

FINANCIAL STATEMENTS

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Registered office

Level 14, Lion Office Tower
No. 1 Jalan Nagasari
50200 Kuala Lumpur
Wilayah Persekutuan

Principal place of business

Level 14, Lion Office Tower
No. 1 Jalan Nagasari
50200 Kuala Lumpur
Wilayah Persekutuan

ACB RESOURCES BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The subsidiary companies are principally involved in the provision of electronic surveillance of premises and other security related services and sale of security equipment, manufacturing and sale of tools and dies, landscaping business, treasury business and investment holding.

The information on the name, place of incorporation and principal activities of the subsidiary companies, and percentage of issued share capital held by the holding company in each subsidiary company are disclosed in Note 15 to the financial statements.

RESULTS

	GROUP RM'000	COMPANY RM'000
Net loss for the financial year	(15,349)	(18,945)
(Loss)/Profit attributable to:		
Owners of the Company	(18,961)	(18,945)
Non-controlling interests	3,612	-
	(15,349)	(18,945)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

DIRECTORS OF THE COMPANY

The Directors of the Company in office during the financial year and up to the date of this report are:

Datuk M. Chareon Sae Tang @ Tan Whye Aun
 Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
 Tan Siak Tee
 Ooi Kim Lai

DIRECTORS OF SUBSIDIARIES

The Directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Au Jin Ee (Appointed on 30 June 2024)	Kotaro Seki
Chai Kian Chong	Lee Boon Liang
Cheng Hui Ya, Serena	Lee Whay Keong (Resigned with effect from
Chuah Say Chin (Resigned with effect from	1 October 2024)
10 September 2024)	MA. Liza Joson
Derek K.F Liew	Nazarhanim binti Mohamad Razak
Eduardo Delos Angeles	Oscar Immanuel Hitarihun
Goh Mei Chin (Appointed on 10 September 2024)	Ooi Kim Lai
Haji Mohamad Khalid bin Abdullah	Stephen Delos Reyes
Jose Ivan T. Justiniano	Tan Kim Kee
Jose MA. J. Fernandez	Tan Sri Cheng Heng Jem
Jose N. Rodulfa	Tan Sri Cheng Yong Kim
Juliana Cheng San San (Resigned with effect from	Teodoro R. Villanueva
30 June 2024)	Yeo Keng Leong
Koh Yong Heng	

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or 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 financial interest.

Details of the remuneration paid to or receivable by the Directors of the Company during the financial year are as follows:

	GROUP RM'000	COMPANY RM'000
Directors' fee	41	37
Other emoluments	5	4
	<u>46</u>	<u>41</u>

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares in the Company during and at the end of the financial year are as follows:

	Number of Ordinary Shares		
	As at 1.1.2024	Addition	Disposal
			As at 31.12.2024
Direct Interest			
Ooi Kim Lai	4	-	-
			4

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during and at the end of the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Group and of the Company are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM50 million against any legal liability, if incurred by the Directors and Officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiary companies.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss, the statements of other comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables and had satisfied themselves that all known bad receivables had been written off and that adequate allowance had been made for doubtful receivables; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company had 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:

- (a) which would render the amounts written off for bad receivables or the amount of allowance for doubtful receivables in the financial statements of the Group and of the Company inadequate to any substantial extent;
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
- (d) not otherwise dealt with in this report or the financial statements which 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:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors, except as disclosed in the financial statements:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature;
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (c) no contingent or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

AUDITORS' REMUNERATION

The remuneration of the Auditors of the Group and of the Company for the financial year ended 31 December 2024 amounted to RM287,000 and RM50,000 respectively.

AUDITORS

The Auditors, Ong Boon Bah & Co, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 6 May 2025.



DATUK M. CHAREON SAE TANG @ TAN WHYE AUN
Chairman



OOI KIM LAI
Director

Kuala Lumpur

ACB RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	GROUP		COMPANY	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	5	86,028	88,125	546	4,659
Other operating income		7,091	4,337	3,397	56,165
Changes in inventories		1,467	115	-	-
Raw materials and consumables used		(3,220)	(3,197)	-	-
Employee benefits expenses	6	(46,315)	(46,520)	-	-
Depreciation and amortisation expenses		(5,308)	(5,157)	-	-
Other operating expenses		(25,663)	(25,325)	(703)	(1,604)
Profit from operations	7	14,080	12,378	3,240	59,220
Gain/(Loss) on foreign exchange - unrealised		40,707	(65,314)	51,824	(83,898)
Finance costs	8	(67,414)	(69,068)	(72,922)	(74,032)
Share in results of associated companies		928	(551)	-	-
Loss before tax		(11,699)	(122,555)	(17,858)	(98,710)
Tax expenses	9	(3,650)	(3,091)	(1,087)	(126)
Net loss for the financial year		(15,349)	(125,646)	(18,945)	(98,836)
(Loss)/Profit attributable to:					
Owners of the Company		(18,961)	(128,944)	(18,945)	(98,836)
Non-controlling interests		3,612	3,298	-	-
		(15,349)	(125,646)	(18,945)	(98,836)
Loss per share:					
Basic (sen)	10	(1.4)	(9.7)		

The accompanying notes form an integral part of the financial statements.

ACB RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Net loss for the financial year	(15,349)	(125,646)	(18,945)	(98,836)
Other comprehensive income/(expense)				
<u>Items that may be reclassified</u>				
<u>subsequently to (loss)/profit</u>				
Change in translation reserve	(3,885)	3,653	-	-
Total comprehensive expense for the financial year	<u>(19,234)</u>	<u>(121,993)</u>	<u>(18,945)</u>	<u>(98,836)</u>
Total comprehensive (expense)/income for the financial year attributable to:				
Owners of the Company	(22,846)	(125,291)	(18,945)	(98,836)
Non-controlling interests	3,612	3,298	-	-
	<u>(19,234)</u>	<u>(121,993)</u>	<u>(18,945)</u>	<u>(98,836)</u>

The accompanying notes form an integral part of the financial statements.

ACB RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

		GROUP		COMPANY	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	26,638	32,477	-	-
Investment properties	12	241	247	-	-
Right-of-use assets	13	1,114	1,289	-	-
Associated companies	14	27,724	26,796	4,000	4,000
Subsidiary companies	15	-	-	-	-
Investments	16	237	237	128	128
Deferred tax assets	25	-	-	-	-
		55,954	61,046	4,128	4,128
Current assets					
Contract costs	17(a)	1,236	1,074	-	-
Inventories	18	6,155	4,761	-	-
Receivables	19	74,796	69,409	35,428	35,625
Tax recoverable		6,366	6,539	5,800	5,798
Investment in cash funds	20(a)	69,816	68,120	1,547	785
Deposits, cash and bank balances	20(b)	19,476	36,323	13,036	31,497
		177,845	186,226	55,811	73,705
TOTAL ASSETS		233,799	247,272	59,939	77,833
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	21	1,561,363	1,561,363	1,561,363	1,561,363
Reserves	22	374,158	378,043	-	-
Accumulated losses		(3,969,110)	(3,950,149)	(4,824,143)	(4,805,198)
		(2,033,589)	(2,010,743)	(3,262,780)	(3,243,835)
Non-controlling interests		50,342	49,964	-	-
Total equity		(1,983,247)	(1,960,779)	(3,262,780)	(3,243,835)

ACB RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION (cont'd)
AS AT 31 DECEMBER 2024

	Note	GROUP		COMPANY	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Non-current liabilities					
Lease liabilities	24	444	496	-	-
Deferred liabilities		2,089	2,140	-	-
Deferred tax liabilities	25	411	569	-	-
		<u>2,944</u>	<u>3,205</u>	<u>-</u>	<u>-</u>
Current liabilities					
Payables	26	18,405	16,696	1,068,057	1,078,129
Contract liabilities	17(b)	1,204	1,009	-	-
ACB Bonds and USD Debts	23	2,193,700	2,186,242	2,254,662	2,243,539
Lease liabilities	24	688	822	-	-
Tax liabilities		105	77	-	-
		<u>2,214,102</u>	<u>2,204,846</u>	<u>3,322,719</u>	<u>3,321,668</u>
Total liabilities		<u>2,217,046</u>	<u>2,208,051</u>	<u>3,322,719</u>	<u>3,321,668</u>
Net current liabilities		<u>(2,036,257)</u>	<u>(2,018,620)</u>	<u>(3,266,908)</u>	<u>(3,247,963)</u>
TOTAL EQUITY AND LIABILITIES		<u>233,799</u>	<u>247,272</u>	<u>59,939</u>	<u>77,833</u>

The accompanying notes form an integral part of the financial statements.

ACB RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		GROUP		COMPANY	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(11,699)	(122,555)	(17,858)	(98,710)
Adjustments for non-cash items, interests and dividends	29(a)	25,406	132,743	17,155	97,356
Operating profit/(loss) before working capital changes		13,707	10,188	(703)	(1,354)
Changes in working capital:					
Inventories		(1,394)	(1,121)	-	-
Trade and other receivables		1,145	7,775	3,593	12,190
Contract costs		(162)	15	-	-
Trade and other payables		1,660	(3,563)	(127)	(8)
Contract liabilities		195	(244)	-	-
Cash generated from operations		15,151	13,050	2,763	10,828
Tax paid		(3,607)	(2,583)	(1,087)	(291)
Net cash inflow from operating activities		11,544	10,467	1,676	10,537
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(3,427)	(1,915)	-	-
Proceeds from disposal of property, plant and equipment		939	145	-	-
Repayment from an associated company		-	1,199	-	1,199
Changes in investment in cash funds		(1,696)	1,923	(762)	921
Dividend received		62	29	62	29
Interest received		3,023	7,893	484	4,630
Net cash (outflow)/inflow from investing activities		(1,099)	9,274	(216)	6,779

ACB RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

		GROUP		COMPANY	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to non-controlling interests		(3,234)	(2,940)	-	-
Redemption/Repayment of ACB Bonds and USD Debts	23	(19,921)	(5,514)	(19,921)	(4,237)
Payment of lease liabilities	24	(922)	(910)	-	-
Changes in fixed deposits earmarked for ACB Bonds and USD Debts redemption		18,308	(15,649)	18,308	(17,423)
Finance cost paid		(45)	(42)	-	-
Advance from subsidiary companies		-	-	-	4,184
Net cash outflow from financing activities		(5,814)	(25,055)	(1,613)	(17,476)
Effect of exchange rate changes on cash and cash equivalents		(3,170)	5,181	-	-
Net increase/(decrease) in cash and cash equivalents		1,461	(133)	(153)	(160)
Cash and cash equivalents at beginning of the financial year		5,234	5,367	408	568
Cash and cash equivalents at end of the financial year	29(b)	6,695	5,234	255	408

The accompanying notes form an integral part of the financial statements.

ACB RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

GROUP	<----- Attributable to owners of the Company ----->					
	Non-distributable			Non-controlling interests		Total equity
	Share capital RM'000 (Note 21)	Reserves RM'000 (Note 22)	Accumulated losses RM'000	Total RM'000	RM'000	RM'000
At 1 January 2023	1,561,363	374,390	(3,821,205)	(1,885,452)	49,606	(1,835,846)
Total comprehensive income/(expense) for the financial year	-	3,653	(128,944)	(125,291)	3,298	(121,993)
Dividend paid by a subsidiary company	-	-	-	-	(2,940)	(2,940)
At 31 December 2023	<u>1,561,363</u>	<u>378,043</u>	<u>(3,950,149)</u>	<u>(2,010,743)</u>	<u>49,964</u>	<u>(1,960,779)</u>
At 1 January 2024	1,561,363	378,043	(3,950,149)	(2,010,743)	49,964	(1,960,779)
Total comprehensive (expense)/income for the financial year	-	(3,885)	(18,961)	(22,846)	3,612	(19,234)
Dividend paid by a subsidiary company	-	-	-	-	(3,234)	(3,234)
At 31 December 2024	<u>1,561,363</u>	<u>374,158</u>	<u>(3,969,110)</u>	<u>(2,033,589)</u>	<u>50,342</u>	<u>(1,983,247)</u>

ACB RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

COMPANY

	Share capital RM'000 (Note 21)	Accumulated losses RM'000	Total equity RM'000
At 1 January 2023	1,561,363	(4,706,362)	(3,144,999)
Total comprehensive expense for the financial year	-	(98,836)	(98,836)
At 31 December 2023	<u>1,561,363</u>	<u>(4,805,198)</u>	<u>(3,243,835)</u>
At 1 January 2024	1,561,363	(4,805,198)	(3,243,835)
Total comprehensive expense for the financial year	-	(18,945)	(18,945)
At 31 December 2024	<u>1,561,363</u>	<u>(4,824,143)</u>	<u>(3,262,780)</u>

The accompanying notes form an integral part of the financial statements.

ACB RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and the principal place of business of the Company are both located at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are shown in Note 15. There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 6 May 2025.

2. GOING CONCERN

The Group and the Company incurred net loss attributable to the owners of the Company of RM19 million and RM19 million respectively during the financial year ended 31 December 2024 and, as of that date, the Group and the Company have deficit in their net equity attributable to the owners of the Company of RM2,034 million and RM3,263 million respectively and their current liabilities exceeded their current assets by RM2,036 million and RM3,267 million respectively. In addition, as disclosed in Note 23, the ACB Bonds and USD Debts of the Group and of the Company which are repayable within 12 months amounting to RM2,194 million and RM2,255 million respectively. The cash flows for the redemption/repayment will be sourced from the proceeds of the disposal of assets/companies and cash flows from the operations.

The Directors are of the opinion that the financial statements be prepared on a going concern basis and accordingly do not include any adjustments that may be necessary if the Group and the Company are unable to continue as a going concern.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the material accounting policies and are 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 financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"). All values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

Adoption of New MFRS and Amendments to MFRSs

On 1 January 2024, the Group and the Company adopted the following Amendments to MFRS Accounting Standards which have been issued by the Malaysian Accounting Standards Board ("MASB") that are effective for financial periods beginning on or after 1 January 2024:

Amendments to MFRS 7	Financial Instruments: Disclosure of Supplier Finance Arrangements
Amendments to MFRS 16	Leases: Lease Liability in a Sale and Leaseback

3. BASIS OF PREPARATION (cont'd)**(a) Statement of compliance (cont'd)**

Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements: Non-current Liabilities with Covenants
Amendments to MFRS 107	Statement of Cash Flows: Supplier Finance Arrangements

The adoption of the above amendments are not expected to have material impact on the financial position and financial performance of the Company and the Group.

At the date of authorisation for issue of these financial statements, the following Amendments to MFRS Accounting Standards have been issued by the MASB but not yet effective and have not been applied by the Company and the Group:

Effective for financial periods beginning on or after 1 January 2025:

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability
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Effective for financial periods beginning on or after 1 January 2026:

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards - Annual Improvements to MFRS Accounting Standards - Volume 11
Amendments to MFRS 7	Financial Instruments: Disclosure - Amendments to the Classification and Measurement of Financial Instruments
Amendments to MFRS 7	Financial Instruments: Disclosure - Annual Improvements to MFRS Accounting Standards - Volume 11
Amendments to MFRS 7	Financial Instruments: Disclosure - Contracts Referencing Nature - Dependent Electricity
Amendments to MFRS 9	Financial Instruments: Amendments to the Classification and Measurement of Financial Instruments
Amendments to MFRS 9	Financial Instruments: Disclosure - Annual Improvements to MFRS Accounting Standards - Volume 11
Amendments to MFRS 9	Financial Instruments - Contracts Referencing Nature - Dependent Electricity
Amendments to MFRS 10	Consolidated Financial Statements: Annual Improvements to MFRS Accounting Standards - Volume 11
Amendments to MFRS 107	Statement of Cash Flows - Annual Improvements to MFRS Accounting Standards - Volume 11

Effective for financial periods beginning on or after 1 January 2027:

MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19	Subsidiaries without Public Accountability: Disclosures

Deferred to a date to be determined by the MASB:

Amendments to MFRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

3. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

The Group and the Company will adopt the above new MFRS Accounting Standards and Amendments to MFRS Accounting Standards when they become effective. The adoption of the above new MFRS Accounting Standards and Amendments to MFRS Accounting Standards is not expected to have a material impact on the financial performance or position of the Group and of the Company in the period of initial application.

(b) Critical accounting estimates and judgements

Management is of the opinion that the instances of the application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimation.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of tangible assets

When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use ("VIU"), will be assessed. The assessment of recoverable amounts involves various methodologies.

Fair value of an asset is estimated by reference to net assets of the investee or based on prevailing market value determined by professional valuers.

In determining the VIU of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group makes estimates and assumptions that required significant judgements and estimates. While the Group believes these estimates and assumptions of VIU could be reasonable and appropriate, changes in these estimates and assumptions of VIU could impact on the Group's financial position and results.

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management reviews the remaining useful lives of property, plant and equipment at the end of each reporting period and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives of property, plant and equipment may result in revision of future depreciation charges.

(iii) Impairment of receivables

The Group and the Company make provision for impairment loss for receivables based on assumptions about risk of default and expected loss rates. The Group uses simplified approach in calculating loss allowances for trade receivables by applying expected credit loss rate. The Group and the Company use judgement in making the assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company's past history, existing market conditions as well as forward looking estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and impairment loss in the period in which estimate has been changed.

3. BASIS OF PREPARATION (cont'd)

(b) Critical accounting estimates and judgements (cont'd)

(iv) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts initially recognised, such differences will impact the income tax provision in the period in which such determination is made. Details of income tax expense are disclosed in Note 9.

(v) Deferred tax

Deferred tax assets are recognised for unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. MATERIAL ACCOUNTING POLICIES

(a) Basis of consolidation and subsidiary companies

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiary companies). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation and subsidiary companies (cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are those entities controlled by the Company. Subsidiary companies are consolidated using the purchase method of accounting. Under the purchase method of accounting, the results of subsidiary companies acquired during the financial year are included in the consolidated financial statements from the effective date of acquisition. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. At the Group level, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup transactions, balances and unrealised gains and losses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

Non-controlling interests in the consolidated statement of financial position consist of the non-controlling interests' share of fair values of the identifiable assets and liabilities of the acquiree as at acquisition date and the non-controlling interests' share of movements in the acquiree's equity since then.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(b) Investment in associated companies

Associated companies are entities in which the Group has significant influence and where the Group participates in its financial and operating policies through Board representation. Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the latest audited or management financial statements of the companies concerned made up to the Group's financial year end. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Under the equity method of accounting, the Group's share of results of associated companies during the financial year is included in the consolidated financial statements. The Group's share of results of associated companies acquired or disposed of during the year, is included in profit or loss from the date that significant influence effectively commences or until the date that significant influence effectively ceases, as appropriate.

Unrealised gains and losses on transactions between the Group and the associate companies are eliminated to the extent of the Group's interest in the associated companies.

The Group's interest in associated companies is carried in the consolidated statement of financial position at cost plus the Group's share of post-acquisition changes in the share of the net assets of the associated companies, less impairment losses.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associated company's results in the period in which the investment is acquired.

When the Group's share of losses equals or exceeds its interest in an equity accounted associated company, including any long term interest that, in substance, form part of the Group's net investment in the associated company, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payment on behalf of the associated company.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses.

(c) Goodwill on consolidation

Goodwill on consolidation represents the excess of the cost of acquisition of subsidiary companies over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary companies at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on the pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial year in which they are incurred.

Freehold land has an unlimited useful life and therefore is not depreciated but reviewed at each reporting date to determine whether there is an indication of impairment.

Leasehold land is depreciated over the lease term and reviewed at each reporting date to determine whether there is an indication of impairment. The residual values, lease term and depreciation method are reviewed at each financial period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Depreciation of property, plant and equipment are depreciated on the straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives, at the following annual rates:

Buildings	2% - 10%
Plant and machinery	2% - 33%
Tools and equipment	10% - 20%
Furniture and office equipment	5% - 25%
Motor vehicles	13% - 20%

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each end of the reporting period.

At each reporting date, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount in accordance with Note 4(g).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(e) Income taxes

Income tax on profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised as income or an expense and is included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(f) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(f) Foreign currencies (cont'd)

(ii) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary items are denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to other comprehensive income and accumulated in the foreign currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised directly in other comprehensive income.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each reporting presented are translated at the closing rate prevailing at end of the reporting date;
- Income and expenses are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken directly to other comprehensive income and accumulated in foreign currency translation reserve within equity.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2024	2023
	RM	RM
1 United States Dollar	4.475	4.596
1 Singapore Dollar	3.287	3.481
1 Hong Kong Dollar	0.576	0.588
100 Philippine Peso	7.695	8.120
100 Indonesian Rupiah	0.027	0.028
1 Chinese Renminbi	0.613	0.650

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(g) Impairment of non-financial assets

At the end of each reporting period, the Group and the Company review the carrying amounts of their non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(h) Financial instruments

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provision of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are immediately recognised in the statement of profit or loss. Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the statement of profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Financial assets

(i) Financial assets measured at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(h) Financial instruments (cont'd)****Financial assets (cont'd)****(ii) Financial assets measured at fair value through other comprehensive income ("FVTOCI")**

Financial assets are measured at FVTOCI if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets measured at fair value through profit or loss ("FVTPL")

Financial asset not measured at amortised cost or at FVTOCI is carried at FVTPL. Fair value changes are recognised in the statements of profit or loss at each reporting period. The Group in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has been classified as financial instrument through profit or loss and any subsequent changes in fair value to be charged to profit or loss. Such an election is made by the Group on an instrument by instrument basis at the time of initial recognition of such equity investments.

(iv) Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and FVTOCI. The Group and the Company recognise life time expected credit losses for all trade receivables that do not constitute a financing transaction. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition. The impairment losses and reversals are recognised in profit or loss.

(v) Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Company recognise the retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received. On derecognition of a financial asset (except for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognised in profit or loss.

Financial liabilities and equity instruments**(i) Classification as debt or equity**

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(h) Financial instruments (cont'd)

Financial liabilities and equity instruments (cont'd)

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

(iv) Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The differences between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of direct attributable transactions costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(j) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(j) Financial liabilities (cont'd)

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and accrued expenses, amount owing to subsidiary companies, dividend payable and ACB Bonds and USD Debts.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(k) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(l) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(m) Provision for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. The provision is reversed if it is no longer probable that an outflow of economic resources will be required to settle the obligation. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(n) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment plans under which the Group pays fixed contribution into separate entities or funds and will have no legal or constructive obligations to pay further contribution if any of the fund do not hold sufficient assets to pay all employees benefits relating to employee services in the current and preceding financial years.

The Group's contributions to defined contribution plans are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(o) Leases and Right-of-use Assets

The Group, as lessee, assesses at inception of the contract whether a contract is or contains a lease.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

4. MATERIAL ACCOUNTING POLICIES (cont'd)

(o) Leases and Right-of-use Assets (cont'd)

(i) Lease liabilities (cont'd)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(ii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to their short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(iii) Right-of-use assets

The Group recognises the right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use asset includes the amount of lease liabilities recognised and lease payments made. Right-of-use assets are depreciated on a straight-line basis over the shorter of lease term. The estimated useful lives of the asset based on the lease term is as follow:

Building

1 - 5 years

(p) Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract or implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange of transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which they will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling price of the goods or services promised in the contract.

4. MATERIAL ACCOUNTING POLICIES (cont'd)**(p) Revenue recognition (cont'd)**

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

(i) Sale of goods and services

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs; or
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) 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.

(ii) Dividend income

Dividend income is recognised when the Group's or the Company's right to receive payment is established.

(iii) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recognised on the accrual basis.

(iv) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

5. REVENUE

Revenue of the Group and of the Company consists of the following:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Sales of goods	26,376	24,143	-	-
Rendering of service	59,106	59,323	-	-
Dividend income	62	29	62	29
Interest income	484	4,630	484	4,630
	86,028	88,125	546	4,659

Timing of revenue recognition:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
At a point in time	27,965	30,455	546	4,659
Over time	58,063	57,670	-	-
	86,028	88,125	546	4,659

6. EMPLOYEE BENEFITS EXPENSES

	GROUP	
	2024	2023
	RM'000	RM'000
Salaries, wages and bonuses	28,431	27,612
Defined contribution plans	2,962	3,022
Other staff related expenses	14,922	15,886
	46,315	46,520

7. PROFIT FROM OPERATIONS**(a) Profit from operations is arrived at:**

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
After charging:				
Depreciation of:				
- property, plant and equipment	4,395	4,254	-	-
- right-of-use assets	907	897	-	-
Directors' remuneration (Note 7(b))	46	45	41	41
Auditors' remuneration:				
- current year	287	283	50	50
- prior years	2	7	-	-
Amortisation of investment properties	6	6	-	-
Impairment losses on receivables (net)	161	688	-	250
Property, plant and equipment written off	16	15	-	-
Loss/(Gain) on remeasurement of leases	4	(3)	-	-
And crediting:				
Interest income	2,539	3,263	-	-
Reversal of impairment losses on subsidiary companies (net)	-	-	3,397	56,165
Gain on disposal of property, plant and equipment	2,777	125	-	-
Gain on foreign exchange				
- realised	41	12	-	-

7. PROFIT FROM OPERATIONS (cont'd)**(b) Directors' remuneration**

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fees	41	40	37	37
Other emoluments	5	5	4	4
Total	46	45	41	41

The number of Directors and their range of remuneration are as follows:

Range of remuneration	GROUP AND COMPANY Number of Directors	
	2024	2023
RM20,000 and below	4	4

8. FINANCE COSTS

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
- ACB Bonds and USD Debts	67,369	69,026	21,650	21,705
- ACB Debts	-	-	51,272	52,327
- Lease liabilities (Note 24)	45	42	-	-
Total	67,414	69,068	72,922	74,032

9. TAX EXPENSES

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- current year	2,812	2,562	99	126
- prior years	996	132	988	-
Deferred tax (Note 25):				
- current year	(154)	(2)	-	-
- prior years	(4)	399	-	-
	3,650	3,091	1,087	126

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at effective income tax rate of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Loss before tax	(11,699)	(122,555)	(17,858)	(98,710)
Tax calculated at Malaysian statutory tax rate of 24% (2023: 24%)	(2,808)	(29,413)	(4,286)	(23,690)
Income not subject to tax	(12,027)	(1,040)	(13,250)	(13,480)
Expenses not deductible for tax purposes	17,493	33,013	17,635	37,296
Under/(Over) provision in prior years:				
- income tax	996	132	988	-
- deferred tax	(4)	399	-	-
Total	3,650	3,091	1,087	126

10. LOSS PER SHARE**Basic**

Basic loss per share is calculated by dividing the loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2024	2023
Loss for the financial year attributable to owners of the Company (RM'000)	(18,961)	(128,944)
Weighted average number of ordinary shares in issue ('000) (Note 21)	1,331,175	1,331,175
Basic loss per share (sen)	(1.4)	(9.7)

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Total RM'000
GROUP							
2024							
COST							
At 1 January 2024	13,600	785	4,600	44,626	10,980	5,106	79,697
Addition	-	-	-	2,374	327	726	3,427
Disposal	(4,800)	-	-	-	(1)	(720)	(5,521)
Written off	-	-	-	(372)	(3)	-	(375)
At 31 December 2024	8,800	785	4,600	46,628	11,303	5,112	77,228
LESS: ACCUMULATED DEPRECIATION							
At 1 January 2024	-	13	444	36,982	6,332	3,449	47,220
Charge for the financial year	-	1	92	2,734	1,003	565	4,395
Disposal	-	-	-	-	(1)	(665)	(666)
Written off	-	-	-	(356)	(3)	-	(359)
At 31 December 2024	-	14	536	39,360	7,331	3,349	50,590
CARRYING AMOUNTS							
At 31 December 2024	8,800	771	4,064	7,268	3,972	1,763	26,638

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Total RM'000
GROUP							
2023							
COST							
At 1 January 2023	13,600	785	4,600	75,755	10,003	4,683	109,426
Addition	-	-	-	82	981	852	1,915
Disposal	-	-	-	(10)	-	(429)	(439)
Transfer from inventories	-	-	-	2,524	-	-	2,524
Written off	-	-	-	(33,725)	(4)	-	(33,729)
At 31 December 2023	13,600	785	4,600	44,626	10,980	5,106	79,697
LESS: ACCUMULATED DEPRECIATION							
At 1 January 2023	-	12	352	67,908	5,448	3,379	77,099
Charge for the financial year	-	1	92	2,787	888	486	4,254
Disposal	-	-	-	(3)	-	(416)	(419)
Written off	-	-	-	(33,710)	(4)	-	(33,714)
At 31 December 2023	-	13	444	36,982	6,332	3,449	47,220
CARRYING AMOUNTS							
At 31 December 2023	13,600	772	4,156	7,644	4,648	1,657	32,477

12. INVESTMENT PROPERTIES

	GROUP	
	2024	2023
	RM'000	RM'000
At beginning of financial year	247	253
Amortisation	(6)	(6)
At end of financial year	241	247
Analysed as:		
Leasehold land and building	241	247
Fair value	380	380

No rental income earned by the Group for the financial years ended 31 December 2024 and 31 December 2023 from its investment properties. Direct operating expenses incurred by the Group during the financial year amounted to RM1,599 (2023: RM1,957).

Investment properties represent investment properties held under lease terms.

The fair value of the investment properties is estimated by reference to market evidence of transaction prices for similar properties.

13. RIGHT-OF-USE ASSETS

	GROUP	
	Buildings	
	2024	2023
	RM'000	RM'000
At beginning of financial year	1,289	806
Addition	310	297
Depreciation	(907)	(897)
Remeasurement of lease liabilities	422	1,083
At end of financial year	1,114	1,289

The Group leases a number of buildings (premises and depots) that run for a period between one to five years, with an option to renew the lease after that date. The lease payments are fixed as stipulated in the lease agreement during its lease period.

14. ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unquoted shares - at cost	9,381	9,381	4,000	4,000
Share in post acquisition reserves	18,343	17,415	-	-
Total	27,724	26,796	4,000	4,000

The Group's unrecognised share of loss of associated companies for the financial year are as follows:

	GROUP	
	2024 RM'000	2023 RM'000
At beginning of financial year	(41,038)	(41,038)
Written off	41,037	-
At end of financial year	(1)	(41,038)

Certain unquoted shares of the Group and of the Company amounting to RM9.4 million (2023: RM9.4 million) and RM4.0 million (2023: RM4.0 million) at cost respectively were pledged as securities for the bonds issued by the Company pursuant to the Group Wide Restructuring Scheme ("GWRS").

The associated companies are:

Name of Company	Country of Incorporation	Holding in Equity		Accounting Year End	Principal Activities
		2024 %	2023 %		
Steel Industries (Sabah) Sdn Bhd	Malaysia	20	20	31 December	Manufacturing and trading of steel bars
Bonuskad Loyalty Sdn Bhd * ("Bonuskad")	Malaysia	33.33	33.33	31 December	Providing marketing services by means of "BonusLink Loyalty Programme"
Renor Pte Ltd * (Dissolved on 1.4.2024)	Singapore	-	42.50	30 June	Investment holding
Lion Jianmin Pte Ltd * (Struck off on 20.2.2025)	Singapore	30	30	30 June	Investment holding

* Holding in equity by subsidiary companies.

Financial statements of all the associated companies were not audited by Ong Boon Bah & Co.

14. ASSOCIATED COMPANIES (cont'd)

Summarised financial information in respect of the Group's material associated company - Bonuskad is set out below:

	2024 RM'000	2023 RM'000
Assets and liabilities		
Current assets	189,872	191,011
Non-current assets	11,156	10,276
Current liabilities	(134,517)	(137,799)
Net assets	66,511	63,488
Results		
Revenue	70,585	96,949
Net profit/(loss) for the financial year	3,140	(468)
Group's share of net profit/(loss) for the financial year	1,047	(156)

Reconciliation for the summarised financial information to the carrying amount of the equity interest in Bonuskad recognised in the financial statements:

	2024 %	2023 %
Group's equity interest in Bonuskad	33.33	33.33
	2024 RM'000	2023 RM'000
Net assets of Bonuskad	66,511	63,488
Group's share of net assets	22,168	21,161
Other adjustment to equity	(4,803)	(4,803)
Carrying amount of the Group's equity interest in Bonuskad	17,365	16,358

15. SUBSIDIARY COMPANIES

	COMPANY	
	2024 RM'000	2023 RM'000
Unquoted shares in Malaysia - at cost	710,061	710,061
Accumulated impairment losses	(710,061)	(710,061)
	-	-
Unquoted shares outside Malaysia - at cost	2,236	2,236
Accumulated impairment losses	(2,236)	(2,236)
	-	-
Total	-	-

15. SUBSIDIARY COMPANIES (cont'd)

The subsidiary companies are:

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2024 %	2023 %	
Amalgamated Rolling Mill Sdn Bhd	Malaysia	100	100	Trading in steel products and other related services
ACB Harta Holdings Sdn Bhd	Malaysia	100	100	Investment holding and property development
Ambang Jaya Sdn Bhd	Malaysia	100	100	Investment holding
Amsteel Capital Holdings Sdn Bhd	Malaysia	100	100	Investment holding and provision of management services to its related companies
Amsteel Harta (L) Limited *	Malaysia	100	100	Investment holding
Amsteel Harta (M) Sdn Bhd	Malaysia	100	100	Managing of debts novated from the Company and certain of its subsidiary companies pursuant to the GWRS
Angkasa Marketing (Singapore) Pte Ltd *	Singapore	100	100	Investment holding
Lion Plantations Sdn Bhd	Malaysia	70	70	Investment holding
Lion Tooling Sdn Bhd	Malaysia	100	100	Manufacturing and sale of tools and dies
Mastrama Sdn Bhd	Malaysia	100	100	Investment holding
Timuriang Sdn Bhd	Malaysia	100	100	Investment holding
Subsidiary companies of ACB Harta Holdings Sdn Bhd				
Chembong Malay Rubber Company (1920) Limited *	United Kingdom	100	100	Ceased operation
Henrietta Rubber Estate Limited *	United Kingdom	100	100	Ceased operation
Lion Commodities And Futures Trading Sdn Bhd	Malaysia	100	100	Ceased operation
Segamat Land Sdn Bhd	Malaysia	100	100	Ceased operation
P T Kebunaria (In liquidation) *	Indonesia	85	85	Ceased operation
Anika Developments Sdn Bhd	Malaysia	100	100	Contract management

15. SUBSIDIARY COMPANIES (cont'd)

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2024 %	2023 %	
Subsidiary companies of ACB Harta Holdings Sdn Bhd (cont'd)				
Westlake Landscape Sdn Bhd	Malaysia	100	100	Landscaping business
Secom (Malaysia) Sdn Bhd * ("Secom")	Malaysia	51	51	Provision of electronic surveillance of premises and other security related services and sale of security equipment
Subsidiary company of Secom				
Secom-KOP Security Systems Sdn Bhd *	Malaysia	60	60	Ceased operation
Subsidiary companies of Ambang Jaya Sdn Bhd				
Cibber Limited *	Hong Kong	100	100	Ceased operation
Romiti Limited *	Hong Kong	100	100	Ceased operation
Subsidiary companies of Amsteel Capital Holdings Sdn Bhd				
Amcap Consultants Limited * (Dissolved on 26.2.2025)	Hong Kong	100	100	Ceased operation
Amsteel Holdings (H.K.) Limited *	Hong Kong	100	100	Investment holding
Amsteel Holdings Philippines, Inc. *	Philippines	100	100	Investment holding
Datavest Sdn Bhd	Malaysia	100	100	Investment holding
P T Amsteel Securities Indonesia * ^	Indonesia	85	85	Ceased operation
Subsidiary company of Amsteel Holdings (H.K.) Limited				
Amsteel Finance (H.K.) Limited * (Dissolved on 26.2.2025)	Hong Kong	100	100	Ceased operation

15. SUBSIDIARY COMPANIES (cont'd)

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2024 %	2023 %	
Subsidiary company of Amsteel Holdings Philippines, Inc.				
Amsteel Securities Philippines, Inc. *	Philippines	100	100	Ceased operation
Subsidiary company of Datavest Sdn Bhd				
Amsteel Equity Capital Sdn Bhd *	Malaysia	100	100	Ceased operation
Subsidiary company of Amsteel Securities Philippines, Inc.				
Amsteel Strategic Investors Alliance, Inc. *	Philippines	100	100	Ceased operation
Subsidiary company of Amsteel Equity Capital Sdn Bhd				
Amsteel Equity Realty (M) Sdn Bhd *	Malaysia	100	100	Dormant
Subsidiary company of Mastrama Sdn Bhd				
Salient Care Sdn Bhd	Malaysia	70	70	Dormant
Subsidiary companies of Timuriang Sdn Bhd				
Kobayashi Optical Sdn Bhd (Dissolved on 13.2.2024)	Malaysia	-	70	Ceased operation
Parkson Retail Consulting And Management Sdn Bhd	Malaysia	100	100	Investment holding
Sukhothai Food Sdn Bhd	Malaysia	100	100	Investment holding
Natvest Parkson Sdn Bhd	Malaysia	100	100	Investment holding
Umatrac Enterprises Sdn Bhd	Malaysia	100	100	Investment holding
Subsidiary company of Sukhothai Food Sdn Bhd				
Masoni Investment Pte Ltd *	Singapore	52.6 47.4 ^a	52.6 47.4 ^a	Investment holding

15. SUBSIDIARY COMPANIES (cont'd)

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2024 %	2023 %	
Subsidiary company of Umatrac Enterprises Sdn Bhd				
Hiap Joo Chong Realty Sdn Bhd	Malaysia	100	100	Investment holding

* Financial statements of subsidiary companies were not audited by Ong Boon Bah & Co.

^ Consolidated based on management accounts.

^a Held by Parkson Retail Consulting And Management Sdn Bhd.

Movement in the accumulated impairment losses of investment in subsidiary companies (in Malaysia):

	COMPANY	
	2024 RM'000	2023 RM'000
At beginning and end of financial year	710,061	710,061

Non-controlling interests in subsidiary companies

Secom, the subsidiary company with non-controlling interests which the Group regards as material to the Group is set out below. The non-controlling interests of the other companies are not material to the Group.

The equity interest held by non-controlling interests is as follows:

Name of Company	2024 %	2023 %
Secom	49	49

The Group's subsidiary companies that have non-controlling interests are as follows:

	2024 RM'000	2023 RM'000
Accumulated non-controlling interests:		
Secom	49,757	49,320
Other individually immaterial subsidiary companies	585	644
	50,342	49,964
Profit/(Loss) allocated to non-controlling interests:		
Secom	3,608	3,300
Other individually immaterial subsidiary companies	4	(2)
	3,612	3,298

15. SUBSIDIARY COMPANIES (cont'd)**Non-controlling interests in subsidiary companies (cont'd)**

Summarised financial information in respect of each of the Group's subsidiary companies that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Secom	
	2024	2023
	RM'000	RM'000
Summarised Statement of Profit or Loss		
Revenue	78,621	76,349
Profit for the financial year	7,362	6,730
Dividends paid to non-controlling interests	3,234	2,940
Summarised Statement of Financial Position		
Non-current assets	26,508	27,580
Current assets	88,592	85,623
Non-current liabilities	(2,842)	(3,085)
Current liabilities	(10,650)	(9,274)
Non-controlling interests	(193)	(191)
Net assets	101,415	100,653
Summarised Statement of Cash Flows		
Operating activities	9,494	7,383
Investing activities	(1,273)	(192)
Financing activities	(7,522)	(6,910)
Net increase in cash and cash equivalents	699	281

16. INVESTMENTS

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Non-current				
Fair value through other comprehensive income				
Unquoted shares and investments	237	237	128	128

17. CONTRACT COSTS/LIABILITIES

	GROUP	
	2024	2023
	RM'000	RM'000
(a) Contract costs		
Costs to fulfil contracts	<u>1,236</u>	<u>1,074</u>
(b) Contract liabilities		
Contract liabilities	<u>1,204</u>	<u>1,009</u>

The contract liabilities of a subsidiary company, primarily relate to the central management services fee income receivable from customers who are billed in advance either on a monthly or quarterly basis for service contract, which revenue is recognised over time during the contract period.

18. INVENTORIES

	GROUP	
	2024	2023
	RM'000	RM'000
Current		
Property development at costs	132	132
Less: Accumulated impairment losses	(132)	(132)
	<u>-</u>	<u>-</u>
<u>Other inventories</u>		
At net realisable value:		
Raw materials	26	30
Finished goods	2,423	2,740
General and consumable	69	79
Work-in-progress	3,637	1,912
	<u>6,155</u>	<u>4,761</u>
Total	<u>6,155</u>	<u>4,761</u>

19. RECEIVABLES

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Trade receivables	30,185	29,243	-	-
Accumulated impairment losses	(18,090)	(17,964)	-	-
	12,095	11,279	-	-
Other receivables, deposits and prepayments	374,054	369,448	176,487	176,684
Accumulated impairment losses	(311,353)	(311,318)	(141,059)	(141,059)
	62,701	58,130	35,428	35,625
Amounts due from subsidiary companies	-	-	1,701,749	1,705,146
Accumulated impairment losses	-	-	(1,701,749)	(1,705,146)
	-	-	-	-
Amounts due from associated companies	-	-	-	-
Accumulated impairment losses	-	-	-	-
	-	-	-	-
Total	74,796	69,409	35,428	35,625

The Group's normal trade credit term ranges from 21 days to 90 days (2023: 21 days to 90 days). Other credit terms are assessed and approved on a case-to-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single customer or to groups of customers.

Included in other receivables of the Group and of the Company is an amount of RM35 million (2023: RM35 million) which represents deferred cash payments from disposal and redemption of LCB Bonds and LCB redeemable convertible secured loan stocks ("RCSLS"). Included in the Group's other receivables is an amount of RM32 million (2023: RM32 million) which represents consideration receivable for the disposal of a subsidiary company.

The amounts due from subsidiary companies which arose mainly from inter-company advances are unsecured, interest free (2023: interest free) and repayable on demand.

In the previous financial year, the amounts due from associated companies which arose mainly from inter-company advances were unsecured, interest free and repayable on demand.

Included in the Group's trade receivables balance are receivables which are past due at the end of the reporting period for which the Group has not impaired as there has not been a significant change in credit quality and the Group believes that the amounts are still considered fully recoverable. The Group does not hold any collateral over these balances.

19. RECEIVABLES (cont'd)

Aging of trade receivables is as follows:

	GROUP	
	2024 RM'000	2023 RM'000
Neither past due nor impaired	5,729	5,755
1 - 30 days past due but not impaired	2,312	1,847
31 - 90 days past due but not impaired	1,864	2,883
More than 90 days past due but not impaired	2,190	794
	<u>12,095</u>	<u>11,279</u>
Past due and impaired	18,090	17,964
Total trade receivables	<u>30,185</u>	<u>29,243</u>

Movement in the accumulated impairment losses of trade receivables:

	GROUP	
	2024 RM'000	2023 RM'000
At beginning of financial year	17,964	17,504
Addition	172	786
Reversal	(46)	(326)
At end of financial year	<u>18,090</u>	<u>17,964</u>

Movement in the accumulated impairment losses of other receivables, deposits and prepayments:

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At beginning of financial year	311,318	309,891	141,059	139,610
Addition	377	2,104	205	2,040
Reversal	(342)	(677)	(205)	(591)
At end of financial year	<u>311,353</u>	<u>311,318</u>	<u>141,059</u>	<u>141,059</u>

Movement in the accumulated impairment losses of amounts due from subsidiary companies:

	COMPANY	
	2024 RM'000	2023 RM'000
At beginning of financial year	1,705,146	1,761,311
Addition	30	251,943
Reversal	(3,427)	(308,108)
At end of financial year	<u>1,701,749</u>	<u>1,705,146</u>

19. RECEIVABLES (cont'd)

Movement in the accumulated impairment losses of amounts due from associated companies:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year	-	65,650	-	65,650
Written off	-	(64,451)	-	(64,451)
Reversal	-	(1,199)	-	(1,199)
At end of financial year	-	-	-	-

In determining the recoverability of a trade receivable, the Group and the Company consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

The currency exposure profile of receivables is as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	44,246	37,173	35,428	35,625
Chinese Renminbi	29,190	30,369	-	-
Hong Kong Dollar	1,067	1,575	-	-
Others	293	292	-	-
	74,796	69,409	35,428	35,625

20. INVESTMENT IN CASH FUNDS, DEPOSITS, CASH AND BANK BALANCES**(a) Investment in cash funds**

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fair value through profit or loss				
Money market funds in Malaysia	17,203	16,873	-	-
Amortised cost				
Cash management funds and fixed deposits with licensed banks and financial institutions	52,613	51,247	1,547	785
	69,816	68,120	1,547	785

20. INVESTMENT IN CASH FUNDS, DEPOSITS, CASH AND BANK BALANCES (cont'd)**(b) Deposits, cash and bank balances**

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed financial institutions	13,956	32,641	12,781	31,089
Cash and bank balances	5,520	3,682	255	408
	<u>19,476</u>	<u>36,323</u>	<u>13,036</u>	<u>31,497</u>

Certain deposits, cash and bank balances are:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Earmarked for ACB Bonds and USD Debts redemption under the GWRS	12,781	31,089	12,781	31,089

The currency exposure profile of deposits, cash and bank balances is as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	18,364	35,587	13,036	31,497
Others	1,112	736	-	-
	<u>19,476</u>	<u>36,323</u>	<u>13,036</u>	<u>31,497</u>

The average interest rates of deposits of the Group and of the Company at the end of the financial year are 3.30% (2023: 3.30%) per annum and 2.10% (2023: 2.10%) per annum respectively.

The average maturity of deposits of the Group and of the Company at the end of the financial year are 7 days to 365 days (2023: 7 days to 365 days) and 7 days (2023: 7 days to 150 days) respectively.

21. SHARE CAPITAL

	GROUP AND COMPANY			
	2024		2023	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued share capital:				
Ordinary shares:				
At beginning and end of financial year	1,331,175	1,561,363	1,331,175	1,561,363

22. RESERVES

	<----- Non-distributable ----->		
	Translation reserve RM'000	Capital reserve RM'000	Total RM'000
GROUP			
At 1 January 2023	(95,051)	469,441	374,390
Total comprehensive income for the financial year	3,653	-	3,653
At 31 December 2023/1 January 2024	(91,398)	469,441	378,043
Total comprehensive expense for the financial year	(3,885)	-	(3,885)
At 31 December 2024	(95,283)	469,441	374,158

Included in capital reserve was profits recognised by a subsidiary company set up to manage the Ringgit Malaysia debts novated from the Company and certain of its subsidiary companies pursuant to the GWRS amounting to RM437.9 million.

23. ACB BONDS AND USD DEBTS - SECURED

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Current				
- ACB Bonds	660,221	645,105	660,221	645,105
- ACB Debts	-	-	1,594,441	1,598,434
- ACB Consolidated and Rescheduled Debts	1,533,479	1,541,137	-	-
	<u>2,193,700</u>	<u>2,186,242</u>	<u>2,254,662</u>	<u>2,243,539</u>

The currency exposure profile of ACB Bonds and USD Debts (ACB Debts and ACB Consolidated and Rescheduled Debts) is as follows:

	GROUP		COMPANY	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Ringgit Malaysia	660,221	645,105	660,221	645,105
United States Dollar	1,533,479	1,541,137	1,594,441	1,598,434
	<u>2,193,700</u>	<u>2,186,242</u>	<u>2,254,662</u>	<u>2,243,539</u>

The Company had on 27 February 2009, implemented the corporate and debt restructuring scheme ("ACB Scheme") which is to address its debts obligations to repay the ACB Bonds and USD Debts issued by the Company and its subsidiary company pursuant to the GWRS.

The implementation of the ACB Scheme led to consequential changes to the principal terms and conditions of the ACB Bonds and USD Debts.

The principal terms and conditions of the ACB Bonds and USD Debts are as follows:

(i) The tranches of RM denominated bonds ("ACB Bonds") issued by the Company are as follows:

ACB Bonds	Nominal Value RM'000	Net Present Value RM'000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	40,058	34,740	31 December 2011	7.00%
Class A(2)	32,907	29,133	31 December 2011	6.00%
Class B(a)	265,537	232,460	31 December 2014	4.00%
Class B(b)	*	*	31 December 2014	7.00%
Class C #	340,049	303,475	31 December 2011	4.75%

(ii) The tranches of USD Debts ("ACB Debts") issued by the Company to a subsidiary company are as follows:

ACB Debts	Nominal Value USD'000	Net Present Value USD'000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	142,059	123,186	31 December 2011	6.75%
Class A(2)	1,620	1,443	31 December 2011	5.50%
Class B	134,253	118,949	31 December 2014	3.50%
Class C #	198,849	179,761	31 December 2011	4.25%

23. ACB BONDS AND USD DEBTS - SECURED (cont'd)

The principal terms and conditions of the ACB Bonds and USD Debts are as follows: (cont'd)

(iii) The tranches of USD Debts ("ACB Consolidated and Rescheduled Debts") issued by a subsidiary company are as follows:

ACB Consolidated and Rescheduled Debts	Nominal Value USD'000	Net Present Value USD'000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	125,285	109,778	31 December 2011	6.50%
Class A(2)	1,441	1,313	31 December 2011	5.25%
Class B	126,016	113,065	31 December 2014	3.25%
Class C #	194,328	176,698	31 December 2011	4.00%

* Less than RM1,000.

There is no change to the yield to maturity and maturity date of the Class C ACB Bonds and USD Debts in view that Class C ACB Bonds and USD Debts are not restructured.

Securities and covenants for the ACB Bonds and USD Debts

The Security Trustee holds the following securities for the benefit of the holders of ACB Bonds and USD Debts ("Securities"):

- (a) Class B LCB Bonds received by the Company pursuant to the GWRS; and
- (b) The Redemption Account held by the Company where it will capture the "Dedicated Cash Flows" pursuant to the GWRS and the ACB Scheme. Dedicated Cash Flows mean cash flows from the following sources:
 - net surplus proceeds from the disposal of any assets in the Divestment Programme of the Group over which there is existing security, if applicable and assets under the Agreement;
 - net proceeds from the disposal of any assets in the Divestment Programme of the Group over which there is no existing security;
 - any Back-End Amount and Loyalty Payment received by the Company as a holder of LCB Bonds;
 - net proceeds of the redemption of LCB Bonds and LCB RCSLS (not fully tendered and/or exchanged for) received by the Company;
 - net proceeds from the disposal of LCB RCSLS received by the Company pursuant to the put and call option agreement with Tan Sri Cheng Heng Jem;
 - net proceeds from the disposal of any residual assets (other than the assets in the Divestment Programme) of the Group;
 - net proceeds from the adjusted assets and liabilities pursuant to ACB internal reorganisation under the ACB Scheme; and
 - net proceeds from such other securities as may be provided by the Group.

23. ACB BONDS AND USD DEBTS - SECURED (cont'd)

Classes A(1) and A(2) ACB Bonds and USD Debts and Class B ACB Bonds and USD Debts rank *pari passu* among each other over the Securities under items (a) and (b) above held by the Security Trustee.

Class C ACB Bonds and USD Debts rank *pari passu* amongst each other over the Securities under items (a) and (b) above held by the Security Trustee.

The Classes A(1), A(2) and B ACB Bonds and USD Debts will rank in priority over Class C ACB Bonds and USD Debts over the Securities under items (a) and (b) above held by the Security Trustee.

In addition, the following are the securities provided in respect of the USD Debts ("SPV Securities"):

- (a) assignment of all the rights attaching to the ACB Debts including the rights to receive payments from the Company and rights to other entitlements;
- (b) a debenture over the assets (namely ACB Debts) of a subsidiary company;
- (c) a charge over a subsidiary company's Redemption Account which will capture the proceeds from the repayment of the ACB Debts by the Company; and
- (d) corporate guarantee by the Company to the Facility Agent for the benefit of the holders of the USD Debts.

Monies captured in the Redemption Account can only be utilised towards the repayment of USD Debts and cannot be utilised by the subsidiary company for any other purposes.

The Classes A(1), A(2) and B USD Debts will rank *pari passu* among each other in respect of the SPV Securities listed under items (a) to (d) and rank ahead of the Class C USD Debts in respect of the SPV Securities. Meanwhile, the Class C USD Debts will rank *pari passu* among each other in respect of the SPV Securities.

Classes A(1), A(2), B and C ACB Bonds and USD Debts shall rank *pari passu* with all other unsecured and unsubordinated creditors of the Group in respect of the Group's assets which are not part of the Securities.

The main covenants of the ACB Bonds and USD Debts are as follows:

(a) Permitted indebtedness

At any time, any indebtedness for borrowed money incurred or assumed by the Group and any scheme companies in respect of which the aggregate principal amount committed or provided by the lenders together with the aggregate amount of all indebtedness of the Group and any scheme companies at the time of incurrence does not exceed the following limits:

- (i) where the total redemption amounts of the ACB Bonds redeemed, or cancelled pursuant to an early redemption or purchase, and the total repayment amounts of the USD Debts repaid and in the case of an early repayment or purchased, the total repayment amounts in respect of the USD Debts repaid or purchased, up to the relevant time when the indebtedness is incurred or proposed to be incurred (which amount shall exclude amounts paid in respect of the Class B(b) Bonds) and the up-front cash payment made on 31 January 2003 (collectively, the "Repaid Amount") is less than 50% of the aggregate outstanding nominal value of all ACB Bonds and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 20% of that Repaid Amount;

23. ACB BONDS AND USD DEBTS - SECURED (cont'd)

The main covenants of the ACB Bonds and USD Debts are as follows: (cont'd)

(a) Permitted indebtedness (cont'd)

- (ii) where the total Repaid Amount is equal to or exceeding 50% but less than 75% of the aggregate outstanding for nominal values of all ACB Bonds and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 35% of that Repaid Amount; and
- (iii) where the total Repaid Amount is equal to or more than 75% of the aggregate outstanding nominal values of all ACB Bonds and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 50% of that Repaid Amount.

(b) Disposal of Divestment Assets

The disposal of Divestment Assets shall require prior consent from the Security Trustee where:

- (i) the disposal price of such Divestment Assets is at a discount rate of 20% or more of the market value of the said Divestment Assets; and/or
- (ii) the disposal price of such Divestment Assets is equal to or more than RM5.0 million; and/or
- (iii) the sale of such Divestment Assets is to a related party.

(c) Disposal of assets/shares (other than Divestment Assets and those assets acquired by the Group after 14 March 2003 which are funded from monies other than the Dedicated Cash Flows)

The disposal of assets/shares shall require prior consent from the Security Trustee where:

- (i) the disposal price is more than RM25.0 million or 20% or more than the audited consolidated net tangible assets of the Company, whichever is lower; and
- (ii) the disposal price is at a discount rate of 20% or more of the market value of the said assets/shares.

(d) Capital expenditure

Prior written consent from the Security Trustee/Facility Agent before the Group (other than the excluded companies) incurs any capital expenditure:

- (i) for any new investment which is not within the core business(es) of the Group as set out in the Trust Deed; and
- (ii) exceeding 25% of the consolidated net tangible assets of the Company.

As reported in the previous financial statements:

- (a) in consideration of the holders of ACB Bonds and USD Debts granting the indulgence and approval to vary the redemption date and the repayment date of ACB Bonds and USD Debts, additional securities were charged in favour of the Security Trustee on shares in certain subsidiary companies of the Company with an adjusted net tangible assets of RM5 million or more, provided such shares are not encumbered; and
- (b) commencing 1 January 2005, interest payable as penalty for late redemption/repayment of any redemption amount/repayment amount shall be calculated on a simple interest basis instead of on a compound basis.

23. ACB BONDS AND USD DEBTS - SECURED (cont'd)

During the previous financial years, the deferment of the Class B ACB Bonds and USD Debts, Class C ACB Bonds and USD Debts were not passed.

The Class A ACB Bonds and USD Debts were fully redeemed by the Company and its subsidiary company.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flow used in financing activities.

	1.1.2024 RM'000	Financing cash flows RM'000	Interest RM'000	Translation adjustment RM'000	31.12.2024 RM'000
GROUP					
ACB Bonds and USD Debts	2,186,242	(19,921)	67,369	(39,990)	2,193,700
COMPANY					
ACB Bonds and USD Debts	2,243,539	(19,921)	72,922	(41,878)	2,254,662
	1.1.2023 RM'000	Financing cash flows RM'000	Interest RM'000	Translation adjustment RM'000	31.12.2023 RM'000
GROUP					
ACB Bonds and USD Debts	2,057,487	(5,514)	69,026	65,243	2,186,242
COMPANY					
ACB Bonds and USD Debts	2,106,297	(4,237)	74,032	67,447	2,243,539

24. LEASE LIABILITIES

	GROUP	
	2024 RM'000	2023 RM'000
At beginning of financial year	1,318	851
Additions	310	297
Finance costs (Note 8)	45	42
Payment of lease rental	(967)	(952)
Remeasurement of lease	426	1,080
At end of financial year	1,132	1,318

24. LEASE LIABILITIES (cont'd)

The minimum lease payments for the lease liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of lease payments RM'000
GROUP			
2024			
Less than one year	741	(53)	688
Later than one year and not later than five years	467	(23)	444
	<u>1,208</u>	<u>(76)</u>	<u>1,132</u>
2023			
Less than one year	858	(36)	822
Later than one year and not later than five years	505	(9)	496
	<u>1,363</u>	<u>(45)</u>	<u>1,318</u>

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's statements of cash flows as cash flow used in financing activities.

	1.1.2024 RM'000	Financing cash flows RM'000	Acquisition of new lease RM'000	Remeasurement of lease RM'000	31.12.2024 RM'000
GROUP					
Lease liabilities	<u>1,318</u>	<u>(922)</u>	<u>310</u>	<u>426</u>	<u>1,132</u>
	1.1.2023 RM'000	Financing cash flows RM'000	Acquisition of new lease RM'000	Remeasurement of lease RM'000	31.12.2023 RM'000
GROUP					
Lease liabilities	<u>851</u>	<u>(910)</u>	<u>297</u>	<u>1,080</u>	<u>1,318</u>

25. DEFERRED TAX ASSETS/LIABILITIES

	GROUP	
	2024 RM'000	2023 RM'000
At beginning of financial year	(569)	(172)
Transfer from profit or loss (Note 9):		
Property, plant and equipment	103	(348)
Right-of-use assets	42	(116)
Lease liabilities	(44)	112
Provisions	57	(45)
	<u>158</u>	<u>(397)</u>
At end of financial year	<u>(411)</u>	<u>(569)</u>

25. DEFERRED TAX ASSETS/LIABILITIES (cont'd)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offsetting) for statements of financial position:

	GROUP	
	2024	2023
	RM'000	RM'000
Deferred tax assets	-	-
Deferred tax liabilities	(411)	(569)
	<u>(411)</u>	<u>(569)</u>

Deferred tax assets/liabilities provided in the financial statements are in respect of the tax effects of the following:

	GROUP	
	2024	2023
	RM'000	RM'000
Deferred tax assets		
Lease liabilities	272	316
Provisions	1,902	1,845
	<u>2,174</u>	<u>2,161</u>
Offsetting	(2,174)	(2,161)
Deferred tax assets (after offsetting)	<u>-</u>	<u>-</u>
Deferred tax liabilities		
Property, plant and equipment	2,309	2,412
Right-of-use assets	267	309
Deductible temporary differences	9	9
	<u>2,585</u>	<u>2,730</u>
Offsetting	(2,174)	(2,161)
Deferred tax liabilities (after offsetting)	<u>411</u>	<u>569</u>

Deferred tax assets have not been recognised in respect of the following items:

	GROUP	
	2024	2023
	RM'000	RM'000
Unabsorbed capital allowances	7,701	9,511
Unused tax losses	160,707	162,626
	<u>168,408</u>	<u>172,137</u>

Effective from year of assessment 2019, the unused tax losses of Malaysian entities as at 31 December 2018 and thereafter will only be available for carry forward for a period of 10 consecutive years. Upon expiry of the 10 years, the unused tax losses will be disregarded. The unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiary companies in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiary companies in the Group and they have arisen in subsidiary companies that have a recent history of losses.

The unused tax losses and unabsorbed capital allowances carried forward are subject to agreement by the tax authority.

26. PAYABLES

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Trade payables	3,239	2,471	-	-
Other payables	15,166	14,225	1,634	1,623
Amounts due to subsidiary companies	-	-	1,066,423	1,076,506
	18,405	16,696	1,068,057	1,078,129

The normal trade credit term granted to the Group ranges from 30 days to 120 days (2023: 30 days to 120 days).

The amounts due to subsidiary companies which arose mainly from inter-company advances are unsecured, interest free (2023: interest free) and repayable on demand.

The currency exposure profile of payables is as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	17,764	16,456	700,248	700,242
United States Dollar	471	4	367,809	377,887
Others	170	236	-	-
	18,405	16,696	1,068,057	1,078,129

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are entities in which certain substantial shareholders of the Company and/or persons connected with such substantial shareholders have substantial interests, excluding those parties disclosed as related companies in the financial statements.

Significant transactions undertaken with related parties:

(a) Sales of goods and services

	GROUP	
	2024	2023
	RM'000	RM'000
Sales of goods and services to:		
- Amsteel Mills Sdn Bhd	2,498	3,302
- Lion Group Management Services Sdn Bhd	1,150	1,146
- Lion Petroleum Products Sdn Bhd	270	269
- Posim Marketing Sdn Bhd	163	147
- Parkson Corporation Sdn Bhd	690	678
- Visionwell Sdn Bhd	552	951
- Lion Mining Sdn Bhd	1,576	1,074

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)**(a) Sales of goods and services (cont'd)**

Amsteel Mills Sdn Bhd, Lion Group Management Services Sdn Bhd, Lion Petroleum Products Sdn Bhd and Posim Marketing Sdn Bhd are subsidiary companies of Lion Industries Corporation Berhad, a substantial shareholder of the Company, and wherein a substantial shareholder of the Company has substantial interests.

Parkson Corporation Sdn Bhd is a wholly-owned subsidiary of Parkson Retail Asia Limited which is in turn a subsidiary of Parkson Holdings Berhad wherein a substantial shareholder of the Company is also a director and a substantial shareholder.

Visionwell Sdn Bhd and Lion Mining Sdn Bhd are companies wherein a substantial shareholder of the Company has substantial interests.

(b) Purchases of goods

	GROUP	
	2024	2023
	RM'000	RM'000
Purchases of goods from:		
- Secom Co., Ltd.	466	602
- Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd.	238	359

Secom Co., Ltd. is a substantial shareholder of Secom (Malaysia) Sdn Bhd, a subsidiary company of the Company.

Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd. is a subsidiary company of Secom Co., Ltd.

The Directors of the Company are of the opinion that the above transactions had been entered into in the ordinary course of business and had been established on terms that are no more favourable to the related parties than those arranged with independent third parties.

28. SEGMENT INFORMATION**(a) Business Segments**

The Group is organised into two major business segments as follows:

- | | |
|------------------------------------|--|
| (i) Security services | - provision of security services and sale of security related equipment; and |
| (ii) Investment holding and others | - investment holding, manufacturing and sale of tools and dies, and others. |

The Directors are of the opinion that all inter-segment transactions had been entered into in the normal course of business and had been established on terms and conditions that are no more favourable to the related parties than those arranged with independent third parties.

28. SEGMENT INFORMATION (cont'd)**(a) Business Segments (cont'd)****GROUP****2024**

	Security services RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
Revenue				
External sales	<u>78,621</u>	<u>7,407</u>	<u>-</u>	<u>86,028</u>
Results				
Segment results	9,682	4,398	-	14,080
Gain on foreign exchange - unrealised				40,707
Finance costs				(67,414)
Share in results of associated companies	-	928	-	928
Loss before tax				(11,699)
Tax expenses				(3,650)
Net loss for the financial year				<u>(15,349)</u>
Assets				
Segment assets	114,586	85,123	-	199,709
Investment in associated companies	-	27,724	-	27,724
Unallocated assets				6,366
Total assets				<u>233,799</u>
Liabilities				
Segment liabilities	13,183	2,203,347	-	2,216,530
Unallocated liabilities				516
Total liabilities				<u>2,217,046</u>
Other information				
Capital expenditure	3,426	1	-	3,427
Depreciation	5,162	140	-	5,302
Amortisation	-	6	-	6

28. SEGMENT INFORMATION (cont'd)**(a) Business Segments (cont'd)****GROUP
2023**

	Security services RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
Revenue				
External sales	<u>76,349</u>	<u>11,776</u>	<u>-</u>	<u>88,125</u>
Results				
Segment results	9,553	2,825	-	12,378
Loss on foreign exchange - unrealised				(65,314)
Finance costs				(69,068)
Share in results of associated companies	-	(551)	-	(551)
Loss before tax				(122,555)
Tax expenses				(3,091)
Net loss for the financial year				<u>(125,646)</u>
Assets				
Segment assets	112,305	101,632	-	213,937
Investment in associated companies	-	26,796	-	26,796
Unallocated assets				6,539
Total assets				<u>247,272</u>
Liabilities				
Segment liabilities	11,703	2,195,702	-	2,207,405
Unallocated liabilities				646
Total liabilities				<u>2,208,051</u>
Other information				
Capital expenditure	1,883	32	-	1,915
Depreciation	4,989	162	-	5,151
Amortisation	<u>-</u>	<u>6</u>	<u>-</u>	<u>6</u>

28. SEGMENT INFORMATION (cont'd)**(b) Geographical Segments**

The Group operates in the following main geographical areas:

Malaysia - mainly in the provision of security services and sale of security related equipment, manufacturing and sale of tools and dies, investment holding and others; and

Other countries - investment holding and others.

	Revenue		Total assets		Capital expenditure	
	2024	2023	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	86,028	88,125	193,011	204,730	3,427	1,915
Other countries	-	-	40,788	42,542	-	-
	86,028	88,125	233,799	247,272	3,427	1,915

29. STATEMENTS OF CASH FLOWS

(a) Adjustments for non-cash items, interests and dividends:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of:				
- property, plant and equipment	4,395	4,254	-	-
- right-of-use assets	907	897	-	-
Amortisation of investment properties	6	6	-	-
Impairment losses on receivables (net)	161	688	-	250
Interest expenses	67,414	69,068	72,922	74,032
Property, plant and equipment written off	16	15	-	-
Share in results of associated companies	(928)	551	-	-
Interest income	(3,023)	(7,893)	(484)	(4,630)
Reversal of impairment losses on subsidiary companies (net)	-	-	(3,397)	(56,165)
Gain on disposal of property, plant and equipment	(2,777)	(125)	-	-
Loss/(Gain) on remeasurement of leases	4	(3)	-	-
Dividend income	(62)	(29)	(62)	(29)
(Gain)/Loss on foreign exchange - unrealised	(40,707)	65,314	(51,824)	83,898
	25,406	132,743	17,155	97,356

(b) Cash and cash equivalents consist of:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	5,520	3,682	255	408
Deposits with licensed financial institutions	13,956	32,641	12,781	31,089
	19,476	36,323	13,036	31,497
Less: Deposits, cash and bank balances earmarked for ACB Bonds and USD Debts redemption	(12,781)	(31,089)	(12,781)	(31,089)
	6,695	5,234	255	408

30. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors for observation in the day-to-day operations for the controlling and management of the risks associated with the financing, investing and operating activities of the Group.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

Capital risk management

The objective of the Group's and of the Company's capital management is to safeguard the Group's and the Company's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance.

The capital structure of the Group and of the Company consists of net debts (borrowings offset by investment in cash funds, deposits, cash and bank balances) and equity of the Group and of the Company (comprising issued capital, reserves, accumulated losses and non-controlling interests).

Gearing ratio

The gearing ratio at end of the reporting period is as follows:

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Debt (i)	2,193,700	2,186,242	2,254,662	2,243,539
Investment in cash funds, deposits, cash and bank balances	(89,292)	(104,443)	(14,583)	(32,282)
Net debt	2,104,408	2,081,799	2,240,079	2,211,257
Equity (ii)	(1,983,247)	(1,960,779)	(3,262,780)	(3,243,835)
Net debt to equity ratio	NM	NM	NM	NM

(i) Debt is defined as short term borrowings as disclosed in Note 23.

(ii) Equity includes issued capital, reserves, accumulated losses and non-controlling interests.

NM = Not meaningful

Material accounting policies

Details of the material accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 4.

30. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)**Categories of financial instruments**

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Fair value through other comprehensive income:				
Unquoted shares and investments	237	237	128	128
Fair value through profit or loss:				
Investment in cash funds	17,203	16,873	-	-
Amortised cost:				
Receivables	74,796	69,409	35,428	35,625
Deposits, cash and bank balances	19,476	36,323	13,036	31,497
Investment in cash funds	52,613	51,247	1,547	785
Financial liabilities at amortised cost				
Payables	18,405	16,696	1,068,057	1,078,129
ACB Bonds and USD Debts	2,193,700	2,186,242	2,254,662	2,243,539
Deferred liabilities	2,089	2,140	-	-
Lease liabilities	1,132	1,318	-	-

Foreign currency sensitivity analysis

The Group and the Company are mainly exposed to the foreign currency of United States Dollar ("USD").

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 10% change in foreign currency rates. A positive number below indicates a gain in profit or loss where the Ringgit Malaysia strengthens 10% against the USD. For a 10% weakening of the Ringgit Malaysia against the USD, there would be a comparable impact on profit or loss, the balances below would be negative.

	GROUP		COMPANY	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
USD	153,395	154,114	196,225	197,632

The Group's and the Company's sensitivity to foreign currency is mainly attributable to the exposure of outstanding USD payables of the Group and of the Company at the end of the reporting period.

In management's opinion, the sensitivity analysis does not represent the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year.

30. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)

Market risk

Market risk is the risk that changes market prices, such as foreign exchange rates, interest rates and other prices which will affect the Group's financial position or cash flows.

Interest rate risk

The Group's and the Company's exposures to interest rate on ACB Bonds and USD Debts are limited because the interest rate is fixed upon inception. The interest rates for the ACB Bonds and USD Debts are disclosed in Note 23.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's loss net of tax and equity arising from the effect of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from receivables and the Company's exposure to credit risk arises primarily from advances to subsidiary companies. For other financial assets (investments, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Receivables

Risk management objectives, policies and processes for managing the risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks of the Group are minimised and monitored via strictly limiting association to business partners with high credit worthiness. The Group also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

Concentration of credit risk

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

The Group has applied the simplified approach to measure the loss allowance at lifetime expected credit losses ("ECLs"). The Group determines the ECLs on these items by using a provision matrix, where applicable, estimated based on historical credit loss experience based on the past due status of the receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

30. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)**Credit risk (cont'd)**Receivables (cont'd)*Concentration of credit risk (cont'd)*

The following ageing of trade receivables provides information about the exposure to credit risk and ECLs for trade receivables:

	Gross- carrying amount RM'000	Individual impairment RM'000	ECLs RM'000	Net balance RM'000
GROUP				
2024				
Not past due	5,729	-	-	5,729
1 to 30 days past due	2,312	-	(240)	2,072
31 to 90 days past due	1,864	-	(86)	1,778
More than 90 days past due	18,263	(14,470)	(1,277)	2,516
Individually impaired	2,017	(2,017)	-	-
	<u>30,185</u>	<u>(16,487)</u>	<u>(1,603)</u>	<u>12,095</u>
2023				
Not past due	5,755	-	-	5,755
1 to 30 days past due	1,847	-	(59)	1,788
31 to 90 days past due	2,883	-	(91)	2,792
More than 90 days past due	17,621	(15,866)	(811)	944
Individually impaired	1,137	(1,137)	-	-
	<u>29,243</u>	<u>(17,003)</u>	<u>(961)</u>	<u>11,279</u>

Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of the funding so as to ensure that all financing, repayment and funding needs are met. As part of the overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

30. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)**Liquidity and cash flow risks (cont'd)**

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations:

	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total RM'000	Contractual interest %
GROUP					
2024					
Financial liabilities					
Trade payables	3,239	-	-	3,239	-
Other payables	15,166	-	-	15,166	-
ACB Bonds and USD Debts	2,193,700	-	-	2,193,700	-
Deferred liabilities	-	-	2,089	2,089	-
Lease liabilities	741	337	130	1,208	3.50 - 4.50
	<u>2,212,846</u>	<u>337</u>	<u>2,219</u>	<u>2,215,402</u>	
2023					
Financial liabilities					
Trade payables	2,471	-	-	2,471	-
Other payables	14,225	-	-	14,225	-
ACB Bonds and USD Debts	2,186,242	-	-	2,186,242	-
Deferred liabilities	-	-	2,140	2,140	-
Lease liabilities	858	301	204	1,363	3.50 - 4.50
	<u>2,203,796</u>	<u>301</u>	<u>2,344</u>	<u>2,206,441</u>	
COMPANY					
2024					
Financial liabilities					
Other payables	1,634	-	-	1,634	-
Amount due to subsidiary companies	1,066,423	-	-	1,066,423	-
ACB Bonds and USD Debts	2,254,662	-	-	2,254,662	-
	<u>3,322,719</u>	<u>-</u>	<u>-</u>	<u>3,322,719</u>	
2023					
Financial liabilities					
Other payables	1,623	-	-	1,623	-
Amount due to subsidiary companies	1,076,506	-	-	1,076,506	-
ACB Bonds and USD Debts	2,243,539	-	-	2,243,539	-
	<u>3,321,668</u>	<u>-</u>	<u>-</u>	<u>3,321,668</u>	

30. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)**Determination of fair values****(a) Financial instrument carried at amortised cost**

The following methods and assumptions are used to estimate the fair values of each class of financial instruments:

- (i) Cash and cash equivalents, trade and other receivables/payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

- (ii) Unquoted shares and investments

It is not practical to estimate the fair value of the Group's unquoted shares and investments due to lack of market information and the inability to estimate fair value without incurring excessive costs. However, the Group does not expect the carrying amounts to be significantly different from recoverable amounts.

- (iii) ACB Bonds and USD Debts and deferred liabilities

The carrying amount of ACB Bonds and USD Debts approximates fair value because of the short maturity period.

Fair values of deferred liabilities are estimated based on present value using a rate based on overnight policy rate at the end of the reporting period.

(b) Financial instrument carried at fair value

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There have been no transfer between Levels 1, 2 and 3 during the financial year.

30. FINANCIAL RISK, CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (cont'd)**Determination of fair values (cont'd)****(b) Financial instrument carried at fair value (cont'd)**

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
GROUP				
2024				
Financial assets				
Unquoted shares and investments	-	-	237	237
Investment in cash funds	-	17,203	-	17,203
2023				
Financial assets				
Unquoted shares and investments	-	-	237	237
Investment in cash funds	-	16,873	-	16,873
COMPANY				
2024				
Financial asset				
Unquoted shares and investments	-	-	128	128
2023				
Financial asset				
Unquoted shares and investments	-	-	128	128

ACB RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, DATUK M. CHAREON SAE TANG @ TAN WHY E AUN and OOI KIM LAI, being two of the Directors of ACB RESOURCES BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 6 to 69 are drawn up 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 so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2024 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 6 May 2025.



DATUK M. CHAREON SAE TANG @ TAN WHY E AUN
Chairman



OOI KIM LAI
Director

Kuala Lumpur

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, OOI KIM LAI, the Director primarily responsible for the financial management of ACB RESOURCES BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 6 to 69 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed OOI KIM LAI at Kuala Lumpur in the Federal Territory on 6 May 2025.



OOI KIM LAI
MIA 9454

Before me



Commissioner for Oaths

SUITE 9.03, TINGKAT 9
MENARA RAJA LAUT
NO. 288 JALAN RAJA LAUT
50350 KUALA LUMPUR

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ACB RESOURCES BERHAD
(Incorporated in Malaysia)****Registration No. 197401003539 (20667-M)**

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

We have audited the financial statements of ACB RESOURCES BERHAD which comprise the statements of financial position as at 31 December 2024 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policies and other explanatory information, as set out on pages 6 to 69.

We do not express our 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 have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements as at 31 December 2024, and of their financial performance and their cash flows for the year then ended.

Basis for Disclaimer of Opinion

We draw attention to Note 2 to the financial statements, which indicates that the Group and the Company incurred net loss attributable to the owners of the Company of RM19 million and RM19 million respectively during the financial year ended 31 December 2024 and, as of that date, the Group and the Company have deficit in their net equity attributable to the owners of the Company of RM2,034 million and RM3,263 million respectively and their current liabilities exceeded their current assets by RM2,036 million and RM3,267 million respectively.

As described in Note 23 to the financial statements, ACB Bonds and USD Debts of the Group and of the Company which are repayable within 12 months amounting to RM2,194 million and RM2,255 million respectively. The cash flows for the redemption/repayment will be sourced from the proceeds of the disposal of assets/companies and cash flows from the operations.

We were unable to obtain sufficient and appropriate audit evidences to satisfy ourselves as to the adequacy of cash flows for the ACB Bonds and USD Debts to be fully redeemed/repaid by the Group and the Company.

All the above events indicate a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern and therefore the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ACB RESOURCES BERHAD (cont'd)
(Incorporated in Malaysia)****Registration No. 197401003539 (20667-M)**

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, IFRS Accounting Standards 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 Group's and the Company's ability 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 Group's and of the Company's financial statements 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 Company in accordance with the By-Laws (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountant ("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 requirement of the Companies Act 2016 ("Act") in Malaysia, except for those disclosed in the *Basis for Disclaimer of Opinion* section, we also report that the accounting and other records and registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors as disclosed in Note 15 to the financial statements have been properly kept in accordance with the provisions of the Act.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ACB RESOURCES BERHAD (cont'd)
(Incorporated in Malaysia)****Registration No. 197401003539 (20667-M)**

Other Matters

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.


ONG BOON BAH & CO
AF: 0320
Chartered Accountants

Kuala Lumpur
6 May 2025


WONG SOO THIAM
01315/12/2026 J
Chartered Accountant