

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD TO DATE
	31/12/25	31/12/24	31/12/25	31/12/24
	RM'000	RM'000	RM'000	RM'000
Revenue	713,395	684,533	2,662,946	2,509,960
Cost of sales	(686,640)	(644,910)	(2,546,872)	(2,400,021)
Gross Profit	26,755	39,623	116,074	109,939
Operating expenses	(18,564)	(19,993)	(78,447)	(48,843)
Other expenses	-	(12,718)	(329)	(12,718)
Other income	6,100	-	7,172	9,563
Interest income	318	291	1,032	1,390
Finance cost	(7,841)	(6,444)	(33,607)	(30,838)
Share of profit in associated company	1,161	514	3,437	2,111
Profit before tax	7,929	1,273	15,332	30,604
Tax expenses	(3,010)	(7,874)	(6,678)	(13,614)
Profit for the period/year	4,919	(6,601)	8,654	16,990
Other Comprehensive Income -Revaluation of land	-	99,344	-	81,745
Total Comprehensive Profit	4,919	92,743	8,654	98,735
Profit and Total Comprehensive Profit attributable to: Equity holders of the Company	4,919	92,743	8,654	98,735
Profit for the period/year	4,919	(6,601)	8,654	16,990
Earnings/(Loss) per share (sen)				
- Basic	0.69	(0.97)	1.21	2.49
- Diluted	0.69	(0.97)	1.21	2.49

The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Audited 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 DECEMBER 2025

	31/12/25	31/12/24
	RM'000	RM'000
ASSETS		
<u>Non-Current Assets</u>		
Property, Plant & Equipment	1,088,737	991,412
Right-off-use assets	5,158	3,256
Investment in Associate company	14,089	13,079
	<u>1,107,984</u>	<u>1,007,747</u>
<u>Current Assets</u>		
Inventories	987,130	856,998
Trade and other receivables	362,471	340,671
Taxation recoverables	457	546
Short term deposit	15,786	22,412
Cash and bank balances	120,885	44,812
	<u>1,486,729</u>	<u>1,265,439</u>
TOTAL ASSETS	<u><u>2,594,713</u></u>	<u><u>2,273,186</u></u>
EQUITY AND LIABILITIES		
<u>Equity attributable to equity holders</u>		
Share capital	347,751	333,927
Revaluation reserves	158,394	158,394
Treasury shares	(587)	(587)
Warrants reserves	32,824	32,824
Retained profits	452,469	443,815
Total Equity	<u>990,851</u>	<u>968,373</u>
<u>Non-Current Liabilities</u>		
Lease Liabilities	3,588	2,068
Long term borrowings	69,791	21,875
Deferred tax liabilities	45,412	39,089
	<u>118,791</u>	<u>63,032</u>
<u>Current Liabilities</u>		
Trade and other payables	855,266	660,105
Tax Payable	206	34
Lease Liabilities	1,038	650
Short term borrowings	628,561	580,992
	<u>1,485,071</u>	<u>1,241,781</u>
Total liabilities	<u>1,603,862</u>	<u>1,304,813</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,594,713</u></u>	<u><u>2,273,186</u></u>
Net Assets per share (RM)	1.33	1.40

The Unaudited Condensed Statement of Financial Position should be read in conjunction with the Audited 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 YEAR ENDED 31 DECEMBER 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	
<i>12 months ended 31st December 2025</i>						
At 1st January 2025	333,927	158,394	32,824	443,815	(587)	968,373
New shares issued	13,824	-	-	-	-	13,824
Total comprehensive income	-	-	-	8,654	-	8,654
						-
At 31st December 2025	<u>347,751</u>	<u>158,394</u>	<u>32,824</u>	<u>452,469</u>	<u>(587)</u>	<u>990,851</u>
<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
Total comprehensive income	-	81,745	-	16,990	-	98,735
At 31st December 2024	<u>333,927</u>	<u>158,394</u>	<u>32,824</u>	<u>443,815</u>	<u>(587)</u>	<u>968,373</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 interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025**

	Current year 01/01/25 to 31/12/25 RM'000	Preceding Year 01/01/24 to 31/12/24 RM'000
Cash Flow From Operating Activities:-		
Profit before tax	15,332	30,604
Adjustment for:		
Depreciation of property, plant and equipment	39,632	34,824
Interest expenses	33,607	30,838
(Reversal)/Impairment of inventories	527	2,869
Gain on disposal of property, plant and equipment	-	(140)
Share of gain of associate	(3,437)	(2,111)
Others	(7,873)	1,765
Operating profit before changes in working capital	77,788	98,649
Changes in working capital		
Net change in inventories	(130,659)	(68,801)
Net change in receivables	(21,800)	(52,665)
Net change in payables	202,003	67,767
Cash generated in operations	127,332	44,950
Interest paid	(33,412)	(30,606)
Income tax paid	(129)	(293)
Income tax refunded	34	188
Net cash generated from operating activities	93,825	14,239
Investing activities		
Purchase of property, plant and equipment	(137,582)	(110,607)
Dividend income	2,427	-
Interest received	1,032	1,390
Proceed from disposal	-	200
Net cash used in investing activities	(134,123)	(109,017)
Financing activities		
Bank borrowings	100,610	102,538
Issue of private placement	13,824	4,279
Finance lease interest paid	(195)	(232)
Net cash generated from financing activities	114,239	106,585
Net increase in cash and cash equivalents	73,941	11,807
Cash and cash equivalents at beginning of the year	62,730	50,923
Cash and cash equivalents at end of the financial year	136,671	62,730
1 Cash and cash equivalents at end of the financial year comprise :		
Pledged fixed deposit	15,786	22,412
Cash and bank balances	120,885	44,812
Bank overdraft	-	(4,494)
	136,671	62,730

The Unaudited Condensed Statement of Cash Flow should be read in conjunction with the Audited 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 DECEMBER 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:

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 and Contracts Referencing Nature - dependent Electricity
- Annual Improvements to MFRS Accounting Standards - Volume 11

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 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 December 2025, 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	527,401	2,060,619
- Outside Malaysia	185,994	602,327
	713,395	2,662,946

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	2,170	4,389
ii) Interest income from associate	-	(2)
iii) Payment on behalf (associate)	205	915
iv) Dividend from associate	-	2,427

A14. Capital commitments

	31/12/25 RM'000
Property, plant and equipment	
- Contracted but not provided for	6,300
	6,300
	6,300

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		
	31/12/2025	31/12/2024	Changes	31/12/2025	31/12/2024	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	713,395	684,533	4.22	2,662,946	2,509,960	6.10
Profit before interest and tax	15,770	7,717	104.35	48,939	61,442	(20.35)
Profit before tax	7,929	1,273	522.86	15,332	30,604	(49.90)

The Group reported a profit before tax of RM7.93 million on the revenue of RM713.39 million for the current quarter compared to a profit before tax of RM1.27 million on the revenue of RM684.53 million for the previous year corresponding quarter. The increase in revenue in current quarter was mainly attributed to higher sales volume of steel products from billet export markets. The current quarter recorded a higher profit before tax mainly due to higher unrealized foreign exchange gain.

For the year under review, the Company's revenue increased by 6.10% to RM2.66 billion as compared to RM2.51 billion for the previous financial year. This is mainly due to higher sales volume from billet export markets. The profit before tax decreased from RM30.60 million in the previous year to profit before tax of RM15.33 million due to higher operating expenses and finance costs.

B2. Variation of results against preceding quarter's

	3 months ended		
	31/12/2025	30/09/2025	Changes
	RM'000	RM'000	%
Revenue	713,395	692,576	3.01
Profit before tax	7,929	5,123	54.77

The Group's revenue increased by RM20.82 million to RM713.39 million mainly due to higher sales volume from the billet export markets as compared with the last quarter.

The Group's profit before tax increased marginally from RM5.12 million achieved in the immediate preceding quarter to RM7.93 million in the current quarter resulted from the higher unrealized foreign exchange gain and lower finance expenses.

B3. Prospects

Malaysia's construction sector is poised for continued robust growth in 2026, building on a strong finish in 2025, said Hong Leong Investment Bank Bhd ("HLIB Research"). The firm said contract flows are expected to remain healthy, supported by larger hyperscale data centre campuses, water infrastructure projects and ongoing transport initiatives, which should sustain contractors' order books in the year ahead.

In 2026, we expect headline job flows to run at a similar pace to 2024-2025, which remains adequate to expand the sector order book. In our view, the key anchor remains hyperscale data centres, where 2026 could see larger campuses begin to take shape.

"The phased buildout sustains recurring award opportunities and a steadier annual replenishment profile - noting that the tendering pace has remained frenetic. Alongside data centres, we see the water segment as another order book driver in 2026, with multiple large schemes at different stages of rollout. Notable multi-billion ringgit projects include the Northern Perak Water Supply Scheme, Ulu Padas Scheme, Rasau Stage 2 and Langat 2 Phase 2, among others," HLIB Research said.

The Company has become the main intergrated steel mill in the central and southern region of Peninsula Malaysia after the scaling down of steel production by Amsteel steel mill in Bukit Raja in December 2025.

The Company continues to invest in new technology to reduce its operating costs such as the newly commissioned regenerative reheating furnace being the most modern in the country and is expected to reduce natural gas costs by RM3 million per annum.

The recent publication of the Environmental Product Declaration ("EPD") for Induction Furnace ("IF") billet and bars which have been successfully verified by EPD Hub, an internationally recognised and independent EPD Programme operator, marks a significant milestone in the Company's sustainability journey. Both EPDs were published on 4 February 2026 and will remain valid until 3 February 2031.

Environmental Product Declaration ("EPD") is a voluntary, third-party verified process that validates a product's reduced environmental footprint throughout its life cycle - from raw material extraction to disposal. It provides consumers and businesses with verified, transparent data regarding a product's sustainability, helping to combat greenwashing.

With the above various positive corporate developments, the Company expects to maintain its dominant position in the Malaysian steel bar and billet export market whilst maintaining its lead as the multiple award winning lowest GHG emission intergrated steel mill in Malaysia.

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/(gain)	(6,100)	(6,843)
Realised foreign exchange loss/(gain)	(4,943)	(5,063)
Depreciation of property, plant and Equipment	10,342	39,632
Impairment/(reversal) of inventories	1,699	527
Share of profit in associate	(1,161)	(3,437)
Interest expense	7,841	33,607
Interest income	(318)	(1,032)
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	327	357
-Under/ (Over) provision in prior years	-	-
Deferred taxation:		
-Current year	2,653	5,726
-Under/ (Over) provision in prior years	30	595
	3,010	6,678

The effective tax rate of the Group for the current quarter ended 31st December 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.

On 1st August 2025, the Board had resolved to fix the issue price at RM0.256 per share represents a discount of approximately 2.14% to the 5-day VWAP @ RM0.2616 of Masteel shares.

On 5th August 2025, a total of 54,000,000 new Masteel shares was issued at an exercise price of RM0.256 per share.

On 7th August 2025, the Company announced that a cumulative total of 67,500,000 Placement Shares were issued pursuant to the Private Placement and were listed and quoted on the Main Market of Bursa Securities, thus marking the completion of the Private Placement.

(b) Status of utilization of proceed raised

Not applicable

B8. Borrowings

31/12/25
RM'000

Secured:

Short term borrowings	628,561
Long term borrowings	69,791
Total borrowings	<u>698,352</u>

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>4,919</u>	<u>8,654</u>
Weighted average number of ordinary shares in issue ('000)	<u>712,518</u>	<u>712,518</u>
Basic Earnings Per Share (sen)	<u>0.69</u>	<u>1.21</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>4,919</u>	<u>8,654</u>
Weighted average number of ordinary shares in issue ('000)	712,518	712,518
Effects of dilution ('000)	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>712,518</u>	<u>712,518</u>
Diluted Earnings Per Share (sen)	<u>0.69</u>	<u>1.21</u>

The warrants exercisable at end of the 31st December 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.