

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-Sep-23 RM'000	Preceding Year Corresponding Quarter 30-Sep-22 RM'000	Current Year To Date 30-Sep-23 RM'000	Preceding Year Corresponding Period 30-Sep-22 RM'000
Continuing Operations				
Revenue	404,207	363,256	1,182,435	1,337,913
Profit/(loss) before depreciation	14,475	(13,901)	59,480	33,306
Depreciation	(5,568)	(5,671)	(16,760)	(16,857)
Operating profit/(loss)	8,907	(19,572)	42,720	16,449
Interest expense	-	(17)	-	(493)
Interest income	3,096	1,040	8,328	3,028
Profit/(loss) before tax	12,003	(18,549)	51,048	18,984
Tax expense	(3,653)	4,366	(12,057)	(4,045)
Profit/(loss) after tax	8,350	(14,183)	38,991	14,939
Other comprehensive income/(expense)	522	(163)	718	(979)
Total comprehensive income/(loss)	8,872	(14,346)	39,709	13,960
Profit/(loss) after tax attributable to equity holders of the parent	8,350	(14,183)	38,991	14,939
Total comprehensive income/(loss) attributable to equity holders of the parent	8,872	(14,346)	39,709	13,960
Earnings per share attributable to equity holders of the parent:				
Basic earnings/per share (sen)	2.26	(3.84)	10.56	4.05
Diluted earnings/per share (sen)	2.26	(3.84)	10.56	4.05

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 30 SEPTEMBER 2023**
(The figures have not been audited)

	As at End of Current Quarter 30-Sep-23 RM'000	As at Preceding Financial Year Ended 31-Dec-22 RM'000
Assets		
Non-current assets		
Property, plant and equipment	140,228	146,993
Investment	3,784	3,067
Prepaid operating lease	16,191	16,369
Staff loans receivables	376	457
	<u>160,579</u>	<u>166,886</u>
Current assets		
Inventories	305,536	333,022
Receivables	165,387	163,205
Cash and cash equivalents	349,796	275,400
	<u>820,719</u>	<u>771,627</u>
Total assets	<u><u>981,298</u></u>	<u><u>938,513</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	2,372	1,654
Retained earnings	486,206	458,294
Equity attributable to equity holders of the parent/Total equity	<u>890,127</u>	<u>861,497</u>
Non-current liability		
Deferred tax liability	12,671	17,488
	<u>12,671</u>	<u>17,488</u>
Current liabilities		
Payables	73,692	59,525
Taxation	4,808	3
	<u>78,500</u>	<u>59,528</u>
Total liabilities	<u>91,171</u>	<u>77,016</u>
Total equity and liabilities	<u><u>981,298</u></u>	<u><u>938,513</u></u>
Net Assets per share (RM)	<u>2.41</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 THIRD QUARTER ENDED 30 SEPTEMBER 2023
(The figures have not been audited)**

	Cumulative Quarter	
	Current Year To Date 30-Sep-23 RM'000	Preceding Year Corresponding Period 30-Sep-22 RM'000
OPERATING ACTIVITIES		
Profit before tax	51,048	18,984
Adjustments for:		
Non-cash items	16,836	14,584
Non-operating items	(8,394)	(2,600)
Operating Profit Before Working Capital Changes	59,490	30,967
(Increase)/Decrease in working capital:		
Inventories	27,487	36,570
Trade and other receivables	(10,335)	31,128
Trade and other payables	14,166	(2,816)
Cash Generated From Operations	90,808	95,849
Tax paid	(3,833)	(11,378)
Interest paid	-	(493)
Net Cash From Operating Activities	86,975	83,978
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,914)	(6,474)
Interest received	8,328	3,028
Proceeds from disposal of property, plant and equipment	21	68
Proceeds on winding up of investment in subsidiary	-	2,678
Dividend received from investment	66	66
Proceeds from disposal of investment	-	43,500
Net Cash (Used in)/From Investing Activities	(1,499)	42,866
FINANCING ACTIVITY		
Dividend paid	(11,079)	(51,702)
Net repayment of short-term borrowings	-	(71,300)
Net Cash Used In Financing Activity	(11,079)	(123,002)
Net increase in cash and cash equivalents	74,397	3,842
Cash and cash equivalents at beginning of period	275,399	230,858
Cash and cash equivalents at end of period	349,796	234,700
Cash and cash equivalents at end of period comprise:		
Cash & bank balances	50,122	86,485
Deposits in the licensed banks	10,541	5,413
Unit trust funds	289,133	142,802
	349,796	234,700

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 CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023**
(The figures have not been audited)

	Non-Distributable			Distributable	Total
	Share Capital	Treasury Shares	Fair Value Adjustment Reserve	Retained Earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2023	413,163	(11,614)	1,654	458,294	861,497
Total comprehensive income	-	-	718	38,991	39,709
Dividends	-	-	-	(11,079)	(11,079)
Balance as at 30 September 2023	413,163	(11,614)	2,372	486,206	890,127
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 – Nine Months Ended 30 September 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 nine 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, 2023 as follows:

MFRS 17/Amendments to MFRS 17	Insurance contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101	Disclosures of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred tax related Assets and Liabilities arising from a Single Transaction

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

Notes on the Quarterly Report – Nine Months Ended 30 September 2023

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

During the quarter under review a final single tier system of dividend 3 Sen per share for the financial year ended 2022 were paid on 06 July 2023 to the Company's shareholders whose names appeared on the Record of Depositors at the close of business on 23 June 2023.

CSC STEEL HOLDINGS BERHAD

Registration No.: 200401001854 (640357-X)

Notes on the Quarterly Report – Nine Months Ended 30 September 2023**A8. Segment information**

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

	Steel coils	Others	Consolidation adjustment	Total year to date
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	1,182,349	-	-	1,182,349
Inter-segment revenue	-	11,174	(11,088)	86
Total revenue	<u>1,182,349</u>	<u>11,174</u>	<u>(11,088)</u>	<u>1,182,435</u>
Segment result	<u>43,104</u>	<u>10,704</u>	<u>(11,088)</u>	<u>42,720</u>

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	19,416
Approved but not contracted for	12,089
	<u>31,505</u>

Notes on the Quarterly Report – Nine Months Ended 30 September 2023

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

B1. Performance review

	3 MONTHS ENDED				PERIOD-TO-DATE			
	30.09.2023	30.09.2022	Variance	%	30.09.2023	30.09.2022	Variance	%
	RM'000				RM'000			
Revenue	404,207	363,256	40,951	11%	1,182,435	1,337,913	(155,478)	(12%)
Operating profit	8,907	(19,572)	28,479	146%	42,720	16,449	26,271	160%
Profit before tax	12,003	(18,549)	30,552	165%	51,048	18,984	32,064	169%
Profit after tax	8,350	(14,183)	22,533	159%	38,991	14,939	24,052	161%

In third quarter of 2023 (3QFY23), the group's revenue increased by 11%, or RM40.9 million, compared to the same quarter last year. This was mainly due to increased demand for steel as the market recovers. As a result, the group's profit after tax for the third quarter of 2023 was RM8.3 million, an increase of RM22.5 million.

For the first nine months of 2023 (9MFY2023), the group's revenue decreased by RM155.4 million, or 12%. This was mainly due to a decrease in steel prices from their peak in 2022. However, the company was able to offset some of this impact by increasing its sales volume, as steel demand improved. Despite the revenue decrease, the company's profit after tax increased by RM24.0 million to RM38.9 million. This was due to a reversal of RM21.2 million in inventory net realisable value and a RM5 million increase in the group's investment income.

B2. Variance of results for the current quarter ended 30 September 2023 against the immediately preceding quarter

	3 MONTHS ENDED			
	30.09.2023	30.06.2023	Variance	%
	RM'000			
Revenue	404,207	372,982	31,225	8%
Operating profit	8,907	16,074	(7,167)	(45%)
Profit before tax	12,003	18,752	(6,749)	(36%)
Profit after tax	8,350	14,899	(6,549)	(44%)

In the third quarter of 2023 (3Q2023), the Group's revenue increased by 8% or RM31.2 mil in the current quarter compared to the previous quarter. This was mainly due to increase in sales volume, driven by increased market demand. However, the Group's profit after tax fell 44% to RM8.3mil from the previous quarter due to lower selling prices. The decline in selling prices is in line with the global trend in steel prices, but the Group's production costs did not fall as much because it had to absorb the steep cost of raw materials purchased in the previous quarter.

Notes on the Quarterly Report – Nine Months Ended 30 September 2023**B3. Current year prospects**

In the third quarter of 2023, weak steel demand in Asia and sluggish global consumption due to a slowdown in infrastructure activities, adversely affected external demand and weighed on the international steel prices. Comparably, the Malaysian steel market has remained stagnant, with concerns over uncontrolled inflation, persistent cheap imports, and a subdued pace of growth in the construction sector.

Looking forward to the fourth quarter of 2023, the global steel market exhibits a cautiously optimistic outlook. This positive outlook is based on the anticipation of China implementing production cuts, real estate reform initiatives, and the Carbon Border Adjustment Mechanism (CBAM). Nevertheless, this optimism still needs to be more vital to arouse market resonance, while steel demand remains uncertain.

On the domestic front, Malaysia's steel market shows promise with the commencement of mega projects and a gradual recovery in the construction sector. CSC Steel remains committed in adopting a cautious and practical approach, proactively addressing potential risks and challenges to ensure the delivery of high-quality products and services to its valued customers.

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	2,953	16,875
- Deferred Tax	700	(4,818)
Total	<u>3,653</u>	<u>12,057</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 – Nine Months Ended 30 September 2023**B7. Details of treasury shares**

As at the end of the reporting quarter, the status of the share buy-back is as follows:

	Current YTD	Accumulated Total
	Ordinary share of RM1.00 each	
Description of shares purchased:		
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 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.

B10. Dividend recommended by Directors

There is no dividend recommended by directors during the quarter under review.

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	YTD
Profit/Loss attributable to equity holder of the parent (RM'000)	8,350	38,991
Weighted average number of shares in issue ('000)	369,300	369,300
Basic earnings per share (sen)	<u>2.26</u>	<u>10.56</u>
Diluted earnings per share (sen)	<u>2.26</u>	<u>10.56</u>

CSC STEEL HOLDINGS BERHAD*Registration No.: 200401001854 (640357-X)***Notes on the Quarterly Report – Nine Months Ended 30 September 2023****B12. Notes to the Consolidated Statement of Comprehensive Income**

	Current Quarter RM'000	YTD RM'000
Interest Income	3,096	8,328
Provision for and inventories written-down	8,118	(412)
Realised gain of foreign exchange	952	3,362
Unrealised gain of foreign exchange	1,860	3,958

By order of the Board
Mr. Chiu, Ping-Tung
Group Managing Director
24th November 2023