MANAGEMENT DISCUSSION AND ANALYSIS

	30.6.2026 (18 months) RM'000	31.12.2024 (12 months) RM'000
Consolidated Statement of Profit or Loss		
Revenue	**1,726,886**	1,661,530
Loss from operations	**(132,749)**	(256,106)
Loss before tax	**(203,106)**	(84,633)
Loss after tax	**(211,079)**	(84,905)
Consolidated Statement of Financial Position		
Total assets	**2,103,369**	2,451,475
Deposits, cash and bank balances	**120,316**	144,129
Total liabilities	**1,104,648**	1,238,022
Loans and borrowings	**142,591**	100,060
Net assets	**781,703**	989,805

The Company changed its financial year end from 31 December to 30 June, and hence the financial period under review is for an 18-month period from 1 January 2025 to 30 June 2026. The preceding financial year that ended on 31 December 2024 comprised 12 months from 1 January 2024 to 31 December 2024. As such, the results for these two periods are not comparable.

For the financial period under review, the Group recorded revenue of RM1,727 million, with the steel and building materials businesses remaining the principal contributors to the Group's revenue. The Group recorded a loss from operations of RM132.7 million for the financial period.

The Group recorded a loss before tax of RM203.1 million for the financial period under review. The results for the preceding financial year of RM84.6 million had included a RM220.7 million gain arising from sale and leaseback transactions.

As of 30 June 2026, the net assets of the Group amounted to RM782 million, equivalent to a net assets per share of RM1.15, a decrease of 30 sen compared with 31 December 2024.

REVIEW OF OPERATIONS

Note: "Profit or loss before interests, share of associates, taxation" is hereinafter referred to as "profit" or "loss".

STEEL		
	30.6.2026 (18 months) RM Million	**31.12.2024 (12 months) RM Million**
Revenue	**1,016**	1,126
Segment loss	**(144.5)**	(264.2)

Long Steel Products (Billets, Steel Bars & Wire Rods)

Our long steel products business is spearheaded by Amsteel Mills Sdn Bhd which operates two steel plants situated in Bukit Raja and Banting.

Domestically, the steel industry continued to operate in a challenging environment, influenced by global and regional steel market dynamics. Persistent industry overcapacity and intensified competition from imported and regional steel products continued to place pressure on selling prices, sales volumes and margins.

The operating landscape was further weighed down by subdued domestic demand, while geopolitical developments heightened uncertainty across global steel markets, driving greater volatility in steel prices as well as energy and raw material costs, placing further pressure on production costs and overall profitability.

Amid the evolving and increasingly competitive market environment, the long steel products segment posted a revenue of RM1,014 million and recorded a loss at RM68.9 million for the 18-month financial period under review.

Despite these headwinds, we will continue to focus on improving operational efficiency, cost optimisation and strengthening our market competitiveness, while responding proactively to evolving market conditions. These efforts will support the long-term resilience and sustainable growth of our long steel products business.

Flat Steel Product (Hot Rolled Coil)

In view of the extremely challenging steel market conditions locally and globally, the Group has suspended the commercial production of the flat steel plant located in Banting.

BUILDING MATERIALS		
	30.6.2026 (18 months) RM Million	**31.12.2024 (12 months) RM Million**
Revenue	**909.4**	630.0
Segment profit	**4.7**	7.9

The Malaysian construction sector continued to demonstrate resilience in 2026, supported by steady economic expansion and continued public and private-sector investments. Malaysia's real Gross Domestic Product ("GDP") grew by 5.4% in the first quarter and 6.0% in the second quarter of 2026, while the construction sector expanded by 7.7% and 6.5%, respectively. Growth was supported particularly by non-residential buildings and specialised construction activities, alongside continued investments in data centres, advanced manufacturing facilities, industrial expansion and infrastructure projects. These developments continued to underpin demand for construction and building materials.

Nevertheless, the trading environment remains competitive amid fluctuations in raw material and building material prices, logistics costs and margin pressures. As at June 2026, the Department of Statistics Malaysia reported year-on-year increases in steel and cement prices, highlighting the need for prudent procurement, inventory management and disciplined pricing strategies. Despite these challenges, the Division recorded a revenue of RM909.4 million for the 18-month financial period ended 30 June 2026.

Looking ahead, the construction industry is expected to remain supported by the continued implementation of major infrastructure and development projects under the Thirteenth Malaysia Plan ("RMK13") 2026–2030, as well as sustained private-sector investments in industrial facilities, data centres and other high-value developments. Budget 2026 also provides support for rakyat housing, while the Public-Private Partnership Master Plan 2030 ("PIKAS 2030") is expected to strengthen private-sector participation in infrastructure and development projects. Major transport infrastructure projects, including the Penang Mutiara Line LRT, are also progressing, providing further opportunities for the construction and building materials sectors.

Operating in a highly competitive and evolving environment, the Division remains vigilant and responsive to market changes. It continues to strengthen its operations by fostering strategic relationships with principal suppliers, trading partners,

key customers and developers, while expanding its distribution network for in-house brands to support revenue growth and enhance margins. The Division currently operates warehouses in Selangor, Perak, Melaka and Penang, with the Penang warehouse commencing operations in May 2026. Plans are also underway to establish additional warehouses in Johor and the East Coast, with further facilities to be developed in major cities nationwide. Proactive measures remain in place to mitigate potential business disruptions, strengthen operational resilience and support the Division's long-term sustainable growth.

LUBRICANTS, PETROLEUM PRODUCTS AND AUTOMOTIVE PRODUCTS

	30.6.2026 (18 months) RM Million	**31.12.2024 (12 months) RM Million**
Revenue	**184.0**	120.3
Segment profit	**21.8**	14.1

The year 2026 has been a year of continued economic uncertainties and heightened geopolitical tensions. The conflict in the Middle East has resulted in unprecedented cost increases, driven by supply restrictions and disruptions across global energy and raw material supply chains. These challenges have placed significant pressure on the lubricant industry, affecting raw material costs, logistics and overall operating expenses.

Against this challenging backdrop, the Division remains focused on maintaining business continuity, managing costs and ensuring reliable product availability for its customers. The Division worked closely with its suppliers and business partners to strengthen supply-chain resilience through prudent inventory and supply planning, greater flexibility and the identification of alternative sources where practical. With restrictions on raw material availability, volatile base oil prices and higher logistics costs continuing to put pressure on profitability, the Division remains focused on managing costs without compromising the quality of its products.

The Division's dealers, workshops and business partners are at the core of its business. It remains committed to supporting them as long-term partners through this challenging period, working closely with them to maintain product availability, serving customers and navigating market pressures together.

Despite these external challenges, the underlying fundamentals of the lubricant business remain resilient. Lubricants continue to be an essential component of vehicle maintenance, supporting steady demand from the automotive aftermarket and workshop sectors.

Moving forward, the Division will continue to strengthen its presence across key markets and develop its distribution network in a disciplined and sustainable manner while focusing on what it does best — providing reliable lubricant products, supporting its customers and building lasting partnerships.