before tax	15,818	30,159	15,818	30,159
Tax (expense)/credit	(3,766)	(8,332)	(3,766)	(8,332)
Profit/(loss) after tax from continuing operations	12,052	21,827	12,052	21,827
Other comprehensive income/(loss)	(98)	231	(98)	231
Total comprehensive income/(loss)	11,954	22,058	11,954	22,058
Profit/(loss) after tax attributable to equity holders of the parent	12,052	21,827	12,052	21,827
Total comprehensive income/(loss) attributable to equity holders of the parent	11,954	22,058	11,954	22,058
Earnings per share from continuing operations attributable to equity holders of the parent:				
Basic earnings/(loss) per share (sen)	3.26	5.91	3.26	5.91
Diluted earnings/(loss) per share (sen)	3.26	5.91	3.26	5.91

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 2021.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022
(The figures have not been audited)

	As at End of Current Quarter 31-Mar-22 RM'000	As at Preceding Financial Year Ended 31-Dec-21 RM'000
Assets		
Non-current assets		
Property, plant and equipment	152,837	158,343
Investment	4,046	4,143
Investment property	-	-
Prepaid operating lease	16,547	16,606
Staff loans receivables	363	395
	<u>173,793</u>	<u>179,487</u>
Current assets		
Inventories	417,546	401,328
Receivables	203,176	203,255
Cash and cash equivalents	246,086	233,523
Assets classified as held for sale	41,000	41,000
	<u>907,808</u>	<u>879,106</u>
Total assets	<u>1,081,601</u>	<u>1,058,593</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	2,633	2,731
Retained earnings	507,438	495,386
Equity attributable to equity holders of the parent/Total equity	<u>911,620</u>	<u>899,666</u>
Non-current liabilities		
Deferred tax liabilities	16,816	16,669
Long term loan	-	-
	<u>16,816</u>	<u>16,669</u>
Current liabilities		
Payables	117,983	69,324
Short term borrowings	35,000	71,300
Taxation	182	1,634
	<u>153,165</u>	<u>142,258</u>
Total liabilities	<u>169,981</u>	<u>158,927</u>
Total equity and liabilities	<u>1,081,601</u>	<u>1,058,593</u>
Net Assets per share (RM)	<u>2.47</u>	<u>2.44</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 2021.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2022
(The figures have not been audited)**

	Cumulative Quarter	
	Current Year To Date 31-Mar-22 RM'000	Preceding Year Corresponding Period 31-Mar-21 RM'000
OPERATING ACTIVITIES		
Profit before tax	15,818	30,159
Adjustments for:		
Non-cash items	5,853	5,933
Non-operating items	(654)	(1,315)
Operating Profit Before Working Capital Changes	21,017	34,777
(Increase)/Decrease in working capital:		
Inventories	(16,219)	(39,855)
Trade and other receivables	115	(38,818)
Trade and other payables	48,741	12,382
Cash Generated From Operations	53,654	(31,514)
Tax paid	(5,157)	(1,355)
Interest paid	(394)	-
Net Cash From/(Used in) Operating Activities	48,103	(32,869)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(289)	(456)
Interest received	983	1,261
Acquisition of investment	-	-
Dividend received from investment	66	54
Proceeds from disposal of investment	-	126
Proceeds from disposal of property, plant and equipment	-	-
Net Cash From Investing Activities	760	985
FINANCING ACTIVITIES		
Dividend paid	-	-
Proceeds from term loan	-	-
Repayment of term loan	-	-
Net proceeds from/(repayment of) short-term borrowings	(36,300)	-
Disposal/(Buy back) of own shares	-	-
Net Cash Used In Financing Activities	(36,300)	-
Net increase/(decrease) in cash and cash equivalents	12,563	(31,884)
Cash and cash equivalents at beginning of period	233,523	311,586
Cash and cash equivalents at end of period	246,086	279,702
Cash and cash equivalents at end of period comprise:		
Cash & bank balances	67,313	24,463
Deposits in the licensed banks	53,736	28,328
Unit trust funds	125,037	226,911
	246,086	279,702

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 2021.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2022**
(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 2022	413,163	(11,614)	2,731	495,386	899,666
Total comprehensive income/(loss)	-	-	(98)	12,052	11,954
Dividends	-	-	-	-	-
Purchase of treasury shares at cost	-	-	-	-	-
Balance as at 31 March 2022	413,163	(11,614)	2,633	507,438	911,620
Balance as at 1 January 2021	413,163	(11,614)	2,017	435,148	838,714
Total comprehensive income/(loss)	-	-	714	86,089	86,803
Dividends	-	-	-	(25,851)	(25,851)
Purchase of treasury shares at cost	-	-	-	-	-
Balance as at 31 December 2021	413,163	(11,614)	2,731	495,386	899,666

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 2021.

Notes on the Quarterly Report – Three Months Ended 31 March 2022

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 2021. 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 amended MFRSs

In the current financial year, the Group and the Company have adopted a number of amendments to MFRSs 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, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

The adoption of the above amendments to MFRSs did not have any material impact on the amounts reported in the financial statements of the Group and of the Company upon its initial application.

Standards and amendments in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and by the Company are as listed below:

Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond June 30, 2021 ²
MFRS 17/Amendments to MFRS 17	Insurance contracts ³
Amendments to MFRS 3	Reference to the Conceptual Framework ¹
Amendments to MFRS 4	Extension of the Temporary Exemption from applying MFRS 9 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 17	Initial Application of MFRS 9 and MFRS 17 - Comparative Information ³

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Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current ³
Amendments to MFRS 101	Disclosures of Accounting Policies ³
Amendments to MFRS 108	Definition of Accounting Estimates ³
Amendments to MFRS 112	Deferred tax related Assets and Liabilities arising from a Single Transaction ³
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use ¹
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract ¹
Annual Improvements to MFRS Standards 2018 - 2020 ¹	

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

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

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

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

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 2021.

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.

Notes on the Quarterly Report – Three Months Ended 31 March 2022

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	Total
	RM'000	RM'000	adjustment	RM'000
			RM'000	
Revenue from external customers	454,987			454,987
Inter-segment revenue		51,402	(51,329)	73
Total revenue	<u>454,987</u>	<u>51,402</u>	<u>(51,329)</u>	<u>455,060</u>
Segment result	<u>15,277</u>	<u>51,281</u>	<u>(51,329)</u>	<u>15,229</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 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.

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A12. Contingent liabilities

On August 13, 2018, CSC Steel Sdn. Bhd., a wholly-owned subsidiary company of the Company, entered into a contract with a contractor for the project on gas insulation switchgear.

The Company received a variation order of RM496,335 on January 20, 2021 with regard to the following claims:

- i. Additional contract sum of RM411,423 due to the contract postponement; and
- ii. Additional contract sum of RM84,912 due to the fluctuation of currency of the contract sum.

The parties are in the midst of negotiating a settlement and the outcome is not concluded as of the reporting date. Hence, no provision has been made in the financial statements.

A13. Capital commitments

	RM'000
Approved and contracted for	8,350,826
Approved but not contracted for	11,324,099
	<u>19,674,925</u>

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Notes on the Quarterly Report – Three Months Ended 31 March 2022**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 RM455mil, which was 9.4% higher compared to RM415.9mil in the corresponding period last year. This was mainly attributed to higher selling prices by approximately 57% despite reduction in sales volume by 30% as compared to corresponding preceding previous quarter.

The Group reported a lower profit before tax of RM15.8 million in the current quarter, a decrease of 47.5% compared with a profit before tax of RM30.1 in the corresponding period last year mainly due to higher raw materials cost purchased hence resulted in higher cost of production.

Revenue:	Q1 2022			Q1 2021			Variance			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	39,961	186,954	4,678	60,591	176,416	2,912	(20,630)	-34%	10,538	6%
GI	25,341	129,882	5,125	42,136	142,654	3,386	(16,795)	-40%	(12,772)	-9%
PPGI	19,390	127,751	6,588	18,711	86,966	4,648	679	4%	40,785	47%
Sub-Con	441	712	1,615	799	237	297	(358)	-45%	475	200%
Trading	-	-	-	104	328	3,154	(104)	0%	(328)	0%
Scrap	4,826	9,688	2,007	6,593	9,288	1,409	(1,767)	-27%	400	4%
Others	-	73	-	-	60	-	-	0%	13	22%
	89,959	455,060	5,059	128,934	415,949	3,226	(38,975)		39,111	

B2. Variation of results against preceding quarter

For the first quarter ended 31 March, the Group reported revenue of RM455mil, 14.5% lower compared to RM532.3mil in the preceding quarter mainly due to decrease in sales volume by 16 thousand metric tons or 15% from 105 thousand metric tons to 89 thousand metric tons.

The Group reported a lower profit before tax of RM15.80 million in the current quarter, a decrease of 47.5% compared with a profit before tax of RM50.78 in the preceding quarter mainly due to decrease in sales volume as mentioned above and higher raw materials cost purchased hence resulted in higher cost of production.

Revenue:	Q1 2022			Q4 2021			Variance			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	39,961	186,954	4,678	46,569	219,427	4,712	(6,608)	-14%	(32,473)	-15%
GI	25,341	129,882	5,125	34,418	181,370	5,270	(9,077)	-26%	(51,488)	-28%
PPGI	19,390	127,751	6,588	18,972	123,573	6,513	418	2%	4,178	3%
Sub-Con	441	712	1,615	416	326	784	25	6%	386	118%
Trading	-	-	-	-	-	-	-	0%	-	0%
Scrap	4,826	9,688	2,007	5,538	7,646	1,381	(712)	-13%	2,042	27%
Others	-	73	-	-	7	-	-	0%	66	943%
	89,959	455,060	5,059	105,913	532,349	5,026	(15,954)		(77,289)	

CRC = cold rolled steel/pickled & oiled steel

GI = galvanized steel

PPGI = pre-painted galvanized steel

Notes on the Quarterly Report – Three Months Ended 31 March 2022**B3. Current year prospects**

The Russia-Ukraine conflict in the first quarter has prompted a surge in prices of the commodities such as aluminums, zinc, and nickel to hit a record high in March, where coal price has also nearly doubled, reaching USD660/MT.

The sanctions on Russian energy have pushed metals prices to spike due to the high reliance on natural gas in the steelmaking process. The ban on Russian finished steel products from entering the EU has threatened the current shortage of supply, causing the EU steel prices to rise to regional highs and eventually affect the global steel prices. High steel prices globally which were caused by the Russia-Ukraine conflict, has led Asian steel exporters to shift to the European and American markets. In the meantime, steel demand in China was impacted in the end of the first quarter due to disruptions in the construction and infrastructure sectors caused by the Covid-19 outbreak.

Looking ahead, the second quarter is traditionally a peak season for steel, the global economies have gradually recovering from the impacts of pandemics, and most of the countries have invested in infrastructure and energy transition have seen to be conducive to steel demand. However, the uncertain development of the Russia-Ukraine conflict and the unpredictable duration of China's Covid-19 lockdown have massive impacts on the stability of the international steel market in terms of the prices, supply and demand, and logistics.

After the domestic steel market in Malaysia experienced a bleak first quarter, steel prices began to rebound from the end of the first quarter due to the replenishment of inventories by downstream players which helped to increase the steel demand. It is expected that the volume and price will rise steadily in the second quarter. However, the market is still facing the pressure of labour shortages, soaring raw material prices and possible inflation which may lead to an increase in interest rate by the central bank, where the industry is cautious in procurement activities.

Therefore, the Group is evolving toward the approach of order-taking strategy in a timely manner according to the current market situation to maximise profits.

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

	Current Quarter RM'000	Current YTD RM'000
Current:		
- Income Tax	3,619	3,619
- Deferred Tax	139	139
	3,758	3,758
Prior Year:		
- Income Tax	-	-
- Deferred Tax	8	8
	8	8
Total	3,766	3,766

Notes on the Quarterly Report – Three Months Ended 31 March 2022

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: -

Description of shares purchased:	Current YTD	Accumulated Total
	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

	As at March 2022 RM'000
Current	
Bankers' acceptances	<u>35,000</u>
Total borrowings	<u><u>35,000</u></u>

All the Groups borrowings are denominated in Ringgit Malaysia.

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 14 Sen per share for the financial year ended 2021 had been recommended by the Board of Directors in their previous board meeting which was announced on 21 February 2022 and was approved by the shareholders in the Annual General Meeting held on 26 May 2022. The 14 Sen dividend per share will be paid on 07 July 2022 to the shareholders whose names appear on the Record of Depositors of the Company at the close of business on 24 June 2022.

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The dividends paid and payable for the financial year 2021 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 RM'000	YTD RM'000
Profit/Loss attributable to equity holder of the parent	12,052	12,052
Weighted average number of shares in issue	369,300	369,300
Basic earnings per share (sen)	<u>3.26</u>	<u>3.26</u>
Diluted earnings per share (sen)	<u>3.26</u>	<u>3.26</u>

B12. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter RM'000	YTD RM'000
Interest Income	983	983
Interest expense	(394)	(394)
Fixed assets written off	(238)	(238)
Provision/(Reversal) for and write off of inventories	5,445	5,445
Foreign exchange gain or (loss)	5,177	5,177

By order of the Board
Mr. Chiu, Ping-Tung
Group Managing Director
27 May 2022