

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022**
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Dec-22 RM'000	Preceding Year Corresponding Quarter 31-Dec-21 RM'000	Current Year To Date 31-Dec-22 RM'000	Preceding Year Corresponding Period 31-Dec-21 RM'000
Continuing Operations				
Revenue	360,717	532,349	1,698,630	1,474,115
Profit before depreciation	2,851	55,666	36,175	133,266
Depreciation	(5,688)	(5,596)	(22,545)	(23,314)
Operating (loss)/profit	(2,837)	50,070	13,630	109,952
Interest expense	-	(127)	(493)	(127)
Interest income	1,742	841	4,770	4,451
(Loss)/Profit before tax	(1,095)	50,784	17,907	114,276
Tax credit/(expense)	748	(11,920)	(3,297)	(28,187)
(Loss)/Profit after tax	(347)	38,864	14,610	86,089
Other comprehensive (loss)/income	(98)	(228)	(1,077)	714
Total comprehensive (loss)/income	(445)	38,636	13,533	86,803
(Loss)/Profit after tax attributable to equity holders of the parent	(347)	38,864	14,610	86,089
Total comprehensive (loss)/income attributable to equity holders of the parent	(445)	38,636	13,533	86,803
Earnings per share from continuing operations attributable to equity holders of the parent:				
Basic earnings/(loss) per share (sen)	(0.09)	10.52	3.96	23.31
Diluted earnings/(loss) per share (sen)	(0.09)	10.52	3.96	23.31

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 31 DECEMBER 2022
(The figures have not been audited)

	As at End of Current Quarter 31-Dec-22 RM'000	As at Preceding Financial Year Ended 31-Dec-21 RM'000
Assets		
Non-current assets		
Property, plant and equipment	146,993	158,343
Investment	3,067	4,143
Prepaid operating lease	16,369	16,606
Staff loans receivables	457	395
	<u>166,886</u>	<u>179,487</u>
Current assets		
Inventories	333,022	401,328
Receivables	163,205	203,255
Cash and cash equivalents	275,400	233,523
Assets classified as held for sale	-	41,000
	<u>771,627</u>	<u>879,106</u>
Total assets	<u><u>938,513</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	1,654	2,731
Retained earnings	458,294	495,387
Equity attributable to equity holders of the parent/Total equity	<u>861,497</u>	<u>899,667</u>
Non-current liabilities		
Deferred tax liabilities	17,488	16,669
	<u>17,488</u>	<u>16,669</u>
Current liabilities		
Payables	59,525	69,323
Short term borrowings	-	71,300
Taxation	3	1,634
	<u>59,528</u>	<u>142,257</u>
Total liabilities	<u>77,016</u>	<u>158,926</u>
Total equity and liabilities	<u><u>938,513</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 FOURTH QUARTER ENDED 31 DECEMBER 2022
(The figures have not been audited)

	Cumulative Quarter	
	Current Year To Date 31-Dec-22 RM'000	Preceding Year Corresponding Period 31-Dec-21 RM'000
OPERATING ACTIVITIES		
Profit before tax	17,907	114,276
Adjustments for:		
Non-cash items	17,607	31,763
Non-operating items	(4,342)	(755)
Operating Profit Before Working Capital Changes	31,172	145,284
Decrease/(Increase) in working capital:		
Inventories	67,797	(159,892)
Trade and other receivables	48,139	(79,918)
Trade and other payables	(9,206)	1,903
Tax ex Cash Generated from/(Used In) Operations	137,902	(92,623)
Tax paid	(12,374)	(19,379)
Interest paid	(493)	(127)
Net Cash generated from/(used in) operating activities	125,035	(112,130)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,238)	(12,157)
Proceeds on winding up of investment in subsidiary (NOTE 1)	2,678	-
Interest received	4,770	609
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	39,844	(11,367)
FINANCING ACTIVITIES		
Dividend paid	(51,702)	(25,851)
Drawdown of bank borrowings	-	71,300
Repayment of bank borrowings	(71,300)	-
Net Cash Used In Financing Activities	(123,002)	45,449
Net increase / (decrease) in cash and cash equivalents	41,877	(78,048)
Cash and cash equivalents at beginning of period	233,523	311,571
Cash and cash equivalents at end of period	275,400	233,523
Cash and cash equivalents at end of period comprise:		
Cash & bank balances	58,541	133,339
Deposits in the licensed banks	30,895	572
Unit trust funds	185,964	99,612
	275,400	233,523

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - CONT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022
(The figures have not been audited)

Note 1 Liquidation of subsidiary

During the financial year ended 31 December 2020, the Group lost control over its subsidiary, namely Group Steel Corporation Sdn Bhd which the Member's Voluntary Winding Up exercise was completed on 2 December 2022. Accordingly, the Group deconsolidated the above subsidiary and derecognised their related assets and liabilities.

The deconsolidation had the following effect on the Group's assets and liabilities.

	31-Dec-22
	RM'000
<u>Group</u>	
Share capital	1,000
Retained earning profit	1,695
	<hr/> 2,695
Loss on disposal	(17)
Net cash inflow on liquidation, net	<hr/> <hr/> 2,678

	31-Dec-22
	RM'000
<u>Company</u>	
Cost of investment	2,676
Surplus Funds Received	2,678
Gain on disposal on Co Level	<hr/> <hr/> 1

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.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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	-	-	(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
Balance as at 1 January 2021	413,163	(11,614)	2,017	435,148	838,714
Total comprehensive income	-	-	714	86,089	86,803
Dividends	-	-	-	(25,851)	(25,851)
Rounding difference	-	-	-	1	1
Tax expense	-	-	-	-	-
Balance as at 31 December 2021	413,163	(11,614)	2,731	495,387	899,667

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 – Twelve Months Ended 31 December 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 twelve 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:

MFRS 17/Amendments to MFRS 17	Insurance contracts ¹
Amendments to MFRS 4	Extension of the Temporary Exemption from applying MFRS 9 ¹
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 17	Initial Application of MFRS 9 and MFRS 17 - Comparative Information ¹
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current ¹
Amendments to MFRS 101	Disclosures of Accounting Policies ¹

Notes on the Quarterly Report – Twelve Months Ended 31 December 2022

Amendments to MFRS Definition of Accounting Estimates¹
108

Amendments to MFRS Deferred tax related Assets and Liabilities arising from a Single
112 Transaction¹

1 Effective for annual periods beginning on or after January 1, 2023 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 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.

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.

Notes on the Quarterly Report – Twelve Months Ended 31 December 2022**A8. Segment information**

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

	Steel coils RM'000	Others RM'000	Consolidation adjustment RM'000	Total RM'000
Revenue from external customers	1,698,537	-	-	1,698,537
Inter-segment revenue	-	51,511	(51,418)	93
Total revenue	1,698,537	51,511	(51,418)	1,698,630
Segment result	12,565	50,795	(49,730)	13,630

*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

On 1 December 2020, the Group announced that Group Steel Corporation (M) Sdn. Bhd. ("GSCM"), a wholly-owned subsidiary of the Company had on 1 December 2020 commenced Member's Voluntary Winding Up ("MVWU") pursuant to Section 441 of the Companies Act, 2016.

The MVWU was completed on 2 December 2022.

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.

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Notes on the Quarterly Report – Twelve Months Ended 31 December 2022

A13. Capital commitments

	RM
Approved and contracted for	13,584,457
Approved but not contracted for	<u>4,242,450</u>
	<u>17,898,531</u>

Notes on the Quarterly Report – Twelve Months Ended 31 December 2022

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

B1. Performance review

	3 MONTHS ENDED				PERIOD-TO-DATE			
	31.12.2022	31.12.2021	Variance	%	31.12.2022	31.12.2021	Variance	%
	RM'000				RM'000			
Revenue	360,717	532,349	(171,632)	(32%)	1,698,630	1,474,115	224,515	15%
Operating (loss) / profit	(2,837)	50,070	(52,907)	(106%)	13,630	109,952	(96,322)	(88%)
(Loss) / Profit before tax	(1,095)	50,784	(51,879)	(102%)	17,907	114,276	(96,369)	(84%)
(Loss) / Profit after tax	(347)	38,864	(39,211)	(101%)	14,610	86,089	(71,479)	(83%)

A revenue of RM360.7 million was achieved during the fourth quarter ended 30 December 2022 (4QFY22) which representing a decrease of 32% in comparison to the same quarter in the preceding year. This was primarily due to weakened sales volume and selling prices. In addition, the Group suffered a slight loss before tax of RM 1.0 million for the quarter mainly due to higher production costs incurred such as the implementation of a higher minimum wage and inflation.

For the twelve months under review (12MFY2022), the revenue has increased by 15% to RM1,698.6 million in comparison to the preceding year primarily due to an increase in the sales volume and selling price. Notwithstanding the above, higher production costs such as the implementation of higher minimum wage, inflation, and an increase in the provision of impairment for inventories has resulted in a decrease in profit before tax of RM 96.3 million.

B2. Variance of results for the current quarter ended 31 December 2022 against the immediately preceding quarter

	3 MONTHS ENDED			
	31.12.2022	30.9.2022	Variance	%
	RM'000			
Revenue	360,717	363,256	(2,539)	(1%)
Operating loss	(2,837)	(19,572)	16,735	(86%)
Loss before tax	(1,095)	(18,549)	17,454	(94%)
Loss after tax	(347)	(14,183)	13,836	(98%)

In 4Q2022, the Group achieved the same level of revenue compared to the immediately preceding quarter. The overall sales volume has increased by 17.9%. Notwithstanding the increase in sales volume, the average selling prices have fallen by 16.0% during the quarter as affected by global steel prices. The current quarter's loss before tax has narrowed by 94% compared to the immediately preceding quarter, mainly due to the reversal of the net realisable value of inventories amounted to RM16.9mil.

Notes on the Quarterly Report – Twelve Months Ended 31 December 2022**B3. Current year prospects**

In the second half of 2022, the strict implementation of China's zero-Covid policy, the tightening of monetary policy in the United States and the European energy crisis have led to a weak global economy and demand in the steel market. Meanwhile, the domestic market was under political instability, and high-interest rate pressure contributing to the sluggish economy and the drop in PMI from 50.3 in August to 47.8 in December. Additionally, the domestic steel demand was stagnant, and the importation of low-price steel products has adversely impacted the steel market.

Positive developments, including China's border reopening, the cooling economy and inflation in Europe and the United States, as well as political stability following the domestic general election, have given Malaysia's economy hope for a better start in 2023. Backed by the rise of HR steel prices from rock bottom and improved labour policy issues even with slow project implementation, thus anticipating the steel demand to thrive better. However, the downside of the worldwide high-interest rates and persistent inflation, as well as China's continued sluggish property sector, will be the challenges for both international and domestic steel demand. Therefore, CSCM will remain cautious of market volatility and stay resilient amid 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	(6,694)	2,526
- Deferred Tax	-	(977)
	<hr style="border-top: 1px solid black;"/> (6,694)	<hr style="border-top: 1px solid black;"/> 1,549
Prior Year:		
- Income Tax	5,946	2,897
- Deferred Tax	-	(1,149)
	<hr style="border-top: 1px solid black;"/> 5,946	<hr style="border-top: 1px solid black;"/> 1,748
Total	<hr style="border-top: 1px solid black;"/> (748)	<hr style="border-top: 1px solid black;"/> 3,297

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 – Twelve Months Ended 31 December 2022**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	(347)	14,610
Weighted average number of shares in issue	369,300	369,300
Basic earnings per share (sen)	(0.09)	3.96
Diluted earnings per share (sen)	(0.09)	3.96

CSC STEEL HOLDINGS BERHAD

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Notes on the Quarterly Report – Twelve Months Ended 31 December 2022**B12. Notes to the Consolidated Statement of Comprehensive Income**

	Current Quarter	YTD
	RM'000	RM'000
Fixed assets written off	-	(279)
Gain on disposal of fixed assets	-	68
Gain on disposal of investment property	-	2,500
Gain on liquidation of a subsidiary	1	1
Interest expense	-	(493)
Interest income	1,742	3,028
Inventories written-down	(508)	(508)
Provision for and inventories written-down	16,939	(4,742)
Realised foreign exchange gain	3,789	12,161
Unrealised foreign exchange gain	2,423	7,146

By order of the Board
Mr. Chiu, Ping-Tung
Group Managing Director
17th February 2023