

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2024
(The figures have not been audited)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Mar-24 RM'000	Preceding Year Corresponding Quarter 31-Mar-23 RM'000	Current Year To Date 31-Mar-24 RM'000	Preceding Year Corresponding Period 31-Mar-23 RM'000
Continuing Operations				
Revenue	397,428	405,246	397,428	405,246
Profit before depreciation	13,496	23,345	13,496	23,345
Depreciation	(5,017)	(5,606)	(5,017)	(5,606)
Operating profit	8,479	17,739	8,479	17,739
Interest income	2,845	2,554	2,845	2,554
Profit before tax	11,324	20,293	11,324	20,293
Tax expense	(2,590)	(4,551)	(2,590)	(4,551)
Profit after tax	8,734	15,742	8,734	15,742
Other comprehensive income	293	196	293	196
Total comprehensive income	9,027	15,938	9,027	15,938
Profit after tax attributable to equity holders of the parent	8,734	15,742	8,734	15,742
Total comprehensive income attributable to equity holders of the parent	9,027	15,938	9,027	15,938
Earnings per share attributable to equity holders of the parent:				
Basic earnings/per share (sen)	2.37	4.26	2.37	4.26
Diluted earnings/per share (sen)	2.37	4.26	2.37	4.26

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 2023.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024
(The figures have not been audited)

	As at End of Current Quarter 31-Mar-24 RM'000	As at Preceding Financial Year Ended 31-Dec-23 RM'000
Assets		
Non-current assets		
Property, plant and equipment	140,359	143,085
Investment	3,817	3,523
Prepaid operating lease	16,129	16,132
Staff loans receivables	491	417
	<u>160,796</u>	<u>163,157</u>
Current assets		
Inventories	348,070	331,202
Receivables	145,947	135,198
Cash and cash equivalents	314,282	348,779
	<u>808,299</u>	<u>815,179</u>
Total assets	<u><u>969,095</u></u>	<u><u>978,336</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	2,404	2,111
Retained earnings	505,426	496,692
Equity attributable to equity holders of the parent/Total equity	<u>909,379</u>	<u>900,352</u>
Non-current liability		
Deferred tax liabilities	13,535	15,008
	<u>13,535</u>	<u>15,008</u>
Current liabilities		
Payables	44,208	60,720
Taxation	1,973	2,256
	<u>46,181</u>	<u>62,976</u>
Total liabilities	<u>59,716</u>	<u>77,984</u>
Total equity and liabilities	<u><u>969,095</u></u>	<u><u>978,336</u></u>
Net Assets per share (RM)	<u>2.46</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 2023.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2024
(The figures have not been audited)

	Cumulative Quarter	
	Current Year To Date 31-Mar-24 RM'000	Preceding Year Corresponding Period 31-Mar-23 RM'000
OPERATING ACTIVITIES		
Profit before tax	11,324	20,293
Adjustments for:		
Non-cash items	5,017	5,703
Non-operating items	(2,911)	(2,620)
Operating Profit Before Working Capital Changes	13,430	23,376
(Increase)/Decrease in working capital:		
Inventories	(16,869)	6,121
Trade and other receivables	(10,820)	(35,989)
Trade and other payables	(16,513)	12,886
Cash (Used In) / Generated From Operations	(30,772)	6,394
Tax paid	(4,348)	(1,752)
Net Cash (Used In) / From Operating Activities	(35,120)	4,642
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,288)	(2,317)
Interest received	2,845	2,554
Dividend received from investment	66	66
Net Cash From Investing Activities	623	303
Net (decrease) / increase in cash and cash equivalents	(34,497)	4,945
Cash and cash equivalents at beginning of period	348,779	275,399
Cash and cash equivalents at end of period	314,282	280,344
Cash and cash equivalents at end of period comprise:		
Cash & bank balances	50,026	47,913
Deposits in the licensed banks	7,570	14,605
Unit trust funds	256,686	217,826
	314,282	280,344

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 2023.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2024**
(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 2024	413,163	(11,614)	2,111	496,692	900,352
Total comprehensive income	-	-	293	8,734	9,027
Dividends	-	-	-	-	-
Balance as at 31 March 2024	413,163	(11,614)	2,404	505,426	909,379
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

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 2023.

Notes on the Quarterly Report – Three Months Ended 31 March 2024

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 2023. 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, 2024 as follows:

Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities in Covenants

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 121	Lack of Exchangeability ¹

1 Effective for annual periods beginning on or after January 1, 2025 with earlier application permitted.

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

Notes on the Quarterly Report – Three Months Ended 31 March 2024

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 2023.

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 – Three Months Ended 31 March 2024**A8. Segment information**

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

	Steel coils	Others	Consolidation	Total year to
	RM'000	RM'000	adjustment	date
			RM'000	RM'000
Revenue from external customers	397,355	-	-	397,355
Inter-segment revenue	-	34,702	(34,629)	73
Total revenue	397,355	34,702	(34,629)	397,428
Segment result	(15,071)	34,579	(11,029)	8,479

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	13,400
Approved but not contracted for	38,993
	<u>52,393</u>

Notes on the Quarterly Report – Three Months Ended 31 March 2024**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES****B1. Performance review**

	3 MONTHS ENDED / PERIOD TO DATE			
	31.03.2024	31.03.2023	Variance	%
	RM'000			
Revenue	397,428	405,246	(7,818)	-2%
Operating profit	8,479	17,739	(9,260)	-52%
Profit before tax	11,324	20,293	(8,969)	-44%
Profit after tax	8,734	15,742	(7,008)	-45%

During Q1 FY2024, the Group's revenue saw a marginal decrease of 2% which is equivalent to RM7.8 million, compared to Q1 FY2023. The decline is primarily attributed to reduced sales volume and a slight decrease in average selling prices. As a result, profit after tax also dropped by RM7 million.

B2. Variance of results for the current quarter ended 31 March 2024 against the immediately preceding quarter

	3 MONTHS ENDED			
	31.3.2024	31.12.2023	Variance	%
	RM'000			
Revenue	397,428	376,556	20,872	6%
Operating profit	8,479	10,270	(1,791)	-17%
Profit before tax	11,324	13,390	(2,066)	-15%
Profit after tax	8,734	10,486	(1,752)	-17%

The current quarter saw a 6% increase in Group revenue, amounting to RM20 million more than the preceding quarter. This growth was mainly driven by a surge in sales volume, fueled by increased customer demand and a rebound in steel prices. Both sales volume and average selling prices showed upward trends, rising by 3% and 2% respectively. However, despite the revenue surge, profit after tax decreased by 17%, equivalent to RM1.7 million. This decline was primarily due to a higher provision for net realizable value (NRV), amounting to RM3.6 million compared to the previous quarter.

Notes on the Quarterly Report – Three Months Ended 31 March 2024**B3. Current year prospects**

During the first quarter of 2024, the global steel market grapples with persistent challenges such as overcapacity exacerbated by China's economic resurgence. Despite the reopening of Chinese economic activities, the local demand for steel products remains subdued due to unresolved issues in the real estate sector and inadequate stimulus measures. This has prolonged developers' debt woes and dampened the Chinese steel market. Domestically, the market presents both opportunities and challenges. The depreciation of the Ringgit Malaysia against the USD has resulted in higher input costs, while the withdrawal of government protection for the local steel industry adds to the adversity.

Looking ahead to the second quarter of 2024, the recovery of China's steel and iron ore demand is expected to be slower than initially anticipated. The supply-demand imbalance may precipitate a decline in iron ore prices with no immediate positive changes in sight. However, the US Federal Reserve's inclination towards interest rate cuts is poised to bolster international market demand, potentially leading to a rebound in metal prices and offering a glimmer of hope for the industrial sector.

On the domestic front, the imminent challenge lies in coping with the influx of inexpensive imports following the discontinuation of anti-dumping duties. This is likely to exert downward pressure on the domestic steel market. Nonetheless, CSC Malaysia remains resolute in its commitment to value innovation, energy efficiency, and cost-effectiveness, thus reinforcing its position amidst the dynamic steel industry landscape.

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	4,063	4,063
- Deferred Tax	(1,473)	(1,473)
Total	<u>2,590</u>	<u>2,590</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 2024**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

A final single-tier dividend of 9.4 Sen per share for the financial year ended 2023 had been recommended by the Board of Directors in their previous board meeting which was announced on 22 February 2024 and it will be tabled for the shareholders' approval at the Company's forthcoming 20th Annual General Meeting scheduled on 29 May 2024. The 9.4 Sen dividend per share will be paid on 09 July 2024 to the shareholders whose names appear on the Record of Depositors of the Company at the close of business on 21 June 2024.

The dividends paid and payable for the financial year 2023 comply with the Group's dividend policy of distributing at least 50% of the Group's profit after tax.

CSC STEEL HOLDINGS BERHAD

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Notes on the Quarterly Report – Three Months Ended 31 March 2024**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)	8,734	8,734
Weighted average number of shares in issue ('000)	369,300	369,300
Basic earnings per share (sen)	<u>2.37</u>	<u>2.37</u>
Diluted earnings per share (sen)	<u>2.37</u>	<u>2.37</u>

B12. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter RM'000	YTD RM'000
Interest Income	2,845	2,845
(Provision)/Reversal for inventories written down	(3,682)	(3,682)
Realised loss of foreign exchange	(66)	(66)
Unrealised gain of foreign exchange	<u>4,426</u>	<u>4,426</u>

By order of the Board
Mr. Chiu, Ping-Tung
Group Managing Director
30 May 2024