

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2023
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Mar-23 RM'000	Preceding Year Corresponding Quarter 31-Mar-22 RM'000	Current Year To Date 31-Mar-23 RM'000	Preceding Year Corresponding Period 31-Mar-22 RM'000
Continuing Operations				
Revenue	405,246	455,060	405,246	455,060
Profit before depreciation	23,345	20,844	23,345	20,844
Depreciation	(5,606)	(5,615)	(5,606)	(5,615)
Operating profit	17,739	15,229	17,739	15,229
Interest expense	-	(394)	-	(394)
Interest income	2,554	983	2,554	983
Profit before tax	20,293	15,818	20,293	15,818
Tax expense	(4,551)	(3,766)	(4,551)	(3,766)
Profit after tax	15,742	12,052	15,742	12,052
Other comprehensive income/(expense)	196	(98)	196	(98)
Total comprehensive income	15,938	11,954	15,938	11,954
Profit after tax attributable to equity holders of the parent	15,742	12,052	15,742	12,052
Total comprehensive income attributable to equity holders of the parent	15,938	11,954	15,938	11,954
Earnings per share attributable to equity holders of the parent:				
Basic earnings/per share (sen)	4.26	3.26	4.26	3.26
Diluted earnings/per share (sen)	4.26	3.26	4.26	3.26

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 2022.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023
(The figures have not been audited)

	As at End of Current Quarter 31-Mar-23 RM'000	As at Preceding Financial Year Ended 31-Dec-22 RM'000
Assets		
Non-current assets		
Property, plant and equipment	143,667	146,993
Investment	3,262	3,067
Prepaid operating lease	16,310	16,369
Staff loans receivables	421	457
	<u>163,660</u>	<u>166,886</u>
Current assets		
Inventories	326,901	333,022
Receivables	194,591	163,205
Cash and cash equivalents	280,344	275,400
	<u>801,836</u>	<u>771,627</u>
Total assets	<u>965,496</u>	<u>938,513</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	1,850	1,654
Retained earnings	474,036	458,294
Equity attributable to equity holders of the parent/Total equity	<u>877,435</u>	<u>861,497</u>
Non-current liability		
Deferred tax liability	15,646	17,488
	<u>15,646</u>	<u>17,488</u>
Current liabilities		
Payables	72,412	59,525
Taxation	3	3
	<u>72,415</u>	<u>59,528</u>
Total liabilities	<u>88,061</u>	<u>77,016</u>
Total equity and liabilities	<u>965,496</u>	<u>938,513</u>
Net Assets per share (RM)	<u>2.38</u>	<u>2.33</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 2022.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2023
(The figures have not been audited)

	Cumulative Quarter	
	Current Year To Date 31-Mar-23 RM'000	Preceding Year Corresponding Period 31-Mar-22 RM'000
OPERATING ACTIVITIES		
Profit before tax	20,293	15,818
Adjustments for:		
Non-cash items	5,703	5,853
Non-operating items	(2,620)	(654)
Operating Profit Before Working Capital Changes	23,376	21,017
(Increase)/Decrease in working capital:		
Inventories	6,121	(16,219)
Trade and other receivables	(35,989)	115
Trade and other payables	12,886	48,741
Cash Generated From Operations	6,394	53,654
Tax paid	(1,752)	(5,157)
Interest paid	-	(394)
Net Cash From Operating Activities	4,642	48,103
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,317)	(289)
Interest received	2,554	983
Proceeds from disposal of property, plant and equipment	0	-
Dividend received from investment	66	66
Net Cash From Investing Activities	303	760
FINANCING ACTIVITY		
Repayment of short-term borrowings	-	(36,300)
Net Cash Used In Financing Activity	-	(36,300)
Net increase in cash and cash equivalents	4,945	12,563
Cash and cash equivalents at beginning of period	275,399	233,523
Cash and cash equivalents at end of period	280,344	246,086
Cash and cash equivalents at end of period comprise:		
Cash & bank balances	47,913	67,313
Deposits in the licensed banks	14,605	53,736
Unit trust funds	217,826	125,037
	280,344	246,086

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 2022.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FIRST QUARTER ENDED 31 MARCH 2023**
 (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 2023	413,163	(11,614)	1,654	458,294	861,497
Total comprehensive income	-	-	196	15,742	15,938
Dividends	-	-	-	-	-
Balance as at 31 March 2023	413,163	(11,614)	1,850	474,036	877,435
Balance as at 1 January 2022	413,163	(11,614)	2,731	495,386	899,666
Total comprehensive income	-	-	(1,077)	14,610	13,533
Dividends	-	-	-	(51,702)	(51,702)
Balance as at 31 December 2022	413,163	(11,614)	1,654	458,294	861,497

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 2022.

Notes on the Quarterly Report – Three Months Ended 31 March 2023

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's audited annual financial statements for the financial year ended 31 December 2022. 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, 2022 as follows:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 4	Extension of the Temporary Exemption from applying MFRS 9
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond June 30, 2021
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020	

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 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ¹
Amendments to MFRS 101	Non-current Liabilities in Covenants ¹

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1 Effective for annual periods beginning on or after January 1, 2024 with earlier application permitted.

2 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 2022.

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.

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Notes on the Quarterly Report – Three Months Ended 31 March 2023**A8. Segment information**

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

	Steel coils RM'000	Others RM'000	Consolidation adjustment RM'000	Total RM'000
Revenue from external customers	405,174	-	-	405,174
Inter-segment revenue	-	11,102	(11,030)	72
Total revenue	405,174	11,102	(11,030)	405,246
Segment result	17,793	10,975	(11,029)	17,739

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. 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	16,544
Approved but not contracted for	21,668
	<u>38,212</u>

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Notes on the Quarterly Report – Three Months Ended 31 March 2023**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES****B1. Performance review**

	3 MONTHS ENDED / PERIOD TO DATE			
	31.03.2023	31.03.2022	Variance	%
	RM'000			
Revenue	405,246	455,060	(49,814)	(11%)
Operating profit	17,739	15,229	2,510	16%
Profit before tax	20,293	15,818	4,475	28%
Profit after tax	15,742	12,052	3,690	31%

The decrease in revenue was primarily due to the weakening of steel prices. The Group, nevertheless, had produced a higher profit before tax of RM4.4mil, or 28% higher than the corresponding prior quarter, as a result of the increase in sales volume by more than 15% compared to the corresponding preceding quarter.

B2. Variance of results for the current quarter ended 31 March 2023 against the immediately preceding quarter

	3 MONTHS ENDED			
	31.03.2023	31.12.2022	Variance	%
	RM'000			
Revenue	405,246	360,717	44,529	12%
Operating profit/(loss)	17,739	(2,837)	20,576	725%
Profit/(Loss) before tax	20,293	(1,095)	21,388	1,953%
Profit/(Loss) after tax	15,742	(347)	16,089	4,637%

The Group achieved higher revenue in 1Q2023 by RM44.5mil or 12%, compared to the immediately preceding quarter as both sales volumes and steel prices recovered steadily during the first quarter of 2023 amid rising demand and positive expectations. As a result, the Group was able to generate profit before tax of RM20.2 million, as opposed to losses of RM1.0 million in the previous quarter.

Notes on the Quarterly Report – Three Months Ended 31 March 2023**B3. Current year prospects**

International steel prices increased in the first quarter of 2023 as a result of market expectations of China's growth in infrastructure investment and loosening of real estate purchase restrictions which will stimulate domestic steel demand, an increase in demand for steel in Europe and the United States, as well as the unabated price of iron ore and coal. Although Malaysia's domestic demand is marginally improving in this season, the decrease in government budgetary infrastructure expenditure, inflationary pressures, sluggishness in the local construction sector, and the Lunar New Year break had influenced the local steel market which work to affect the steel sales.

Due to China's unexpectedly low domestic steel demand and Vietnam's ongoing fall in domestic steel demand, the international steel market is expected to be turbulent in the second quarter. In addition, the effects of the OPEC output cutbacks and the banking crisis in the US and Europe will have an impact on the growth of the world economy.

The Group will continuously strengthen and strategize the constructive products ratio and inventory management beyond the extent of adapting to the external market challenges while enhancing the domestic market's competitiveness in the face of challenges in global economic growth, inflation pressures, and an influx of low-priced imported steel.

B4. Variance of actual and forecast profit

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

B5. Tax expense

	Current Quarter RM'000	Current YTD RM'000
Current:		
- Income Tax	6,394	6,394
- Deferred Tax	(1,843)	(1,843)
Total	<u>4,551</u>	<u>4,551</u>

B6. Status of corporate proposal announced

There is no corporate proposal announced during the quarter under review.

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Notes on the Quarterly Report – Three Months Ended 31 March 2023**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 Ordinary share of RM1.00 each	Accumulated Total
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. Changes in material litigation

Neither the Group 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.

B9. Dividend recommended by Directors

A final single-tier dividend of 3 Sen per share for the financial year ended 2022 had been recommended by the Board of Directors in their previous board meeting which was announced on 17 February 2023 and it will be tabled for the shareholders' approval at the Company's forthcoming 19th Annual General Meeting scheduled on 1 June 2023. The 3 Sen dividend per share will be paid on 06 July 2023 to the shareholders whose names appear on the Record of Depositors of the Company at the close of business on 23 June 2023.

The dividends paid and payable for the financial year 2022 comply with the Group's dividend policy of distributing at least 50% of the Group's profit after tax.

B10. 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	15,742	15,742
Weighted average number of shares in issue	369,300	369,300
Basic earnings per share (sen)	<u>4.26</u>	<u>4.26</u>
Diluted earnings per share (sen)	<u>4.26</u>	<u>4.26</u>

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Notes on the Quarterly Report – Three Months Ended 31 March 2023**B11. Notes to the Consolidated Statement of Comprehensive Income**

	Current Quarter	YTD
	RM'000	RM'000
Interest Income	(3)	(3)
Realised gain of foreign exchange	(640)	(640)
Unrealised gain of foreign exchange	(320)	(320)

By order of the Board
Mr. Chiu, Ping-Tung
Group Managing Director
19th May 2023