

**KNM Group Berhad**  
(Company No. 200001018741 (521348-H))  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Financial statements for the year  
ended 31 December 2025**

## **KNM Group Berhad**

(Company No. 200001018741 (521348-H))

(Incorporated in Malaysia)

### **and its subsidiaries**

## **Directors' report for the year ended 31 December 2025**

The Directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2025.

### **Principal activities**

The Company is principally engaged in investment holding activities and the provision of management services, while the principal activities of the subsidiaries are as stated in Note 29 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### **Subsidiaries**

The details of the Company's subsidiaries are disclosed in Note 29 to the financial statements.

### **Results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
(Loss)/Profit for the year attributable to:		
Owners of the Company	(616,807)	9,702
Non-controlling interests	<u>(99,013)</u>	<u>-</u>
	<u><u>(715,820)</u></u>	<u><u>9,702</u></u>

### **Reserves and provisions**

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

### **Dividends**

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

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## Directors of the Company

Directors who served during the financial year and until the date of this report are:

Tunku Dato' Yaacob Khyra  
 Datuk Uwe Ahrens  
 Dato Indera Naresh Mohan  
 James Beltran  
 Yee Hong Ho  
 Ho Soo Woon  
 Dato' Abd. Gani bin Yusof  
 Andrew Veno  
 Datuk David Rashid Bin Ghazalli (Appointed on 30 January 2026)  
 Ravindrasingham A/L Balasingham (Resigned on 29 January 2026)  
 Thulasy Suppiah A/P Suppiah (Resigned on 15 February 2026)

## List of directors of subsidiaries

Pursuant to Section 253 of the Companies Act 2016, the list of directors of the subsidiaries (excluding directors who are also Directors of the Company) in office during the financial year and during the period from the end of the financial year to the date of this Report are:

Abdullatif Mohammed Salem Al Barrak  
 Arnold Mendoza  
 Andi Ziermann  
 Carsten Birk  
 Dr. Thomas Beeskow  
 Gregory Douglas Mallam (Ceased on 13 February 2025)  
 Housnabee Mohungoo Sham  
 Johannes Wilhelmus Petrus Jansen  
 Jürgen Stegger  
 Lee Swee Eng  
 Markus Becker  
 Mohammed Nasser Hazza Al Fehaid Al Subaei  
 Thanika Chintanapunt  
 Vandana Jhupsee-Ramooah  
 Benjamin Kutscher  
 Cha Fui Min  
 Franz Osthoff  
 Prabu A/L Dato' Ramah Murugaraw  
 Roman Dominik Brück  
 Dato' Wong Kit Leong  
 Felix Wong Yeen Kee  
 Wu Yuyou (Appointed on 15 February 2025  
 Ceased on 25 November 2025)

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## Directors' interests

The interests and deemed interests in the shares, warrants and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interest of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Shareholdings in which Directors have interests in the Company	Number of ordinary shares			At 31.12.2025
	At 1.1.2025	Bought	Sold	
<u>Indirect interests</u>				
Tunku Dato' Yaacob Khyra	783,535,900	-	-	783,535,900

None of the other Directors holding office at 31 December 2025 has any interest in the shares and options over shares of the Company and its related corporations during the financial year.

## Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial interest.

The directors' benefits paid to or receivable by directors in respect of the financial year ended are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	546	-
Remuneration	2,202	-
Estimated money value of any other benefits	107	-
	<u>2,855</u>	<u>-</u>

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

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## **Issue of shares and debentures**

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

## **Options granted over unissued shares**

No option was granted to any person to take up unissued shares of the Company during the financial year.

## **Share buy-back**

There was no share buy-back transaction during the financial year.

As at 31 December 2025, the Company held 1,841,275 ordinary shares as treasury shares out of its total issued and paid-up share capital. Hence, the number of outstanding shares in issue and paid-up after deducting treasury shares as at 31 December 2025 is 4,044,064,080 ordinary shares. The treasury shares have no rights to voting, dividends or participation in other distribution.

## **Indemnity and insurance costs**

During the financial year, the total amount of indemnity coverage given to Directors and officers of the Group pursuant to a Directors and Officers Liability Insurance is RM20,000,000 at a cost of RM157,500. There is no indemnity or insurance effected for the auditors of the Group and of the Company.

## Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the impairment loss on property, plant and equipment of RM526,420,000 as disclosed on Note 2 to the financial statements of the Group, the financial performance of the Group and of the Company for the financial year ended 31 December 2025 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

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## **Auditors**

The retiring auditors, KPMG PLT will not be seeking re-appointment.

The auditors' remuneration of the Group and of the Company during the financial year are RM1,070,000 and RM185,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Tunku Dato' Yaacob Khyra**  
Chairman

.....  
**Datuk David Rashid Bin Ghazalli**  
Director

Kuala Lumpur,

Date: 8 June 2026

## KNM Group Berhad

(Company No. 200001018741 (521348-H))

(Incorporated in Malaysia)

### and its subsidiaries

## Statements of financial position as at 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Assets</b>					
Property, plant and equipment	2	145,468	879,653	-	-
Right-of-use assets	3	936	2,082	-	-
Goodwill	4	-	-	-	-
Other intangible assets	4	-	-	-	-
Interests in subsidiaries	5	-	-	1,977,481	1,983,889
Investments in associates	6	-	-	-	-
Investments in joint ventures	7	-	-	-	-
Deferred tax assets	8	54	55	-	-
<b>Total non-current assets</b>		<u>146,458</u>	<u>881,790</u>	<u>1,977,481</u>	<u>1,983,889</u>
Inventories	9	2,596	2,649	-	-
Current tax assets		192	399	-	152
Contract assets	10	5,479	6,430	-	-
Trade and other receivables	11	6,362	10,679	513,816	459,902
Cash and cash equivalents	12	3,998	23,892	168	100
		18,627	44,049	513,984	460,154
Assets classified as held for sale	13	<u>1,983,618</u>	<u>1,852,132</u>	-	-
<b>Total current assets</b>		<u>2,002,245</u>	<u>1,896,181</u>	<u>513,984</u>	<u>460,154</u>
<b>Total assets</b>		<u>2,148,703</u>	<u>2,777,971</u>	<u>2,491,465</u>	<u>2,444,043</u>
<b>Equity</b>					
Share capital		2,125,969	2,125,969	2,125,969	2,125,969
Treasury shares		(4,215)	(4,215)	(4,215)	(4,215)
Reserves		<u>(2,237,661)</u>	<u>(1,722,753)</u>	<u>(277,931)</u>	<u>(287,633)</u>
<b>Equity attributable to owners of the Company</b>	14	<u>(115,907)</u>	<u>399,001</u>	<u>1,843,823</u>	<u>1,834,121</u>
<b>Non-controlling interests</b>		<u>(226,315)</u>	<u>(125,328)</u>	-	-
<b>Total equity</b>		<u>(342,222)</u>	<u>273,673</u>	<u>1,843,823</u>	<u>1,834,121</u>

## Statements of financial position as at 31 December 2025 (continued)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Liabilities</b>					
Lease liabilities		-	732	-	-
Long term payables	15	761	815	-	-
Long service leave liability		292	297	-	-
Deferred tax liabilities	8	6,772	6,806	-	-
<b>Total non-current liabilities</b>		<u>7,825</u>	<u>8,650</u>	-	-
Loans and borrowings	16	1,387,957	1,332,415	525,838	491,949
Lease liabilities		859	1,297	-	-
Current tax liabilities		795	806	-	-
Contract liabilities	10	35,359	35,151	-	-
Trade and other payables	18	284,626	287,638	121,804	117,973
		1,709,596	1,657,307	647,642	609,922
Liabilities classified as held for sale	13	773,504	838,341	-	-
<b>Total current liabilities</b>		<u>2,483,100</u>	<u>2,495,648</u>	<u>647,642</u>	<u>609,922</u>
<b>Total liabilities</b>		<u>2,490,925</u>	<u>2,504,298</u>	<u>647,642</u>	<u>609,922</u>
<b>Total equity and liabilities</b>		<u>2,148,703</u>	<u>2,777,971</u>	<u>2,491,465</u>	<u>2,444,043</u>

The notes on pages 19 to 101 are an integral part of these financial statements.

## KNM Group Berhad

(Company No. 200001018741 (521348-H))

(Incorporated in Malaysia)

### and its subsidiaries

## Statements of profit or loss and other comprehensive income for the year ended 31 December 2025

	Note	Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>					
Revenue	19	2,476	6,444	1,877	3,150
Contract costs recognised as an expense		(6,792)	(12,852)	-	-
<b>Gross (loss)/profit</b>		(4,316)	(6,408)	1,877	3,150
Administrative expenses		(32,158)	(25,240)	(10,263)	(5,791)
Other income		11,236	18,104	9,745	15,305
Net reversal/(loss) on impairment of financial instruments		4,758	(12,939)	-	1,036
Other operating expenses		(630,868)	(48,361)	(401)	(8,638)
<b>Results from operating activities</b>		(651,348)	(74,844)	958	5,062
Finance costs	20	(85,648)	(112,639)	(42,695)	(40,780)
Finance income	21	56	327	51,439	49,514
<b>(Loss)/Profit before tax</b>		(736,940)	(187,156)	9,702	13,796
Tax expense	22	(70)	(134)	-	-
<b>(Loss)/Profit from continuing operations</b>		(737,010)	(187,290)	9,702	13,796
<b>Discontinued operations</b>					
Profit from discontinued operations, net of tax	23	21,190	25,288	-	-
<b>(Loss)/Profit for the year</b>	24	(715,820)	(162,002)	9,702	13,796

## Statements of profit or loss and other comprehensive income for the year ended 31 December 2025 (continued)

	Note	Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
<b>Other comprehensive (expense)/income, net of tax</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Cash flow hedge		(519)	(5,241)	-	-
Foreign currency translation differences for foreign operations		107,517	(47,338)	-	-
Hedge of net investment in subsidiaries		(2,638)	(13,108)	-	-
Revaluation of property, plant and equipment		(491)	8,995	-	-
<b>Other comprehensive income/(expense) for the year, net of tax</b>	25	103,869	(56,692)	-	-
<b>Total comprehensive (expense)/income for the year</b>		<u>(611,951)</u>	<u>(218,694)</u>	<u>9,702</u>	<u>13,796</u>
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(616,807)	(145,520)	9,702	13,796
Non-controlling interests		(99,013)	(16,482)	-	-
<b>(Loss)/Profit for the year</b>		<u>(715,820)</u>	<u>(162,002)</u>	<u>9,702</u>	<u>13,796</u>
<b>Total comprehensive (expense)/income attributable to:</b>					
Owners of the Company		(514,908)	(204,111)	9,702	13,796
Non-controlling interests		(97,043)	(14,583)	-	-
<b>Total comprehensive (expense)/income for the year</b>		<u>(611,951)</u>	<u>(218,694)</u>	<u>9,702</u>	<u>13,796</u>

The notes on pages 19 to 101 are an integral part of these financial statements.

## KNM Group Berhad

(Company No. 200001018741 (521348-H))

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## Consolidated statement of changes in equity for the year ended 31 December 2025

Group	/-----Attributable to owners of the Company-----/							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Share option reserve RM'000	Hedging reserve RM'000	Accumulated losses RM'000			
<b>At 1 January 2024</b>	2,125,969	(4,215)	129,967	(383,608)	1,958	6,751	(1,273,710)	603,112	(105,759)	497,353
Foreign currency translation differences for foreign operations	-	-	-	(49,237)	-	-	-	(49,237)	1,899	(47,338)
Hedge of net investment in subsidiaries	-	-	-	(13,108)	-	-	-	(13,108)	-	(13,108)
Cash flow hedge	-	-	-	-	-	(5,241)	-	(5,241)	-	(5,241)
Revaluation of property, plant and equipment	-	-	8,995	-	-	-	-	8,995	-	8,995
Other comprehensive income/(expense) for the year	-	-	8,995	(62,345)	-	(5,241)	-	(58,591)	1,899	(56,692)
Loss for the year	-	-	-	-	-	-	(145,520)	(145,520)	(16,482)	(162,002)
<b>Total comprehensive income/(expense) for the year</b>	-	-	8,995	(62,345)	-	(5,241)	(145,520)	(204,111)	(14,583)	(218,694)
Contributions by and distributions to owners of the Company										
- Share options lapsed	-	-	-	-	(1,958)	-	1,958	-	-	-
- Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(4,986)	(4,986)
<b>Total transactions with owners of the Company</b>	-	-	-	-	(1,958)	-	1,958	-	(4,986)	(4,986)
<b>At 31 December 2024</b>	2,125,969	(4,215)	138,962	(445,953)	-	1,510	(1,417,272)	399,001	(125,328)	273,673
	Note 14.1	Note 14.2	Note 14.3	Note 14.4	Note 14.5	Note 14.6				

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## Consolidated statement of changes in equity for the year ended 31 December 2025 (continued)

Group (continued)	/-----Attributable to owners of the Company-----/							/-----Non-distributable-----/		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Share option reserve RM'000	Hedging reserve RM'000	Accumulated losses RM'000	Total RM'000	Non- controlling interests RM'000	
<b>At 1 January 2025</b>	2,125,969	(4,215)	138,962	(445,953)	-	1,510	(1,417,272)	399,001	(125,328)	273,673
Foreign currency translation differences for foreign operations	-	-	-	105,547	-	-	-	105,547	1,970	107,517
Hedge of net investment in subsidiaries	-	-	-	(2,638)	-	-	-	(2,638)	-	(2,638)
Cash flow hedge	-	-	-	-	-	(519)	-	(519)	-	(519)
Impairment of property, plant and equipment	-	-	(491)	-	-	-	-	(491)	-	(491)
Other comprehensive (expense)/income for the year	-	-	(491)	102,909	-	(519)	-	101,899	1,970	103,869
Loss for the year	-	-	-	-	-	-	(616,807)	(616,807)	(99,013)	(715,820)
<b>Total comprehensive (expense)/income for the year</b>	-	-	(491)	102,909	-	(519)	(616,807)	(514,908)	(97,043)	(611,951)
Contributions by and distributions to owners of the Company										
- Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(3,944)	(3,944)
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	-	-	-	(3,944)	(3,944)
<b>At 31 December 2025</b>	<u>2,125,969</u>	<u>(4,215)</u>	<u>138,471</u>	<u>(343,044)</u>	<u>-</u>	<u>991</u>	<u>(2,034,079)</u>	<u>(115,907)</u>	<u>(226,315)</u>	<u>(342,222)</u>
	Note 14.1	Note 14.2	Note 14.3	Note 14.4	Note 14.5	Note 14.6				

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## Statement of changes in equity for the year ended 31 December 2025

Company	/-----Attributable to owners of the Company-----/				Total RM'000
	/-----Non-distributable-----/				
	Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Accumulated losses RM'000	
<b>At 1 January 2024</b>	2,125,969	(4,215)	1,958	(303,387)	1,820,325
<b>Profit and total comprehensive income for the year</b>	-	-	-	13,796	13,796
Contributions by and distributions to owners of the Company					
- Share options lapsed	-	-	(1,958)	1,958	-
<b>Total transactions with owners of the Company</b>	-	-	(1,958)	1,958	-
<b>At 31 December 2024/1 January 2025</b>	2,125,969	(4,215)	-	(287,633)	1,834,121
<b>Profit and total comprehensive income for the year</b>	-	-	-	9,702	9,702
<b>At 31 December 2025</b>	2,125,969	(4,215)	-	(277,931)	1,843,823
	Note 14.1	Note 14.2	Note 14.5		

The notes on pages 19 to 101 are an integral part of these financial statements.

## KNM Group Berhad

(Company No. 200001018741 (521348-H))

(Incorporated in Malaysia)

### and its subsidiaries

## Statements of cash flows for the year ended 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Cash flows from operating activities</b>					
(Loss)/Profit before tax from:					
Continuing operations		(736,940)	(187,156)	9,702	13,796
Discontinued operation		20,697	49,093	-	-
		<u>(716,243)</u>	<u>(138,063)</u>	<u>9,702</u>	<u>13,796</u>
Adjustments for:					
Amortisation of intangible assets		-	12,768	-	-
Change in fair value					
- Forward contracts		(519)	(5,138)	-	-
Depreciation of property, plant and equipment		14,782	17,332	-	-
Depreciation of right-of-use assets		1,609	4,133	-	-
Gain on disposal of:					
- Property, plant and equipment		(1,300)	(535)	-	-
Interest expense		90,170	119,683	42,695	40,780
Interest income		(3,527)	(3,148)	(51,439)	(49,514)
(Reversal of)/Provision for:					
- Late delivery charges		(6,636)	3,158	-	-
- Legal suits		3,108	683	-	-
- Warranty		2,200	10,237	-	-
- Foreseeable losses		(649)	-	-	-
Provision for/(Reversal of) impairment loss on:					
- Property, plant and equipment	2.6	526,420	-	-	-
- Interests in subsidiaries		-	-	-	(1,758)
- Trade receivables		(4,764)	(2,094)	-	-
- Other receivables		6	15,069	-	-
- Amounts due from subsidiaries		-	-	-	(1,036)
Bad debts recovered		-	(36)	-	-
Unrealised loss/(gain) on foreign exchange		6,933	(34,987)	(9,357)	(4,924)
Write off:					
- Property, plant and equipment		157	-	-	-
Operating loss before changes in working capital		<u>(88,253)</u>	<u>(938)</u>	<u>(8,399)</u>	<u>(2,656)</u>

## Statements of cash flows for the year ended 31 December 2025 (continued)

	Note	Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Changes in working capital:					
Inventories		10,306	(1,456)	-	-
Contract assets		138,958	(11,770)	-	-
Contract liabilities		(29,403)	(62,709)	-	-
Trade and other receivables		85,853	54,152	3,552	(8,922)
Trade and other payables		36,836	72,678	4,768	6,624
Cash generated from/(used in) operations		154,297	49,957	(79)	(4,954)
Tax paid		(738)	(15,593)	-	-
Tax refunded		-	-	152	251
Interest paid		(898)	(174)	(5)	-
Interest received		3,527	3,148	-	-
<b>Net cash from/(used in) operating activities</b>		<b>156,188</b>	<b>37,338</b>	<b>68</b>	<b>(4,703)</b>
<b>Cash flows from investing activities</b>					
Acquisition of other intangible assets		(2,558)	(1,376)	-	-
Acquisition of property, plant and equipment		(8,480)	(15,413)	-	-
Fund received from subsidiaries		-	-	-	4,722
Proceeds from disposal of property, plant and equipment		1,543	613	-	-
Derecognition of lease liabilities		18	250	-	-
<b>Net cash (used in)/ from investing activities</b>		<b>(9,477)</b>	<b>(15,926)</b>	<b>-</b>	<b>4,722</b>
<b>Cash flows from financing activities</b>					
Interest paid		(4,634)	(3,491)	-	-
Payments for lease liabilities	(a)	(13,410)	(25,734)	-	-
Net (repayments of)/proceeds from:					
- Hire purchase liabilities	(a)	(3,273)	(818)	-	-
- Term loans, bond and revolving credits	(a)	(16,779)	266	-	-
Dividends paid to NCI		(3,944)	(4,986)	-	-
<b>Net cash used in financing activities</b>		<b>(42,040)</b>	<b>(34,763)</b>	<b>-</b>	<b>-</b>

## Statements of cash flows for the year ended 31 December 2025 (continued)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Net increase/(decrease) in cash and cash equivalents</b>		104,671	(13,351)	68	19
Effect of foreign currency translation		22,319	24,045	-	-
Cash and cash equivalents at beginning of year		185,121	174,427	100	81
<b>Cash and cash equivalents at end of year</b>	(b)	<u>312,111</u>	<u>185,121</u>	<u>168</u>	<u>100</u>

### Notes to statements of cash flows:

#### (a) Reconciliation of liabilities arising from financing activities

The following tables illustrated the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the financial year of the Group and of the Company:

Group	Lease liabilities RM'000
<b>At 1 January 2024</b>	77,331
Acquisition of right-of-use assets	5,718
Transfer to liabilities held for sale	(63,680)
Payment of lease liabilities	(14,007)
Effect of movements in exchange rates	(3,333)
<b>At 31 December 2024/1 January 2025</b>	2,029
Acquisition of right-of-use assets	119
Payment of lease liabilities	(1,155)
Effect of movements in exchange rates	(134)
<b>At 31 December 2025</b>	<u>859</u>

## Statements of cash flows for the year ended 31 December 2025 (continued)

### Notes to statements of cash flows (continued):

#### (a) Reconciliation of liabilities arising from financing activities (continued)

Group	Term loans RM'000	Revolving credits RM'000	Hire purchase liabilities RM'000
<b>At 1 January 2024</b>	1,227,599	15,921	7,324
Transfer to liabilities held for sale	(17,395)	-	(6,505)
Interest expense	109,169	3,351	1
Net proceeds/(repayments)	28,930	(2,156)	(146)
Unrealised gain on foreign exchange	(33,364)	-	-
Effect of movements in exchange rates	(21,563)	(417)	(588)
<b>At 31 December 2024/1 January 2025</b>	1,293,376	16,699	86
Interest expense	80,014	1,203	-
Unrealised loss on foreign exchange	10,167	-	-
Effect of movements in exchange rates	(30,538)	(1,626)	(2)
<b>At 31 December 2025</b>	<u>1,353,019</u>	<u>16,276</u>	<u>84</u>

*Note:*

Included in the cash flow from financing activities also consists of net repayment/proceeds from lease liabilities, term loans, revolving credits and hire purchase liabilities by Deutsche KNM GmbH, FBM Hudson Italiana SpA and FBM Hudson FZE, who are currently classified as held for sale:

Group	Lease liabilities RM'000	Term loans RM'000	Revolving credits RM'000	Hire purchase liabilities RM'000
<b>2025</b>				
Net repayments	<u>(12,255)</u>	<u>(11,813)</u>	<u>(4,966)</u>	<u>(3,273)</u>
<b>2024</b>				
Net repayments	<u>(11,727)</u>	<u>(10,988)</u>	<u>(15,520)</u>	<u>(672)</u>

## Statements of cash flows for the year ended 31 December 2025 (continued)

Notes to statements of cash flows (continued):

### (a) Reconciliation of liabilities arising from financing activities (continued)

Company	Fixed rate Guaranteed Thai Baht Bond	
	2025 RM'000	2024 RM'000
<b>At 1 January 2024</b>	491,949	456,256
Interest expense	42,695	40,780
Unrealised gain on foreign exchange	(8,806)	(5,087)
<b>At 31 December 2025</b>	<u>525,838</u>	<u>491,949</u>

### (b) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Continuing operations</b>					
Cash and bank balances	12	1,593	1,830	168	100
Deposits with licensed banks	12	2,405	22,062	-	-
Less: Bank overdrafts	16	(18,578)	(22,254)	-	-
		<u>(14,580)</u>	<u>1,638</u>	<u>168</u>	<u>100</u>
<b>Discontinued operations</b>					
Cash and bank balances		326,685	183,011	-	-
Deposits with licensed banks		6	472	-	-
	13	<u>326,691</u>	<u>183,483</u>	<u>-</u>	<u>-</u>
		<u>312,111</u>	<u>185,121</u>	<u>168</u>	<u>100</u>

The notes on pages 19 to 101 are an integral part of these financial statements.

# **KNM Group Berhad**

(Company No. 200001018741 (521348-H))

(Incorporated in Malaysia)

## **and its subsidiaries**

### **Notes to the financial statements**

KNM Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia. The address of the principal place of business and registered office is as follows:

#### **Principal place of business and registered office**

15, Jalan Dagang SB 4/1  
Taman Sungai Besi Indah  
43300 Seri Kembangan  
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interests in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2025 do not include other entities.

The Company is principally engaged in investment holding activities and the provision of management services, while the principal activities of the other Group entities are as stated in Note 29 to the financial statements.

These financial statements were authorised for issuance by the Board of Directors on 8 June 2026.

## **1. Basis of preparation**

### **(a) Statement of compliance**

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

#### ***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026***

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
  - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
  - Amendments to MFRS 7, *Financial Instruments: Disclosures*
  - Amendments to MFRS 9, *Financial Instruments*
  - Amendments to MFRS 10, *Consolidated Financial Statements*
  - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

#### ***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027***

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*
- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency*

#### ***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- 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 Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial years when the abovementioned accounting standards, interpretations and amendments become effective, where applicable.

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

The initial application of the abovementioned accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company, except as mentioned below:

#### **MFRS 18, *Presentation and Disclosure in Financial Statements***

MFRS 18 will replace MFRS 101, *Presentation of Financial Statements* and applies for annual periods beginning on or after 1 January 2026. The new accounting standard introduces the following key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal.
- Management - defined performance measures (“MPMs”) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group and the Company are currently assessing the impact of adopting MFRS 18.

## 1. Basis of preparation (continued)

### (b) Basis of measurement

The Group and the Company report the following:

- i) The Group incurred net losses of RM715,820,000 for the financial year ended 31 December 2025 and as at that date, the current liabilities of the Group and of the Company exceeded their current assets by RM480,855,000 and RM133,658,000, respectively.
- ii) The Company had on 31 October 2022 triggered the criteria pursuant to Paragraphs 2.1(e) of Practice Note No. 17 (“PN17”) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) and classified as a PN17 Company on 1 November 2022. The Company was required to submit its regularisation plan to relevant regulatory authority for approval within 12 months from 1 November 2022, of which, multiple extensions of time have been granted. On 26 August 2025, the Company had submitted a regularisation plan to the regulatory authority but the regularisation plan was rejected. The trading in the securities of the Company was suspended on 13 October 2025 and the Company was de-listed on 5 November 2025 following the Company’s decision that it will not proceed with an appeal.
- iii) The Group and the Company have defaulted various loans and borrowings to banks and financial institutions which amounting to RM1,387,957,000 and RM525,838,000 respectively. These loans and borrowings are currently classified as current liabilities in the financial statements.

## 1. Basis of preparation (continued)

### (b) Basis of measurement (continued)

- iv) A subsidiary of the Company, KNM Process Systems Sdn. Bhd. (“KNMPS”) had been served with winding-up petitions by their creditors (“Scheme Creditors”). On 15 December 2022, the High Court of Kuala Lumpur (“High Court”) has granted the Company and KNMPS a Restraining Order (“RO”) to allow the Company and KNMPS to negotiate and finalise the terms of the Scheme of Arrangement (“SOA”) with its Scheme Creditors without the potential threat of any proceedings and actions being brought against the Company and KNMPS in the interim. The RO had expired on 2 November 2023. The Company and KNMPS obtained a series of ad interim RO and High Court granted ROs on 21 November 2023 until 20 February 2024. The Company and KNMPS have filed a request for an extension of time for the RO and while the request is being reviewed, an ad interim RO was granted by the High Court on 19 February 2024 until the next hearing that was scheduled on 7 March 2024. The ad interim RO was further extended to 13 March 2024, 8 April 2024 and 26 April 2024.

On 26 April 2024, the Company and KNMPS applied under Sections 366 and 368 of the Companies Act 2016 for a new scheme of arrangement and RO. An automatic moratorium of two months was triggered, and on 25 June 2024, the High Court granted an ad interim RO again to allow creditor meetings and restructuring discussions. The Court fixed the hearing of the RO and a Court Convened Creditors Meeting Order (“CO”) for 21 January 2025 and the hearing of the RO and CO took place at the High Court on 21 January 2025, 23 January 2025 and 24 January 2025, respectively. The High Court delivered its decision on 12 March 2025 regarding the Company’s and KNMPS’s application for the CO and RO. The Court granted the CO to summon, convene and hold meetings with the respective creditors of the Applicants, for the purpose of considering the SOA as the Court found that the proposed SOA has evolved positively. However, the RO was not granted. The Company and KNMPS have filed the appeal to the Court of Appeal against the RO decision of the High Court. On 26 March 2025, the Company and KNMPS, through its solicitors, made an application for an Erinford Order to be granted to restrain all proceedings and/or enforcements by all creditors pending the disposal of the appeal to the Court of Appeal and on 27 March 2025, the High Court granted the Company and KNMPS an ad interim RO pending appeal, until the Section 44 Courts of Judicature Act 1964 application to the Court of Appeal is disposed of. On 18 September 2025, the Court of Appeal allowed the Applicants’ application under Section 44 of the Courts of Judicature Act 1964 to restrain and stay all existing and future actions against the Applicants (“Interim Preservation Order”), pending the disposal of the Applicants’ main appeal, which was fixed for hearing on 11 May 2026 and subsequently rescheduled to 25 February 2027 by the Court of Appeal. The Interim Preservation Order remain in force until 25 February 2027.

## 1. Basis of preparation (continued)

### (b) Basis of measurement (continued)

The Company made an application for an extension of time until 12 August 2025 or such other date as may be prescribed by the Court to convene and hold the CO which has been approved on 5 June 2025. Accordingly, on 9 June 2025, the Company and KNMPS issued to the Scheme Creditors an Explanatory Statement, together with the Notice to schedule the CO to be held on 11 August 2025 for the purpose of considering the Proposed Scheme with the Scheme Creditors.

On 11 August 2025, the CO was conducted and the Proposed Scheme was approved by the requisite majority of seventy-five (75) per centum of the respective class of creditors of each of the Company and KNMPS under the Proposed Scheme subject to court sanction and lodgement with the Companies Commission of Malaysia. On 26 September 2025, the Company and KNMPS filed for sanction of the Proposed Scheme as approved by the requisite majority of scheme creditors at the CCM held on 11 August 2025 ("Sanction Application"). The Sanction Application was heard over the course of 10 hearing dates between September 2025 to 16 March 2026.

On 16 March 2026, the High Court dismissed the sanction application following withdrawal of NGK Insulators, Ltd from the proposed disposal of Deutsche KNM GmbH, which is a key transaction underpinning the scheme.

The Company and KNMPS are currently formulating a revised SOA. The revised SOA is expected to adopt a diversified, multi tranche realisation framework with trustee oversight, aimed at addressing prior execution risks and enhancing recovery prospects for creditors.

These events and conditions indicate that material uncertainties exist that may cast significant doubt on the ability of the Group and of the Company to continue as going concerns and therefore, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

Notwithstanding the above, the financial statements of the Group and of the Company have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis were not appropriate. The Directors acknowledged the current liquidity exposure of the Group and of the Company and have initiated plans to dispose the Company's investment in Germany, Italy, United Arab Emirates, United Kingdom and Thailand as disclosed in Note 13.

The going concern assumption is highly dependent on their ability to obtain further extension of the ad interim RO, the successful formulation, approval and implementation of SOA, which includes successful monetisation of overseas investments of the Group and its non-core assets, continued support from lenders and creditors, and the ability of the Group and of the Company to attain profitable, sustainable and viable operations so as to generate sufficient cash flows to fulfil their obligations as and when they fall due.

## 1. Basis of preparation (continued)

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 2 - Revaluation of properties

The Group revalues its freehold land, leasehold land and buildings every 5 years. The freehold land, leasehold land and buildings are stated at Directors’ valuation based on professional valuation on the open market basis conducted in previous financial year ended 31 December 2024.

- Note 3 - Extension options and incremental borrowing rate in relation to leases

The Group assesses at lease commencement by applying significant judgements whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgements and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rate before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

## 1. Basis of preparation (continued)

### (d) Use of estimates and judgements (continued)

- Note 10 - Recoverability of contract assets and receivables, and Note 11 - Impairment of intercompany receivables

The Group and the Company applies the MFRS 9 simplified approach to recognise ECL for receivables as well as contract assets and updates the amount of ECL recognised at each reporting date to reflect changes in the credit risk of financial assets. The impairment standards applied measure ECL based on reasonable and supportable information that includes historical, current and forecast information, thus considering possible future credit loss events in different scenarios.

- Note 19 - Construction contracts revenue, costs and profits

The Group recognises revenue when (or as) it transfers control of goods or services to a customer at a point in time, unless the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date. In this case, the Group recognises construction contracts revenue based on the percentage of completion method, determined based on surveys of work performed/completion of a physical proportion of contract work. Judgement is required in the estimation of physical proportion of contract work. Where actual differs from the estimated physical proportion, such difference will impact the contract costs and profits recognised.

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## 2. Property, plant and equipment

Group	Land RM'000	Buildings RM'000	Building improve- ments RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost/Valuation</b>								
<b>At 1 January 2024</b>	249,472	559,215	8,680	326,824	10,758	113,713	392,013	1,660,675
Additions	-	2,772	2,115	2,817	103	5,745	-	13,552
Disposals	-	-	(87)	(2,840)	(251)	(2,062)	-	(5,240)
Revaluation (Note 25)	(7,417)	(30,176)	-	-	-	-	-	(37,593)
Reclassification	-	16,761	-	-	-	-	(16,761)	-
Write-offs	-	-	-	-	(85)	(1,195)	-	(1,280)
Transfer to assets held for sale	(8,995)	(64,581)	(8,856)	(114,543)	(5,674)	(76,254)	(2,771)	(281,674)
Effect of movements in exchange rates	(8,200)	(15,651)	(640)	(14,746)	(979)	(7,378)	(18,743)	(66,337)
<b>At 31 December 2024/1 January 2025</b>	224,860	468,340	1,212	197,512	3,872	32,569	353,738	1,282,103
Disposals	-	-	-	(3,884)	(248)	(399)	-	(4,531)
Transfer to assets held for sale	(163,531)	(330,391)	(214)	(5,047)	(2,151)	(1,158)	-	(502,492)
Effect of movements in exchange rates	(7,311)	(20,492)	(97)	(15,944)	(183)	(2,878)	15,634	(31,271)
<b>At 31 December 2025</b>	54,018	117,457	901	172,637	1,290	28,134	369,372	743,809

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## 2. Property, plant and equipment (continued)

Group	Land RM'000	Buildings RM'000	Building improve- ments RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Depreciation and impairment loss</b>								
<b>At 1 January 2024</b>								
Accumulated depreciation	4,181	106,818	2,493	300,612	9,225	95,729	-	519,058
Accumulated impairment loss	-	20,627	32	888	-	135	63,361	85,043
	4,181	127,445	2,525	301,500	9,225	95,864	63,361	604,101
Depreciation for the year	1,044	15,896	927	6,357	450	6,326	-	31,000
Disposals	-	-	(42)	(2,838)	(251)	(2,053)	-	(5,184)
Revaluation (Note 25)	(3,954)	(13,364)	-	-	-	-	-	(17,318)
Write-offs	-	-	-	-	(85)	(1,195)	-	(1,280)
Transfer to assets held for sale	-	(8,494)	(2,417)	(99,626)	(4,574)	(61,102)	-	(176,213)
Effect of movements in exchange rates								
Accumulated depreciation	(47)	(1,480)	(191)	(13,784)	(893)	(6,330)	-	(22,725)
Accumulated impairment loss	-	(177)	-	(26)	-	(3)	(9,725)	(9,931)
<b>At 31 December 2024</b>								
Accumulated depreciation	1,224	99,376	770	190,721	3,872	31,375	-	327,338
Accumulated impairment loss	-	20,450	32	862	-	132	53,636	75,112
	1,224	119,826	802	191,583	3,872	31,507	53,636	402,450

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## 2. Property, plant and equipment (continued)

Group (continued)	Land RM'000	Buildings RM'000	Building improve- ments RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Depreciation and impairment loss (continued)</b>								
<b>At 1 January 2025</b>								
Accumulated depreciation	1,224	99,376	770	190,721	3,872	31,375	-	327,338
Accumulated impairment loss	-	20,450	32	862	-	132	53,636	75,112
	1,224	119,826	802	191,583	3,872	31,507	53,636	402,450
Depreciation for the year	881	11,179	403	2,174	-	645	-	15,282
Impairment loss	36,621	188,670	-	2,265	-	195	298,669	526,420
Disposals	-	-	-	(3,828)	(248)	(310)	-	(4,386)
Revaluation (Note 25)	-	473	-	-	-	-	-	473
Transfer to assets held for sale	(35,679)	(285,809)	(214)	(5,047)	(2,151)	(1,158)	-	(330,058)
Effect of movements in exchange rates								
Accumulated depreciation	(20)	(4,295)	(169)	(15,610)	(183)	(2,814)	-	(23,091)
Accumulated impairment loss	(942)	(4,552)	(1)	(179)	-	(38)	16,963	11,251
<b>At 31 December 2025</b>								
Accumulated depreciation	2,085	3,140	821	168,962	1,290	27,786	-	204,084
Accumulated impairment loss	-	22,352	-	2,396	-	241	369,268	394,257
	2,085	25,492	821	171,358	1,290	28,027	369,268	598,341
<b>Carrying amounts</b>								
At 1 January 2024	245,291	431,770	6,155	25,324	1,533	17,849	328,652	1,056,574
At 31 December 2024	223,636	348,514	410	5,929	-	1,062	300,102	879,653
At 31 December 2025	51,933	91,965	80	1,279	-	107	104	145,468

## 2. Property, plant and equipment (continued)

### 2.1 Depreciation charge for the year is allocated as follows:

	Note	Group	
		2025 RM'000	2024 RM'000
Construction work-in-progress	10.1	586	13,772
Profit or loss		14,696	17,228
		<u>15,282</u>	<u>31,000</u>

### 2.2 Revaluation

Had the lands and buildings been carried at historical cost less accumulated depreciation and impairment losses, the carrying amount of the lands and buildings that would have been included in the financial statements at the end of the period would be as follows:

	Group	
	2025 RM'000	2024 RM'000
Lands	8,242	154,726
Buildings	37,266	277,338
	<u>45,508</u>	<u>432,064</u>

### 2.3 Security

Certain lands and buildings of subsidiaries with carrying amount at RM117,670,000 (2024: RM158,028,000) are charged to financial institutions as security for facilities granted to the subsidiaries of the Company (see Note 16.1).

### 2.4 Capital work-in-progress

Included in carrying amounts of capital work-in-progress are costs of self-constructed assets of RM104,000 (2024: RM300,102,000).

### 2.5 Impairment loss

During the financial year ended 31 December 2025, an impairment loss RM526,420,000 was recorded for property, plant and equipment in United Kingdom, Thailand and Malaysia as their carrying amounts exceeded its estimated recoverable amount.

The recoverable amount of the property, plant and equipment has been determined by estimating its fair value using sales comparison approach or its net realisable value.

## 2. Property, plant and equipment (continued)

### 2.6 Material accounting policy information

#### (a) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

The Group and the Company revalue its lands and buildings every five years and at shorter interval whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Additions subsequent to their revaluation are stated in the financial statements at costs until the next revaluation exercise.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surpluses reserve are transferred to retained earnings.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

#### (b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	22 - 75 years
• Buildings	20 - 60 years
• Building improvements	5 - 15 years
• Plant and machineries	4 - 20 years
• Motor vehicles	3 - 10 years
• Furniture, fittings and equipment	2.5 - 10 years

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### 3. Right-of-use assets

Group	Land RM'000	Buildings RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
<b>Cost</b>						
<b>At 1 January 2024</b>	6,699	90,817	1,955	6,476	7,430	113,377
Additions	759	3,019	-	1,517	423	5,718
Transfer to assets held for sale	(1,177)	(79,442)	(1,871)	(6,056)	(5,735)	(94,281)
Derecognition	-	(482)	(27)	(1,403)	(270)	(2,182)
Effect of movements in exchange rates	(275)	(7,258)	(54)	(534)	(567)	(8,688)
<b>At 31 December 2024/1 January 2025</b>	6,006	6,654	3	-	1,281	13,944
Additions	119	-	-	-	-	119
Effect of movements in exchange rates	(561)	(583)	(3)	-	(117)	(1,264)
<b>At 31 December 2025</b>	5,564	6,071	-	-	1,164	12,799
<b>Depreciation</b>						
<b>At 1 January 2024</b>	5,113	21,862	1,884	4,604	7,276	40,739
Depreciation for the year	903	9,839	254	1,392	263	12,651
Transfer to assets held for sale	(133)	(24,449)	(1,871)	(4,182)	(5,432)	(36,067)
Derecognition	-	(460)	(27)	(1,356)	(270)	(2,113)
Effect of movements in exchange rates	(120)	(1,977)	(237)	(458)	(556)	(3,348)
<b>At 31 December 2024/1 January 2025</b>	5,763	4,815	3	-	1,281	11,862
Depreciation for the year	818	791	-	-	-	1,609
Effect of movements in exchange rates	(1,017)	(471)	(3)	-	(117)	(1,608)
<b>At 31 December 2025</b>	5,564	5,135	-	-	1,164	11,863

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### 3. Right-of-use assets (continued)

	Land RM'000	Buildings RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Total RM'000
<b>Group (continued)</b>						
<b>Carrying amounts</b>						
At 1 January 2024	1,586	68,955	71	1,872	154	72,638
At 31 December 2024	243	1,839	-	-	-	2,082
At 31 December 2025	-	936	-	-	-	936

### 3. Right-of-use assets (continued)

#### 3.1 Depreciation of right-of-use assets charged for the year is allocated as follows:

Group	Note	2025 RM'000	2024 RM'000
Construction work-in-progress	10.1	-	8,518
Profit or loss		<u>1,609</u>	<u>4,133</u>
		<u>1,609</u>	<u>12,651</u>

#### 3.2 Extension options

Certain lease contracts contain extension option exercisable before the end of the non-cancellable contract period. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

#### 3.3 Material accounting policy information

##### (a) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

##### (b) Recognition exemption

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

#### 4. Intangible assets

Group	Goodwill RM'000	Other intangible assets RM'000	Total RM'000
<b>Cost</b>			
<b>At 1 January 2024</b>	958,081	932,115	1,890,196
Additions	-	1,376	1,376
Transfer to assets held for sale	(849,690)	(856,561)	(1,706,251)
Effect of movements in exchange rates	(76,347)	(76,930)	(153,277)
<b>At 31 December 2024/1 January 2025/ 31 December 2025</b>	<b>32,044</b>	<b>-</b>	<b>32,044</b>
<b>Amortisation and impairment loss</b>			
<b>At 1 January 2024</b>			
Accumulated amortisation	-	585,528	585,528
Accumulated impairment loss	505,165	-	505,165
	505,165	585,528	1,090,693
Amortisation for the year	-	12,768	12,768
Transfer to assets held for sale	(441,338)	(549,258)	(990,596)
Effect of movements in exchange rates	(31,783)	(49,038)	(80,821)
<b>At 31 December 2024/1 January 2025/ 31 December 2025</b>			
Accumulated amortisation	-	-	-
Accumulated impairment loss	32,044	-	32,044
	32,044	-	32,044
<b>Carrying amounts</b>			
At 1 January 2024	452,916	346,587	799,503
At 31 December 2024/31 December 2025	-	-	-
	Note 4.1	Note 4.2	

##### 4.1 Goodwill

The goodwill recognised on acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the companies into the Group's existing oil, gas, petrochemical and renewable energy industry. All goodwill from Germany unit was transferred to assets held for sale since previous financial year.

##### 4.2 Other intangible assets

Other intangible assets comprise technology including patents and software, customers related intangibles including customer contracts and supply agreement and marketing related intangibles including tradenames. The intangible assets with finite useful lives are amortised over their useful lives ranging from 1 to 20 years. Tradenames with indefinite useful lives are tested for impairment annually or shorter if there is an indication of impairment.

## 4. Intangible assets (continued)

### 4.3 Amortisation

The amortisation of technology and customers related intangible assets is included as other operating expenses in profit or loss.

### 4.4 Material accounting policy information

#### (a) Recognition and measurement

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

## 5. Interests in subsidiaries

	Note	Company	
		2025	2024
		RM'000	RM'000
Unquoted shares - at cost		1,657,172	1,657,172
Amounts receivable from subsidiaries	5.1	345,884	352,292
Less: Impairment loss	5.2	<u>(25,575)</u>	<u>(25,575)</u>
		<u>1,977,481</u>	<u>1,983,889</u>

### 5.1 Amounts receivable from subsidiaries

The amounts receivable from subsidiaries relate to advances which are unsecured, non-repayable and interest free except for RM345,884,000 (2024: RM352,292,000) due from a subsidiary which is subject to interest at rate of 6.25% (2024: 6.25%) per annum. As these advances are for capital investment purposes and the repayment is neither planned nor likely to occur in the foreseeable future, these advances are recognised as the Company's interests in subsidiaries.

### 5.2 Impairment loss

There are several subsidiaries that were either dormant or loss-making. The recoverable amounts of these subsidiaries could not be reasonably determined as the Company is currently formulating plan to monetise the subsidiaries which include disposal of its investment in Germany, Italy, United Arab Emirates, United Kingdom and Thailand.

The audit of the subsidiaries in Italy and United Arab Emirates remain on-going as of the date of this report due to delay in completion of audit by component auditors.

Details of the subsidiaries are shown in Note 29 to the financial statements.

### 5.3 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

## 5. Interests in subsidiaries (continued)

### Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Impress Ethanol Co., Ltd RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
<b>2025</b>			
NCI percentage of ownership interest and voting interest	28%		
Carrying amount of NCI	(212,411)	(13,904)	(226,315)
(Loss)/Profit allocated to NCI	(104,112)	5,099	(99,013)
<b>2024</b>			
NCI percentage of ownership interest and voting interest	28%		
Carrying amount of NCI	(108,298)	(17,030)	(125,328)
(Loss)/Profit allocated to NCI	(20,763)	4,281	(16,482)
<b>Summarised financial information before intra-group elimination</b>			
<b>2025</b>			
Non-current assets	87,283		
Current assets	61,444		
Non-current liabilities	(737,864)		
Current liabilities	(169,474)		
Net liabilities	(758,611)		
<b>2025</b>			
Loss for the year	(371,829)		
Total comprehensive expense	(360,353)		
Cash flows used in operating activities	(908)		
Cash flows from financing activities	206		
Net decrease in cash and cash equivalents	(702)		
Dividends paid to NCI	-		

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## 5. Interests in subsidiaries (continued)

### Non-controlling interests in subsidiaries (continued)

	Impress Ethanol Co., Ltd RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
<b>Summarised financial information before intra-group elimination</b>			
<b>2024</b>			
Non-current assets	478,533		
Current assets	4,100		
Non-current liabilities	(694,523)		
Current liabilities	(174,888)		
Net liabilities	<u>(386,778)</u>		
<b>2024</b>			
Loss for the year	(74,152)		
Total comprehensive expense	<u>(74,240)</u>		
Cash flows used in operating activities	(52,543)		
Cash flows from financing activities	49,505		
Net decrease in cash and cash equivalents	<u>(3,038)</u>		
Dividends paid to NCI	<u>-</u>		

## 6. Investments in associates

	Group	
	2025 RM'000	2024 RM'000
Unquoted shares - at cost	47	47
Share of post-acquisition reserve	<u>(47)</u>	<u>(47)</u>
	<u>-</u>	<u>-</u>

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## 6. Investments in associates (continued)

Details of the associates are as follows:

Name of company	Principal activities	Principal place of business/ Country of incorporation	Effective ownership Interest and voting interest	
			2025 %	2024 %
Impress Farming Co., Ltd	Plantation and distributor of cassava	Thailand	49	49

### 6.1 Material accounting policy information

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses.

### 6.2 Unrecognised share of losses

The Group has not recognised losses related to Impress Farming Co., Ltd, totalling RM3,895,000 (2024: RM3,979,000) cumulatively, since the Group has no obligation in respect of these losses.

## 7. Investments in joint ventures

	Group	
	2025 RM'000	2024 RM'000
Unquoted shares – at cost	838	898
Share of post-acquisition reserve	(837)	(894)
Effect of movements in exchange rates	(1)	(4)
	<u>-</u>	<u>-</u>

## 7. Investments in joint ventures (continued)

Name of Company	Principal activities	Principal place of business/ Country of incorporation	Effective ownership Interest and voting interest	
			2025 %	2024 %
KHH Infrastructures Sdn. Bhd.*	Engineering works and providing consultancy services	Malaysia	50	50
Hansol KNM Greentech Sdn. Bhd.*#	Engineering, Procurement, Construction, Commissioning ("EPCC") contractor	Malaysia	40	40

\* Audited by another firm of accountants.

# The company is in the process of liquidation.

### 7.1 Material accounting policy information

Investments in joint ventures are measured in the Group's statement of financial position at cost less any impairment losses.

### 7.2 Unrecognised share of losses

The Group has not recognised losses related to KHH Infrastructures Sdn. Bhd. and Hansol KNM Greentech Sdn. Bhd. of RM32,000 and RM2,600,000 (2024: RM13,000 and RM2,600,000) respectively, since the Group has no obligation in respect of these losses.

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## 8. Deferred tax assets/(liabilities)

### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Group</b>						
Property, plant and equipment	-	-	(2,541)	(2,572)	(2,541)	(2,572)
Revaluation*	-	-	(4,259)	(4,262)	(4,259)	(4,262)
Other items	82	83	-	-	82	83
	<u>82</u>	<u>83</u>	<u>(6,800)</u>	<u>(6,834)</u>	<u>(6,718)</u>	<u>(6,751)</u>
Tax assets/(liabilities)	82	83	(6,800)	(6,834)	(6,718)	(6,751)
Set off of tax	(28)	(28)	28	28	-	-
	<u>54</u>	<u>55</u>	<u>(6,772)</u>	<u>(6,806)</u>	<u>(6,718)</u>	<u>(6,751)</u>
Net tax assets/(liabilities)	54	55	(6,772)	(6,806)	(6,718)	(6,751)

\* Includes deferred tax arising from revaluation of property, plant and equipment and fair value adjustment in purchase price allocation exercise.

## 8. Deferred tax assets/(liabilities) (continued)

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Tax losses carry-forwards	2,568,413	2,327,784	11,567	9,852
Unutilised capital allowances	62,792	60,369	-	-
Other deductible temporary differences	34,814	34,624	-	-
	<u>2,666,019</u>	<u>2,422,777</u>	<u>11,567</u>	<u>9,852</u>

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits therefrom.

Due to tax legislation in certain countries, the tax losses carry-forward of certain Group entities are subject to expiry as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Subject to expiry in:				
- Year of Assessment 2024	-	1,572	-	-
- Year of Assessment 2025	1,128	1,128	-	-
- Year of Assessment 2026	138	138	-	-
- Year of Assessment 2027	118	118	-	-
- Year of Assessment 2028	1,803,640	1,803,640	1,121	1,121
- Year of Assessment 2029	13,572	13,572	593	593
- Year of Assessment 2030	12,412	12,397	903	903
- Year of Assessment 2031	35,324	35,324	1,884	1,884
- Year of Assessment 2032	64,044	64,044	1,557	1,557
- Year of Assessment 2033	117,236	117,236	3,064	3,064
- Year of Assessment 2034	65,188	65,188	730	730
- Year of Assessment 2035	242,347	8	1,715	-
- Year of Assessment 2036	767	767	-	-
	<u>2,355,914</u>	<u>2,115,132</u>	<u>11,567</u>	<u>9,852</u>
Not subject to expiry	<u>212,499</u>	<u>212,652</u>	<u>-</u>	<u>-</u>
	<u>2,568,413</u>	<u>2,327,784</u>	<u>11,567</u>	<u>9,852</u>

Unrecognised deferred tax assets in respect of the unutilised capital allowances, other incentives and other deductible temporary differences are not subject to expiry.

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## 8. Deferred tax assets/(liabilities) (continued)

### Movement in temporary differences during the financial year

Group	At	Recognised in profit or loss	Recognised in other comprehensive income	Included in asset held for sale	Effect of movements in exchange rates	At	Recognised in profit or loss	Recognised in other comprehensive income	Effect of movements in exchange rates	At
	1.1.2024 RM'000	(Note 22) RM'000	(Note 25) RM'000	RM'000	RM'000	31.12.2024/ 1.1.2025 RM'000	(Note 22) RM'000	(Note 25) RM'000	RM'000	31.12.2025 RM'000
Property, plant and equipment	(2,637)	-	-	-	65	(2,572)	-	-	31	(2,541)
Revaluation *	(197,710)	34,198	(5,262)	144,068	20,444	(4,262)	28,220	(18)	(28,199)	(4,259)
Other items	1,660	6,600	-	(1,055)	(7,122)	83	-	-	(1)	82
	<u>(198,687)</u>	<u>40,798</u>	<u>(5,262)</u>	<u>143,013</u>	<u>13,387</u>	<u>(6,751)</u>	<u>28,220</u>	<u>(18)</u>	<u>(28,169)</u>	<u>(6,718)</u>

\* Includes deferred tax arising from revaluation of property, plant and equipment and fair value adjustment in purchase price allocation exercise.

## 9. Inventories

	Group	
	2025 RM'000	2024 RM'000
At cost:		
Tools and consumables	1,411	1,449
Work-in-progress	1,024	-
Finished goods	-	1,043
	<u>2,435</u>	<u>2,492</u>
At net realisable value:		
Raw materials	161	157
	<u>2,596</u>	<u>2,649</u>
Recognised in profit or loss:		
Inventories written down to net realisable value	<u>-</u>	<u>-</u>

### 9.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

## 10. Contract assets/(liabilities)

		Group	
	Note	2025 RM'000	2024 RM'000
Contract assets	10.1	<u>5,479</u>	<u>6,430</u>
Contract liabilities	10.1	<u>(35,359)</u>	<u>(35,151)</u>

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 90 days and payment is expected within 30 to 90 days.

The contract liabilities primarily relate to the advance consideration received from customers for construction contracts which revenue is recognised over time during the construction period.

## 10. Contract assets/(liabilities) (continued)

### 10.1 Construction work-in-progress

	Group	
	2025 RM'000	2024 RM'000
Aggregate costs incurred to date	375,632	416,521
Add: Attributable profits	54,633	56,687
	<u>430,265</u>	<u>473,208</u>
Less: Progress billings	(460,145)	(501,929)
	<u>(29,880)</u>	<u>(28,721)</u>
Represented by:		
Contract assets	5,479	6,430
Contract liabilities	(35,359)	(35,151)
	<u>(29,880)</u>	<u>(28,721)</u>

Additions to aggregate costs incurred during the financial year include:

	Note	Group	
		2025 RM'000	2024 RM'000
Depreciation of property, plant and equipment	2.1	586	13,772
Depreciation of right-of-use assets	3.1	-	8,518
Hire of plant and machinery		1	19
Staff costs		203	1,530
		<u>203</u>	<u>1,530</u>

## 11. Trade and other receivables

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Trade</b>					
Trade receivables		755	2,303	-	-
Amounts due from - subsidiaries	11.1	-	-	10,670	15,184
		<u>755</u>	<u>2,303</u>	<u>10,670</u>	<u>15,184</u>
<b>Non-trade</b>					
Amounts due from - subsidiaries	11.1	-	-	503,126	444,699
Other receivables	11.2	3,702	4,230	1	-
Deposits		1,518	1,834	19	19
Prepayments		387	2,312	-	-
		<u>5,607</u>	<u>8,376</u>	<u>503,146</u>	<u>444,718</u>
		<u>6,362</u>	<u>10,679</u>	<u>513,816</u>	<u>459,902</u>

## 11. Trade and other receivables (continued)

### 11.1 Amounts due from subsidiaries

The trade amounts due from subsidiaries are subject to normal trade terms. The non-trade amounts due from subsidiaries are unsecured, interest free and repayable on demand.

There are several subsidiaries that were either dormant or loss-making. The recoverable amounts of subsidiaries could not be reasonably determined as the Company is currently formulating plan to monetise the subsidiaries.

### 11.2 Other receivables

Included in other receivables of the Group are Sales and Services Tax ("SST") and Value Added Tax ("VAT") receivables amounting to NIL (2024: RM17,000).

## 12. Cash and cash equivalents

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash and bank balances	1,593	1,830	168	100
Short-term deposits with licensed banks	2,405	22,062	-	-
	<u>3,998</u>	<u>23,892</u>	<u>168</u>	<u>100</u>

Included in the deposits placed with licensed banks of the Group is RM2,405,000 (2024: RM22,062,000) pledged for bank facilities granted to the subsidiaries of the Company.

## 13. Disposal group held for sale

### 13.1 Deutsche KNM GmbH (“DKNM”)

Deutsche KNM GmbH (“DKNM”) has been presented as a disposal group held for sale following the commitment of the Group to dispose the subsidiaries in December 2024. Efforts to sell the dispose group have commenced and on 26 February 2025, the Group has entered into a conditional sale, purchase and transfer agreement (“SPA”) with NGK Insulators, Ltd. (“Purchaser”) for the proposed disposal of the entire shareholdings DKNM, for a consideration of EUR 270,000,000 (“Proposed Disposal”). The conditions precedent stipulated in the SPA are as follows:

- (a) receipt of the approvals or deemed approvals of the Proposed Disposal by the following authorities: German Federal Cartel Office (Bundeskartellamt), whether or not conditions or obligations are imposed which could affect the Purchaser and/or DKNM following the Scheduled Closing Date, and/or expiry of the applicable waiting periods without the Transaction being prohibited by the relevant authority;
- (b) receipt by the Parties (i) of the court order under section 368(4) of the Malaysian Companies Act 2016 including the approval of the Proposed Disposal (including for the disposal of DKNM by the Group) by the Malaysian High Court and (ii) of the approval by the creditors of the Group under the Proposed Scheme of Arrangement;
- (c) receipt by the Parties of Bursa Malaysia Securities Berhad’s and shareholder’s approval of the regularisation plan of the Group and the Proposed Disposal;
- (d) receipt of the approval of the Proposed Disposal by DKNM’s shareholders in a general meeting;
- (e) the Group’s completion of the steps described in the Carve-Out Plan and the receipt of the Carve-Out Notification by the Purchaser;
- (f) the receipt by the Purchaser of the Final 2024 DKNM Reporting Accounts; and

### 13. Disposal group held for sale (continued)

#### 13.1 Deutsche KNM GmbH (“DKNM”) (continued)

(g) evidence reasonably satisfactory to the Purchaser that:

- all lenders under the Finance Agreements have agreed not to exercise their right under cl. 9.2 of the Facility Agreement or equivalent provisions to cancel the commitments under the Finance Agreements and declare all amounts outstanding under the Finance Agreements immediately due and payable where such right would arise as a result of the transfer of the share to the Purchaser;
- the required parties to the relevant Finance Agreements have amended the Finance Agreements such that from and after the Closing Date, (A) DKNM is not bound by information undertakings regarding information pertaining to the Group or any of its Affiliates (B) the Group shall be released from the Subordination Agreement going forward and (C) the termination of the Trust Agreement does not constitute an event of default under any Finance Agreement; and
- the Trust Agreement has been terminated without consideration and without any cost for DKNM.

The Purchaser has withdrawn from the SPA on 29 January 2026 as they are of the view that the conditions precedent were not met and the Group have initiated legal proceeding against the Purchaser. The disposal group has remained in held for sale as the Directors remain committed to dispose its investment in Germany. The Group continued to pursue alternative disposal options and engaged with potential buyers across multiple regions, including the Middle East, Europe and China.

DKNM maintains a bank guarantee facility with various financial institutions. The withdrawal of the SPA has triggered a trust event, which was initiated by the trustee appointed by both the financial institutions and DKNM. On 1 April 2026, DKNM transferred ownership of Borsig GmbH’s shares to the trustee. The purpose of the trust includes, among others, identifying a new shareholder for Borsig GmbH and preserving the value of the business for the benefit of DKNM and the financial institutions. Under the trust agreement, the trustee is entitled to exercise shareholder rights, while DKNM retains the economic ownership of Borsig GmbH.

The trustee is responsible for independently initiating and managing a new sale process, separate from the Group. Under this arrangement, any proceeds from the eventual sale will be distributed in accordance with an agreed priority of payments, with debt obligations settled first and only any residual amounts (if any) accruing to the Group. Conversely, if the sale proceeds are insufficient to fully extinguish the outstanding debt, the Group may remain liable for any shortfall in accordance with the financing arrangements.

## 13. Disposal group held for sale (continued)

### 13.2 FBM Hudson Italiana SpA and FBM Hudson FZE (“FBM Group”)

On 26 May 2023, the Board announced the proposed disposal of 100% equity interest in FBM Hudson Italiana SpA and FBM Hudson FZE given its financial status which needs immediate restructuring and investment. On 1 August 2025, the Company announced that the Group has received an offer on 9 July 2025 from buyers from Switzerland and Germany to acquire its 100% equity in Italy and UAE on a joint basis for a consideration of EUR 19,500,000. On 17 September 2025, one of the buyers from Germany has revoked and the offer was deemed terminated on even date. The disposal group has remained on held for sale as the Board remains committed to dispose its investment in Italy and UAE. The Company has received new indicative offers in March 2026 from various interested parties and is currently in negotiation of the offers with the interested parties and Italian Government.

### 13.3 Impress Ethanol Co., Ltd.

On 14 November 2025, an auction announcement was issued by the Thai Legal Execution Office following the initiation of judicial enforcement by the mortgagee, Asian Development Bank (“ADB”), over Impress Ethanol Co., Ltd. (“IEL”)’s land and buildings covered by the mortgage, due to an event of default under IEL’s secured loan guaranteed by the Credit Guarantee and Investment Facility (“CGIF”). Subsequently, on 25 February 2026, a court-supervised auction was conducted in respect of the assets covered by the mortgage, at which PCI Corporation emerged as the successful bidder at a purchase price of THB 172,240,000 (equivalent to RM22,137,000). The auction was undertaken to partially settle the outstanding CGIF-guaranteed facility, with residual liabilities remaining with IEL and the Company.

As for the remaining plant and equipment not subject to the mortgage auction, the Group has also offered the remaining plant and equipment in IEL to the auction winner. Consequently, the property, plant and equipment of IEL has been presented as a disposal group held for sale following the commitment of the Group to dispose of the property, plant and equipment through sale.

An impairment loss of RM333,570,000 has been recognised prior to their reclassification as assets held for sale. The land and building were written down to the bid price offered by the auction winner, while the plant and machinery were written down to the price offered to the auction winner.

### 13. Disposal group held for sale (continued)

#### 13.4 Poplar Investment Ltd

The land in Poplar Investment Ltd has been presented as an asset held for sale following the commitment of the Group to dispose the land in July 2025. Prior to the reclassification as assets held for sale, an impairment loss of RM184,824,000 was recognised based on the fair value of GBP 21,000,000 (equivalent to RM114,678,000) determined by the Directors with the assistance of an external, independent property valuer. Efforts to sell the land have commenced and on 24 February 2026, the Group has received various offers from interested parties ranging from GBP 12,000,000 (equivalent to RM65,530,000) to GBP 17,500,000 (equivalent to RM95,564,000). As the land has been pledged as security for a bank facility which is currently in default, the Group is currently awaiting the bank's assessment of these offers.

13.5 The above sale transactions are expected to complete within 12 months after the end of the financial year. The assets and liabilities of the disposal groups are as follows:

	Note	Group	
		2025	2024
		RM'000	RM'000
<b>Assets transfer to assets held for sale</b>			
Property, plant and equipment	2	523,049	356,167
Right-of-use assets	3	70,384	75,658
Goodwill	4	420,165	408,352
Other intangible assets	4	317,180	307,303
Other investments		966	1,443
Inventories		63,770	75,280
Current tax assets		2,188	1,794
Contract assets		90,709	193,770
Trade and other receivables		168,516	248,882
Cash and cash equivalents		326,691	183,483
		<u>1,983,618</u>	<u>1,852,132</u>
<b>Liabilities transfer to assets held for sale</b>			
Non-current loans and borrowings		(34,727)	(37,213)
Non-current lease liabilities		(61,346)	(69,864)
Long term payables		(128,081)	(4,061)
Long service leave liabilities		(8,844)	(10,117)
Deferred tax liabilities	8	(156,772)	(180,566)
Current loans and borrowings		(13,926)	(28,188)
Current lease liabilities		(14,276)	(13,252)
Current tax liabilities		(44,817)	(17,560)
Contract liabilities		(96,908)	(130,942)
Trade and other payables		(213,807)	(346,578)
		<u>(773,504)</u>	<u>(838,341)</u>

The carrying values of the disposal groups are same as their carrying value before they were being reclassified to current assets and current liabilities.

## 14. Capital and reserves

### 14.1 Share capital

	Group and Company			
	2025		2024	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
<i>Issued and fully paid shares with no par value classified as equity instruments:</i>				
At 1 January/31 December	<u>4,045,905</u>	<u>2,125,969</u>	<u>4,045,905</u>	<u>2,125,969</u>

### 14.2 Treasury shares

As at 31 December 2025, the Company held 1,841,275 (2024: 1,841,275) ordinary shares as treasury shares out of its total issued and paid-up share capital. Hence, the number of outstanding shares in issue and paid-up after deducting treasury shares as at 31 December 2025 is 4,044,064,080 (2024: 4,044,064,080) ordinary shares. The treasury shares have no rights to voting, dividends or participation in other distribution.

### 14.3 Revaluation reserve

The revaluation reserve relates to the revaluation of land and buildings.

### 14.4 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currency other than RM as well as the exchange differences arising from monetary items that in substance form the Company's net investment in subsidiaries.

### 14.5 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings. Share option is disclosed in Note 17.

### 14.6 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

## 15. Long term payables

The long term payables of the Group are amounts payable to social security institutions of foreign subsidiaries which are unsecured, interest free and not repayable within the next twelve months.

## 16. Loans and borrowings

			<b>Group</b>	
		<b>Note</b>	<b>2025</b>	<b>2024</b>
			<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>				
Bank overdrafts	- secured	16.1	18,578	22,254
Floating rate term loans	- secured	16.2	184,448	187,138
Fixed rate term loans	- secured	16.2	125,146	124,567
	- unsecured	16.3	517,587	489,722
Revolving credits	- secured	16.4	16,276	16,699
Fixed rate hire purchase liabilities		16.5	84	86
Fixed rate Thai Baht loan		16.6	525,838	491,949
			<u>1,387,957</u>	<u>1,332,415</u>

			<b>Company</b>	
		<b>Note</b>	<b>2025</b>	<b>2024</b>
			<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>				
Fixed rate Thai Baht loan		16.6	<u>525,838</u>	<u>491,949</u>

### 16.1 Bank overdrafts

The secured trade facilities of the Group are secured by way of:

- (i) Legal charge over the industrial land and buildings of certain subsidiaries of the Company (see Note 2.3).
- (ii) Pledge of the Group's shares in a foreign subsidiary, including assignment over all dividend payments arising therefrom.
- (iii) In connection with the trade facilities, the significant covenants, among others:

In respect of the Group for the financial year ended 31 December 2025:

- a. Minimum consolidated total net worth of RM1.5 billion (2024: RM1.5 billion).
- b. The Group's consolidated debt to equity shall not be more than 1.0 time (2024: 1.0 time) at all times.
- c. The Group's consolidated secured debt to consolidated total assets shall not be more than 0.4 time (2024: 0.4 time).
- d. The Group's consolidated EBITDA over interest expense shall not be less than 2.0 times (2024: 2.0 times).

## 16. Loans and borrowings (continued)

### 16.2 Secured floating term loans and secured fixed term loans

The secured term loans of the Group are secured by way of:

- (i) Legal charge over the industrial land and buildings of certain subsidiaries of the Company (see Note 2.3).
- (ii) Pledge of the Group's shares in a foreign subsidiary, including assignment over all dividend payments arising therefrom.
- (iii) Assignment over proceeds accounts of certain projects of a subsidiary.

In respect of a foreign subsidiary, the covenants as disclosed in Note 16.1(iii) are also applicable.

### 16.3 Unsecured fixed term loans

The unsecured term loans of the Group are supported by way of corporate guarantee from the Company.

In respect of a local subsidiary, the covenants as disclosed in Note 16.1(iii)(a) are also applicable.

The following covenants relate to a foreign subsidiary to be assessed in accordance to the audited financials prepared using the local Generally Accepted Accounting Principles in that country:

- a. The interest cover ratio for periods ending on or after 31 December 2025 shall exceed a ratio of 4.5 times (2024: 4.5 times).
- b. Maintenance of leverage ratio of not more than 2.0 times (2024: 2.0 times) for the financial year ended 31 December 2025.
- c. Working capital cover ratio for periods ending on or after 31 December 2025 shall be equal to or more than 120% (2024: 120%).
- d. Minimum equity for the financial year ended 31 December 2025 shall not be less than 35% (2024: 35%).

### 16.4 Secured revolving credits

The secured revolving credits of the Group are supported mainly by way of corporate guarantee from the Company and a first party pledge of fixed deposit and a debenture over the entire assets of a subsidiary specifically formed to undertake such secured revolving credits.

## 16. Loans and borrowings (continued)

### 16.5 Fixed rate hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	2025			2024		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than one year	87	(3)	84	89	(3)	86
	<u>87</u>	<u>(3)</u>	<u>84</u>	<u>89</u>	<u>(3)</u>	<u>86</u>

The hire purchase liabilities are subject to interest at rates of 3.16% to 4.42% (2024: 3.16% to 4.42%) per annum.

### 16.6 Fixed rate guaranteed Thai Baht Bond

The Thai Baht denominated bond was guaranteed by a Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank, and fully underwritten by United Overseas Bank (Thai) Public Company Limited ("Guaranteed Thai Baht Bond"). The Guaranteed Thai Baht Bond has a tenure of 5 years from its issuance in 2016. Proceeds from the Guaranteed Thai Baht Bond were utilised by a subsidiary, Impress Ethanol Co., Ltd., to refinance its existing term loan, finance plant expansion and for working capital. The Guaranteed Thai Baht Bond has matured on 18 November 2022 and the guarantor has redeemed the Thai Baht Bond on behalf of the Group and the Company.

### 16.7 Defaulted loans

The Group and the Company have defaulted various loans and borrowings to banks and financial institutions which amounting to RM1,387,957,000 and RM525,838,000 respectively. These loans and borrowings are currently classified as current liabilities. Certain defaulted loans and borrowings were supported by corporate guarantee issued by the Company. The provision for corporate guarantee has not been provided for as expected recoverable amount of underlying securities could not be reasonably determined as the Directors are currently exploring opportunities to monetise these assets.

### 16.8 Term loan in a subsidiary in United Kingdom

Included in the term loan of the Group is a loan of RM394,305,000 in a subsidiary in United Kingdom, as recorded based on the statement of account received from lender.

## 17. Employee benefits

### Share-based payment arrangement

On 18 April 2014, the Company's shareholders approved the establishment of an ESOS to all eligible employees including Directors of the Company and its subsidiaries. In accordance with the ESOS, holders of vested ESOS options are entitled to purchase the Company's shares at the market price of the shares at the date of grant.

#### a) Options allocated on 16.11.2020

Grant date	Number of options '000	Vesting conditions	Contractual life of options
Options granted on 16.11.2020	141,130	Employee in service on grant date	3.5 years

The number and weighted average exercise price of share options are as follows:

	2024	
	Exercise price	Number of options '000
Outstanding at the beginning of the year	RM0.165	9,830
Granted during the year	RM0.165	-
Expired/Lapsed during the year	RM0.165	(9,830)
Exercised during the year	RM0.165	-
Outstanding at the end of the year	RM0.165	-
Vested and exercisable at the end of the year	RM0.165	-

In prior financial year, the options have expired on 19 May 2024 and the ESOS Committee established to administer the ESOS had been dissolved on the same day.

**17. Employee benefits (continued)****Share-based payment arrangement (continued)**b) Options allocated on 19.8.2021

<b>Grant date</b>	<b>Number of options '000</b>	<b>Vesting conditions</b>	<b>Contractual life of options</b>
Options granted on 19.8.2021	103,946	Employee in service on grant date	3 years

The number and weighted average exercise price of share options are as follows:

	<b>2024</b>	
	<b>Exercise price</b>	<b>Number of options '000</b>
Outstanding at the beginning of the year	RM0.19	14,591
Granted during the year	RM0.19	-
Expired/Lapsed during the year	RM0.19	(14,591)
Exercised during the year	RM0.19	<u>-</u>
Outstanding at the end of the year	RM0.19	<u>-</u>
Vested and exercisable at the end of the year	RM0.19	<u>-</u>

In prior financial year, the options have expired on 19 May 2024.

## 18. Trade and other payables

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Trade</b>					
Trade payables		96,332	116,052	-	-
<b>Non-trade</b>					
Amounts due to					
- subsidiaries	18.1	-	-	105,525	106,699
- associates	18.1	1,992	1,931	-	2,311
- joint ventures	18.1	771	737	-	-
- related parties	18.1	26,651	25,753	2,421	-
Other payables	18.2	57,367	53,197	9,083	4,601
Accrued expenses		101,513	89,968	4,775	4,362
		<u>188,294</u>	<u>171,586</u>	<u>121,804</u>	<u>117,973</u>
		<u>284,626</u>	<u>287,638</u>	<u>121,804</u>	<u>117,973</u>

### 18.1 Amounts due to subsidiaries, associates, joint ventures and related parties

The amounts due to subsidiaries, associates, joint ventures and related parties in which certain Directors have substantial financial interest are unsecured, interest free and repayable on demand, except for balances with related parties of RM19,376,000 (2024: RM16,856,000) is subject to interest at 5%-12% per annum.

### 18.2 Other payables

Included in other payables of the Group are Sales and Services Tax ("SST") and Value Added Tax ("VAT") payable amounting to RM2,354,000 (2024: RM3,772,000).

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## 19. Revenue

Group	Continuing Operations		Discontinued Operations		Total	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Construction contract						
- In time	64	922	226,639	139,733	226,703	140,655
- Over time	1,945	4,261	534,168	953,915	536,113	958,176
Sales of goods	467	1,261	-	26,350	467	27,611
	<u>2,476</u>	<u>6,444</u>	<u>760,807</u>	<u>1,119,998</u>	<u>763,283</u>	<u>1,126,442</u>
Major products and services lines						
- Construction contracts	2,009	5,183	534,799	874,735	536,808	879,918
- Renewable energy	-	-	-	918	-	918
- Others	467	1,261	226,008	244,345	226,475	245,606
	<u>2,476</u>	<u>6,444</u>	<u>760,807</u>	<u>1,119,998</u>	<u>763,283</u>	<u>1,126,442</u>
	<b>2025</b> <b>RM'000</b>	<b>2024</b> <b>RM'000</b>				
<b>Company</b>						
Management fees	<u>1,877</u>	<u>3,150</u>				
Major products and services lines						
- Others	<u>1,877</u>	<u>3,150</u>				

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## 19. Revenue (continued)

### Nature of goods and services provided

<b>Nature of goods or services</b>	<b>Timing of recognition or method used to recognise revenue</b>	<b>Significant payment terms</b>	<b>Variable element in consideration</b>	<b>Warranty</b>
Construction contracts	As mentioned below, revenue is recognised over time based on output method, assessed by reference to surveys of work performed or completion of a physical proportion of contract work.  For contracts whereby revenue is recognised at a point in time, this mainly involve spare parts projects. Revenue is recognised 100% upon delivery or completion of the single obligation.	Based on agreed milestones.	Not applicable.	Bank guarantees may be given to customers.
Sale of goods	Revenue is recognised when or as control of the goods is transferred to the customer.	Credit period of 30 to 90 days from invoice date.	Not applicable.	Not applicable.
Services, management fee (applicable to the Company only)	Revenue is recognised at a point in time once services has been provided to the customer.	Credit period of 30 to 90 days from invoice date.	Not applicable.	Not applicable.

## 19. Revenue (continued)

### **Nature of goods and services provided (continued)**

Remaining performance obligations of the Group and of the Company are not disclosed as the Group and the Company recognise revenue from the satisfaction of the performance obligation and has a right to consideration from customers in an amount that corresponds directly with the value to the customers of the Group or the Company's performance completed to date.

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- For construction contracts, the Group recognises construction contracts revenue based on the percentage of completion method, determined based on surveys of work performed/completion of a physical proportion of contract work. Judgement is required in the estimation of physical proportion of contract work. Where actual differs from the estimated physical proportion, such difference will impact the revenue recognised.

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## 20. Finance costs

Group	Continuing Operations		Discontinued Operations		Total	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	83,650	112,223	1,885	4,058	85,535	116,281
Interest expense on lease liabilities	130	310	1,977	2,181	2,107	2,491
Other finance costs	1,868	106	660	805	2,528	911
	<u>85,648</u>	<u>112,639</u>	<u>4,522</u>	<u>7,044</u>	<u>90,170</u>	<u>119,683</u>
Recognised in profit or loss	<u>85,648</u>	<u>112,639</u>	<u>4,522</u>	<u>7,044</u>	<u>90,170</u>	<u>119,683</u>
<b>Company</b>	<b>2025 RM'000</b>	<b>2024 RM'000</b>				
Interest expense of financial liabilities that are not at fair value through profit or loss	42,690	40,775				
Other finance costs	5	5				
	<u>42,695</u>	<u>40,780</u>				
Recognised in profit or loss	<u>42,695</u>	<u>40,780</u>				

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## 21. Finance income

Group	Continuing Operations		Discontinued Operations		Total	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost:	<u>56</u>	<u>327</u>	<u>3,471</u>	<u>2,821</u>	<u>3,527</u>	<u>3,148</u>
<b>Company</b>	<b>2025 RM'000</b>	<b>2024 RM'000</b>				
Interest income of financial assets calculated using the effective interest method that are at amortised cost:	<u>51,439</u>	<u>49,514</u>				

## 22. Tax expense

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Income tax expense on continuing operations	70	134	-	-
Income tax (income)/expense on discontinued operation	(493)	23,805	-	-
Total income tax expense	(423)	23,939	-	-
<b>Current tax expense</b>				
- Current year	27,879	64,271	-	-
- (Over)/Under provision in prior year	(82)	466	-	-
Total current tax recognised in profit or loss	27,797	64,737	-	-
<b>Deferred tax expense</b>				
- Current year	(28,220)	(40,798)	-	-
Total deferred tax recognised in profit or loss	(28,220)	(40,798)	-	-
Total income tax (income)/expense	(423)	23,939	-	-
<b>Reconciliation of tax expense</b>				
(Loss)/Profit for the year	(715,820)	(162,002)	9,702	13,796
Total tax expense	(423)	23,939	-	-
(Loss)/Profit before tax	(716,243)	(138,063)	9,702	13,796
Income tax using Malaysian tax rate of 24% (2024: 24%)	(171,898)	(33,135)	2,328	3,311
Effect of tax rates in foreign jurisdictions*	3,362	12,298	-	-
Non-deductible expenses	143,761	36,655	11,749	(3,260)
Tax exempt income	(33,944)	(29,710)	(14,489)	-
Recognition of previously unrecognised tax losses	-	-	-	(51)
Effect of deferred tax assets not recognised	58,378	37,365	412	-
	(341)	23,473	-	-
(Over)/Under provision in prior year				
- Income tax (income)/expense	(82)	466	-	-
	(423)	23,939	-	-

\* Tax rates in several foreign jurisdictions are different from the tax rates in Malaysia.

## **23. Discontinued operations**

### **23.1 Deutsche KNM GmbH (“DKNM”)**

In prior financial year, Deutsche KNM GmbH (“DKNM”) was presented as a disposal group held for sale following the commitment of the Group management to a plan to dispose the subsidiaries in December 2024. Efforts to sell the dispose group have commenced and on 26 February 2025, the Group has entered into a conditional sale, purchase and transfer agreement (“SPA”) with NGK Insulators, Ltd. for the proposed disposal of the entire shareholdings DKNM, for a consideration of EUR 270,000,000. Subsequently, the SPA was withdrawn on 29 January 2026. The disposal group has remained on held for sale as the Board remains committed to dispose its investment in Germany. The Company continued to pursue alternative disposal options and engaged with potential buyers across multiple regions, including the Middle East, Europe and China.

### **23.2 FBM Hudson Italiana SpA and FBM Hudson FZE**

In prior financial period on 26 May 2023, the Board announced the proposed disposal of 100% equity interest in FBM Hudson Italiana SpA and FBM Hudson FZE given its financial status which needs immediate restructuring and investment. On 1 August 2025, the Company announced that the Group has received an offer on 9 July 2025 from buyers from Switzerland and Germany to acquire its 100% equity in Italy and UAE on a joint basis for a consideration of EUR 19,500,000. On 17 September 2025, one of the buyers from Germany has revoked and the offer was deemed terminated on even date. The disposal group has remained on held for sale as the Board remains committed to dispose its investment in Italy and UAE. The Company has received new indicative offers in March 2026 from various interested parties and is currently in negotiation of the offers with the interested parties and Italian Government.

## 23. Discontinued operations (continued)

### 23.3 (Loss)/Profit attributable to the discontinued operations were as follows:

	Group	
	2025 RM'000	2024 RM'000
<b>Results of discontinued operation</b>		
Revenue	760,807	1,119,998
Other income	26,387	22,130
Expenses	<u>(766,497)</u>	<u>(1,093,035)</u>
<b>Results from operating activities</b>	20,697	49,093
Tax income/(expense)	<u>493</u>	<u>(23,805)</u>
<b>Profit for the year</b>	<u><u>21,190</u></u>	<u><u>25,288</u></u>

The profit of RM21,190,000 (2024: RM25,288,000) from the discontinued operations are attributable entirely to the owners of the Company.

### 23.4 Cash flows from discontinued operations were as follows:

	Group	
	2025 RM'000	2024 RM'000
<b>Cash flows from discontinued operations</b>		
Net cash from operating activities	204,279	14,118
Net cash used in investing activities	(9,968)	(22,026)
Net cash (used in)/from financing activities	<u>(34,693)</u>	<u>55,877</u>
Effect on cash flows	<u><u>159,618</u></u>	<u><u>47,969</u></u>

The effect of FBM Group and DKNM Group classified as assets held for sale on the financial position of the Group is disclosed under Note 13.

**24. (Loss)/Profit for the year**

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>(Loss)/Profit for the year is arrived at after charging:</b>				
Auditors' remuneration:				
Audit fees:				
KPMG in Malaysia:				
- Current year	375	530	185	265
Overseas affiliates of KPMG in Malaysia	593	1,186	-	-
Other auditors	102	144	-	-
Non-audit fees:				
KPMG in Malaysia	-	10	-	10
Local affiliates of KPMG in Malaysia	97	97	-	-
Overseas affiliates of KPMG in Malaysia	-	244	-	-
Other auditors	-	2	-	-
Depreciation of property, plant and equipment	14,782	17,332	-	-
Depreciation of right-of-use assets	1,609	4,133	-	-
Amortisation of intangible assets	-	12,768	-	-
Impairment loss on:				
- Property, plant and equipment (Note 2.5)	526,420	-	-	-
- Other receivables	6	15,069	-	-
Personnel expenses:				
- Contribution to Employees' Provident Fund	10,780	10,630	-	-
- Wages, salaries and others	75,380	76,669	-	-
Provision for:				
- Late delivery charges	-	3,158	-	-
- Legal suits	3,108	683	-	-
- Warranty	2,200	10,237	-	-
Unrealised loss on foreign exchange	6,933	-	-	-
Property, plant and equipment written off	157	-	-	-

**24. (Loss)/Profit for the year (continued)**

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>and after crediting:</b>				
Gain on disposal:				
- Property, plant and equipment	1,300	535	-	-
Unrealised gain on foreign exchange	-	34,987	9,357	4,924
Reversal of provision for:				
- Foreseeable losses	649	-	-	-
- Late delivery charges	6,636	-	-	-
Reversal of impairment loss:				
- Interests in subsidiaries	-	-	-	1,758
- Amounts due from subsidiary	-	-	-	1,036
- Trade receivables	4,764	2,094	-	-
Bad debts recovered	-	36	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenses arising from leases:</b>				
Expenses relating to short-term leases	16,007	19,231	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**25. Other comprehensive income/(expense)**

Group	2025			2024		
	Before tax RM'000	Tax expense RM'000	Net of tax RM'000	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
<b>Items that are or may be reclassified subsequently to profit or loss</b>						
Cash flow hedge	(519)	-	(519)	(5,241)	-	(5,241)
Foreign currency translation differences for foreign operations	107,517	-	107,517	(47,338)	-	(47,338)
Hedge of net investment in subsidiaries	(2,638)	-	(2,638)	(13,108)	-	(13,108)
Revaluation of property, plant and equipment	(473)	(18)	(491)	14,257	(5,262)	8,995
	<u>103,887</u>	<u>(18)</u>	<u>103,869</u>	<u>(51,430)</u>	<u>(5,262)</u>	<u>(56,692)</u>

## 26. Related parties

### Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>A. Subsidiaries</b>				
Management fees receivable	-	-	1,877	3,150
Loan interest charged	-	-	51,439	49,514
	<u>-</u>	<u>-</u>	<u>53,316</u>	<u>52,664</u>
<b>B. Key management personnel</b>				
<b>Directors</b>				
- Fees	546	573	546	573
- Remuneration	2,202	391	2,202	222
- Employee benefits (including estimated monetary value of benefit-in-kind)	107	40	107	32
- Manpower supply	110	1,514	110	1,514
	<u>2,965</u>	<u>2,518</u>	<u>2,965</u>	<u>2,341</u>
<b>Subsidiaries directors</b>				
- Remuneration	864	20,273	-	-
- Short-term employee benefits	13	63	-	-
	<u>877</u>	<u>20,336</u>	<u>-</u>	<u>-</u>
<b>Other key management personnel</b>				
- Remuneration	994	433	-	-
- Short-term employee benefits	69	-	-	-
	<u>1,063</u>	<u>433</u>	<u>-</u>	<u>-</u>
	<u>4,905</u>	<u>23,287</u>	<u>2,965</u>	<u>2,341</u>

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

Significant related party balances related to the above transactions are disclosed in Notes 5, 11 and 18.

## 27. Financial instruments

### 27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost (“AC”).

	<b>Carrying amount RM'000</b>	<b>AC RM'000</b>
<b>2025</b>		
<b>Financial assets</b>		
<b>Group</b>		
Trade and other receivables, less prepayments and SST receivable	5,975	5,975
Cash and cash equivalents	3,998	3,998
	<u>9,973</u>	<u>9,973</u>
<b>Company</b>		
Trade and other receivables, less prepayments	513,816	513,816
Cash and cash equivalents	168	168
	<u>513,984</u>	<u>513,984</u>
<b>2024</b>		
<b>Financial assets</b>		
<b>Group</b>		
Trade and other receivables, less prepayments and SST receivable	8,350	8,350
Cash and cash equivalents	23,892	23,892
	<u>32,242</u>	<u>32,242</u>
<b>Company</b>		
Trade and other receivables, less prepayments	459,902	459,902
Cash and cash equivalents	100	100
	<u>460,002</u>	<u>460,002</u>

**27. Financial instruments (continued)****27.1 Categories of financial instruments (continued)**

<b>2025</b>	<b>Carrying amount RM'000</b>	<b>AC RM'000</b>
<b>Financial liabilities Group</b>		
Loan and borrowings	(1,387,957)	(1,387,957)
Trade and other payables, less SST and VAT payable	<u>(283,033)</u>	<u>(283,033)</u>
	<u>(1,670,990)</u>	<u>(1,670,990)</u>
<b>Company</b>		
Loan and borrowings	(525,838)	(525,838)
Trade and other payables	<u>(121,804)</u>	<u>(121,804)</u>
	<u>(647,642)</u>	<u>(647,642)</u>
<b>2024</b>		
<b>Financial liabilities Group</b>		
Loan and borrowings	(1,332,415)	(1,332,415)
Trade and other payables, less SST and VAT payable	<u>(284,681)</u>	<u>(284,681)</u>
	<u>(1,617,096)</u>	<u>(1,617,096)</u>
<b>Company</b>		
Loan and borrowing	(491,949)	(491,949)
Trade and other payables	<u>(117,973)</u>	<u>(117,973)</u>
	<u>(609,922)</u>	<u>(609,922)</u>

## 27. Financial instruments (continued)

### 27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Net (losses)/gains arising on:				
Financial assets measured at fair value through profit or loss	-	(103)	-	-
Financial assets measured at amortised cost	4,814	2,184	51,434	39,128
Financial liabilities measured at amortised cost	<u>(93,214)</u>	<u>(101,757)</u>	<u>(33,333)</u>	<u>(25,475)</u>
	<u>(88,400)</u>	<u>(99,676)</u>	<u>18,101</u>	<u>13,653</u>
Net gain/(loss) on impairment of financial assets at amortised cost	<u>4,758</u>	<u>(12,939)</u>	<u>-</u>	<u>1,036</u>

### 27.3 Financial risk management objectives and policies

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Foreign currency risk
- Interest rate risk

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from its exposure to fluctuations in financial risks.

### 27.4 Credit risk

The Group's exposure to credit risk arises mainly from external counter-party risk on contracts and on monetary financial assets; whilst, at Company level mainly from internal counter-party risk on financial guarantees, loans and advances extended to its subsidiaries.

The Group's objective on credit risk management is to avoid significant exposure to any individual counter-party and to minimise concentration of credit risk. The Group achieves this through its operating units' practices on credit assessment, and performs central monitoring such as on credit risk concentration, credit evaluation, and credit impairment; whilst, the business units are responsible for their respective day-to-day credit risk management.

## 27. Financial instruments (continued)

### 27.4 Credit risk (continued)

Policies and processes

Policies and processes in managing credit risk varies with the classes of counter-parties as outlined below:

(i) Contract customers

Process & Specialised Equipment & Turnkey Contracts

These orders are attributable to the Group's construction contracts, which duration ranges from 12 to 36 months, where billings are based on the progress milestones which typically are divided into four or more stages of a project's life cycle. For large orders such as Engineering, Procurement and Constructions, billings are negotiated to closely mirror the cash flow requirements in contract execution. An advance from the customers would normally be required before the commencement of work, and the customer would demand a Bank or Corporate Guarantee in return as a form of guaranteeing performance. Customers' orders are usually components of a larger project which has secured financing. As such, credit risk exposure is typically low at the early and mid-stages of a project life cycle, but increases towards the last milestone payment arising from possible variation or contractual disputes. This tail-end risk is managed or mitigated with one or more of the following:

- Professional lien on goods and materials
- Transactional credit documents (i.e. Letter of Credit) on export delivery
- Contract customers are assessed on credit, and sovereign nation risks where applicable, on both quantitative and qualitative elements
- Credit exposure is monitored on the aging of receivables, and the projects' progression and variations

(ii) Financial institutions

The Group places its funds in banks in countries in which it has business presence. The Group also enters into forward foreign exchange contracts with licensed financial institutions for hedging purposes. Credit risk is generally low as the counter-parties are all reputable licensed institutions. Where financial derivatives are involved, mandatory International Swaps and Derivatives Association ("ISDA") agreements are incepted where necessary.

## 27. Financial instruments (continued)

### 27.4 Credit risk (continued)

Policies and processes (continued)

#### (iii) Financial guarantees and advances for subsidiaries

The Group through wholly-owned subsidiaries serves as central treasury to certain subsidiaries without external credit facilities by extending term loan, advances and banking trade facilities. For subsidiaries with their own credit facilities, the Company is often required to provide corporate guarantee to the said banks extending such credit facilities. On the former, the Group enters into formal agreement on pricing and repayment schedule, and continuously monitors the subsidiaries' performances, cash-flows and repayment. On the latter, the Company continuously monitors the subsidiaries' performance and ability to service their credit obligations.

The Group receives financial guarantees given by banks in managing exposure to credit risks. At the end of the reporting period, no financial guarantees were received by the Group in respect of trade receivables of RM755,000 (2024: RM2,303,000). The remaining balance of trade receivables are not secured by any collateral or supported by any other credit enhancements.

Credit risk exposures and concentration

The Group's credit risks are mainly on its contract assets and financial assets relating to receivables, and cash and bank balances as summarised in the table below for both the Group and Company level.

<b>Group</b>	<b>Maximum exposure</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>		
Trade receivables	755	2,303
Contract assets	5,479	6,430
Other receivables and deposits	5,220	6,064
Short-term deposits with licensed banks	2,405	22,062
Cash and bank balances	1,593	1,830
	<u>15,452</u>	<u>38,689</u>

## 27. Financial instruments (continued)

### 27.4 Credit risk (continued)

Credit risk exposures and concentration (continued)

Company	Maximum exposure	
	2025 RM'000	2024 RM'000
<b>Financial assets</b>		
Amounts due from subsidiaries	513,796	459,883
Other receivables and deposits	20	19
Cash and bank balances	168	100
	<u>513,984</u>	<u>460,002</u>

#### Trade receivables and contract assets

##### *Concentration of credit risk*

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period by geographic location was:

Group	2025		2024	
	RM'000	%	RM'000	%
Asia and Oceania	5,932	95	8,485	97
Europe	302	5	248	3
	<u>6,234</u>	<u>100</u>	<u>8,733</u>	<u>100</u>

##### *Recognition and measurement of impairment loss*

Most orders are construction contracts and specific in nature. The Group assesses the credit risk of each customer individually based on project status and past trend of payments.

The Group does not maintain ageing for contract assets. For trade receivables, the Group uses ageing analysis as the primary reporting tool to monitor the credit quality of trade receivables. Amounts past due 60 days are monitored more regularly on the collection efforts.

## 27. Financial instruments (continued)

### 27.4 Credit risk (continued)

#### Trade receivables and contract assets (continued)

#### *Recognition and measurement of impairment loss (continued)*

The ageing of trade receivables as at the end of the reporting period was:

<b>Group</b>	<b>Gross RM'000</b>	<b>Impairment loss allowance RM'000</b>	<b>Net RM'000</b>
<b>2025</b>			
Past due more than 120 days	12,354	(11,599)	755
<b>2024</b>			
Past due 31 – 60 days	272	-	272
Past due 61 – 120 days	85	-	85
Past due more than 120 days	42,225	(40,279)	1,946
	<u>42,582</u>	<u>(40,279)</u>	<u>2,303</u>

The allowance account in respect of trade receivables is used to record impairment loss where the Group is doubtful of the collection. Doubtful amount will be written off against the allowance account if recovery channels are exhausted.

No impairment loss was provided for remaining balance of trade receivables which was past due for more than 120 days as negotiations with the customers are on-going to recover the outstanding amounts.

The movements in the allowance for impairment loss of trade receivables during the financial year were:

	<b>Group</b>	
	<b>2025 RM'000</b>	<b>2024 RM'000</b>
At the beginning of the year	40,279	50,180
Impairment loss reversed	(4,764)	(2,094)
Impairment loss written off	(20,779)	(1,767)
Effect on the movement of exchange rate	(3,137)	(6,040)
At the end of the year	<u>11,599</u>	<u>40,279</u>

## 27. Financial instruments (continued)

### 27.4 Credit risk (continued)

#### Amounts due from subsidiaries

#### *Risk management objectives, policies and processes for managing the risk*

The Company provide unsecured loans and advances to subsidiaries, where applicable. The Company also trades with related parties which certain Directors have substantial interest.

The Company monitor the ability of the counterparty to repay the balances on an individual basis. Generally, the Company consider that these receivables have low credit risk, as the Company are able to determine the timing of payments of these balances when they are payable.

Using internal information available, the Company assume that there is a significant increase in credit risk when the counterparty's financial position deteriorates significantly, and consider receivables to be in default when the counterparties are not able to pay when demanded.

#### *Recognition and measurement of impairment loss*

The following table provides information about the exposure to credit risk and expected credit losses ("ECLs") for amounts due from subsidiaries, joint ventures and a related party. The Company do not specifically monitor the ageing of these receivables.

<b>Company</b>	<b>Gross carrying amount RM'000</b>	<b>Impairment loss allowances RM'000</b>	<b>Net balance RM'000</b>
<b>2025</b>			
Low credit risk	513,796	-	513,796
Credit impaired	294,522	(294,522)	-
	<u>808,318</u>	<u>(294,522)</u>	<u>513,796</u>
<b>2024</b>			
Low credit risk	459,883	-	459,883
Credit impaired	311,784	(311,784)	-
	<u>771,667</u>	<u>(311,784)</u>	<u>459,883</u>

## 27. Financial instruments (continued)

### 27.4 Credit risk (continued)

#### Amounts due from subsidiaries (continued)

#### *Recognition and measurement of impairment loss (continued)*

The movements in the allowance for impairment losses are as follows:

	<b>Company</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	311,784	320,599
Impairment loss reversed	-	(1,036)
Effect on the movement of exchange rate	<u>(17,262)</u>	<u>(7,779)</u>
At 31 December 2025	<u>294,522</u>	<u>311,784</u>

#### Other receivables and deposits

Other receivables mainly relate to transactions outside trade activities and advances provided to employees. The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. At each reporting date, the Group and the Company assess whether any of the other receivables are credit impaired.

The movements in the allowance for impairment losses are as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	35,312	20,192
Impairment loss recognised	6	15,069
Effect on the movement of exchange rate	<u>(1,677)</u>	<u>51</u>
At 31 December	<u>33,641</u>	<u>35,312</u>

Credit risks on deposits are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Group and the Company manage the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

## **27. Financial instruments (continued)**

### **27.4 Credit risk (continued)**

#### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

### **27.5 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due and relies on the completion of plans/activities as disclosed in Note 1(b) to the financial statements.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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## 27. Financial instruments (continued)

### 27.5 Liquidity risk (continued)

#### Maturity analysis

The table below set out the contractual maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on undiscounted contractual payment – which would be met with a combination of matching maturity financial assets, operational cash inflows, and roll-over of current liabilities such as trade facilities.

Group	Carrying amount RM'000	Contractual interest/profit rates per annum %	Contractual cash flows RM'000	Less than 1 year RM'000	1 – 2 years RM'000
<b>2025</b>					
<i>Non-derivative financial liabilities</i>					
Term loans – secured					
- RM	211,995	6.50-11.4	232,439	232,439	-
- USD	95,299	4.35-14	106,253	106,253	-
- THB	2,300	5.25	2,421	2,421	-
Term loans – unsecured					
- EUR	394,306	11.5	439,651	439,651	-
- RM	25,158	18	27,454	27,454	-
- USD	98,123	10.5	108,426	108,426	-
Fixed rate Thai Baht loan					
- THB	525,838	10.25	579,736	579,736	-
Revolving credits – secured					
- USD	16,276	4.35	16,925	16,925	-
Hire purchase and lease creditors					
- THB	84	3.16-4.42	87	87	-

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## 27. Financial instruments (continued)

### 27.5 Liquidity risk (continued)

Maturity analysis (continued)

Group (continued)	Carrying amount RM'000	Contractual interest/profit rates per annum %	Contractual cash flows RM'000	Less than 1 year RM'000	1 – 2 years RM'000
<b>2025</b>					
<i>Non-derivative financial liabilities (continued)</i>					
Bank overdrafts – secured - RM	18,578	8.15-9.31	20,233	20,233	-
Lease liabilities - RM	859	4.40-7.70	1,069	1,069	-
Trade and other payables	<u>283,033</u>	-	<u>283,033</u>	<u>283,033</u>	-
	<u>1,671,849</u>		<u>1,817,727</u>	<u>1,817,727</u>	-

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## 27. Financial instruments (continued)

### 27.5 Liquidity risk (continued)

Maturity analysis (continued)

Group	Carrying amount RM'000	Contractual interest/profit rates per annum %	Contractual cash flows RM'000	Less than 1 year RM'000	1 – 2 years RM'000
<b>2024</b>					
<i>Non-derivative financial liabilities</i>					
Term loans – secured					
- RM	212,594	6.50-11.4	231,356	231,356	-
- USD	95,852	4.35-14	106,829	106,829	-
- THB	3,259	5.25	3,430	3,430	-
Term loans – unsecured					
- EUR	371,790	11.5	414,546	414,546	-
- RM	20,578	18	20,814	20,814	-
- USD	97,354	10.5	107,576	107,576	-
Fixed rate Thai Baht loan					
- THB	491,949	10.25	542,373	542,373	-
Revolving credits – secured					
- USD	16,699	4.35	17,426	17,426	-
Hire purchase and lease creditors					
- THB	86	3.16-4.42	89	89	-

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## 27. Financial instruments (continued)

### 27.5 Liquidity risk (continued)

Maturity analysis (continued)

Group (continued)	Carrying amount RM'000	Contractual interest/profit rates per annum %	Contractual cash flows RM'000	Less than 1 year RM'000	1 – 2 years RM'000
<b>2024</b>					
<i>Non-derivative financial liabilities (continued)</i>					
Bank overdrafts – secured - RM	22,254	8.15-9.31	24,259	24,259	-
Lease liabilities - RM	2,029	4.40-7.70	2,335	1,485	850
Trade and other payables	<u>284,681</u>	-	<u>284,681</u>	<u>284,681</u>	<u>-</u>
	<u>1,619,125</u>		<u>1,755,714</u>	<u>1,754,864</u>	<u>850</u>

## 27. Financial instruments (continued)

### 27.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest/ profit rates per annum %	Contractual cash flows RM'000	Less than 1 year RM'000
<b>2025</b>				
<i>Non-derivative financial liabilities</i>				
Fixed rate Thai Baht Loan - THB	525,838	10.25	579,736	579,736
Trade and other payables	121,804	-	121,804	121,804
Financial guarantee	-	-	863,312	863,312
	<u>647,642</u>		<u>1,564,852</u>	<u>1,564,852</u>
<b>2024</b>				
<i>Non-derivative financial liabilities</i>				
Fixed rate Thai Baht Loan - THB	491,949	10.25	542,373	542,373
Trade and other payables	117,973	-	117,973	117,973
Financial guarantee	-	-	757,793	757,793
	<u>609,922</u>		<u>1,418,139</u>	<u>1,418,139</u>

#### Financial guarantees

The Group and the Company provide guarantees relating to borrowings and performance obligation of subsidiaries of RM863,312,000 (2024: RM757,793,000).

Certain defaulted loans and borrowings were supported by corporate guarantee issued by the Company. The provision for corporate guarantee has not been provided for as expected recoverable amount of underlying securities could not be reasonably determined as the Directors are currently exploring opportunities to monetise these assets.

### 27.6 Foreign currency risk

The Group is exposed to various currencies that gives rise to foreign exchange ("FX") risk from the translation of its foreign investments and from FX transactions on its sales and purchases denominated in foreign currency. The Group's main foreign currency exposure is in USD Dollar ("USD"), EUR Dollar ("EUR"), Thai Baht ("THB") and Ringgit Malaysia ("RM"). RM exposure is attributed to certain subsidiaries located in Malaysia but adopting USD as their functional currency.

## 27. Financial instruments (continued)

### 27.6 Foreign currency risk (continued)

The Group's foreign currency risk management objective is to minimise transactional FX exposure that gives rise to economic impact.

#### Policies and Processes

#### i) Transactional forward obligations or rights denominated in foreign currency

Transactional FX risk arises mainly from contracted projects' future monetary obligation and rights denominated in a currency other than the transaction originating currency. These highly probable future cash flows in foreign currency are first netted based on matching FX risk characteristics for natural hedge, with any net balance exposure being further hedge off with FX Forward Contracts. It is the Group's policy to attain best full hedge in transactional FX risk.

#### ii) Net investment in Foreign Operations

The Group considers matching foreign currency borrowing with the functional currency of its foreign operations in mitigating FX translation gain/loss that are recognised in a separate component of equity. However, this decision is driven by feasibility factors such as the ability to time the future cash flows, availability of foreign currency debt funding, and the foreign currencies' fiscal position and borrowing cost.

Where circumstances permit, FX hedges on the abovementioned would be designated for hedge accounting either as cash-flow hedges, fair value hedges, or net investment hedges.

The table below sets out the Group's significant financial assets' and liabilities' FX exposure based on the notional or contractual amount for USD, EUR, THB and RM which is different from the reporting functional currency of the respective subsidiaries.

Group	Denominated in			
	USD RM'000	EUR RM'000	THB RM'000	RM RM'000
<b>2025</b>				
Trade receivables	-	-	-	1,771
Other receivables	-	710	-	5,786
Cash and bank balances	720	46	26	241
Deposits with licensed banks	-	-	-	1,958
Trade payables	(36)	(39,988)	(3,711)	(29,282)
Other payables and accruals	(179)	(198)	(225)	(27,409)
Term loans	(168,679)	(394,306)	(525,838)	(139,176)
Bank overdraft	-	-	-	(12,162)
Lease liabilities	-	-	-	(859)
<b>Net exposure in the statement of financial position</b>	<b>(168,174)</b>	<b>(433,736)</b>	<b>(529,748)</b>	<b>(199,132)</b>

## 27. Financial instruments (continued)

### 27.6 Foreign currency risk (continued)

The table below sets out the Group's significant financial assets' and liabilities' FX exposure based on the notional or contractual amount for USD, EUR, THB and RM which is different from the reporting functional currency of the respective subsidiaries.

Group	Denominated in			
	USD RM'000	EUR RM'000	THB RM'000	RM RM'000
<b>2024</b>				
Trade receivables	-	-	-	1,771
Other receivables	-	720	-	5,914
Cash and bank balances	782	34	3	49
Deposits with licensed banks	-	-	-	6,759
Trade payables	(20,419)	(41,162)	(10,146)	(30,165)
Other payables and accruals	(191)	(194)	(229)	(23,547)
Term loans	(153,302)	(391,027)	(491,949)	(145,421)
Bank overdraft	-	-	-	(16,426)
Lease liabilities	-	-	-	(2,029)
<b>Net exposure in the statement of financial position</b>	<b>(173,130)</b>	<b>(431,629)</b>	<b>(502,321)</b>	<b>(203,095)</b>
<b>Company</b>			<b>USD RM'000</b>	<b>THB RM'000</b>
<b>2025</b>				
Cash and bank balances			1	25
Trade and other receivables			-	187,586
Borrowing			-	(525,838)
<b>Net exposure in the statement of financial position</b>			<b>1</b>	<b>(338,227)</b>
<b>2024</b>				
Cash and bank balances			2	26
Trade and other receivables			-	135,571
Borrowing			-	(491,949)
<b>Net exposure in the statement of financial position</b>			<b>2</b>	<b>(356,352)</b>

A 5 percent strengthening of RM against the USD, EUR and THB at the end of the reporting period would have (decreased)/increased equity and pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant.

## 27. Financial instruments (continued)

### 27.6 Foreign currency risk (continued)

Group	Equity		Profit or loss	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
USD	(16,854)	(9,246)	(8,409)	(8,657)
EUR	(20,819)	(21,599)	(21,687)	(21,581)
THB	(8,109)	(4,030)	(26,487)	(25,116)
RM	<u>(5,503)</u>	<u>(10,291)</u>	<u>(9,957)</u>	<u>(10,155)</u>
			Profit or loss	
			2025	2024
Company			RM'000	RM'000
THB			<u>(16,911)</u>	<u>(17,818)</u>

A 5 percent weakening of RM against the USD, EUR and THB at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

### 27.7 Interest rate risk

The Group's interest rate risk arises from its interest-bearing financial instruments that could impact fair value and future cash-flows due to fluctuation in market interest rates. The Group's objective on interest rate risk management is to achieve a balance in re-pricing risk and the optimisation of pricing whilst ensuring sufficient liquidity to meet funding needs.

#### Policies and processes

Interest bearing financial assets are mainly temporary surpluses or funds held for liquidity purposes and are placed on short-term or on demand basis. Interest bearing financial liabilities are mixture of short-term trade/credit facilities with re-pricing exposure, and long-term loans with fixed pricing. The Group constantly reviews its portfolio of interest-bearing financial liabilities with the view to mitigate as much as possible its re-pricing risk taking into account the nature and requirement of its businesses, and availability from issuers of such financial liabilities.

## 27. Financial instruments (continued)

### 27.7 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
<b>Fixed rate instruments</b>				
Financial assets	2,405	22,062	-	-
Financial liabilities	(1,168,655)	(1,106,324)	(525,838)	(491,949)
Lease liabilities	(859)	(2,029)	-	-
	<u>(1,167,109)</u>	<u>(1,086,291)</u>	<u>(525,838)</u>	<u>(491,949)</u>
<b>Floating rate instruments</b>				
Financial liabilities	(219,302)	(226,091)	-	-
	<u>(219,302)</u>	<u>(226,091)</u>	<u>-</u>	<u>-</u>

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 25 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

	Group Profit or loss	
	25 bp increase RM'000	25 bp (decrease) RM'000
<b>2025</b>		
Floating rate instruments	<u>548</u>	<u>(548)</u>
<b>2024</b>		
Floating rate instruments	<u>565</u>	<u>(565)</u>

## 27. Financial instruments (continued)

### 27.8 Fair value of financial instruments

The carrying amounts of cash and bank balances, short-term deposits with licensed banks, trade and other receivables, trade and other payables, and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments.

The carrying amounts of the floating rate term loans and hire purchase liabilities approximate fair values as they are subject to variable interest rates which in turn approximate the current market interest rates for similar loans at the end of the reporting period.

The fair values of the abovementioned financial assets and liabilities are as disclosed in the respective notes to the financial statements, together with the carrying amounts shown in the statements of financial position.

Other than those mentioned above, the table below analyses financial instruments carried at fair value and those not carried at fair value for which fair values are disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

Group	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>2025</b>					
<b>Financial liabilities</b>					
Long term payables	-	-	(761)	(761)	(761)
Long service leave liability	-	-	(292)	(292)	(292)
	-	-	(1,053)	(1,053)	(1,053)
<b>2024</b>					
<b>Financial liabilities</b>					
Long term payables	-	-	(815)	(815)	(815)
Long service leave liability	-	-	(297)	(297)	(297)
	-	-	(1,112)	(1,112)	(1,112)

## 27. Financial instruments (continued)

### 27.8 Fair value of financial instruments (continued)

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

#### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs (e.g. changes in market interest rates) for the financial assets and liabilities. The fair values were determined using discounted cash flows based on current market rate at reporting date.

## 28. Capital management

The debt-to-equity ratios at 31 December 2025 and at 31 December 2024 were as follows:

	<b>Group</b>	
	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
Total loans and borrowings (see Note 16)	<u>1,387,957</u>	<u>1,332,415</u>
Total equity	<u>(342,222)</u>	<u>273,673</u>
DER	<u>*</u>	<u>4.87</u>

\* Not meaningful as the Group is in capital deficiency position.

There was no change in the Group's approach to capital management during the financial year.

The Group is required to maintain a maximum debt-to-equity ratio of 1.0 to comply with a bank covenant, failing which, the bank may call an event of default. The Group has breached this covenant. The Group is also required to maintain certain financial covenant ratios as disclosed in Note 16.

## 29. Subsidiaries

The principal activities of the subsidiaries, their places of incorporation and the interests of KNM Group Berhad are as follows:

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2025 %	2024 %
<b>Subsidiaries of the Company</b>				
KNM Process Systems Sdn. Bhd.	Design, manufacture, assembly and commissioning of process equipment, pressure vessels, heat exchangers, skid mounted assemblies, process pipe systems, storage tanks, specialised structural assemblies and module assemblies for the oil, gas and petrochemical industries	Malaysia	100	100
KNM International Sdn. Bhd. **@	Provision of management, technical advisory, license and trademark services to international related companies and related international investments	Malaysia	100	100
KNM Capital Sdn. Bhd.	Provision of funding and treasury services and all related functions	Malaysia	100	100
KNM Renewable Energy Sdn. Bhd.	Provision of process technology for the biofuels and seeds extraction plants, provision of turnkey services, including operation and maintenance services for biofuels and seeds extraction plants and related investments in the renewable energy industries	Malaysia	100	100

**29. Subsidiaries (continued)**

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2025 %	2024 %
<b>Subsidiaries of the Company (continued)</b>				
KNM Capital Labuan Limited	Provision of funding and treasury services and all related functions	Labuan	100	100
Litwin Asia Pacific Sdn. Bhd. **@	Dormant	Malaysia	51	51
Prestige International Ltd. **@	Provision of funding and treasury services and all related functions	Labuan	100	100
KNM Capital (PIC) Sdn. Bhd. **@	Dormant	Malaysia	100	100
Splendid Investments Limited	Dormant	Labuan	100	100
<b>Subsidiary of KNM Capital (PIC) Sdn. Bhd.</b>				
Petrosab Petroleum Engineering Sdn. Bhd. **@	Provision of services relating to the arrangement of design, engineering, procurement, construction testing and other kinds of services relating to oil, gas, petrochemical, minerals, biofuel and energy industries	Malaysia	100	100
<b>Subsidiaries of KNM Process Systems Sdn. Bhd.</b>				
KNM OGPET (East Coast) Sdn. Bhd. **@	Property investment	Malaysia	100	100
Duraton Engineering Sdn. Bhd. **@	Provision of non-destructive testing services	Malaysia	100	100
Perwira Awan Sdn. Bhd. **@	Property investment	Malaysia	100	100

**29. Subsidiaries (continued)**

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2025 %	2024 %
<b>Subsidiaries of KNM Process Systems Sdn. Bhd. (continued)</b>				
KNM Technical Services Sdn. Bhd. **@	Provision of project management and technical services	Malaysia	100	100
Sumber Amantech Sdn. Bhd. **@	Provision of project management and technical services	Malaysia	100	100
KNM Exotic Equipment Sdn. Bhd.	Design, manufacture, assembly and commissioning of process equipment, pressure vessels, heat exchangers, skid mounted assemblies, process pipe systems, storage tanks, specialised structural assemblies and module assemblies for the oil, gas and petrochemical industries	Malaysia	100	100
KNM Europa BV **@	Investment holding, financing, marketing and business development services to the related companies of KNM Group in Europe	Netherlands	100	100
KNM BORSIG Services Sdn. Bhd. **@	Contractor for oil and gas industries and provision of technical services	Malaysia	100	100
Deutsche KNM GmbH *	Investment holding	Germany	100	100

**29. Subsidiaries (continued)**

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2025 %	2024 %
<b>Subsidiaries of KNM Process Systems Sdn. Bhd. (continued)</b>				
BORSIG Boiler Systems Sdn. Bhd. &	Sales and marketing, design, fabrication and manufacturing of high capacity industrial boilers, heat recovery steam generators and waste heat boiler for oil, gas, petrochemicals, minerals processing and energy industries	Malaysia	100	-
<b>Subsidiaries of KNM Renewable Energy Sdn. Bhd.</b>				
Global Green Energy Corporation Ltd. **@	Investment holding	Isle of Man	100	100
Green Energy and Technology Sdn. Bhd. **@	Investment holding and design, engineer, construct, commission and operate waste to energy plants	Malaysia	51	51
Asia Bio-fuels Limited. **@	Investment holding	Republic of Mauritius	100	100
Asia Biofuels II Ltd. **@	Investment holding	Republic of Mauritius	100	100
<b>Subsidiaries of KNM International Sdn. Bhd.</b>				
Kimma Thai Co., Ltd. **@	Investment holding	Thailand	49	49
PT KPE Industries **@	An asset holding company and shall own the land, manufacturing plant and machinery in relation to the Group's intended manufacturing facility at the Kabil Industrial Estate in Batam, Indonesia	Indonesia	100	100

**29. Subsidiaries (continued)**

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2025 %	2024 %
<b>Subsidiaries of KNM International Sdn. Bhd. (continued)</b>				
Saudi KNM Ltd. @	Dormant	Saudi Arabia	51	51
KNM Project (Myanmar) Co. Ltd. **@	Repair and installation of machinery and equipment and construction of buildings	Myanmar	100	100
CNI Engineering & Construction Malaysia Sdn. Bhd.** @	Engineering, procurement, construction, service fabrication and maintenance works for mechanical, electrical and erection related to oil and gas, power, petrochemical and renewable energy industries	Malaysia	100	100
<b>Subsidiary of KNM BORSIG Services Sdn. Bhd.</b>				
BORSIG Services Australia Pty. Ltd. # @	Contractor for the oil and gas industry and provision of technical and maintenance services (dissolved on 25 November 2025)	Australia	-	100
<b>Subsidiary of KNM Exotic Equipment Sdn. Bhd.</b>				
KMK Power Sdn. Bhd. **@	Investment holding	Malaysia	100	100
<b>Subsidiaries of KNM Europa BV</b>				
FBM Hudson Italiana SpA *@	Design and manufacture of air-cooled heat exchangers, specialty shell and tube heat exchangers and process gas waste heat boilers for the oil, gas, petrochemical and desalination industries	Italy	100	100
KNM Corporation @	Investment holding	Canada	100	100

**29. Subsidiaries (continued)**

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2025 %	2024 %
<b>Subsidiaries of KNM Europa BV (continued)</b>				
KNM Project Services Limited **@	Project management and services and provision of process technology for oil and gas, biomass, biofuels, waste to energy and power plants as well as provision of turnkey services including operation and maintenance services	United Kingdom	100	100
FBM Icross S.r.l. *@	Design and construction of fully welded plate type heat exchanger plates, bundle exchangers and jacketed pressure vessels for different fields such as chemical, petrochemical, textile, pharmaceutical, food industry, aerospace and research industries	Italy	100	100
<b>Subsidiary of FBM Hudson Italiana SpA</b>				
FBM Hudson FZE **@	Provision of manufacture of air cooled heat exchangers, shell and tube heat exchangers, process gas waste heat recovery systems, heavy duty heat exchangers, columns, towers, reactors and other pressure vessels for the oil, gas, petrochemicals and desalination industries	United Arab Emirates	100	100

**29. Subsidiaries (continued)**

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2025 %	2024 %
<b>Subsidiary of Kimma Thai Co., Ltd.</b>				
KNM Projects (Thailand) Co., Ltd. @	Operate the business of providing the services relating to the arrangement of design, engineering, procurement, construction testing and other kinds of services relating to oil, gas, petrochemical, minerals, biofuel and energy industries	Thailand	100	100
<b>Subsidiary of Global Green Energy Corporation Ltd.</b>				
Peterborough Green Energy Ltd. **@	Develop, build, own and operate the total capacity of 80MW Biomass Waste to Energy Power Plant Project in Peterborough, United Kingdom	United Kingdom	100	100
<b>Subsidiary of Asia Bio-fuels Limited &amp; Asia Biofuels II Ltd.</b>				
Impress Ethanol Co., Ltd. @	Manufacturer and distributor of alcohol/ethanol or fuel from agricultural products	Thailand	72	72
<b>Subsidiaries of KNM Corporation</b>				
KNM Industries Inc @	An asset holding company and shall own the land, manufacturing plant and machinery in relation to the Group's manufacturing facility in Edmonton, Alberta, Canada	Canada	100	100

**29. Subsidiaries (continued)**

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2025 %	2024 %
<b>Subsidiaries of KNM Corporation (continued)</b>				
KNM Process Equipment Inc @	Design, manufacture, procurement and manufacturing of process equipment, including without limitation pressure vessels, reactors, column and towers, drums, heat exchangers, air fin coolers, process gas waste heat boilers, specialised shell, tube heat exchangers, condensers, spheres, process tanks, mounded bullets, process skid packages and turnkey storage facilities for the oil, gas, petrochemicals and mineral processing industries in Canada and the North America Region	Canada	100	100
<b>Subsidiaries of KMK Power Sdn. Bhd.</b>				
Poplar Investments Limited **@	Property investment	Isle of Man	100	100
KMK Green Ventures Sdn. Bhd. **@	Dormant	Malaysia	100	100

**29. Subsidiaries (continued)**

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2025 %	2024 %
<b>Subsidiaries of Deutsche KNM GmbH</b>				
BORSIG GmbH *	Advisory and administration services as well as acquisition of and holding shares in other companies on behalf and/or its own account, in particular for and to companies of the BORSIG Group	Germany	100	100
BORSIG Boiler Systems GmbH *#	Planning, delivery, installation, and implementation of constructions for generating plants as well as provision of maintenance and other services for such constructions (ceased on 29 October 2025)	Germany	-	100
<b>Subsidiaries of BORSIG GmbH</b>				
BORSIG Process Heat Exchanger GmbH *	Processing, planning, fabrication and distribution of and the trading with machines, assets, apparatuses and miscellaneous components, particularly for generating plant, petrochemical and chemical industries	Germany	100	100
BORSIG ZM Compression GmbH *	System engineering, industrial fabrication, assembly services as well as the sale of machines and constructions of compressors, containers, silo and conveyor technique	Germany	100	100

**29. Subsidiaries (continued)**

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2025 %	2024 %
<b>Subsidiaries of BORSIG GmbH (continued)</b>				
BORSIG Membrane Technology GmbH *	Processing, planning, fabrication and distribution of and trading with machines and construction of apparatuses and miscellaneous components in the field of membrane technique	Germany	100	100
BORSIG Service GmbH *	Provides installation, maintenance and other industrial services of machines and construction of apparatuses and other components	Germany	100	100
BORSIG ValveTech GmbH *	Development, production and distribution of valves, compressor parts, monitoring systems for compressors, provision of maintenance and repair works of compressors and other assets	Germany	100	100
<b>Subsidiary of BORSIG Boiler Systems GmbH</b>				
BORSIG Boiler Systems Sdn. Bhd. &	Sales and marketing, design, fabrication and manufacturing of high capacity industrial boilers, heat recovery steam generators and waste heat boiler for oil, gas, petrochemicals, minerals processing and energy industries	Malaysia	-	100
<b>Subsidiary of BORSIG Membrane Technology GmbH</b>				
GMT Membrantechnik GmbH *	Development, processing and distribution of membranes, membrane modules and membrane components	Germany	51	51

## 29. Subsidiaries (continued)

For financial year ended 31 December 2025:

- \* Audited by a member firm of KPMG.
- \*\* Audited by another firm of accountants.
- % The subsidiary is in the progress of striking-off.
- # The subsidiary was dissolved and struck off during the year.
- & The subsidiary was transferred from BORSIG Boiler System GmbH to KNM Process Systems Sdn. Bhd. as part of the group restructuring exercise.
- @ Consolidated based on management accounts.

### Kimma Thai Co., Ltd.

Although the Group owns less than half of the ownership interest in Kimma Thai Co., Ltd. and less than half of the voting power of this entity, the Directors have determined that the Group controls this entity. By virtue of an agreement with its other investor, the Group has de facto control over Kimma Thai Co., Ltd. on the basis that the Group has the ability to direct the activities of Kimma Thai Co., Ltd. that significantly affect the return of Kimma Thai Co., Ltd.

## 30. Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	<b>2025</b>	<b>2024</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Contingent liabilities not considered remote</b>		
<b><i>Litigation</i></b>		
A subsidiary is defending actions brought by customers and suppliers. While liabilities are not admitted, if defence against these actions are unsuccessful, then claims and legal costs could amount to RM74,427,000 (2024: RM85,303,000). Based on legal advice, the subsidiary stands a fairly good chance in defending against these claims.		
In the Directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interest of the Group.	74,427	85,303

### 31. Litigation

- a) The Company and KNMPS, were served with Originating Summons (“OS”) dated 27 October 2025 filed by Bursa Malaysia Securities Berhad (“Bursa”) against MAA Group Berhad (“1st Defendant”), CIMSEC Nominees (Tempatan) Sdn Bhd (“2nd Defendant”), the Company and KNMPS. In the OS, Bursa is seeking, inter alia, an order to prevent the 1st and 2nd Defendants from convening the Extraordinary General Meeting of the Company to discuss or move the proposed special resolution concerning the Proposed Disposal by KNMPS, a wholly-owned subsidiary of the Company, of 1 share in DKNM, representing 100% equity interest in DKNM for a total cash consideration of EUR 270,000,000, until the requirements of Bursa Main Market Listing Requirements have been complied with. Subsequent to year end, the High Court has dismissed the suit and made no order as to costs.
- b) The Company and KNMPS have on 2 April 2026, commenced legal proceedings in the Shah Alam High Court against NGK Insulators, Ltd and two of its officer in relation to disputes arising from conditional sale, purchase and transfer agreement dated 26 February 2025 between KNMPS and NGK Insulators, Ltd for the disposal of 1 share in DKNM, representing 100% equity interest in DKNM for a disposal consideration of EUR 270,000,000. The High Court directed that Writ of Summons and Statement of Claim be served out of jurisdiction on NGK Insulators, Ltd in Japan. The case management was scheduled on 5 May 2026 and 21 July 2026.

**KNM Group Berhad**

(Company No. 200001018741 (521348-H))

(Incorporated in Malaysia)

**and its subsidiaries****Statement by Directors pursuant to  
Section 251(2) of the Companies Act 2016**

In the opinion of the Directors, the financial statements set out on pages 7 to 101 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2025 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Tunku Dato' Yaacob Khyra**  
Chairman

.....  
**Datuk David Rashid Bin Ghazalli**  
Director

Kuala Lumpur,

Date: 8 June 2026

**KNM Group Berhad**

(Company No. 200001018741 (521348-H))

(Incorporated in Malaysia)

**and its subsidiaries****Statutory declaration pursuant to  
Section 251(1)(b) of the Companies Act 2016**

I, **Cha Fui Min**, the officer primarily responsible for the financial management of KNM Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 7 to 101 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Cha Fui Min (MIA No. CA27861), at Kuala Lumpur in the Federal Territory on 8 June 2026.

.....  
**Cha Fui Min**

Before me:

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KNM GROUP BERHAD**

(Company No. 200001018741 (521348-H))  
(Incorporated in Malaysia)

### **Report on the Audit of the Financial Statements**

#### **Disclaimer of Opinion**

We were engaged to audit the financial statements of KNM Group Berhad, which comprise the statements of financial position as at 31 December 2025, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 7 to 101.

We do not express an opinion on the accompanying financial statements of the Group and of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### **Basis for Disclaimer of Opinion**

1. As disclosed in Note 1(b) to the financial statements, the following events and conditions indicate that material uncertainties exist that may cast significant doubt on the Group's and the Company's ability to continue as going concerns:
  - The Group incurred net losses of RM715,820,000 for the financial year ended 31 December 2025 and as at that date, the current liabilities of the Group and of the Company exceeded their current assets by RM480,855,000 and RM133,658,000, respectively.
  - On 1 November 2022, the Company had triggered the prescribed criteria under Paragraph 2.1(e) of the Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company was required to submit its regularisation plan to relevant regulatory authority for approval within 12 months from 1 November 2022, of which, multiple extensions of time have been granted. On 26 August 2025, the Company had submitted a regularisation plan to the regulatory authority but the regularisation plan was rejected and the Company was de-listed on 5 November 2025 following the Company's decision that it will not proceed with an appeal.

### **Basis for Disclaimer of Opinion (continued)**

- The Group and the Company have defaulted various loans and borrowings amounting to RM1,387,957,000 and RM525,838,000 respectively.
- A subsidiary of the Company, KNM Process Systems Sdn. Bhd. ("KNMPS") had been served with winding-up petitions by their creditors ("Scheme Creditors"). On 15 December 2022, the High Court of Kuala Lumpur ("High Court") had granted the Company and KNMPS a Restraining Order ("RO") to allow the Company and KNMPS to negotiate and finalise the terms of the Scheme of Arrangement ("SOA") with its Scheme Creditors without the potential threat of any proceedings and actions being brought against the Company and KNMPS in the interim. The RO had expired on 20 February 2024 and an ad interim RO had been granted to the Company and KNMPS until 26 April 2024. On 26 April 2024, the Company and KNMPS had filed an application to the High Court to sanction a new SOA with its creditors and for a new RO. On 25 June 2024, the Company was granted an ad interim RO by the High Court pending disposal of the Company and KNMPS's application to the High Court for a 3-month RO and a Court Convened Creditors Meeting Order ("CO"). The High Court delivered its decision on 12 March 2025 regarding the Company's and KNMPS's application for the CO and RO. The Court granted the CO to summon, convene and hold meetings with the respective creditors of the Applicants, for the purpose of considering the SOA. However, the RO was not granted. The Company and KNMPS had filed the appeal to the Court of Appeal against the RO decision of the High Court. On 26 March 2025, the Company and KNMPS, through its solicitors, made an application for an Erinford Order to be granted to restrain all proceedings and/or enforcements by all creditors pending the disposal of the appeal to the Court of Appeal and on 27 March 2025, the High Court granted the Company and KNMPS an ad interim RO pending appeal, until the Section 44 Courts of Judicature Act 1964 application to the Court of Appeal is disposed of. The hearing was fixed on 11 May 2026 and subsequently rescheduled to 25 February 2027.

The CO was held on 11 August 2025, where the Proposed Scheme was approved by at least 75% of creditors of both the Company and KNMPS, subject to court sanction and lodgement with the Companies Commission of Malaysia. On 16 March 2026, the High Court dismissed the sanction application following withdrawal of NGK Insulators, Ltd from the proposed disposal of Deutsche KNM GmbH, which is a key transaction underpinning the scheme.

The Company and KNMPS are currently formulating a revised SOA.

Notwithstanding the above, the financial statements of the Group and of the Company have been prepared on a going concern basis. As disclosed in Note 1(b), the Directors are exploring opportunities to monetise the Group's overseas investments and non-core assets. As of the date of this report, the plans are still at their preliminary stages.

The ability of the Group and of the Company to continue as going concerns are highly dependent on the plans and factors as disclosed in Note 1(b). Accordingly, the financial statements of the Group and of the Company may require adjustments relating to the recoverability and classification of recorded assets and to the classification and additional amounts of liabilities should the Group and the Company are unable to successfully implement or achieve the outcomes of the said plans.

In view of the uncertainties involving the timing of disposal of overseas investments and non-core assets, we were not able to obtain sufficient appropriate audit evidence to support the validity of the assumptions adopted by the Group and the Company in preparing the financial statements on a going concern basis.

**Basis for Disclaimer of Opinion (continued)**

2. The audit of subsidiaries in Italy and United Arab Emirates remain ongoing due to delays in the completion of audit by component auditors. Accordingly, we were unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the following carrying amounts included in the financial statements of the Group:

Assets classified as held for sale	RM	376,700,000
Liabilities classified as held for sale	RM	380,905,000
Loss from discontinued operations, net of tax	RM	1,795,000

We were unable to determine whether any adjustments were necessary in respect of the above financial information, and the elements making up the statement of financial position, and the statement of profit or loss and other comprehensive income, changes in equity and cash flows.

3. As disclosed in Note 13.4 to the financial statements, during the financial year, the Group recognised an impairment loss of RM184,824,000 in respect of a parcel of land in the United Kingdom based on the fair value of GBP 21,000,000 (equivalent to RM114,678,000) determined by the Directors with the assistance of an external, independent property valuer. The land has been pledged as security for a bank facility which is currently in default. Subsequent to 31 December 2025, the Group received various offers from third parties ranging from GBP 12,000,000 (equivalent to RM65,530,000) to GBP 17,500,000 (equivalent to RM95,564,000) and is currently awaiting the bank's assessment of these offers. As the offers received differ significantly from the fair value determined, we were unable to determine the appropriateness of the fair value adopted by the Directors. Accordingly, we were unable to determine an appropriate value of the land and we were unable to ascertain whether any adjustments were necessary in respect of the Group's carrying amount in assets classified as held for sale and the elements making up the statement of profit or loss and other comprehensive income, changes in equity and cash flows.
4. As disclosed in Note 16.8 to the financial statements, the Group's loans and borrowings include a term loan of RM394,305,000 in a subsidiary in the United Kingdom, as recorded based on the statement of account received from lender. We subsequently received confirmation directly from the lender indicating an outstanding loan amounted to RM514,674,000. As the amount recognised differs significantly from the confirmation balance and the variance is in the process of being investigated, we were unable to determine the appropriateness of the carrying amount of the said loan. Accordingly, we were unable to ascertain whether any adjustments were necessary in respect of the Group's carrying amount in loans and borrowings and the elements making up the statement of profit or loss and other comprehensive income, changes in equity and cash flows.
5. The carrying amounts of interests in subsidiaries of the Company and amount due from subsidiaries as at 31 December 2025 amounted to RM1,977,481,000 and RM513,796,000 respectively. As disclosed in Note 5 and Note 11.1 to the financial statements, we were not provided with the supporting documentation for the fair value less cost of disposal or value in use to determine the recoverable amounts of interest in subsidiaries and amounts due from subsidiaries nor were we able to perform alternative audit procedures. As a result, we were unable to obtain sufficient appropriate audit evidence to determine the carrying amounts of interests in subsidiaries of the Company and amount due from subsidiaries and to determine whether any adjustments were necessary in respect of the Company's interests in subsidiaries and amount due from subsidiaries and the elements making up the statement of profit or loss and other comprehensive income, changes in equity and cash flows.

### **Basis for Disclaimer of Opinion (continued)**

6. Certain subsidiaries have defaulted loans and borrowings supported by corporate guarantee issued by the Company during the financial year. As disclosed in Note 16.7, we were not provided with the expected recoverable amount of the underlying securities nor were we able to perform alternative audit procedures. As a result, we were unable to obtain sufficient appropriate audit evidence to determine whether a provision for corporate guarantee is required for the Company and to determine whether any adjustments were necessary in respect of the provision for corporate guarantee and the elements making up the statement of profit or loss and other comprehensive income, changes in equity and cash flows.
7. As disclosed in our independent auditor's report dated 30 April 2025 for the financial year ended 31 December 2024, we were unable to obtain sufficient appropriate audit evidence to determine the recoverable amount of certain property, plant and equipment. During the financial year ended 31 December 2025, the Group recognised an impairment loss of RM526,420,000 in respect of these property, plant and equipment based on the fair value determined using sales comparison approach or net realisable value. However, we were unable to determine whether the impairment loss should have been recognised in the prior financial year. Accordingly, we were unable to determine whether any adjustments are required to the opening balances as at 1 January 2025 and the elements making up the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the financial years ended 31 December 2025 and 31 December 2024.
8. Our independent auditors' report dated 30 April 2025 contains a disclaimer of opinion on the financial statements for the previous financial year ended 31 December 2024. Consequently, certain matters referred to in the aforementioned disclaimer of opinion are included in the opening balances for the financial year ended 31 December 2025 and we were unable to satisfy ourselves that any subsequent transactions affecting these opening balances do not contain material misstatements that affect the current year's financial statements. Accordingly, the possible effects of these matters render uncertainty on the comparability of the current year's figures with the comparative figures.

### **Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the financial statements of the Group and of the Company in accordance with approved standards on auditing in Malaysia and International Standards on Auditing and to issue an auditors' report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have not been properly kept in accordance with the provision of the Act for the matters as described in the *Basis for Disclaimer of Opinion* section.
- (b) In our opinion, we have not obtained all the information and explanations that we required for the matters as described in the *Basis for Disclaimer of Opinion* section.
- (c) The subsidiaries of which we have not acted as auditors are disclosed in Note 29 to the financial statements.

## **Other Matter**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Petaling Jaya

Date: 8 June 2026

**Ooi Eng Siong**  
Approval Number: 03240/02/2028 J  
Chartered Accountant