

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2025**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD TO DATE
	31/03/25	31/03/24	31/03/25	31/03/24
	RM'000	RM'000	RM'000	RM'000
Revenue	607,606	662,506	607,606	662,506
Cost of sales	(580,668)	(632,406)	(580,668)	(632,406)
Gross Profit	26,938	30,100	26,938	30,100
Operating expenses	(19,441)	(16,918)	(19,441)	(16,918)
Other expenses	-	-	-	-
Other income	877	203	877	203
Interest income	201	774	201	774
Finance cost	(7,873)	(8,808)	(7,873)	(8,808)
Share of profit in associated company	668	342	668	342
Profit before tax	1,370	5,693	1,370	5,693
Tax expenses	(992)	(2,555)	(992)	(2,555)
Profit for the period	378	3,138	378	3,138
Other Comprehensive Income -Revaluation of land	-	-	-	-
Total Comprehensive Profit	378	3,138	378	3,138
Profit and Total Comprehensive Profit attributable to: Equity holders of the Company	378	3,138	378	3,138
Profit for the period	378	3,138	378	3,138
Earnings per share (sen)				
- Basic	0.05	0.46	0.05	0.46
- Diluted	0.05	0.46	0.05	0.46

The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statement for the year ended 31st December 2024 and accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	31/03/25	31/12/24
	RM'000	RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, Plant & Equipment	1,029,044	991,412
Right-off-use assets	3,531	3,256
Investment in Associate company	13,747	13,079
	<u>1,046,322</u>	<u>1,007,747</u>
<u>Current Assets</u>		
Inventories	858,754	856,998
Trade and other receivables	322,090	340,671
Taxation recoverables	561	546
Short term deposit	24,075	22,412
Cash and bank balances	21,241	44,812
	<u>1,226,721</u>	<u>1,265,439</u>
TOTAL ASSETS	<u><u>2,273,043</u></u>	<u><u>2,273,186</u></u>
EQUITY AND LIABILITIES		
<u>Equity attributable to equity holders</u>		
Share capital	333,927	333,927
Revaluation reserves	158,394	158,394
Treasury shares	(587)	(587)
Warrants reserves	32,824	32,824
Retained profits	444,193	443,815
Total Equity	<u>968,751</u>	<u>968,373</u>
<u>Non-Current Liabilities</u>		
Lease Liabilities	2,322	2,068
Long term borrowings	79,915	21,875
Deferred tax liabilities	40,057	39,089
	<u>122,294</u>	<u>63,032</u>
<u>Current Liabilities</u>		
Trade and other payables	644,456	660,105
Tax Payable	38	34
Lease Liabilities	707	650
Short term borrowings	536,797	580,992
	<u>1,181,998</u>	<u>1,241,781</u>
Total liabilities	<u>1,304,292</u>	<u>1,304,813</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,273,043</u></u>	<u><u>2,273,186</u></u>
Net Assets per share (RM)	1.40	1.40

The Unaudited Condensed Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2024 and accompanying explanatory notes attached to the interim financial statements.

**THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2025**

	Attributable to equity holders of the Company					Total RM'000
	← Non-distributable →			Distributable		
	Share Capital RM'000	Revaluation Reserves RM'000	Warrants Reserves RM'000	Retained Profits RM'000	Treasury Shares RM'000	
3 months ended 31st March 2025						
At 1st January 2025	333,927	158,394	32,824	443,815	(587)	968,373
New shares issued	-	-		-	-	-
Total comprehensive income	-	-	-	378	-	378
At 31st March 2025	<u>333,927</u>	<u>158,394</u>	<u>32,824</u>	<u>444,193</u>	<u>(587)</u>	<u>968,751</u>
3 months ended 31st March 2024						
At 1st January 2024	329,648	76,649	32,824	426,825	(587)	865,359
Deferred tax liabilities on revaluation reserves		(3,623)				(3,623)
Total comprehensive income	-	-	-	3,138	-	3,138
At 31st March 2024	<u>329,648</u>	<u>73,026</u>	<u>32,824</u>	<u>429,963</u>	<u>(587)</u>	<u>864,874</u>

The above condensed consolidated statement of change of equity should be read in conjunction with the audited financial statements for the financial year ended 31st December 2024 and the accompanying explanatory noted attached to these interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2025

	Current year 01/01/25 to 31/03/25 RM'000	Preceding Year 01/01/24 to 31/03/24 RM'000
Cash Flow From Operating Activities:-		
Profit before tax	1,370	5,693
Adjustment for:		
Depreciation of property, plant and equipment	9,375	8,467
Interest expenses	7,873	8,808
Impairment of inventories	2,093	157
Share of gain of associate	(668)	(342)
Others	675	(976)
Operating profit before changes in working capital	20,718	21,807
Changes in working capital		
Net change in inventories	(3,849)	(5,571)
Net change in receivables	18,581	(41,811)
Net change in payables	(16,526)	92,727
Cash generated in operations	18,924	67,152
Interest paid	(7,834)	(8,752)
Income tax paid	(34)	(105)
Net cash generated from operating activities	<u>11,056</u>	<u>58,295</u>
Investing activities		
Purchase of property, plant and equipment	(46,833)	(39,677)
Interest received	201	744
Net cash used in investing activities	<u>(46,632)</u>	<u>(38,933)</u>
Financing activities		
Bank borrowings	12,749	(16,185)
Finance lease interest paid	(39)	(56)
Net cash generated from/ (used in) financing activities	<u>12,710</u>	<u>(16,241)</u>
Net (decrease)/ increase in cash and cash equivalents	(22,866)	3,151
Cash and cash equivalents at beginning of the year	62,730	54,366
Cash and cash equivalents at end of the financial period	<u><u>39,864</u></u>	<u><u>57,517</u></u>
1 Cash and cash equivalents at end of the financial period comprise :		
Pledged fixed deposit	24,075	21,372
Short term deposit	-	1,513
Cash and bank balances	21,241	34,632
Bank overdraft	(5,452)	-
	<u><u>39,864</u></u>	<u><u>57,517</u></u>

The Unaudited Condensed Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2024 and accompanying explanatory notes attached to the interim financial statements.

MALAYSIA STEEL WORKS (KL) BHD
Company No. 197101000213 (7878-V)

EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING FOR THE QUARTER ENDED 31ST MARCH 2025

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance MFRS 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by International Accounting Standard Board (“IASB”), the requirement of the Companies Act 2016 and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statement for the year ended 31st December 2024, which were prepared under Malaysian Financial Reporting Standards (“MFRSs”). These 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 since the year ended 31st December 2024.

A2. Accounting Policies and Methods of Computation

The accounting policies adopted in the preparation of the Condensed Report are consistent with those used in the preparation of the Group’s audited financial statements for the year ended 31st December 2024, except for the following:

- Amendments to MFRS 16 Leases- Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 Presentation of Financial Statements – Non-current Liabilities with Covenants.
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosure – Supplier Finance Arrangements

Standards and Amendments to MFRSs issued but not yet effective

Effective for financial periods beginning on or after 1 January 2026

- Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments
- Annual Improvements to MFRS Accounting Standard – Volume 11
- Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity

Effective for financial periods beginning on or after 1 January 2027

- MFRS 18 Presentation and Disclosure in Financial Statements
- MFRS 19 Subsidiaries without Public Accountability: Disclosures

Effective date of these Amendments to Standards has been deferred, and yet to be announced

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture

The above pronouncements are either not relevant or do not have any impact on the financial statements of the Group.

A3. Disclosure of Audit Report Qualification

The audit report of the Group’s annual financial statements for the financial year ended 31st December 2024 did not contain any qualification.

A4. Seasonal or Cyclical factors

The operations of the Company are subject to both cyclical factors in the construction industry as well as festive seasons.

A5. Unusual items affecting the assets liabilities, equity, net income or cash flows.

There are no extraordinary items for the financial period under review.

A6. Changes in Estimates

There have been no changes in the estimates of amount for the period under review.

A7. Debts and Equity Securities

There were no issuances, cancellation, repurchases, resale and repayment of debts and equity securities for the current quarter under review, save as disclosed below.

As at 31st March 2025, a total of 1,840,000 shares were held as treasury shares out of its total issued share capital of 692,609,746 shares at an average price of RM0.319 per share. The share buyback transactions were financed by internally generated funds.

A8. Dividend

No dividend was paid by the Company in the current quarter under review and financial year to date.

A9. Segmental reporting

The Group is primarily organised in one business segment namely manufacturing of steel bars and billets. The business segment analysed by geographical location of customers are as follows:

	Current Quarter ended RM’000	Current Year to-date ended RM’000
Revenue		
- Malaysia	464,776	464,776
- Outside Malaysia	142,830	142,830
	607,606	607,606

A10. Valuation

The valuations of the property, plant and equipment has been brought forward and was regarded as deemed cost at the date of transition to MFRS. The relevant revaluation surplus was recognized to the retained earnings. In year 2024, the Company had a revaluation of land and the revaluation surplus was recognized to the equity as revaluation reserve.

A11. Material subsequent events

There are no material subsequent events between the end of the current quarter under review and the date of this report.

A12. Changes in the composition of the Group

There was no change in the composition of the Group during the current quarter under review.

A13. Significant Related Party Transactions

In the normal course of business, the Group undertakes on normal trade terms with related companies and other related parties. The significant related party transactions of the Group carried out during the current quarter under review are as follows:

	Current Quarter Ended RM'000	Current Year To-date Ended RM'000
i) Transportation charged by a subsidiary	651	651
ii) Interest income from associate	(2)	(2)
iii) Payment on behalf (associate)	302	302

A14. Capital commitments

	31/03/25 RM'000
Property, plant and equipment	
- Contracted but not provided for	34,268
	<hr style="width: 100%; border: 0.5px solid black;"/>
	34,268
	<hr style="width: 100%; border: 0.5px solid black;"/>

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

B1. Review of performance

	Individual Period			Cumulative Period		
	3 months			3 months		
	31/03/2025	31/03/2024	Changes	31/03/2025	31/03/2024	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	607,606	662,506	(8.29)	607,606	662,506	(8.29)
Profit before interest and tax	9,243	14,501	(36.26)	9,243	14,501	(36.26)
Profit before tax	1,370	5,693	(75.94)	1,370	5,693	(75.94)

The Group reported a profit before tax of RM1.37 million on the revenue of RM607.61 million for the current quarter compared to a profit before tax of RM5.69 million on the revenue of RM662.51 million for the previous year corresponding quarter. The decrease in revenue in current quarter was mainly attributed to lower selling price of steel products. The current quarter recorded a lower profit before tax mainly due to lower sales margin and higher operating expenses.

B2. Variation of results against preceding quarter's

	3 months ended		Changes
	31/03/2025	31/12/2024	
	RM'000	RM'000	%
Revenue	607,606	684,533	(11.24)
Profit before tax	1,370	1,273	7.62

The Group's revenue decreased by RM76.93 million to RM607.61 million mainly due to lower selling price as compared with the last quarter.

The Group's profit before tax improved marginally from RM1.27 million achieved in the immediate preceding quarter to RM1.37 million in the current quarter resulted from the unrealised foreign exchange gain.

B3. Prospects

The steel market has been inundated with various head winds stemming from US import tariffs policies announcements in April 2025, the seasonal Ramadan holidays and the impact from the curtailment of natural gas supply to the Company since April 2025 arising from the Putra Heights natural gas pipeline explosion.

Whilst these head winds have impacted the demand, production and selling price of steel bars and billets in the near term, the Company's expects the situation to rebound towards the later part of this year due to rebalancing between demand and supply.

The Company is preparing itself for the implementation of carbon tax by the government on the steel and energy sector next year. Being the steel mill with lowest GHG emission by far, the Company expects to be the least impacted by any carbon tax to be levied on the local steel players.

To further strengthen the Company's stewardship in low emissions sustainable steel production, in May 2025, the Company had penned the collaboration with a subsidiary of Kelington Group Berhad, a leading industrial gas manufacturer in the region together with University Tunku Abdul Rahman ('UTAR') to develop the technology for carbon capture, utilisation and storage ('CCUS') for the Company's residual GHG emissions to enable the Company to achieve Net Zero before 2050.

Despite the less than ideal business environment, the Company continues to innovate to improve its margin by identifying new customers' base and reducing production costs by improving productivity.

With these well planned strategies, the Company expects to weather the current challenges and emerge ever stronger and more profitable in the months ahead.

B4. Profit forecast

The disclosure requirements for explanatory notes are not applicable as no profit forecast was published.

B5. Condensed Consolidated Statements Of Comprehensive Income

	Current Quarter Ended RM'000	Current Year To-date Ended RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):		
Unrealised foreign exchange gain	(877)	(877)
Realised foreign exchange gain	(107)	(107)
Depreciation of property, plant and equipment	9,375	9,375
Impairment of inventories	2,093	2,093
Share of profit in associate	(688)	(688)
Interest expense	7,873	7,873
Interest income	(201)	(201)
Impairment of assets	-	-
(Gain)/loss on disposal of quoted or unquoted investment or properties	-	-
Other income including investment income	-	-
Provision for and write off of receivables	-	-
(Gain)/loss on derivatives	-	-

B6. Tax expenses

Taxation comprises:

	Current Quarter Ended RM'000	Current Year To-date Ended RM'000
<u>Malaysian income tax</u>		
Current taxation:		
-Current year	24	24
-Under/(Over) provision in prior years	-	-

Deferred taxation:		
-Current year	968	968
-Under/(Over) provision in prior years	-	-
	992	992

The effective tax rate of the Group for the current quarter ended 31st March 2025 was lower than the statutory tax rate mainly due to utilization of capital allowance and reinvestment allowance.

B7. (a) Status of corporate proposals

i) Proposed Private Placement

On 19th July 2024, the Company announced that it is proposing to undertake a Proposed Private Placement of up to 10% of the Company's total number of issued shares, excluding treasury shares.

Bursa Securities had, vide its letter dated 8th August 2024, resolved to approve the listing of and quotation for up to 90,547,966 new ordinary shares in the Company subject to full compliance with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Private Placement. On 24th January 2025, Bursa Securities had approved the Company's application for an extension of time until 8th August 2025 to complete the implementation of the Private Placement.

(b) Status of utilization of proceed raised

i) Proposed Private Placement

Not applicable

B8. Borrowings

	31/03/25
	RM'000
<u>Secured:</u>	
Short term borrowings	536,797
Long term borrowings	79,915
Total borrowings	616,712

The above borrowings are all denominated in Ringgit Malaysia.

B9. Material litigations

There are no material litigations during the current period under review.

B10. Dividend

No dividend has been proposed or declared by the Company during the current quarter under review.

B11. Earnings per share (“EPS”)

(a) *Basic Earnings per share*

The earnings per share of the Company is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

	Current Quarter Ended	Current Year To-date Ended
Earnings attributable to ordinary shareholders (RM'000)	<u>378</u>	<u>378</u>
Weighted average number of ordinary shares in issue ('000)	<u>690,770</u>	<u>690,770</u>
Basic Earnings Per Share (sen)	<u>0.05</u>	<u>0.05</u>

(b) *Diluted earnings per share*

For the purpose of calculating diluted earnings per share, the weighted average numbers of shares in issue have been adjusted for the dilutive effects of all potential conversion of any convertible securities issued during the period as set out below:

	Current Quarter Ended	Current Year To-date Ended
Earnings attributable to ordinary shareholders (RM'000)	<u>378</u>	<u>378</u>
Weighted average number of ordinary shares in issue ('000)	<u>690,770</u>	<u>690,770</u>
Effects of dilution ('000)	<u>-</u>	<u>-</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>690,770</u>	<u>690,770</u>
Diluted Earnings Per Share (sen)	<u>0.05</u>	<u>0.05</u>

The warrants exercisable at end of the 31st March 2025 do not have a dilutive effect to the earnings per ordinary shares as the average market price per ordinary shares for the financial year does not exceed the exercise price of the warrants.

B12. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.