

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-Sep-22 RM'000	Preceding Year Corresponding Quarter 30-Sep-21 RM'000	Current Year To Date 30-Sep-22 RM'000	Preceding Year Corresponding Period 30-Sep-21 RM'000
Continuing Operations				
Revenue	363,256	201,336	1,337,913	941,766
(Loss)/Profit before depreciation	(13,901)	17,787	33,306	77,600
Depreciation	(5,671)	(5,782)	(16,857)	(17,718)
Operating (loss)/profit	(19,572)	12,005	16,449	59,882
Interest expense	(17)	-	(493)	-
Interest income	1,040	1,170	3,028	3,610
(Loss)/Profit before tax	(18,549)	13,175	18,984	63,492
Tax credit/(expense)	4,366	(3,210)	(4,045)	(16,267)
(Loss)/Profit after tax	(14,183)	9,965	14,939	47,225
Other comprehensive (loss)/income	(163)	(341)	(979)	942
Total comprehensive (loss)/income	(14,346)	9,624	13,960	48,167
(Loss)/Profit after tax attributable to equity holders of the parent	(14,183)	9,965	14,939	47,225
Total comprehensive (loss)/income attributable to equity holders of the parent	(14,346)	9,624	13,960	48,167
Earnings per share from continuing operations attributable to equity holders of the parent:				
Basic earnings/(loss) per share (sen)	(3.84)	2.70	4.05	12.79
Diluted earnings/(loss) per share (sen)	(3.84)	2.70	4.05	12.79

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 2021.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022
(The figures have not been audited)

	As at End of Current Quarter 30-Sep-22 RM'000	As at Preceding Financial Year Ended 31-Dec-21 RM'000
Assets		
Non-current assets		
Property, plant and equipment	147,858	158,343
Investment	3,165	4,143
Prepaid operating lease	16,429	16,606
Staff loans receivables	451	395
	<u>167,903</u>	<u>179,487</u>
Current assets		
Inventories	364,757	401,328
Receivables	172,533	203,255
Cash and cash equivalents	234,700	233,523
Tax expense	-	41,000
	<u>771,990</u>	<u>879,106</u>
Total assets	<u><u>939,893</u></u>	<u><u>1,058,593</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	1,752	2,731
Retained earnings	458,623	495,386
Equity attributable to equity holders of the parent/Total equity	<u>861,924</u>	<u>899,666</u>
Non-current liabilities		
Deferred tax liabilities	11,543	16,669
	<u>11,543</u>	<u>16,669</u>
Current liabilities		
Payables	66,424	69,324
Short term borrowings	-	71,300
Taxation	2	1,634
	<u>66,426</u>	<u>142,258</u>
Total liabilities	<u>77,969</u>	<u>158,927</u>
Total equity and liabilities	<u><u>939,893</u></u>	<u><u>1,058,593</u></u>
Net Assets per share (RM)	<u>2.33</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 2021.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
(The figures have not been audited)

	Cumulative Quarter	
	Current Year To Date 30-Sep-22 RM'000	Preceding Year Corresponding Period 30-Sep-21 RM'000
OPERATING ACTIVITIES		
Profit before tax	18,984	63,492
Adjustments for:		
Non-cash items	14,584	17,599
Non-operating items	(2,600)	(3,664)
Operating Profit Before Working Capital Changes	30,967	77,427
(Increase)/Decrease in working capital:		
Inventories	36,570	(106,804)
Trade and other receivables	31,128	(26)
Trade and other payables	(2,816)	20,636
Tax ex Cash Generated from/(Used In) Operations	95,849	(8,767)
Tax paid	(11,378)	(5,424)
Interest paid	(493)	-
Net Cash used in Operating Activities	83,978	(14,191)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,474)	(6,032)
Proceeds on winding up of investment in subsidiary	2,678	-
Interest received	3,028	3,610
Dividend received from investment	66	54
Proceeds from disposal of investment	43,500	126
Proceeds from disposal of property, plant and equipment	68	-
Net Cash From / (Used in) Investing Activities	42,866	(2,242)
FINANCING ACTIVITIES		
Dividend paid	(51,702)	(25,851)
Net repayment of short-term borrowings	(71,300)	-
Net Cash Used In Financing Activities	(123,002)	(25,851)
Net increase / (decrease) in cash and cash equivalents	3,842	(42,284)
Cash and cash equivalents at beginning of period	230,858	311,586
Cash and cash equivalents at end of period	234,700	269,302
Cash and cash equivalents at end of period comprise:		
Cash & bank balances	86,485	36,252
Deposits in the licensed banks	5,413	59
Unit trust funds	142,802	232,991
	234,700	269,302

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 2021.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
(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 2022	413,163	(11,614)	2,731	495,386	899,666
Total comprehensive income/(loss)	-	-	(979)	14,939	13,960
Dividends	-	-	-	(51,702)	(51,702)
Balance as at 30 Sept 2022	413,163	(11,614)	1,752	458,623	861,924
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)
Rounding difference	-	-	-	1	1
Tax expense	-	-	-	-	-
Balance as at 30 Sept 2021	413,163	(11,614)	2,959	456,523	861,031

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 2021.

Notes on the Quarterly Report – Nine Months Ended 30 September 2022

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 audited annual financial statements for the financial year ended 31 December 2021. 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, 2021 as follows:

Amendments to MFRS 16	COVID-19 Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2

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 16	COVID-19 Related Rent Concessions beyond June 30, 2021 ²
MFRS 17/Amendments to MFRS 17	Insurance contracts ³
Amendments to MFRS 3	Reference to the Conceptual Framework ¹
Amendments to MFRS 4	Extension of the Temporary Exemption from applying MFRS 9 ³
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to MFRS 17	Initial Application of MFRS 9 and MFRS 17 - Comparative Information ³

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Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current ³
Amendments to MFRS 101	Disclosures of Accounting Policies ³
Amendments to MFRS 108	Definition of Accounting Estimates ³
Amendments to MFRS 112	Deferred tax related Assets and Liabilities arising from a Single Transaction ³
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use ¹
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract ¹
Annual Improvements to MFRS Standards 2018 - 2020 ¹	

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

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

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

4 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 2021.

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.

Notes on the Quarterly Report – Nine Months Ended 30 September 2022

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 of 14 Sen per share for the financial year ended 2021 was paid on 07 July 2022 to the Company's shareholders whose names appeared on the Record of Depositors at the close of business on 24 June 2022.

A8. Segment information

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

	Steel coils	Others	Consolidation	Total
	RM'000	RM'000	adjustment	RM'000
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	1,337,827	-	-	1,337,827
Inter-segment revenue	-	51,474	(51,388)	86
Total revenue	1,337,827	51,474	(51,388)	1,337,913
Segment result	16,901	50,936	(51,388)	16,449

*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.

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Notes on the Quarterly Report – Nine Months Ended 30 September 2022

A12. Contingent liabilities

On August 13, 2018, CSC Steel Sdn. Bhd., a wholly-owned subsidiary company of the Company, entered into a contract with a contractor for the project on gas insulation switchgear.

The Company received a variation order of RM496,335 on January 20, 2021 with regard to the following claims:

- i. Additional contract sum of RM411,423 due to the contract postponement; and
- ii. Additional contract sum of RM84,912 due to the fluctuation of currency of the contract sum.

The parties are in the midst of negotiating a settlement and the outcome is not concluded as of the reporting date. Hence, no provision has been made in the financial statements.

A13. Capital commitments

	RM
Approved and contracted for	6,975,268
Approved but not contracted for	<u>13,597,256</u>
	<u>20,572,524</u>

Notes on the Quarterly Report – Nine Months Ended 30 September 2022

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

B1. Performance review

	3 MONTHS ENDED				PERIOD-TO-DATE			
	30.9.2022	30.9.2021	Variance	%	30.9.2022	30.9.2021	Variance	%
	RM'000				RM'000			
Revenue	363,256	201,336	161,920	80%	1,337,913	941,766	396,147	42%
Operating (loss) / profit	(19,572)	12,005	(31,577)	(263%)	16,449	59,882	(43,433)	(73%)
(Loss) / Profit before tax	(18,549)	13,175	(31,724)	(241%)	18,984	63,492	(44,508)	(70%)
(Loss) / Profit after tax	(14,183)	9,965	(24,148)	(242%)	14,939	47,225	(32,286)	(68%)

A revenue of RM363.2 million was achieved during the third quarter ended 30 September 2022 (3QFY22) representing an increase of 80% in comparison to the same quarter in the preceding year. This was primarily due to a significant increase in sales volumes and a slight increase in the overall selling price. However, the Group suffered a loss before taxes of RM 14.1 million for the quarter mainly due to higher raw material prices, the implementation of a higher minimum wage, high inflation as well as increase in inventory impairment.

For the ninth month under review (9MFY2022), revenue increased by 42% to RM1,337.9 million in comparison to the preceding year. This was also primarily due to an increase in the sales volume and selling price. Notwithstanding that, higher raw material prices, the implementation of a higher minimum wage, and high inflation, increase in inventory impairment and hence resulted in a decrease in profit before tax of RM 44.5 million.

B2. Variance of results for the current quarter ended 30 September 2022 against the immediately preceding quarter

	3 MONTHS ENDED			
	30.9.2022	30.6.2022	Variance	%
	RM'000			
Revenue	363,256	519,598	(156,342)	(30%)
Operating profit	(19,572)	20,791	(40,363)	(194%)
Profit before tax	(18,549)	21,714	(40,263)	(185%)
Profit after tax	(14,183)	17,069	(31,252)	(183%)

In 3Q2022, the Group achieved a revenue of RM 363.2 million, a decrease of approximately 30% compared to the immediately preceding quarter. This is mainly driven by a decrease in the overall sales volumes as a result of weaker demand. In addition to high raw material prices, inflation and an increase in inventory impairment of RM11.3mil in the current quarter, lead to an RM18.5 million loss after tax.

Notes on the Quarterly Report – Nine Months Ended 30 September 2022**B3. Current year prospects**

The performance for most of the Asian steel mills in the third quarter were apparently weak, affected by a significant sales decline and the loss of inventory prices. After experiencing a low order volume in the third quarter, Malaysia's domestic sales volume and price have shown a slight recovery at the beginning of the fourth quarter mainly due to the Ringgit's depreciation, the high import cost and the improvement of labor supply.

The exchange rate of the Ringgit unprecedentedly fell against the US dollar from 4.50 in mid-September to 4.73 at the end of October. In the fourth quarter, it is expected that the US will continue to raise interest rates, therefore, strong USD against weak RM will continue, and the import cost will likely increase. It is uncertain whether the downstream and the steel market are able to absorb the cost of the exchange rate.

As Europe's energy crisis forces the manufacturing industry across the continent including the steel mills to close down and the steel prices and demand are unlikely to see any favorable improvement, the bearish view for the global steel market will probably be prolonged. In addition, the outcomes of the 20th National Congress of China appears not focusing on economic advancement, thus the China's Yuan (Renminbi) is likely to continue depreciating which stimulates exports and consequently affect the local steel prices as weaker Yuan make it goods cheaper in the global market place.

Following the depreciation of Asian currencies and the sturdy coal prices in winter, the steel mills appear to have no room for any price adjustment under the pressure of high raw material costs. Thus, steel prices are bound to be supported, but market demand is the key to recovery. Therefore, the Group will remain cautious of market volatility and continue to remain resilient amid the current and upcoming uncertainties.

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 (credit)/expense

	Current Quarter RM'000	Current YTD RM'000
Current:		
- Income Tax	(1,269)	9,220
- Deferred Tax	(48)	(977)
	(1,317)	8,243
Prior Year:		
- Income Tax	(3,049)	(3,049)
- Deferred Tax	-	(1,149)
	(3,049)	(4,198)
Total	(4,366)	4,045

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Notes on the Quarterly Report – Nine Months Ended 30 September 2022**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: -

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. Group borrowings

There are no borrowings as at the end of the reporting quarter.

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: -

	Current Quarter RM'000	YTD RM'000
Profit attributable to equity holder of the parent	(14,183)	14,939
Weighted average number of shares in issue	369,300	369,300
Basic earnings per share (sen)	<u>(3.84)</u>	<u>4.05</u>

CSC STEEL HOLDINGS BERHAD*Registration No.: 200401001854 (640357-X)***Notes on the Quarterly Report – Nine Months Ended 30 September 2022**

Diluted earnings per share (sen) (3.84) 4.05

B12. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter RM'000	YTD RM'000
Fixed assets written off	(41)	(279)
Gain on disposal of fixed assets	35	68
Gain on disposal of investment property	2,500	2,500
Interest expense	(17)	(493)
Interest income	1,040	3,028
Provision for and inventories written down	(11,309)	(21,681)
Realised foreign exchange gain	1,258	8,372
Unrealised foreign exchange gain	1,616	4,723

By order of the Board
Mr. Chiu, Ping-Tung
Group Managing Director
21st November 2022