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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2026

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD TO DATE
	30/06/26	30/06/25	30/06/26	30/06/25
	RM'000	RM'000	RM'000	RM'000
Revenue	870,381	649,369	1,661,820	1,256,975
Cost of sales	(829,959)	(621,884)	(1,607,411)	(1,202,552)
Gross Profit	40,422	27,485	54,409	54,423
Operating expenses	(17,297)	(18,204)	(29,256)	(37,645)
Other expenses	(10,344)	-	(10,344)	
Other income	-	195	2,237	1,072
Interest income	243	225	438	426
Finance cost	(12,114)	(9,588)	(20,147)	(17,461)
Share of profit in associated company	1,133	797	2,129	1,465
Profit/(Loss) before tax	2,043	910	(534)	2,280
Tax expenses	(1,937)	207	1,448	(785)
Profit for the period	106	1,117	914	1,495
Other Comprehensive Income -Revaluation of land	-	-	-	-
Total Comprehensive Profit	106	1,117	914	1,495
Profit and Total Comprehensive Profit attributable to: Equity holders of the Company	106	1,117	914	1,495
Profit for the period	106	1,117	914	1,495
Earnings per share (sen)				
- Basic	0.01	0.16	0.12	0.22
- Diluted	0.01	0.16	0.12	0.22

The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31st December 2025 and accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2026

	30/06/26 RM'000	31/12/25 RM'000
ASSETS		
Non-Current Assets		
Property, Plant & Equipment	1,084,454	1,088,740
Right-off-use assets	5,798	5,930
Investment in Associate company	16,218	14,089
	1,106,470	1,108,759
Current Assets		
Inventories	990,363	987,130
Trade and other receivables	435,087	371,530
Taxation recoverables	36	457
Short term deposit	8,659	15,785
Cash and bank balances	72,389	120,885
	1,506,534	1,495,787
TOTAL ASSETS	2,613,004	2,604,546
EQUITY AND LIABILITIES		
Equity attributable to equity holders		
Share capital	347,751	347,751
Revaluation reserves	158,394	158,394
Treasury shares	(587)	(587)
Warrants reserves	32,824	32,824
Retained profits	453,397	452,483
Total Equity	991,779	990,865
Non-Current Liabilities		
Lease Liabilities	3,680	3,517
Long term borrowings	108,640	69,792
Deferred tax liabilities	43,870	45,375
	156,190	118,684
Current Liabilities		
Trade and other payables	819,162	864,418
Tax Payable	215	206
Lease Liabilities	1,653	1,812
Short term borrowings	644,005	628,561
	1,465,035	1,494,997
Total liabilities	1,621,225	1,613,681
TOTAL EQUITY AND LIABILITIES	2,613,004	2,604,546
Net Assets per share (RM)	1.33	1.33

The Unaudited Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2025 and accompanying explanatory notes attached to the interim financial statements.

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

THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2026

	Attributable to equity holders of the Company					
	Non-distributable			Distributable		
	Share Capital RM'000	Revaluation Reserves RM'000	Warrants Reserves RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000
6 months ended 30th June 2026						
At 1st January 2026	347,751	158,394	32,824	452,483	(587)	990,865
Total comprehensive income	-	-	-	914	-	914
At 30th June 2026	347,751	158,394	32,824	453,397	(587)	991,779
6 months ended 30th June 2025						
At 1st January 2025	333,927	158,394	32,824	443,815	(587)	968,373
Total comprehensive income	-	-	-	1,495	-	1,495
At 30th June 2025	333,927	158,394	32,824	445,310	(587)	969,868

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 2025 and the accompanying explanatory noted attached to interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2026

	Current year 01/01/26 to 30/06/26 RM'000	Preceding Year 01/01/25 to 30/06/25 RM'000
Cash Flow From Operating Activities:-		
(Loss)/Profit before tax	(534)	2,280
Adjustment for:		
Depreciation of property, plant and equipment	20,548	18,784
Interest expenses	20,147	17,461
(Reversal)/ Impairment of inventories	(3,532)	(1,985)
Share of gain of associate	(2,129)	(1,465)
Others	7,670	2,847
Operating profit before changes in working capital	42,170	37,922
Changes in working capital		
Net change in inventories	299	2,738
Net change in receivables	(63,557)	23,839
Net change in payables	(53,364)	38,860
Cash (used)/generated in operations	(74,452)	103,359
Interest paid	(20,018)	(17,377)
Income tax paid	(58)	(46)
Income tax refunded	432	-
Net cash (used)/generated from operating activities	(94,096)	85,936
Investing activities		
Purchase of property, plant and equipment	(15,046)	(83,273)
Dividend income	-	2,427
Interest received	438	426
Net cash used in investing activities	(14,608)	(80,420)
Financing activities		
Bank borrowings	48,780	11,205
Finance lease interest paid	(130)	(84)
Net cash generated from financing activities	48,650	11,121
Net (decrease)/increase in cash and cash equivalents	(60,054)	16,637
Cash and cash equivalents at beginning of the year	136,670	62,730
Cash and cash equivalents at end of the financial period	76,616	79,367

1 Cash and cash equivalents at end of the financial period comprise :

Pledged fixed deposit	8,659	24,166
Cash and bank balances	72,389	59,646
Bank overdraft	(4,432)	(4,445)
	76,616	79,367

The Unaudited Condensed Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31st December 2025 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 30TH JUNE 2026

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 2025, 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 2025.

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 2025, except for the following:

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

Standards and Amendments to MFRSs issued but not yet effective

Effective for financial periods beginning on or after 1 January 2027
-MFRS 18 Presentation and Disclosure in Financial Statements
-MFRS 19 and Amendments to MFRS 19 Subsidiaries without Public Accountability: Disclosures
Amendments to MFRS 121 The Effects of Change in Foreign Exchange Rates- Translation to a Hyperinflationary Presentation Currency

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 2025 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 30th June 2026, a total of 1,840,000 shares were held as treasury shares out of its total issued share capital of 746,609,746 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	675,688	1,188,153
- Outside Malaysia	194,693	473,667
	870,381	1,661,820

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	2,458	4,609
ii)	Payment on behalf (associate)	214	534

A14. Capital commitments

	30/06/26 RM'000
Property, plant and equipment	
- Contracted but not provided for	Nil
	Nil

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

B1. Review of performance

	Individual Period 3 months			Cumulative Period 6 months		
	30/06/2026 RM'000	30/06/2025 RM'000	Changes %	30/06/2026 RM'000	30/06/2025 RM'000	Changes %
Revenue	870,381	649,369	34.03	1,661,820	1,256,975	32.21
Profit before interest and tax	14,157	10,498	34.85	19,613	19,741	(0.65)
Profit/(Loss) before tax	2,043	910	124.51	(534)	2,280	(123.42)

The Group reported a profit before tax of RM2.04 million on the revenue of RM870.38 million for the current quarter compared to a profit before tax of RM0.91 million on the revenue of RM649.37 million for the previous year corresponding quarter. The increase in revenue in current quarter was mainly attributed to higher sales volume of steel products in local and export markets. The current quarter recorded a higher profit before tax mainly due to higher sales margin.

B2. Variation of results against preceding quarter's

	3 months ended		
	30/06/2026 RM'000	31/03/2026 RM'000	Changes %
Revenue	870,381	791,439	9.97
Profit/(Loss) before tax	2,043	(2,577)	(179.28)

The Group's revenue increased by RM78.94 million to RM870.38 million mainly due to higher sales volume and selling price as compared with the last quarter.

During the period under review, the Group incurred a profit before tax RM2.04 million as against a loss before tax of RM2.58 million achieved in the immediate preceding quarter. The aforesaid profit was due to higher sales margin.

B3. Prospects

The construction sector is expected to maintain a positive trajectory for the remainder of 2026, although growth is likely to be more measured and selective than the strong expansion seen in recent years. Economic growth strengthened to 6% in the second quarter of 2026 (1Q 2026: 5.4%), driven by continued domestic demand and robust exports.

Industry forecasts generally point to mid-single-digit growth, supported by continued infrastructure spending, industrial development and a surge in data-centre investments.

The demand for the Company's steel bars and steel billets are expected to be supported by Malaysia's construction sector robust growth into mid-2026, with the total value of work done reaching RM47.8 billion in the second quarter - an increase of 8.8% on year-to-year basis. Driven by robust private-sector investments, data-centre builds, and civil engineering utility projects, the first half of 2026 accumulated a total work value of RM94.3 billion. (source: The Star, June 2026)

Cost pressures from West Asia conflict will continue to weigh on the profitability of the Company's products. In response to this, the management has initiated various aggressive "cost down" measures to counter such effects.

The Company's collaboration with UTAR to invent Malaysia's first proprietary technology to reduce the usage of cement in wet concrete curing by injection of captured CO2 from the Company's steel making process has shown positive results from early trials. The finalisation of this ground breaking invention is expected in the next few months.

The significance of the success of this invention will enable Masteel to achieve Net Zero emission by 2030 - thus achieving the national Net Zero aspiration 20 years earlier and enable Masteel to earn carbon credit and avoid any carbon tax.

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 loss	10,344	8,107
Realised foreign exchange (gain)	(4,048)	(11,710)
Depreciation of property, plant and Equipment	9,680	20,548
Impairment/ (reversal) of inventories	9	(3,532)
Share of profit in associate	(1,133)	(2,129)
Interest expense	12,114	20,147
Interest income	(243)	(438)
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
Malaysian income tax		
Current taxation:		
- Current year	(154)	56
- Under/(Over) provision in prior years	-	-

Deferred taxation:		
- Current year	2,091	(1,504)
- Under/(Over) provision in prior years	-	-
	1,937	(1,448)

The effective tax rate of the Group for the current quarter ended 30th June 2026 was lower than the statutory tax rate mainly due to utilization of capital allowance and reinvestment allowance.

B7. (a) Status of corporate proposals

Not applicable

(b) Status of utilization of proceed raised

Not applicable

B8. Borrowings

	30/06/26 RM'000
Secured:	
Short term borrowings	644,005
Long term borrowings	108,640
Total borrowings	752,645

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)	106	941
Weighted average number of ordinary shares in issue ('000)	744,770	744,770
Basic Earnings Per Share (sen)	0.01	0.12

(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)	106	941
Weighted average number of ordinary shares in issue ('000)	744,770	744,770
Effects of dilution ('000)	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	744,770	744,770
Diluted Earnings Per Share (sen)	0.01	0.12

The warrants exercisable at end of the 30th June 2026 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.