

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 DECEMBER 2021
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Dec-21 RM'000	Preceding Year Corresponding Quarter 31-Dec-20 RM'000	Current Year To Date 31-Dec-21 RM'000	Preceding Year Corresponding Period 31-Dec-20 RM'000
Continuing Operations				
Revenue	532,349	367,529	1,474,115	1,080,042
Profit/(Loss) before depreciation	55,666	33,324	133,266	64,564
Depreciation	(5,596)	(6,053)	(23,314)	(24,544)
Operating profit/(loss)	50,070	27,271	109,952	40,020
Interest expense	(127)	-	(127)	-
Interest income	841	1,387	4,451	6,552
Share of profit/(loss) of associates	-	-	-	-
Profit/(loss) before tax	50,784	28,658	114,276	46,572
Tax (expense)/credit	(11,920)	(7,232)	(28,187)	(9,572)
Profit/(loss) after tax from continuing operations	38,864	21,426	86,089	37,000
Other comprehensive income/(loss)	(228)	1,315	714	977
Total comprehensive income/(loss)	38,636	22,741	86,803	37,977
Profit/(loss) after tax attributable to equity holders of the parent	38,864	21,426	86,089	37,000
Total comprehensive income/(loss) attributable to equity holders of the parent	38,636	22,741	86,803	37,977
Earnings per share from continuing operations attributable to equity holders of the parent:				
Basic earnings/(loss) per share (sen)	10.52	5.80	23.31	10.02
Diluted earnings/(loss) per share (sen)	10.52	5.80	23.31	10.02

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.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**
(The figures have not been audited)

	As at End of Current Quarter 31-Dec-21 RM'000	As at Preceding Financial Year Ended 31-Dec-20 RM'000
Assets		
Non-current assets		
Property, plant and equipment	157,706	170,283
Investment	4,143	3,430
Investment property	-	41,000
Prepaid operating lease	16,606	16,843
Staff loans receivables	395	491
	<u>178,850</u>	<u>232,047</u>
Current assets		
Inventories	401,328	246,482
Receivables	203,892	130,699
Cash and cash equivalents	233,523	311,586
Assets classified as held for sale	41,000	-
	<u>879,743</u>	<u>688,767</u>
Total assets	<u><u>1,058,593</u></u>	<u><u>920,814</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	2,731	2,017
Retained earnings	495,386	435,148
Equity attributable to equity holders of the parent/Total equity	<u>899,666</u>	<u>838,714</u>
Non-current liabilities		
Deferred tax liabilities	16,669	17,818
Long term loan	-	-
	<u>16,669</u>	<u>17,818</u>
Current liabilities		
Payables	69,240	64,282
Short term borrowings	71,300	-
Taxation	1,718	-
	<u>142,258</u>	<u>64,282</u>
Total liabilities	<u>158,927</u>	<u>82,100</u>
Total equity and liabilities	<u><u>1,058,593</u></u>	<u><u>920,814</u></u>
Net Assets per share (RM)	<u>2.44</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 31 DECEMBER 2021
(The figures have not been audited)**

	Cumulative Quarter	
	Current Year To Date 31/12/2021 RM'000	Preceding Year Corresponding Period 31/12/2020 RM'000
OPERATING ACTIVITIES		
Profit before tax/(loss)	114,276	46,572
Adjustments for:		
Non-cash items	23,541	26,855
Non-operating items	(4,378)	(6,588)
Operating Profit Before Working Capital Changes	133,439	66,839
(Increase)/Decrease in working capital:		
Inventories	(154,845)	(11,721)
Trade and other receivables	(81,329)	34,868
Trade and other payables	5,001	8,419
Cash Generated From Operations	(97,734)	98,405
Tax paid	(19,379)	(11,943)
Interest paid	(127)	-
Net Cash From/(Used in) Operating Activities	(117,240)	86,462
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,903)	(11,648)
Interest received	4,451	6,552
Acquisition of investment	-	-
Dividend received from investment	54	36
Proceeds from disposal of investment	126	5,126
Proceeds from disposal of property, plant and equipment	-	31
Net Cash From/(Used In) Investing Activities	(6,272)	97
FINANCING ACTIVITIES		
Dividend paid	(25,851)	(24,374)
Proceeds from term loan	-	-
Repayment of term loan	-	-
Net proceeds from/(repayment of) short-term borrowings	71,300	-
Disposal/(Buy back) of own shares	-	-
Net Cash From/(Used In) Financing Activities	45,449	(24,374)
Net increase/(decrease) in cash and cash equivalents	(78,063)	62,185
Cash and cash equivalents at beginning of period	311,586	249,401
Cash and cash equivalents at end of period	233,523	311,586
Cash and cash equivalents at end of period comprise:		
Cash & bank balances	133,339	65,620
Deposits in the licensed banks	572	278
Unit trust funds	99,612	245,688
	233,523	311,586

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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE THIRD QUARTER ENDED 31 DECEMBER 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)	-	-	714	86,089	86,803
Dividends	-	-	-	(25,851)	(25,851)
Purchase of treasury shares at cost	-	-	-	-	-
Balance as at 31 December 2021	413,163	(11,614)	2,731	495,386	899,666
Balance as at 1 January 2020	413,163	(11,614)	1,040	422,522	825,111
Total comprehensive income/(loss)	-	-	977	37,000	37,977
Dividends	-	-	-	(24,374)	(24,374)
Purchase of treasury shares at cost	-	-	-	-	-
Balance as at 30 December 2020	413,163	(11,614)	2,017	435,148	838,714

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 – Twelve Months Ended 31 December 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

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.

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Notes on the Quarterly Report – Twelve Months Ended 31 December 2021**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

There is no dividend paid during the quarter under review.

A8. Segment information

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

	Steel coils	Others	Consolidation adjustment	Total
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	1,474,035	-	-	1,474,035
Inter-segment revenue	-	26,198	(26,118)	80
Total revenue	1,474,035	26,198	(26,118)	1,474,115
Segment result	110,236	25,716	(26,000)	109,952

*Steel coils– cold rolled, galvanized & pre-painted galvanized steel coils

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Notes on the Quarterly Report – Twelve Months Ended 31 December 2021**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	13,890,045
Approved but not contracted for	18,059,542
	<u>31,949,587</u>

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Notes on the Quarterly Report – Twelve Months Ended 31 December 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 RM532 million was 45% higher than RM368 million in the corresponding quarter last year. The higher revenue was mainly due to significant increase in steel price, however the sales volume has reduced by 16.5% compared to preceding year's corresponding quarter. Despite the decrease in sales volume, the Group reported a higher profit before tax of RM51 million in the current quarter, an increase of 77% compared with a profit before tax of RM29 million a year ago.

Revenue:	Q4 2021			Q4 2020			Variance			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	46,569	219,427	4,712	58,236	152,734	2,623	(11,667)	-20%	66,693	44%
GI	34,418	181,370	5,270	42,459	125,965	2,967	(8,041)	-19%	55,405	44%
PPGI	18,972	123,573	6,513	18,736	81,523	4,351	236	1%	42,050	52%
Sub-Con	416	326	784	769	79	103	(353)	-46%	247	313%
Trading	-	-	-	360	1,127	3,131	(360)	-100%	(1,127)	-100%
Scrap	5,538	7,646	1,381	6,294	6,094	968	(756)	-12%	1,552	25%
Others	-	7	-	-	7	-	-	0%	-	0%
	105,913	532,349	5,026	126,854	367,529	2,897	(20,941)		164,820	

CRC = cold rolled steel/pickled & oiled steel

GI = galvanized steel

PPGI = pre-painted galvanized steel

Year-to-date performance review

For the year ended December 31, 2021, the Group's total revenue increased by 27% or RM394 million despite sales volume was lower by 7% to 365 thousand metric tons compared to 394 thousand metric tons a year earlier. The higher revenue was mainly due to significant increase in steel price. The profit before tax was higher by 145% or RM46 million to RM114 million compared to RM47 million last year. The profit improvement is associated with the improved product margin lifted by an uptrend in selling prices.

Revenue:	YTD 2021			YTD 2020			Variance			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	168,421	621,747	3,692	183,920	466,422	2,536	(15,499)	-8%	155,325	33%
GI	116,181	492,343	4,238	123,329	355,568	2,883	(7,148)	-6%	136,775	38%
PPGI	59,586	331,225	5,559	54,802	235,812	4,303	4,784	9%	95,413	40%
Sub-Con	2,043	946	463	11,818	1,482	125	(9,775)	-83%	(536)	-36%
Trading	104	328	3,154	785	2,387	3,041	(681)	-87%	(2,059)	-86%
Scrap	19,067	27,446	1,439	19,077	18,322	960	(10)	0%	9,124	50%
Others	-	80	-	-	49	-	-	0%	31	63%
	365,402	1,474,115	4,034	393,731	1,080,042	2,743	(28,329)		394,073	

CRC = cold rolled steel/pickled & oiled steel

GI = galvanized steel

PPGI = pre-painted galvanized steel

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Notes on the Quarterly Report – Twelve Months Ended 31 December 2021**B2. Variation of results against preceding quarter**

For the fourth quarter ended 31 December 2021, the Group reported higher revenue by 164% or RM532 million compared to RM201 million in the preceding quarter. The improvement was mainly due to the increase in sales volume by 130% from 106 thousand metric tons compared to 46 thousand metric tons respectively. Consequently, the Group registered a higher profit before tax of by 286% or RM51 million, compared to RM13 million in the preceding quarter.

Revenue:	Q4 2021			Q3 2021			Variance			
	mt	RM'000	RM/mt	mt	RM'000	RM/mt	mt	%	RM'000	%
CRC	46,569	219,427	4,712	20,649	82,560	3,998	25,920	126%	136,867	166%
GI	34,418	181,370	5,270	13,407	62,065	4,629	21,011	157%	119,305	192%
PPGI	18,972	123,573	6,513	8,849	51,752	5,848	10,123	114%	71,821	139%
Sub-Con	416	326	784	268	123	459	148	55%	203	165%
Trading	-	-	-	-	-	-	-	0%	-	0%
Scrap	5,538	7,646	1,381	2,920	4,829	1,654	2,618	90%	2,817	58%
Others	-	7	-	-	7	-	-	0%	-	0%
	<u>105,913</u>	<u>532,349</u>	<u>5,026</u>	<u>46,093</u>	<u>201,336</u>	<u>4,368</u>	<u>59,820</u>		<u>331,013</u>	

CRC = cold rolled steel/pickled & oiled steel

GI = galvanized steel

PPGI = pre-painted galvanized steel

B3. Current year prospects

Since the second half of 2021, China has gradually tightened its fiscal and monetary policies, resulting in a significant decline in real estate and infrastructure investment, leading to a weak steel demand even during the peak season of the 4th quarter.

India's low-pricing sales strategy along with the surge of Omicron cases in the Europe and the United States had contributed to the volatility of global steel price, impacting the international economic activity and supply chain. Meanwhile, the domestic market has shown a slowdown due to the public financing constraints, labour shortages, and the volatility of raw material prices and international supply chain in the 4th quarter.

It is believed that the construction activity will gently pick up its pace after the 2022 CNY holiday as a result of the gradual easing of restrictions on real estate in China. Further, China's effect to an injection of capital into the financial market will help to stabilize steel prices in the region. However, the uprising Omicron variant can be a potential threat by causing short-term interruption to the international supply chain and the slow down the consumption of domestic steel inventories. With the effects of labour shortages and the fluctuation of the international steel prices, the domestic market sentiment remains in observation mode with the projection of a weak and volatile trend. To conclude, the Group will 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 current financial year.

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Notes on the Quarterly Report – Twelve Months Ended 31 December 2021**B5. Tax expense/ (income) update**

	Current Quarter	Current YTD
	RM'000	
Current:		
- Income Tax	13,590	28,968
- Deferred Tax	(1,889)	(1,350)
	11,701	27,618
Prior Year:		
- Income Tax	18	368
- Deferred Tax	201	201
	219	569
Total	11,920	28,187

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

	As at 31 December 2021
	RM'000
Current liabilities:	
Bankers' acceptances	71,300
Total Bank Borrowings	71,300

All the Groups borrowings are denominated in Ringgit Malaysia.

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Notes on the Quarterly Report – Twelve Months Ended 31 December 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

The Board of Directors has recommended a final single-tier system of a dividend of 14 Sen per share for the financial year ended 2021, which is subject to the approval of the shareholders in the forthcoming annual general meeting.

The dividend declared and recommended by the directors comply with the Group's dividend policy of distributing at least 50% of the Group's profit after tax.

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
	RM'000	RM'000
Profit/Loss attributable to equity holder of the parent	38,864	86,089
Weighted average number of shares in issue	369,300	369,300
Basic earnings per share (sen)	10.52	23.31
Diluted earnings per share (sen)	10.52	23.31

B12. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter	YTD
	RM'000	RM'000
Interest Income	841	4,451
Interest expense	(127)	(127)
Bad Debts Recovered	6	6
Provision/(Reversal) for and write off of inventories	4,730	(505)
Gain or (loss) on disposal of quoted or unquoted investments or properties	-	126
Foreign exchange gain or (loss)	4,956	16,411

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