

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD TO DATE
	31/03/24	31/03/23	31/03/24	31/03/23
	RM'000	RM'000	RM'000	RM'000
Revenue	662,506	470,032	662,506	470,032
Cost of sales	(632,406)	(449,531)	(632,406)	(449,531)
Gross Profit	30,100	20,501	30,100	20,501
Operating expenses	(16,918)	(6,437)	(16,918)	(6,437)
Other expenses	-	(5,335)	-	(5,335)
Other income	203	-	203	-
Interest income	774	114	774	114
Finance cost	(8,808)	(8,281)	(8,808)	(8,281)
Share of profit in associated company	342	327	342	327
Profit before tax	5,693	889	5,693	889
Tax expenses	(2,555)	(238)	(2,555)	(238)
Profit for the period	3,138	651	3,138	651
Other Comprehensive Income -Revaluation of land	-	-	-	-
Total Comprehensive Profit	3,138	651	3,138	651
Profit and Total Comprehensive Loss attributable to: Equity holders of the Company	3,138	651	3,138	651
Profit for the period	3,138	651	3,138	651
Earnings per share (sen)				
- Basic	0.46	0.10	0.46	0.10
- Diluted	0.46	0.08	0.46	0.08

The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statement for the year ended 31st December 2023 and accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2024**

	<b>31/03/24</b>	<b>31/12/23</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<u>Non-Current Assets</u>		
Property, Plant & Equipment	832,770	801,203
Right-off-use assets	17,387	17,115
Investment in Associate company	11,310	10,968
	<u>861,467</u>	<u>829,286</u>
<u>Current Assets</u>		
Inventories	796,480	791,066
Trade and other receivables	329,817	288,006
Taxation recoverables	604	609
Short term deposit	22,885	20,569
Cash and bank balances	34,632	33,797
	<u>1,184,418</u>	<u>1,134,047</u>
<b>TOTAL ASSETS</b>	<u><u>2,045,885</u></u>	<u><u>1,963,333</u></u>
<b>EQUITY AND LIABILITIES</b>		
<u>Equity attributable to equity holders</u>		
Share capital	329,648	329,648
Revaluation reserves	73,026	76,649
Treasury shares	(587)	(587)
Warrants reserves	32,824	32,824
Retained profits	429,963	426,825
Total Equity	<u>864,874</u>	<u>865,359</u>
<u>Non-Current Liabilities</u>		
Lease Liabilities	1,887	1,646
Long term borrowings	54,227	67,860
Deferred tax liabilities	14,147	8,040
	<u>70,261</u>	<u>77,546</u>
<u>Current Liabilities</u>		
Trade and other payables	681,707	589,183
Tax Payable	-	38
Lease Liabilities	1,429	2,116
Short term borrowings	427,614	429,091
	<u>1,110,750</u>	<u>1,020,428</u>
Total liabilities	<u>1,181,011</u>	<u>1,097,974</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>2,045,885</u></u>	<u><u>1,963,333</u></u>
Net Assets per share (RM)	1.27	1.27

The Unaudited Condensed Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2023 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 2024

	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	
<b>3 months ended 31st March 2024</b>						
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>
<b>3 months ended 31st March 2023</b>						
At 1st January 2023	329,648	76,649	32,824	424,421	(587)	862,955
Total comprehensive income	-	-	-	651	-	651
At 31st March 2023	<u>329,648</u>	<u>76,649</u>	<u>32,824</u>	<u>425,072</u>	<u>(587)</u>	<u>863,606</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 2023 and the accompanying explanatory notes attached to these interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024**

	<b>Current year 01/01/24 to 31/03/24 RM'000</b>	<b>Preceding Year 01/01/23 to 31/03/23 RM'000</b>
<b>Cash Flow From Operating Activities:-</b>		
Profit before tax	5,693	889
Adjustment for:		
Depreciation of property, plant and equipment	8,467	8,682
Interest expenses	8,808	8,840
Impairment/(reversal) of inventories	157	(2,576)
Gain on disposal of property, plant and equipment	-	-
Share of gain of associate	(342)	(327)
Others	(976)	5,221
Operating profit before changes in working capital	21,807	20,729
Changes in working capital		
Net change in inventories	(5,571)	18,045
Net change in receivables	(41,811)	(29,865)
Net change in payables	92,727	(19,006)
Cash generated from/(used in) operations	67,152	(10,097)
Interest paid	(8,752)	(8,725)
Income tax paid	(105)	(113)
Net cash generated from/(used in) operating activities	58,295	(18,935)
Investing activities		
Purchase of property, plant and equipment	(39,677)	(837)
Interest received	774	114
Net cash used in investing activities	(38,903)	(723)
Financing activities		
Bank borrowings	(16,185)	26,590
Share buy-back	-	-
Finance lease interest paid	(56)	(115)
Net cash (used in)/generated from financing activities	(16,241)	26,475
Net increase in cash and cash equivalents	3,151	6,817
Cash and cash equivalents at beginning of the year	54,366	62,838
Cash and cash equivalents at end of the financial period	57,517	69,655
1 Cash and cash equivalents at end of the financial period comprise :		
Short term deposit	1,513	8,450
Pledged Fixed deposit	21,372	29,796
Cash and bank balances	34,632	31,409
	57,517	69,655

The Unaudited Condensed Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2023 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 31<sup>ST</sup> MARCH 2024**

**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 31<sup>st</sup> December 2023, 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 31<sup>st</sup> December 2023.

**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 31<sup>st</sup> December 2023, 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<sup>st</sup> January 2025**

- Amendments to MFRS 121 The Effects of changes in Foreign Exchange Rates- Lack of Exchangeability

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

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale 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 31<sup>st</sup> December 2023 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 31<sup>st</sup> March 2024, a total of 1,840,000 shares were held as treasury shares out of its total issued share capital of 679,109,746 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:

	<b>Current Quarter ended RM'000</b>	<b>Current Year to-date ended RM'000</b>
<b>Revenue</b>		
- Malaysia	567,695	567,695
- Outside Malaysia	94,811	94,811
	662,506	662,506
	662,506	662,506

**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 2019, 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:

	<b>Current Quarter Ended RM'000</b>	<b>Current Year To-date Ended RM'000</b>
i) Transportation charged by a subsidiary	752	752
ii) Interest income from associate	(7)	(7)

**A14. Capital commitments**

	<b>31/03/24 RM'000</b>
<b>Property, plant and equipment</b>	
- Contracted but not provided for	10,097
	10,097

**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		
	31/03/2024	31/03/2023	Changes	31/03/2024	31/03/2023	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	662,506	470,032	40.95	662,506	470,032	40.95
Profit before interest and tax	14,501	9,170	58.14	14,501	9,170	58.14
Profit before tax	5,693	889	540.38	5,693	889	540.38

The Group reported a profit before tax of RM5.69 million on the revenue of RM662.51 million for the current quarter compared to a profit before tax of RM0.89 million on the revenue of RM470.03 million for the previous year corresponding quarter. The increase in current quarter revenue was mainly attributed to higher sales volume of steel products. The current quarter recorded a higher profit before tax mainly due to higher margin and lower unrealized foreign exchange loss.

**B2. Variation of results against preceding quarter's**

	3 months ended		
	31/03/2024	31/12/2023	Changes
	RM'000	RM'000	%
Revenue	662,506	525,966	25.96
Profit before tax	5,693	2,099	171.22

The Group's revenue increase by RM136.54 million to RM662.51 million mainly due to higher sales volume and selling prices as compared to the last quarter.

The Group recorded a higher profit before tax of RM5.69 million as compared to profit before tax of RM2.09 million achieved in the immediate preceding quarter resulted from higher margin achieved from our sales.

**B3. Prospects**

As announced by YB Nga Kor Ming, Minister of Housing and Local Government of Malaysia that the property overhang (built but unsold units of housing) has decreased by over 40% with a drop from 37,066 units to less than 24,000 units nationwide.

The above decline in the overhang housing units augurs well for the construction sector. This optimistic outlook on the construction sector is further reinforced by MIDF Research's recent announcement that the construction sector in 2024 is underpinned by over RM90 billion in government development expenditure, in addition to private sector projects.

The estimated total project value of approximately RM180 billion is available for construction sector jobs in this year according to the Works Ministry.



The construction sector has maintained its positive momentum for seven consecutive quarters, recording a 6.8% year-on-year growth in value of work done in the fourth quarter (4Q) of 2023 to RM34.1 billion.

The conducive business environment for the rebound of demand for steel bars is finally at hand underpinned by the broad recovery of the construction sector.

The Company expects to perform satisfactorily in the ensuing quarters whilst it strives to maintain its stewardship of being the most sustainable, ultra-low GHG emission and cost effective steel mill in Malaysia as assessed by FTSE Russell of UK and TUV NORD (Malaysia) Sdn Bhd.

#### 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)	(203)	(203)
Realised foreign exchange (gain)	(81)	(81)
Depreciation of property, plant and equipment	8,467	8,467
Reversal for impairment of inventories	-	-
Share of profit in associate	(342)	(342)
Interest expense	8,808	8,808
Interest income	(774)	(774)
Impairment of assets	-	-
(Gain)/loss on disposal of quoted or unquoted investment or property, plant and equipment	-	-
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	71	71
-Under/ (Over) provision in prior years	-	-

Deferred taxation:		
-Current year	2,484	2,484
-Under/ (Over) provision in prior years	-	-
	<u>2,555</u>	<u>2,555</u>

The effective tax rate of the Group for the current quarter ended 31<sup>st</sup> March 2024 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**

	<b>31/03/24</b>
	<b>RM'000</b>
<u>Secured:</u>	
Short term borrowings	427,614
Long term borrowings	<u>54,227</u>
Total borrowings	<u><u>481,841</u></u>

The above borrowings are all denominated in Ringgit Malaysia.

**B9. Material litigations**

The Company was served with a Writ of Summons dated 17<sup>th</sup> July 2019 and Statement of Claim dated 12<sup>th</sup> June 2019 ('Suit') by Safety Capital Sdn Bhd ('Safety Capital'). Safety Capital is seeking for, inter alia, the payment of RM10.681 million ('Sum') from the Company, together with interest and costs, which is in relation to advances made by Safety Capital to the Company between the year 2002 to 2004. As the relief is non-trading in nature, the Management is of the view that the Suit will not have any material financial and operational impact on the Group.

On 10<sup>th</sup> December 2021, the Shah Alam High Court dismissed the Suit and ordered costs of RM80,000.00 to be paid by Safety Capital to the Company ('Judgment'). Safety Capital has filed a Notice of Appeal ('Appeal') to the Court of Appeal against the Judgment. However, the Board of Directors is of the view that there is no financial and operational impact arising from the Appeal.

The Appeal has been fixed for hearing on 19<sup>th</sup> August 2024. The next case management is fixed on 5<sup>th</sup> August 2024.

**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.

	<b>Current Quarter Ended</b>	<b>Current Year To-date Ended</b>
Earnings attributable to ordinary shareholders (RM'000)	<u>3,138</u>	<u>3,138</u>
Weighted average number of ordinary shares in issue ('000)	<u>677,269</u>	<u>677,269</u>
Basic Earnings Per Share (sen)	<u>0.46</u>	<u>0.46</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:

	<b>Current Quarter Ended</b>	<b>Current Year To-date Ended</b>
Earnings attributable to ordinary shareholders (RM'000)	<u>3,138</u>	<u>3,138</u>
Weighted average number of ordinary shares in issue ('000)	<u>677,269</u>	<u>677,269</u>
Effects of dilution ('000)	<u>-</u>	<u>-</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>677,269</u>	<u>677,269</u>
Diluted Earnings Per Share (sen)	<u>0.46</u>	<u>0.46</u>

The warrants exercisable at end of 31<sup>st</sup> March 2024 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.