FINANCIAL STATEMENTS

Contents **Page**

LION CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are property development; manufacturing, distribution, trading and marketing of office equipment, security equipment and steel related products; construction and civil engineering works; investment holding and secretarial services.

The information on the name, place of incorporation and principal activities of the subsidiaries, and percentage of issued share capital held by the holding company in each subsidiary is disclosed in Note 12 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Net loss for the financial year	(89,092)	(91,860)
Attributable to:		
- Owners of the Company	(89,081)	(91,860)
- Non-controlling interests	(11)	-
	(89,092)	(91,860)

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.

LION CORPORATION BERHAD
(Incorporated in Malaysia)

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
Datuk Emam Mohd Haniff bin Emam Mohd Hussain
Datuk Mohd Yusof bin Abd Rahaman
Ooi Kim Lai

DIRECTORS OF THE SUBSIDIARIES

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

Cheng Hui Ya, Serena	
Chong Chin Fong	
Ooi Kim Lai	
Yeo Keng Leong	
Haji Mohamad Khalid bin Abdullah	(Resigned with effect from 7 May 2025)
Tan Sri Cheng Heng Jem	(Resigned with effect from 15 July 2025)
Low Seng Wah	(Ceased on 30 March 2026)

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 and Company RM'000
Fees	37
Other emoluments	3
	40

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.

LION CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' INTERESTS

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 1.1.2025	Addition	Disposal	As at 31.12.2025
Direct Interest				
Ooi Kim Lai	1,416	-	-	1,416
Deemed Interest				
Datuk M. Chareon Sae Tang @ Tan Whye Aun	98,180	-	-	98,180

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 subsidiaries.

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 impairment loss on receivables and had satisfied themselves that all known bad receivables had been written off and that adequate impairment 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.

OTHER STATUTORY INFORMATION (continued)

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 the impairment loss on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(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; or

(d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements 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 and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:

(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 twelve 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 as and 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 2025 amounted to RM110,000 and RM36,000 respectively.

Registration No. 197201001251 (12890-A)

LION CORPORATION BERHAD
(Incorporated in Malaysia)

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 5 May 2026.

DATUK M. CHAREON SAE TANG @ TAN WHYE AUN
Chairman

OOI KIM LAI
Director

Kuala Lumpur

Registration No. 197201001251 (12890-A)

LION CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

		Group		Company	
		2025	**2024**	**2025**	**2024**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	4	**48,256**	16,458	**57**	14
Other income		**2,695**	5,865	**8,533**	413
Changes in inventories of finished goods and work-in-progress		**2,386**	(2,657)	**-**	-
Raw materials and consumables used		**(2,375)**	(3,033)	**-**	-
Property development expenditure		**(12,644)**	(2,577)	**-**	-
Employee benefits expenses	5	**(8,640)**	(9,988)	**-**	-
Depreciation:					
- property, plant and equipment		**(436)**	(484)	**-**	-
- right-of-use assets		**(63)**	(63)	**-**	-
Administrative expenses		**(9,965)**	(10,818)	**(520)**	(811)
Profit/(Loss) from operations	6	**19,214**	(7,297)	**8,070**	(384)
Finance costs	7	**(100,769)**	(94,272)	**(99,917)**	(93,397)
Share of results of associates		**(7,005)**	1,031	**-**	-
Loss before tax		**(88,560)**	(100,538)	**(91,847)**	(93,781)
Tax expense	8	**(532)**	(1)	**(13)**	(3)
Net loss for the financial year		**(89,092)**	(100,539)	**(91,860)**	(93,784)
Attributable to:					
- Owners of the Company		**(89,081)**	(100,539)	**(91,860)**	(93,784)
- Non-controlling interests		**(11)**	-	**-**	-
		(89,092)	(100,539)	**(91,860)**	(93,784)

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

LION CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	Group		Company	
	2025	2024	**2025**	2024
	RM'000	RM'000	**RM'000**	RM'000
Net loss for the financial year	**(89,092)**	(100,539)	**(91,860)**	(93,784)
Other comprehensive income/(loss), net of tax				
Items that may be reclassified subsequently to profit or loss				
- Translation difference on net equity of foreign subsidiaries and other movements	**6,567**	(2,789)	**-**	-
Item that will not be reclassified to profit or loss				
- Financial assets at fair value through other comprehensive income/(loss)	**1,608**	1,414	**2**	(7)
	8,175	(1,375)	**2**	(7)
Total comprehensive loss for the financial year	**(80,917)**	(101,914)	**(91,858)**	(93,791)
Attributable to:				
- Owners of the Company	**(80,906)**	(101,914)	**(91,858)**	(93,791)
- Non-controlling interests	**(11)**	-	**-**	-
	(80,917)	(101,914)	**(91,858)**	(93,791)

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

Registration No. 197201001251 (12890-A)

LION CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Note	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	**9,473**	9,910	**-**	-
Right-of-use asset	10	**636**	699	**-**	-
Inventories	11(a)	**-**	16,324	**-**	-
Investment in subsidiaries	12	**-**	-	**5,415**	5,415
Investment in associates	13	**8,378**	17,933	**-**	-
Investment securities	14(a)	**1,071**	1,133	**30**	28
Deferred tax assets	15	**19**	18	**-**	-
		19,577	46,017	**5,445**	5,443
Current assets					
Inventories	11(b)	**7,621**	6,629	**-**	-
Investment securities	14(b)	**-**	-	**-**	-
Trade and other receivables	16	**71,084**	67,906	**-**	-
Amount due from subsidiaries	17	**-**	-	**-**	-
Tax recoverable		**2,065**	5,108	**3**	11
Deposits, cash and bank balances	18	**35,114**	32,089	**3,057**	3,078
		115,884	111,732	**3,060**	3,089
TOTAL ASSETS		**135,461**	157,749	**8,505**	8,532

LION CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025 (continued)

	Note	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	19	**1,413,884**	1,413,884	**1,413,884**	1,413,884
Reserves	20	**(2,984,942)**	(2,904,036)	**(3,393,992)**	(3,302,134)
		(1,571,058)	(1,490,152)	**(1,980,108)**	(1,888,250)
Non-controlling interests		**(1,824)**	(1,813)	**-**	-
Total equity		**(1,572,882)**	(1,491,965)	**(1,980,108)**	(1,888,250)
Non-current liabilities					
Loans and borrowings	21	**124,726**	155,909	**124,726**	155,907
Lease liability	22	**670**	726	**-**	-
Bonds and debts	25	**806,221**	879,246	**806,221**	879,246
		931,617	1,035,881	**930,947**	1,035,153
Current liabilities					
Trade and other payables	26	**92,132**	85,466	**20,894**	20,537
Contract liabilities	27	**3,525**	7,085	**-**	-
Amount due to subsidiaries	17	**-**	-	**355,761**	319,877
Loans and borrowings	21	**280,469**	236,126	**280,467**	236,112
Lease liability	22	**56**	53	**-**	-
Bonds and debts	25	**400,544**	285,103	**400,544**	285,103
		776,726	613,833	**1,057,666**	861,629
Total liabilities		**1,708,343**	1,649,714	**1,988,613**	1,896,782
Net current liabilities		**(660,842)**	(502,101)	**(1,054,606)**	(858,540)
TOTAL EQUITY AND LIABILITIES		**135,461**	157,749	**8,505**	8,532

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

LION CORPORATION BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

	← Attributable to owners of the Company			→		
		Non-distributable				
	Share capital RM'000 (Note 19)	Other reserves RM'000 (Note 20)	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2024	1,413,884	72,881	(2,875,003)	(1,388,238)	(1,813)	(1,390,051)
Total comprehensive loss for the financial year	-	(1,375)	(100,539)	(101,914)	-	(101,914)
At 31 December 2024	1,413,884	71,506	(2,975,542)	(1,490,152)	(1,813)	(1,491,965)
At 1 January 2025	**1,413,884**	**71,506**	**(2,975,542)**	**(1,490,152)**	**(1,813)**	**(1,491,965)**
Total comprehensive income/(loss) for the financial year	**-**	**8,175**	**(89,081)**	**(80,906)**	**(11)**	**(80,917)**
At 31 December 2025	**1,413,884**	**79,681**	**(3,064,623)**	**(1,571,058)**	**(1,824)**	**(1,572,882)**

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

LION CORPORATION BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

		Non-distributable		
	Share capital RM'000 (Note 19)	Other reserves RM'000 (Note 20)	Accumulated losses RM'000	Total equity RM'000
At 1 January 2024	1,413,884	12,176	(3,220,519)	(1,794,459)
Total comprehensive loss for the financial year	-	(7)	(93,784)	(93,791)
At 31 December 2024	1,413,884	12,169	(3,314,303)	(1,888,250)
At 1 January 2025	**1,413,884**	**12,169**	**(3,314,303)**	**(1,888,250)**
Total comprehensive income/ (loss) for the financial year	**-**	**2**	**(91,860)**	**(91,858)**
At 31 December 2025	**1,413,884**	**12,171**	**(3,406,163)**	**(1,980,108)**

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

Registration No. 197201001251 (12890-A)

LION CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		**(88,560)**	(100,538)	**(91,847)**	(93,781)
Adjustments for non-cash items and interests	30(a)	**106,909**	88,908	**91,327**	93,138
Operating profit/(loss) before working capital changes		**18,349**	(11,630)	**(520)**	(643)
Changes in working capital:					
Inventories		**15,178**	2,850	**-**	-
Receivables		**(2,938)**	4,286	**-**	-
Payables		**1,743**	5,352	**357**	(4)
Cash generated from/(used in) operations		**32,332**	858	**(163)**	(647)
Tax refunded/(paid)		**2,510**	51	**(5)**	4
Net cash inflow/(outflow) from operating activities		**34,842**	909	**(168)**	(643)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	30(b)	**-**	(1)	**-**	-
Proceeds from disposal of property, plant and equipment		**33**	207	**-**	-
Proceeds from disposal of investment securities		**-**	25	**-**	-
Proceeds from redemption of investment securities		**524**	1,134	**-**	-
Cash received from capital distribution of an associate		**10,424**	-	**-**	-
Advances from subsidiaries (net)		**-**	-	**43,790**	10,722
Interest received		**1,028**	1,020	**57**	14
Net cash inflow from investing activities		**12,009**	2,385	**43,847**	10,736

LION CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025 (continued)

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Redemption of bonds and debts	25	**(32,110)**	(5,944)	**(32,110)**	(5,944)
Repayment of:					
- finance lease liability	21	**(14)**	(14)	**-**	-
- lease liability	22	**(95)**	(94)	**-**	-
- RCSLS	21	**(11,590)**	(2,161)	**(11,590)**	(2,161)
Net cash outflow from financing activities		**(43,809)**	(8,213)	**(43,700)**	(8,105)
Net increase/(decrease) in cash and cash equivalents		**3,042**	(4,919)	**(21)**	1,988
Effects of changes in exchange rates		**(17)**	(5)	**-**	-
Cash and cash equivalents at beginning of the financial year		**32,089**	37,013	**3,078**	1,090
Cash and cash equivalents at end of the financial year	30(c)	**35,114**	32,089	**3,057**	3,078

LION CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2025

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 the subsidiaries are set out in Note 12. There have been no significant changes in the principal activities of the Company and its subsidiaries 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 5 May 2026.

2. 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 are presented in Ringgit Malaysia ("RM"). All values are rounded to the nearest thousand (RM'000 and '000) except when otherwise indicated.

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

The Group and the Company incurred net loss of RM89 million and RM92 million respectively for the financial year ended 31 December 2025 and, as of that date, the Group and the Company have deficit in equity attributable to owners of the Company of RM1,571 million and RM1,980 million respectively and their current liabilities exceeded their current assets by RM661 million and RM1,055 million respectively. In addition, as described in Notes 23 and 25, RCSLS and bonds and debts of the Group and of the Company amounting to RM405 million and RM1,207 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.

2. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

Adoption of Amendments to MFRS Accounting Standards

As of 1 January 2025, the Group and the Company adopted the following Amendments to MFRS Accounting Standards which have been issued by the Malaysian Accounting Standards Board ("MASB"):

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

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

New MFRS Accounting Standards and Amendments to MFRS Accounting Standards issued but not yet effective

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

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: 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

2. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

New MFRS Accounting Standards and Amendments to MFRS Accounting Standards issued but not yet effective (continued)

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: Disclosure
Amendments to MFRS 19	Subsidiaries without Public Accountability: Disclosure
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates - Translation to a Hyperinflationary Presentation Currency

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	Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company 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 are 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 judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the version affects only that period, or in the period of the revision and future periods if the version affects both current and future periods.

2. BASIS OF PREPARATION (continued)

(b) Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical accounting estimates and assumptions

The following are 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:

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives up to its residual value. Management reviews the residual values, useful lives and depreciation method at the end of each financial year and ensures consistencies with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives and residual values of property, plant and equipment may result in revision of future depreciation charges.

(ii) Impairment of assets

Assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, significant underperformance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business and significant adverse industry or economic changes.

Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance and revenue generating capacity of the assets and cash-generating units ("CGU"), and future market conditions. Changes in circumstances may lead to changes in estimates and assumptions, and changes in the recoverable amounts of assets may require impairment losses.

(iii) Inventories

Inventories are measured at lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time estimates are made. The Group's core business is subject to economical changes which may cause selling prices change rapidly and the Group's net profit to change.

(iv) Impairment on receivables

The Group recognises impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's financial positions and results.

2. BASIS OF PREPARATION (continued)

(b) Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical accounting estimates and assumptions (continued)

(v) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions 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 8.

3. MATERIAL ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for using the purchase method. 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. 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 interest 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.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

3. MATERIAL ACCOUNTING POLICIES (continued)

(b) Foreign currencies

(i) 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.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included 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 operations. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary items are denominated in either the Functional Currency of the reporting entity or the foreign operations, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, 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 operations, where that monetary items are denominated in a currency other than the Functional Currency of either the reporting entity or the foreign operations, 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 operations, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operations, 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 equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(ii) 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 are translated into RM at the rate of exchange ruling at the reporting date;

- Income and expenses for profit or loss are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

3. MATERIAL ACCOUNTING POLICIES (continued)

(b) Foreign currencies (continued)

(ii) Foreign operations (continued)

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the Functional Currency of the foreign operations and translated at the closing rate at the reporting date.

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

	2025 RM	2024 RM
1 United States Dollar ("USD")	**4.06**	4.47
1 Euro Dollar ("EUR")	**4.76**	4.66
1 Singapore Dollar	**3.15**	3.29

(c) Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct goods or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Revenue from property development

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

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amount collected on behalf of third parties such as sales taxes.

If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it 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 prices of the goods or services promised in the contract.

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.

3. MATERIAL ACCOUNTING POLICIES (continued)

(c) Revenue recognition (continued)

(i) Revenue from property development (continued)

The control of the promised goods or services may be transferred over time or at a point in time. 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.

(ii) Sale of goods and services

Revenue from the sale of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of goods and services tax and discounts.

Deferred costs are recognised when the goods delivered to customers but pending installation and/or testing rendered to customers.

(iii) Rental income

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

(iv) Interest income

Interest income is recognised using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(v) Dividend income

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

(d) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial 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 increases their entitlement to future compensated absences, and 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 benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund.

3. MATERIAL ACCOUNTING POLICIES (continued)

(e) Taxes

(i) Current income tax

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

(ii) Deferred tax

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 negative goodwill 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 in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from business combination that is an acquisition, in which case deferred tax is included in the resulting goodwill or negative goodwill on acquisition.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

(f) Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Property, plant and equipment cost comprises purchase price, including import duties and directly attributable costs of bringing the asset to working condition for its intended use. 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 charged to profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

3. MATERIAL ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

Any revaluation surplus is credited to the asset revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any asset revaluation reserve relating to the particular asset is transferred directly to accumulated losses.

Property, plant and equipment are classified as capital work-in-progress until the asset is brought to working condition for its intended use.

Leasehold land is amortised evenly over the lease term of the land. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant and machinery	3.33% - 20%
Furniture, fittings and office equipment	5% - 20%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to accumulated losses.

(g) Impairment of non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGU are to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

3. MATERIAL ACCOUNTING POLICIES (continued)

(g) Impairment of non-financial assets (continued)

Impairment losses, if any, recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(h) Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

(i) Investment in associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associates is carried in the statements of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associates. The Group's share of the net profit or loss of the associates is recognised in profit or loss. Where there has been a change recognised directly in the equity of the associates, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associates. The associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates.

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

3. MATERIAL ACCOUNTING POLICIES (continued)

(i) Investment in associates (continued)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

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

(j) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the financial statements when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a receivable without a significant financing component) or a financial liability is initially measured at fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, any directly attributable transaction cost incurred at the acquisition or issuance of the financial instrument. A trade receivable that does not contain a significant financing component, is initially measured at the transaction price.

There is no change to the accounting policy in relation to regular way purchases or sales (purchases or sales under a contract whose terms require delivery of financial assets within a time frame established by regulation or convention in the marketplace concerned).

(ii) Financial instrument categories and subsequent measurement

Financial assets

The Group and the Company categorise financial instruments as follows:

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment as described in Note 3(k).

Financial liabilities

At initial recognition, all financial liabilities are measured at fair value through profit or loss or at amortised cost.

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with gains or losses, including any interest expense, recognised in profit or loss.

For financial liabilities designated as fair value through profit or loss upon initial recognition, the Group and the Company recognised that amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch, and remaining amount of the change in fair value in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses are also recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(k) Impairment of assets

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is past due.

3. MATERIAL ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(i) Financial assets (continued)

The Group and the Company consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, while 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company are exposed to credit risk.

ECLs are probability-weighted estimate of credit losses. The Group and the Company estimate the ECLs on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

(ii) Other assets

The carrying amounts of other assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or the CGU to which it belongs exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

A CGU is the smallest identifiable asset group that generates cash flows from continuing use that are largely independent from other assets and groups. An impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount is the greater of the asset's fair value less cost to sell and its 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

3. MATERIAL ACCOUNTING POLICIES (continued)

(k) Impairment of assets (continued)

(ii) Other assets (continued)

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, bank overdrafts, demand deposits and other short term and highly liquid investments which are readily convertible to cash with insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits. Cash and cash equivalents (other than bank overdrafts) are categorised and measured at amortised cost in accordance with policy as described in Note 3(j).

(m) Inventories

(i) Properties

Inventories comprise land held for development, properties under construction and completed properties held for sales.

Inventories are measured at lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less any estimated costs necessary to make the sale.

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on these land. Accordingly, land held for property development are classified as non-current assets in the statements of financial position and are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs. Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

3. MATERIAL ACCOUNTING POLICIES (continued)

(m) Inventories (continued)

(ii) Raw material, finished goods, work-in-progress and others

Raw material, finished goods, work-in-progress and others are measured at lower of cost and net realisable value.

The cost of raw materials comprises the original purchase price plus cost incurred in bringing the inventories to their present locations and conditions. The cost of finished goods and work-in-progress consists of direct materials, direct labour, other direct costs and appropriate production overheads where applicable and is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. A contract asset is subject to impairment in accordance with MFRS 9 *Financial Instruments.*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(o) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group and the Company do not recognise contingent asset but disclose its existence when inflows of economic benefits are probable, but not virtually certain.

3. MATERIAL ACCOUNTING POLICIES (continued)

(p) Borrowings 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.

(q) Redeemable convertible secured loan stocks ("RCSLS")

The RCSLS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible bond. The difference between the proceeds of issue of the convertible loan stocks and the fair value assigned to the liability component represents the conversion options included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

(r) 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.

3. MATERIAL ACCOUNTING POLICIES (continued)

(r) Leases and right-of-use assets (continued)

(i) Lease liabilities (continued)

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 or useful lives. The estimated useful lives of the asset based on the lease term is as follows:

Land	168 months

(s) Equity instruments

Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instrument.

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

(t) Segment reporting

Segment reporting is presented for enhancing assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment, that are subject to risks and returns which are different from those components.

3. MATERIAL ACCOUNTING POLICIES (continued)

(t) Segment reporting (continued)

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

(u) Fair value estimation for disclosure purposes

In assessing the fair value of financial instruments, the Group and the Company use a variety of methods and make assumptions that are based on market conditions existing at each reporting date.

The fair value of publicly traded securities is based on quoted market prices at the reporting date. Where there is no active market, fair value is established using valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

The face values for the financial assets and financial liabilities with maturity of less than one year are assumed to approximate their fair values.

4. REVENUE

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

	Group		Company	
	2025 RM'000	**2024 RM'000**	**2025 RM'000**	**2024 RM'000**
Revenue from contracts with customers: *				
Property development	**41,750**	7,923	**-**	-
Sales of goods	**6,484**	8,450	**-**	-
Secretarial and other professional fees	**22**	85	**-**	-
	48,256	16,458	**-**	-
Revenue from other sources:				
Interest income	**-**	-	**57**	14
	48,256	16,458	**57**	14

4. REVENUE (continued)

* Set out below is the disaggregation of the revenue from contracts with customers:

	Group	
	2025	**2024**
	RM'000	**RM'000**
At a point in time:		
Property development	**-**	3,761
Sales of goods	**6,484**	8,450
	6,484	12,211
Over time:		
Property development	**41,750**	4,162
Secretarial and other professional fees	**22**	85
	41,772	4,247
	48,256	16,458

5. EMPLOYEE BENEFITS EXPENSES

	Group	
	2025	**2024**
	RM'000	**RM'000**
Salaries, wages and bonuses	**6,992**	8,048
Defined contribution plans	**843**	978
Other staff related expenses	**805**	962
	8,640	9,988

The number of employees excluded Directors at the end of the financial year was 110 (2024: 123).

6. PROFIT/(LOSS) FROM OPERATIONS

Profit/(Loss) from operations is arrived at:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
After charging:				
Auditors' remuneration:				
- current year	**110**	128	**36**	36
- over provision in prior year	**(2)**	-	**-**	-
Allowance for obsolete inventories	**154**	-	**-**	-
Directors' remuneration (Note)	**40**	45	**40**	45
Foreign exchange loss - unrealised	**306**	133	**-**	-
Loss on disposal of investment securities	**-**	20	**-**	-
Property, plant and equipment written off	**-**	1	**-**	-
Rental of premises	**592**	763	**-**	-
And crediting:				
Bad receivable recovered	**-**	160	**-**	-
Foreign exchange gain:				
- realised	**41**	119	**-**	1
- unrealised	**-**	2,387	**627**	173
Gain on disposal of property, plant and equipment	**32**	206	**-**	-
Interest income	**1,028**	1,020	**57**	14
Rental income	**-**	16	**-**	-
Reversal of allowance for obsolete inventories	**-**	264	**-**	-
Reversal of impairment losses on:				
- amount due from subsidiaries (net)	**-**	-	**7,906**	72
- receivables (net)	**240**	62	**-**	-
- investment security	**524**	1,134	**-**	-

Note: The Directors' remuneration is categorised as follows:

	Group and Company	
	2025 RM'000	2024 RM'000
Fees	**37**	41
Other emoluments	**3**	4
	40	45

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

	Group and Company	
	2025	2024
RM20,000 and below	**4**	5 *

* Including a Director who retired on 20 June 2024

7. FINANCE COSTS

	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
Interest expenses on:				
- bonds and debts (Note 25)	**75,153**	71,193	**75,153**	71,193
- RCSLS (Note 23)	**24,764**	22,204	**24,764**	22,204
- finance lease liability (Note 21)	**-**	1	**-**	-
- lease liability (Note 22)	**42**	45	**-**	-
- others	**810**	829	**-**	-
	100,769	94,272	**99,917**	93,397

8. TAX EXPENSE

	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
Income tax:				
Current financial year	**178**	4	**13**	3
Under provision in prior years	**355**	-	**-**	-
	533	4	**13**	3
Deferred tax assets: (Note 15)				
Relating to origination and reversal of temporary differences	**(1)**	(3)	**-**	-
Total	**532**	1	**13**	3

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

	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
Loss before tax	**(88,560)**	(100,538)	**(91,847)**	(93,781)
Tax calculated at Malaysian statutory tax rate of 24% (2024: 24%)	**(21,254)**	(24,129)	**(22,043)**	(22,507)
Income not subject to tax	**(522)**	(1,271)	**(2,048)**	(99)
Expenses not deductible for tax purpose	**18,024**	23,216	**24,104**	22,609
Deferred tax assets not recognised during the financial year	**2,248**	2,471	**-**	-
Utilisation of unutilised business losses	**-**	(39)	**-**	-
Tax effect of share of results of associates	**1,681**	(247)	**-**	-
Under provision in prior years	**355**	-	**-**	-
	532	1	**13**	3

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2024: 24%) of the estimated assessable profit or loss for the year.

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Group					
2025					
Cost					
At 1 January	**13,970**	**19,660**	**5,972**	**8,060**	**47,662**
Disposal	**-**	**-**	**(2)**	**(202)**	**(204)**
At 31 December	**13,970**	**19,660**	**5,970**	**7,858**	**47,458**
Accumulated depreciation					
At 1 January	**5,107**	**18,698**	**5,910**	**8,037**	**37,752**
Charge for the financial year	**279**	**139**	**18**	**-**	**436**
Disposal	**-**	**-**	**(1)**	**(202)**	**(203)**
At 31 December	**5,386**	**18,837**	**5,927**	**7,835**	**37,985**
Net book value					
At 31 December	**8,584**	**823**	**43**	**23**	**9,473**

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
2024					
Cost					
At 1 January	13,970	19,660	6,680	9,087	49,397
Addition	-	-	1	-	1
Disposal	-	-	-	(1,027)	(1,027)
Written off	-	-	(709)	-	(709)
At 31 December	13,970	19,660	5,972	8,060	47,662
Accumulated depreciation					
At 1 January	4,828	18,535	6,532	9,054	38,949
Charge for the financial year	279	163	33	9	484
Disposal	-	-	-	(1,026)	(1,026)
Written off	-	-	(655)	-	(655)
At 31 December	5,107	18,698	5,910	8,037	37,752
Accumulated impairment losses					
At 1 January	-	-	53	-	53
Written off	-	-	(53)	-	(53)
At 31 December	-	-	-	-	-
Net book value					
At 31 December	8,863	962	62	23	9,910

The net book value of property, plant and equipment held under finance lease arrangements is as follows:

	Group 2025 RM'000	Group 2024 RM'000
Motor vehicle	*	*

* The net book value of the motor vehicle is RM1.

10. RIGHT-OF-USE ASSET

	Group 2025 RM'000	Group 2024 RM'000
Cost		
At 1 January/31 December	**979**	979
Accumulated depreciation		
At 1 January	**280**	217
Charge for the financial year	**63**	63
At 31 December	**343**	280
Net book value		
At 31 December	**636**	699

The Group leases a land with a lease term of 168 months from 2021. The maturity analysis of lease liability is disclosed in Note 22.

11. INVENTORIES

		Group 2025 RM'000	Group 2024 RM'000
(a) Non-current			
Land held for property development	(i)	**-**	16,324
(b) Current			
Property development costs	(ii)	**3,331**	3,107
At cost:			
Completed property units for sale		**1,361**	-
Finished goods		**166**	296
Good-in-transit		**43**	-
Work-in-progress		**1,445**	1,362
		3,015	1,658
At net realisable value:			
Raw materials		**757**	994
Finished goods		**518**	870
		1,275	1,864
		4,290	3,522
Total		**7,621**	6,629

11. INVENTORIES (continued)

During the financial year, inventories recognised as an expense in profit or loss of the Group was RM12.6 million (2024: RM8.3 million).

The land was charged as security for the RCSLS and bonds and debts issued by the Company as disclosed in Notes 23 and 25 respectively.

The title in respect of the land has yet to be registered in the name of a subsidiary.

	Group	
	2025	**2024**
	RM'000	**RM'000**
(i) Land held for property development		
Freehold land, at cost		
At 1 January	**16,324**	15,629
Cost incurred during the financial year	**-**	695
Cost over provided in the previous years	**(2,943)**	-
Transfer to property development costs	**(13,381)**	-
At 31 December	**-**	16,324
(ii) Property development costs		
At 1 January:		
Freehold land	**8,838**	8,838
Development costs	**76,204**	75,061
	85,042	83,899
Cost incurred during the financial year:		
Development costs	**848**	1,143
Reversal of cost on completed projects	**(17,896)**	-
Cost recognised in profit or loss:		
At 1 January	**(81,935)**	(79,358)
Recognised during the financial year	**(12,644)**	(2,577)
Reversal of cost on completed projects	**17,896**	-
At 31 December	**(76,683)**	(81,935)
Transfer from land held for property development	**13,381**	-
Transfer to inventories	**(1,361)**	-
At 31 December	**3,331**	3,107

12. INVESTMENT IN SUBSIDIARIES

	Company 2025 RM'000	2024 RM'000
Unquoted shares		
At cost	**25,900**	25,900
Accumulated impairment losses	**(20,485)**	(20,485)
	5,415	5,415
Cost of investment arising from share options	**2,458**	2,458
Accumulated impairment losses	**(2,458)**	(2,458)
	-	-
	5,415	5,415

Movement of the accumulated impairment losses account is as follows:

	Company 2025 RM'000	2024 RM'000
At 1 January/31 December	**22,943**	22,943

Certain investment in subsidiaries with carrying values totalling RM5.4 million (2024: RM5.4 million) have been charged as security for the RCSLS and bonds and debts issued by the Company as disclosed in Notes 23 and 25 respectively.

Details of subsidiaries are as follows:

Name of Company	Country of Incorporation	Holding in Equity 2025 %	2024 %	Principal Activities
LCB Harta (M) Sdn Bhd	Malaysia	**100.00**	100.00	Managing of debts novated from the Company and certain of its subsidiaries pursuant to a debt restructuring exercise undertaken by the Company and certain of its subsidiaries
Limpahjaya Sdn Bhd	Malaysia	**100.00**	100.00	Investment holding, and trading in steel products and related services
Lion Construction & Engineering Sdn Bhd	Malaysia	**100.00**	100.00	Construction and civil engineering works, and investment holding

12. INVESTMENT IN SUBSIDIARIES (continued)

Details of subsidiaries are as follows: (continued)

Name of Company	Country of Incorporation	Holding in Equity 2025 %	2024 %	Principal Activities
Lion Rubber Works Sdn Bhd	Malaysia	**100.00**	100.00	Ceased operations
Lion Steelworks Sdn Bhd	Malaysia	**100.00**	100.00	Manufacture and distribution of office equipment, security equipment and steel related products
Lion Trading & Marketing Sdn Bhd	Malaysia	**100.00**	100.00	Trading and marketing of security equipment, office equipment and steel related products
LCB Harta (L) Limited *	Malaysia	**100.00**	100.00	Acquisition and management of USD denominated consolidated and rescheduled debts
Total Triumph Investments Limited	British Virgin Islands	**100.00**	100.00	Investment holding
Subsidiaries of Limpahjaya Sdn Bhd				
Bersatu Investments Company Limited *	Hong Kong	**71.00**	71.00	Ceased operations
Megasteel Sdn Bhd #	Malaysia	**79.00**	79.00	Ceased operations
Umevest Sdn Bhd	Malaysia	**100.00**	100.00	Ceased operations
Secretarial Communications Sdn Bhd	Malaysia	**100.00**	100.00	Secretarial services
Subsidiary of Megasteel Sdn Bhd				
Megasteel Harta (L) Limited * (In voluntary liquidation)	Malaysia	**100.00**	100.00	To issue and manage bonds pursuant to its parent company's debt financing exercise

12. INVESTMENT IN SUBSIDIARIES (continued)

Details of subsidiaries are as follows: (continued)

Name of Company	Country of Incorporation	Holding in Equity 2025 %	2024 %	Principal Activities
Subsidiary of Lion Construction & Engineering Sdn Bhd				
PMB Building System Sdn Bhd	Malaysia	**100.00**	100.00	Investment holding
Subsidiary of PMB Building System Sdn Bhd				
PMB Jaya Sdn Bhd	Malaysia	**100.00**	100.00	Ceased operations
Subsidiary of Lion Steelworks Sdn Bhd				
Lion Fichet Sdn Bhd	Malaysia	**100.00**	100.00	Ceased operations
Subsidiary of Total Triumph Investments Limited				
Bright Steel Sdn Bhd	Malaysia	**100.00**	100.00	Ceased operations
Subsidiaries of Bright Steel Sdn Bhd				
Bright Steel Service Centre Sdn Bhd (Dissolved on 30 March 2026)	Malaysia	**100.00**	100.00	Ceased operations
Century Container Industries Sdn Bhd	Malaysia	**100.00**	100.00	Ceased operations
Omali Corporation Sdn Bhd	Malaysia	**100.00**	100.00	Investment holding
Subsidiary of LCB Harta (L) Limited				
Pancar Tulin Sdn Bhd	Malaysia	**100.00**	100.00	Property development

12. INVESTMENT IN SUBSIDIARIES (continued)

Details of subsidiaries are as follows: (continued)

Notes:

* Financial statements of subsidiaries not audited by Ong Boon Bah & Co.
\# Financial statements of subsidiary is prepared on break-up basis.

Megasteel Sdn Bhd ("Megasteel"), the subsidiary with non-controlling interests which the Group regards as material to the Group is set out below:

	2025 RM'000	2024 RM'000
Accumulated balances of non-controlling interests:		
- Material non-controlling interests: Megasteel	**(1,824)**	(1,813)
Loss allocated to non-controlling interests:		
- Material non-controlling interests: Megasteel	**(11)**	-

The summarised financial information of the material non-controlling interests is provided below. This information is based on amounts before inter-company eliminations.

	Megasteel 2025 RM'000	 2024 RM'000
Summarised statement of profit or loss:		
Revenue	**-**	-
Loss for the financial year	**(51)**	(44)
Summarised statement of financial position:		
Current assets	**411**	454
Current liabilities	**(9,093)**	(9,085)
Net liabilities	**(8,682)**	(8,631)
Summarised statement of cash flows:		
Operating activities	**(3)**	(10)
Net decrease in cash and cash equivalents	**(3)**	(10)

13. INVESTMENT IN ASSOCIATES

	Group 2025 RM'000	Group 2024 RM'000
Quoted shares outside Malaysia		
At cost *	**85,570**	95,994
Accumulated impairment losses	**(52,457)**	(52,457)
	33,113	43,537
Unquoted shares		
At cost	**844,786**	844,786
Accumulated impairment losses	**(447,512)**	(447,512)
	397,274	397,274
	430,387	440,811
Share of post-acquisition results and reserves	**(422,009)**	(422,878)
	8,378	17,933
Market value of quoted shares:		
Quoted shares outside Malaysia	**19,167**	19,177
Represented by:		
Share of net assets other than goodwill	**48,673**	59,535

* The reduction in cost relates to a capital distribution received from an associate, Lion Asiapac Limited, by way of cash amounting to RM10.4 million.

	Company 2025 RM'000	Company 2024 RM'000
Unquoted shares		
At cost	**1,540**	1,540
Accumulated impairment losses	**(1,540)**	(1,540)
	-	-

Movement of the accumulated impairment losses account is as follows:

	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
At 1 January/31 December	**499,969**	499,969	**1,540**	1,540

13. INVESTMENT IN ASSOCIATES (continued)

The associates are as follows:

Name of Company	Financial Year End	Country of Incorporation	Holding in Equity 2025 %	Holding in Equity 2024 %	Principal Activities
Lion Plantations Sdn Bhd	31 December	Malaysia	**30.00**	30.00	Investment holding
ACB Resources Berhad	31 December	Malaysia	**# 47.66**	# 47.66	Investment holding
Lion Insurance Company Limited *	31 December	Malaysia	**# 36.28**	# 36.28	Captive insurance business
Lion Asiapac Limited *	30 June	Republic of Singapore	**# 29.98**	# 29.98	Investment holding

Notes:

Held by subsidiaries.
* Financial statements of associates not audited by Ong Boon Bah & Co.

The summarised financial information of the associates is as follows:

	Group 2025 RM'000	Group 2024 RM'000
Assets and liabilities		
Non-current assets	**69,793**	80,742
Current assets	**355,492**	397,626
Non-current liabilities	**(3,333)**	(7,622)
Current liabilities	**(2,157,923)**	(2,251,428)
Non-controlling interests	**(54,167)**	(54,289)
	(1,790,138)	(1,834,971)
Results		
Revenue	**138,644**	237,415
Profit/(Loss) for the year	**45,476**	(13,060)
Group's share of results of associates	**(7,005)**	1,031

The Group's share of losses of the associates has been recognised to the extent of the carrying amount of the investments. The cumulative unrecognised share of losses amounted to RM935.5 million (2024: RM968.2 million) and current year's unrecognised share of profit amounted to RM32.7 million (2024: share of loss of RM7.3 million).

14. INVESTMENT SECURITIES

(a) Non-current

	Group		Company	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fair value through other comprehensive income				
Quoted shares in Malaysia	**150**	212	**30**	28
Unquoted shares	**921**	921	**-**	-
	1,071	1,133	**30**	28
Market value of quoted shares	**150**	212	**30**	28

(b) Current - Unquoted bonds

	Group	
	2025	**2024**
	RM'000	**RM'000**
Unquoted bonds	**11,207**	12,079
Exchange difference	**(1,093)**	(348)
	10,114	11,731
Accumulated impairment losses	**(10,114)**	(11,731)
	-	-

Movement of the accumulated impairment losses account is as follows:

	Group	
	2025	**2024**
	RM'000	**RM'000**
At 1 January	**11,731**	13,213
Reversal	**(524)**	(1,134)
Exchange difference	**(1,093)**	(348)
At 31 December	**10,114**	11,731

Investments in unquoted bonds represent consolidated and rescheduled USD debts issued by Amsteel Harta (L) Limited ("ACB SPV") ("ACB SPV Debts") acquired by a subsidiary, from its holder in previous financial years. The ACB SPV Debts constitute direct, unsubordinated and secured obligations of the ACB SPV and were charged as security for the RCSLS and bonds and debts issued by the Company.

The terms of the ACB SPV Debts are as follows:

(i) The ACB SPV Debts are receivable annually on 31 December of each calendar year and are subject to late payment charges of 1% per annum above the cash yield-to-maturity.

(ii) The ACB SPV Debts are secured by assets included in the proposed divestment programme for ACB Resources Berhad ("ACB") and its subsidiaries ("ACB Group"), certain assets and investments, and such other securities provided and as may be provided from time to time by the ACB Group to the Security Trustee for the benefit of, *inter alia,* the holders of the ACB SPV Debts.

15. DEFERRED TAX ASSETS

	Group	
	2025	2024
	RM'000	RM'000
At 1 January	**18**	15
Recognised in profit or loss (Note 8)	**1**	3
At 31 December	**19**	18

Deferred tax assets of the Group

	Lease liability	
	2025	2024
	RM'000	RM'000
At 1 January	**18**	15
Recognised in profit or loss (Note 8)	**1**	3
At 31 December	**19**	18

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

	Group	
	2025	2024
	RM'000	RM'000
Unused tax losses	**2,149,971**	2,147,858
Unabsorbed capital allowances	**208,372**	207,844
	2,358,343	2,355,702

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 subsidiaries 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 subsidiaries in the Group and they have arisen in subsidiaries 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.

16. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2025	2024	**2025**	2024
		RM'000	RM'000	**RM'000**	RM'000
Trade receivables		**26,257**	26,163	**-**	-
Accumulated impairment losses	(a)	**(9,850)**	(9,895)	**-**	-
		16,407	16,268	**-**	-
Other receivables and prepayments		**58,601**	55,752	**103**	103
Accumulated impairment losses	(b)	**(6,218)**	(6,461)	**(103)**	(103)
		52,383	49,291	**-**	-
Deposits		**2,294**	2,347	**-**	-
		71,084	67,906	**-**	-

Included in receivables and prepayments of the Group are related parties balances of which RM11.7 million (2024: RM11.6 million) are in trade receivables, RM52.0 million (2024: RM49.0 million) are in other receivables and prepayments.

The Group's normal trade credit terms range from 14 days to 120 days (2024: 14 days to 120 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2025	2024
	RM'000	RM'000
Neither past due nor impaired	**3,955**	3,765
1 to 90 days past due not impaired	**287**	433
91 to 180 days past due not impaired	**593**	635
More than 180 days past due not impaired	**11,572**	11,435
	12,452	12,503
Impaired	**9,850**	9,895
	26,257	26,163

16. TRADE AND OTHER RECEIVABLES (continued)

(a) Movement of the accumulated impairment losses account for trade receivables is as follows:

	Group	
	2025	**2024**
	RM'000	**RM'000**
At 1 January	**9,895**	9,756
Addition	**-**	183
Reversal	**-**	(2)
Written off	**(45)**	(42)
At 31 December	**9,850**	9,895

(b) Movement of the accumulated impairment losses account for other receivables and prepayments are as follows:

	Group		Company	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**6,461**	6,827	**103**	226
Addition	**-**	25	**-**	-
Reversal	**(240)**	(268)	**-**	-
Written off	**(3)**	(123)	**-**	(123)
At 31 December	**6,218**	6,461	**103**	103

Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM12.5 million (2024: RM12.5 million) that are past due at the reporting date but not impaired.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors, other than a related party balance of RM11.7 million (2024: RM11.6 million).

17. AMOUNT DUE FROM/TO SUBSIDIARIES

	Company	
	2025	**2024**
	RM'000	**RM'000**
Amount due from subsidiaries	**6,391**	14,297
Accumulated impairment losses	**(6,391)**	(14,297)
	-	-
Amount due to subsidiaries	**355,761**	319,877

17. AMOUNT DUE FROM/TO SUBSIDIARIES (continued)

Movement of the accumulated impairment losses account is as follows:

	Company	
	2025	**2024**
	RM'000	**RM'000**
At 1 January	**14,297**	14,373
Addition	**278**	33
Reversal	**(8,184)**	(105)
Written off	**-**	(4)
At 31 December	**6,391**	14,297

The amount due from/to subsidiaries which arose mainly from inter-company advances and payments made on behalf are unsecured, repayable on demand and interest free (2024: interest free).

18. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with licensed banks	**10,186**	7,587	**2,883**	2,371
Cash and bank balances	**24,928**	24,502	**174**	707
	35,114	32,089	**3,057**	3,078

Deposits of the Group and of the Company carry weighted average interest rates ranging from 1.75% to 3.3% (2024: 2.0% to 3.6%) per annum and 1.8% to 2.95% (2024: 2.0% to 3.0%) per annum respectively.

Deposits of the Group and of the Company had tenure of maturity which range from 1 to 31 days (2024: 1 to 31 days) and 1 to 11 days (2024: 1 to 14 days) respectively.

19. SHARE CAPITAL

	Group and Company	
	2025	**2024**
	'000	**'000**
Number of ordinary shares:		
At 1 January/31 December	**1,316,199**	1,316,199
	RM'000	**RM'000**
Issued share capital:		
At 1 January/31 December	**1,413,884**	1,413,884

20. RESERVES

	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
Non-distributable:				
Capital reserve	**47,435**	53,316	**3,046**	3,046
Foreign currency translation reserve	**33,884**	21,436	**-**	-
Fair value adjustment reserve	**(10,628)**	(12,236)	**135**	133
Equity component of RCSLS	**8,990**	8,990	**8,990**	8,990
	79,681	71,506	**12,171**	12,169
Accumulated losses	**(3,064,623)**	(2,975,542)	**(3,406,163)**	(3,314,303)
	(2,984,942)	(2,904,036)	**(3,393,992)**	(3,302,134)

The nature and purpose of each category of reserves are as follows:

(a) Capital reserve

Capital reserve comprises mainly share of post acquisition reserves of associates and profits recorded by a subsidiary of the Company which was incorporated to manage the Ringgit Malaysia debts and bonus share issue through retained earnings by a subsidiary.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operations.

(c) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of fair value through other comprehensive income.

(d) Equity component of RCSLS

This reserve represents the fair value of the equity component of RCSLS, net of deferred tax liabilities, as determined on the date of issue.

21. LOANS AND BORROWINGS

	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
Short term borrowings				
Secured:				
RCSLS (Note 23)	**280,467**	236,112	**280,467**	236,112
Finance lease liability (Note 24)	**2**	14	**-**	-
	280,469	236,126	**280,467**	236,112
Long term borrowings				
Secured:				
RCSLS (Note 23)	**124,726**	155,907	**124,726**	155,907
Finance lease liability (Note 24)	**-**	2	**-**	-
	124,726	155,909	**124,726**	155,907
Total borrowings				
RCSLS (Note 23)	**405,193**	392,019	**405,193**	392,019
Finance lease liability (Note 24)	**2**	16	**-**	-
	405,195	392,035	**405,193**	392,019

Reconciliation of liabilities arising from financing activities of the Group

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities excluded RCSLS are those for which cash flows were classified in the Group's statements of cash flows as cash flows from financing activities:

	As at 1.1.2025 RM'000	Financing cash flows RM'000	Finance costs RM'000	As at 31.12.2025 RM'000
Finance lease liability	**16**	**(14)**	**-**	**2**

	As at 1.1.2024 RM'000	Financing cash flows RM'000	Finance costs RM'000	As at 31.12.2024 RM'000
Finance lease liability	29	(14)	1	16

21. LOANS AND BORROWINGS (continued)

Reconciliation of liabilities arising from financing activities of the Group and of the Company

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 were classified in the Group's and the Company's statements of cash flows as cash flows from financing activities:

	As at 1.1.2025 RM'000	Financing cash flows RM'000	Finance costs RM'000	As at 31.12.2025 RM'000
RCSLS	**392,019**	**(11,590)**	**24,764**	**405,193**
	As at 1.1.2024 RM'000	**Financing cash flows RM'000**	**Finance costs RM'000**	**As at 31.12.2024 RM'000**
RCSLS	371,976	(2,161)	22,204	392,019

The weighted average effective interest rates at the reporting date for the respective credit facilities are as follows:

	Group and Company	
	2025 %	**2024 %**
Fixed rate		
RCSLS	**5.8**	5.8

22. LEASE LIABILITY

	Group	
	2025 RM'000	**2024 RM'000**
At 1 January	**779**	828
Finance costs (Note 7)	**42**	45
Payment of lease rental	**(95)**	(94)
At 31 December	**726**	779
Breakdown:		
Current	**56**	53
Non-current	**670**	726
	726	779

22. LEASE LIABILITY (continued)

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

Group	Future minimum lease payments RM'000	Interest RM'000	Present value of lease payments RM'000
2025			
Less than 1 year	**95**	**(39)**	**56**
Later than 1 year and not later than 5 years	**379**	**(123)**	**256**
More than 5 years	**475**	**(61)**	**414**
	949	**(223)**	**726**
2024			
Less than 1 year	95	(42)	53
Later than 1 year and not later than 5 years	379	(136)	243
More than 5 years	571	(88)	483
	1,045	(266)	779

<u>Reconciliation of liabilities arising from financing activities of the Group</u>

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 were classified in the Group's statements of cash flows as cash flows from financing activities:

Group	As at 1.1.2025 RM'000	Finance costs RM'000	Financing cash flows RM'000	As at 31.12.2025 RM'000
Lease liability	**779**	**42**	**(95)**	**726**

Group	As at 1.1.2024 RM'000	Finance costs RM'000	Financing cash flows RM'000	As at 31.12.2024 RM'000
Lease liability	828	45	(94)	779

23. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("RCSLS")

Pursuant to the completion of the LCB Scheme for implementation on 27 February 2009, the Company had converted a portion of its LCB Class B Bonds and LCB Debts into LCB RCSLS as follows:

(a) RM294,747,299 nominal value of LCB Class B(a) Bonds with present value of RM286,834,000 into RM286,834,000 nominal value of LCB Class B(a) RCSLS;

(b) RM200,000,000 nominal value of LCB Class B(b) Bonds with present value of RM178,769,000 into RM178,769,000 nominal value of LCB Class B(b) RCSLS; and

(c) RM5,252,701 nominal value of LCB Debts with present value of RM5,130,000 into RM5,130,000 nominal value of LCB Class B(c) RCSLS.

Salient terms of the RCSLS are as follows:

(i) The tranches of RCSLS are as follows:

	Class	Nominal Value RM'000	Original Maturity Date	Term-out Maturity Date	Coupon Rate (per annum)
RCSLS	B(a)	286,834	31.12.2015	31.12.2030	5.00%
RCSLS	B(b)	178,769	31.12.2015	31.12.2030	7.00%
RCSLS	B(c)	5,130	31.12.2015	31.12.2030	4.25%
		470,733			

The RCSLS are subject to late payment charge of 1% per annum above the coupon rate.

(ii) Conversion right and rate

The RCSLS were convertible into new ordinary shares in the Company ("LCB Shares") during the conversion period at the conversion price of RM1.00 nominal amount of the RCSLS for every new LCB Share. In conjunction with the capital reconstruction undertaken by the Company in the previous financial years, the conversion price of the RCSLS has been adjusted from RM1.00 to RM5.00.

(iii) Conversion period

The RCSLS are convertible into new LCB Shares on or after the issue date (27 February 2009) of the RCSLS but ending on the maturity date (31 December 2015). In the previous financial years, the RCSLS Holders had granted approval for the extension of time for the redemption of the RCSLS to 31 December 2030 and as such, the conversion period was extended to 31 December 2030 accordingly.

23. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("RCSLS") (continued)

Salient terms of the RCSLS are as follows: (continued)

(iv) Redeemability

The redemption of the RCSLS at RM1.00 for every RM1.00 nominal value of RCSLS is as follows:

- Mandatory early redemption - to redeem in chronological order of the redemption date in the event the surplus in the Redemption Account is RM5,000,000 or more on a pro rata basis with the LCB Bonds, LCB Debts and RCSLS.

- Redemption upon maturity - all outstanding RCSLS and not converted on the expiry of the conversion period will be redeemed for cash at RM1.00 per RCSLS.

- Mandatory redemption

(a) the Company shall redeem 14.3% of the total RCSLS issued at every redemption date as follows:

  - 31 December 2024;
  - 31 December 2025;
  - 31 December 2026;
  - 31 December 2027;
  - 31 December 2028;
  - 31 December 2029; and
  - 31 December 2030

(b) all outstanding RCSLS shall be redeemed by the Company upon the occurrence of a shareholders' or creditors' winding up of the Company or upon the declaration of the event of default.

In the previous financial years, RCSLS Holders have granted approval for the extension of time for the redemption of the RCSLS up to 31 December 2030.

(v) Security

The securities for the RCSLS shall be the same as the securities for the LCB Bonds and LCB Debts (Note 25).

(vi) Ranking of new shares

The new LCB Shares to be issued pursuant to the conversion of the RCSLS shall rank *pari passu* in all respects with the then existing issued and paid-up shares of the Company, except that they will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the date on which the new shares are registered in the name of the holder in the Register of Members of the Company.

As at 31 December 2025, RM418,950,000 (2024: RM429,306,000) nominal value of RCSLS remained outstanding.

During the financial year, the Company has requested to defer certain RCSLS due amounts of RM240.3 million (2024: RM194.2 milllion) to a later date.

23. REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("RCSLS") (continued)

The value of the RCSLS has been split into the liability component and the equity component, representing the fair value of the conversion option. The RCSLS are accounted for in the statements of financial position as follows:

	Group and Company	
	2025	2024
	RM'000	RM'000
Liability component at beginning of the financial year	**392,019**	371,976
Interest expenses recognised during the financial year (Note 7)	**24,764**	22,204
Repayment during the financial year	**(11,590)**	(2,161)
Liability component at end of the financial year	**405,193**	392,019
Breakdown:		
Current	**280,467**	236,112
Non-current	**124,726**	155,907
	405,193	392,019

The RCSLS are redeemable over the following periods:

	Group and Company	
	2025	2024
	RM'000	RM'000
Within 1 year	**280,467**	236,112
From 1 to 2 years	**36,255**	37,946
From 2 to 5 years	**88,471**	93,001
After 5 years	**-**	24,960
	405,193	392,019

Included in the RCSLS is an amount of RM371.0 million (2024: RM349.8 million) due to a related party.

24. FINANCE LEASE LIABILITY

	Group	
	2025	2024
	RM'000	RM'000
Minimum lease payments:		
Not later than 1 year	**2**	15
Later than 1 year and not later than 2 years	**-**	2
	2	17
Future finance charges	**-**	(1)
	2	16
Present value of finance lease payments:		
Not later than 1 year	**2**	14
Later than 1 year and not later than 2 years	**-**	2
	2	16

24. FINANCE LEASE LIABILITY (continued)

	Group 2025 RM'000	Group 2024 RM'000
Analysed as:		
Due within 12 months	**2**	14
Due after 12 months	**-**	2
	2	16

The finance lease liability carries interest rate at the reporting date at 2.5% (2024: 2.5%) per annum.

25. BONDS AND DEBTS

	Group and Company 2025 RM'000	Group and Company 2024 RM'000
Current		
Secured:		
LCB Bonds	**397,879**	282,990
LCB Debts	**2,665**	2,113
	400,544	285,103
Non-current		
Secured:		
LCB Bonds	**802,760**	874,658
LCB Debts	**3,461**	4,588
	806,221	879,246
Total		
Secured:		
LCB Bonds	**1,200,639**	1,157,648
LCB Debts	**6,126**	6,701
	1,206,765	1,164,349

The bonds and debts are redeemable/repayable over the following periods:

	Group and Company 2025 RM'000	Group and Company 2024 RM'000
Within 1 year	**400,544**	285,103
From 1 to 2 years	**123,179**	121,587
From 2 to 5 years	**336,037**	331,782
After 5 years	**347,005**	425,877
	1,206,765	1,164,349

25. BONDS AND DEBTS (continued)

Reconciliation of liabilities arising from financing activities of the Group and of the Company

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 were classified in the Group's and the Company's statements of cash flows as cash flows from financing activities:

	As at 1.1.2025 RM'000	Financing cash flows RM'000	Finance costs RM'000	Exchange differences RM'000	As at 31.12.2025 RM'000
LCB Bonds	**1,157,648**	**(31,889)**	**74,880**	**-**	**1,200,639**
LCB Debts	**6,701**	**(221)**	**273**	**(627)**	**6,126**
	1,164,349	**(32,110)**	**75,153**	**(627)**	**1,206,765**

	As at 1.1.2024 RM'000	Financing cash flows RM'000	Finance costs RM'000	Exchange differences RM'000	As at 31.12.2024 RM'000
LCB Bonds	1,092,632	(5,896)	70,912	-	1,157,648
LCB Debts	6,642	(48)	281	(174)	6,701
	1,099,274	(5,944)	71,193	(174)	1,164,349

Included in the Bonds and Debts is an amount of RM1,170.2 million (2024: RM1,107.7 million) due to a related party.

The Company had on 27 February 2009 implemented the LCB Scheme which is to address its debt obligation to redeem/repay the LCB Bonds and LCB Debts issued by the Company pursuant to the Group Wide Restructuring Scheme ("GWRS") implemented in 2003.

On 27 February 2009, the Company had:

(i) fully redeemed its LCB Class A Bonds amounting to RM35.9 million;

(ii) converted RM900,000,000 nominal value of LCB Class B(b) Bonds with a present value of RM804,460,000 into 804,460,000 new ordinary shares; and

(iii) converted a portion of its LCB Class B Bonds and LCB Debts into RCSLS (Note 23).

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

(i) The tranches of LCB Bonds and LCB Debts are as follows:

	Class	Nominal Value RM'000	Net Present Value RM'000	Original Maturity Date	Term-out Maturity Date	Cash Yield-to-Maturity (per annum)
LCB Bonds	B(a)	592,647	408,881	31.12.2019	31.12.2031	5.00%
LCB Bonds	B(b)	1,347,652	809,717	31.12.2020	31.12.2034	7.00%
LCB Debts	B	10,734	7,974	31.12.2019	31.12.2030	4.25%
		1,951,033	1,226,572			

25. BONDS AND DEBTS (continued)

The principal terms and conditions of the LCB Bonds and LCB Debts are as follows: (continued)

(i) The tranches of LCB Bonds and LCB Debts are as follows: (continued)

The LCB Bonds and LCB Debts are redeemable/repayable annually on 31 December of each calendar year and are subject to late payment charges of 1% per annum above the cash yield-to-maturity.

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

(a) The assets included in the Proposed Divestment Programme ("PDP") for the Group. If there is an existing security on any such assets, the Security Trustee will take a lower priority security interest;

(b) The LDHB Inter-Co Repayment received by the Company;

(c) Entire/Partial investment in Lion Plate Mills Sdn Bhd ("LPM")*, Bright Steel Sdn Bhd, Megasteel, LCB Harta (L) Limited and certain investment in associates;

(d) The Residual Assets, if any;

(e) Dividends upstreaming from LPM and Bright Steel Sdn Bhd;

(f) The excess, if any, of the ACB SPV Debts and proceeds of the Property Development Project known as Mahkota Cheras Project;

(g) All rights, title and interest of the Company and Limpahjaya Sdn Bhd under the Deed of Undertaking;

(h) Proceeds from the disposal of 66,666,667 ordinary shares in Megasteel;

(i) 33,333,333 ordinary shares in Megasteel;

(j) Shares and assets in Pancar Tulin Sdn Bhd (including the property development project);

(k) Shares in LCB Harta (L) Limited;

(l) Such other securities as may be provided from time to time to the Security Trustee for the benefit of the Bondholders, RCSLS Holders and the Lenders; and

25. BONDS AND DEBTS (continued)

The principal terms and conditions of the LCB Bonds and LCB Debts are as follows: (continued)

(ii) The Security Trustee holds the following securities ("Securities") for the benefit of the holders of the LCB Bonds and LCB Debts: (continued)

(m) The Redemption Account and the General Escrow Account held by the Company. The Redemption Account will capture the LCB Dedicated Cash Flows.

Dedicated Cash Flows means cash flow from the following sources:

- net surplus proceeds from the disposal of any assets in the PDP for the Group over which there is presently a security, if applicable;

- proceeds of the LDHB Inter-Co Repayment received by the Company (including any loyalty payment received following the full repayment of LDHB Inter-Co Repayment);

- dividends or cash flow from the Deed of Undertaking;

- subject to the proportions allocated pursuant to the Trust Deed, dividends and disposal proceeds from Bright Steel Sdn Bhd and LPM;

- repayment proceeds from the ACB SPV Debts and proceeds from the Property Development Project; and

- proceeds from the disposal of 11.1% of the issued and paid-up share capital of Megasteel.

Monies captured in the Redemption Account can only be used towards redemption/repayment of the LCB Bonds, LCB Debts and RCSLS and cannot be utilised for any other purposes.

* LPM was disposed of on 31 December 2013. Consequent thereon, LPM is no longer a subsidiary of the Company and was excluded from the LCB Scheme.

The LCB Bonds, LCB Debts and RCSLS constitute direct, unsubordinated and secured obligations of the Company, being the issuer.

The LCB Bonds, LCB Debts and RCSLS ranked *pari passu* amongst each other over the Securities held by the Security Trustee under items (a) to (m) above.

In the previous financial years, Bondholders and Lenders had granted approval for extension of the redemption/repayment period for LCB Bonds and LCB Debts up to 31 December 2034.

During the financial year, the Company has requested to defer certain bonds and debts due amounts of RM271.3 million (2024: RM150.5 million) to a later date.

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade payables	**10,210**	8,503	**-**	-
Other payables	**50,850**	42,741	**4,774**	4,413
Accruals	**20,812**	22,357	**16,120**	16,124
Provision for costs of completion	**10,260**	11,865	**-**	-
	92,132	85,466	**20,894**	20,537

The Group's normal trade credit terms ranges from 7 days to 120 days (2024: 7 days to 120 days).

Included in payables of the Group and of the Company are related parties balances of which RM0.6 million (2024: RM0.6 million) and RM Nil (2024: RM Nil) respectively are in trade payables, RM11.1 million (2024: RM8.6 million) and RM4.1 million (2024: RM4.1 million) respectively are in other payables.

27. CONTRACT LIABILITIES

	Group	
	2025	**2024**
	RM'000	**RM'000**
Revenue recognised to date	**(145,579)**	(138,494)
Progress billings issued to date	**149,104**	145,579
	3,525	7,085
Represented by:		
Contract liabilities	**3,525**	7,085

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received progress payment in advance from customers for sale of development properties. Contract liabilities are recognised as revenue as the Group performs under the contract.

28. RELATED PARTY TRANSACTIONS

Related parties refer to entities in which certain substantial shareholders of the Company or persons connected with such substantial shareholders have substantial interests.

Significant transactions undertaken with related parties are as follows:

		Group	
		2025	**2024**
Name of Company	**Type of Transactions**	**RM'000**	**RM'000**
Amsteel Mills Sdn Bhd	Sales of scrap	**27**	14
	Rental expenses	**519**	686
PM Holdings Sdn Bhd	Management fee	**1,313**	1,052
Lion Group Management Services Sdn Bhd	Management fee	**1,166**	1,166
	Rental expenses	**35**	35
Secom (Malaysia) Sdn Bhd	Secretarial fee	**8**	13
Associated Steel Industries (M) Sdn Bhd	Secretarial fee	**7**	-
Parkson Corporation Sdn Bhd	Trade sales	**38**	8
Posim Marketing Sdn Bhd	Trade purchases	**39**	50
	Trade sales	**-**	10

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

29. SEGMENTAL ANALYSIS

The Group is organised into 3 major business segments:

(i) Property - property development
(ii) Furniture - manufacturing, distribution and trading of office equipment and security equipment
(iii) Others - investment holding and secretarial services

No geographical segmental analysis is presented as the Group operates principally in Malaysia.

The Directors are of the opinion that all inter-segment transactions were carried out on terms and conditions not materially different from those obtainable in transactions with independent third parties.

29. SEGMENTAL ANALYSIS (continued)

	Property RM'000	Furniture RM'000	Others RM'000	Elimination RM'000	Group RM'000
Group					
2025					
Revenue					
External sales	**41,750**	**6,484**	**22**	**-**	**48,256**
Results					
Segment results	**21,593**	**(1,490)**	**(889)**	**-**	**19,214**
Finance costs					**(100,769)**
Share of results of associates					**(7,005)**
Loss before tax					**(88,560)**
Tax expense					**(532)**
Net loss for the financial year					**(89,092)**
Assets					
Segment assets	**40,959**	**6,379**	**77,661**	**-**	**124,999**
Investment in associates					**8,378**
Unallocated corporate assets					**2,084**
Consolidated total assets					**135,461**
Liabilities					
Segment liabilities	**24,982**	**4,827**	**66,574**	**-**	**96,383**
Unallocated corporate liabilities					**1,611,960**
Consolidated total liabilities					**1,708,343**
Other information					
Depreciation	**7**	**143**	**349**	**-**	**499**

29. SEGMENTAL ANALYSIS (continued)

	Property RM'000	Furniture RM'000	Others RM'000	Elimination RM'000	Group RM'000
Group					
2024					
Revenue					
External	7,923	8,450	85	-	16,458
Inter-segment	-	-	19	(19)	-
	7,923	8,450	104	(19)	16,458
Results					
Segment results	(6,694)	(2,704)	2,101	-	(7,297)
Finance costs					(94,272)
Share of results of associates					1,031
Loss before tax					(100,538)
Tax expense					(1)
Net loss for the financial year					(100,539)
Assets					
Segment assets	51,917	7,580	75,193	-	134,690
Investment in associates					17,933
Unallocated corporate assets					5,126
Consolidated total assets					157,749
Liabilities					
Segment liabilities	27,203	4,673	61,454	-	93,330
Unallocated corporate liabilities					1,556,384
Consolidated total liabilities					1,649,714
Other information					
Capital expenditure	1	-	-	-	1
Depreciation	7	174	366	-	547

30. STATEMENTS OF CASH FLOWS

(a) Adjustments for non-cash items and interests

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Allowance/(Reversal of allowance) for obsolete inventories	**154**	(264)	**-**	-
Depreciation:				
- property, plant and equipment	**436**	484	**-**	-
- right-of-use assets	**63**	63	**-**	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	**(32)**	(206)	**-**	-
- investment securities	**-**	20	**-**	-
Interest expenses	**100,769**	94,272	**99,917**	93,397
Interest income	**(1,028)**	(1,020)	**(57)**	(14)
Reversal of impairment losses on:				
- amount due from subsidiaries (net)	**-**	-	**(7,906)**	(72)
- receivables (net)	**(240)**	(62)	**-**	-
- investment securities	**(524)**	(1,134)	**-**	-
Share of results of associates	**7,005**	(1,031)	**-**	-
Unrealised loss/(gain) on foreign exchange (net)	**306**	(2,254)	**(627)**	(173)
Written off of:				
- inventories	**-**	39	**-**	-
- property, plant and equipment	**-**	1	**-**	-
	106,909	88,908	**91,327**	93,138

(b) Purchase of property, plant and equipment

	Group	
	2025	2024
	RM'000	RM'000
Purchase by cash (Note 9)	**-**	1

(c) Cash and cash equivalents at end of the financial year

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	**10,186**	7,587	**2,883**	2,371
Cash and bank balances	**24,928**	24,502	**174**	707
	35,114	32,089	**3,057**	3,078

30. STATEMENTS OF CASH FLOWS (continued)

(c) Cash and cash equivalents at end of the financial year (continued)

The titles of the following bank balances, which arose from a property development project, have not been transferred into the name of the subsidiary:

	Group 2025 RM'000	Group 2024 RM'000
Bank balances	**856**	3,074

Included in bank balances of a subsidiary is an amount of RM23.2 million (2024: RM21.3 million) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore restricted from use for other operations.

31. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised under MFRS 9:

(a) Financial assets measured at amortised cost ("FAAC");
(b) Financial liabilities measured at amortised cost ("FLAC"); and
(c) Fair value through other comprehensive income ("FVOCI").

	Carrying amount RM'000	FAAC RM'000	FLAC RM'000	FVOCI RM'000
Group				
2025				
Financial assets				
Investment securities	**1,071**	**-**	**-**	**1,071**
Receivables	**22,388**	**22,388**	**-**	**-**
Deposits, cash and bank balances	**35,114**	**35,114**	**-**	**-**
	58,573	**57,502**	**-**	**1,071**
Financial liabilities				
Payables	**61,060**	**-**	**61,060**	**-**
Contract liabilities	**3,525**	**-**	**3,525**	**-**
Loans and borrowings	**405,195**	**-**	**405,195**	**-**
Lease liability	**726**	**-**	**726**	**-**
Bonds and debts	**1,206,765**	**-**	**1,206,765**	**-**
	1,677,271	**-**	**1,677,271**	**-**

31. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments (continued)

The table below provides an analysis of financial instruments categorised under MFRS 9: (continued)

	Carrying amount RM'000	FAAC RM'000	FLAC RM'000	FVOCI RM'000
Company				
2025				
Financial assets				
Investment securities	**30**	**-**	**-**	**30**
Deposits, cash and bank balances	**3,057**	**3,057**	**-**	**-**
	3,087	**3,057**	**-**	**30**
Financial liabilities				
Payables	**4,774**	**-**	**4,774**	**-**
Amount due to subsidiaries	**355,761**	**-**	**355,761**	**-**
Loans and borrowings	**405,193**	**-**	**405,193**	**-**
Bonds and debts	**1,206,765**	**-**	**1,206,765**	**-**
	1,972,493	**-**	**1,972,493**	**-**
Group				
2024				
Financial assets				
Investment securities	1,133	-	-	1,133
Receivables	19,191	19,191	-	-
Deposits, cash and bank balances	32,089	32,089	-	-
	52,413	51,280	-	1,133
Financial liabilities				
Payables	51,244	-	51,244	-
Contract liabilities	7,085	-	7,085	-
Loans and borrowings	392,035	-	392,035	-
Lease liability	779	-	779	-
Bonds and debts	1,164,349	-	1,164,349	-
	1,615,492	-	1,615,492	-
Company				
2024				
Financial assets				
Investment securities	28	-	-	28
Deposits, cash and bank balances	3,078	3,078	-	-
	3,106	3,078	-	28
Financial liabilities				
Payables	4,413	-	4,413	-
Amount due to subsidiaries	319,877	-	319,877	-
Loans and borrowings	392,019	-	392,019	-
Bonds and debts	1,164,349	-	1,164,349	-
	1,880,658	-	1,880,658	-

31. FINANCIAL INSTRUMENTS (continued)

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 is exposed to financial risk from operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Group operates within clearly defined guidelines on financial risk management and it is not the Group's policy to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on deposits, cash and bank balances, trade and other receivables, trade and other payables and bonds and debts that are denominated in currencies other than the functional currency of the Group.

The Group does not hedge the currency risk because the amounts are short term in nature.

Carrying amounts of the Group's exposure to foreign currency risk are as follows:

	USD RM'000	EUR RM'000	Total RM'000
Group			
2025			
Deposits, cash and bank balances	**450**	**-**	**450**
Receivables	**105**	**-**	**105**
Payables	**127**	**24,705**	**24,832**
Bonds and debts	**6,126**	**-**	**6,126**
Company			
2025			
Bonds and debts	**6,126**	**-**	**6,126**
Group			
2024			
Deposits, cash and bank balances	291	-	291
Receivables	74	-	74
Payables	141	23,322	23,463
Bonds and debts	6,701	-	6,701
Company			
2024			
Bonds and debts	6,701	-	6,701

31. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(a) Foreign currency risk (continued)

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's and of the Company's loss after tax for the financial year to a reasonably possible change in the USD against the functional currency of the Group and of the Company, with all other variables held constant:

	Loss after tax	
	2025	**2024**
	RM'000	**RM'000**
Group		
USD/RM - strengthened 3%	**(130)**	(148)
- weakened 3%	**130**	148
Company		
USD/RM - strengthened 3%	**(140)**	(153)
- weakened 3%	**140**	153

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits. Interest rates of the Group's borrowings are managed through fixed and floating rates. Investments in financial assets are short term in nature and are mostly placed as short term deposits with licensed financial institutions.

The information on maturity dates and effective interest rates of financial assets and liabilities is disclosed in their respective notes.

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

	2025	**2024**
	RM'000	**RM'000**
Fixed rate instruments		
Group		
Financial liabilities		
Finance lease liability	**2**	16
Lease liability	**726**	779
RCSLS	**405,193**	392,019
Bonds and debts	**1,206,765**	1,164,349

31. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(b) Interest rate risk (continued)

The interest rate profile of the Group's and of the Company's significant interest bearing financial instruments, based on the carrying amounts as at the end of the reporting dates are as follows: (continued)

	2025 RM'000	2024 RM'000
Fixed rate instruments (continued)		
Company		
Financial liabilities		
RCSLS	**405,193**	392,019
Bonds and debts	**1,206,765**	1,164,349

Interest rate risk sensitivity analysis

Sensitivity analysis is not disclosed on fixed rate financial liabilities as fixed rate financial liabilities are not exposed to interest rate risk and are measured at amortised cost.

(c) 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 trade and other receivables and the Company's exposure to credit risk arises primarily from loans and advances to subsidiaries and financial guarantee given. For other financial assets (investment securities, 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 creditworthiness. 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.

31. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(c) Credit risk (continued)

Receivables (continued)

Concentration of credit risk (continued)

The Group has applied the simplified approach to measure the loss allowance at lifetime 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.

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				
2025				
Not past due	**3,955**	**-**	**-**	**3,955**
1 to 90 days past due	**287**	**(1)**	**-**	**286**
91 to 180 days past due	**593**	**(50)**	**(183)**	**360**
More than 180 days past due	**11,572**	**-**	**-**	**11,572**
Individually impaired	**9,850**	**(9,616)**	**-**	**234**
	26,257	**(9,667)**	**(183)**	**16,407**
2024				
Not past due	3,765	-	-	3,765
1 to 90 days past due	433	(2)	-	431
91 to 180 days past due	635	(50)	(183)	402
More than 180 days past due	11,435	-	-	11,435
Individually impaired	9,895	(9,660)	-	235
	26,163	(9,712)	(183)	16,268

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities.

31. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

(d) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting dates based on undiscounted contractual payments:

	On demand RM'000	Within 1 year RM'000	1 to 5 years RM'000	After 5 years RM'000	Total RM'000
Group					
2025					
Payables	**61,060**	**-**	**-**	**-**	**61,060**
Contract liabilities	**-**	**3,525**	**-**	**-**	**3,525**
Loans and borrowings	**-**	**282,788**	**150,856**	**-**	**433,644**
Lease liability	**-**	**95**	**379**	**475**	**949**
Finance lease liability	**-**	**2**	**-**	**-**	**2**
Bonds and debts	**-**	**408,757**	**568,662**	**546,481**	**1,523,900**
	61,060	**695,167**	**719,897**	**546,956**	**2,023,080**
Company					
2025					
Payables	**4,774**	**-**	**-**	**-**	**4,774**
Amount due to subsidiaries	**355,761**	**-**	**-**	**-**	**355,761**
Loans and borrowings	**-**	**282,788**	**150,856**	**-**	**433,644**
Bonds and debts	**-**	**408,757**	**568,662**	**546,481**	**1,523,900**
	360,535	**691,545**	**719,518**	**546,481**	**2,318,079**
Group					
2024					
Payables	51,244	-	-	-	51,244
Contract liabilities	-	7,085	-	-	7,085
Loans and borrowings	-	238,538	158,443	34,869	431,850
Lease liability	-	95	379	571	1,045
Finance lease liability	-	15	2	-	17
Bonds and debts	-	293,654	561,433	691,632	1,546,719
	51,244	539,387	720,257	727,072	2,037,960
Company					
2024					
Payables	4,413	-	-	-	4,413
Amount due to subsidiaries	319,877	-	-	-	319,877
Loans and borrowings	-	238,538	158,443	34,869	431,850
Bonds and debts	-	293,654	561,433	691,632	1,546,719
	324,290	532,192	719,876	726,501	2,302,859

31. FINANCIAL INSTRUMENTS (continued)

Determination of fair values

(a) Financial instrument carried at amortised cost

The carrying amounts of financial liabilities of the Group as at the reporting date approximated their fair values except as set out below:

	Group	
	Carrying amount RM'000	**Fair value RM'000**
2025		
Financial liabilities		
Lease liability	**726**	**726**
Finance lease liability	**2**	**2**
2024		
Financial liabilities		
Lease liability	779	779
Finance lease liability	16	16

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

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

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

(ii) Quoted investments

The fair value of quoted shares is determined by reference to the stock exchange quoted market bid prices at the close of the business at the reporting date.

(iii) Unquoted investments

It is not practical to estimate the fair value of the Group's unquoted 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.

(iv) Loans and borrowings

The carrying amount of short term borrowings approximates fair value because of the short maturity period. The fair value of long term borrowings is estimated based on the current rates available for borrowings with the same maturity profile.

31. FINANCIAL INSTRUMENTS (continued)

Determination of fair values (continued)

(b) Financial instrument carried at fair value

The Group classifies 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.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2025				
Financial asset				
Investment securities				
- quoted shares	**150**	**-**	**-**	**150**
- unquoted shares	**-**	**-**	**921**	**921**
Company				
2025				
Financial asset				
Investment securities				
- quoted shares	**30**	**-**	**-**	**30**
Group				
2024				
Financial asset				
Investment securities				
- quoted shares	212	-	-	212
- unquoted shares	-	-	921	921
Company				
2024				
Financial asset				
Investment securities				
- quoted shares	28	-	-	28

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains the Group's stability and growth in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group regularly reviews and manages its capital structure and makes adjustments to it, taking into consideration of changes in economic conditions, future capital requirements of the Group, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2025 and 31 December 2024.

	Group		Company	
	2025	**2024**	**2025**	**2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loans and borrowings	**405,195**	392,035	**405,193**	392,019
Bonds and debts	**1,206,765**	1,164,349	**1,206,765**	1,164,349
Less: Deposits, cash and bank balances	**(35,114)**	(32,089)	**(3,057)**	(3,078)
Net debt	**1,576,846**	1,524,295	**1,608,901**	1,553,290
Equity attributable to owners of the Company	**(1,571,058)**	(1,490,152)	**(1,980,108)**	(1,888,250)
Gearing ratio	**NM**	NM	**NM**	NM

NM = Not meaningful

Registration No. 197201001251 (12890-A)

LION CORPORATION BERHAD
(Incorporated in Malaysia)

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

We, DATUK M. CHAREON SAE TANG @ TAN WHYE AUN and OOI KIM LAI, being two of the Directors of LION CORPORATION BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 6 to 78 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 position of the Group and of the Company as at 31 December 2025 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 5 May 2026.

DATUK M. CHAREON SAE TANG @ TAN WHYE AUN
Chairman

OOI KIM LAI
Director

Kuala Lumpur

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

I, CHING HONG SENG, being the Officer primarily responsible for the financial management of LION CORPORATION BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 6 to 78 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 CHING HONG SENG at Kuala Lumpur in the Federal Territory on 5 May 2026.

CHING HONG SENG
MIA 19586

Before me

PESURUHJAYA SUMPAH
W 729
MARDHIYYAH
ABDUL WAHAB
1 JAN 2024-31 DIS 2026
MALAYSIA

Commissioner for Oaths

Kuala Lumpur

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LION CORPORATION BERHAD
(Incorporated in Malaysia)

Registration No. 197201001251 (12890-A)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lion Corporation Berhad, which comprise the statements of financial position as at 31 December 2025 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 year then ended, and notes to the financial statements including material accounting policies, as set out on pages 6 to 78.

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 2025, 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(a) to the financial statements, which indicates that the Group and the Company incurred net loss of RM89 million and RM92 million respectively for the year ended 31 December 2025 and, as of that date, the Group and the Company have deficit in equity attributable to owners of the Company of RM1,571 million and RM1,980 million respectively and their current liabilities exceeded their current assets by RM661 million and RM1,055 million respectively.

As described in Notes 23 and 25 to the financial statements, RCSLS and bonds and debts of the Group and of the Company amounting to RM405 million and RM1,207 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 RCSLS and bonds and 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.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 ("Act") in Malaysia, we 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 not acted as auditors as disclosed in Note 12 to the financial statements have been properly kept in accordance with the provisions of the Act.

B-10-1, MEGAN AVENUE 1, 189, JALAN TUN RAZAK, 50400 KUALA LUMPUR.
TEL: +603-2163 0292 EMAIL: audit.obb@hotmail.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LION CORPORATION BERHAD (continued)
(Incorporated in Malaysia)

Registration No. 197201001251 (12890-A)

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

WONG SOO THIAM
01315/12/2026 J
Chartered Accountant

Kuala Lumpur
5 May 2026