

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2024**
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-Jun-24 RM'000	Preceding Year Corresponding Quarter 30-Jun-23 RM'000	Current Year To Date 30-Jun-24 RM'000	Preceding Year Corresponding Period 30-Jun-23 RM'000
Revenue	366,047	372,982	763,475	778,228
Profit before depreciation	11,388	21,660	24,884	45,005
Depreciation	(5,075)	(5,586)	(10,092)	(11,192)
Operating profit	6,313	16,074	14,792	33,813
Interest income	2,883	2,678	5,728	5,232
Profit before tax	9,196	18,752	20,520	39,045
Tax expense	(1,995)	(3,853)	(4,585)	(8,404)
Profit after tax	7,201	14,899	15,935	30,641
Other comprehensive income	294	-	587	196
Total comprehensive income	7,495	14,899	16,522	30,837
Profit after tax attributable to equity holders of the parent	7,201	14,899	15,935	30,641
Total comprehensive income attributable to equity holders of the parent	7,495	14,899	16,522	30,837
Earnings per share attributable to equity holders of the parent:				
Basic earnings/per share (sen)	1.95	4.03	4.31	8.30
Diluted earnings/per share (sen)	1.95	4.03	4.31	8.30

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 30 JUNE 2024
(The figures have not been audited)

	As at End of Current Quarter 30-Jun-24 RM'000	As at Preceding Financial Year Ended 31-Dec-23 RM'000
Assets		
Non-current assets		
Property, plant and equipment	143,418	143,085
Investment	4,110	3,523
Prepaid operating lease	16,081	16,132
Staff loans receivables	448	417
	<u>164,057</u>	<u>163,157</u>
Current assets		
Inventories	337,161	331,202
Receivables	157,707	135,198
Cash and cash equivalents	336,373	348,779
	<u>831,241</u>	<u>815,179</u>
Total assets	<u><u>995,298</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	2,698	2,111
Retained earnings	477,913	496,692
Equity attributable to equity holders of the parent/Total equity	<u>882,160</u>	<u>900,352</u>
Non-current liability		
Deferred tax liabilities	13,223	15,008
	<u>13,223</u>	<u>15,008</u>
Current liabilities		
Payables	99,045	60,720
Taxation	870	2,256
	<u>99,915</u>	<u>62,976</u>
Total liabilities	<u>113,138</u>	<u>77,984</u>
Total equity and liabilities	<u><u>995,298</u></u>	<u><u>978,336</u></u>
Net Assets per share (RM)	<u>2.39</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 SECOND QUARTER ENDED 30 JUNE 2024
(The figures have not been audited)**

	Cumulative Quarter	
	Current Year To Date 30-Jun-24 RM'000	Preceding Year Corresponding Period 30-Jun-23 RM'000
OPERATING ACTIVITIES		
Profit before tax	20,520	39,045
Adjustments for:		
Non-cash items	10,086	11,288
Non-operating items	(5,794)	(5,297)
Operating Profit Before Working Capital Changes	24,812	45,036
(Increase)/Decrease in working capital:		
Inventories	(5,961)	29,863
Trade and other receivables	(22,539)	17,135
Trade and other payables	3,611	(18,136)
Cash (Used In) / Generated From Operations	(77)	73,898
Tax paid	(7,756)	(3,885)
Net Cash (Used In) / From Operating Activities	(7,833)	70,013
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,374)	(5,725)
Proceeds from disposal of property, plant and equipment	6	-
Interest received	5,729	5,232
Dividend received from investment	66	66
Net Cash Used In Investing Activities	(4,573)	(427)
Net (decrease) / increase in cash and cash equivalents	(12,406)	69,586
Cash and cash equivalents at beginning of period	348,779	275,399
Cash and cash equivalents at end of period	336,373	344,985
Cash and cash equivalents at end of period comprise:		
Cash & bank balances	46,020	30,858
Deposits in the licensed banks	31,873	28,223
Unit trust funds	258,480	285,904
	336,373	344,985

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 SECOND QUARTER ENDED 30 JUNE 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	-	-	587	15,935	16,522
Dividends	-	-	-	(34,714)	(34,714)
Balance as at 30 June 2024	413,163	(11,614)	2,698	477,913	882,160
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 – Six Months Ended 30 June 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 six 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 – Six Months Ended 30 June 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.

Notes on the Quarterly Report – Six Months Ended 30 June 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	RM'000	RM'000
Revenue from external customers	763,403	-	-	763,403
Inter-segment revenue	-	34,731	(34,659)	72
Total revenue	<u>763,403</u>	<u>34,731</u>	<u>(34,659)</u>	<u>763,475</u>
Segment result	<u>14,979</u>	<u>34,472</u>	<u>(34,659)</u>	<u>14,792</u>

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

Approved and contracted for	RM'000
Approved but not contracted for	10,605
	<u>34,904</u>
	<u>45,509</u>

CSC STEEL HOLDINGS BERHAD

Registration No.: 200401001854 (640357-X)

Notes on the Quarterly Report – Six Months Ended 30 June 2024**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES****B1. Performance review**

	3 MONTHS ENDED				PERIOD-TO-DATE			
	30.06.2024	30.06.2023	Variance	%	30.06.2024	30.06.2023	Variance	%
	RM'000				RM'000			
Revenue	366,047	372,982	(6,935)	(2%)	763,475	778,228	(14,753)	(2%)
Operating profit	6,313	16,074	(9,761)	(61%)	14,792	33,813	(19,021)	(56%)
Profit before tax	9,196	18,752	(9,556)	(51%)	20,520	39,045	(18,525)	(47%)
Profit after tax	7,201	14,899	(7,698)	(52%)	15,935	30,641	(14,706)	(48%)

The Group's revenue experienced a decline in both the second quarter of FY2024 (a RM6.9 million decrease) and the first half of FY2024 (a RM14.7 million decrease) compared to the corresponding periods in the previous year.

This decline was directly attributable to the intense competition from lower-priced imports after the anti-dumping duties expired. The resulting downward pressure on steel prices led to a corresponding decreases in profit after tax of RM7.7 million (Q2 FY2024) and RM14.7 million (6MFY2024).

B2. Variance of results for the current quarter ended 30 June 2024 against the immediately preceding quarter

	3 MONTHS ENDED			
	30.06.2024	31.3.2024	Variance	%
	RM'000			
Revenue	366,047	397,428	(31,381)	(8%)
Operating profit	6,313	8,479	(2,166)	(26%)
Profit before tax	9,196	11,324	(2,128)	(19%)
Profit after tax	7,201	8,734	(1,533)	(18%)

The Group's revenue for the current quarter decreased by 8% (RM31.3 million) compared to the prior quarter. This decline is primarily attributable to a continuous reduction in sales volume, driven by weakening customer demand. Sales volume itself decreased by 8% on a quarter-over-quarter basis.

Despite the revenue decline, the Group successfully maintained its gross margin at a level comparable to the previous quarter. This was partly due to a reversal of the provision for net realizable value of inventory, which amounted to RM3.6 million, compared to a provision of RM3.7 million in the prior quarter. Consequently, the Group reported a profit after tax of RM7.2 million which represents a decrease of RM1.5 million compared to the previous quarter.

Notes on the Quarterly Report – Six Months Ended 30 June 2024**B3. Current year prospects**

The second quarter of 2024 posed considerable challenges for China's steel market. A prolonged slump in real estate, slowed infrastructure spending, and heightened trade tensions affecting Chinese steel exports dampened both domestic and global demand, leading to a decline in steel prices. Additionally, the removal of trade protections intensified competition from competitively priced imports, particularly from countries like Vietnam.

Moving forward into the third quarter of 2024, the outlook for Chinese steel demand remains cautious due to persistently high production levels putting downward pressure on prices. While the Chinese government's initiative to reduce energy consumption and implement stricter carbon emission standards in the steel sector may eventually help to moderate production, the global market faces a pessimistic outlook due to weakening demand.

Domestically, Malaysia's steel industry faces added challenges from competitively priced imports and fluctuating demand. However, the government's ongoing commitment to major infrastructure projects such as the Mass Rapid Transit, Penang Light Rail Transit, and Kuala Lumpur-Singapore High-Speed Rail (HSR) offers a significant opportunity for the construction sector and its steel suppliers.

To address these complexities and remain competitiveness, CSC Malaysia will focus on adopting renewable energy, transitioning to low-carbon practices, embracing digital transformation, implementing cost-control measures, promoting eco-friendly products, practicing strategic procurement, optimizing inventory management, and enhancing operational efficiency. These strategies are crucial for ensuring CSC Malaysia's long-term success in the Malaysian 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	2,306	6,369
- Deferred Tax	(311)	(1,784)
Total	<u>1,995</u>	<u>4,585</u>

B6. Status of corporate proposal announced

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

CSC STEEL HOLDINGS BERHAD

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Notes on the Quarterly Report – Six Months Ended 30 June 2024**B7. Details of treasury shares**

As at the end of the reporting quarter, the status of the share buy-back is as follows:

	Current YTD	Accumulated Total
	Ordinary share of RM1.00 each	
Description of shares purchased:		
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 was approved by the shareholders in the Annual General Meeting held 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

Registration No.: 200401001854 (640357-X)

Notes on the Quarterly Report – Six Months Ended 30 June 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)	7,201	15,935
Weighted average number of shares in issue ('000)	369,300	369,300
Basic earnings per share (sen)	<u>1.95</u>	<u>4.31</u>
Diluted earnings per share (sen)	<u>1.95</u>	<u>4.31</u>

B12. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter RM'000	YTD RM'000
Interest Income	2,883	5,728
Reversal/(Provision) for inventories written down	3,617	(66)
Realised loss of foreign exchange	135	69
Unrealised gain of foreign exchange	3,838	8,264
Gain on disposal of property, plant and equipment	<u>6</u>	<u>6</u>

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