

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD TO DATE
	30/06/24	30/06/23	30/06/24	30/06/23
	RM'000	RM'000	RM'000	RM'000
Revenue	556,491	464,298	1,218,997	934,330
Cost of sales	(525,535)	(440,628)	(1,157,941)	(890,159)
Gross Profit	30,956	23,670	61,056	44,171
Operating expenses	(17,237)	(15,405)	(34,155)	(21,842)
Other expenses	-	(552)	-	(5,887)
Other income	704	-	907	-
Interest income	140	147	914	261
Finance cost	(8,345)	(6,960)	(17,153)	(15,241)
Share of profit in associated company	618	640	960	967
Profit before tax	6,836	1,540	12,529	2,429
Tax expenses	(2,538)	(384)	(5,093)	(622)
Profit for the period	4,298	1,156	7,436	1,807
Other Comprehensive Income -Revaluation of land	-	-	-	-
Total Comprehensive Profit	4,298	1,156	7,436	1,807
Profit and Total Comprehensive Loss attributable to:				
Equity holders of the Company	4,298	1,156	7,436	1,807
Profit for the period	4,298	1,156	7,436	1,807
Earnings per share (sen)				
- Basic	0.63	0.17	1.10	0.27
- Diluted	0.63	0.14	1.10	0.23

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 30 JUNE 2024**

	<b>30/06/24</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	854,010	801,203
Right-off-use assets	5,620	17,115
Investment in Associate company	11,928	10,968
	<u>871,558</u>	<u>829,286</u>
<u>Current Assets</u>		
Inventories	795,838	791,066
Trade and other receivables	326,187	288,006
Taxation recoverables	726	609
Short term deposit	21,558	20,569
Cash and bank balances	21,360	33,797
	<u>1,165,669</u>	<u>1,134,047</u>
<b>TOTAL ASSETS</b>	<u><u>2,037,227</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	73,037	76,649
Treasury shares	(587)	(587)
Warrants reserves	32,824	32,824
Retained profits	434,261	426,825
Total Equity	<u>869,183</u>	<u>865,359</u>
<u>Non-Current Liabilities</u>		
Lease Liabilities	2,436	1,646
Long term borrowings	41,673	67,860
Deferred tax liabilities	16,692	8,040
	<u>60,801</u>	<u>77,546</u>
<u>Current Liabilities</u>		
Trade and other payables	617,766	589,183
Tax Payable	-	38
Lease Liabilities	697	2,116
Short term borrowings	488,780	429,091
	<u>1,107,243</u>	<u>1,020,428</u>
Total liabilities	<u>1,168,044</u>	<u>1,097,974</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>2,037,227</u></u>	<u><u>1,963,333</u></u>
Net Assets per share (RM)	1.28	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 30 JUNE 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>6 months ended 30th June 2024</b>						
At 1st January 2024	329,648	76,649	32,824	426,825	(587)	865,359
Share buy back	-	-		-	-	-
Deferred tax liabilities on revaluation reserves		(3,612)				(3,612)
Total comprehensive income	-	-	-	7,436	-	7,436
At 30st June 2024	<u>329,648</u>	<u>73,037</u>	<u>32,824</u>	<u>434,261</u>	<u>(587)</u>	<u>869,183</u>
<b>6 months ended 30th June 2023</b>						
At 1st January 2023	329,648	76,649	32,824	424,421	(587)	862,955
Share buy back	-	-		-	-	-
Total comprehensive income	-	-	-	1,807	-	1,807
At 30th June 2023	<u>329,648</u>	<u>76,649</u>	<u>32,824</u>	<u>426,228</u>	<u>(587)</u>	<u>864,762</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 30 JUNE 2024**

	<b>Current year 01/01/24 to 30/06/24 RM'000</b>	<b>Preceding Year 01/01/23 to 30/06/23 RM'000</b>
<b>Cash Flow From Operating Activities:-</b>		
Profit before tax	12,529	2,429
Adjustment for:		
Depreciation of property, plant and equipment	17,405	17,248
Interest expenses	17,153	15,241
Impairment/ (reversal) of inventories	714	(2,840)
Gain on disposal of property, plant and equipment	(146)	-
Share of gain of associate	(960)	(967)
Others	(1,822)	5,627
Operating profit before changes in working capital	44,873	36,738
Changes in working capital		
Net change in inventories	(5,486)	(3,122)
Net change in receivables	(38,181)	(28,081)
Net change in payables	29,490	40,457
Cash generated in operations	30,696	45,992
Interest paid	(17,048)	(15,028)
Income tax paid	(206)	(224)
Net cash generated from operating activities	<u>13,442</u>	<u>30,740</u>
Investing activities		
Purchase of property, plant and equipment	(57,488)	(2,182)
Interest received	914	261
Proceed from disposal	200	-
Net cash used in investing activities	<u>(56,374)</u>	<u>(1,921)</u>
Financing activities		
Bank borrowings	25,356	9,028
Finance lease interest paid	(106)	(213)
Net cash generated from financing activities	<u>25,250</u>	<u>8,815</u>
Net (decrease)/ increase in cash and cash equivalents	(17,682)	37,634
Cash and cash equivalents at beginning of the year	50,923	59,377
Cash and cash equivalents at end of the financial period	<u><u>33,241</u></u>	<u><u>97,011</u></u>
1 Cash and cash equivalents at end of the financial period comprise :		
Pledged fixed deposit	21,558	43,988
Cash and bank balances	21,360	56,484
Bank overdraft	(9,677)	(3,461)
	<u><u>33,241</u></u>	<u><u>97,011</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 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 30<sup>TH</sup> JUNE 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 2027**

- MFRS 18 Presentation and Disclosure in Financial Statements

**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 30<sup>th</sup> June 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	502,224	1,069,919
- Outside Malaysia	54,267	149,078
	556,491	1,218,997

**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	873	1,625
ii) Interest income from associate	(7)	(14)

**A14. Capital commitments**

	<b>30/06/24 RM'000</b>
<b>Property, plant and equipment</b>	
- Contracted but not provided for	9,399
	<hr style="border-top: 1px solid black;"/>
	<b>9,399</b> <hr style="border-top: 3px double 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			6 months		
	30/06/2024	30/06/2023	Changes	30/06/2024	30/06/2023	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	556,491	464,298	19.86	1,218,997	934,330	30.47
Profit before interest and tax	15,181	8,500	78.60	29,682	17,670	67.98
Profit before tax	6,836	1,540	343.90	12,529	2,429	415.81

The Group reported a profit before tax of RM6.84 million on the revenue of RM556.49 million for the current quarter compared to a profit before tax of RM1.54 million on the revenue of RM464.30 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 higher profit before tax mainly due to higher margin and gain in unrealized foreign exchange.

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

	3 months ended		Changes
	30/06/2024	31/03/2024	
	RM'000	RM'000	%
Revenue	556,491	662,506	(16.00)
Profit before tax	6,836	5,693	20.08

The Group's revenue decreased by RM106.02 million to RM556.49 million mainly due to lower sales volume as compared with the last quarter.

The Group recorded a higher profit before tax of RM6.84 million as compared to profit before tax of RM5.69 million achieved in the immediate preceding quarter resulted from higher margin achieved from our sales.

**B3. Prospects**

The Malaysian construction sector had chalked up a 20.2% increase in construction jobs to RM38.9 billion in the 2nd quarter of 2024. This was underscored by strong performance of the civil enforcement and residential building category. (Bernama)

Construction companies are anticipating a new phase of recovery for the industry, induced by an improvement of civil projects spurred by foreign direct investment.

Government's investment is set to rise 8.3% in 2024, supported by increased spending on social and economic sectors such as the ongoing projects for transit systems, railroads, and highways.

The Company continues to operate at a high rate of plant utilisation driven by strong demand for its steel products.



Since 2022, due to weakness in the Chinese housing sector, which resulted in the general decline of steel prices in the region, this trend is expected to continue for the rest of 2024.

During this period of volatility, the Company has been carefully adjusting its inventory costs downwards to match the general decline in steel prices.

This general repricing of steel prices augurs well with the pick-up of demand for steel from the construction sector. The convergence of lower prices and higher demand will ensure a price equilibrium is achieved sooner rather than later.

Recently, the Company had successfully commissioned its new facilities for direct charging technology, enabling it to join the ranks of the selected few regional steel players with this level of technology. These facilities will significantly reduce our Company's electricity cost and scope 2 emissions. The Company expects its performance to continue to improve as it progresses through the learning curve with the new facilities.

The Company had on 21<sup>st</sup> August 2024 during the highly regarded Star Media Group Annual ESG Positive Impact Awards won the Gold Award for the supply chain management and the Most Outstanding ESG Initiatives of The Year Award among all the 64 companies recognised for exemplary ESG efforts amongst which were Sunway Berhad, Gamuda Berhad, Hartalega Holdings Berhad, AIA Berhad and Maybank Berhad.

These accolades will improve the Company's branding with our customers, shareholders, financiers, and government ministries.

The Company will continue to strive to improve its sustainable reporting with more disclosures and maintain its standing of 4 stars in the Bursa FTSE4GOOD index.

#### **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**

	<b>Current Quarter Ended RM'000</b>	<b>Current Year To-date Ended RM'000</b>
Profit/(Loss) before taxation is arrived at after charging/(crediting):		
Unrealised foreign exchange (gain)/ loss	(704)	(907)
Realised foreign exchange loss/ (gain)	(679)	(760)
Depreciation of property, plant and Equipment	8,938	17,405
Reversal for impairment of inventories	-	-
Share of profit in associate	(618)	(960)
Interest expense	8,345	17,153
Interest income	(140)	(914)
Impairment of assets	-	-
(Gain)/ loss on disposal of quoted or unquoted investment or properties	(146)	(146)
Other income including investment income	-	-
Provision for and write off of receivables	-	-
(Gain)/ loss on derivatives	-	-

**B6. Tax expenses**

Taxation comprises:

	<b>Current Quarter Ended RM'000</b>	<b>Current Year To-date Ended RM'000</b>
<u>Malaysian income tax</u>		
Current taxation:		
-Current year	(20)	51
-Under/ (Over) provision in prior years	-	-
Deferred taxation:		
-Current year	2,558	5,042
-Under/ (Over) provision in prior years	-	-
	2,538	5,093

The effective tax rate of the Group for the current quarter ended 30<sup>th</sup> June 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.

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

i) Proposed Private Placement

Not applicable

**B8. Borrowings**

	<b>30/06/24 RM'000</b>
<u>Secured:</u>	
Short term borrowings	488,780
Long term borrowings	41,673
Total borrowings	530,453

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.

On 19<sup>th</sup> August 2024, the Court of Appeal dismissed Safety Capital's appeal with costs 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. 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)	4,298	7,436
Weighted average number of ordinary shares in issue ('000)	677,269	677,269
Basic Earnings Per Share (sen)	0.63	1.10

(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)	4,298	7,436
Weighted average number of ordinary shares in issue ('000)	677,269	677,269
Effects of dilution ('000)	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	677,269	677,269
Diluted Earnings Per Share (sen)	0.63	1.10

The warrants exercisable at end of the on 30<sup>th</sup> June 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.