

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD TO DATE
	31/12/24	31/12/23	31/12/24	31/12/23
	RM'000	RM'000	RM'000	RM'000
Revenue	684,533	525,966	2,509,960	2,012,889
Cost of sales	(644,910)	(505,097)	(2,376,929)	(1,923,920)
Gross Profit	39,623	20,869	133,031	88,969
Operating expenses	(19,993)	(17,435)	(71,937)	(56,744)
Other expenses	(12,718)	-	(12,718)	(5,887)
Other income	-	2,316	9,564	3,793
Interest income	291	213	1,391	679
Finance cost	(6,444)	(5,182)	(30,837)	(27,586)
Share of profit in associated company	514	1,321	2,110	3,600
Profit before tax	1,273	2,102	30,604	6,824
Tax expenses	(7,874)	(3,349)	(13,614)	(4,420)
(Loss)/ Profit for the year	(6,601)	(1,247)	16,990	2,404
Other Comprehensive Income -Revaluation of land	99,344	-	99,344	-
Total Comprehensive (Loss)/ Profit	92,743	(1,247)	116,334	2,404
Profit and Total Comprehensive (Loss)/ Profit attributable to:				
Equity holders of the Company	92,743	(1,247)	116,334	2,404
(Loss)/ Profit for the year	(6,601)	(1,247)	16,990	2,404
(Loss)/ Earnings per share (sen)				
- Basic	(0.97)	(0.18)	2.49	0.35
- Diluted	(0.97)	(0.16)	2.49	0.30

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 DECEMBER 2024**

	<b>31/12/24</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	991,410	801,203
Right-off-use assets	3,259	17,115
Investment in Associate company	13,078	10,968
	<u>1,007,747</u>	<u>829,286</u>
<u>Current Assets</u>		
Inventories	856,998	791,066
Trade and other receivables	346,102	288,006
Taxation recoverables	546	609
Short term deposit	22,412	20,569
Cash and bank balances	44,812	33,797
	<u>1,270,870</u>	<u>1,134,047</u>
<b>TOTAL ASSETS</b>	<u><u>2,278,617</u></u>	<u><u>1,963,333</u></u>
<b>EQUITY AND LIABILITIES</b>		
<u>Equity attributable to equity holders</u>		
Share capital	333,927	329,648
Revaluation reserves	171,501	76,649
Treasury shares	(587)	(587)
Warrants reserves	32,824	32,824
Retained profits	443,815	426,825
Total Equity	<u>981,480</u>	<u>865,359</u>
<u>Non-Current Liabilities</u>		
Lease Liabilities	2,115	1,646
Long term borrowings	51,846	67,860
Deferred tax liabilities	25,982	8,040
	<u>79,943</u>	<u>77,546</u>
<u>Current Liabilities</u>		
Trade and other payables	665,491	589,183
Tax Payable	34	38
Lease Liabilities	648	2,116
Short term borrowings	551,021	429,091
	<u>1,217,194</u>	<u>1,020,428</u>
Total liabilities	<u>1,297,137</u>	<u>1,097,974</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>2,278,617</u></u>	<u><u>1,963,333</u></u>
Net Assets per share (RM)	1.44	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 YEAR ENDED 31 DECEMBER 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	
<i>12 months ended 31st December 2024</i>						
At 1st January 2024	329,648	76,649	32,824	426,825	(587)	865,359
New shares issued	4,279	-		-	-	4,279
Deferred tax liabilities on revaluation reserves		(4,492)				(4,492)
Total comprehensive income	-	99,344	-	16,990	-	116,334
At 31st December 2024	<u>333,927</u>	<u>171,501</u>	<u>32,824</u>	<u>443,815</u>	<u>(587)</u>	<u>981,480</u>
<i>12 months ended 31st December 2023</i>						
At 1st January 2023	329,648	76,649	32,824	424,421	(587)	862,955
Total comprehensive income	-	-	-	2,404	-	2,404
At 31st December 2023	<u>329,648</u>	<u>76,649</u>	<u>32,824</u>	<u>426,825</u>	<u>(587)</u>	<u>865,359</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 YEAR ENDED 31 DECEMBER 2024**

	<b>Current year 01/01/24 to 31/12/24 RM'000</b>	<b>Preceding Year 01/01/23 to 31/12/23 RM'000</b>
<b>Cash Flow From Operating Activities:-</b>		
Profit before tax	30,604	6,824
Adjustment for:		
Depreciation of property, plant and equipment	34,824	34,212
Interest expenses	30,837	27,586
Impairment/ (reversal) of inventories	2,869	(2,996)
Gain on disposal of property, plant and equipment	(146)	(130)
Property, plant and equipment written off	-	183
Share of gain of associate	(2,110)	(3,600)
Others	1,762	1,414
Operating profit before changes in working capital	98,640	63,493
Changes in working capital		
Net change in inventories	(68,801)	(73,641)
Net change in receivables	(58,096)	(94,908)
Net change in payables	73,155	128,842
Cash generated in operations	44,898	23,786
Interest paid	(30,605)	(27,224)
Income tax paid	(104)	(459)
Net cash generated/ (used) from operating activities	14,189	(3,897)
Investing activities		
Purchase of property, plant and equipment	(110,602)	(26,992)
Interest received	1,391	680
Proceed from disposal	200	136
Net cash used in investing activities	(109,011)	(26,176)
Financing activities		
Bank borrowings	102,582	21,981
Issue of private placement	4,279	-
Finance lease interest paid	(232)	(362)
Net cash generated from financing activities	106,629	21,619
Net increase/ (decrease) in cash and cash equivalents	11,807	(8,454)
Cash and cash equivalents at beginning of the year	50,923	59,377
Cash and cash equivalents at end of the financial year	62,730	50,923
1 Cash and cash equivalents at end of the financial year comprise :		
Pledged fixed deposit	22,412	20,569
Cash and bank balances	44,812	33,797
Bank overdraft	(4,494)	(3,443)
	62,730	50,923

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> DECEMBER 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 January 2025**

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

**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

**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

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.

A total of 13,500,000 ordinary shares were subscribed thru a private placement at an exercise price of RM0.317 per share and listed on 5<sup>th</sup> September 2024.

As at 31<sup>st</sup> December 2024, 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:

	<b>Current Quarter ended RM’000</b>	<b>Current Year to-date ended RM’000</b>
<b>Revenue</b>		
- Malaysia	624,823	2,211,315
- Outside Malaysia	59,710	298,645
	684,533	2,509,960

**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.

On 31<sup>st</sup> December 2024, the Company had a revaluation of land and the revaluation surplus of RM99.34 million was recognized in the other comprehensive income and to the 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	969	3,712
ii) Interest income from associate	(7)	(28)

**A14. Capital commitments**

	<b>31/12/24 RM'000</b>
<b>Property, plant and equipment</b>	
- Contracted but not provided for	26,819
	<hr style="border-top: 1px solid black;"/>
	<hr style="border-top: 3px double black;"/>
	26,819

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

**B1. Review of performance**

	Individual Period			Cumulative Period		
	3 months			12 months		
	31/12/2024	31/12/2023	Changes	31/12/2024	31/12/2023	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	684,533	525,966	30.15	2,509,960	2,012,889	24.69
Profit before interest and tax	7,717	7,284	5.95	61,441	34,410	78.86
Profit before tax	1,273	2,102	(34.44)	30,604	6,824	348.48

The Group reported a profit before tax of RM1.27 million on the revenue of RM684.53 million for the current quarter as compared to a profit before tax of RM2.10 million on the revenue of RM525.97 million for the previous year corresponding quarter. The increase in revenue in current quarter was mainly attributed to higher sales volume of steel products. The current quarter recorded a lower profit before tax mainly due to higher unrealized foreign exchange loss.

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

	3 months ended		
	31/12/2024	30/09/2024	Changes
	RM'000	RM'000	%
Revenue	684,533	606,430	12.88
Profit before tax	1,273	16,802	(92.42)

The Group's revenue increased by RM78.10 million to RM684.53 million mainly due to higher sales volume as compared with the last quarter.

The Group recorded a lower profit before tax of RM1.27 million as compared to profit before tax of RM16.80 million achieved in the immediate preceding quarter resulted from higher unrealized foreign exchange loss and operating expenses.

**B3. Prospects**

The recent decision by the National Investment Council ('NIC'), which was chaired by Prime Minister Datuk Seri Anwar Ibrahim has decided to indefinitely extend the moratorium for new manufacturing licences for upstream steel making which was to expire in August this year until the capacity utilisation of all upstream long and flat products manufacturers achieves 80% utilisation.

This demonstrates the Government's shift in using policy toolkit to promote the economic viability of the Malaysian steel sector, which augurs well for the business resilience of Masteel. The NIC also agreed with MITI's proposal for the government to accelerate the implementation and restructuring of carbon tax and carbon pricing mechanisms for emission-intensive industries, with the steel sector leading the compliance efforts for other sectors as was announced in the 2025 Budget.

Masteel, being the lowest GHG emission steel mill in the country, stands to benefit from the implementation of the policy as it will make the costs of Masteel's steel products very competitive versus other steel mills which will bare significantly higher carbon tax.

With the impending imposition of Section 232 of the Trade Expansion Act 1962 (US), import duties of 25% for imported steel into the United States, the threat of trade diversion by major exporting countries to the United States to Malaysia is being addressed by MITI. Masteel, through its steering role in the Malaysian Steel Association ('MSA'), is working closely with MITI, SIRIM, CIDB & MOF to enact policies that will thwart any opportunistic dumping of unfair priced steel into Malaysia.

Pursuant to the above, the Company continues to be vigilant of any near-term demand volatility and will respond accordingly.

#### 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)/loss	12,718	3,154
Realised foreign exchange loss/(gain)	(8,128)	(26,047)
Depreciation of property, plant and Equipment	8,740	34,824
Reversal for impairment of inventories	-	-
Share of profit in associate	(514)	(2,110)
Interest expense	6,444	30,837
Interest income	(291)	(1,391)
Impairment of assets	-	-
(Gain)/loss on disposal of quoted or unquoted investment or properties	-	(146)
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	8	160
-Under/ (Over) provision in prior years	-	3
Deferred taxation:		
-Current year	7,866	13,461
-Under/ (Over) provision in prior years	-	(10)
	7,874	13,614

The effective tax rate of the Group for the current quarter ended 31<sup>st</sup> December 2024 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 19<sup>th</sup> 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 8<sup>th</sup> 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 24<sup>th</sup> January 2025, Bursa Securities had approved the Company’s application for an extension of time until 8<sup>th</sup> August 2025 to complete the implementation of the Private Placement.

On 27<sup>th</sup> August 2024, the Board had resolved to fix the issue price at RM0.317 per share represents a discount of approximately 4.75% to the 5-day VWAP @ RM0.3328 of Masteel shares.

On 4<sup>th</sup> September 2024, a total of 13,500,000 new Masteel shares was issued at an exercise price of RM0.317 per share.

**(b) Status of utilization of proceed raised**

i) Proposed Private Placement

Not applicable

**B8. Borrowings**

	<b>31/12/24</b> <b>RM'000</b>
<u>Secured:</u>	
Short term borrowings	551,021
Long term borrowings	51,846
Total borrowings	602,867

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.

Pursuant to the Order of the Court of Appeal dated 19<sup>th</sup> August 2024, the Appeal was dismissed with costs of RM30,000.00 to be paid by Safety Capital to the Company.

#### B10. Dividend

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

#### B11. (Loss)/ Earnings per share ("EPS")

##### (a) *Basic (Loss)/ Earnings per share*

The (Loss)/ earnings per share of the Company is calculated by dividing the (loss)/ 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>
(Loss)/Earnings attributable to ordinary shareholders (RM'000)	<u>(6,601)</u>	<u>16,990</u>
Weighted average number of ordinary shares in issue ('000)	<u>681,634</u>	<u>681,634</u>
Basic (Loss)/ Earnings Per Share (sen)	<u>(0.97)</u>	<u>2.49</u>

##### (b) *Diluted (Loss)/ earnings per share*

For the purpose of calculating diluted (loss)/ 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>
(Loss)/ Earnings attributable to ordinary shareholders (RM'000)	<u>(6,601)</u>	<u>16,990</u>
Weighted average number of ordinary shares in issue ('000)	<u>681,634</u>	<u>681,634</u>
Effects of dilution ('000)	<u>-</u>	<u>-</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>681,634</u>	<u>678,231</u>
Diluted (Loss)/Earnings Per	<u>(0.97)</u>	<u>2.49</u>

Share (sen)

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The warrants exercisable at end of the 31<sup>st</sup> December 2024 do not have a dilutive effect to the (loss)/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.