

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Dec-23 RM'000	Preceding Year Corresponding Quarter 31-Dec-22 RM'000	Current Year To Date 31-Dec-23 RM'000	Preceding Year Corresponding Period 31-Dec-22 RM'000
Continuing Operations				
Revenue	376,556	360,717	1,558,991	1,698,630
Profit before depreciation	15,373	2,851	74,853	36,175
Depreciation	(5,103)	(5,688)	(21,863)	(22,545)
Operating profit/(loss)	10,270	(2,837)	52,990	13,630
Interest expense	-	-	-	(493)
Interest income	3,120	1,742	11,448	4,770
Profit/(loss) before tax	13,390	(1,095)	64,438	17,907
Tax expense/(credit)	(2,904)	748	(14,961)	(3,297)
Profit/(loss) after tax	10,486	(347)	49,477	14,610
Other comprehensive income/(expense)	(261)	(98)	457	(1,077)
Total comprehensive income/(loss)	10,225	(445)	49,934	13,533
Profit/(loss) after tax attributable to equity holders of the parent	10,486	(347)	49,477	14,610
Total comprehensive income/(loss) attributable to equity holders of the parent	10,225	(445)	49,934	13,533
Earnings per share attributable to equity holders of the parent:				
Basic earnings/per share (sen)	2.84	(0.09)	13.40	3.96
Diluted earnings/per share (sen)	2.84	(0.09)	13.40	3.96

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 DECEMBER 2023
(The figures have not been audited)

	As at End of Current Quarter 31-Dec-23 RM'000	As at Preceding Financial Year Ended 31-Dec-22 RM'000
Assets		
Non-current assets		
Property, plant and equipment	143,085	146,993
Investment	3,523	3,067
Prepaid operating lease	16,132	16,369
Staff loans receivables	417	457
	<u>163,157</u>	<u>166,886</u>
Current assets		
Inventories	331,202	333,022
Receivables	135,198	163,205
Cash and cash equivalents	348,779	275,400
	<u>815,179</u>	<u>771,627</u>
Total assets	<u><u>978,336</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	2,111	1,654
Retained earnings	496,692	458,294
Equity attributable to equity holders of the parent/Total equity	<u>900,352</u>	<u>861,497</u>
Non-current liability		
Deferred tax liabilities	15,008	17,488
	<u>15,008</u>	<u>17,488</u>
Current liabilities		
Payables	60,720	59,525
Taxation	2,256	3
	<u>62,976</u>	<u>59,528</u>
Total liabilities	<u>77,984</u>	<u>77,016</u>
Total equity and liabilities	<u><u>978,336</u></u>	<u><u>938,513</u></u>
Net Assets per share (RM)	<u>2.44</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 FOURTH QUARTER ENDED 31 DECEMBER 2023
(The figures have not been audited)

	Cumulative Quarter	
	Current Year To Date 31-Dec-23 RM'000	Preceding Year Corresponding Period 31-Dec-22 RM'000
OPERATING ACTIVITIES		
Profit before tax	64,438	17,907
Adjustments for:		
Non-cash items	21,939	17,608
Non-operating items	(11,514)	(4,342)
Operating Profit Before Working Capital Changes	74,863	31,172
(Increase)/Decrease in working capital:		
Inventories	1,821	67,797
Trade and other receivables	19,813	48,139
Trade and other payables	1,195	(9,206)
Cash Generated From Operations	97,692	137,902
Tax paid	(6,953)	(12,374)
Interest paid	-	(493)
Net Cash From Operating Activities	90,739	125,035
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(17,815)	(11,238)
Interest received	11,448	4,770
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	(6,280)	39,844
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	73,380	41,877
Cash and cash equivalents at beginning of period	275,399	233,523
Cash and cash equivalents at end of period	348,779	275,400
Cash and cash equivalents at end of period comprise:		
Cash & bank balances	19,496	58,541
Deposits in the licensed banks	44,837	30,895
Unit trust funds	284,446	185,964
	348,779	275,400

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 FOURTH QUARTER ENDED 31 DECEMBER 2023**
(The figures have not been audited)

	Non-Distributable			Distributable	Total
	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	-	-	457	49,477	49,934
Dividends	-	-	-	(11,079)	(11,079)
Balance as at 31 December 2023	413,163	(11,614)	2,111	496,692	900,352
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 – Twelve Months Ended 31 December 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 twelve 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 – Twelve Months Ended 31 December 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

There is no dividend paid during the quarter under review.

CSC STEEL HOLDINGS BERHAD

Registration No.: 200401001854 (640357-X)

Notes on the Quarterly Report – Twelve Months Ended 31 December 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	1,558,898	-	-	1,558,898
Inter-segment revenue	-	11,211	(11,118)	93
Total revenue	1,558,898	11,211	(11,118)	1,558,991
Segment result	53,595	10,513	(11,118)	52,990

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 – Twelve Months Ended 31 December 2023

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

B1. Performance review

	3 MONTHS ENDED				PERIOD-TO-DATE			
	31.12.2023	31.12.2022	Variance	%	31.12.2023	31.12.2022	Variance	%
	RM'000				RM'000			
Revenue	376,556	360,717	15,839	4%	1,558,991	1,698,630	(139,639)	-8%
Operating profit/(loss)	10,270	(2,837)	13,107	462%	52,990	13,630	39,360	289%
Profit before tax/(loss)	13,390	(1,095)	14,485	1,323%	64,438	17,907	46,531	260%
Profit after tax/(loss)	10,486	(347)	10,833	3,122%	49,477	14,610	34,867	239%

For Q4 FY2023, the Group achieved a 4% increase in revenue (RM15.8 million) compared to Q4 FY2022. Notably, the Group's financial performance underwent a substantial transformation, shifting from a loss after tax in Q4 FY2022 to a profit after tax of RM10.4 million in Q4 FY2023. This marked a significant improvement of RM10.8 million.

For the financial year ended 2023, the Group encountered an 8% decline in revenue (RM139.6 million) compared to preceding financial year. This decline was primarily due to a natural adjustment in steel prices which had been at elevated levels in 2022. Despite the revenue decrease, the Group demonstrated resilience by achieving a RM14.6 million increase in profit after tax reaching a total of RM49.4 million. This achievement stemmed from effective cost optimization strategies, including leveraging economies of scale, leading to improved profit margins.

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

	3 MONTHS ENDED			
	31.12.2023	30.09.2023	Variance	%
	RM'000			
Revenue	376,556	404,207	(27,651)	(7%)
Operating profit	10,270	8,907	1,363	15%
Profit before tax	13,390	12,003	1,387	12%
Profit after tax	10,486	8,350	2,136	26%

During the fourth quarter of 2023 (4Q2023), a diminished demand for steel in Asia and a global slowdown in consumption, primarily driven by reduced infrastructure activity, led to a 7% decline in the Group's revenue by RM27.6 million this quarter. The decline was further aggravated by lower selling prices and sales volume. Nevertheless, profits after tax saw a notable 26% increase, equivalent to RM2.1 million, attributable to increased forex gains during the quarter.

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

In the fourth quarter of 2023, domestic steel demand in Malaysia bucked the trend of persistent weakness across Asia. Factors such as rising raw material prices, in particular iron ore, heightened expectations for major infrastructure projects, and the gradual recuperation of the construction industry collectively contributed to this resurgence in domestic steel demand. However, the presence of competitively priced imported products continues to exert pressure on domestic selling prices.

Looking into the first quarter of 2024, the global steel market exhibits promising signs of recovery, driven by the ongoing revival of the global economy and a surge in infrastructure construction projects. Nevertheless, the market faces persistent challenges, including surplus production capacity and environmental considerations.

Malaysia's steel industry has remained resilient domestically despite external challenges, with promising projects gradually regaining momentum. The Group, buoyed by government trade initiatives and protective measures, is committed to proactively addressing potential risks and challenges with unwavering prudence and pragmatism. The company remains steadfast in its dedication to delivering high-quality products and services to its esteemed customers, establishing a robust foundation in the dynamic landscape of the steel industry.

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	567	17,442
- Deferred Tax	2,337	(2,481)
Total	<u>2,904</u>	<u>14,961</u>

B6. Status of corporate proposal announced

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

Notes on the Quarterly Report – Twelve Months Ended 31 December 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	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

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)	10,486	49,477
Weighted average number of shares in issue ('000)	369,300	369,300
Basic earnings per share (sen)	2.84	13.40

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Notes on the Quarterly Report – Twelve Months Ended 31 December 2023

Diluted earnings per share (sen)	2.84	13.40
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B12. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter RM'000	YTD RM'000
Interest Income	3,120	11,448
(Provision)/Reversal for inventories written down	3,673	3,261
Realised gain of foreign exchange	31	3,392
Unrealised gain of foreign exchange	5,120	9,078

By order of the Board
Mr. Chiu, Ping-Tung
Group Managing Director
22 February 2023