

CSC STEEL HOLDINGS BERHAD
Registration No.: 200401001854 (640357-X)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021
(The figures have not been audited)

	INDIVIDUAL QUARTER	INDIVIDUAL QUARTER	CUMULATIVE QUARTER	CUMULATIVE QUARTER
	Current	Preceding Year	Current	Preceding Year
	Year	Corresponding	Year	Corresponding
	Quarter	Quarter	To Date	Period
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Revenue	201,336	306,835	941,766	712,513
Profit/(Loss) before depreciation	17,787	20,650	77,600	31,240
Depreciation	(5,782)	(6,148)	(17,718)	(18,492)
Operating profit/(loss)	12,005	14,502	59,882	12,748
Interest expense	-	-	-	-
Interest income	1,170	1,444	3,610	5,165
Share of profit/(loss) of associates	-	-	-	-
Profit/(loss) before tax	13,175	15,946	63,492	17,913
Tax (expense)/credit	(3,210)	(3,226)	(16,267)	(2,340)
Profit/(loss) after tax from continuing operations	9,965	12,720	47,225	15,573
Other comprehensive income/(loss)	(341)	338	942	(338)
Total comprehensive income/(loss)	9,624	13,058	48,167	15,235
Profit/(loss) after tax attributable to equity holders of the parent	9,965	12,720	47,225	15,573
Total comprehensive income/(loss) attributable to equity holders of the parent	9,624	13,058	48,167	2,178
Earnings per share from continuing operations attributable to equity holders of the parent:				
Basic earnings/(loss) per share (sen)	2.70	3.44	12.79	4.22
Diluted earnings/(loss) per share (sen)	2.70	3.44	12.79	4.22

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 2020.

CSC STEEL HOLDINGS BERHAD
Registration No.: 200401001854 (640357-X)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021
(The figures have not been audited)

	As at End of Current Quarter 30-Sep-21 RM'000	As at Preceding Financial Year Ended 31-Dec-20 RM'000
Assets		
Non-current assets		
Property, plant and equipment	158,768	170,283
Investment in associates	-	-
Investment	4,372	3,430
Investment property	-	41,000
Deferred tax assets	-	-
Prepaid operating lease	16,666	16,843
Staff loans receivables	426	491
	<u>180,232</u>	<u>232,047</u>
Current assets		
Inventories	353,286	246,482
Receivables	122,547	130,699
Cash and cash equivalents	269,302	311,586
Assets classified as held for sale	41,000	-
	<u>786,135</u>	<u>688,767</u>
Total assets	<u><u>966,367</u></u>	<u><u>920,814</u></u>
Equity and Liabilities		
Capital and reserves		
Share capital	<u>413,163</u>	<u>413,163</u>
Less: 10,700,000 treasury shares at cost	<u>(11,614)</u>	<u>(11,614)</u>
	401,549	401,549
Fair value adjustment reserve	2,959	2,017
Retained earnings	456,523	435,148
Equity attributable to equity holders of the parent/Total equity	<u>861,031</u>	<u>838,714</u>
Non-current liabilities		
Deferred tax liabilities	18,168	17,818
Long term loan	-	-
	<u>18,168</u>	<u>17,818</u>
Current liabilities		
Payables	84,918	64,282
Short term borrowings	-	-
Taxation	2,250	-
	<u>87,168</u>	<u>64,282</u>
Total liabilities	<u>105,336</u>	<u>82,100</u>
Total equity and liabilities	<u><u>966,367</u></u>	<u><u>920,814</u></u>
Net Assets per share (RM)	<u>2.33</u>	<u>2.27</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 2020.

CSC STEEL HOLDINGS BERHAD
Registration No.: 200401001854 (640357-X)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021
(The figures have not been audited)

	Cumulative Quarter	
	Current Year To Date 30-Sep-21 RM'000	Preceding Year Corresponding Period 30-Sep-20 RM'000
OPERATING ACTIVITIES		
Profit before tax/(loss)	63,492	17,913
Adjustments for:		
Non-cash items	17,599	18,302
Non-operating items	(3,664)	(5,200)
Operating Profit Before Working Capital Changes	77,427	31,015
(Increase)/Decrease in working capital:		
Inventories	(106,804)	1,523
Trade and other receivables	(26)	23,582
Trade and other payables	20,636	27,287
Cash Generated From Operations	(8,767)	83,407
Tax paid	(5,424)	(3,191)
Interest paid	-	-
Net Cash From/(Used in) Operating Activities	(14,191)	80,216
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,032)	(8,039)
Interest received	3,610	5,165
Acquisition of investment	-	-
Dividend received from investment	54	36
Proceeds from disposal of investment	126	5,156
Proceeds from disposal of property, plant and equipment	-	-
Net Cash From/(Used In) Investing Activities	(2,242)	2,318
FINANCING ACTIVITIES		
Dividend paid	(25,851)	(24,374)
Proceeds from term loan	-	-
Repayment of term loan	-	-
Net proceeds from/(repayment of) short-term borrowings	-	-
Disposal/(Buy back) of own shares	-	-
Net Cash From/(Used In) Financing Activities	(25,851)	(24,374)
Net increase/(decrease) in cash and cash equivalents	(42,284)	58,160
Cash and cash equivalents at beginning of period	311,586	249,401
Cash and cash equivalents at end of period	269,302	307,561
Cash and cash equivalents at end of period comprise:		
Cash & bank balances	36,252	59,706
Deposits in the licensed banks	59	589
Unit trust funds	232,991	247,266
	269,302	307,561

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 2020.

CSC STEEL HOLDINGS BERHAD
Registration No.: 200401001854 (640357-X)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021
(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 2021	413,163	(11,614)	2,017	435,148	838,714
Total comprehensive income/(loss)	-	-	942	47,225	48,167
Dividends	-	-	-	(25,851)	(25,851)
Purchase of treasury shares at cost	-	-	-	-	-
Rounding difference	-	-	-	1	1
Balance as at 30 September 2021	413,163	(11,614)	2,959	456,523	861,031
Balance as at 1 January 2020	413,163	(11,614)	1,040	422,522	825,111
Total comprehensive income/(loss)	-	-	(338)	15,573	15,235
Dividends	-	-	-	(24,374)	(24,374)
Purchase of treasury shares at cost	-	-	-	-	-
Rounding difference	-	-	-	1	1
Balance as at 30 September 2020	413,163	(11,614)	702	413,722	815,973

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 2020.

Notes on the Quarterly Report – Nine Months Ended 30 September 2021

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 2020. 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 new and amendments to MFRS and IC Interpretation ("IC Int.")

In the current financial year, the Group adopted a number of new and amendments to MFRS and IC Int. 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 and MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

The adoption of the above new and amendments to the MFRS and IC Int. did not have material impact on the amounts reported in the financial statements of the Group upon its initial application.

As of the date of authorization for issue of interim financial statements, the Group and the Company have not applied the following new and amendments to MFRS that have been issued but not yet effective:

MFRS 17	Insurance Contracts ⁴
Amendments to MFRS 3	Reference to the Conceptual Framework ²
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS ³
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its associate or Joint Venture ⁵
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to MFRS 17	Insurance Contracts ⁴
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current ⁴
Amendments to MFRS 101	Disclosure of Accounting Policies ⁴
Amendments to MFRS 108	Definition of Accounting Estimates ⁴
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁴
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use ²
Amendments to MFRS 137	Onerous Contract - Cost of Fulfilling a Contract ²
Annual Improvements to MFRSs 2018 - 2020 Cycle ²	

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

Notes on the Quarterly Report – Nine Months Ended 30 September 2021

² Effective for annual periods beginning on or after January 1, 2022, with earlier application permitted.

³ Effective immediately for annual periods beginning before January 1, 2023, with earlier application permitted.

⁴ Effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

⁵ 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 2020.

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 7 Sen per share for the financial year ended 2020 were paid on 09 July 2021 to the Company's shareholders whose names appeared on the Record of Depositors at the close of business on 25 June 2021.

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Notes on the Quarterly Report – Nine Months Ended 30 September 2021**A8. Segment information**

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

	Steel coils*	Others	Consolidation adjustment	Current year to date
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	941,693	-	-	941,693
Inter-segment revenue	-	26,162	(26,088)	74
Total revenue	<u>941,693</u>	<u>26,162</u>	<u>(26,088)</u>	<u>941,767</u>
Segment result	<u>60,060</u>	<u>25,822</u>	<u>(26,000)</u>	<u>59,882</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.

A12. Changes in 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	14,095,062
Approved but not contracted for	<u>20,798,959</u>
Total	<u>34,894,021</u>

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Notes on the Quarterly Report – Nine Months Ended 30 September 2021**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's revenue of RM201.3 million was 34.4% lower than RM306.8 million in the corresponding quarter last year. A nationwide lockdown under MCO3.0 came into force on 1 June 2021, in which only 10% of the Group's workforce was allowed to work in the company premises. The restrictions had severely disrupted our production and finished goods delivery activities. It was not until 25 August 2021 our business operation was allowed to resume at 100% workforce capacity. In line with the lower revenue, the Group reported a lower profit before tax of RM13.2 million in the current quarter, a decrease of 17.4% compared with a profit before tax of RM15.9 million a year ago.

Revenue:

	Q3 2020			Q3 2021			Variance Analysis			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	50,087	127,359	2,543	20,649	82,560	3,998	-29,438	-58.8%	-44,799	-35.2%
GI	35,731	103,496	2,896	13,407	62,065	4,629	-22,324	-62.5%	-41,431	-40.0%
PPGI	16,113	69,107	4,289	8,849	51,752	5,848	-7,264	-45.1%	-17,355	-25.1%
Sub-Con	10,219	1,318	129	268	123	459	-9,951	-97.4%	-1,196	-90.7%
Trading	116	343	2,957	0	0	0	-116	-100.0%	-343	-100.0%
Scrap	5,419	5,205	960	2,920	4,830	1,654	-2,500	-46.1%	-374	-7.2%
Others		7			7				0	
Total	117,685	306,835	2,607	46,092	201,336	4,368	-71,593	-60.8%	-105,498	-34.4%

CRC = cold rolled steel/pickled & oiled steel

GI = galvanized steel

PPGI = pre-painted galvanized steel

Year-to-date performance review

For the first nine-month ended September 30, 2021, the Group's total revenue increased by 32.2% or RM229.3 million to RM941.8 million, despite sales volume was lower by 2.8% to 259.5 thousand metric tons compared to 266.9 thousand metric tons a year earlier. The increase in revenue is mainly due to a higher average selling price in line with the higher raw material prices. The profit before tax was higher by 246% or RM45.6 million to RM63.5 million compared to RM17.9 million in the first nine-month last year. The profit improvement is associated with the improved product margin lifted by an uptrend in selling prices.

Revenue:

	YTD 2020			YTD 2021			Variance Analysis			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	125,684	313,688	2,496	121,852	402,320	3,302	-3,832	-3.0%	88,632	28.3%
GI	80,870	229,604	2,839	81,763	310,973	3,803	893	1.1%	81,369	35.4%
PPGI	36,066	154,289	4,278	40,614	207,652	5,113	4,548	12.6%	53,363	34.6%
Sub-Con	11,049	1,403	127	1,628	620	381	-9,421	-85.3%	-783	-55.8%
Trading	424	1,259	2,970	104	328	3,165	-320	-75.6%	-932	-74.0%
Scrap	12,783	12,227	957	13,529	19,800	1,464	746	5.8%	7,573	61.9%
Others		42			74				32	76.4%
Total	266,875	712,513	2,670	259,488	941,767	3,629	-7,387	-2.8%	229,254	32.2%

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Notes on the Quarterly Report – Nine Months Ended 30 September 2021

CRC = cold rolled steel/pickled & oiled steel

GI = galvanized steel

PPGI = pre-painted galvanized steel

B2. Variation of results against preceding quarter

For the third quarter ended 30 September 2021, the Group reported lower revenue of RM201.3 million, which is 38% lower compared to RM324.5 million in the preceding quarter. The tighter restrictions of MCO3 had not only severely disrupted our business operations from 1 June 2021 to 25 August 2021 but also adversely affected most of our customers' business operations. It had led to a decline in our sales volume and revenue. Consequently, the Group registered a lower profit before tax of RM13.2 million, much lower than RM20.2 million in the preceding quarter.

Revenue:

	Q2 2021			Q3 2021			Variance Analysis			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	40,612	143,344	3,530	20,649	82,560	3,998	-19,963	-49.2%	-60,784	-42.4%
GI	26,220	106,254	4,052	13,407	62,065	4,629	-12,813	-48.9%	-44,189	-41.6%
PPGI	13,054	68,934	5,281	8,849	51,752	5,848	-4,205	-32.2%	-17,182	-24.9%
Sub-Con	561	260	464	268	123	459	-294	-52.3%	-137	-52.8%
Trading	0			0			0		0	
Scrap	4,016	5,682	1,415	2,920	4,830	1,654	-1,097	-27.3%	-852	-15.0%
Others		7			7				0	0.0%
Total	84,463	324,481	3,842	46,092	201,336	4,368	-38,372	-45.4%	-123,144	-38.0%

CRC = cold rolled steel/pickled & oiled steel

GI = galvanized steel

PPGI = pre-painted galvanized steel

B3. Current year prospects

In the third quarter, the commodity supply chain was disrupted due to the continuation of the MCO3. Despite the increase in steel prices, actual trade was weaker than in the second quarter. Steel demand and price trends in the fourth quarter are forecast to be less than expected, as the current industry boom is hindered by pandemic issues, power cuts in China, aggressive sales of hot-rolled steel from India and Russia, and slowdown in the domestic construction industry. However, the economic activities are gradually opening up as the domestic pandemic is under control with the vaccination rate reaching 90%. China's strict control of steel production to achieve carbon neutrality and the gradual relief of the epidemic in India and Vietnam may stabilize steel prices, which in turn will stimulate the domestic construction industry and release steel demand.

Barring any unforeseen circumstances, the Group is cautiously optimistic to achieve profitability for the year.

B4. Variance of actual and forecast profit

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

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Notes on the Quarterly Report – Nine Months Ended 30 September 2021**B5. Tax expense/ (income) update**

	Current Quarter RM'000	Current Year To Date RM'000
Current:		
- Income tax	3,437	15,378
- Deferred tax	<u>(227)</u>	<u>350</u>
	3,210	15,728
Prior year:		
- Income tax	-	539
- Deferred tax	<u>-</u>	<u>-</u>
	-	539
Total	<u>3,210</u>	<u>16,267</u>

The effective tax rate on consolidated profit before tax for the current period was higher than the statutory income tax rate of 24% due mainly to tax effect of expenses not deductible for tax purposes. However, the increase is partly offset by the tax effect of the income not taxable in determining taxable profit.

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: -

	Current Year-to-Date -----	Accumulated Total -----
Description of shares purchased:	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.

CSC STEEL HOLDINGS BERHAD*Registration No.: 200401001854 (640357-X)***Notes on the Quarterly Report – Nine Months Ended 30 September 2021****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

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: -

	<u>Current Quarter</u>	<u>Current Year To-date</u>
Profit/(Loss) attributable to equity holders of the parent (RM'000)	9,965	47,225
Weighted average number of shares in issue ('000)	369,300	369,300
Basic earnings/(loss) per share (sen)	2.70	12.79
Diluted earnings/(loss) per share (sen)	2.70	12.79

CSC STEEL HOLDINGS BERHAD*Registration No.: 200401001854 (640357-X)***Notes on the Quarterly Report – Nine Months Ended 30 September 2021****B12. Notes to the Consolidated Statement of Comprehensive Income**

	Current Quarter Ended RM'000	Financial Year To Date RM'000
a) Other income	840	1,725
b) Provision for write off of receivable	-	-
c) Provision for write off of inventories (reversal)	(1,480)	(5,235)
d) Gain/(loss) on disposal of quoted and unquoted investments or properties	-	126
e) Impairment of assets	-	-
f) Foreign exchange gain or (loss)	2,991	11,455
g) Gain/(loss) on derivatives	-	-
h) Fair value gain/(loss) on investment properties	-	-
i) Exceptional items	-	-

By order of the Board
Mr. Chiu, Ping-Tung
Group Managing Director
19 November 2021