

Profiles of the Board of Directors



**MOHAMMAD SUHAIMI
MOHD YASIN**

Chairman
Independent Non-Executive Director



Length of Service (as at 27 February 2026)

Less than 3 years

Date of Appointment

16 October 2023

Date of Last Re-election

18 April 2024

**Number of Board Meeting
Attended in the financial year**

8/8

Membership of Board Committee(s)

NIL

Academic / Professional Qualifications

- Master of Business Administration, Saint Louis University, United States of America
- Bachelor of Science (Accounting), Indiana State University, United States of America
- Diploma in Accountancy, Universiti Teknologi MARA (UiTM)

Present Directorship(s):

Listed Issuer(s):

- MISC Berhad
- Malaysia Marine and Heavy Engineering Holdings Berhad

Other Public Company: NIL

Present Appointment(s):

- Independent Non-Executive Director, MISC Berhad
- Member, Board Sustainability & Risk Committee, MISC Berhad
- Member, Board Audit Committee, MISC Berhad
- Advisor, SC Tubular Solutions Malaysia Sdn Bhd

Past Experience

- Independent Non-Executive Director, Alam Maritim Resources Berhad
- Chairman, Risk Management Committee, Alam Maritim Resources Berhad
- Member, Audit Committee, Alam Maritim Resources Berhad
- Member, Nomination and Remuneration Committee, Alam Maritim Resources Berhad
- Senior General Manager, Project Procurement Management Department, Technology & Engineering Division, PETRONAS
- Senior General Manager, Corporate Services, PETRONAS Carigali Sdn Bhd
- Senior General Manager, Group Supply Chain Management Department, PETRONAS
- Senior General Manager, Group Tenders & Contracts Division, PETRONAS
- General Manager, Commercial Division, Malaysia LNG Sdn Bhd
- Managing Director / Chief Executive Officer, Malaysian International Trading Corporation (MITCO) Japan Sdn Bhd & PETRONAS Country Manager, Yokohama, Japan
- Executive Assistant to President, PETRONAS
- Deputy General Manager, Commercial, Malaysia LNG Tiga Sdn Bhd
- Senior Manager, Marketing Department, Malaysia LNG Tiga Sdn Bhd
- Manager, Finance & Services, Malaysia LNG Dua Sdn Bhd
- Project Accountant, PETRONAS LNG Dua Project
- Accounts Officer, Binaraya PKINK Sdn Bhd



MARIAH MOHAMAD SAID

Independent Non-Executive Director



Length of Service (as at 27 February 2026)

Less than 3 years

Date of Appointment

8 May 2024

Date of Last Re-election

17 April 2025

**Number of Board Meeting
Attended in the Financial Year**

8/8

Membership of Board Committee(s)

- Chairperson, Board Audit Committee
- Member, Board Nomination & Remuneration Committee

Academic / Professional Qualifications

- Chartered Institute of Management Accountants, United Kingdom (Fellow Chartered Management Accountant)
- Member of Malaysian Institute of Accountants

Present Directorship(s):

Listed Issuer(s):

- Malaysia Marine and Heavy Engineering Holdings Berhad

Other Public Company: NIL

Present Appointment(s):

- Director, Putrajaya Holdings Sdn Bhd

Past Experience

- Director of various subsidiaries within the PETRONAS Group including the property investment arm of KLCC Group
- Head, Group Finance and General Services, KLCC (Holdings) Sdn Bhd
- Head, Finance and Accounts, Putrajaya Holdings Sdn Bhd
- Senior General Manager, Group Internal Audit, PETRONAS
- General Manager, Group Internal Audit, PETRONAS
- Senior Manager, Group Finance, PETRONAS
- Senior Manager, Finance and Accounts, PETRONAS Carigali Sdn Bhd
- Section Head, Financial Accounting, PETRONAS Carigali Sdn Bhd
- Section Head, Group Accounting, PETRONAS
- Section Head, Group Budget, PETRONAS
- Accounts Executive, PETRONAS

Profiles of the Board of Directors



AZHAR NOORDIN

Independent Non-Executive Director



Length of Service (as at 27 February 2026)

Less than 3 years

Date of Appointment

8 May 2024

Date of Last Re-election

17 April 2025

Number of Board Meeting Attended in the Financial Year

8/8

Membership of Board Committee(s)

- Member, Board Sustainability & Risk Committee
- Member, Board Nomination & Remuneration Committee

Academic / Professional Qualifications

- Bachelor of Mechanical Engineering, Universiti Teknologi MARA (UiTM)

Present Directorship(s):

Listed Issuer(s):

- Malaysia Marine and Heavy Engineering Holdings Berhad

Other Public Company: NIL

Present Appointment(s):

- Independent Non-Executive Director, PETRONAS Carigali Sdn Bhd
- Independent Non-Executive Director, PETRONAS Carigali International Ventures Sdn Bhd
- Independent Non-Executive Director, PETRONAS Energy Canada Ltd

Past Experience

- Technical Advisor, Singapore Power (SP Group)
- Technical Advisor, Sembcorp Marine Ltd
- Vice President, Offshore Business Unit, MISC Berhad
- Senior General Manager, Group Health, Safety & Environment Division, PETRONAS
- Senior General Manager, Development Division, PETRONAS Carigali Sdn Bhd
- Executive Assistant to President, PETRONAS
- Country General Manager, PICL (Egypt)
- Country Manager / General Manager, E & P Division, Greater Nile Production Operating Company, Sudan



MOHAMMAD SALMI ABDULLAH

Independent Non-Executive Director



Length of Service (as at 27 February 2026)

Less than 1 year

Date of Appointment

14 November 2025

Date of Last Re-election

NIL

Number of Board Meeting Attended in the Financial Year

1/1

Membership of Board Committee(s)

- Chairman, Board Sustainability & Risk Committee
- Member, Board Audit Committee

Academic / Professional Qualifications

- Certificate of Competency Class 1 Marine Engineer, Malaysian Maritime Academy (ALAM)
- Diploma in Marine Engineering, Politeknik Ungku Omar

Present Directorship(s):

Listed Issuer(s):

- Malaysia Marine and Heavy Engineering Holdings Berhad

Other Public Company: NIL

Present Appointment(s):

- Adviser & Director, Nippon Kaiji Kyokai ClassNK (Malaysia) Sdn Bhd

Past Experience

- Chief Operating Officer, Floatech Sdn Bhd
- Senior General Manager, Offshore Business Unit, MISC Berhad
- Head of Operations, Offshore Business Unit, MISC Berhad
- General Manager of Operations, Offshore Business Unit, MISC Berhad
- Senior Project Manager, PETRONAS Tankers Sdn Bhd
- Senior Executive, Marine and Safety Department, Exploration and Production Division PETRONAS / PETRONAS Maritime Sdn Bhd
- Cadet Engineer to Chief Engineer, Merchant Shipping

Profiles of the Board of Directors



**PUSPA HANITA
ABD AZIZ**

Independent Non-Executive Director



Length of Service (as at 27 February 2026)

Less than 1 year

Date of Appointment

18 December 2025

Date of Last Re-election

NIL

**Number of Board Meeting
Attended in the Financial Year**

NIL

Membership of Board Committee(s)

- Chairperson, Board Nomination & Remuneration Committee

Academic / Professional Qualifications

- Bachelor of Science in Economics, Salford University, England
- Master of Business Administration, Strathclyde Graduate Business School, University of Strathclyde, Scotland
- Management Development Programme, Graduate Certificate in International Management, University of Melbourne Private with PETRONAS Management Training Centre
- Certified Solution-Focused Coach, Canadian Council of Professional Certification

Present Directorship(s):

Listed Issuer(s):

- Malaysia Marine and Heavy Engineering Holdings Berhad

Other Public Company: NIL

Present Appointment(s):

- Managing Director / Principal Adviser, People Matrix Consultancy Sdn Bhd
- Director, Aziz Halil Sdn Bhd

Past Experience

- Chief People Officer, Sapura Energy Berhad
- Senior Vice President, Human Resource, Sapura Energy Berhad
- Human Resource Director, Prince Court Medical Centre
- Senior Manager, Leadership & Capability Development Department, Corporate Human Resource Management, PETRONAS
- Manager, Capability Development Unit, Office of Vice President, Gas Business Sector, PETRONAS
- Manager, Strategy and Business Development Unit, Singapore Market, Office of Vice President, Gas Business Sector, PETRONAS
- Task Force Member, Corporate Strategic Studies, Corporate Planning & Development Division, PETRONAS
- Manager, Job Evaluation Department, Human Resource Management Holding Company, PETRONAS
- Executive, Human Resource Management, PETRONAS

* Note: Sapura Energy Berhad is now known as Vantris Energy Berhad



**SHAMSUL BAHAR
AHAMAD ZAINAL BADRI**

Non-Independent Non-Executive Director



Length of Service (as at 27 February 2026)

Less than 3 years

Date of Appointment

8 May 2024

Date of Last Re-election

17 April 2025

**Number of Board Meeting
Attended in the Financial Year**

7/8

Membership of Board Committee(s)

- Member, Board Audit Committee

Academic / Professional Qualifications

- Bachelor of Arts in Accounting and Financial Analysis, University of Newcastle-Upon-Tyne, United Kingdom
- Master of Business Administration with concentration in Finance and International Business, Universiti Malaya
- Member of the Malaysian Institute of Certified Public Accountants
- Member of Malaysian Institute of Accountants
- Fellow of Association of Chartered Certified Accountants
- Advanced Management Program, Harvard Business School
- Senior Management Development Program, INSEAD

Present Directorship(s):

Listed Issuer(s):

- Malaysia Marine and Heavy Engineering Holdings Berhad

Other Public Company: NIL

Present Appointment(s):

- Vice President & Group Financial Controller, PETRONAS
- Chairman, Energas Insurance (L) Ltd
- Director, Putrajaya Holdings Sdn Bhd
- Director, PICL Marketing Thailand Ltd
- Director, PETRONAS Digital Sdn Bhd

Past Experience

- Chief Financial Officer, Upstream Business, PETRONAS
- Head of Exploration, Development & Production Finance, PETRONAS
- Head of Finance Operations Upstream, PETRONAS
- Head of Finance for Iraq Operations, PETRONAS
- Head of Group Corporate Finance for Gas Business, PETRONAS

Profiles of the Board of Directors



ZAHID OSMAN

Non-Independent Non-Executive Director



Length of Service (as at 27 February 2026)

Less than 3 years

Date of Appointment

19 August 2024

Date of Last Re-election

17 April 2025

Number of Board Meeting Attended in the Financial Year

8/8

Membership of Board Committee(s)

NIL

Academic / Professional Qualifications

- Master of Business Administration, University of Chicago Booth School of Business, United States of America
- Bachelor of Science (Industrial Economics), University of Nottingham, United Kingdom
- Management Program on Strategy Creation, Columbia Business School

Present Directorship(s):

Listed Issuer(s):

- MISC Berhad
- Malaysia Marine and Heavy Engineering Holdings Berhad

Other Public Company: NIL

Present Appointment(s):

- President & Group Chief Executive Officer, MISC Berhad
- Vice President, Maritime, Gas & Maritime Business, PETRONAS
- Board Member, MISC Berhad
- Board Member, various subsidiaries within the MISC Group
- Chairman of Advisory Panel, Malaysia Women in Energy (MyWiE)
- Trustee, General Committee, Malaysian Petroleum Club
- Advisory Council Member, Global Maritime Forum
- Director, Gard P. & I. (Bermuda) Ltd

Past Experience

- President & Chief Executive Officer, AET / Vice President, Petroleum & Products, MISC Berhad
- Chief Operating Officer, MISC Berhad
- Committee Member, The London P&I Club
- Council Member and Chairman, Government & Regulatory Affairs Working Committee, Malaysian Gas Association (MGA)
- Vice President, Corporate Planning, MISC Berhad
- Vice President, LNG Business (now known as Gas Assets & Solutions), MISC Berhad
- Vice President of Venture Development, Shell Integrated Gas & New Energies
- Management positions in finance, LNG marketing and trading, business development, commercial, Upstream production sharing contract, stakeholder management, joint venture governance, gas advocacy and project management in Upstream, Downstream, Integrated Gas and Trading businesses, Shell Group of Companies



**RAJA AZLAN SHAH
RAJA AZWA**

Non-Independent Non-Executive Director



Length of Service (as at 27 February 2026)

Less than 5 years

Date of Appointment

1 January 2023

Date of Last Re-election

17 April 2025

Number of Board Meeting Attended in the Financial Year

7/8

Membership of Board Committee(s)

- Member, Board Nomination & Remuneration Committee
- Member, Board Sustainability & Risk Committee

Academic / Professional Qualifications

- Degree in Accounting and Financial Management, University of Sheffield, United Kingdom
- Certified Public Accountant (CPA), Malaysian Institute of Certified Public Accountants

Present Directorship(s):

Listed Issuer(s):

- Malaysia Marine and Heavy Engineering Holdings Berhad

Other Public Company: NIL

Present Appointment(s):

- Chief Strategy & Sustainability Officer, MISC Berhad
- Board Member, various subsidiaries and joint venture companies within the MISC Group
- Board Member, Malaysia Marine and Heavy Engineering Sdn Bhd
- Board Member, Labuan Reinsurance (L) Ltd
- Chairman, Audit Committee, Labuan Reinsurance (L) Ltd

Past Experience

- Vice President, Group Finance, MISC Berhad
- Independent Non-Executive Director, Institut Jantung Negara Holdings Sdn Bhd
- Chairman, Audit and Risk Management Committee, Institut Jantung Negara Holdings Sdn Bhd
- Independent Non-Executive Director, D.B.E. Gurney Resources Berhad
- Chairman, Audit and Risk Management Committee, D.B.E. Gurney Resources Berhad
- Group Chief Executive Officer, Percon Corporation Sdn Bhd
- Executive Director, River of Life Hospital Sdn Bhd
- Head, Strategy and Innovation, Sime Darby Property
- Group Chief Executive Officer, Ramsay Sime Darby Health Care Group
- Managing Director, Sime Darby Healthcare Group
- Chief of Staff, Sime Darby Berhad
- Group Head, Strategy, Sime Darby Berhad
- Group Head, Corporate Finance and Corporate Planning, Sime Darby Berhad
- Group Head, Corporate Finance, Sime Darby Berhad
- Senior Manager, Corporate Finance, CIMB Investment Bank
- Auditor, Arthur Andersen and Co.

** With effect from 1 January 2025, Vice President, Corporate Planning is known as Chief Strategy & Sustainability Officer*

Profiles of the Board of Directors



Managing Director & Chief Executive Officer
Non-Independent Executive Director



Length of Service (as at 27 February 2026)

Less than 3 years

Date of Appointment

1 December 2023

Date of Last Re-election

NA

**Number of Board Meeting
Attended in the Financial Year**

8/8

Membership of Board Committee(s)

NIL

Academic / Professional Qualifications

- Bachelor of Civil Engineering, Universiti Teknologi MARA (UiTM)
- Management Program, Duke Corporate Education
- Advanced Management Program, Harvard Business School, Boston, United States

Present Directorship(s):

Listed Issuer(s):

- Malaysia Marine and Heavy Engineering Holdings Berhad

Other Public Company: NIL

Present Appointment(s):

- Board Member, Malaysia Marine and Heavy Engineering Holdings Berhad
- Board Member, Trans Thai-Malaysia (Thailand) Limited & Trans Thai-Malaysia (Malaysia) Sdn Bhd
- Board Member of several private companies within the MHB Group
- Vice President, Marine and Heavy Engineering, MISC Berhad

Past Experience

- Board Member, PETRONAS Energy and Gas Trading Sdn Bhd
- Head, Gas Processing & Utilities, PETRONAS Gas Berhad
- Country Head & Chief Executive Officer, PETRONAS E&P Argentina, PETRONAS (PCSB Argentina)
- Director, Gas Infrastructure, PETRONAS Canada Energy Ltd, Upstream
- Director, Pipeline & Integration, PETRONAS (Pacific North-West LNG Canada)
- Head, Transformation Project Management Office – (People and Culture), PETRONAS Gas Berhad
- Head, Transmission East Malaysia Operation, PETRONAS Gas Berhad
- Pipeline Operations Advisor and Engineering Manager, PETRONAS (PAPL Gladstone LNG Australia)

Additional Information of the Board of Directors:

Family Relationship:

- None of the Directors has any family relationship with any Director and / or major shareholder of MHB

Conflict of Interest:

- The penultimate and ultimate holding companies of MHB are MISC Berhad and Petroliam Nasional Berhad (PETRONAS), respectively
- The following Directors of the Company, namely Mohammad Suhaimi Mohd Yasin and Zahid Osman, are members of the Board of Directors of MISC Berhad. Zahid Osman holds a Senior Management position at PETRONAS. Potential conflicts of interest may arise due to the common directorships and involvement in the related companies
- Raja Azlan Shah Raja Azwa is a member of MISC Berhad's Senior Management and is a board member of various subsidiaries of MISC Berhad and MHB. Potential conflict of interest may arise due to the common directorship and involvement in the related companies
- Azhar Noordin is a non-executive director of PETRONAS Carigali Sdn Bhd, a major client of the Company. He also sits as a board member in various companies within the PETRONAS Group. Potential conflict of interest may arise due to the common directorship and involvement in the related companies
- Shamsul Bahar Ahamad Zainal Badri holds a Senior Management position in PETRONAS and is a board member of various companies within the PETRONAS Group. Potential conflict of interest may arise due to the common directorships and involvement in the related companies
- Mohd Nazir Mohd Nor, a secondee from PETRONAS, is a board member of various companies within PETRONAS Group and holds a Senior Management position at MISC Berhad. Potential conflict of interest may arise due to the common directorships and involvement in the related companies
- Directors with direct / indirect interest in shares of publicly listed companies within PETRONAS / MISC Group could be perceived as having a potential conflict of interest when dealing with the Company
- Save as disclosed above and elsewhere in this Integrated Annual Report, none of the other Directors has any conflict of interest or potential conflict of interest, including competing business with the Company or its subsidiaries
- The Board Audit Committee continuously reviews and assesses further potential conflicts of interests of directors, key senior management and legal representatives of the Company (if any) and the measures to resolve, eliminate or mitigate such conflicts
- The disclosures in connection with any conflict of interest or potential conflict of interest are reported in the Board Audit Committee Report on pages 223 to 226 of this IAR 2025

Conviction for offences within the past five (5) years (other than traffic offences, if any):

- None of the Directors has any conviction for offences, other than traffic offenses, if any, for the past 5 years

Public Sanction or Penalty imposed by any regulatory bodies:

- None of the Directors has any sanction or penalty imposed on them by any regulatory bodies during the financial year 2025

Profiles of the Management Committee



MOHD NAZIR MOHD NOR   49
Managing Director & Chief Executive Officer

Length of Service
(as at 27 February 2026)
Less than 3 years

Date of Appointment
1 December 2023

Academic / Professional Qualifications

- Bachelor of Civil Engineering, Universiti Teknologi MARA (UiTM)
- Management Program from Duke Corporate Education
- Advanced Management Program, Harvard Business School, Boston, United States

Present Appointment(s):

- Board Member, Malaysia Marine and Heavy Engineering Holdings Berhad
- Board Member, Trans Thai-Malaysia (Thailand) Limited & Trans Thai-Malaysia (Malaysia) Sdn Bhd
- Board member of several private companies within the MHB Group
- Vice President, Marine and Heavy Engineering, MISC Berhad

Past Experience

- Board Member, PETRONAS Energy and Gas Trading Sdn Bhd
- Head, Gas Processing & Utilities, PETRONAS Gas Berhad
- Country Head & Chief Executive Officer, PETRONAS E&P Argentina, PETRONAS (PCSB Argentina)
- Director, Gas Infrastructure, PETRONAS Canada Energy Ltd, Upstream
- Director, Pipeline & Integration, PETRONAS (Pacific North-West LNG Canada)
- Head, Transformation Project Management Office – (People and Culture), PETRONAS Gas Berhad
- Head, Transmission East Malaysia Operation, PETRONAS Gas Berhad
- Pipeline Operations Advisor and Engineering Manager, PETRONAS (PAPL Gladstone LNG Australia)



MOHAMED SAHLAN SALLEH   54
Chief Operating Officer

Length of Service
(as at 27 February 2026)
Less than 3 years

Date of Appointment
1 January 2024

Academic / Professional Qualifications

- Bachelor's Degree in Engineering (Naval Architecture & Offshore), University of Strathclyde
- Advanced Diploma in Ship & Marine Technology, Ngee Ann Polytechnic, Singapore
- Diploma / General Equivalency Diploma in Shipbuilding & Offshore Engineering, Ngee Ann Polytechnic, Singapore

Present Appointment(s):

NIL

Past Experience

- Vice President of Maintenance Repair and Overhaul (MRO) International Maritime Industries, Ras Al Khair, Saudi Arabia
- President, SEC USA Keppel AmFELS, Keppel FELS, United States of America
- President (Designate), SEC USA Keppel AmFELS, Keppel FELS, United States of America
- Executive Director (Operations), New Builds, Keppel FELS, Singapore
- Executive Director, Operations, Keppel FELS, Singapore
- General Manager, Operations, Keppel FELS, Singapore
- Assistant General Manager, Operations, Keppel FELS, Singapore



MOHAMMAD ROMZI SHAFI'E   52
Chief Financial Officer

Length of Service
(as at 27 February 2026)
Less than 3 years

Date of Appointment
1 August 2023

Academic / Professional Qualifications

- Bachelor of Science in Accounting, Cardiff University
- Fellow Member of the Institute of Chartered Accountants in England and Wales
- Member of Malaysian Institute of Accountants
- University of Oxford Saïd Business School's Alumni

Present Appointment(s):

- Board member of several private companies within MHB Group

Past Experience

- Head, Group Internal Audit, MISC Berhad
- Senior General Manager, Group Accounting & Reporting, Finance Division, MISC Berhad
- Head Management Accounting, Finance Division, MISC Berhad
- General Manager, Special Projects, Finance Division, MISC Berhad
- General Manager, Business Transformation, MHB
- General Manager Finance, Finance Division, MHB
- Senior Manager Projects, Finance Division, MHB
- Senior Manager, Group Accounts and Tax Management, Finance Division, MISC Berhad
- Senior Manager, Group Account, Finance Division, MISC Berhad
- Manager, Statutory Accounts, Finance Division, MISC Berhad
- Executive, Corporate Finance, Financial Services Division, MISC Berhad
- Senior Auditor, Ernst & Young



IR. HISHAM HARON   60
Chief Business Officer, Marine & Asset Integrity Solutions

Length of Service
(as at 27 February 2026)
More than 5 years

Date of Appointment
16 July 2016

Academic / Professional Qualifications

- Bachelor of Engineering Degree in Marine Engineering, State University of New York, Maritime College, Fort Schuyler, New York, United States of America
- Professional Engineer with Practising Certificate in Marine Engineering, Board of Engineers Malaysia
- Strategic Leaders Programme, MISC-INSEAD

Present Appointment(s):

- Board Member, Floating Production Solutions Sdn Bhd
- Board Member, MHS Integrated Engineering Sdn Bhd

Past Experience

- Senior General Manager, Marine Business
- Chief Executive Officer, MMHE EPIC Marine & Services Sdn Bhd (MEMS)
- Chief Executive Officer, MMHE-SHI LNG Sdn Bhd (MSLNG)
- General Manager, Marine Repair and Conversion Division, MMHE
- General Manager, Commercial of Marine Repair Business Unit, MMHE
- Head of Division Planning, Marine Repair Division, MMHE

**With effect from 1 November 2024, Senior General Manager, Marine Business is known as Chief Business Officer, Marine & Asset Integrity Solutions*

Profiles of the Management Committee



SHARON YAP SWEE YOKE

Chief Business Officer, Oil & Gas


  

Length of Service (as at 27 February 2026)	Date of Appointment
Less than 5 years	1 April 2022

- Academic / Professional Qualifications**
- Bachelor of Law (Hons), University of Buckingham, United Kingdom
 - Barrister, UK Inns of Court (Gray's Inn)
 - Called to the bar of the High Court of UK & Wales
 - Called to the bar of the High Court of Malaya
 - Alumni of Harvard Business School Advanced Management Programme (China Focus)




Present Appointment(s):
NIL

- Past Experience**
- Head of Commercial, Gas Business, PETRONAS
 - Legal Advisor, PETRONAS
 - Company Secretary, PETRONAS' subsidiaries
 - Head of Commercial & LNG (PETRONAS Canada)
 - Head of Special Projects (Downstream), PETRONAS
 - Director / Member of Audit Committee & Board Subcommittee, PETRONAS' subsidiaries



RAHAYA MAT ISHAK

Chief Human Resource Officer

Length of Service (as at 27 February 2026)	Date of Appointment
Less than 3 years	1 November 2024

- Academic / Professional Qualifications**
- Bachelor of Information Technology (Honours), Universiti Kebangsaan Malaysia

Present Appointment(s):
NIL

- Past Experience**
- Senior Manager, People Strategy & Planning, PETRONAS Chemicals Group Berhad
 - Senior Manager, Human Resource Management (HRM), Malaysian Refining Company Sdn Bhd
 - Senior Manager (emb.arc), Project Management Office, PETRONAS
 - Senior Manager, Resource Management & Employee Relations, Project Delivery & Technology (PD&T), PETRONAS
 - Senior Manager, HRM – Group Project Delivery & Group Technical Solutions, PD&T, PETRONAS
 - Manager, HRM – Group Procurement, PD&T, PETRONAS
 - Manager, Organisation Design & Job Management, HRM, PETRONAS
 - Executive, HRM – Commercial, HRM, Malaysia LNG Sdn Bhd
 - Executive, Job Management & People Planning, HRM, PETRONAS Dagangan Berhad
 - Executive, People Management, HRM, PETRONAS Dagangan Berhad
 - Executive, People Management System (PMS), HRM, PETRONAS
 - Executive, IT Application, PETRONAS



LUQZAN ARIFF MUSTAFA KAMAL

Chief Strategy & Sustainability Officer

Length of Service (as at 27 February 2026)	Date of Appointment
Less than 3 years	1 May 2024

- Academic / Professional Qualifications**
- Master of Business Administration, Harvard Business School, Boston, United States of America
 - Bachelor of Engineering (Chemical Engineering), University of Queensland, Brisbane, Australia
 - Bachelor of Business Management (Business Economics), University of Queensland, Brisbane, Australia

Present Appointment(s):
NIL

- Past Experience**
- Senior Manager, Merger and Acquisition, PETRONAS
 - Head, Internal Audit (Corporate), Group Internal Audit, PETRONAS
 - Joint Venture Analyst, Progress Energy Canada Ltd, Calgary, Canada
 - Senior Analyst (Upstream), Corporate Strategic Planning, PETRONAS
 - Operations Engineer, Malaysian Refining Company Sdn Bhd, PETRONAS



SHAHRIN ALBAKRI MUSTAFA ALBAKRI

General Counsel, Legal, Corporate Secretarial & Compliance

Length of Service (as at 27 February 2026)	Date of Appointment
More than 5 years	17 September 2020

- Academic / Professional Qualifications**
- Bachelor of Laws (Honours), University of Malaya
 - Member of Malaysian Association of Company Secretaries

Present Appointment(s):
NIL

- Past Experience**
- Head, Legal, Uzma Berhad
 - Head, Legal, UMW Oil & Gas Corporation Berhad
 - Head, Legal and Compliance, Gas Malaysia Berhad
 - General Manager, Compliance and Legal, Port of Tanjung Pelepas
 - Vice President 2, Sime Darby Property Berhad

Profiles of the Management Committee



CAPTAIN RAMESH CHINNAPPAN

General Manager, Corporate Quality, Health, Safety, Security and Environment

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Length of Service
(as at 27 February 2026)
Less than 3 years

Date of Appointment
15 August 2023

Academic / Professional Qualifications

- Master's Foreign Going Certificate of Competency, Ministry of Transport Malaysia
- Professional Maritime Training, Malaysian Maritime Academy (ALAM)

Present Appointment(s):
NIL

Past Experience

- Head Health, Safety & Assurance, Group HSSE & Sustainability, MISC Berhad
- General Manager HSSE, MHB
- Head Health, Safety & Assurance, Group HSSE, MISC Berhad
- General Manager Corporate Health, Safety & Environment, Corporate HSSE & Ship Management Audit, MISC Berhad
- General Manager, Ship Management Audit, MISC Berhad
- Principal Auditor, Ship Management Audit, MISC Berhad
- Manager Operations, Ship Management Audit, MISC Berhad
- Manager, Management Reporting, Ship Management Audit, MISC Berhad
- Manager, Ship Management Audit, PMSSB
- Senior Auditor, Ship Management Audit, PMSSB

Additional Information:

Family Relationship:

- None of the Senior Management has any family relationship with any Director and / or major shareholder of MHB

Conflict of Interest:

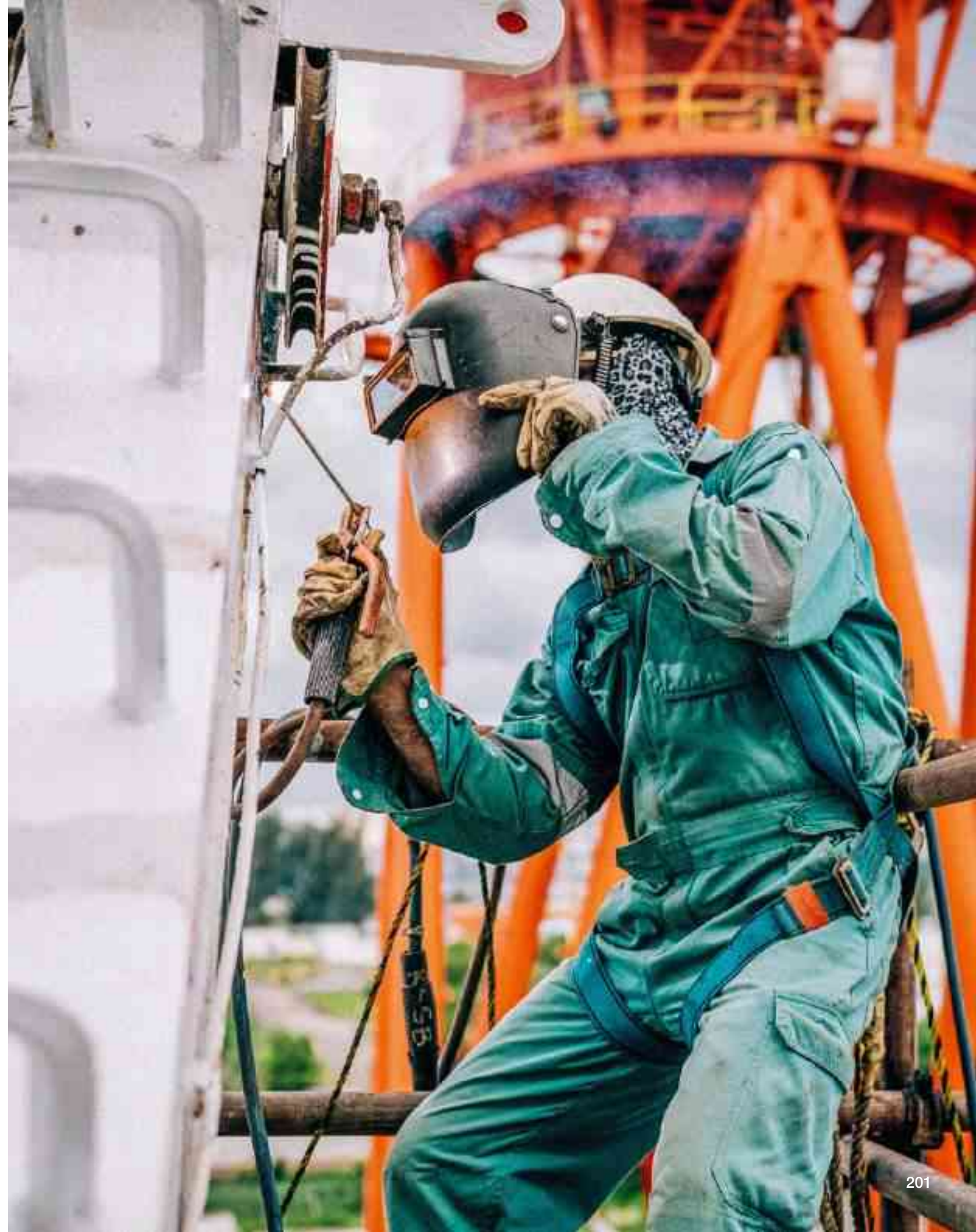
- None of the Senior Management has any conflict of interest or potential conflict of interest, except for Mohd Nazir Mohd Nor, who is a secondee from PETRONAS, a board member of company within PETRONAS Group and holds a Senior Management position at MISC Berhad. Potential conflict of interest may arise due to the common directorships and involvement in the related companies
- The Board Audit Committee continuously reviews and assesses further potential conflicts of interests of key senior management and legal representatives of the Company (if any) and the measures to resolve, eliminate or mitigate such conflicts
- The disclosures in connection with any conflict of interest or potential conflict of interest are reported in the Board Audit Committee Report on pages 223 to 226 of this IAR 2025

Conviction for offences within the past five (5) years (other than traffic offences, if any):

- None of the Senior Management has any conviction for offences, other than traffic offenses, if any, for the past 5 years

Public Sanction or Penalty imposed by any regulatory bodies:

- None of the Senior Management has any sanction or penalty imposed on them by any regulatory bodies during the financial year 2025



Corporate Governance Overview Statement

The Board of Directors of MHB (Board) remains steadfast in its commitment to upholding high standards of corporate governance. Comprising a diverse and well-balanced group of experienced individuals, the Board functions within an established governance framework designed to support sound decision making and provide effective oversight of the Group's operations and strategic direction.

This Corporate Governance Overview Statement (the Statement) outlines the governance processes and practices applied by the Company during the financial year under review in full compliance with Paragraph 15.25(1) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities). The governance approach adopted is aligned with the principles and practices of the Malaysian Code on Corporate Governance 2021 (MCCG 2021), the Companies Act 2016 and the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia.

This Statement should be read together with the Corporate Governance Report, which is available on the Company's corporate website at www.mhb.com.my. The Corporate Governance Report provides further insight into the application of the practices set out in the MCCG 2021 including disclosures on any departures and the alternative measures applied. Collectively, these disclosures reflect the Board and Management's continued focus on maintaining strong governance practices and embedding accountability, transparency and integrity across the organisation.

In addition to the overview of the Group's corporate governance practices during the financial year under review, the Board has identified the following key focus areas and future priorities to further strengthen the Group's corporate governance framework:

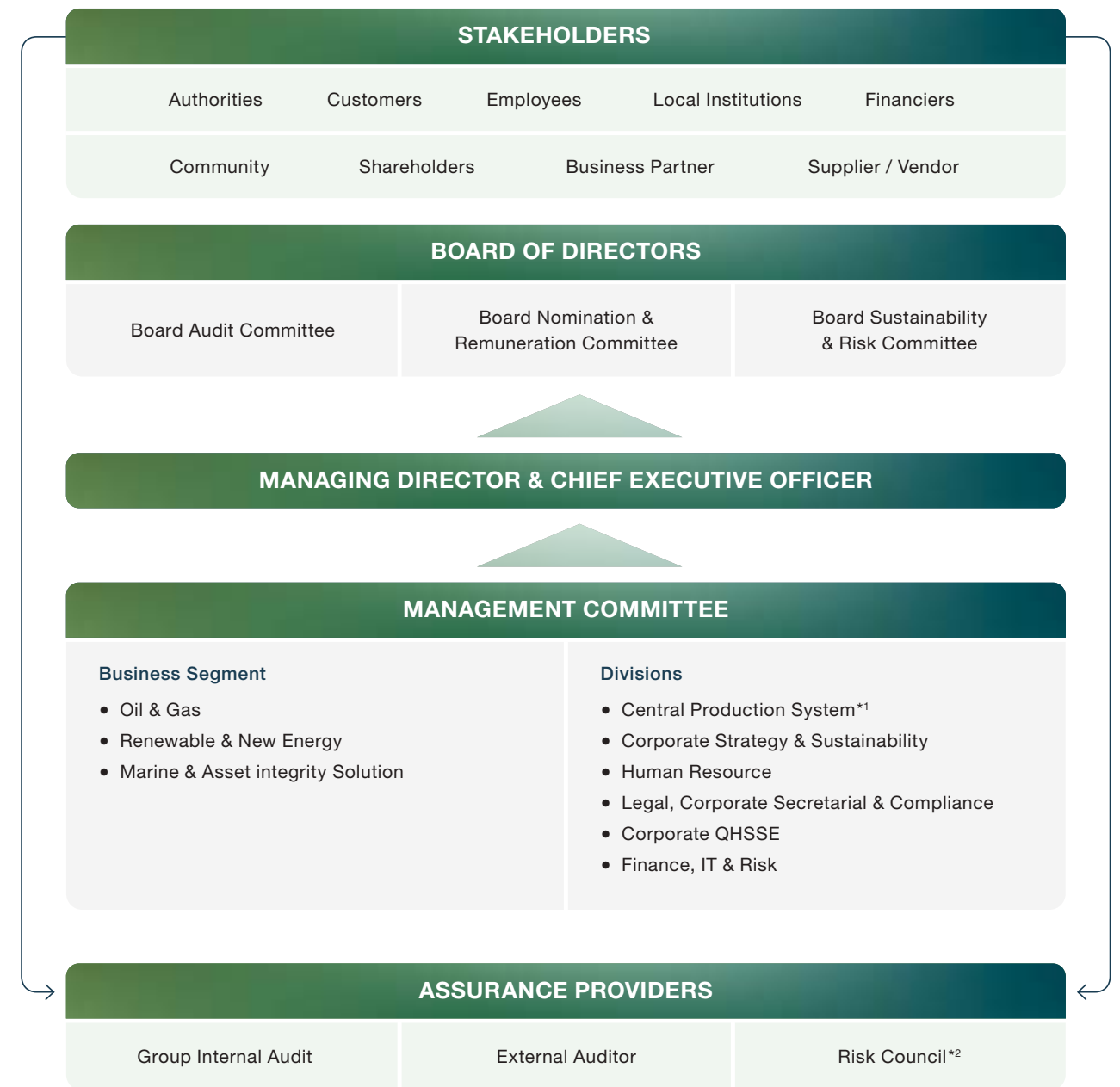
- **Enhancing Board effectiveness** through continued focus on Board evaluation, succession planning and Director development with emphasis on strengthening Board-level ESG and sustainability competencies to support effective oversight and long-term value creation;
- **Strengthening oversight of risk management, internal control and sustainability-related risks** through effective Board and committee oversight, integration of ESG considerations into risk assessments and strategic deliberations, and a forward-looking approach to managing emerging risks to support long-term resilience and sustainable value creation; and
- **Reinforcing integrity in corporate reporting and meaningful engagement with key stakeholders** through rigorous Board and committee oversight of financial and non-financial disclosures, and prioritised stakeholders' interests in Board deliberations and decision making

These focus areas reflect the Board's commitment to continuous improvement in corporate governance practices, taking into account evolving regulatory expectations, business conditions and stakeholder interests.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Corporate Governance Framework

The following Corporate Governance Framework of MHB provides an overview of how the Board, Board Committees and Management strategically conduct their activities to drive the achievement of the Group's corporate and business objectives:



*¹ The Central Production System (CPS) division is led by the Chief Operating Officer (COO). The departments within CPS include Central Planning, Construction, Asset Maintenance, Supply Chain Management, Operations Quality Control, Operations HSE, and Engineering.

*² Comprises MC members

The Corporate Governance Framework is further supported by the Board Charter, Terms of Reference (TOR) for each of the Board Committees and the MHB Group Limits of Authority (LOA).

Corporate Governance Overview Statement

1. Board Charter

The governance and operational foundation of the MHB Group is guided by a clearly defined Board Charter, which establishes the scope of authority and responsibilities of the Board and individual Directors. The Board Charter outlines the principles underpinning the Group's governance framework and supports the effective functioning of the Board.

Key provisions of the Board Charter include the delineation of roles and accountabilities between the Board, the Managing Director & Chief Executive Officer (MD & CEO), the Company Secretaries and Management, as well as arrangements relating to Board operations, decision making processes, Director development and Board diversity. To maintain alignment with regulatory developments and emerging governance practices, the Board Charter is reviewed on a regular basis. The most recent update was endorsed by the Board on 12 November 2024.

The Board Charter is accessible in the Corporate Governance section of the Company's corporate website at www.mhb.com.my.

Governance authority across the Group is further supported by the MHB Group LOA framework, which defines the respective thresholds for decisions reserved for the Board and those delegated to the Management.

2. Board Roles and Responsibilities

The Board provides leadership and direction to MHB by setting strategic priorities and exercising oversight over the conduct of the Group's business. Through its stewardship role, the Board promotes sustainable value creation while safeguarding the interests of shareholders and other stakeholders.

In fulfilling its responsibilities, the Board deliberates and decides on matters of strategic significance, including approval of long-term strategies and business plans, oversight of operational performance and ethical conduct, financial planning and budget approvals, evaluation of significant investments and capital initiatives, and governance of risk, sustainability and talent management. The Board also assesses governance practices to support accountability and transparency across the organisation.

3. Strategic and Business Plan

Strategic planning remains a central focus of the Board's agenda. Each year, a Special Board Meeting is convened during the fourth quarter to enable in depth discussion on MHB's strategic direction and business priorities. This forum allows the Board to set expectations for Management in relation to short-term execution and longer-term growth aspirations.

The development of the business plan is guided by strategic perspectives shared during the Board Strategic Conversation held on 7 August 2025, supplemented by insights gathered through internal

consultations. Management also factors in initiatives designed to strengthen operational performance and organisational capabilities. Management prepares the annual business plan, budget and performance scorecard based on the Board's strategic guidance, inputs from Board Committees and assessments of both the external environment and internal resources. These proposals are reviewed by the relevant Board Committees before being escalated for Board approval. Constructive challenge and informed debate form an integral part of this review process.

Following comprehensive evaluations, the Board approved the Business Plan covering FY 2025 to FY 2030 together with the Budget for FY 2025 on 24 October 2025.

4. Sustainability Management

Sustainability considerations are embedded within MHB's governance arrangements and business decision making processes. The Group adopts a structured approach that integrates environmental, social and governance considerations into corporate strategy, enabling informed risk assessment and balanced stakeholder engagement.

The Board retains overall accountability for sustainability oversight. This responsibility is supported by the Board Sustainability & Risk Committee, which oversees sustainability related risks and governance matters. At the Management level, sustainability initiatives aligned with strategic priorities are evaluated and endorsed by the Management Committee.

Progress implementation and performance are monitored by the Corporate Sustainability, which provides regular updates to the Management Committee, the Board Sustainability & Risk Committee and the Board, supporting transparency and continual improvement.

Further details on sustainability governance and initiatives are provided in the Sustainability Statement on pages 98 to 185 of this Integrated Annual Report.

5. Ethics and Compliance

Upholding ethical conduct and strong compliance standards is fundamental to MHB's governance ethos. The Board has established policies and frameworks that promote integrity, responsible behaviour and accountability across the Group.

The Group's Code of Conduct and Business Ethics serves as the primary reference for ethical standards and incorporates key policies such as whistleblowing and gifts management. These are complemented by the Anti Bribery and Corruption framework, which guides organisational practices and controls.

MHB's certification under ISO 37001:2016 Anti Bribery Management Systems by SIRIM QAS International Sdn Bhd reflects its structured approach to managing bribery risks and maintaining compliance with applicable regulatory requirements.

These requirements extend to all Directors, employees and external parties engaged by MHB, ensuring that business activities and services are conducted in line with expected ethical standards. In addition, the Board has formalised its commitment through the adoption of policies addressing human rights and modern slavery.

Additional information on ethics compliance and related policies can be found in the Sustainability Statement on pages 98 to 185 of this Integrated Annual Report.

6. Board Composition and Diversity

MHB is governed by a nine-member Board to support effective leadership and independent oversight. The Board comprises the MD & CEO and eight (8) Non-Executive Directors, five (5) of whom are Independent Directors. This composition satisfies the independence thresholds prescribed under Paragraph 15.02(1)(a) of the MMLR of Bursa Malaysia and is aligned with Practice 5.2 of the MCCG 2021.

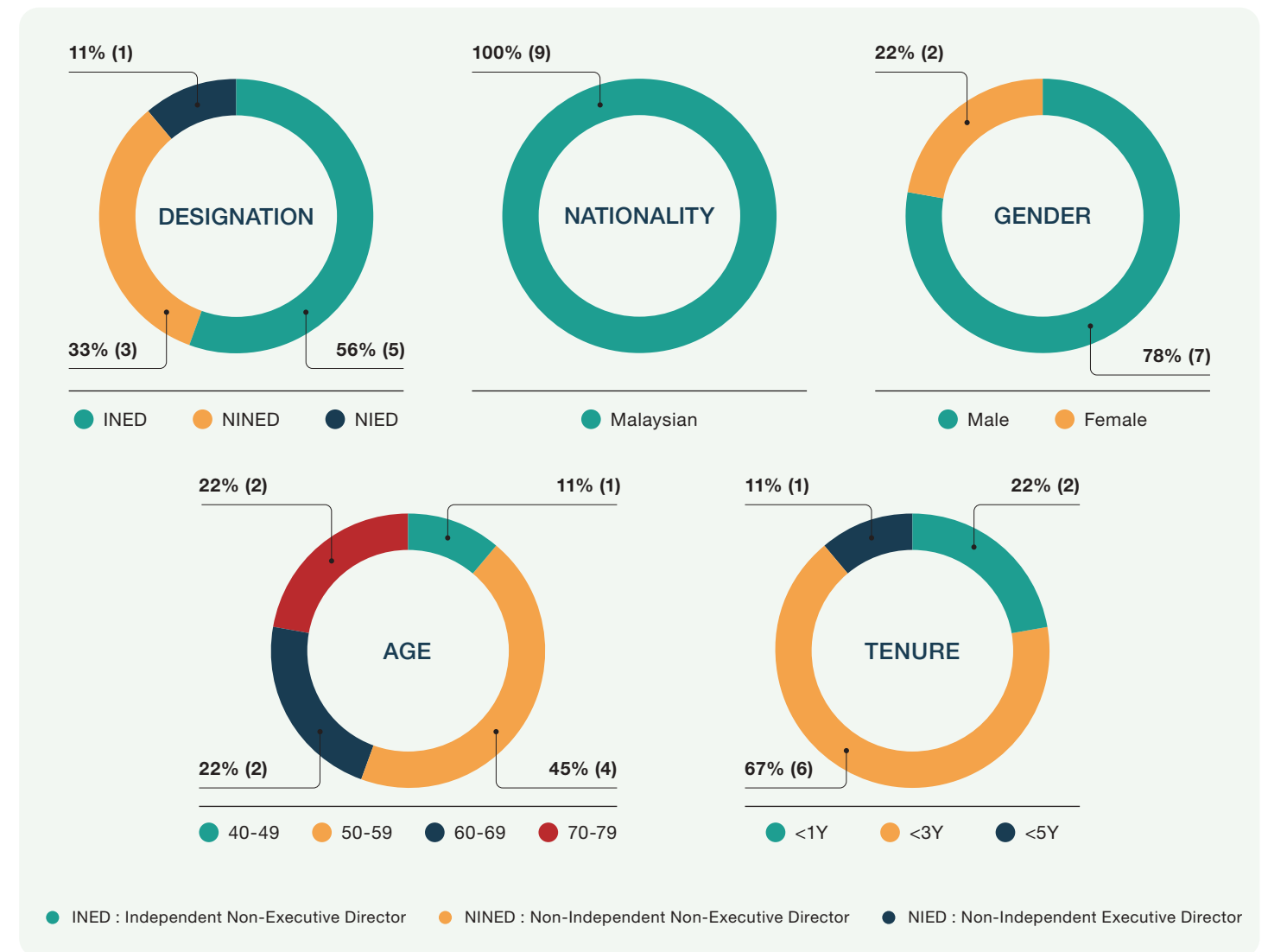
The Directors bring together diverse professional backgrounds and sectoral experience that are relevant to the Group's operations and

long-term direction. Board members possess expertise in areas such as strategy formulation, engineering and construction, financial stewardship, the oil and gas industry, renewable and emerging energy sectors, risk oversight, supply chain management, human resource and corporate governance. This collective capability strengthens the Board's ability to guide the Group through operational, regulatory and market developments.

Independent judgement forms a core pillar of Board effectiveness. Each Director is expected to exercise objective reasoning and contribute constructively to Board deliberations, enabling considered and responsible decision making that serves the interests of the Company and its stakeholders.

The Board maintains a deliberate approach to its composition, taking into account size, competency mix, experience and diversity. A formal review of Board composition is conducted annually, with consideration given to the evolving nature, scale and complexity of the Group's activities, to support sustained governance effectiveness and organisational resilience.

As of 12 March 2026, the composition of the Board is as follow:



Corporate Governance Overview Statement

Board members are expected to devote adequate time and effort to fulfil their fiduciary duties and to contribute meaningfully to Board deliberations. To support this expectation, Directors are required to inform the Chairman in advance of taking up any external board appointments, together with an assessment of the anticipated time commitment. This enables the Board to assess the Director's capacity to continue discharging responsibilities effectively. Consistent with the requirements of the MMLR, no Director sits on more than five listed company boards.

MHB supports the advancement of gender representation at Board level and takes into account the target set under the MCCG 2021 for women to comprise at least 30% of Board representation. Progress towards this objective is addressed through the Board refreshment and succession process. During the financial year under review, the women representation in MHB Board has increased from 11% to 22%, following the appointment of Puspa Hanita Abd Aziz as an Independent Non-Executive Director on 18 December 2025.

Notwithstanding this aspiration, appointments to the Board are guided principally by merit, with careful consideration of each candidate's qualifications, experience, competencies and the value they bring to the Board's collective effectiveness.

Strengthening Board composition was a central focus for the BNRC and the Board throughout the year, particularly in light of the resignations of Wan Yusoff Wan Hamat and Keith Taylor, and the appointments of Mohamad Salmi Abdullah and Puspa Hanita Abd Aziz. These changes enhanced both the diversity and the collective skill set of the Board, supporting more robust and effective governance.

The Board's approach to diversity, including gender considerations, is set out in the Diversity Policy incorporated within the Board Charter, which is available on the Company's corporate website at www.mhb.com.my

Further details on the background and experience of each Director are provided in the Directors' Profiles on pages 186 to 195 of this Integrated Annual Report.

THE BOARD SKILLS MATRIX

Mohammad Suhaimi Mohd Yasin



Azhar Noordin



Shamsul Bahar Ahamad Zainal Badri



Mohd Nazir Mohd Nor



Mohammad Salmi Abdullah



Zahid Osman



Mariah Mohamad Said



Puspa Hanita Abd Aziz



Raja Azlan Shah Raja Azwa



● Direct Experience ◐ Partial Experience

- Renewable Energy
- APAC Experience
- Finance
- Operations
- Shipping (excluding current Board role)
- Public Listed Company Board Experience
- Audit
- Human Resource

7. Demarcation of Responsibility

The roles of Chairman and MD & CEO are held by distinct individuals, Mohammad Suhaimi Mohd Yasin and Mohd Nazir Mohd Nor, respectively. The separation of these roles is essential, as each position carries distinct responsibilities and expectations. This distinction ensures the appropriate checks and balances, fostering effective governance and decision-making within the Group.

Chairman

The Chairman provides leadership for the Board and is primarily responsible for ensuring the Board effectively discharge its obligations to the Company. This includes setting the agenda, style and tone of Board discussions to encourage constructive debate, facilitate effective decision-making, uphold strong corporate governance practices and lead the Board meetings and general meetings.

In accordance with Practice 1.4 of the MCCG 2021, the Chairman of MHB is not a member of any Board Committees, ensuring a clear division of responsibilities and promoting independent oversight.

MD & CEO

The MD & CEO leads the overall operations of the business and drives organisational effectiveness with the support of the Management Committee. In addition, the MD & CEO is responsible for coordinating the development and implementation of policies and business strategies, ensuring that business activities, financial management and risk management are conducted transparently, ethically and in compliance with the relevant laws and regulations, all in the interest of the stakeholders.

All Board authorities delegated to the Management are conferred through the MD & CEO, and such authorities are considered to be within the MD & CEO's authority remit, carrying both responsibilities and accountability.

Independent Non-Executive Directors

The Independent Non-Executive Directors (INEDs) are free from any business or other relationships that could compromise their independent judgement in Board deliberations. MHB adheres to Step-Up Practice 5.4 of the MCCG 2021, which stipulates that the tenure of INEDs shall not exceed a cumulative term of nine (9) years.

During the year under review, the INEDs reaffirmed their independence in accordance with the criteria outlined in the MMLR for Independent Directors.

The INEDs play a crucial role in ensuring that the strategies proposed by Management are thoroughly deliberated, with a focus on the long-term interests of the Group, its shareholders, and other stakeholders.

Corporate Governance Overview Statement

Board Meetings, Information, Access to Management, Company Secretaries and External Experts

The Board adopts a structured approach to its meeting schedule to support effective oversight and timely decision making. At the beginning of each financial year, the calendar of Board meetings together with indicative agendas is established and circulated, enabling Directors to manage their commitments and prepare accordingly. The Board convenes on a quarterly basis, with additional meetings convened when circumstances warrant further deliberation.

Board meetings address a wide spectrum of matters encompassing financial performance, strategic direction, operational progress, regulatory compliance, governance practices, sustainability considerations and human capital matters. Certain matters are specifically reserved for Board approval, including the endorsement of business plans and budgets, major capital commitments, acquisitions and divestments, significant bid submissions, appointments to key senior roles, approval of the corporate scorecard, evaluation of senior management performance and the adoption of material policies and frameworks. Matters of urgency may be raised under other business, subject to the concurrence of the Chairman and the MD & CEO.

Meeting materials are circulated to Directors within an appropriate timeframe ahead of each meeting to support thorough review and meaningful engagement. Where matters are sensitive or confidential in nature, relevant documents may be tabled during the meeting to safeguard information integrity. Directors are provided secure electronic access to Board papers, allowing documents to be reviewed remotely and at their convenience.

To facilitate informed deliberations, Management, Board Committee Chairpersons and external advisers, where relevant, attend meetings to present papers and respond to queries. Their participation provides additional perspectives and technical insights that support the Board’s assessment of proposals and issues under consideration.

Directors have unrestricted access to the Company Secretaries for advice on governance, procedural matters and regulatory obligations. The Company Secretaries also keep the Board apprised of changes in statutory and regulatory requirements relevant to Directors’ roles and responsibilities.

Throughout the financial year, the Board considered and deliberated on a range of material matters, including strategic direction and business planning, transformation initiatives, major operational developments, financial performance and budgetary matters, investment and

diversification decisions, board and management performance assessments, succession planning and talent development, risk oversight, governance practices, as well as sustainability initiatives and environmental, social and governance objectives. Robust strategy and long-term planning supported by transformation initiatives were among the key focus areas during the financial year under review.

All Directors fulfilled the attendance requirements prescribed under Paragraph 15.05(3)(c) of the MMLR, with each Director attending more than half of the Board meetings convened during the financial year.

The attendance record of each Board member is as follows:

MEMBERS	NO. OF MEETINGS ATTENDED
Mohammad Suhaimi Mohd Yasin (Chairman)	8 out of 8
Mariah Mohamad Said	8 out of 8
Azhar Noordin	8 out of 8
Mohammad Salmi Abdullah (Appointed on 14 November 2025)	1 out of 1
Puspa Hanita Abd Aziz (Appointed on 18 December 2025)	Nil
Shamsul Bahar Ahamad Zainal Badri	7 out of 8
Zahid Osman	8 out of 8
Raja Azlan Shah Raja Azwa	7 out of 8
Mohd Nazir Mohd Nor	8 out of 8
Wan Yusoff Wan Hamat (Resigned on 12 September 2025)	4 out of 4
Keith Taylor (Resigned on 14 November 2025)	7 out of 7

Declaration of Interest

The Board places strong emphasis on transparency and the proper management of conflicts of interest. During the year under review, the Board has adopted a Directors and Key Senior Management Conflict of Interest Review Procedures for MHB Group of Companies (COI Procedures) which sets out the disclosure obligations of each Director and Key Senior Management of MHB with respect to actual, potential and perceived conflicts of interest. The COI Procedures also provides guidance in governing COI situations as they arise or potentially arises to ensure timely and systematic identification, disclosure and management of COI.

At every Board and Board Committee meeting, Directors are required to disclose any personal or professional interest in items tabled for consideration. Such disclosures are made before deliberations commence to allow the Board to manage potential conflicts appropriately.

A Director who has an interest in a matter under discussion does not take part in deliberations or decision making on that item. Where circumstances require, the Director withdraws from the meeting for the duration of discussions relating to the relevant matter. These practices support impartial decision making and reinforce the integrity of Board processes.

Proceedings and resolutions arising from Board and Board Committee meetings are accurately recorded in meeting minutes. The Company Secretaries ensure that the minutes are prepared and circulated within a reasonable timeframe, providing a clear and reliable record of discussions and decisions.

Directors’ Training and Development

The Company continuous learning is regarded as essential to ensuring the Board remains effective and informed. The Company Secretaries facilitate the induction of newly appointed Directors and coordinate ongoing development programmes to enhance Directors’ knowledge and governance capabilities.

For Mandatory Accreditation Programme I (MAP Part I), the newly appointed Directors, Mohammad Salmi Abdullah and Puspa Hanita Abd Aziz, have successfully completed the programme in January 2026 as required by the MMLR, while Shamsul Bahar Ahamad Zainal Badri, Zahid Osman, Raja Azlan Shah Raja Azwa and Mohd Nazir Mohd Nor have completed MAP Part II during the financial year under review.

The Company allocates a specific budget annually to support Directors’ professional development. Board members also participate in relevant training programmes and briefings organised by the Group’s holding company, MISC Berhad.

During the financial year, Directors enhanced their competencies through participation in a range of conferences, seminars and knowledge sharing sessions conducted via both in person and virtual platforms, covering subjects relevant to governance, industry developments and regulatory updates.

Director	Training Attended	Organisers	Date
Mohammad Suhaimi Mohd Yasin (Chairman)	1. MISC Directors’ Training FY2025 <ul style="list-style-type: none"> Implementing Generative Health, Safety and Environment (HSE) Culture: A Top-Down Approach Sharing on Preparation for e-Invoicing of Directors’ Fees and Allowance Carbon Markets: An Introduction to Carbon Credits, Trends, and its Relevance to MISC 	MISC Berhad	20 January 2025
	2. Energy Asia (EA) 2026	International Conference & Exhibition Professionals (iCEP)	16-18 June 2025
	3. MISC Directors’ Training FY2025 (Session 1) <ul style="list-style-type: none"> Revolutionising Marine Technology through Artificial Intelligence Global Economy, Geopolitical Conflicts and the Oil & Gas Market Environment 	MISC Berhad	19 June 2025
	4. East Cost Energy 2025 <ul style="list-style-type: none"> Powering a New Era of Inclusive Transformation 	Informa Markets Malaysia Sdn Bhd	23-24 June 2025

Corporate Governance Overview Statement

Director	Training Attended	Organisers	Date
	5. Tropical Basic Offshore Safety Induction & Emergency Training (BOSIET)	Falcon Safety Services Sdn Bhd	4-5 August 2025
	6. MISC Care & Comply Partners' Summit 2025	MISC Berhad	9 September 2025
	7. MISC Directors' Training FY2025 (Session 2) <ul style="list-style-type: none"> Artificial Intelligence (AI) Leadership Playbook Latest Sanctions and Export Control Outlook and its Impact on the Maritime Industry 	MISC Berhad	29 September 2025
	8. Training on Directors' Duties & Responsibilities <ul style="list-style-type: none"> Jurisdiction: Malaysia and Labuan Jurisdiction: Singapore 	Jointly organised by MISC Berhad & AET	14 November 2025
Mariah Mohamad Said	1. Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)	Institute of Corporate Directors of Malaysia (ICDM)	15-16 January 2025
	2. Training on Directors' Duties & Responsibilities: <ul style="list-style-type: none"> Jurisdiction: Malaysia and Labuan Jurisdiction: Singapore 	Jointly organised by MISC Berhad & AET	14 November 2025
Azhar Noordin	Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)	ICDM	15-16 January 2025
Mohammad Salmi Abdullah	1. Mandatory Accreditation Programme (MAP) Part I	ICDM	28-29 January 2026
	2. Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)	ICDM	10-11 February 2026
Puspa Hanita Abd Aziz	1. Mandatory Accreditation Programme (MAP) Part I	ICDM	28-29 January 2026
	2. Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)	ICDM	10-11 February 2026
Shamsul Bahar Ahamad Zainal Badri	1. MISC Directors' Training FY2025 <ul style="list-style-type: none"> Implementing Generative Health, Safety and Environment (HSE) Culture: A Top-Down Approach Sharing on Preparation for e-Invoicing of Directors' Fees and Allowance Carbon Markets: An Introduction to Carbon Credits, Trends, and its Relevance to MISC 	MISC Berhad	20 January 2025
	2. Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)	ICDM	5-6 May 2025

Director	Training Attended	Organisers	Date	
	3. SAP Sapphire Conference 2025	SAP	18-23 May 2025	
	4. MIA International Accountants Conference 2025	Malaysian Institute of Accountants	26-27 May 2025	
	5. Energy Asia Conference 2025	PETRONAS	16-18 June 2025	
	6. MISC Directors' Training FY2025 <ul style="list-style-type: none"> Revolutionising Marine Technology through Artificial Intelligence Global Economy, Geopolitical Conflicts and the Oil & Gas Market Environment 	MISC Berhad	19 June 2025	
	7. MISC Directors' Training FY2025 <ul style="list-style-type: none"> Artificial Intelligence (AI) Leadership Playbook Latest Sanctions and Export Control Outlook and its Impact on the Maritime Industry 	MISC Berhad	29 September 2025	
	8. PETRONAS Board Excellence: Navigating Perspectives and Governance in the Digital Frontier Programme	PETRONAS	27 October 2025	
	9. Training on Directors' Duties & Responsibilities <ul style="list-style-type: none"> Jurisdiction: Malaysia and Labuan Jurisdiction: Singapore 	Jointly organised by MISC Berhad & AET	14 November 2025	
	Zahid Osman	1. MISC Directors' Training FY2025 <ul style="list-style-type: none"> Implementing Generative Health, Safety and Environment (HSE) Culture: A Top-Down Approach Sharing on Preparation for e-Invoicing of Directors' Fees and Allowance Carbon Markets: An Introduction to Carbon Credits, Trends, and its Relevance to MISC 	MISC Berhad	20 January 2025
		2. MISC Directors' Training FY2025 (Session 1) <ul style="list-style-type: none"> Revolutionising Marine Technology through Artificial Intelligence Global Economy, Geopolitical Conflicts and the Oil & Gas Market Environment 	MISC Berhad	19 June 2025
3. Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)		ICDM	7-8 July 2025	
4. MISC Strategy Day 2025 <ul style="list-style-type: none"> Forging Ahead with delivering Progress Towards MISC 2030 		MISC Berhad	14-15 August 2025	

Corporate Governance Overview Statement

Director	Training Attended	Organisers	Date
	5. Care & Comply Partners' Summit 2025	MISC Berhad	9 September 2025
	6. MISC Directors' Training FY2025 (Session 2) <ul style="list-style-type: none"> Artificial Intelligence (AI) Leadership Playbook Latest Sanctions and Export Control Outlook and its Impact on the Maritime Industry 	MISC Berhad	29 September 2025
	7. 2nd Senior Officers' Management Conference (SOMC)	MISC Berhad	29 September 2025 – 1 October 2025
	8. CGM Exclusive Climate Update Briefings for Boards <ul style="list-style-type: none"> Loss, Damage and Adaptation in ASEAN: How ASEAN member states are managing loss and damage, and mobilising institutions to enhance adaptive capacity 	Climate Governance Malaysia (CGM)	8 October 2025
	9. Training on Directors' Duties & Responsibilities <ul style="list-style-type: none"> Jurisdiction: Malaysia and Labuan Jurisdiction: Singapore 	Jointly organised by MISC Berhad & AET	14 November 2025
Raja Azlan Shah Raja Azwa	1. MISC Directors' Training FY2025 <ul style="list-style-type: none"> Implementing Generative Health, Safety and Environment (HSE) Culture: A Top-Down Approach Sharing on Preparation for e-Invoicing of Directors' Fees and Allowance Carbon Markets: An Introduction to Carbon Credits, Trends, and its Relevance to MISC 	MISC Berhad	20 January 2025
	2. MISC Directors' Training FY2025 <ul style="list-style-type: none"> Revolutionising Marine Technology through Artificial Intelligence Global Economy, Geopolitical Conflicts and the Oil & Gas Market Environment 	MISC Berhad	19 June 2025
	3. Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)	ICDM	7-8 July 2025
	4. MISC Directors' Training FY2025 <ul style="list-style-type: none"> Artificial Intelligence (AI) Leadership Playbook Latest Sanctions and Export Control Outlook and its Impact on the Maritime Industry 	MISC Berhad	29 September 2025
	5. Training on Directors' Duties & Responsibilities <ul style="list-style-type: none"> Jurisdiction: Malaysia and Labuan Jurisdiction: Singapore 	Jointly organised by MISC Berhad & AET	14 November 2025

Director	Training Attended	Organisers	Date
Mohd Nazir Mohd Nor	1. MISC Directors' Training FY2025 <ul style="list-style-type: none"> Artificial Intelligence (AI) Leadership Playbook Latest Sanctions and Export Control Outlook and its Impact on the Maritime Industry 	MISC Berhad	29 September 2025
	2. Mandatory Accreditation Programme (MAP) Part II: Leading for Impact (LIP)	ICDM	16-17 July 2025
	3. 2025 MISC Code of Conduct and Business Ethics (CoBE)	MISC Berhad	13 October 2025

9. Directors' Remuneration

MHB adopts a structured and prudent approach to Directors' remuneration, with the objective of securing experienced and capable leaders to support the Group's strategic and governance responsibilities. Remuneration arrangements are designed to reflect the level of accountability, time commitment and responsibilities associated with each Director's role, while remaining aligned with prevailing market conditions.

In setting fee levels, the Board takes into account the breadth of duties performed, the complexity of matters reviewed and the overall contribution of individual Directors. Remuneration for Non-Executive Directors is structured to recognise their oversight responsibilities and the independent value they provide, without compromising objectivity or independence.

The Group's remuneration framework for Directors is guided by the PETRONAS Public Listed Non-Executive Directors' Remuneration Guidelines and Package. This framework serves as the reference point for determining remuneration structures and quantum, and supports transparency, consistency and sound governance practices. The Remuneration Framework for Non-Executive Directors of MHB was revised effective 1 January 2025 as follow:

Description	Chairman	NED
Monthly Fixed Fees	RM24,000	RM12,000
Meeting Allowance	RM3,500	RM3,500

Note:

- Directors' fees and meeting allowances payable to the NINED are paid directly to MISC Berhad and PETRONAS instead of the individual Directors.
- NEDs are entitled to RM6,000 of fuel / electric vehicle (EV) charging allowance per annum and PETRONAS Directors' and Officers' Insurance coverage of up to RM1,290 million per occurrence and in aggregate.

Corporate Governance Overview Statement

For the year under review, the remuneration, which includes fees / salary, meeting allowance / other allowance, bonus, and other benefits received by Non-Executive Directors, is detailed below:

No.	Directors	Directors' Annual Fees (RM)	Meeting Allowance (RM)		Detailed Meeting Allowance (RM)			Benefits ⁽¹⁾ (RM)	Total (RM)
		Board	Board	Board Committee	BAC	BNRC	BSRC		
1	Mohammad Suhaimi Mohd Yasin (Chairman)	288,000.00	31,500.00	-	-	-	-	6,000.00	325,500.00
2	Wan Yusoff Wan Hamat ⁽²⁾	100,400.00	17,500.00	42,000.00	3,500.00	14,000.00	24,500.00	6,000.00	165,900.00
3	Keith Taylor ⁽³⁾	125,200.00	24,500.00	38,500.00	10,500.00	-	28,000.00	-	188,200.00
4	Mariah Mohamad Said	144,000.00	31,500.00	35,000.00	14,000.00	21,000.00	-	6,000.00	216,500.00
5	Azhar Noordin	144,000.00	31,500.00	35,000.00	-	7,000.00	28,000.00	6,000.00	216,500.00
6	Mohammad Salmi Abdullah ⁽⁴⁾	18,800.00	3,500.00	-	-	-	-	783.33	23,083.33
7	Puspa Hanita Abd Aziz ⁽⁵⁾	5,419.40	-	-	-	-	-	225.80	5,645.20
8	Shamsul Bahar Ahamad Zainal Badri ⁽⁶⁾	144,000.00	28,000.00	14,000.00	14,000.00	-	-	-	186,000.00
9	Raja Azlan Shah Raja Azwa ⁽⁷⁾	144,000.00	28,000.00	52,500.00	-	21,000.00	31,500.00	-	224,500.00
10	Zahid Osman ⁽⁷⁾	144,000.00	31,500.00	-	-	-	-	-	175,500.00
TOTAL (A)		1,257,819.40	227,500.00	217,000.00	42,000.00	63,000.00	112,000.00	25,009.13	1,727,328.53

Note:
Shareholders had approved the payment of NEDs' remuneration up to an amount of RM2,285,500.00 at the 36th AGM held on 17 April 2025

⁽¹⁾ Benefits comprise Fuel / Electric Vehicle (EV) Charging Allowance

⁽²⁾ Wan Yusoff Wan Hamat resigned effective from 12 September 2025

⁽³⁾ Keith Taylor resigned effective from 14 November 2025

⁽⁴⁾ Mohammad Salmi Abdullah was appointed as Director and BSRC Chair with effect from 14 November 2025 and 24 November 2025 respectively

⁽⁵⁾ Puspa Hanita Abd Aziz was appointed as Director and BNRC Chair with effect from 18 December 2025

⁽⁶⁾ Directors' Annual Fees and allowances were paid to PETRONAS as management fees

⁽⁷⁾ Directors' Annual Fees and allowances were paid to MISC Berhad as management fees

The amounts are provided before any tax adjustments

The remuneration package for the Executive Director consists of both fixed and performance-linked components, with a variable portion tied to KPI's, including the overall performance of the Company. As the MD & CEO of the Company, Mohd Nazir Mohd Nor does not receive Director's fee and meeting allowance. For the financial year, he was remunerated with a total amount of RM1,449,196.00. A detailed breakdown of MD & CEO's remuneration is available in the Corporate Governance Report 2025, which can be accessed on the Company's corporate website at <https://mhb.com.my/about/#corporate-governance>

10. Company Secretaries

The Company Secretaries are integral to the effective functioning of the Board and its Committees, providing proactive support by facilitating robust governance practices, ensuring full compliance with regulatory requirements, and offering independent and expert advice on all aspects of corporate governance.

The Board is supported by professionally qualified Company Secretaries who contribute to the effective functioning of the Board and its Committees. Their role extends beyond administrative support to include advisory responsibilities, assisting Directors in navigating regulatory requirements, governance standards and procedural obligations.

The Company Secretaries provide guidance on matters relating to corporate governance practices, boardroom processes and Directors' statutory duties. They also support the conduct of Board and Board Committee meetings by coordinating meeting logistics, ensuring due process is followed and facilitating timely communication between the Board and Management.

For the financial year under review, the Company Secretaries serving the Company were Shahrin Albakri Mustafa Albakri and Haniza Sabaran. Shahrin Albakri Mustafa Albakri is a qualified legal professional and a member of the Malaysian Association of Company Secretaries, while Haniza Sabaran is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). Both individuals meet the qualifications prescribed under Section 235(2) of the Companies Act 2016 and are duly authorised to act as Company Secretaries of the Company.

11. Board Committees

To strengthen governance oversight and support effective decision making, the Board has established dedicated committees that assist in reviewing specific matters and providing focused recommendations. These Committees play an important role in enhancing the quality of Board deliberations and reinforcing accountability across the Group.

The Board is supported by three (3) standing committees, namely the Board Nomination & Remuneration Committee, the Board Audit Committee and the Board Sustainability & Risk Committee.

Membership of the Committees is structured to promote independence experience and objectivity. Each Committee functions under a formally approved Terms of Reference that sets out its scope of authority responsibilities and reporting obligations.

Following each Committee meeting, the respective Chairs provides a summary of key deliberations recommendations and decisions to the Board. This reporting mechanism enables the Board to remain informed and to consider Committee input in its overall oversight and decision making responsibilities.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Board Audit Committee

The Board Audit Committee operates as a key governance mechanism supporting the Board's stewardship responsibilities, with primary focus on the credibility of financial reporting and the effectiveness of oversight frameworks across the Group. The Committee supports the Board by reviewing financial statements, monitoring financial risk exposure and assessing the adequacy of internal controls and governance systems.

As part of its mandate, the Committee evaluates the performance objectivity and independence of both internal and external auditors, and reviews compliance with approved after policies procedures and applicable regulatory requirements. These measures contribute to strengthening financial discipline and accountability within the organisation.

In accordance with Paragraph 15.12(1)(h) of the MMLR, the Committee examines related party transactions and situations that may give rise to conflicts of interest involving the Company or its subsidiaries. This includes scrutiny of transactions or practices that may pose concerns regarding management conduct, together with the adequacy of actions undertaken to address or manage such matters.

A comprehensive description of the Committee's roles responsibilities and activities during the year is set out in the Board Audit Committee Report on pages 223 to 226 of this Integrated Annual Report.

Risk Management and Internal Control

The Board recognises the importance of having appropriate risk management and internal control frameworks to support long-term value creation and protect the interests of shareholders. The Board regularly reviews the effectiveness of these frameworks to ensure they remain responsive to the Group's operating environment and risk profile.

Oversight of risk management matters is exercised through the Board Sustainability & Risk Committee, which supports the Board in identifying, assessing and monitoring principal risks faced by the Group. Further information on the functions and activities of this Committee can be found in the Board Sustainability & Risk Committee Report on pages 227 to 228 of this Integrated Annual Report.

In addition, the Statement on Risk Management and Internal Control sets out the key features of the Group's risk management framework and internal controls systems. This statement is presented on pages 229 to 242 of this Integrated Annual Report and should be read alongside the Committee reports for a comprehensive understanding of the Group's risk and control environment.

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Board places strong emphasis on open and constructive engagement with stakeholders as a fundamental component of good governance. Meaningful communication supports informed decision making and helps build trust through clarity and consistency of information shared.

Stakeholder engagement is embedded within the Company's Sustainability Framework as a core strategic element. This approach enables the Board and Management to understand stakeholder expectations, address material concerns and incorporate relevant feedback into business and sustainability strategies.

Additional information on stakeholder groups, engagement channels and key outcomes from these interactions is set out in the Sustainability Statement on pages 98 to 185 of this Integrated Annual Report.

Integrated Reporting

In support of sound governance and improved disclosure quality, MHB has embraced an integrated reporting approach since 2021, in line with the principles of the MCCG 2021. This approach is intended to provide stakeholders with a holistic view of the Group's strategy performance and long-term outlook, strengthening transparency and accountability.

Following the publication of its first fully integrated annual report in 2022, MHB continues to refine its reporting practices. Enhancements have been progressively incorporated, with further improvements reflected in this Integrated Annual Report 2025, demonstrating the Company's ongoing focus on clarity connectivity and value creation over time.

Annual General Meeting

The Company regards the Annual General Meeting (AGM) as a key engagement forum through which shareholders are able to interact directly with the Board and Management. Led by the Chairman, the AGM enables shareholders to seek clarification on the Group's performance, strategy and governance matters while exercising their rights to question, deliberate and vote on resolutions presented.

To facilitate effective shareholder engagement and ensure orderly proceedings, the Company conducted its 2025 AGM through a physical meeting format. This approach enabled direct interaction between the Board and shareholders, fostering transparent communication and meaningful dialogue on the Company's performance and strategic direction. The physical AGM also provided shareholders with the opportunity to participate actively in discussions, raise questions in person, and exercise their voting rights in a structured and well-governed environment, thereby supporting sound corporate governance practices.

To support effective interaction and maintain strong information security of the AGM proceedings conducted in a physical setting, several measures have been implemented. These included the provision of clear and comprehensive administrative guidance to shareholders, the availability of electronic proxy submission to accommodate those unable to attend in person, and structured mechanisms for the submission and addressing of questions during the meeting. Queries raised by the Minority Shareholders Watch Group were also duly addressed as part of the AGM proceedings. Collectively, these measures enhanced shareholder participation, promoted orderly conduct of the meeting, and upheld strong corporate governance and information security standards.

Ahead of the formal proceedings, the MD & CEO delivered a presentation outlining the Group's business and financial performance and responded to questions from shareholders. For transparency and reference, a summary of the questions received together with the corresponding responses has been made available on the Company's corporate website at www.mhb.com.my.

All Board members attended the 2025 AGM held physically on 17 April 2025. The AGM Notice was issued more than 28 days in advance, as recommended by the MCCG 2021 and in compliance with Paragraph 8.29A1 of the MMLR. The Company conducted electronic polling at the AGM, with the results verified by the appointed scrutineers and announced by the Chairman. The minutes of the AGM were published on the Company's corporate website within 30 business days after the meeting.

Financial Calendar FY2025

Financial Year 2025

Q1

Result Announced
27 May 2025
(Tuesday)

Q2

Result Announced
22 August 2025
(Friday)

Q3

Result Announced
14 November 2025
(Friday)

Q4

Full Year Result Announced
23 February 2026
(Monday)

Annual General Meeting

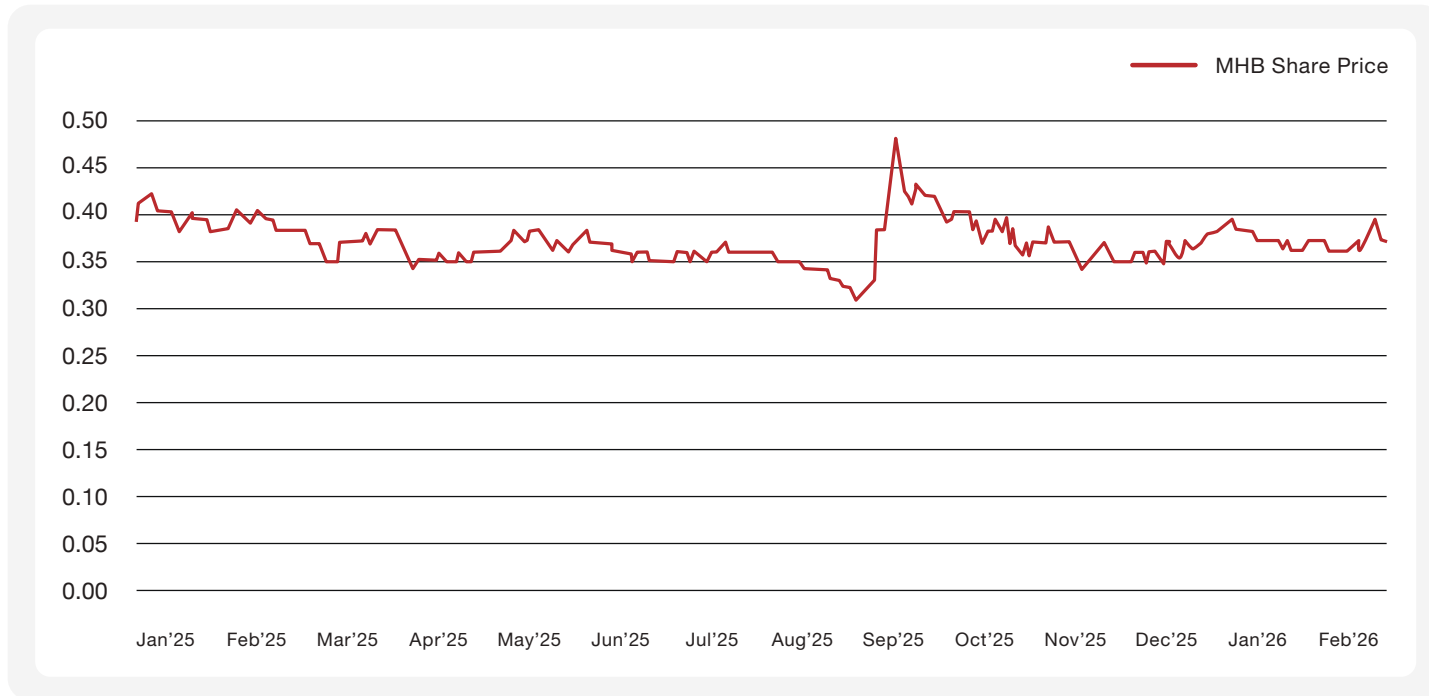
11 May 2026
(Monday)

Financial Year 2026

Corporate Governance Overview Statement

Share Price Performance (as at 27 February 2026)

MHB Share Price (RM)



Item	2025												2026	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Highest Closing Price (RM)	0.42	0.40	0.38	0.38	0.38	0.38	0.37	0.36	0.48	0.43	0.39	0.37	0.39	0.39
Lowest Closing Price (RM)	0.38	0.38	0.35	0.34	0.36	0.35	0.35	0.34	0.31	0.37	0.35	0.34	0.36	0.36
Average Closing Price (RM)	0.40	0.39	0.37	0.35	0.37	0.37	0.36	0.35	0.37	0.40	0.37	0.36	0.37	0.37
Volume Traded ('000)	8,731	6,084	4,798	5,447	4,628	3,267	2,449	6,852	84,420	30,445	10,297	4,866	8,399	10,869

Statement by the Board

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 12 March 2026.

Board Nomination & Remuneration Committee Report

Overview

The Board Nomination & Remuneration Committee (BNRC or the Committee) plays a pivotal role in supporting the Board in overseeing the nomination and remuneration processes for the Board, Board Committees, and Senior Management positions within the Group. The Committee assists the Board in evaluating the appropriate mix of skills, experiences, competencies, and other attributes required to maintain an effective and high-performing Board. In addition, the BNRC places strong emphasis on human capital development at both Board and Management levels, recognising its importance in driving long-term sustainability and value creation for the Group.

Terms of Reference

The BNRC operates in accordance with its Terms of Reference (TOR), which clearly define its authority, roles, and responsibilities, in line with the requirements of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance 2021 (MCCG 2021). The TOR was last revised on 12 November 2024 to ensure continued relevance and alignment with prevailing governance standards.

Details of the Committee's duties and responsibilities are outlined in the TOR, which is publicly available on the Company's corporate website at www.mhb.com.my.

Composition, Meeting and Attendance

The BNRC comprises of Non-Executive Directors, with a majority being Independent Directors, in compliance with Paragraph 15.08A(1) of the MMLR. This composition is aligned with Practice 5.8 of the MCCG 2021, which recommends that the Committee be chaired by an Independent Director. This structure promotes objective deliberations and reinforces the independence of the Committee in discharging its oversight responsibilities.

During the year under review, the BNRC convened six (6) meetings. The attendance record of each BNRC member is detailed as follows:

MEMBERS	NO. OF MEETINGS ATTENDED
Puspa Hanita Abd Aziz ¹ Chairperson / Independent Non-Executive Director	Nil
Mariah Mohamad Said Member / Independent Non-Executive Director	6 out of 6
Raja Azlan Shah Raja Azwa Member / Non-Independent Non-Executive Director	6 out of 6
Azhar Noordin ^{2,3} Member / Independent Non-Executive Director	2 out of 2
Wan Yusoff Wan Hamat ⁴ Chairman / Independent Non-Executive Director	5 out of 6

¹ Puspa Hanita Abd Aziz was appointed as BNRC member and Chairperson effective 18 December 2025.

² Azhar Noordin was appointed as BNRC member and Chairman effective 15 October 2025.

³ Azhar Noordin was redesignated from Chairman to BNRC member effective 18 December 2025.

⁴ Wan Yusoff Wan Hamat resigned as BNRC member and Chairman on 12 September 2025.

The profiles of the BNRC members are set out in the Board of Directors' Profile section of this IAR 2025, on pages 186 to 195.

An appropriate balance of skills, knowledge and experience is reflected in the current composition of the BNRC, enabling the Committee to effectively safeguard stakeholders' interests while supporting the Group's strategic needs. Its responsibilities encompass the nomination, assessment, and appointment of Board and Management Committee members, as well as oversight of succession planning and leadership development initiatives. Through these efforts, the BNRC contributes to cultivating a high-performance culture by ensuring the leadership team is equipped with the capabilities required to respond to emerging challenges and opportunities while maintaining strong governance standards.

Board Nomination & Remuneration Committee Report

The Company Secretaries act as Secretaries to the BNRC and provide administrative and governance support for its meetings. The Managing Director & Chief Executive Officer (MD & CEO), Chief Financial Officer, the Chief Operating Officer attend the meetings by invitation. Where necessary, relevant members of Management are invited to present proposals and provided further explanations or clarifications on matters raised, facilitating informed discussions and effective decision-making by the Committee.

Summary of BNRC Activities for FY2025

a. Nomination, Selection, Appointment and Re-Election Process

Reviewed and recommended:

- Renewal of Several Contracts of Management Committee members
- Appointment of Independent Non-Executive Directors
- Retirement and Re-election of Directors at the 36th Annual General Meeting of MHB

b. Remuneration Matters

Reviewed and recommended:

- Employees Performance Bonus and Salary Increment
- Non-Executive Directors' Remuneration for Shareholders' Approval
- Adoption of Revised Guidelines on Remuneration for PETRONAS Public Listed Companies Non-Executive Directors

c. Board & Management Performance Assessment

Reviewed and recommended:

- Internal Board of Directors Evaluation & Individual Directors' Performance Assessment for 2024 Result
- Board Key Performance Indicators for 2025
- Engagement of Independent Consultant to facilitate the Board of Directors Evaluation for Financial Year 2025
- FY2024 Corporate Scorecard Achievement
- FY2025 Corporate Scorecard Mid-Year Review
- FY2026 Corporate Scorecard

d. Others

Reviewed and recommended:

- Organisational Design Workstream Update
- BNRC Report for inclusion in MHB IAR FY2024
- MHB Succession Planning

Functions of the BNRC and related activities in FY2025

a. Appointment / Re-election of Directors

The BNRC provides oversight in recruiting, retaining, training, as well as developing executive and non-executive Directors to ensure that Board renewal are managed effectively.

The BNRC carries out an annual assessment of among others, Board's composition and skillset for the purpose of succession planning. Once every three (3) years, this exercise is carried out by an independent consultant. Based on this exercise, if any gaps are identified, the BNRC will conduct a search for candidates in the event there is a requirement for new appointments or replacements.

In the selection and assessment of candidates for appointment or re-election of Directors, the BNRC applied the fit and proper criteria to evaluate character, experience, integrity, competence, and time commitment of potential Directors as outlined by Paragraph 2.20A of MMLR. In addition, the BNRC ToR prescribed selection criteria, which include skill, knowledge, expertise, experience, integrity and time to effectively discharge the role of a Director.

In FY2025, the following changes of Board composition took place:

Director	Changes	
	Type	Effective Date
Wan Yusoff Wan Hamat (Independent Non-Executive Director)	Resignation	12 September 2025
Keith Taylor (Independent Non-Executive Director)	Resignation	14 November 2025
Mohammad Salmi Abdullah (Independent Non-Executive Director)	Appointment	14 November 2025
Puspa Hanita Abd Aziz (Independent Non-Executive Director)	Appointment	18 December 2025

In line with its ToR, the BNRC is tasked with making recommendations to the Board on the re-election of retiring Directors, ensuring compliance with applicable regulatory requirements.

During the year under review, following a thorough review and recommendation by the BNRC, the Board endorsed the re-election of retiring Directors. At the 36th Annual General Meeting (AGM) held on 17 April 2025, shareholders approved the following re-elections:

- Rule 21.7 of the Company's Constitution
 - Mariah Mohamad Said
 - Azhar Noordin
 - Shamsul Bahar Ahamad Zainal Badri; and
 - Zahid Osman
- Rule 21.8 of the Company's Constitution
 - Raja Azlan Shah Raja Azwa

b. Onboarding Session

For newly appointed Directors, two (2) onboarding sessions were conducted on 25 November 2025 and 26 January 2026. The primary objective of these sessions was to facilitate introductions between the Directors and the Management team, and to provide an overview of the Group's business, strategies, and operations.

As part of the onboarding process, new Directors were provided with a Directors' kit, which included, among other materials, the Board Charter and the ToR of the Board Committees. These documents serve as key resources to guide the Directors in understanding best practices in corporate governance and to clearly define the roles, responsibilities, and authority limits of both the Board and its Committees.

To complete the onboarding process, several yard tours sessions were arranged for the new Directors, where Management introduced them to the project leaders and key team members who provided overviews of the ongoing projects, their progress and challenges.

c. Directors' Training and Development

Continuous learning is regarded as essential to ensuring the Board remains effective and informed. The Company Secretaries facilitate and coordinate ongoing development programmes to enhance Directors' knowledge and governance capabilities.

For Mandatory Accreditation Programme Part I (MAP Part I), the newly appointed Directors, Mohammad Salmi Abdullah and Puspa Hanita Abd Aziz have successfully completed the programme in January 2026 as required by the MMLR, while Shamsul Bahar Ahamad Zainal Badri, Zahid Osman, Raja Azlan Shah Raja Azwa and Mohd Nazir Mohd Nor have completed MAP Part II.

The Company allocates a specific budget annually to support Directors' professional development. Board members also participate in relevant training programs and briefings organised by the Group's holding company, MISC Berhad.

During the financial year, Directors enhanced their competencies through participation in a range of conferences, seminars and knowledge sharing sessions conducted via both in person and virtual platforms, covering subjects relevant to governance, industry developments and regulatory updates.

A detailed list of the training attended by the Directors can be found in the Corporate Governance Overview Statement, on pages 209 to 213 of the Integrated Annual Report.

d. Board Effectiveness Evaluation (BEE) for the Board, Board Committees and Individual Directors

The BEE for financial year 2025 (BEE 2025) was conducted by an independent consultant namely Spencer Stuart & Associates (Singapore) Pte Ltd (Spencer Stuart) and was completed in December 2025, with participation from the Board members and selected Senior Management. The evaluation process was conducted via online questionnaires and the Individual Style Profile surveys for completion. The assessment included reviews on the Board's required mix of skills, experience, and participation in Board deliberations among others.

Following the online assessment, Spencer Stuart conducted a one-on-one discovery interview with the Board members and selected Senior Management. The assessment results and outcomes were collated, evaluated, and assessed based on the feedback received.

Overall, the BEE 2025 indicates that MHB's Board is regarded as professional, engaged, and committed to supporting the Company's transformation and long-term success. Directors and Management acknowledge material progress in governance discipline, constructive dialogue, and Board-Management alignment, which has strengthened overall Board performance through the operational turnaround and strategic reset.

The analysis of the BEE 2025 results and feedback from the Board members and selected Senior Management were presented to the BNRC for recommendations to the Board for approval.

e. Appointment of Management Committee Members

The BNRC reviewed and recommended appointments for Management Committee positions to ensure robust succession planning across the Group. As part of its oversight role, the BNRC also reviewed and recommended the terms and conditions of service, remuneration, compensation and benefits for Management Committee members, including bonuses, salary increments and contract renewals. The Board subsequently approved the BNRC's recommendations during the year under review.

Board Nomination & Remuneration Committee Report

f. Directors' Remuneration

The Company's remuneration policy for its Board members is aligned with the PETRONAS Public Listed Companies Non-Executive Directors' Guidelines and Remuneration Package. During the year under review, the BNRC reviewed and recommended to the Board the remuneration policies and packages for Non-Executive Directors, ensuring they reflect responsibilities, performance, experience and the Company's overall performance. The revised fees for the Non-Executive Directors were approved by the shareholders at the 36th AGM held on 17 April 2025.

A detailed breakdown of the Directors' remuneration, disclosed on a named basis, is provided in the Corporate Governance Overview Statement on pages 213 to 214 of this Integrated Annual Report.

g. Management Committee's Remuneration

Management Committee's remuneration continues to be benchmarked against industry standards and peer companies to ensure competitiveness. In addition to contract-based reviews, the BNRC also reviewed and recommended to the Board the remuneration structure, compensation, benefits, bonuses and salary increment for Management Committee members. This ensures alignment with market practices and supports retention of key talent.

h. Company and MD & CEO's Performance Appraisal

The MD & CEO's performance appraisal, anchored in clearly defined KPI, is captured in the Company's Scorecard ensuring a transparent and objective assessment of leadership effectiveness. The appraisal framework encompasses a comprehensive set of dimensions, including Health, Safety, Security & Environment (HSSE), Financial Performance, Operational Excellence, Strategic Initiatives and People Development & Culture KPIs aligned with the Group's long-term aspirations.

In accordance with its ToR, the BNRC's role includes providing oversight and recommendations to the Board on matters relating to the MD & CEO's terms and conditions of service, remuneration, compensation and benefits, including bonuses and salary increments.

The BNRC also review and recommend the performance-linked bonus and salary increment framework for the Group to ensure alignment with the overall performance appraisal framework, as well as consistency and fairness across all employee levels.

During the financial year under review, BNRC evaluated and recommended the salary increment and performance bonus for eligible employees, including the Management Committee members.

Statement by the Board

During the financial year, the Chairperson was not involved in the deliberations of certain BNRC activities due to her recent appointment. These matters were reviewed by the other BNRC members, with the deliberations duly recorded in the BNRC minutes of meeting. Accordingly, the BNRC Report for FY2025 has been endorsed by the Chairperson based on the Committee's collective review.

This Board Nomination & Remuneration Committee Report was made in accordance with a resolution of the Board of Directors duly passed on 12 March 2026.

PUSPA HANITA ABD AZIZ

Chairperson

Board Nomination & Remuneration Committee

Board Audit Committee Report

Overview

Oversight of financial reporting integrity, financial risk management, internal controls and corporate governance practices is carried out by the Board Audit Committee (BAC or the Committee) in accordance with its Terms of Reference (ToR). Through this governance framework, the Committee provides the Board with reasonable assurance on the adequacy and effectiveness of the Group's internal control and risk management systems.

Terms of Reference

Clear guidance on the BAC's authority, duties and responsibilities is set out in its ToR, which are aligned with the requirements of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance 2021 (MCCG 2021). The ToR was last revised on 21 August 2025 to maintain alignment with prevailing regulatory and governance expectations.




Further details of the Committee's roles and responsibilities are available in the ToR, which is published on the Company's corporate website at www.mhb.com.my

Composition, Meeting and Attendance

Comprising three (3) Non-Executive Directors, the BAC includes two (2) Independent Directors and one (1) Non-Independent Director. This composition complies with Paragraph 15.09(1) of the MMLR and supports objective oversight in the Committee's deliberations.

The BAC is chaired by Mariah Mohamad Said, an Independent Non-Executive Director. The current BAC Chairperson is a member of the Malaysian Institute of Accountants (MIA) and a Fellow of the Chartered Institute of Management Accountants (CIMA), United Kingdom. This meets the requirement under Paragraph 15.09(1)(c) of the MMLR, which stipulates that at least one BAC member must be a qualified accountant. One of the BAC members, Shamsul Bahar Ahamad Zainal Badri also possesses the requisite accounting qualifications, where he is a member of the Malaysian Institute of Certified Public Accountants (MICPA), a member of the MIA and a Fellow of the Association of Chartered Certified Accountants (ACCA), thereby collectively meeting the requirements of Paragraph 15.09 of the MMLR, which mandates that a least one (1) member of the BAC must be a qualified accountant.

During the year under review, the BAC convened four (4) meetings. The attendance record of each BAC member is detailed as follows:

MEMBERS	NO. OF MEETINGS ATTENDED
Mariah Mohamad Said Chairperson / Independent Non-Executive Director	 4 out of 4
Shamsul Bahar Ahamad Zainal Badri Member / Non-Independent Non-Executive Director	 4 out of 4
Mohammad Salmi Abdullah¹ Member / Independent Non-Executive Director	Nil
Keith Taylor² Member / Independent Non-Executive Director	 3 out of 4

¹ *Mohammad Salmi Abdullah was appointed as member of the BAC effective 24 November 2025.*

² *Keith Taylor resigned as a BAC member effective 14 November 2025.*

The profiles of the BAC members are set out in the Board of Directors' Profile section of this IAR 2025, on pages 186 to 195.

Collectively, the current membership of the BAC brings together a diverse range of skills and experience, enabling the Committee to effectively discharge its responsibilities. Key areas of oversight include the financial reporting process and the integrity, accuracy and completeness of the Company's financial statements. The Committee also monitors the performance, independence and effectiveness of the external auditor, reviews the adequacy of internal control systems and oversees compliance with applicable laws and regulations. Through these functions, the BAC serves as an independent platform for financial governance while safeguarding shareholders' interests. During the financial year, the Committee reviewed potential conflict of interest situations involving all Board members and Key Senior Management, as well as the measures identified to resolve, eliminate or mitigate such conflicts, in compliance with the MMLR.

The Company Secretaries act as Secretaries to the BAC and provide administrative and governance support to the Committee. The Managing Director & Chief Executive Officer, Chief Financial Officer and Chief Internal Audit attend the meetings by invitation. Where relevant, members of the Management team are invited to present proposals and provide further explanations or clarifications on matters raised, facilitating informed deliberations and effective decision-making by the Committee.

Board Audit Committee Report

Summary of the BAC Activities for FY2025

a. Financial Reporting and Performance Oversight

- Reviewed the unaudited quarterly financial statements, the related press releases and announcements, the changes in accounting policies (if any), significant matters in relation to financial issues, going concern assumption, compliance with accounting standards and other regulatory requirements, before recommending the same for approval by the Board
- Reviewed the annual audited financial statements of the Company together with the Directors' and Auditor's Statement to ensure the statements complied with financial reporting standards and regulatory requirements
- Reviewed significant judgments made by Management and significant matters highlighted by the external auditors on accounting and auditing matters
- Reviewed Sales and Services Tax (SST) and Way Forward which includes the recent expansion of the SST scope and its impact on MHB and recommended the same for the Board's information

b. Internal Audit Process

- Reviewed the long-term and annual internal audit strategy and plan, to ensure adequate scope and comprehensive coverage of the activities of the Group
- Reviewed the internal audit reports issued by Internal Audit (IA) on the effectiveness and adequacy of governance, risk management, operational and compliance processes
- Reviewed the adequacy and effectiveness of agreed corrective actions taken by the Management on all significant and secondary audit issues raised and ensured all major findings raised were properly investigated
- Reviewed the effectiveness and adequacy of the audit process, manpower and financial requirements of IA execute audit exercises
- The Chairperson of BAC held private sessions with the Chief Internal Audit on audit reports and any internal audit-related matters when there were issues of concern
- Assessed the performance of IA on a half yearly basis in terms of experience and technical knowledge of internal audit, the objectivity of IA, the quality of audit findings and recommendations made on corrective actions, adequacy of assurance to the Board in respect of governance and internal controls and the relevance of audit findings to the business operations of the Company
- Reviewed and recommended the contract renewal of the Chief Internal Audit for the Board's approval
- Reviewed and approved the revision of the IA Charter

c. External Audit Process

- Reviewed the external auditors' terms of engagement, audit plan, strategy and scope of work for the financial year
- Reviewed the results and significant issues arising from the external audit exercise for the financial year and the resolution of issues highlighted in their report to the BAC for Management's response and action
- Assessed the suitability, performance, effectiveness, objectivity and independence of the external auditors and made recommendations to the Board on their appointment and remuneration
- Held two (2) private discussions with the external auditors during the year without the presence of Management, ensuring no restrictions on the scope of their audit and to discuss any matters that they may wish to present
- Discussed the external audit fees and non-audit fees proposed in respect of the scope of work required for the financial year and recommended the same for approval by the Board
- Reviewed the annual assessment of external auditor in respect to their statutory audit services as the external auditor for financial year 2024. The result of evaluation was discussed at BAC meeting held on 13 February 2025. Based on the assessment, the BAC was satisfied with the services rendered by external auditors. The BAC recommended the re-appointment of external auditor for the financial year 2025 for the shareholders' approval at the Company's Annual General Meeting

d. Related Party Transactions

- Reviewed the related party transaction and recurrent related party transaction entered by the Group on a quarterly basis and ensured all transactions were carried out on arm's length basis

e. Conflict of Interest

- Reviewed potential conflict of interest situations of all Board members and Key Senior Management, including Legal Representative (Key Persons) that may arise and the measures identified to resolve, eliminate, or mitigate the conflict of interest in compliance with the MMLR on quarterly basis
- Key Persons were required to make necessary declarations and inform the Company immediately if and when they become aware of any conflict of interest or potential conflict of interest situations and excuse themselves from the relevant deliberations and decisions where such conflict may be present

- Based on an internal review of conflicts of interest, certain Key Persons have potential conflicts of interest with MHB and its subsidiaries. These potential conflicts arise from their directorships or positions within the PETRONAS Group, including the subsidiaries and / or associated companies, their roles as directors or officers in MISC Berhad and its Group of companies, or their shareholdings within the PETRONAS and / or MISC Group of companies
- In managing Conflict of Interest (COI) or potential COI situations within the MHB Group, the BAC reviewed the COI or potential COI disclosures and ensured that the mitigation plans were sufficient to resolve, eliminate, or mitigate such conflicts while confirming that COI disclosures were in line with MMLR requirements. Further, Key Persons are constantly reminded of their fiduciary duties towards the Company
- Reviewed the potential conflict of interest situations for the new appointment and re-election of Directors
- Reviewed the Conflict of Interest Review Procedures for Directors and Key Senior Management of the MHB Group of Companies before recommending the same for approval by the Board

f. Governance

- Reviewed and recommended the revision of the MHB Limit of Authority for the Board's approval
- Reviewed the Quarterly Update on Whistleblowing cases summary and Anti-Bribery Management System (ABMS) from Compliance Unit
- Reviewed and recommended the revision to the Terms of Reference of the Committee for the Board's approval
- Reviewed and recommended the following statements / reports for inclusion in the Integrated Annual Report 2025 for approval by the Board:-
 - Corporate Governance Report
 - Corporate Governance Overview Statement
 - Board Audit Committee Report
 - Statement on Risk Management and Internal Control

Internal Audit Functions and Activities

Independent assurance on the effectiveness of risk management, internal controls, governance processes and compliance procedures is provided to the BAC through the MHB Internal Audit Division (IA). This function supports the BAC in fulfilling its oversight responsibilities and provides the Board with the required level of assurance.

The IA Function operates under the MHB Internal Audit Charter, which is reviewed and approved by the BAC. The BAC also reviews and approves the roles and responsibilities of the Chief Internal Audit (CIA), including the required qualifications, experience and competencies for the position.

Leadership of the IA is vested in the CIA, Lau Jung Ching, who holds a double degree in Bachelor of Business (Accounting) and Bachelor of Computing (Information Systems). He is also a member of Certified Practising Accountant (CPA) Australia and a Certified Internal Auditor accredited by The Institute of Internal Auditors (IIA). The CIA is supported by a team of sixteen (16) personnel, all of whom are free from any relationships or conflicts of interest that could impair their objectivity or independence.

In line with its oversight mandate, the BAC reviews and recommends to the Board the appointment or removal of the CIA. Any resignation of the CIA must be reported to the BAC, ensuring the CIA is given the opportunity to present his reasons directly to the Committee. The BAC also provides feedback on the performance evaluation and remuneration of the CIA, and reviews and approves the annual performance objectives for the Internal Audit function.

Internal audit engagements are performed in reference to the Global Internal Audit Standards and the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Integrated Internal Control Framework. Activities are further governed by the Internal Audit Charter and established internal procedures.

A risk-based auditing methodology forms the basis of the annual audit plan, which, together with the audit budget and resource requirements, are reviewed and approved by the BAC including any significant changes thereto. This approach ensures systematic coverage of priority risk areas, timely reporting of findings and effective follow-up on corrective actions, thereby enhancing the integrity and robustness of the Group's internal control system.

Upon completion of each audit, preliminary findings and recommendations are discussed with relevant Management for factual validation and to agree on corrective action plans, without prejudice to Internal Audit's independent conclusions. Final audit reports and related matters are then tabled at BAC meetings for further deliberation, guidance and direction. Key audit matters and the Committee's decisions are then highlighted to the Board by the BAC Chairperson.

The BAC also conducts annual assessments of IA's performance and independence to ensure the function remains effective and objective. During the year under review, fifteen (15) audits were completed in accordance with the approved plan, covering health, safety and environmental management, project management, engineering management, supply chain management and business support activities. Special reviews were conducted at the request of the BAC where deemed necessary.

Whistleblowing-related investigations and inquiries received through established reporting channels, including matters identified during internal audit work, were handled by the IA's Investigation Department, with outcomes reported to Management for appropriate follow-up actions.

For the financial year under review, the total cost incurred for the internal audit function amounted to RM2.70 million.

Board Audit Committee Report

Related Party Transactions and Recurrent Related Party Transactions

A structured framework governs all Related Party Transactions (RPTs) and Recurrent Related Party Transactions (RRPTs) within the MHB Group through the established Guidelines on RPTs and RRPTs. These guidelines are designed to ensure transactions are conducted on normal commercial terms, at arm's length and in a manner that safeguards minority shareholders' interests.

Regulatory exemption granted by Bursa Malaysia Securities Berhad allows MHB to forgo shareholders' mandate for RRPTs with Petrolia Nasional Berhad (PETRONAS), MISC Berhad and their respective group of companies. Under this exemption, all such transactions must be strictly conducted on an arm's length basis.

Quarterly reviews of RRPTs were carried out by the BAC during the year to verify compliance with the established guidelines. Based on these reviews, the Committee concluded that all RRPTs were undertaken on normal commercial terms, at arm's length and were not detrimental to the interests of the Company's minority shareholders.

The RRPTs made during the year under review:-

Nature of Transaction	Transacting Party	Transaction Value (RM'000)	Related Party
a) Revenue - Provision of oil & gas engineering and construction	• PETRONAS Carigali Sdn Bhd	563,835	PETRONAS ¹
	• Carigali-PTTEPI Operating Co. Sdn Bhd	155,336	
	• Vestigo Petroleum Sdn Bhd	326,742	
b) Provision of services for repairs, conversion of vessels and dry docking	• MISC Berhad	101,387	MISC ²
	• MISC Marine Services Pte Ltd	44,431	
	• MISC Offshore Floating Terminals (L) Limited	47,886	
c) Plant turnaround shutdown maintenance	• Malaysian Refining Company Sdn Bhd	32,012	PETRONAS ¹
d) Purchase of oil products from PETRONAS Group	• PETRONAS Dagangan Berhad	19,140	PETRONAS ¹
	• PETRONAS Smartpay Centre Sdn Bhd	63	
	• PETRONAS Lubricants Marketing (Malaysia) Sdn Bhd	1,783	
e) Provision of services / sale of equipment & materials	• PETRONAS	6,673	PETRONAS ¹ MISC ²
	• Gentari Renewables Sdn Bhd	2,563	
	• PETRONAS Technical Training Sdn Bhd	31	
	• Industrial Gases Solution Sdn Bhd	7,367	
	• MISC Berhad	44,571	
	• PETRONAS Global Technical Solutions	533	
	• MISC Marine (Malaysia) Sdn Bhd	167	
	• MISC Marine Services Pte Ltd	2,403	
	• ES Marine Pte Ltd	109	

¹ PETRONAS is a major shareholder of the Company, being the holding company of MISC.

² MISC is a major shareholder of the Company.

Statement by the Board

This Board Audit Committee Report was made in accordance with a resolution of the Board of Directors duly passed on 12 March 2026.

MARIAH MOHAMAD SAID

Chairperson
Board Audit Committee

Board Sustainability & Risk Committee Report

Overview

The Board Sustainability & Risk Committee (BSRC or the Committee) is responsible for overseeing the Group's risk management framework and sustainability initiatives. The BSRC supports the Board by reviewing MHB's risk management policies, and practices, as well as key Environmental, Social, and Governance (ESG) matters. Additionally, the BSRC assesses significant bids and corporate proposals, ensuring that the Group's interests are protected through comprehensive evaluation of risk exposures during bidding and negotiation processes.

Terms of Reference

Clear guidance on the BSRC's authority, duties and responsibilities is set out in its Terms of Reference (ToR), which are aligned with the best practices prescribed under the Malaysian Code on Corporate Governance 2021 (MCCG 2021). The ToR was revised on 12 November 2024 to maintain relevance and alignment with evolving governance standards.

Further details of the Committee's responsibilities and duties are available in the ToR which is published on the Company's corporate website at www.mhb.com.my.

Composition, Meeting and Attendance

The BSRC comprises Non-Executive Directors with a majority being Independent Directors. The membership and composition of the Committee comply with the requirements set out in its ToR in terms of size, independence and skill mix. This structure supports objective deliberations and enables the Committee to effectively discharge its oversight responsibilities in relation to risk management and sustainability matters.

During the year under review, the BSRC convened nine (9) meetings. The attendance record of each BSRC member is detailed as follows:

MEMBERS	NO. OF MEETINGS ATTENDED
Mohammad Salmi Abdullah ¹ Chairman / Independent Non-Executive Director	Nil
Azhar Noordin Member / Independent Non-Executive Director	8 out of 9
Raja Azlan Shah Raja Azwa Member / Non-Independent Non-Executive Director	9 out of 9
Keith Taylor ² Chairman / Independent Non-Executive Director	8 out of 9
Wan Yusoff Wan Hamat ³ Member / Independent Non-Executive Director	7 out of 7

¹ Mohammad Salmi Abdullah was appointed as BSRC Member and Chairman effective 14 November 2025

² Keith Taylor resigned as BSRC Member and Chairman effective 14 November 2025

³ Wan Yusoff Wan Hamat resigned as BSRC member effective 12 September 2025

The profiles of the BSRC members are set out in the Directors' Profiles section of this IAR 2025, on pages 186 to 195.

An appropriate balance of skills, knowledge and experience is reflected in the current composition of the BSRC, enabling the Committee to effectively safeguard shareholders' interests while addressing the diverse needs of the Group. Its remit encompasses oversight of sustainability initiatives, strengthening risk management practices, driving long-term value creation and aligning the Group's strategic objectives with economic, environmental, and social considerations. Through its collective expertise, the BSRC addresses complex challenges, support informed decision-making, and upholds the Group's governance standards and sustainability aspirations.

The Company Secretaries serve as Secretaries to the BSRC and provide administrative and governance support to the Committee. The MD & CEO, CFO, COO and CSSO attend meetings by invitation. Where relevant, members of the Management team are invited to present proposals and provide further explanations or clarifications on matters raised, facilitating constructive deliberations and effective oversight.

Summary of the BSRC Activities for FY2025

a. Sustainability

The BSRC provides oversight on MHB's sustainability-related matters. The BSRC reviewed, evaluated, reported and made appropriate recommendations to the Board on the determination of the Company's sustainability strategy in alignment with its business strategy and objectives.

During the year under review, the BSRC had endorsed and recommended to the Board, MHB's Sustainability initiatives based on the strategic priorities incorporated in the MHB Sustainability Framework. The BSRC provided an oversight on MHB's emissions intensity reduction progress against the target for 2025, mid-term target up to 2030 and long-term target to achieve Net-Zero GHG emissions by 2050. It is to ensure MHB is on track to achieve its target based on the decarbonisation initiatives planned and implemented. The BSRC has also provided oversight to MHB's Scope 3 initiatives, particularly in engaging vendors to support MHB's sustainability journey.

The BSRC provided oversight of MHB's Responsible Supply Chain Programme, which aims to engage suppliers and drive sustainable practices across the supply chain. This initiative is expected to strengthen compliance and reduce ESG risks throughout the value chain.

Board Sustainability & Risk Committee Report

The BSRC also oversaw preparations of the International Sustainability Standards Board (ISSB) standards adoption for sustainability disclosure. MHB actively participated in the MISC Group-wide adoption initiative, ensuring the Company is well prepared for its own disclosures in 2026.

In 2025, the BSRC endorsed MHB's Human Rights Policy for Board approval, reaffirming the Company's commitment to upholding internationally recognised human rights and complying with relevant laws across all operating jurisdictions.

Elements of the Sustainability Framework have been integrated into the Board's KPIs and the Company's Balanced Scorecard to ensure the effective and meaningful implementation of sustainability and ESG principles. This alignment reinforces the Company's commitment to embedding sustainability into its strategic objectives, driving accountability, and delivering long-term value for all stakeholders.

b. Enterprise Risk Management

Matters pertaining to risk management fall within the scope of BSRC. The BSRC acted as a sounding board to the Board of Directors and conducted a deep dive and challenged Management on risk matters. The BSRC reviewed, evaluated and made appropriate recommendations to the Board on the following matters:

- (i) Adequacy and effectiveness of MHB's Risk Management Framework and the on-going activities in managing risk including identifying, evaluating, monitoring, mitigating risks and reports on key strategic risks as well as project risks;
- (ii) Provide oversight, review and approve MHB's risk profile that reflects the strategic objectives, assess emerging risks, and ensure that key risks are identified, mitigated, and managed in alignment with the Company's risk appetite and strategic priorities;
- (iii) Review and provide recommendations on bid proposal and related decisions for high value projects in accordance with the MHB Group Limits of Authority (LOA) before submission to clients or escalation to the Board of Directors for further deliberation;
- (iv) Provide oversight, review and approve Risk Assessments in Decision-Making (RADM) conducted by Risk Management Department on business proposals and new initiatives; and
- (v) Any other matters as may be delegated by the Board

c. Project Risk Management

Ongoing monitoring of projects' key challenges is carried out by the BSRC throughout projects lifecycle, to ensure better identification and mitigation of project risks. The BSRC reviewed, evaluated and made appropriate recommendations on the following matters:

- (i) Project Risk Report
 - Conducted quarterly reviews of major project risks as presented in the Project Risk Reports
 - Key areas reviewed included:
 - project schedule
 - supply chain vulnerabilities
 - contractual and claims risk
 - technical execution challenge
 - risk mitigation
- (ii) Schedule Risk Analysis (SRA) for the key project
 - Evaluated the likelihood of projects meeting their milestone dates based on the SRA which quantifies the probable impact of specific key challenges towards meeting project schedule

d. Bids Submissions

The BSRC reviewed bid proposals to ensure that they were in the best interest of the Group and at a reasonable profit margin that commensurate with the project risks. The BSRC's recommendation was based on, amongst others, Management's confirmation that proper risk assessments had been carried out with mitigating factors identified, that the Group has the technical capabilities and competencies to meet potential technical challenges and that the financial position of the Group is adequate to undertake the projects.

During the year under review, the BSRC had reviewed, assessed and endorsed high-value bid submissions in accordance with the MHB Group LOA, ensuring:

- appropriate risk assessments were completed
- mitigating actions were identified
- technical capability and capacity were validated
- projected margin were reasonable relative to risk exposure

The BSRC's recommendations were based on thorough risk assessments conducted by Management, which identified mitigating factors and applied lessons learnt.

Statement by the Board

During the financial year, the Chairman was not involved in the deliberations of certain BSRC activities due to his recent appointment. These matters were reviewed by the other BSRC members, with the deliberations duly recorded in the BSRC minutes of meeting. Accordingly, the BSRC Report for FY2025 has been endorsed by the Chairman based on the Committee's collective review.

Sustainability & Risk Committee Report was made in accordance with a resolution of the Board of Directors duly passed on 12 March 2026.

MOHAMMAD SALMI ABDULLAH

Chairman
Board Sustainability & Risk Committee

Statement on Risk Management & Internal Control

MHB HAS A SOUND RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEMS IN PLACE TO ENSURE SMOOTH RUNNING OF OUR BUSINESS

MHB's Board of Directors (Board) is pleased to provide this Statement on Risk Management and Internal Control which outlines the nature and scope of the Group's risk management and internal controls for FY2025 that is in accordance with Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers 2025 and addresses the Intended Outcomes and Practices under Principle B (Effective Audit and Risk Management) of the Malaysian Code on Corporate Governance (MCCG).

ACCOUNTABILITY OF THE BOARD

The Board acknowledges the importance of maintaining a sound internal control system and a robust risk management practice for good corporate governance with the objective of safeguarding the shareholders' investment and the Group's assets.

The Group has established a process for identifying, evaluating, treating, monitoring and managing critical risks that may materially affect the achievement of our corporate objectives. The Board monitors the critical risks regularly.

The Board further affirms its overall responsibility for reviewing the adequacy and integrity of the Group's risk management and internal control systems. In discharging its responsibilities, the Board is supported by the MHB Board Sustainability and Risk Committee (BSRC) and Board Audit Committee (BAC) to oversee risk management and internal control systems during the financial year ended 31 December 2025.

The BSRC reviews, evaluates, reports and makes appropriate recommendations to the Board on the development, adequacy and effectiveness of the Group's risk management framework, policies, and processes whilst the adequacy and effectiveness of the Group's internal control systems fall under the purview of the BAC. For more information on the BAC's and BSRC's responsibilities, please refer to their respective reports on pages 223 to 226 (for the BAC) and pages 227 to 228 (for the BSRC) of this Integrated Annual Report.

During the year under review, the BSRC was further supported by the MHB Risk Council (RC) which comprises of members of the Management Committee (MC) and Head of Corporate Quality, Health, Safety, Security & Environment (CQHSSE), to reflect the prominence and focus by Management on the oversight of risk management for the Group. In ensuring that the Group's internal control systems are in place and effective in dealing with risks during the year under review, the BAC was supported by the MHB Internal Audit (IA) Division.

The Board, through the BSRC and the BAC, reviews the efficiency and effectiveness of the Group's risk management and internal control systems at appropriate intervals throughout the year. For the financial year under review, the Board has undertaken its assessment of the adequacy and effectiveness of the framework, informed by the assurance activities and oversight processes described in the succeeding sections. These inputs collectively support the Board's conclusion on the continued viability and robustness of the Group's risk management and internal control systems.

In view of the inherent limitations in any process and risks which cannot be eliminated completely, the Group has in place, risk management and internal control systems designed to mitigate rather than eliminate the risks that may impede the Group from achieving its objectives. Therefore, it can only provide a reasonable, but not an absolute assurance against material misstatements or losses or the occurrence of unforeseeable circumstances. Thus, the Board adopts a cost-benefit approach to ensure that the expected returns outweigh the cost of risk mitigation.

Statement on Risk Management & Internal Control

RISK GOVERNANCE STRUCTURE

MHB BOARD OF DIRECTORS (Board) Responsible for the overall effective oversight of MHB’s risk management system and activities.	
BOARD COMMITTEE LEVEL	MHB BOARD SUSTAINABILITY & RISK COMMITTEE (BSRC) <ul style="list-style-type: none"> • Provide guidance and oversight into MHB’s risk management activities • Review and endorse MHB’s risk profile • Deliberate risk assessment for high-impact business matters
MANAGEMENT LEVEL	MHB RISK COUNCIL (RC) <ul style="list-style-type: none"> • Ensure the implementation and effectiveness of MHB’s risk management practice • Provide a reasonable level of assurance to the BSRC that the Group’s risks are being managed appropriately
CUSTODIAN LEVEL	RISK MANAGEMENT DEPARTMENT (RMD) <ul style="list-style-type: none"> • Act as RC Secretariat • Review and monitor strategic risks, risk profile and related risk register that may affect the Group on quarterly basis • Custodian of Risk Policy, ERM Framework, and Guidelines
OPERATIONAL LEVEL	RISK OWNER (RO) <ul style="list-style-type: none"> • Implement risk management practice at respective units

The RC meets at least on a quarterly basis to assess and discuss risk management issues affecting MHB prior to deliberation at the BSRC and Board.

Statement on Risk Management & Internal Control

THREE LINES OF DEFENCE MODEL

Apart from the risk governance structure, our risk management practice is supported by the Three Lines of Defence Model that distinguishes the three groups that are involved in effective risk management.



RISK POLICY

The MHB Risk Policy reflects our commitment to fostering a risk-resilient organisation with a robust risk culture and ownership. It sets the framework for effective risk management, implements best practices and incorporates risk-based decision-making to protect and create value throughout the organisation. The policy has been adopted and communicated across the Group as follows:

1. MHB is committed to become a risk-resilient organisation.
2. MHB shall continuously strive to implement:
 - Risk management best practices to protect and create value within the set boundaries; and
 - Risk-based decision-making by providing a balanced and holistic view of exposures to achieve business objectives
3. Managing risk is everyone’s responsibility.

Statement on Risk Management & Internal Control

RISK MANAGEMENT AND RESILIENCY

MHB Resiliency Model comprises three core components, namely Enterprise Risk Management (ERM), Crisis Management (CM) and Business Continuity Management (BCM).

ERM

Enterprise Risk Management

ERM is a structured and holistic approach to identify, assess, treat and monitor risks. The aim is to REDUCE the likelihood and impact of all identified risks to enhance the organisation's ability to achieve our strategic objectives.

CM

Crisis Management

CM is a comprehensive set of processes that aims to prepare the organisation to RESPOND and manage crises in risk areas to protect and safeguard people, the environment, assets and reputation.

BCM

Business Continuity Management

BCM is a holistic management process that aims to build the capability of an organisation to RECOVER and continue delivery of products or services at acceptable predefined levels following a prolonged disruptive incident.

RISK APPETITE

MHB operates within the risk appetite framework established by the MISC Group. Risk appetite limits and tolerance levels are monitored and reported through the MISC Group's governance structure, with oversight exercised at the MISC Group level to ensure alignment with Group-wide risk management objectives.

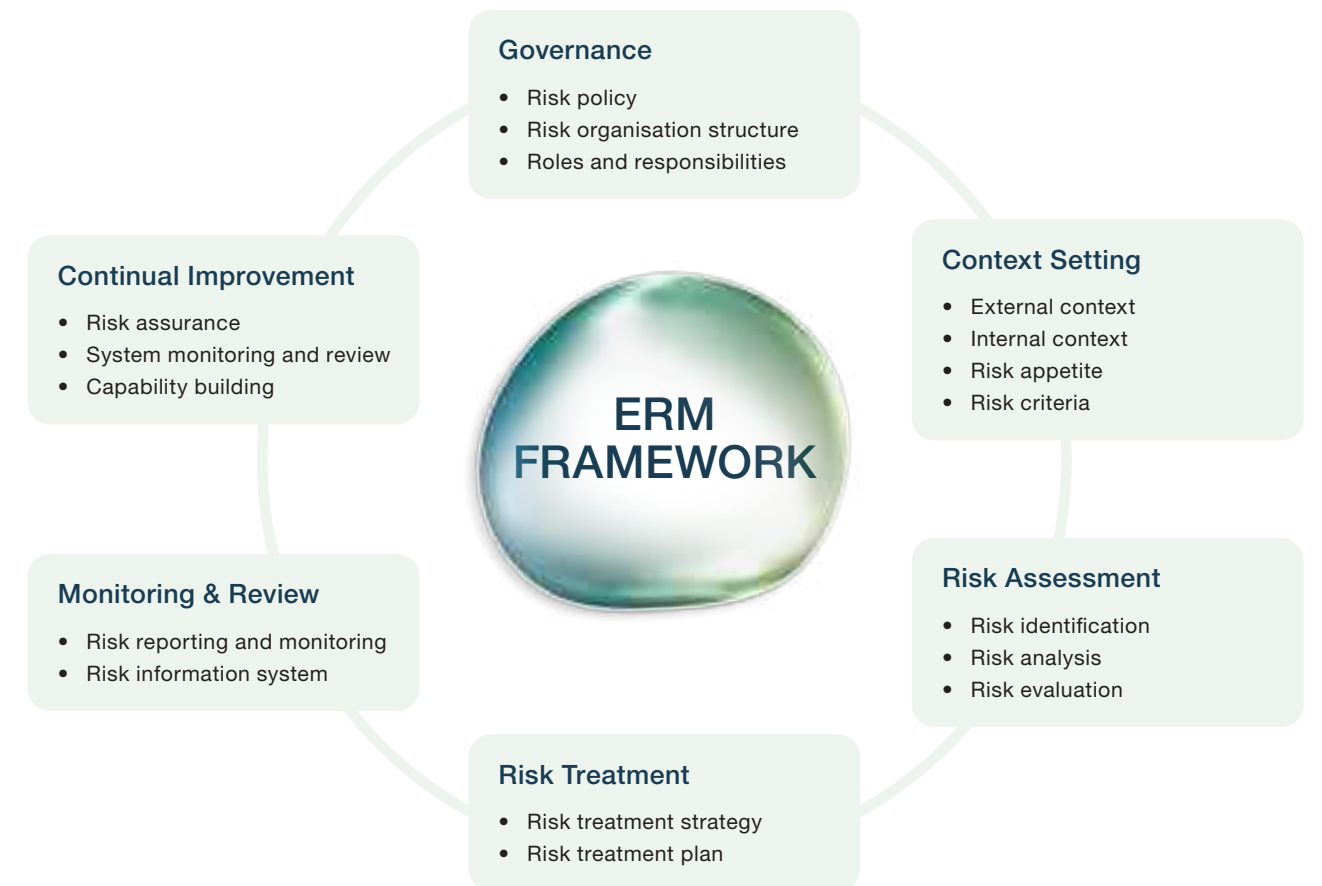
The MISC Group's Risk Appetite defines the acceptable level of risk and boundaries that the MISC Group is willing to assume in pursuit of its strategic and business objectives. It is demonstrated by way of Risk Appetite Statements which express the organisation's context for managing and taking risks. This is further supported by Risk Tolerances and Thresholds, which reflect the maximum risk that can be undertaken with a metric that can be measured and managed.

Statement on Risk Management & Internal Control

ENTERPRISE RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

MHB's risk management practices are guided by the MHB ERM Framework and the MHB ERM Guideline, which are adopted and adapted from the MISC ERM Framework and the MISC ERM Process Manual, respectively. These frameworks ensure risks are identified, evaluated, treated and managed across MHB. Our Framework and relevant guidelines are also aligned with the principles and guidelines of ISO 31000:2018.



ALIGNMENT TO THE STRATEGIC OBJECTIVES RISK ASSESSMENT AND TREATMENT

MHB has implemented risk management best practices through the adoption of an ERM Framework, which provides a consistent and structured approach to identifying, assessing, and managing risks in alignment with MHB's business plan and strategic priorities. Under this framework, MHB's Corporate Risk Profile (CRP) is developed and reviewed annually to identify critical and emerging risks that may impact the achievement of business objectives. The CRP encompasses strategic, operational, and sustainability risks, with risk assessments conducted at departmental and subsidiary levels before being consolidated and reviewed at the Group level to provide a holistic and comprehensive strategic overview.

Identified risks are assessed in terms of likelihood and magnitude of potential impact and mapped against the risk matrix. Each risk is assigned to a designated risk owner who is accountable for managing the risk, including the implementation of mitigation action plans and the monitoring and tracking of relevant Key Risk Indicators (KRIs).

Statement on Risk Management & Internal Control

REPORTING AND CONTINUOUS IMPROVEMENT

The status of the MHB CRP, including risk exposures, KRIs, and mitigation plans, is reviewed on a quarterly basis by the MHB RC and BSRC, ensuring timely escalation, informed decision-making, and effective risk management in support of the Group's initiatives and business objectives.

The implementation and effectiveness of risk management and internal control within MHB are continuously monitored, reviewed, and documented to promote a strong, effective, and sustainable ERM culture across the organisation.

RISK ASSESSMENT IN DECISION-MAKING (RADM)

In institutionalising risk-based decision making across MHB, the RADM Guideline sets out the requirement for strategic decision papers to be equipped with risk assessments to ensure that the decision makers make fully informed decisions. It aims to enhance the decision-making process through sufficient deliberation with a balanced view of the exposure associated with the decision.

The risk assessment facilitates the identification of potential threats, enables risk prioritisation and enhances preparedness by identifying relevant mitigations to address the risks. During the year, the RADM deliberation mainly related to risk assessment for new project bid and capital expenditure proposals.

PROJECT RISK ASSESSMENT (PRA)

Project risk management is governed by the Project Risk Management Guidelines. Risks are assessed at various stages of the project lifecycle to help project owners effectively manage and report risks. The pre-award project risk assessment includes several stages:

- 1 **PRA1**
An initial assessment of the project's viability.
- 2 **PRA2A**
A high-level assessment based on the project's potential.
- 3 **PRA2B**
A detailed risk assessment based on the project's Invitation To Tender (ITT) documents to identify and manage anticipated risks during execution.

The post-award project risk assessment includes:

- 4 **PRA3**
A detailed risk assessment to support project readiness during Engineering, Procurement and Construction (EPC) execution.
- 5 **PRA4**
A further detailed risk assessment that continues through project completion, loadout and any offshore campaign (if applicable).

Schedule Risk Assessment (SRA) is conducted during both pre- and post-award stages, incorporating potential risk events and the probable impact of key challenges to evaluate the likelihood of projects meeting their milestones. Furthermore, the Project Lessons Learnt (PLL) assessment is conducted to ensure continuous improvement in the overall planning, decision-making and performance of future projects.

These assessments are designed to effectively manage risks throughout the project lifecycle.

SUSTAINABILITY & CLIMATE-RELATED RISK

MHB's sustainability-related risks cover a broad range of risk exposures, with climate change representing one of our main risks. We recognise the importance of sustainability-related risks and the potential impacts of climate change on our business operations and services. Hence, we have developed and implemented our sustainability strategy, which comprises five key Sustainability Pillars (i.e., Financial, Environmental, Social, Governance and Stakeholder Engagement) to mitigate the sustainability-related risks and the potential impacts of climate change.

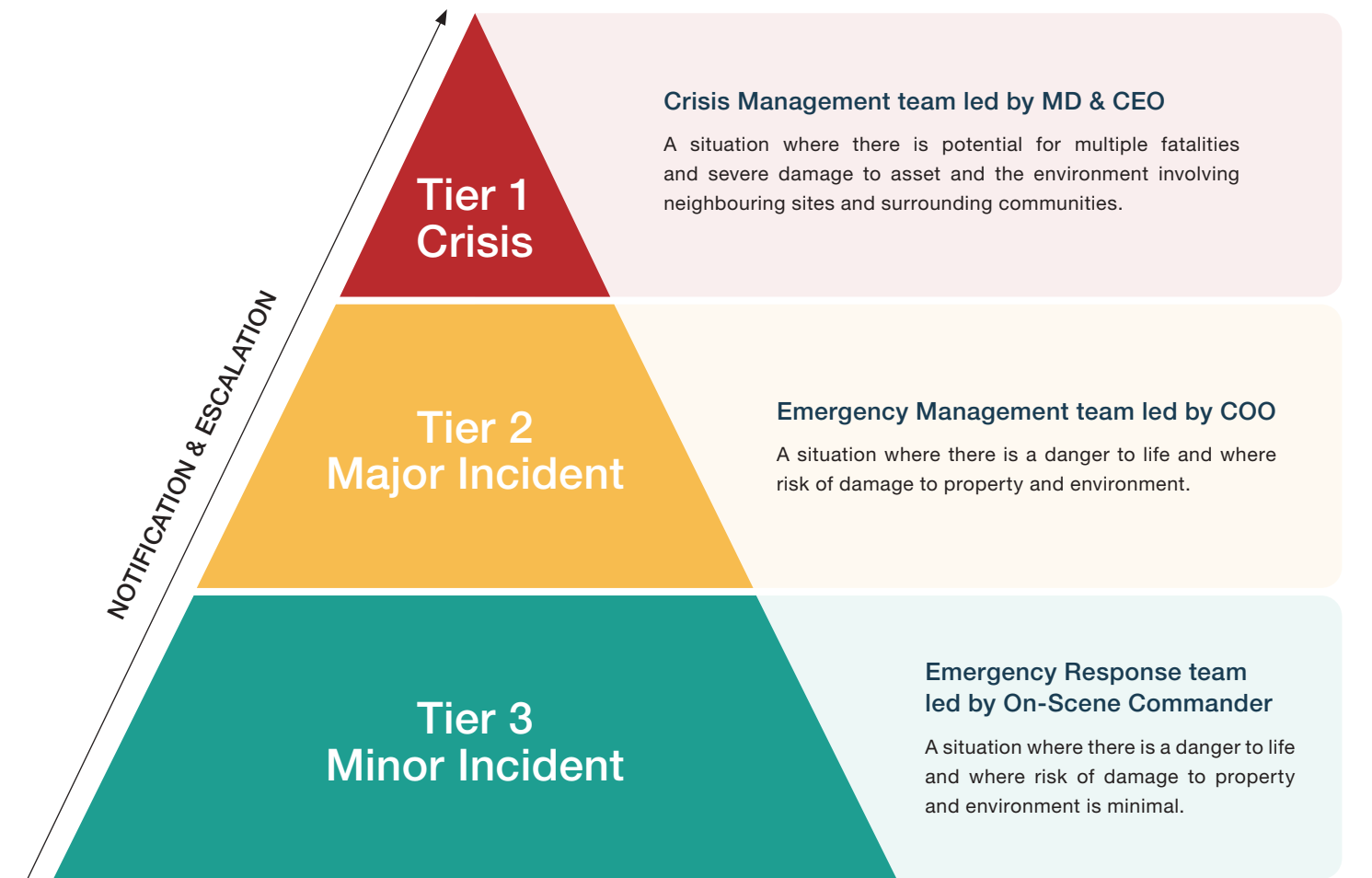
Sustainability and climate-related risks are managed in the same way as other business risks; they are embedded into MHB's overall risk management system. These risks are continually identified during the annual risk profiling workshop to align them with MHB's strategic direction. On a quarterly basis, the BSRC will oversee and deliberate on the identified risks and progress of their respective mitigation plans. By addressing these risks, MHB will be able to future-proof the business and demonstrate leadership in sustainability among its peers. Further information on MHB's approach towards sustainability is provided in the Sustainability Statement on pages 98 to 185 of the Integrated Annual Report and the Climate-Related Financial Risks and Opportunities section which can be found on pages 108 to 123 of the Sustainability Statement.

Statement on Risk Management & Internal Control

CRISIS MANAGEMENT

Crisis Management is a holistic and structured approach aimed at strengthening MHB Group's capability to anticipate, prepare, respond and manage crisis across all risk dimensions, namely: People, Environment, Asset, Reputation, Financial and Systems (PEARFS). MHB Crisis Management Plan (CMP) has been established to integrate the response plans in managing emergencies and crises from various risk exposures. The CMP defines the structure, roles, responsibilities, thresholds and processes to be used in the preparation and execution of a crisis response across MHB.

A three-tiered response system provides the clear demarcation of roles and responsibilities between emergency site management, business segment, crisis management and the relevant internal / external response agencies or authorities.

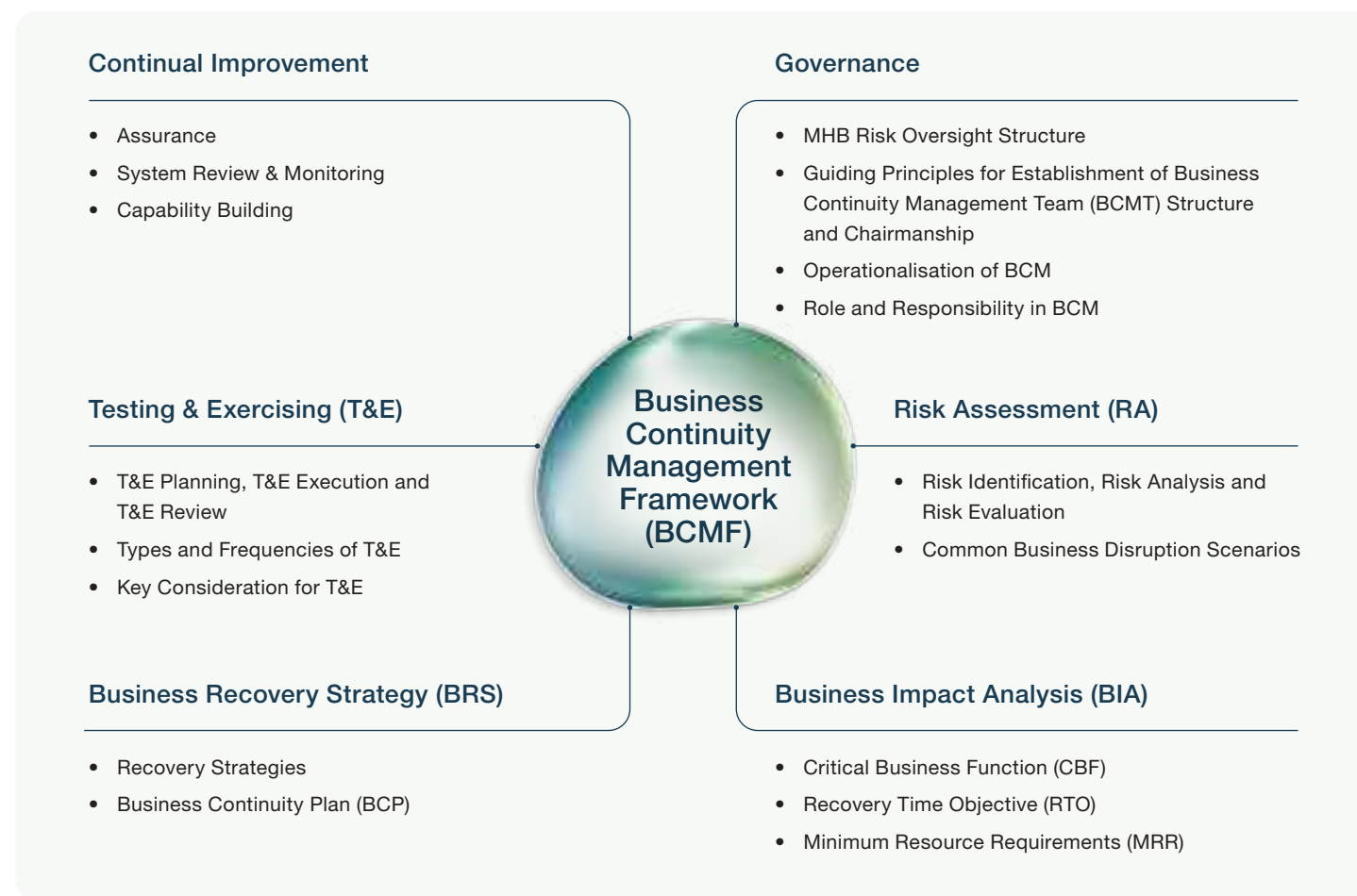


Statement on Risk Management & Internal Control

BUSINESS CONTINUITY MANAGEMENT

Business Continuity Management (BCM) is a structured process for developing and implementing strategies to ensure a business can maintain essential functions during and after disruptions, safeguarding resilience and minimising downtime. To support this, MHB Business Continuity Plan (BCP) aligns with the MISC Business

Continuity Management Framework (BCMF) which establishes clear expectations for consistent BCM practices across MHB Group. The BCMF provides a systematic approach and standardised practices for managing extended disruptions, ensuring the uninterrupted operation of MHB's business activities as illustrated in the diagram below:



Risks associated with BCM and potential business disruption scenarios are identified for evaluation to develop an effective and tailored business continuity plan.

The Business Impact Analysis (BIA), which identifies the CBFs and essential resources during extended disruptions, has been established and reviewed annually. This provides a thorough understanding of the recovery time objective and the minimum resources required to resume business operations.

MHB BCP is developed to provide clear guidance and comprehensive recovery strategies, ensuring the effective resumption of business operations during prolonged disruptions. The mitigation measures are structured to be adaptable to various disruption scenarios.

The whole process ensures a thorough risk assessment, analysis, and mitigations are aligned with any organisational changes that might occur as a result from extended disruption.

Statement on Risk Management & Internal Control

KEY PROCESS OF GROUP INTERNAL CONTROL SYSTEMS

The process of governing the effectiveness and integrity of the internal control systems was performed throughout the various areas as follows:

- The BAC is led by Mariah Mohamad Said, an Independent Non-Executive Director. The BAC operates in accordance with its terms of reference in ensuring that there are financial reporting integrity, effective financial risk monitoring, internal controls and corporate governance to provide the level of assurance required by the Board. The BAC reviews the related party transactions to ensure they are carried out on arm's length basis and reviews potential conflict of interest situations of all Board members and Key Senior Management on a quarterly basis and the measures identified to resolve, eliminate, or mitigate the conflict of interest in compliance with the MMLR. The BAC also recommends the re-appointment of external auditors and monitors their performance, independence and effectiveness.
- MHB's Internal Audit Division (IA) supports the BAC by providing an independent review of the adequacy of risk management, governance, as well as the efficiency and effectiveness of the internal control systems.

The authority, responsibilities and scope of work are defined in the approved Internal Audit Charter, which is aligned with the principles outlined in the Global Internal Audit Standards (GIAS) issued by The Institute of Internal Auditors (IIA). In performing its audit engagements, IA refers to the internal control framework and guidelines issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). COSO is an internationally recognised organisation providing guidance on internal control, enterprise risk management and governance.

To safeguard independence and objectivity, the Chief Internal Audit reports functionally to the BAC and administratively to the MD & CEO, with unrestricted access to records, systems and personnel as provided under the MHB Internal Audit Charter. The function is adequately resourced with qualified auditors, established audit procedures and digital audit tools, ensuring effective execution of its annual risk-based audit plan approved by the BAC. IA adopts the GIAS, COSO framework and IA's internal procedures and guidelines in conducting its audit activities.

Further information on the internal audit function is set out in the Statement of Internal Audit on pages 223 to 226 in the BAC Report of this Integrated Annual Report.

- Bid Approval Committee (BiAC), chaired by the MD & CEO, is responsible for ensuring various project-related risks were identified, evaluated and mitigated during the bidding stage by all stakeholders. The risk assessment activities included a review of the detailed Scope of Work as per Invitation to Bid requirement, proposed Contractual terms and conditions, deviations as well as proposed Commercial and Technical qualifications combined with identification of key risks and mitigation plans. BiAC will deliberate on the proposed bid approach method and negotiation strategy for the bid during the assessment. BiAC will also ensure the bid proposal is fair and reasonable and likely to allow the Group to make a reasonable profit margin commensurate with the project risks. All BiAC members are MC members. In the event that the value of the bid is above a certain threshold, the bid proposal is escalated to the BSRC and thereafter to the Board.
- Senior Management sets the tone for an effective control environment and work culture in the organisation through the Group's vision, mission and brand pillars developed to focus on the importance of our Shared Values:

Loyalty	Loyal to corporation
Integrity	Honest and upright
Professionalism	Strive for excellence
Cohesiveness	United, trust and respect for each other

The importance of these shared values is manifested in the adoption of the MHB Code of Conduct and Business Ethics (CoBE) applicable to every staff at all times. Staff are required to strictly adhere to CoBE when performing their duties and in their interface and engagements with external parties and stakeholders. At the same time, Management recognises the importance of leadership development in ensuring that the organisation has a continuous pipeline of strong and capable leaders in the future. The MHB Leadership Competencies and MHB Cultural Beliefs are strategically used to steer the actions and behaviours of our current and potential leaders towards the desired direction.

Statement on Risk Management & Internal Control

5. The MC is established to assist the MD & CEO in the day-to-day operations of the Group focusing on the execution of approved strategic, commercial and operational strategies which are tabled at the Board and to make appropriate recommendations to the Board towards achieving the Group's business objectives. The MC is chaired by the MD & CEO and comprises of his certain direct reports. The profile of the MC members including their academic / professional qualifications and past professional work experiences are detailed on pages 196 to 200 of this Integrated Annual Report.

The MC meets at least once every month with the participation of certain other key members of the Management as and when necessary to ensure a more robust and informed deliberation on specific subject matters.

The MC's main duty is to review the performance of the Group against targets, approved plans and budgets and to deliberate on any measures necessary to improve the Group's performance in line with the Group's vision and mission. During the period under review, the MC has reviewed certain aspects of the Group's business, operational and quality processes and identified several areas of improvement in order to mitigate and where possible, prevent issues that may impact the performance of the Group. The MC will continue to review, monitor, and track these improvement actions and undertake the necessary interventions to ensure their smooth and effective implementation. The MC also reviews, deliberates, endorses, and recommends all strategic, commercial and operational papers which are to be approved by the Board as well as the Group's standard operating procedures and guidelines.

6. Health, Safety and Environment Management Committee (HSE MC) chaired by the MD & CEO is responsible for setting the overall direction on Health, Safety and Environment (HSE) vision, mission, values, objectives, strategies, action plans, goals and resources; to continuously meet legal compliance, customer expectations, standards alignment and industry best practices. HSE MC also drives Value-Added Performance Measurements to ensure HSE risks are managed to As Low As Reasonably Practicable (ALARP) by carrying out mitigation programmes which are reviewed annually.

Every employee of MHB is obligated to work safely, to co-operate and act responsibly to prevent injury to himself / herself and to others, property damage as well as to the environment.

Our HSE objectives are of equal importance with our fundamental business objectives. In pursuance of this policy and in adherence to all legislative and other requirements with the commitment to achieve continuous improvement, MHB will endeavour to:

- Prevent all accidents, occupational diseases and fire
- Prevent damage to property, plant and equipment
- Protect and conserve the environment
- Implement a safe system of work
- Promote HSE awareness and provide training to MHB employees to achieve our HSE objectives
- Operationalisation consultation and participation of key stakeholders on relevant HSE aspects
- Regularly review our activities to eliminate hazards and reduce HSE risks
- Safeguard the relevant interests of the applicable interested parties
- Ensure that appropriate contingency measures are in place to deal with emergencies

HSE Internal Assurance Programme are carried out on the respective business segments, subsidiaries and selected contractors / service providers by Corporate QHSSE with the objective to verify, evaluate and review the HSE Management System (HSEMS) as well as operational activities. This is to ensure alignment with our policies, meets legal and regulatory requirements as well as industrial best practices.

Statement on Risk Management & Internal Control

7. Annual Quality Management Review (QMR), supported by periodic Quality Steering Committee (QSC) are established to demonstrate leadership and commitment to sustain, maintain, and continually improve the Quality Management System (QMS) throughout the Group. The Committee's duty is to review, deliberate, endorse, communicate and promote the following:

- Quality Policy, Quality Objectives, and Quality Management Plan
- Potential risk and opportunities for quality and process improvements throughout the Group
- Oversee the implementation of Quality Leading Indicators across the yards to strengthen and consistently enhance overall quality performance
- Essential resources to establish, implement, maintain and improve the QMS that significantly affect the Group's business operations
- Ensure the effective integration of QMS requirements into the Group's business processes, including adherence to compliance standards by subcontractors and vendors
- Monitor and evaluate the effectiveness of corrective actions implemented to address non-conformities and non-compliance issues, to minimise the recurrence
- Review and analyse customer satisfaction feedback and determine the necessary corrective actions to address identified issues and enhance customer satisfaction for future business opportunities

Both QMR and QSC are chaired by the MD & CEO and comprises of MC members to demonstrate their support and stewardship towards quality management commitment throughout the Group.

Quality Audit is part of the Quality Assurance program which is annually planned and carried out on selected divisions, core business segments, projects, and selected service providers or vendors. The audit may be led by Corporate Quality, Health, Safety, Security & Environment (CQHSSE), Operations Quality (OQ) or Supply Chain Management (SCM). The quality audit is conducted to verify the alignment of actual processes with the approved Quality Management System, policies, legal and regulatory requirements as well as project requirements.

In addition, a Price of Non-Comformance (PONC) Committee was established to address value leakages across business groups. Investigations are conducted by the PONC Investigation Team, and the findings are presented at the MC Meeting, and the BSRC Meeting. Lessons learned are disseminated throughout the group

via PONC roadshows and communication materials to inculcate awareness and ultimately achieving an optimal near-zero PONC level.

8. Security Department provides effective security control measures and enforces their implementation based on clear policies, procedures and frameworks, aiming to comply with and continuously monitor adherence to established local regulatory compliance standards as well as international security standards in accordance with the Group's business continuity requirements.

OTHER SIGNIFICANT ELEMENTS OF INTERNAL CONTROL SYSTEMS

1. The Board reviews quarterly reports from Management on key operating performance, legal, sustainability and regulatory matters. Financial performance is deliberated at the MC and tabled to the BAC and Board on a quarterly basis.

2. Limits of Authority (LOA) manual provides a sound framework of authority and accountability within the organisation and facilitates sound and timely corporate decision-making at the appropriate level in the organisation's hierarchy. The LOA is regularly reviewed and any revisions were deliberated and approved by the Board to ensure its continued relevance and effectiveness, taking into account ongoing business requirements.

3. The Group performs a comprehensive Annual Planning and Budgeting Exercise which involves the development of business strategies for the next five years up to 2030 to achieve the Group's vision and MHB30 target. The long-term strategies are supported by initiatives to be accomplished in the upcoming year and for effective implementation, the initiatives are tied to specific measurable indicators which are evaluated against the relevant business / service units and subsidiaries' deliverables. The Group's strategic directions are reviewed annually taking into account current progress levels and other indicators such as the latest development in the industry, changes in market conditions and significant business risks. In addition to this, the Group's business plan is translated into budgetary numbers for the next five years and presented to the Board for deliberation and approval. Key Performance Indicators, including financial targets are reviewed by the BNRC and the Board on a half-yearly basis.

4. Project Management Review Committee (PMRC) was established to monitor project monthly progress and performance including, but not limited to, the project schedule and cost performance. PMRC meets every month in the Project Management Review (PMR) meeting together with the Project Management Team (PMT) to review, deliberate, endorse and recommend actions and plans in addressing and mitigating project issues including project progress, change and foreseen project risks. PMRC discusses

Statement on Risk Management & Internal Control

in detail the project execution schedule, project cost report and monthly evolution of the project budget as well as recommends the control measures to ensure any foreseen schedule and cost overruns as well as key risks are mitigated. Potential opportunities arising from any change to the project are also discussed and strategies for change orders or cost recovery from client would be endorsed by PMRC.

This forum covers all disciplines and departments as an integrated joint effort function to mitigate any potential risk and focus on managing the potential impact on the overall project performance perspective. The frequency of the sitting is subject to the project progress status and the extent of intervention required to support the project.

5. The Group continues to implement the PETRONAS Financial Reporting Control (FRC) with regular updates. The principal objective is to enhance the quality of the Group's financial reports through a structured process in ensuring the adequacy and effectiveness of key internal controls operating at various levels within the Group at all times. FRC requires among others, documentation of process workflows, key controls, and remediation of control gaps as well as regular testing of control effectiveness.

On an annual basis, each key process owner at various management levels is required to review and report the adequacy and the effectiveness of the key internal controls and to sign off a Letter of Assurance on a yearly basis which provides confirmation of compliance with key internal controls for the areas of the business for which he / she is accountable.

To ensure the integrity of financial risk management, the Treasury and Investor Relations under the Finance, Information Technology and Risk Division continues to monitor and ensure effective and robust execution of financial risk management through the implementation of the MHB Financial Policy (the Policy), which was rolled out from the PETRONAS Financial Policy and MISC Financial Policy. The Policy anchors on MHB Group's commitment to become a financially resilient organisation. The Policy supports the following objectives.

- Sets the overarching philosophy on commitment towards becoming financially resilient for longer term sustainability through efficient capital and liquidity management principles
- Ensures efficient capital and liquidity management amidst challenging and volatile business landscape
- Sets clear tone in shaping financial management and financial risk management practices for the organisation
- Emphasises integration between Finance (Financial Management and Financial Risk Management) with businesses, to ensure business strategies integrate appropriate financial management and financial risk management consideration in the overall strategy

6. The Group continues to monitor debt covenants on its external borrowings on a quarterly basis, to ensure that they are observed and complied with.

7. The Group has adopted the PETRONAS and MISC Tax Policy which anchors on MHB Group's commitment to become a responsible taxpayer. This is achieved by complying in good faith with all applicable tax laws, regulations, guidelines, and international tax treaties as well as settling tax obligations when legally due, as company and employer; and maintaining cooperative working relationships with tax authorities. Adherence to this Policy is everyone's responsibility by referring all tax-related matters to the appropriate parties.

8. MHB Credit Committee (MCC) assumes an advisory role to MHB Management on matters pertaining to credit risk management and also proactively evaluates, reviews and monitors MHB's credit risk exposure, makes recommendations to the Management on appropriate credit risk mitigation actions to minimise credit risk exposure and to review specific customer accounts as well as overall credit performance. The MCC convenes every quarter, chaired by the Chief Financial Officer (CFO) and comprises selected members of the Management from different backgrounds to ensure robust quality of deliberation and review.

9. There is a clear procedure for investment appraisal for equity investment, divestment or major Capital Expenditure (CAPEX) / investments. For major CAPEX / investments, a specific review will be conducted by the Technical Review Committee (TRC), chaired by the Chief Operating Officer (COO) to deliberate the technical aspects and risks whilst the commercial feasibility of the CAPEX / investment will be deliberated by the Management during the Management Committee (MC) meeting before submission to the Board for approval. TRC also reviews, deliberates and endorses the annual CAPEX plan during the Annual Planning and Budget Exercise to ensure alignment to the Group's strategic priorities and key results areas.

10. The Contract Award Committee (CAC) is a corporate committee established to assist the Approving Authority (AA) in discharging his responsibilities, in deciding the Overall Contracting Strategies (OCS) for new projects, strategic procurement contracts, capital expenditure and variation orders exceeding certain thresholds. The CAC ensures that procurement costs align with the project budget under the OCS framework, and are conducted in compliance with the internal policies. The contracting strategy and contractual requirements are implemented effectively, transparently, and fairly, ensuring the best interests of the Company, value-for-money and optimal deals before engaging in actual procurement activities.

Statement on Risk Management & Internal Control

11. The major HR risk management and internal control for 2025 is on MHB Organisational Development (OD) initiatives implemented to strengthen leadership governance, workforce planning, and people management processes. These initiatives reduced people and operational risks through clearer accountability, optimised organisational manning, improved compensation and benefits to support employee retention and well-being, and effective employee and industrial relations management, resulting in zero disputes during the year.

Internal controls and risk management are further enhanced with establishment of People Development Committee (PDC) to drive and manage talent development, successions planning, leadership and functional skills development, and performance management in the company.

Talent development and succession risks are managed through a structured governance framework which includes mitigating key person dependency by identifying and preparing potential successors for critical roles based on defined criteria with regular talent reviews ensure readiness and continuity. In addition, the Functional Competency Framework provides a consistent approach to assessing and developing employee capabilities, helping to mitigate operational risks arising from skills gaps.

Additionally, the Performance Management System incorporates both performance and behavioural indicators; to identify competency gaps among employees which we addressed through structured development plans that are monitored for timely implementation, ensuring employees are able to meet role requirements and reducing the risk of underperformance.

Collectively, the Human Resource governance and structured Performance Management System, Succession Planning framework, and Functional and Leadership Competency Management demonstrate the Group's strong internal control environment and commitment to managing human capital risks in support of sustainable business performance and long-term leadership continuity.

12. The Whistleblowing Committee (WBC) plays a vital role in supporting the Group's governance and internal control framework by overseeing the Anti-Bribery and Corruption (ABC) policy and Whistleblowing mechanism. Chaired by the CFO, the WBC comprises selected members of the MC with relevant expertise. The WBC deliberates on whistleblowing cases reported through the Whistleblowing Secretariat or other channels, ensuring that such matters are addressed appropriately and in alignment with the Group's policies. It also oversees the implementation of the ABC Policy to ensure compliance with regulatory requirements, legislation and adherence to the CoBE and ABC Manual. Recommendations from the WBC are presented to the BAC, the Governing body which is responsible for the Group's Anti-Bribery Management System (ABMS) initiatives, thereby reinforcing

governance and internal controls. Whistleblowing complaints against a member of Senior Management bypass the WBC and are directly escalated to the BAC to ensure independent and unbiased investigations.

13. The MHB Information Technology Steering Committee (ITSC) ensures that the IT strategic plan aligns with the organisation's business strategy. The ITSC ensures the alignment of all IT initiatives across the organisation, reviews major IT projects, prioritises IT activities, and recommends significant IT investments. It also evaluates and endorses major IT initiatives and IT strategic plans for approval. Chaired by the CFO, the committee includes selected MHB Management and meets quarterly or as needed.

In response to increasing cybersecurity threats, MHB IT has identified this as a key emerging risk and implemented necessary mitigation actions and controls. These include comprehensive programmes covering user awareness, cybersecurity management processes, and upgrading technologies. MHB IT has successfully achieved ISO / IEC 27001:2022 certification and implemented the Information Security Management System (ISMS).

Cybersecurity risks are being addressed through the adoption of the following strategies:

- Cybersecurity Governance - Outlines the policies and procedures, specifying the cybersecurity control standards
- Cybersecurity Risk Management - Regular assessments on IT facilities are conducted to identify changes in risk profiles and ensure continuous improvement
- Cybersecurity Culture - Formal and structured cybersecurity campaigns and awareness programmes are conducted continuously. Ongoing cybersecurity announcements are done to provide security alerts and updates of cybersecurity incidents in developing a security culture where everyone understands that cybersecurity is everyone's responsibility
- Cybersecurity Technology - Continuously adopts proven and cost-effective technology solutions in detecting and preventing cyber-attacks, as well as responding and recovering from cyber-attacks

14. The Group is committed to uphold the principles of Human Rights in all areas of operations while complying with CoBE and all applicable local and international laws and regulations. The Corporate Sustainability Unit, in collaboration with the Legal, Corporate Secretariat and Compliance Division, Supply Chain Management, CQHSSE, Human Resource and other relevant functions are responsible to identify and address any Human Rights issues and their impacts to the Group's operations by carrying out risk assessments and due diligence, developing relevant policies as well as proposing remedial actions to mitigate any identified risks.

Statement on Risk Management & Internal Control

15. The internal control systems over the Group's joint ventures consists of the Group's effective representation on the Board of the respective joint ventures, the placement of management staff as key employees of the joint ventures, and regular review of management accounts and inquiries thereon. These measures provide the Board with information for timely decision-making on the performance of the Group's investments in the joint ventures. The Group's representatives on the joint venture Board and on the management team are responsible for escalating any critical issues to the Board for further review and intervention as and when necessary.

AFFIRMATION BY THE BOARD

The Board acknowledges its responsibility for maintaining a sound risk management and internal control framework and continuously reviews the adequacy and effectiveness of the Group's systems. In discharging this responsibility, the Board considered multiple layers of assurances across both financial and non-financial risk areas covering the Group's principal operations, excluding joint ventures and associates.

In forming its view, the Board evaluated the credibility and sufficiency of the assurance provided by the MD & CEO and the CFO and considered the assurance mechanisms outlined in the preceding sections, including but not limited to quarterly reporting and oversight by the BSRC and BAC, internal audit reviews, risk and compliance attestations, self-assessments, and the independent review performed by the external auditors. The assurance scope encompassed operational, CQHSSE, cybersecurity, financial reporting, as well as legal and regulatory compliance controls, encompassing the full financial year ended 31 December 2025 up to the date of this Statement. Based on these inputs, the Board concludes that the risk management and internal control systems of the Company and its subsidiaries for the year under review and up to the date of approval of this Statement, are functioning adequately and effectively in all material respects.

During the financial year under review, there was no significant control failure or weakness that would result in material losses, contingencies or uncertainties requiring separate disclosure in this Integrated Annual Report.

REVIEW BY EXTERNAL AUDITORS

The external auditors, Messrs Ernst & Young, have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2025, in compliance with paragraph 15.23 of the Listing Requirements in accordance with guidelines issued by the Malaysian Institute of Accountants, and reported to the Board that nothing has come to their attention to cause them to believe that the statement intended to be included in the annual report is not prepared, in all material respects, in accordance with disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or that the statement is factually inaccurate.

CONCLUSION

For the financial year under review, based on the inquiry, information and assurance provided, the Board is satisfied that internal control systems were generally satisfactory. Measures would continuously be taken to ensure ongoing adequacy and effectiveness of internal controls, and to safeguard the Group's assets and shareholders' investment.

This statement is made in accordance with the resolution of the Board of Directors dated 12 March 2026.

Statement of Director's Responsibility

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance with MFRS Accounting Standards as issued by Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2025 and of their financial performance and cash flows for the financial year then ended.

In the preparation of the annual audited financial statements of the Group and of the Company for the financial year ended 31 December 2025, the directors have ensured that:

- the financial statements complied in accordance with MFRS Accounting Standards as issued by Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2016 in Malaysia;
- appropriate and relevant accounting policies were adopted and consistently applied;
- reasonable and prudent estimates and judgements were made; and
- the going concern basis was adopted

The directors are responsible for ensuring that the Group and the Company keep accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company.

The directors have the overall responsibility for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

Additional Compliance Information

The following information is provided in accordance with Paragraph 9.25 of the MMLR of Bursa Securities as set out in Appendix 9C thereto.

Corporate Proposals

There were no corporate proposals during the financial year ended 31 December 2025.

Material Contracts

There were no material contracts entered into or subsisting between the Company and its Directors or major shareholders during the financial year except as disclosed in the audited financial statements of this Integrated Annual Report.

Audit and Non-Audit Fees

The amount of audit fees payable to the external auditors, Messrs Ernst & Young PLT (EY), for services rendered to the Group and the Company for the financial year ended 31 December 2025 amounted to RM419,000 and RM23,000, respectively. The amount of non-audit fees paid or payable to external auditors, EY and their affiliated Companies for the services rendered to the Group and the Company for the financial year ended 31 December 2025 amounted to RM74,000 and RM31,000, respectively.

Disclosure of Financial Data for Shariah Screening

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(a) Group Total Income and Total Assets

Total Income	Remarks	Group	
		2025 RM'000	2024 RM'000
Revenue		1,976,263	3,608,561
Interest / Finance income		13,633	10,555
Other income		31,235	51,569
Total		2,021,131	3,670,685
Total Assets		3,132,947	3,530,512

(b) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025 RM'000	2024 RM'000
Interest income	Conventional	2,756	4,403
Banking & finance and related services	Fair value gain on derivatives	-	32,780
Total		2,756	37,183

(c) Component of Financial Position

(i) Cash Component

Islamic Account / Instruments	Remarks	Group	
		2025 RM'000	2024 RM'000
Cash at bank		165,776	290,788
Deposits with licensed bank		167,152	-
Other cash equivalents	Petty Cash	55	68
Total Cash		332,983	290,856

Disclosure of Financial Data for Shariah Screening

(c) Component of Financial Position (cont'd.)

(i) Cash Component (cont'd.)

Conventional Account / Instruments	Remarks	Group	
		2025 RM'000	2024 RM'000
Cash at bank		62,385	47,792
Deposits with licensed bank		62,665	118,943
Total Cash		125,050	166,735

(ii) Debt Component

Islamic Financing	Remarks	Group	
		2025 RM'000	2024 RM'000
Current			
Term loans	Tawarruq financing facility	40,936	39,303
Non-Current			
Term loans	Tawarruq financing facility	181,014	221,949
Total Financing		221,950	261,252

Conventional Borrowing	Remarks	Group	
		2025 RM'000	2024 RM'000
Current			
Revolving credit and loans		30,000	-
Total Debt		30,000	-

Audited Financial Statements



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Directors' Report

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 and joint ventures are described in Notes 13 and 14 to the financial statements respectively. There have been no significant changes in the nature of the principal activities during the financial year.

Holding companies

The immediate and ultimate holding companies of the Company are MISC Berhad and Petroliaam Nasional Berhad (PETRONAS), both of which are incorporated and domiciled in Malaysia. The immediate holding company is listed on Bursa Malaysia.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 13 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit / (loss) for the year	102,789	(26,457)
Profit / (loss) attributable to:		
Equity holders of the Company	102,856	(26,457)
Non-controlling interests	(67)	-
	102,789	(26,457)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the financial statements.

Dividends

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

Directors' Report

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Mohammad Suhaimi bin Mohd Yasin	
Mohd Nazir bin Mohd Nor	
Raja Azlan Shah bin Raja Azwa	
Mariah binti Mohamad Said	
Azhar bin Noordin	
Shamsul Bahar bin Ahamad Zainal Badri	
Zahid bin Osman	
Mohammad Salmi bin Abdullah	Appointed on 14 November 2025
Puspa Hanita binti Abd. Aziz	Appointed on 18 December 2025
Wan Yusoff bin Wan Hamat	Resigned on 12 September 2025
Keith Taylor	Resigned on 14 November 2025

Further to those serving as directors of the Company, the names of directors of the Company's subsidiaries since the beginning of the financial year to the date of this report are as follows:

Hisham bin Haron
 Mohammad Romzi bin Shafi'e
 Muhtar bin Suhaili

Reserves and provisions

There were no material movements to and from reserves and provisions during the year other than as disclosed in the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	1 January 2025 / date of appointment	Acquired	Sold	31 December 2025
The Company				
- Malaysia Marine and Heavy Engineering Holdings Berhad				
Direct				
Mohammad Salmi bin Abdullah	15,000	-	-	15,000

Directors' Report

Directors' Interests (cont'd.)

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares of the Company and its related corporations during the financial year were as follows: (cont'd)

	Number of ordinary shares			
	1 January 2025	Acquired	Sold	31 December 2025
Fellow subsidiary				
- PETRONAS Gas Berhad				
Indirect				
Shamsul Bahar bin Ahamad Zainal Badri	2,000	-	-	2,000

	Number of ordinary shares			
	1 January 2025	Acquired	Sold	31 December 2025
Fellow subsidiary				
- PETRONAS Chemicals Group Berhad				
Direct				
Mohammad Suhaimi bin Mohd Yasin	6,000	-	-	6,000
Mohd Nazir bin Mohd Nor	6,000	-	-	6,000
Shamsul Bahar bin Ahamad Zainal Badri	6,000	-	-	6,000
Indirect				
Shamsul Bahar bin Ahamad Zainal Badri	6,000	-	-	6,000

None of the other directors holding office on 31 December 2025 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no director of the Company has received nor become entitled to receive any benefit (other than the benefits included in the aggregate amount of remunerations received or due and receivable by the Directors or fixed salary of full-time employees of the Company and other related companies as disclosed in Note 8 to the financial statements) by reason of a contract made by the Company or a related company with any 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.

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquiring shares in or debentures of the Company or any other body corporate.

Indemnity and insurance costs

During the financial year, PETRONAS and its subsidiaries (hereinafter referred to as "PETRONAS Group"), including the Company, maintained a Directors' and Officers' Liability Insurance in accordance with Section 289 of the Companies Act 2016. The total insured limit for the Directors and Officers Liability Insurance effected for the Directors and Officers of the PETRONAS Group is RM1,290 million (2024: RM1,290 million) per occurrence and in aggregate. The insurance premium for the Group is RM2,650 (2024: RM2,650).

The Directors and Officers shall not be indemnified by such insurance for any negligence, fraud, intentional breach of law or breach of trust proven against them.

Directors' Report

Other statutory information

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that there are no bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- it necessary to write off any bad debts, or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances, 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.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- notwithstanding the Group's current liabilities exceeded its current assets for the financial year ended 31 December 2025, the Directors are confident that the Group will be able to meet their obligation as and when they fall due based on the various factors disclosed in Note 2.1 to the financial statements; and
 - no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

Details of significant event are disclosed in Note 31 to the financial statements.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and the Company during the year is RM418,900 and RM22,900 respectively.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 February 2026.

Mohammad Suhaimi bin Mohd Yasin

Mohd Nazir bin Mohd Nor

Statement by Directors

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

We, Mohammad Suhaimi bin Mohd Yasin and Mohd Nazir bin Mohd Nor, being two of the directors of Malaysia Marine and Heavy Engineering Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 247 to 341 are drawn up in accordance with MFRS Accounting Standards, 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 21 February 2026.

Mohammad Suhaimi bin Mohd Yasin

Mohd Nazir bin Mohd Nor

Statutory Declaration

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

I, Mohammad Romzi bin Shafi'e, being the officer primarily responsible for the financial management of Malaysia Marine and Heavy Engineering Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 247 to 341 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
Mohammad Romzi bin Shafi'e at Kuala Lumpur in the
Federal Territory on 21 February 2026.

Mohammad Romzi bin Shafi'e
(MIA membership number: 43618)

Before me,

Independent Auditors' Report

to the members of Malaysia Marine and Heavy Engineering Holdings Berhad (Incorporated in Malaysia)

Opinion

We have audited the financial statements of Malaysia Marine and Heavy Engineering Holdings Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 247 to 341.

In our opinion, the accompanying financial statements 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 their cash flows for the year then ended in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Independent Auditors' Report

to the members of Malaysia Marine and Heavy Engineering Holdings Berhad (Incorporated in Malaysia)

Key audit matters (cont'd.)

Key audit matters	How we addressed the key audit matters
<p>Impairment of non-current assets (Refer to Note 11 – Property, plant and equipment and Note 12 - Right-of-use assets)</p> <p>The Group is required to perform an impairment test on cash generating unit (CGU) whenever there is an indication that the CGU may be impaired.</p> <p>The carrying amount of the Group's net assets exceeded its market capitalisation, thereby indicating potential impairment of the Group's property, plant and equipment and right-of-use assets.</p> <p>Accordingly, the Group estimated the recoverable amount of the property, plant and equipment and right-of-use assets using the value-in-use method based on cash flow projections derived from budgets approved by the Board covering a five-year period and a terminal value. Estimating the value-in-use involves estimating the future cash inflows and outflows and discounting them at an appropriate discount rate.</p> <p>This impairment review was significant to our audit because the assessment process was complex and was based on assumptions that were highly judgemental.</p>	<p>Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group, in particular those relating to the discount rate and projected cash flows including terminal value for the CGU.</p> <p>The areas that involved significant audit effort and judgement were the assessment of the probability of securing future revenue contracts, possible variations in the amount and timing of cash flows and the determination of an appropriate discount rate.</p> <p>Our procedures to assess management's impairment testing included the following:</p> <ol style="list-style-type: none"> obtained an understanding of the relevant internal control over estimating the recoverable amount of the CGU; enquired with business development teams to obtain an understanding of the status of negotiations and the likelihood of securing revenue contracts, for contracts above our testing threshold, including timing of commencement and expected value of those contracts; evaluated the reasonableness of the estimated profits to be derived from those revenue contracts above our testing threshold by comparing the estimated margins with the historical margins realised by the Group in the recent years; assessed, with the involvement of our internal valuation specialist the appropriateness of methodology and approach applied and the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the CGU; assessed the reasonableness of management's projections based on comparison between actual and past budgeted financials; evaluated management's estimated replacement of capital expenditure by considering the historical replacement cycle and costs incurred; and evaluated the reasonableness of the terminal value and growth rate of the expected cash flows. <p>In addition, we also evaluated the adequacy of the Group's disclosures of each key assumption on which the Group has based its cash flow projections and to which the CGU's recoverable amount is most sensitive, as disclosed in Note 11 to the financial statements.</p>

Independent Auditors' Report

to the members of Malaysia Marine and Heavy Engineering Holdings Berhad (Incorporated in Malaysia)

Key audit matters (cont'd.)

Key audit matters	How we addressed the key audit matters
<p>Recognition of revenue and cost of construction and marine projects (Refer to Note 4 - Revenue and Note 18 - Contract assets / (liabilities))</p> <p>The Group's revenues and profits are derived from long-term construction and short-term marine projects.</p> <p>The Group uses the percentage-of-completion (POC) method in accounting for revenue recognition. The stage of completion is measured by reference to the physical completion of the contracts.</p> <p>The Group considered the accuracy and completeness of its estimated costs to complete in the total estimated project costs. It involved appropriately identifying, estimating and providing for contracts with foreseeable losses. The costs to complete can vary with market conditions and unforeseen events during the contract period.</p> <p>We focused on this area because management applies significant judgement in determining the stage of physical completion to recognise revenue and in estimating total estimated project costs.</p>	<p>In addressing this area of audit focus, we obtained an understanding of the relevant internal controls over the accuracy and timing of revenue and cost recognised in the financial statements, including controls performed by the management in estimating total project costs and profit margin of projects and determining the POC of projects.</p> <p>In addition, we also performed the following:</p> <ol style="list-style-type: none"> read key contracts to obtain an understanding of the specific terms and conditions; agreed contract revenue to the original signed customer contracts and / or evaluated assumptions applied in recognising change orders; reviewed management meeting minutes to obtain an understanding of the performance and status for the projects that are above our testing threshold; reviewed management's budgeted project costs to ensure adequacy of costs to complete; assessed the reasonableness of inputs used in the determination of POC based on supporting evidence such as engineers' reports, delivery orders or signed progress reports by third party and test the underlying calculations on the POC; assessed the adequacy of provision for foreseeable losses and warranty made for ongoing contracts, where applicable; considered the historical accuracy of management's budgeted project margins in assessing the reasonableness of estimated margins of similar projects; assessed and ensured that actual project costs including foreseeable losses were appropriately accrued and supported by documentary evidence, such as work completion reports and material acceptance certificates, which represent activities performed to date; reperformed the calculations of the revenue based on the POC method and where applicable, considered the implications of any changes in estimates; and evaluated the presentation and disclosures of construction contracts in the financial statements, including material accounting policy information.

Independent Auditors' Report

to the members of Malaysia Marine and Heavy Engineering Holdings Berhad (Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

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 objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

Independent Auditors' Report

to the members of Malaysia Marine and Heavy Engineering Holdings Berhad (Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF:0039
Chartered Accountants

Kuala Lumpur, Malaysia
21 February 2026

Lai Nai Ting
No. 03677/07/2026 J
Chartered Accountant

Statements of Comprehensive Income

For the financial year ended 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	4	1,976,263	3,608,561	-	-
Cost of sales		(1,611,348)	(3,176,770)	-	-
Gross profit		364,915	431,791	-	-
Other operating income	5	44,868	62,124	649	971
Selling and distribution expenses		(1,354)	(1,115)	(20)	(34)
Administrative expenses		(219,238)	(271,991)	(26,530)	(8,206)
Other operating expenses		(73,195)	(79,765)	(235)	(143)
Finance costs		(11,478)	(17,776)	(321)	(348)
Profit / (loss) before taxation	6	104,518	123,268	(26,457)	(7,760)
Taxation	9	(1,729)	(2,242)	-	-
Profit / (loss) for the year		102,789	121,026	(26,457)	(7,760)
Other comprehensive income / (loss):					
Items that may be reclassified subsequently to profit or loss					
Fair value gain / (loss) on cash flow hedges	21	6,451	(8,010)	-	-
Total comprehensive income / (loss) for the year		109,240	113,016	(26,457)	(7,760)
Profit / (loss) attributable to:					
Equity holders of the Company		102,856	120,996	(26,457)	(7,760)
Non-controlling interests		(67)	30	-	-
		102,789	121,026	(26,457)	(7,760)
Total comprehensive income / (loss) attributable to:					
Equity holders of the Company		109,307	112,986	(26,457)	(7,760)
Non-controlling interests		(67)	30	-	-
		109,240	113,016	(26,457)	(7,760)

	Note	Group	
		2025	2024
Profits per share attributable to equity holders of the Company (sen per share)			
Basic	10	6.43	7.56
Diluted	10	6.43	7.56

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	1,627,047	1,534,988	-	-
Right-of-use assets	12	179,653	187,480	6,145	6,483
Investment in subsidiaries	13	-	-	1,608,205	1,608,205
Investment in joint ventures	14	57	57	-	-
Deferred tax assets	16	94,233	94,047	-	-
		1,901,290	1,816,572	1,614,350	1,614,688
Current assets					
Inventories, at cost		3,314	2,637	-	-
Trade and other receivables	17	182,147	284,360	2,868	2,726
Contract assets	18	588,060	969,352	-	-
Tax recoverable		103	-	-	-
Cash and bank balances	19	458,033	457,591	13,565	24,304
		1,231,657	1,713,940	16,433	27,030
Total assets		3,132,947	3,530,512	1,630,783	1,641,718
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	20	1,618,263	1,618,263	1,618,263	1,618,263
Cash flow hedge reserve	21	(1,234)	(7,685)	-	-
(Accumulated losses) / retained earnings		(128,205)	(231,061)	(21,431)	5,026
		1,488,824	1,379,517	1,596,832	1,623,289
Non-controlling interests		772	839	-	-
Total equity		1,489,596	1,380,356	1,596,832	1,623,289

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2025 (cont'd.)

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Liabilities					
Non-current liabilities					
Borrowings	23	181,014	221,949	-	-
Lease Liabilities	12	6,211	6,479	6,211	6,445
		187,225	228,428	6,211	6,445
Current liabilities					
Trade and other payables	22	1,274,715	1,723,515	27,117	11,389
Contract liabilities	18	108,579	156,409	-	-
Lease liabilities	12	657	753	623	595
Borrowings	23	70,936	39,303	-	-
Derivatives	25	1,239	1,278	-	-
Provision for tax		-	470	-	-
		1,456,126	1,921,728	27,740	11,984
Total liabilities		1,643,351	2,150,156	33,951	18,429
Total equity and liabilities		3,132,947	3,530,512	1,630,783	1,641,718

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2025

	Attributable to equity holders of the Company					Non-controlling interests RM'000	Total equity RM'000
	Share capital (Note 20) RM'000	Accumulated losses RM'000	Cash flow hedge reserve (Note 21) RM'000	Total RM'000			
At 1 January 2025	1,618,263	(231,061)	(7,685)	1,379,517	839	1,380,356	
Total comprehensive income	-	102,856	6,451	109,307	(67)	109,240	
At 31 December 2025	1,618,263	(128,205)	(1,234)	1,488,824	772	1,489,596	
At 1 January 2024	1,618,263	(352,057)	325	1,266,531	809	1,267,340	
Total comprehensive income	-	120,996	(8,010)	112,986	30	113,016	
At 31 December 2024	1,618,263	(231,061)	(7,685)	1,379,517	839	1,380,356	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

For the financial year ended 31 December 2025

	Share capital (Note 20) RM'000	(Accumulated losses) / distributable retained earnings RM'000	Total equity RM'000
At 1 January 2025	1,618,263	5,026	1,623,289
Total comprehensive loss	-	(26,457)	(26,457)
At 31 December 2025	1,618,263	(21,431)	1,596,832
At 1 January 2024	1,618,263	12,786	1,631,049
Total comprehensive loss	-	(7,760)	(7,760)
At 31 December 2024	1,618,263	5,026	1,623,289

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2025

	Group	
	2025 RM'000	2024 RM'000
Cash flows from operating activities		
Profit before taxation	104,518	123,268
Adjustments for:		
Property, plant and equipment		
- Depreciation	72,800	70,317
- Write-offs	50	14,287
Right-of-use assets		
- Depreciation	7,865	7,877
Net loss on lease modifications	72	-
Net reversal for impairment loss of trade and other receivables	(1,877)	(1,302)
Interest income		
- Deposits with licensed banks	(13,633)	(10,555)
Interest expense	11,478	17,776
Changes in fair value of hedging derivatives	6,412	(32,780)
Net unrealised loss on foreign exchange	11,205	5,521
Net change in provisions	(6,741)	43,394
Operating profit before working capital changes	192,149	237,803
Inventories	(677)	178
Trade and other receivables, and contract assets	473,905	33,091
Trade and other payables, and contract liabilities	(490,238)	(145,221)
Cash generated from operations	175,139	125,851
Tax paid	(2,488)	(1,724)
Net cash generated from operating activities	172,651	124,127
Cash flows from investing activities		
Purchase of property, plant and equipment	(164,909)	(111,894)
Interest income from deposits with licensed banks	13,633	10,555
Proceeds from voluntary liquidation of a joint venture	-	1,459
Net cash used in investing activities	(151,276)	(99,880)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2025 (cont'd.)

	Group	
	2025 RM'000	2024 RM'000
Cash flows from financing activities		
Drawdown of revolving credit	205,000	244,000
Repayment of revolving credit	(175,000)	(312,000)
Interest paid on revolving credit	(766)	(5,283)
Repayment of principal on term loan	(39,302)	(37,718)
Interest paid on term loan	(10,041)	(12,135)
Payment of lease liabilities	(1,096)	(1,091)
Net cash used in financing activities	(21,205)	(124,227)
Net change in cash and cash equivalents	170	(99,980)
Cash and cash equivalents at beginning of the year	445,409	545,389
Cash and cash equivalents at end of the year	445,579	445,409
Cash and cash equivalents at the end of the year comprise the following:		
Cash at banks and in hand (Note 19)	74,917	217,412
IFSSC bank balance (Note 19)	153,299	121,236
Deposits with licensed banks (Note 19)	229,817	118,943
	458,033	457,591
Less: Cash pledged with the bank - restricted	(12,454)	(12,182)
	445,579	445,409

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2025 (cont'd.)

Changes in liabilities arising from financing activities:

	Group		Total RM'000
	Borrowings (Note 23) RM'000	Lease liabilities (Note 12) RM'000	
At 1 January 2025	261,252	7,232	268,484
Drawdown	205,000	-	205,000
Non-cash items:			
Accretion of interest	10,807	322	11,129
Lease modification	-	410	410
Repayments:			
Principal	(214,302)	(774)	(215,076)
Interest	(10,807)	(322)	(11,129)
At 31 December 2025	251,950	6,868	258,818
At 1 January 2024	366,970	7,965	374,935
Drawdown	244,000	-	244,000
Non-cash item:			
Accretion of interest	17,418	358	17,776
Repayments:			
Principal	(349,718)	(733)	(350,451)
Interest	(17,418)	(358)	(17,776)
At 31 December 2024	261,252	7,232	268,484

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Cash Flows

For the financial year ended 31 December 2025

	Company	
	2025 RM'000	2024 RM'000
Cash flows from operating activities		
Loss before taxation	(26,457)	(7,760)
Adjustments for:		
Right-of-use assets		
- Amortisation	676	676
Net loss on lease modifications	72	-
Interest income	(649)	(971)
Interest expense	317	348
Operating loss before working capital changes	(26,041)	(7,707)
Trade and other receivables	(142)	(1,701)
Trade and other payables	15,728	3,610
Net cash used in operating activities	(10,455)	(5,798)
Cash flows from investing activity		
Interest received, representing net cash generated from investing activity	649	971
Cash flows from financing activity		
Payment of lease liabilities, representing net cash used in financing activity	(933)	(915)
Net change in cash and cash equivalents	(10,739)	(5,742)
Cash and cash equivalents at beginning of the year	24,304	30,046
Cash and cash equivalents at end of the year	13,565	24,304
Cash and cash equivalents at the end of the year comprise the following:		
Cash at banks and in hand (Note 19)	32	26
IFSSC bank balance (Note 19)	13,504	24,249
Deposits with licensed banks (Note 19)	29	29
	13,565	24,304

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Cash Flows

For the financial year ended 31 December 2025 (cont'd.)

Changes in liabilities arising from financing activities:

	Company RM'000
Lease liabilities	
At 1 January 2025	7,040
Non-cash items:	
Accretion of interest	317
Lease modification	410
Repayments:	
Principal	(616)
Interest	(317)
At 31 December 2025 (Note 12)	6,834
At 1 January 2024	7,607
Non-cash item:	
Accretion of interest	348
Repayments:	
Principal	(567)
Interest	(348)
At 31 December 2024 (Note 12)	7,040

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2025

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities). The registered office of the Company and principal place of business is located at Level 31, Menara Dayabumi, Jalan Sultan Hishamuddin, 50050 Kuala Lumpur.

The immediate and ultimate holding companies of the Company are MISC Berhad and Petroliam Nasional Berhad (PETRONAS), both of which are incorporated and domiciled in Malaysia. The immediate holding company is listed on Bursa Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and joint ventures are described in Note 13 and Note 14 to the financial statements respectively. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 21 February 2026.

2. Material accounting policies

2.1 Basis of preparation

During the financial year, the Group's current liabilities exceed its current assets.

The directors believe that there is no material uncertainty regarding the Group's ability to continue as a going concern. They consider the preparation of the financial statements on a going concern basis to be appropriate, after considering the following factors:

- (i) The expected cash flows arising from the Group's ongoing and planned projects; and
- (ii) Adequacy of financing facilities available to the Group.

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the Companies Act 2016 in Malaysia.

These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia.

The financial statements have been prepared on the historical cost basis, other than those disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000), other than those indicated otherwise.

As of 1 January 2025, the Group and the Company had adopted amendments to MFRS Accounting Standards (pronouncements) that have been issued by the Malaysian Accounting Standards Board (MASB) as described in Note 2.3.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated. The Group and the Company continuously assess the application of material accounting policies to be disclosed of in the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's returns.

In the Company's separate financial statements, investment 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.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, all intra-group balances, income and expenses and unrealised gains or losses resulting from intra-group transactions are eliminated in full. Uniform accounting policies are applied to like transactions and events in similar circumstances.

Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group and the Company. The identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregate of the fair value of the consideration transferred. Non-controlling interests are stated either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

When a business combination is achieved in stages, the Group and the Company remeasure their previously held non-controlling equity interest in the acquiree at fair value at the acquisition date, with any resulting gain or loss recognised in profit or loss.

The Group measures goodwill as the excess of the cost of an acquisition, as defined above, and the fair values of any previously held interest in the acquiree, over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Transaction costs, other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(ii) Basis of consolidation (cont'd.)

Non-controlling interests

Non-controlling interests at the reporting period, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and other comprehensive income for the year between the non-controlling interests and shareholders of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's proportionate share of net assets before and after the change, and any fair value of consideration received or paid, is recognised directly in equity as transactions with shareholders.

Loss of control

Upon the loss of control of a subsidiary, the Group and the Company derecognise the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from its consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group and the Company retain any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as a fair value through other comprehensive income (FVOCI) financial asset depending on the level of influence retained.

(b) Joint arrangements

Joint arrangements are arrangements of which the Group and the Company have joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified as either joint operation or joint venture. A joint arrangement is classified as a joint operation when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. Meanwhile, a joint arrangement is classified as a joint venture when the Group has rights only to the net assets of the arrangements.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(b) Joint arrangements (cont'd.)

(i) Joint ventures

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

In applying the equity method, unrealised gains and losses on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. 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 joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment, as the difference between the recoverable amount of the joint venture and its carrying value, and recognises the amount in profit or loss. The joint venture is equity accounted for from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Goodwill relating to a joint venture 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 joint venture's identifiable assets, liabilities and contingent liabilities over the cost of the investments is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the joint venture's profit or loss in the year in which the investment is made.

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

The most recent available audited financial statements of the joint venture is 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 year. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group, as a joint operator, recognises the following in relation to its interest in a joint operation:

- (i) its assets, including its share of any assets held jointly;
- (ii) its liabilities, including its share of any liabilities incurred jointly;
- (iii) its revenue from the sale of its share of the output arising from the joint operation; and
- (iv) its expenses, including its share of any expenses incurred jointly.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(b) Joint arrangements (cont'd.)

(ii) Joint operations (cont'd.)

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in joint operations in accordance with the MFRS Accounting Standards applicable to the particular assets, liabilities, revenue and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint operation.

(c) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. 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 component is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial year in which they are incurred.

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

Construction-in-progress are not depreciated as these assets are not available for use.

Depreciation of 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:

Boats	10%
Buildings, dry docks and waste plant	1% - 20%
Plant, machinery and electrical installations	2% - 20%
Vehicles and transport equipment	10% - 20%
Furniture and office equipment	5% - 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.

(d) Impairment of non-financial assets

The carrying amounts of non-financial assets, other than construction contract assets, 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.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis. If the asset does not generate cash flows that are largely independent of those from other assets, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(d) Impairment of non-financial assets (cont'd.)

An asset's recoverable amount is the higher of the asset's or CGU's fair value less costs 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 discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss in the period in which it arises. If the asset is carried at a revalued amount, the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss. If the asset is carried at revalued amount, such reversal is treated as a revaluation increase.

(e) Financial instruments

Recognition and initial measurement

A financial asset (unless it is a receivable without a significant financing component) and a financial liability are 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.

Regular purchases or sales is a purchase or sale under a contract whose terms require delivery of financial assets within a time frame established by regulation or convention in the marketplace concerned.

(f) Financial assets

Initial recognition and measurement

Financial assets are classified as measured at amortised cost, FVOCI and fair value through profit or loss (FVTPL), as appropriate.

The Group and the Company determine the classification of financial assets at initial recognition and they are not reclassified subsequent to their initial recognition unless the Group changes its 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 in the business model.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(f) Financial assets (cont'd.)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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 their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method (EIR) and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income and foreign exchange gains and losses are recognised in profit or loss.

The Group's and the Company's financial assets designated as amortised cost comprise trade and other receivables and cash and bank balances.

Fair value through other comprehensive income

This category comprises debt instruments where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling 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.

FVOCI category also 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 FVOCI. This election is made on an investment-by-investment basis.

Financial assets categorised as FVOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under FVOCI reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss. The Group and the Company have not designated any financial assets as FVOCI.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or 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 FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

The Group and the Company have not designated any financial assets at FVTPL.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(f) Financial assets (cont'd.)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either:
 - (a) the Group and the Company have transferred substantially all the risks and rewards of the asset; or
 - (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a "pass through" arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(g) Financial liabilities

Financial liabilities are classified, at initial recognition as financial liabilities at FVTPL or amortised cost, as appropriate.

A financial liability is initially measured at fair value plus or minus, in the case of a financial instrument at amortised cost, any directly attributable transaction cost incurred at the acquisition or issuance of the financial instrument.

Classification and subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

FVTPL 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 FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

The Group's financial liabilities at FVTPL include derivative liabilities.

Amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in income statements when the liabilities are derecognised as well as through the EIR amortisation process.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(g) Financial liabilities (cont'd.)

Amortised cost (cont'd.)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

The Group's and the Company's financial liabilities designated as amortised cost comprise trade and other payables, lease liabilities and borrowings.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 the profit or loss. In the case of waiver of debt from owners, the gain is recognised in equity as other reserve.

(h) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- the amount initially recognised less cumulative amortisation

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if, and only if, there is currently a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(j) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business of the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include: using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(j) Fair value measurements (cont'd.)

(ii) Non-financial assets

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

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

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the assets is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are completed.

In capitalising general borrowing costs, the Group shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all general borrowings of the Group. General borrowing are all borrowings that are outstanding during the period, except for specific borrowings that are made specifically to obtain a qualifying asset that is not yet ready for its intended use or sale. If a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of the Group's general borrowing.

(l) Impairment of financial assets and contract assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

The Group and the Company recognise loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost, contract assets and finance lease receivables.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(l) Impairment of financial assets and contract assets (cont'd.)

The Group and the Company measure loss allowances on debt securities at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, other debt securities for which credit risk has not increased significantly since initial recognition and finance lease receivables, which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, 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 historical experience and informed credit assessment (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.

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

ECL are measured as a function of probability of default and loss given default. Probability of default is the likelihood of default over a particular time horizon and is derived using external credit ratings, if they are available, or internal credit ratings based on quantitative or qualitative information for the counterparty. Loss given default is the assumption of the proportion of financial asset that cannot be recovered by conversion of collateral to cash or by legal process, and is assessed based on the Group's and the Company's historical 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 FVOCI is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

(m) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(m) Income tax (cont'd.)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or tax loss; and
- in respect of taxable temporary differences associated with investment in subsidiaries, branches and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items related to the underlying transactions are recognised either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if legally enforceable rights exist to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group is subject to Pillar Two legislation which come into effect on 1 January 2025 following the Amendments to MFRS 112 *Income Taxes International Tax Reform - Pillar Two Model Rules*.

Mandatory temporary exception has been applied to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules as well as disclosure requirements on the exposure to Pillar Two income taxes upon adoption.

The assessment of the Pillar Two income taxes is performed based on best financial statements information available for the constituent entities in the Group as at reporting period by applying the requirements issued by Organisation for Economic Co-operation and Development (OECD). Based on the assessment carried out as at 31 December 2025, the Pillar Two effective tax rate (ETR) in jurisdictions in which the Group operates are above 15%. Therefore, the Group and the Company do not expect a potential exposure to Pillar Two top-up taxes.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(n) Provisions

(a) Onerous contracts

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract is lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(b) Other provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) 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, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group and the Company, are not recognised in the financial statements but are disclosed as contingent liabilities if the possibility of an outflow of economic resources is not considered as remote.

(o) Employee benefits

(i) Short-term benefits

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

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay 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 (EPF).

(p) Foreign currencies

(i) Functional and presentation currency

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

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(p) Foreign currencies (cont'd.)

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated to RM 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 year.

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

(q) Revenue and other income recognition

(i) Revenue from contracts with customers

The Group recognises revenue from contracts with customers mainly from its Heavy Engineering and Marine segments. The Heavy Engineering segment operates in oil and gas engineering and construction whilst Marine segment operates in marine conversion and repair industry respectively.

The Group recognises revenue when or as it transfers control over a product or service to the customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (ii) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (iii) the Group's performance does not create an asset with an alternative use to the Group and the Group has enforceable rights to payment for performance completed to date.

Revenue from construction contracts is based on stage of completion. The stage of completion is measured by reference to the proportion of physical completion based on technical milestones defined under the contract and taking into account the nature of activities and its associated risks.

If a performance obligation is not satisfied over time in accordance with the above criteria, the Group satisfies the performance obligation and recognises revenue at a point in time.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(q) Revenue and other income recognition (cont'd.)

(i) Revenue from contracts with customers (cont'd.)

Performance obligation and satisfaction of performance obligation

The Group's contract with customers mainly contains one performance obligation where the Group is contracted to construct a specific asset for a customer and to provide repair and maintenance services on customers' marine vessels.

The Group considers whether there are other promises in the contract with customers that denotes separate performance obligations. The Group typically only provides assurance type warranties to assure that the completed project complies with agreed-upon specifications of the contract and therefore, does not give rise to a separate performance obligation.

Where the outcome of a contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred, that is probable to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Transaction price and variable considerations

Transaction price comprises the initial amount of consideration agreed in the contract, variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group's construction contracts contain penalty clauses (i.e. liquidated and ascertained damages) for late delivery. When it is probable that the construction contract will not be fulfilled on time, the penalty will be deducted from the contract transaction price.

Contract assets and contract liabilities

Contract assets represent the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. If the Group has performed its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subjected to impairment in accordance to MFRS 9: Financial Instruments.

Contract liabilities represent the Group's obligation to transfer goods or services to a customer for which the Group has received consideration, or the amount is due, from the customer. If a customer pays consideration, such as advance payment and down payments, or the Group has a right to an amount of consideration that is unconditional before it 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 its obligation under the contract. Contract liabilities are the excess of the billings to date to the customer over the cumulative revenue earned or recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(q) Revenue and other income recognition (cont'd.)

(ii) Interest income

Revenue arising from assets yielding interest is recognised on a time proportion basis that takes into account the effective yield on the assets.

(iii) Dividend income

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

(r) Derivative financial instruments and hedge accounting

The Group uses forward currency contracts as derivative financial instruments to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting and the ineffective portion of an effective hedge are recognised in the income statement.

The Group applies hedge accounting for certain qualified hedging relationships. For the purpose of hedge accounting, hedging relationships are classified as:

- Fair value hedges, when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk);
- Cash flow hedges, when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(r) Derivative financial instruments and hedge accounting (cont'd.)

Hedges of the Group which meet the strict criteria for hedge accounting are accounted for as follows:

(i) Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the hedging instrument that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is accounted for as a cost of hedging, included in the cash flow hedge reserve within equity.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to income statement as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments.

(ii) Derivatives that are not designated or do not qualify for hedge accounting

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are directly recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(s) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designs the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

(ii) Recognition and initial measurement

(a) As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate is used. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to early terminate the contract.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(s) Leases (cont'd.)

(ii) Recognition and initial measurement (cont'd.)

(a) As a lessee (cont'd.)

The Group and the Company exclude variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options in determining the lease term.

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

(b) As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15: Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

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

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(s) Leases (cont'd.)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

Land use rights	1% - 4%
Warehouse and wharf	5% - 50%
Office premise	33%
Office equipment	30%

The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Depreciation of certain right-of-use assets are subsequently capitalised into carrying amount of other assets whenever they meet the criteria for capitalisation. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the EIR method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The Group will reassess whether it is reasonably certain to exercise the extension option if there is a significant change in circumstances within its control.

When the lease liability is remeasured as described in the above paragraph, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When there is a lease modification due to an increase in the scope of lease by adding the right-to-use one or more underlying assets, the Group and the Company will assess whether the lease modification shall be accounted for as a separate lease or similar to reassessment of lease liability. The Group and the Company account for lease modification as a separate lease when the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments.

When there is a lease modification due to decrease in scope, the Group and the Company will decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease. The corresponding gain or loss shall be recognised in profit or loss. Lease liabilities are remeasured for all other lease modifications with corresponding adjustments to the right-of-use assets.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.2 Summary of material accounting policies (cont'd.)

(s) Leases (cont'd.)

(iii) Subsequent measurement (cont'd.)

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9: Financial Instruments (see Note 2.2(l)).

(t) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(u) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(v) Effective interest rate method

Amortised cost is computed using the EIR method. This method uses effective interest rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial instrument. Amortised cost takes into account any transaction costs and any discount or premium on settlement.

2.3 Changes in accounting policies

On 1 January 2025 the Group and the Company adopted the following pronouncements mandatory for annual financial periods beginning on or after 1 January 2025:

Effective for annual 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 pronouncements has no material impact to the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.4 Standards issued but not yet effective

The standards and amendments to standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards and amendments to standards, if applicable, when they become effective.

Effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9: Financial Instruments and MFRS 7: Financial Instruments: Disclosures (Classification and Measurement of Financial Instruments)
- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards, MFRS 7: Financial Instruments: Disclosures, MFRS 9: Financial Instruments, MFRS 10: Consolidated Financial Statements and MFRS 107: Statement of Cash Flows (Annual Improvements to MFRS Accounting Standards - Volume 11)

Effective for annual periods beginning on or after 1 January 2027

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

Effective for a date yet to be confirmed

- 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 are expected to apply the above-mentioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the above-mentioned pronouncements are not expected to have any material impact to the financial statements of the Group and the Company, except for MFRS 18 pronouncement, which impact on initial application is currently being assessed. Further details on MFRS 18 pronouncements are discussed below.

MFRS 18: Presentation and Disclosure in Financial Statements

MFRS 18 will replace MFRS 101 Presentation of Financial Statements, which retains majority of the requirements of MFRS 101 and complementing them with new requirements. In addition, narrow-scope amendments have been made to MFRS 107 Statement of Cash Flows and some requirements of MFRS 101 have been moved to MFRS 108 Basis of Preparation of Financial Statements.

MFRS 18 introduces key new requirements as follows:

(i) Statement of Profit or Loss and Other Comprehensive Income:

The standard requires reclassification of all income and expenses within the statement of profit or loss into five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. The standard also requires to present a newly-defined operating profit subtotal, and the net profit will not change.

(ii) Statement of Cash Flows:

The standard requires to disclose the starting point for cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and the optionality around classification of cash flows from dividends and interest are removed.

Notes to the Financial Statements

For the financial year ended 31 December 2025

2. Material accounting policies (cont'd.)

2.4 Standards issued but not yet effective (cont'd.)

(iii) Management-defined Performance Measures (MPMs) and guidance on Aggregation and Disaggregation:

The standard requires MPMs are disclosed in a single note in the financial statements and enhanced guidance is provided on aggregation and disaggregation of financial information.

The Group and the Company are currently assessing the impact of MFRS 18, particularly with respect to the structure of the statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group and the Company are also assessing the impact on aggregation and disaggregation on how information is grouped in the financial statements.

2.5 New and revised pronouncements not applicable to the Group and the Company

The MASB has issued a new pronouncement which is not relevant to the Group and the Company and hence, no further disclosure is warranted.

Effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures (Contracts Referencing Nature-dependent Electricity)

Effective for annual periods beginning on or after 1 January 2027

- MFRS 19 Subsidiaries without Public Accountability: Disclosures

3. Significant accounting estimates and judgements

In the process of applying the Group's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Construction contracts

The Group recognises contract revenue over time by reference to the Group's progress towards completing the construction of the contract work. The stage of completion is measured by reference to the proportion of physical completion of the contract work, which is based on activities performed to date. Revenue recognition policy is as described in Note 2.2(q). Cost is recognised based on actual costs incurred for work performed up to the reporting period.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, the recoverability of the contract costs as well as assessing potential deductions to revenue due to delays in delivery or other contractual penalties. In making these judgements, the Group's evaluation is based on past experience and by relying on the work of internal specialists.

Included in the financial statements are values of change orders that have not yet been approved but had been principally agreed by customers. In this respect, the values are estimated based on management's assessment and judgement as to the realisable amount.

The Group recognises onerous contracts and warranty provisions based on policy as described in Note 2.2(n). Onerous contract provision is estimated based on a range of long-term assumptions including prices, volumes, margins and costs based on past performance and management's expectations of market development in the estimation of the present value of the provision.

Notes to the Financial Statements

For the financial year ended 31 December 2025

3. Significant accounting estimates and judgements (cont'd.)

(i) Construction contracts (cont'd.)

As for warranty provisions, the Group has taken into consideration various factors including relevant legal and contractual agreements and past historical outcomes in order to determine whether it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

(ii) Impairment of non-financial assets

The Group tests non-financial assets for impairment when there are indications that the assets may be impaired.

During the financial year, the Group carried out the impairment test based on estimation of the value in use (VIU) of the cash-generating unit (CGU) to which the property, plant and equipment and right-of-use assets are allocated. Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU and apply a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used in VIU calculations are disclosed in Note 11.

(iii) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances and unutilised tax allowances to the extent that it is probable that taxable profits will be available against which the losses and tax allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the business plans of the Group, the likely timing and level of future taxable profits together with future tax planning strategies. Estimating future taxable profits requires the Group to make estimates of the expected future projects and forecasted margins. Any changes in the assumptions will affect the probable taxable profits available to the Group.

The information on deferred tax assets is disclosed in Note 16.

(iv) Allowance for impairment loss of trade receivables, contract assets and other receivables

The allowance for impairment loss of trade receivables, contract assets and other receivables are based on the evaluation of the receivables on an individual basis and the amount of outstanding allowances. The customer's credit worthiness is evaluated by reviewing, among other matters, the Group's historical collection experience.

The information on allowance for impairment loss of trade receivables and contract assets is as disclosed in Note 27(b)(ii)(b), whereas the allowance for impairment of other receivables is as disclosed in Note 27(b)(iii).

Notes to the Financial Statements

For the financial year ended 31 December 2025

4. Revenue

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Heavy engineering construction works	1,415,785	3,186,592	-	-
Marine conversion and repair	560,478	421,969	-	-
	1,976,263	3,608,561	-	-

4.1 Disaggregation of revenue

Revenue is disaggregated by nature of services of heavy engineering and marine conversion and repair as disclosed above.

Timing of revenue recognition:

	2025 RM'000	2024 RM'000
Goods transferred at a point in time	29,288	7,428
Services transferred over time	1,946,975	3,601,133
	1,976,263	3,608,561

4.2 Contract balances

The following table provides information about receivables, contract assets and contract liabilities.

	31 December		1 January
	2025 RM'000	2024 RM'000	2024 RM'000
Trade receivables	175,065	269,094	85,716
Contract assets	588,060	969,352	1,179,289
Contract liabilities	(108,579)	(156,409)	(170,671)

Contract assets primarily relates to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when rights become unconditional. The contract liabilities primarily relate to the advance consideration received from the customer, for which revenue is recognised over time when the Group progressively satisfies its performance obligation.

Notes to the Financial Statements

For the financial year ended 31 December 2025

4. Revenue (cont'd.)

4.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue expected to be recognised in the future related to performance obligations that are unsatisfied at the reporting date.

	Under 1 year RM'000	1-5 years RM'000	Total RM'000
At 31 December 2025			
Heavy engineering construction works	1,529,410	1,875,674	3,405,084
Marine conversion and repair	336,511	317,608	654,119
	1,865,921	2,193,282	4,059,203
At 31 December 2024			
Heavy engineering construction works	2,362,186	2,774,088	5,136,274
Marine conversion and repair	126,865	-	126,865
	2,489,051	2,774,088	5,263,139

5. Other operating income

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Rental income	11,860	7,070	-	-
Reservation fee	11,978	-	-	-
Interest income:				
- Deposits with licensed banks	13,633	10,555	649	971
Fair value gain on derivatives	-	32,780	-	-
Income from scrap disposal	6,120	10,211	-	-
Others	1,277	1,508	-	-
	44,868	62,124	649	971

Notes to the Financial Statements

For the financial year ended 31 December 2025

6. Profit / (loss) before taxation

The following amounts have been included in arriving at the profit / (loss) before taxation:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Auditors' remuneration:				
- Statutory audit	419	385	23	22
- Others	74	79	31	29
Staff costs (Note 7)	414,008	427,674	14,407	7,160
Property, plant, and equipment (Note 11):				
- Depreciation	72,800	70,317	-	-
- Write-offs	50	14,287	-	-
Right-of-use assets (Note 12):				
- Depreciation	7,865	7,877	676	676
Operating lease rental (i):				
- Office premise	1,506	716	79	-
- Vehicles	778	427	-	-
- Office equipment	5,410	6,741	28	-
- Plant and machinery	11,426	19,062	-	-
- Tugboat, pushers and barges	4,109	5,353	-	-
Net (reversal) / allowance for impairment loss:				
- Trade receivables (Note 27(b)(ii)(b))	(1,442)	(2,187)	-	-
- Other receivables (Note 27(b)(iii))	(435)	885	-	-
Net loss on foreign exchange:				
- Realised	797	13,933	-	-
- Unrealised	11,205	5,521	-	-
Fair value loss / (gain) on derivatives	6,412	(32,780)	-	-
Interest expense on lease liabilities (Note 12)	322	358	317	348
Information technology maintenance fees	26,557	24,619	-	-
Repair and maintenance for machinery	20,267	24,987	-	-
Reversal of provision recognised for onerous contracts during the year (Note 22(a))	-	(7,600)	-	-
Net (reversal) / provision recognised for warranties	(6,741)	50,994	-	-
Interest expense on intercompany payable	349	-	-	-
Interest expense on revolving credit	766	5,283	-	-
Interest expense on long-term loan	10,041	12,135	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2025

6. Profit / (loss) before taxation (cont'd.)

The following amounts have been included in arriving at the profit / (loss) before taxation (cont'd.):

- (i) The Group and the Company lease vehicles, office equipment, plant and machinery and boats with contract terms of 1 to 5 years. These leases are short term and / or leases of low-value assets. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

7. Staff costs

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Wages and salaries	321,150	336,175	3,659	1,042
Social security costs	3,527	3,548	37	33
Contributions to a defined contribution plan	30,253	31,801	639	569
Management fees in relation to services of key management personnel (Note 26(c))	7,252	3,353	6,727	2,679
Other staff-related expenses	51,826	52,797	3,345	2,837
	414,008	427,674	14,407	7,160

8. Directors' remuneration

The details of directors' remuneration of the Group and Company during the financial year are as follows:

	Group and Company	
	2025 RM'000	2024 RM'000
Non-executive directors' remuneration*:		
- Fees	826	671
- Other emoluments	291	378
- Estimated money value of benefits-in-kind	25	21
Total non-executive directors' remuneration (including benefits-in-kind)	1,142	1,070

Notes to the Financial Statements

For the financial year ended 31 December 2025

8. Directors' remuneration (cont'd.)

The details of directors' remuneration of the Group and Company during the financial year are as follows (cont'd.):

	Number of directors	
	2025	2024
Non-executive directors*:		
RM150,000 and below	2	3
RM150,001 - RM200,000	2	-
RM200,001 - RM250,000	2	2
RM250,001 - RM300,000	1	1
	7	6

* Excludes non-executive directors of the Group who are paid directly by the immediate holding company of the Group, MISC Berhad, and ultimate holding company of the Group, PETRONAS.

The remuneration for an executive director of the Group is paid directly by the ultimate holding company of the Group, PETRONAS.

9. Taxation

The major components of income tax expense are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current income tax:				
Malaysian income tax	2,841	2,948	-	-
(Over) / under provision in prior year:				
Malaysian income tax	(926)	48	-	-
	1,915	2,996	-	-
Deferred tax (Note 16):				
Relating to origination and reversal of temporary differences	689	538	-	-
Over provision of deferred tax in prior year	(875)	(1,292)	-	-
	(186)	(754)	-	-
Taxation	1,729	2,242	-	-

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

Notes to the Financial Statements

For the financial year ended 31 December 2025

9. Taxation (cont'd.)

A reconciliation of income tax expense applicable to profit / (loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2025	2024
	RM'000	RM'000
Group		
Profit before taxation	104,518	123,268
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	25,084	29,584
Effect of income not subject to tax	-	(999)
Effect of expenses not deductible for tax purposes	17,141	9,799
Recognition of previously unrecognised deferred tax assets	(38,695)	(35,604)
Deferred tax assets not recognised	-	706
Over provision of deferred tax in prior year	(875)	(1,292)
(Over) / under provision of Malaysian current tax expense in prior year	(926)	48
Income tax expense for the year	1,729	2,242

	2025	2024
	RM'000	RM'000
Company		
Loss before taxation	(26,457)	(7,760)
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	(6,350)	(1,862)
Effect of expenses not deductible for tax purposes	6,350	1,862
Income tax expense for the year	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2025

10. Profit per share

Basic profit per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding during the financial year, as follows:

	Group	
	2025	2024
Profit attributable to equity holders of the Company (RM'000)	102,856	120,996
Number of ordinary shares in issue ('000)	1,600,000	1,600,000
Basic / diluted profit per share (sen)	6.43	7.56

The Group does not have any financial instruments which may dilute its basic profit per share.

11. Property, plant, and equipment

Group	Cost				
	At 1.1.2025 RM'000	Additions RM'000	Transfers RM'000	Write-offs (Note 6) RM'000	At 31.12.2025 RM'000
Boats	154	-	-	-	154
Buildings, dry docks and waste plant	2,129,725	-	-	(1,020)	2,128,705
Plant, machinery and electrical installations	767,734	1,923	32,777	(10,496)	791,938
Vehicles and transport equipment	15,143	-	27,567	(493)	42,217
Furniture and office equipment	70,073	183	3,042	(155)	73,143
Loose tools	7,715	-	-	-	7,715
Construction-in-progress	154,460	162,803	(63,386)	21	253,898
	3,145,004	164,909	-	(12,143)	3,297,770

Notes to the Financial Statements

For the financial year ended 31 December 2025

11. Property, plant, and equipment (cont'd.)

Group	← Accumulated depreciation and impairment →			Net carrying amount	
	At 1.1.2025 RM'000	Depreciation for the financial year (Note 6) RM'000	Write-offs (Note 6) RM'000	At 31.12.2025 RM'000	At 31.12.2025 RM'000
Boats	154	-	-	154	-
Buildings, dry docks and waste plant	1,010,108	35,167	(952)	1,044,323	1,084,382
Plant, machinery and electrical installations	509,789	30,371	(10,493)	529,667	262,271
Vehicles and transport equipment	14,348	4,949	(493)	18,804	23,413
Furniture and office equipment	60,212	2,313	(155)	62,370	10,773
Loose tools	7,715	-	-	7,715	-
Construction-in-progress	7,690	-	-	7,690	246,208
	1,610,016	72,800	(12,093)	1,670,723	1,627,047

Group	← Cost →				
	At 1.1.2024 RM'000	Additions RM'000	Transfers RM'000	Write-offs (Note 6) RM'000	At 31.12.2024 RM'000
Boats	154	-	-	-	154
Buildings, dry docks and waste plant	2,126,412	73	4,884	(1,644)	2,129,725
Plant, machinery and electrical installations	739,890	5,042	27,279	(4,477)	767,734
Vehicles and transport equipment	13,928	474	741	-	15,143
Furniture and office equipment	67,248	737	2,088	-	70,073
Loose tools	7,715	-	-	-	7,715
Construction-in-progress	98,171	105,568	(34,992)	(14,287)	154,460
	3,053,518	111,894	-	(20,408)	3,145,004

Notes to the Financial Statements

For the financial year ended 31 December 2025

11. Property, plant, and equipment (cont'd.)

	← Accumulated depreciation and impairment →			Net carrying amount	
	Depreciation for the			At	At
	At 1.1.2024	financial year (Note 6)	Write-offs (Note 6)	31.12.2024	31.12.2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Boats	154	-	-	154	-
Buildings, dry docks and waste plant	975,495	36,257	(1,644)	1,010,108	1,119,617
Plant, machinery and electrical installations	482,665	31,601	(4,477)	509,789	257,945
Vehicles and transport equipment	13,915	433	-	14,348	795
Furniture and office equipment	58,190	2,022	-	60,212	9,861
Loose tools	7,711	4	-	7,715	-
Construction-in-progress	7,690	-	-	7,690	146,770
	1,545,820	70,317	(6,121)	1,610,016	1,534,988

(a) Included in the property, plant and equipment are fully depreciated assets which are still in use, with their carrying costs as follows:

	Group	
	2025 RM'000	2024 RM'000
Buildings, dry docks and waste plant	227,891	217,442
Plant, machinery and electrical installations	245,910	227,875
Other property, plant and equipment	67,752	66,947
	541,553	512,264

(b) The additions to property, plant and equipment were acquired by way of:

	Group	
	2025 RM'000	2024 RM'000
Cash	164,909	111,894

Notes to the Financial Statements

For the financial year ended 31 December 2025

11. Property, plant, and equipment (cont'd.)

(c) The Group and the Company have performed a review of the recoverable amount of their property, plant and equipment and right-of-use assets during the financial year. The result of the review is that the recoverable amount of the CGU exceeded the carrying amount of the property, plant and equipment and right-of-use assets, hence, no impairment is required for the current financial year.

The recoverable amount was based on the higher of fair value less costs of disposal or VIU, and determined at the CGU of each asset.

Recoverable amount determined from VIU

The Group's recoverable amount for property, plant and equipment and right-of-use assets of RM1,982,000,000 (2024: RM1,814,312,000) was determined from the VIU calculations using cash flow projections discounted at the pre-tax rate of 14.20% (2024: 13.41%).

Details of the key assumptions used in the VIU calculation are disclosed below:

Key assumptions used in VIU calculations

For the purpose of impairment testing, the recoverable amount of the CGU is determined based on VIU calculations using cash flow projections derived from budgets approved by management covering a five-year period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of the CGU:

(i) Revenue

Revenue is estimated based on existing order book and anticipated future projects. In estimating the revenue, the Group considers the probability of securing future revenue contracts as well as possible variations in amounts and timing of the cash flows.

(ii) Budgeted gross margins

Gross margins are estimated based on forecast margins for order book, management's expectations and past experience.

(iii) Discount rate

The discount rate reflects specific risks relating to the CGU. The pre-tax discount rate used is 14.20% (2024: 13.41%).

(iv) Growth rate

Cash flows beyond the five-year period is extrapolated using growth rate of 2.50% (2024: 2.50%).

Notes to the Financial Statements

For the financial year ended 31 December 2025

12. Right-of-use assets and lease liabilities

	← Cost →		
	At	Lease	At
	1.1.2025	Modifications	31.12.2025
	RM'000	RM'000	RM'000
Group			
Land use rights *	306,852	-	306,852
Warehouses and wharf	595	-	595
Office premise	13,241	338	13,579
Office equipment	207	-	207
	320,895	338	321,233

	← Accumulated depreciation and impairment →			Net carrying amount
	At	Depreciation	At	
	1.1.2025	for the	31.12.2025	
	RM'000	financial year	RM'000	RM'000
		(Note 6)		31.12.2025
		RM'000		RM'000
Group				
Land use rights *	126,038	7,037	133,075	173,777
Warehouses and wharf	470	94	564	31
Office premise	6,758	676	7,434	6,145
Office equipment	149	58	207	-
	133,415	7,865	141,280	179,953

* The prepaid leasehold and foreshore land cannot be disposed, charged or subleased without the prior consent of the Johor State Government.

Notes to the Financial Statements

For the financial year ended 31 December 2025

12. Right-of-use assets and lease liabilities (cont'd.)

	Cost	
		At
		1.1.2024 / 31.12.2024
	RM'000	
Group		
Land use rights *	306,852	
Warehouses and wharf	595	
Office premise	13,241	
Office equipment	207	
	320,895	

	← Accumulated depreciation and impairment →			Net carrying amount
	At	Depreciation	At	
	1.1.2024	for the	31.12.2024	
	RM'000	financial year	RM'000	RM'000
		(Note 6)		31.12.2024
		RM'000		RM'000
Group				
Land use rights *	119,001	7,037	126,038	180,814
Warehouses and wharf	375	95	470	125
Office premise	6,082	676	6,758	6,483
Office equipment	80	69	149	58
	125,538	7,877	133,415	187,480

* The prepaid leasehold and foreshore land cannot be disposed, charged or subleased without the prior consent of the Johor State Government.

	← Cost →		
	At	Lease	At
	1.1.2025	Modifications	31.12.2025
	RM'000	RM'000	RM'000
Company			
Office premise	13,241	338	13,579

Notes to the Financial Statements

For the financial year ended 31 December 2025

12. Right-of-use assets and lease liabilities (cont'd.)

	← Accumulated depreciation →			Net carrying amount
	At	Depreciation for the financial year	At	At
	1.1.2025 RM'000	(Note 6) RM'000	31.12.2025 RM'000	31.12.2025 RM'000
Company				
Office premise	6,758	676	7,434	6,145

	Cost At 1.1.2024 / 31.12.2024 RM'000
Company	
Office premise	13,241

	← Accumulated depreciation →			Net carrying amount
	At	Depreciation for the financial year	At	At
	1.1.2024 RM'000	(Note 6) RM'000	31.12.2024 RM'000	31.12.2024 RM'000
Company				
Office premise	6,082	676	6,758	6,483

Notes to the Financial Statements

For the financial year ended 31 December 2025

12. Right-of-use assets and lease liabilities (cont'd.)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group	
	2025 RM'000	2024 RM'000
At 1 January	7,232	7,965
Accretion of interest (Note 6)	322	358
Least modification	410	-
Payments	(1,096)	(1,091)
At 31 December (Note 22)	6,868	7,232
Current	657	753
Non-current	6,211	6,479

	Company	
	2025 RM'000	2024 RM'000
At 1 January	7,040	7,607
Accretion of interest (Note 6)	317	348
Least modification	410	-
Payments	(933)	(915)
At 31 December (Note 22)	6,834	7,040
Current	623	595
Non-current	6,211	6,445

The Group and the Company had total cash outflows for lease liabilities of RM1,096,000 (2024: RM1,091,000) and RM933,000 (2024: RM915,000) respectively. The interest rates per annum at the reporting date for the lease liabilities ranged from 3.87% to 4.35% (2024: 3.87% to 4.74%).

The Group had total cash outflows for short-term leases and low-value assets amounting to RM23,229,000 (2024: RM32,299,000).

The Group leases various land, buildings and office equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Notes to the Financial Statements

For the financial year ended 31 December 2025

13. Investment in subsidiaries

	Company	
	2025 RM'000	2024 RM'000
Unquoted shares in Malaysia, at cost	1,608,205	1,608,205

The subsidiaries are as follows:

Name	Country of incorporation / principal place of business	Principal activities	Ownership interest and voting interest (%)	
			2025	2024
Malaysia Marine and Heavy Engineering Sdn. Bhd. (MMHE)	Malaysia	Oil and gas engineering and construction works and marine conversion and repair	100%	100%
MMHE International Sdn. Bhd.*	Malaysia	Dormant (Dissolve on 5 May 2025)	-	100%
<i>Subsidiaries of MMHE:</i>				
MMHE LNG Sdn. Bhd.*	Malaysia	Dormant (Dissolve on 29 May 2025)	-	100%
Techno Indah Sdn. Bhd.*	Malaysia	Dormant (Dissolve on 8 April 2025)	-	100%
MMHE EPIC Marine & Services Sdn. Bhd.	Malaysia	Dormant	70%	70%
MHS Integrated Engineering Sdn. Bhd.	Malaysia	Plant turnaround and shutdown maintenance	100%	100%
Malaysia Marine and Heavy Engineering Saudi Limited^	Saudi Arabia	Oil and gas engineering and construction works for offshore and onshore facilities	100%	100%

* Dissolved during the year

^ Audited by overseas offices of Ernst & Young PLT

The Group regards the non-controlling interest in the subsidiaries as immaterial and as such has not disclosed the summarised financial information of the subsidiaries.

Notes to the Financial Statements

For the financial year ended 31 December 2025

14. Investment in joint ventures

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Unquoted shares at cost	5,180	5,180	5,000	5,000
Share of post-acquisition reserves	(5,123)	(5,123)	(5,000)	-
Less:				
Allowance for impairment losses	-	-	-	(5,000)
	57	57	-	-

(a) Details of the Group's joint ventures, all of which are incorporated in Malaysia, are as follows:

Name	Ownership interest and voting interest (%)		Nature of activities
	2025	2024	
T.EN MHB Hull Engineering Sdn. Bhd.	50%	50%	Note (i)
MMHE-TPGM Sdn. Bhd.	60%	60%	Note (ii)
Floating Production Solutions Sdn. Bhd.	50%	-	Note (iii)

(i) T.EN MHB Hull Engineering Sdn. Bhd. builds and develops hull engineering and provides engineering project management services. It provides its services as subcontractors to the Group's projects as well as to third parties. The entity is considered dormant.

(ii) MMHE-TPGM Sdn. Bhd. provides engineering, procurement, construction, installation and commissioning services for the Group's activities in Turkmenistan. The entity is considered dormant.

(iii) Floating Production Solutions Sdn. Bhd. was incorporated on 9 May 2025, provides engineering, procurement, and construction services.

The above joint arrangements are structured via separate entities and provide the Group with rights to the net assets of the entities under the arrangements. Therefore, these entities are classified as joint ventures of the Group. These joint ventures have the same reporting period as the Group. No quoted market prices are available for the shares of the Group's joint ventures as these companies are private companies.

Notes to the Financial Statements

For the financial year ended 31 December 2025

14. Investment in joint ventures (cont'd.)

b) As none of the Group's joint ventures are individually material to the Group, the summarised financial information for the aggregated assets, liabilities and results of the joint ventures are as follows:

(i) Summarised statements of financial position

	2025 RM'000	2024 RM'000
Cash and cash equivalents, representing total assets	1,004	998
Current liabilities, representing total liabilities	(2,367)	(2,370)
Net liabilities	(1,363)	(1,372)

(ii) Summarised statements of comprehensive income

	2025 RM'000	2024 RM'000
Interest income	14	15
Other expenses	(231)	(2)
(Loss) / profit before tax	(217)	13
Income tax expense	(4)	(4)
(Loss) / profit after tax	(221)	9

The Group has discontinued recognising its share of losses in a joint venture considering the share of losses in this joint venture exceeds the Group's interest in this joint venture. The Group's cumulative share of unrecognised losses in this joint venture amounted to RM1,542,000 (2024: RM1,548,000) as at 31 December 2025.

Notes to the Financial Statements

For the financial year ended 31 December 2025

15. Joint operations

Details of the Group's joint operations are as follows:

Name	% of ownership interest held by the Group	
	2025	2024
Technip MMHE (Kasawari) Joint Venture	60%	60%

Technip MMHE (Kasawari) Joint Venture is an unincorporated joint venture between the Company's subsidiary, MMHE and Technip Energies (M) Sdn. Bhd. to undertake specific engineering, procurement, construction, installation and commissioning project.

16. Deferred tax

	Group	
	2025 RM'000	2024 RM'000
At 1 January	94,047	93,293
Recognised in profit or loss (Note 9)	186	754
At 31 December	94,233	94,047

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000
At 1 January 2025	90,623
Recognised in profit or loss	15,097
At 31 December 2025	105,720
At 1 January 2024	74,078
Recognised in profit or loss	16,545
At 31 December 2024	90,623

Notes to the Financial Statements

For the financial year ended 31 December 2025

16. Deferred tax (cont'd.)

Deferred tax assets of the Group:

	Provisions and others RM'000	Unutilised capital allowances RM'000	Unutilised investment tax and reinvestment allowances RM'000	Unutilised tax losses allowances RM'000	Total RM'000
At 1 January 2025	(14,339)	(114,448)	(55,883)	-	(184,670)
Recognised in profit or loss	724	(6,117)	(9,890)	-	(15,283)
At 31 December 2025	(13,615)	(120,565)	(65,773)	-	(199,953)
At 1 January 2024	(14,904)	(135,541)	-	(16,926)	(167,371)
Recognised in profit or loss	565	21,093	(55,883)	16,926	(17,299)
At 31 December 2024	(14,339)	(114,448)	(55,883)	-	(184,670)

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

	Group	
	2025 RM'000	2024 RM'000
Other deductible temporary differences	4,859	5,434
Unabsorbed capital allowances	18,312	18,040
Unutilised investment tax allowances (ITA)	802,103	962,576
Unutilised reinvestment allowances	25,312	25,312
Unutilised tax losses	398,939	399,391
	1,249,525	1,410,753

The availability of the unabsorbed capital allowances, unutilised ITA and unutilised tax losses for offsetting against future taxable profits of the Group of companies are subject to no substantial change in shareholdings of the Group of companies under Section 44(5A) and Paragraph 75A, Schedule 3 of the Income Tax Act, 1967 (the Act). However, the Minister of Finance may exercise his powers under Section 44(5D) and Paragraph 75C, Schedule 3 of the Act to exempt all companies except dormant companies from the provision of Section 44(5A) and Paragraph 75A, Schedule 3 of the Act respectively. The unutilised tax losses can be carried forward and available for use for 10 years effective from the year of assessment 2018.

Notes to the Financial Statements

For the financial year ended 31 December 2025

16. Deferred tax (cont'd.)

Deferred tax assets have not been recognised in respect of the following items: (cont'd.)

Year of expiry of unutilised tax losses is analysed as follows:

	Group	
	2025 RM'000	2024 RM'000
Expires in 2028	13,873	14,326
Expires in 2030	8,618	8,618
Expires in 2031	95,545	95,544
Expires in 2032	1,341	1,341
Expires in 2033	279,562	279,562
	398,939	399,391

17. Trade and other receivables

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trade receivables				
Third parties	152,841	114,770	-	-
Related companies	27,204	146,198	-	-
Joint operation	14,682	24,381	-	-
Retention monies	7,467	11,881	-	-
	202,194	297,230	-	-
Less:				
Allowance for impairment losses (Note 27(b)(ii)(b))	(27,129)	(28,136)	-	-
	175,065	269,094	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2025

17. Trade and other receivables (cont'd.)

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other receivables				
Due from:				
– Immediate holding company	417	2,889	202	202
– Joint ventures	1	1	-	1
– Subsidiaries	-	-	1,946	1,947
Deposits	1,539	2,201	18	18
Prepayments	2,062	941	12	19
Staff loans	303	328	-	-
Non-trade receivables	7,394	13,975	690	542
	11,716	20,335	2,868	2,729
Less:				
Allowance for impairment losses (Note 27(b)(iii))	(4,634)	(5,069)	-	(3)
	7,082	15,266	2,868	2,726
Total trade and other receivables	182,147	284,360	2,868	2,726
Less: Prepayments	(2,062)	(941)	(12)	(19)
Add: Cash and bank balances (Note 19)	458,033	457,591	13,565	24,304
Total financial assets carried at amortised cost	638,118	741,010	16,421	27,011

Notes to the Financial Statements

For the financial year ended 31 December 2025

17. Trade and other receivables (cont'd.)

Included in trade receivables due from related companies of the Group are amounts mainly due from:

	Group	
	2025 RM'000	2024 RM'000
i) Other related companies		
– Carigali-PTTEPI Operating Co. Sdn. Bhd.	206	38,695
– PETRONAS Carigali Sdn. Bhd.	1,414	94,212
– PETRONAS Gas Berhad	18	18
– Malaysian Refining Company Sdn. Bhd.	14,744	2,117
– MISC Marine Services Pte. Ltd.	10,801	9,928
– MISC Offshore Floating Terminal (L) Ltd.	18	1,228

Included in the other receivables of the Group are amounts due from:

	Group	
	2025 RM'000	2024 RM'000
Immediate holding company	417	2,889

Credit terms of trade receivables for the Group, including trade receivables from related companies and joint operation, range from 30 days to 60 days (2024: 30 days to 60 days).

Credit terms of other receivables, amounts due from joint venture and subsidiaries range from 30 days to 45 days (2024: 30 days to 45 days).

Further information on credit risk is disclosed in Note 27(b).

Notes to the Financial Statements

For the financial year ended 31 December 2025

18. Contract assets / (liabilities)

	Group	
	2025 RM'000	2024 RM'000
Contract assets (Note 27(b)(ii)(b))	588,060	969,352
Contract liabilities	(108,579)	(156,409)
	479,481	812,943

The movement of contract assets / (liabilities) is as follows:

	Group	
	2025 RM'000	2024 RM'000
At the beginning of the year	812,943	1,008,618
Revenue recognised during the year (Note 4)	1,976,263	3,608,561
Billings during the year	(2,309,725)	(3,804,236)
At the end of the year	479,481	812,943

Included in contract assets are allowances for expected credit losses of RM842,000 (2024: RM1,277,000).

	Group	
	2025 RM'000	2024 RM'000
Revenue recognised which was included in contract liabilities at the beginning of the financial year	156,409	170,671
Revenue recognised from performance obligations satisfied in the previous periods	156,432	336,198

Notes to the Financial Statements

For the financial year ended 31 December 2025

18. Contract assets / (liabilities) (cont'd.)

a) Contract assets

Included in contract assets of the Group are amounts in respect of projects for:

	Group	
	2025 RM'000	2024 RM'000
Other related companies		
- MISC Berhad	37,199	-
- MISC Offshore Floating Terminal (L) Ltd.	-	9,746
- MISC Marine Services Pte. Ltd.	-	7,110
- PETRONAS Carigali Sdn. Bhd.	218,225	645,878
- Carigali-PTTEPI Operating Co. Sdn. Bhd.	54,464	219,369
- Malaysian Refining Company Sdn. Bhd.	13,258	5,385

b) Contract liabilities

Included in contract liabilities of the Group are amounts in respect of projects for:

	Group	
	2025 RM'000	2024 RM'000
Other related companies		
- Malaysian Refining Company Sdn. Bhd.	8,859	-
- MISC Berhad	-	5,294
- MISC Offshore Floating Terminals (L) Limited	2,965	-

Notes to the Financial Statements

For the financial year ended 31 December 2025

19. Cash and bank balances

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash at banks and in hand	74,917	217,412	32	26
IFSSC bank balance	153,299	121,236	13,504	24,249
Deposits with licensed banks	229,817	118,943	29	29
Cash and bank balances	458,033	457,591	13,565	24,304

Since 1 July 2014, to allow for efficient cash management, most of the Group and the Company's cash and bank balances are held in the In-House Account (IHA) managed by PETRONAS Integrated Financial Shared Services Centre (IFSSC).

Cash at banks earn interest at floating rates based on daily bank deposit rates. Deposits with licensed banks are made depending on the immediate cash requirements of the Group and of the Company and earn interest rates ranging from 1.95% to 3.20% (2024: 2.45% to 4.00%) per annum. The maturity periods of the Group's deposits with licensed banks as at the reporting date ranged between 7 days to 90 days (2024: 6 days to 66 days).

The deposits with licensed banks of the Group and the Company of RM229,817,000 (2024: RM118,943,000) and RM29,000 (2024: RM29,000) respectively are placed with credible financial institutions.

Included in cash and bank balances of the Group is monies held in a finance service reserve account, restricted for use amounting to RM12,454,000 (2024: RM12,182,000).

20. Share capital

	Group and Company			
	Number of ordinary shares		Amount	
	2025 '000	2024 '000	2025 RM'000	2024 RM'000
Issued and fully paid:				
At 1 January / 31 December	1,600,000	1,600,000	1,618,263	1,618,263

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes to the Financial Statements

For the financial year ended 31 December 2025

21. Cash flow hedge reserve

	Group	
	2025 RM'000	2024 RM'000
At 1 January	(7,685)	325
Recognised in other comprehensive income:		
Fair value gain / (loss) on effective portion of cash flow hedge	6,451	(8,010)
At 31 December	(1,234)	(7,685)

The cash flow hedge reserve represents the effective portion of the net change in the fair value of the forward currency contracts as at the reporting date being RM1,234,000 (2024: RM7,685,000). As at 31 December 2025, the aforementioned forward currency contracts are expected to mature in year 2026.

22. Trade and other payables

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trade payables					
Third parties		345,304	229,928	-	-
Accruals		611,759	1,191,195	-	-
Retention monies		6,845	8,577	-	-
Provisions of:					
- Onerous contracts	a	474	4,621	-	-
- Warranties	b	134,338	141,079	-	-
		1,098,720	1,575,400	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2025

22. Trade and other payables (cont'd.)

Note	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Other payables				
Due to:				
- Immediate holding company	14,895	3,491	-	779
- Subsidiary	-	-	17,550	6,016
- Joint operation	8,355	2,398	-	-
Accruals	c	152,745	9,567	4,594
	175,995	148,115	27,117	11,389
Total trade and other payables	1,274,715	1,723,715	27,117	11,389
Add: Borrowings (Note 23)	251,950	261,252	-	-
Add: Lease liabilities (Note 12)	6,868	7,232	6,834	7,040
Less: Provisions of				
- Onerous contracts	(474)	(4,621)	-	-
- Warranties	(134,338)	(141,079)	-	-
Total financial liabilities carried at amortised cost	1,398,721	1,846,299	33,951	18,429

Credit terms of trade payables granted to the Group range from 30 days to 60 days (2024: 30 days to 60 days).

Amounts due to immediate holding company, subsidiary and joint operation are non-trade in nature and arose in the normal course of business.

(a) Provisions for onerous contracts

The movement of provisions for onerous contracts during the financial year are as follows:

	Group	
	2025 RM'000	2024 RM'000
At 1 January	4,621	85,362
Utilised during the year	(4,147)	(73,141)
Reversal of provision	-	(7,600)
At 31 December	474	4,621

Notes to the Financial Statements

For the financial year ended 31 December 2025

22. Trade and other payables (cont'd.)

b) Provisions for warranties

The movement of provisions for warranties during the financial year are as follows:

	Group	
	2025 RM'000	2024 RM'000
At 1 January	141,079	112,272
Recognised during the year	19,980	50,994
Utilised during the year	-	(22,187)
Reversal of provision	(26,721)	-
At 31 December	134,338	141,079

c) Accruals

Included in non-trade accruals are amounts due to:

	Group	
	2025 RM'000	2024 RM'000
Government-linked company		
- Tenaga Nasional Berhad	1,634	1,888

Notes to the Financial Statements

For the financial year ended 31 December 2025

23. Borrowings

	Group	
	2025 RM'000	2024 RM'000
Long-term borrowings		
Secured:		
Term loan	181,014	221,949
Short-term borrowings		
Secured:		
Term loan	40,936	39,303
Unsecured:		
Revolving credit	30,000	-
Total borrowings		
Term loan	221,950	261,252
Revolving credit	30,000	-
Total (Note 22)	251,950	261,252

During the year, the Group made total repayments of RM39,302,000 (2024: RM37,718,000) of term loan from its Tawarruq financing facility to finance the construction of Dry Dock No. 3. The term loan is secured by way of a charge over Dry Dock No. 3 with a carrying amount of RM383,316,000 (2024: RM398,107,000) and insurance of the relevant asset, as well as a corporate guarantee provided by the Company. The term loan is further secured by monies held in a finance service reserve account and is restricted for use as disclosed in Note 19. The loan bears a fixed profit rate of 4% per annum and is payable on a quarterly basis after a grace period of two years from the first drawdown.

During the year, the Group has drawn down revolving credit amounting to RM205,000,000 (2024: RM244,000,000) and made repayments of RM175,000,000 (2024: RM312,000,000) to finance its operations. The revolving credit bears an average profit rate of 3.59% per annum (2024: 3.88% per annum) and is payable on a monthly basis.

Notes to the Financial Statements

For the financial year ended 31 December 2025

23. Borrowings (cont'd.)

Details of the outstanding borrowings are as follows:

	Group	
	2025 RM'000	2024 RM'000
Amounts repayable:		
Less than one year	70,936	39,303
More than one year but not later than two years	42,643	40,936
More than two years but not later than five years	138,371	133,330
More than five years	-	47,683
	251,950	261,252

24. Commitments

	Group	
	2025 RM'000	2024 RM'000
Capital expenditure:		
Property, plant and equipment:		
Approved and contracted for	39,150	120,274
Approved but not contracted for	217,124	152,860
	256,274	273,134

Notes to the Financial Statements

For the financial year ended 31 December 2025

24. Commitments (cont'd.)

Operating lease commitments – as lessee

Future minimum rental payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2025 RM'000	2024 RM'000
Not later than 1 year	15,474	16,383
Later than 1 year but not later than 5 years	542	1,527
	16,016	17,910

Operating lease payments represent rental payable by the Group for use of office equipment. These payments comprise leases with contract terms of less than 12 months and leases of low-value assets with contract terms of more than 12 months, thus the Group has elected not to recognise the right-of-use assets and lease liabilities for these leases.

25. Derivatives

	Group			
	2025		2024	
	Contract / Notional amount RM'000	Fair value of liabilities RM'000	Contract / Notional amount RM'000	Fair value of liabilities RM'000
Current				
Forward currency contracts:				
- Derivative liabilities	162,069	1,239	410,500	1,278

As at 31 December 2025, the Group held forward currency contracts designated as hedges of future payments denominated in United States Dollars (USD), Euro (EUR), Sterling Pounds (GBP), Singapore Dollars (SGD) and Chinese Yuan (CNY) and future receipts denominated in USD. The forward currency contracts are being used to hedge the foreign currency risk of the highly probable forecasted transactions.

The cash flow hedges of the expected future payments which are expected to mature in year 2025 were assessed. During the year, the Group recognised a net unrealised derivatives gain of RM6,451,000 (2024: loss of RM8,010,000) in its other comprehensive income and derivative loss of RM6,412,000 (2024: RM32,780,000 derivative gain) in profit or loss for the effective and ineffective portion respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2025

26. Significant related party disclosures

In addition to related party disclosures elsewhere in the financial statements, set out below are other significant related party transactions. The directors are of the opinion that unless otherwise stated, the transactions below have been entered into in the normal course of business at terms agreed between the parties during the financial year.

As the ultimate holding company is wholly owned by the Ministry of Finance (MoF), the Group is deemed to be related to entities that are controlled, jointly controlled or significantly influenced by the Government of Malaysia.

	Group	
	2025 RM'000	2024 RM'000
a) Income:		
Provision of engineering and construction works, services for repairs, conversion of vessels and dry docking to:		
- fellow subsidiaries	193,269	188,129
- other related companies of ultimate holding company	753,183	2,825,172
b) Expenses:		
Rental of office premise and provision of administrative services from other related companies of the ultimate holding company	925	915
Purchases from:		
- ultimate holding company	2,704	131
- immediate holding company	44,571	19,522
- fellow subsidiary	-	3
- other related companies of the ultimate holding company	21,550	76,187
- government-related entities	33,591	33,943

Notes to the Financial Statements

For the financial year ended 31 December 2025

26. Significant related party disclosures (cont'd.)

c) Compensation of key management personnel

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly, including any director of the Group and of the Company.

The remuneration of members of key management during the financial year are as follows:

	Group	
	2025 RM'000	2024 RM'000
Short-term employee benefits	6,491	7,476
Management fees (Note 7) *	7,252	3,353
Post-employment benefits: Defined contribution plan	475	431
	14,218	11,260

	Company	
	2025 RM'000	2024 RM'000
Short-term employee benefits	1,878	2,230
Management fees (Note 7) *	6,727	2,679
Post-employment benefits: Defined contribution plan	118	177
	8,723	5,086

Included in the total remuneration of key management personnel are:

	Group and Company	
	2025 RM'000	2024 RM'000
Directors' remuneration (Note 8)	1,142	1,070

* Included in the remuneration of key management personnel are management fees in relation to the services of two current non-executive directors who are employees of the immediate holding company of the Group, MISC Berhad. There is one non-executive director and one executive director whom are employees of the ultimate holding company of the Group, PETRONAS.

Notes to the Financial Statements

For the financial year ended 31 December 2025

27. Financial instruments

(a) Financial risk management

The Group is exposed to various risks that are related to its core business of oil and gas engineering and construction works and marine conversion and repair. These risks arise in the normal course of the Group's businesses.

The Group monitors and ensures effective and robust execution of financial risk management through implementation of the Group's Financial Policy (the Policy), which was rolled down from the PETRONAS Financial Policy and MISC Financial Policy. The Policy anchors on the Group's commitment to become a financially resilient organisation. The Policy supports the following objectives:

1. Sets the overarching philosophy on commitment towards becoming financially resilient for longer term sustainability through efficient capital and liquidity management principles,
2. Ensures efficient capital and liquidity management amidst challenging and volatile business landscape,
3. Sets clear tone in shaping financial management and financial risk management practices for the organisation, and
4. Emphasises integration between Finance (Financial Management & Financial Risk Management) with businesses, to ensure business strategies integrate appropriate financial management and financial risk management consideration in the overall strategy.

The Group's key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk as summarised below. It is, and has been throughout the financial year under review, the Group's policy not to undertake any speculative trading in derivative financial instruments.

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from its operating activities, mainly from trade receivables and contract assets, and from its investing activities, including deposits with banks and financial institutions.

(i) Maximum credit risk exposure

The Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts as disclosed in Notes 17, 18 and 19.

(ii) Trade receivables and contract assets

(a) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date is as follows:

	Group	
	2025 RM'000	2024 RM'000
Heavy Engineering segment	604,283	1,156,728
Marine segment	186,813	111,131
	791,096	1,267,859

Notes to the Financial Statements

For the financial year ended 31 December 2025

27. Financial instruments (cont'd.)

(b) Credit risk (cont'd.)

(ii) Trade receivables and contract assets (cont'd.)

(b) Recognition and measurement of impairment loss

At each reporting date, the Group and the Company assess whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group performs credit rating assessment of all its counterparties in order to measure expected credit loss (ECL) of trade receivables for all segments using the PETRONAS Credit Risk Rating System. This credit rating assessment considers quantitative assessment using the counterparties' financial statements or a qualitative assessment of the counterparties, which includes but is not limited to their reputation, competitive position, industry and geopolitical outlook.

In determining the ECLs, the probability of default assigned to each counterparty is based on each individual counterparty's credit rating. This probability of default is derived by benchmarking against available third party and market information, which also incorporates forward looking information. Loss given default is the assumption of the proportion of financial asset that cannot be recovered by conversion of collateral to cash or by legal process, and is assessed based on the Group's historical experience.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2025 and 31 December 2024 which are grouped together as they are expected to have similar risk nature.

Notes to the Financial Statements

For the financial year ended 31 December 2025

27. Financial instruments (cont'd.)

(b) Credit risk (cont'd.)

(ii) Trade receivables and contract assets (cont'd.)

(b) Recognition and measurement of impairment loss (cont'd.)

Credit risk rating

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2025			
Low risk	624,051	(1,910)	622,141
Medium risk	73,355	(239)	73,116
High risk	68,002	(134)	67,868
	765,408	(2,283)	763,125
Individually impaired	25,688	(25,688)	-
	791,096	(27,971)	763,125
Representing:			
Trade receivables (Note 17)	202,194	(27,129)	175,065
Contract assets (Note 18)	588,902	(842)	588,060
	791,096	(27,971)	763,125

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2024			
Low risk	136,585	(57)	136,528
Medium risk	866,892	(1,097)	865,795
High risk	236,715	(592)	236,123
	1,240,192	(1,746)	1,238,446
Individually impaired	27,667	(27,667)	-
	1,267,859	(29,413)	1,238,446
Representing:			
Trade receivables (Note 17)	297,230	(28,136)	269,094
Contract assets (Note 18)	970,629	(1,277)	969,352
	1,267,859	(29,413)	1,238,446

Notes to the Financial Statements

For the financial year ended 31 December 2025

27. Financial instruments (cont'd.)

(b) Credit risk (cont'd.)

(ii) Trade receivables and contract assets (cont'd.)

(b) Recognition and measurement of impairment loss (cont'd.)

The trade receivables that are neither past due nor impaired, past due but not impaired and impaired are disclosed below:

	Group	
	2025 RM'000	2024 RM'000
Neither past due nor impaired	138,876	234,361
1 to 30 days past due not impaired	18,966	23,254
31 to 60 days past due not impaired	7,508	9,024
61 to 90 days past due not impaired	7,146	496
More than 90 days past due not impaired	2,569	1,959
Impaired	36,189	34,733
	27,129	28,136
	202,194	297,230

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and / or have adequate security in the form of corporate guarantee or collaterals.

The Group has trade receivables that are past due at the reporting date but not impaired amounting to RM36,189,000 (2024: RM34,733,000). These balances are either secured by collaterals or relate mainly to customers who have never defaulted on payments but are slow paymasters and hence, are periodically monitored.

The movements in the allowance for impairment losses of trade receivables and contract assets during the year are as follows:

	Group	
	2025 RM'000	2024 RM'000
At 1 January	29,413	31,600
Net reversal for impairment loss (Note 6)	(1,442)	(2,187)
At 31 December	27,971	29,413

Notes to the Financial Statements

For the financial year ended 31 December 2025

27. Financial instruments (cont'd.)

(b) Credit risk (cont'd.)

(iii) Other receivables

The Group's other receivables that are impaired at the reporting date are as follows:

	Group	
	2025 RM'000	2024 RM'000
At 1 January	5,069	4,184
Net (reversal) / allowance for impairment loss (Note 6)	(435)	885
At 31 December (Note 17)	4,634	5,069

(iv) Other financial assets

With respect to credit risk arising from other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure represented by the carrying amount of these instruments.

Since 1 July 2014, cash and bank balances were held in the IHA managed by PETRONAS IFSSC. The centralisation of fund management allows for effective cash visibility, fund management for the Group and minimise exposure to counterparty credit risk. The beneficiary of these financial assets remain with the Group.

PETRONAS IFSSC, which operates as a treasury management platform, in turn, places all funds under management in licensed financial institutions with strong credit ratings globally and in Malaysia. In addition, the Group's deposits are placed with licensed banks with strong credit ratings in Malaysia.

(c) Liquidity risk

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

As at 31 December 2025, the Group and the Company had at its disposal cash and cash equivalents amounting to RM445,579,000 (2024: RM445,409,000) and RM13,565,000 (2024: RM24,304,000) respectively.

The Group's holding of cash and short-term deposits, together with committed funding facilities and net cash generated from operating activities, are expected to be sufficient to cover its cash flow requirements.

Notes to the Financial Statements

For the financial year ended 31 December 2025

27. Financial instruments (cont'd.)

(c) Liquidity risk (cont'd.)

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

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Group				
At 31 December 2025				
Trade and other payables	1,139,903	-	-	1,139,903
Lease liabilities	949	4,577	2,365	7,891
Borrowings	71,254	182,394	-	253,648
Deriatives	1,239	-	-	1,239
	1,213,345	186,971	2,365	1,402,681
At 31 December 2024				
Trade and other payables	1,577,815	-	-	1,577,815
Lease liabilities	1,079	3,696	4,196	8,971
Borrowings	49,815	199,262	49,299	298,376
Deriatives	1,278	-	-	1,278
	1,629,987	202,958	53,495	1,886,440
Company				
At 31 December 2025				
Other payables	27,117	-	-	27,117
Lease liabilities	915	4,577	2,365	7,857
	28,032	4,577	2,365	34,974
At 31 December 2024				
Other payables	11,389	-	-	11,389
Lease liabilities	915	3,662	4,196	8,773
	12,304	3,662	4,196	20,162

Notes to the Financial Statements

For the financial year ended 31 December 2025

27. Financial instruments (cont'd.)

(d) 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.

As the Group has no significant long-term interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short-term in nature and have been placed mostly in time deposits and overnight placements.

As most of the Group's financial liabilities are fixed rate instruments measured at amortised cost, a change in interest rate is not expected to have material impact on the Group's and the Company's profit or loss.

The carrying amount of revolving credit is reasonable approximation of fair value as it is a floating rate instrument that is re-priced to market interest rate on or near the reporting date.

(e) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily USD, EUR and SGD.

The net unhedged significant financial receivables and payables and cash and bank balances of the Group that are not denominated in their functional currencies are as follows:

	USD RM'000	EUR RM'000	SGD RM'000	Total RM'000
Group				
Net assets / (liabilities)				
At 31 December 2025	(25,379)	(5,442)	(781)	(31,602)
At 31 December 2024	31,072	(2,767)	8,632	36,937

Notes to the Financial Statements

For the financial year ended 31 December 2025

27. Financial instruments (cont'd.)

(e) Foreign currency risk (cont'd.)

(i) Foreign currency sensitivity

The following table demonstrates the sensitivity of the Group's profit before taxation and other comprehensive income to a reasonably possible change in the USD, EUR and SGD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant:

	Change in currency rate %	Effect on profit before taxation (Decrease) / increase RM'000	Effect on other comprehensive income (Decrease) / increase RM'000
31 December 2025			
USD	+10%	(50,117)	(4,923)
	-10%	50,117	4,923
EUR	+10%	(5,442)	2,978
	-10%	5,442	(2,978)
SGD	+5%	(781)	529
	-5%	781	(529)

	Change in currency rate %	Effect on profit before taxation (Decrease) / increase RM'000	Effect on other comprehensive income (Decrease) / increase RM'000
31 December 2024			
USD	+10%	21,631	(13,443)
	-10%	(21,631)	13,443
EUR	+10%	(277)	22
	-10%	277	(22)
SGD	+5%	432	4
	-5%	(432)	(4)

Notes to the Financial Statements

For the financial year ended 31 December 2025

28. Capital management

The Group's capital management is defined as the process of managing the ratio of its equity and debt structure so as to ensure that it maintains a healthy capital ratio to support its business and maximise shareholders' value. The Group's approach in managing capital is set out in the Group's financial policy.

The debt to equity ratio of the Group as at 31 December 2025 and 31 December 2024 are as follows:

	Note	2025 RM'000	2024 RM'000
Borrowings	23	251,950	261,252
Total equity		1,489,596	1,380,356
Gross debt to equity ratio		0.17	0.19

The gearing ratio is not governed by MFRS Accounting Standards and its definition and calculation may vary from one group / company to another.

29. Fair value of financial instruments

Fair value information

The carrying amounts of cash and bank balances, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of floating rate loans and borrowings reasonably approximate their fair values as they are repriced to market interest rates on or near the reporting date.

The following table analyses financial assets and financial liabilities of the Group carried at fair value and financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Notes to the Financial Statements

For the financial year ended 31 December 2025

29. Fair value of financial instruments (cont'd.)

Fair value information (cont'd.)

	Note	Fair value of financial instruments carried at fair value			
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group					
At 31 December 2025					
Financial liability					
Forward currency contracts	25	-	(1,239)	-	(1,239)
At 31 December 2024					
Financial liability					
Forward currency contracts	25	-	(1,278)	-	(1,278)

	Note	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Group						
At 31 December 2025						
Financial liability						
Term loan - fixed rate	23	-	(210,058)	-	(210,058)	(221,950)
At 31 December 2024						
Financial liability						
Term loan - fixed rate	23	-	(244,463)	-	(244,463)	(261,252)

Notes to the Financial Statements

For the financial year ended 31 December 2025

29. Fair value of financial instruments (cont'd.)

Fair value information (cont'd.)

Transfers between Level 1 and Level 2 fair values

There has been no transfers between Level 1 and Level 2 fair values during the financial year.

Level 1 fair value measurements

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical assets that the entity can assess at the measurement date.

Level 2 fair value measurements

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset either directly or indirectly.

The following are descriptions of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Forward foreign exchange contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves.

Non-derivative financial liabilities

The fair value of the fixed rate loan and borrowings which is determined for disclosure purposes is calculated by discounting expected future cash flows at the market rate of interest at the end of the reporting period.

Level 3 fair value measurements

Level 3 fair value is estimated using unobservable inputs that are not based on observable market data.

Notes to the Financial Statements

For the financial year ended 31 December 2025

30. Segment information

For management purposes, the Group is organised into business segments according to the services provided:

- (i) Heavy Engineering segment – provision of services for oil and gas engineering, and construction works.
(ii) Marine segment – provision of marine conversion works and repair services.

	Heavy Engineering segment RM'000	Marine segment RM'000	Others RM'000	Total RM'000	Adjustment and elimination RM'000	Note	Consolidated RM'000
31 December 2025							
Revenue							
External customers	1,415,785	560,478	-	1,976,263	-		1,976,263
Result							
Operating profit	71,390	63,131	(18,487)	116,034	(38)	A	115,996
Finance cost				(11,478)	-		(11,478)
Profit before taxation				104,556	(38)		104,518
Taxation				(1,729)	-		(1,729)
Profit for the year				102,827	(38)		102,789
Segment assets							
Contract assets	506,852	81,208	-	588,060	-		588,060
Trade receivables	94,245	80,820	-	175,065	-		175,065
Total segment assets	601,097	162,028	-	763,125	-	B	763,125
Segment liabilities							
Contract liabilities	(90,822)	(17,757)	-	(108,579)	-		(108,579)
Total segment liabilities	(90,822)	(17,757)	-	(108,579)	-	C	(108,579)
Included in operating profit / (loss) are:							
Depreciation and amortisation	-	-	-	(80,665)	-		(80,665)
Assets written off	-	-	-	(50)	-		(50)
Net reversal of impairment loss - trade and other receivables (net)	1,294	583	-	1,877	-		1,877

Notes to the Financial Statements

For the financial year ended 31 December 2025

30. Segment information (cont'd.)

	Heavy Engineering segment RM'000	Marine segment RM'000	Others RM'000	Total RM'000	Adjustment and elimination RM'000	Note	Consolidated RM'000
31 December 2024							
Revenue							
External customers	3,186,592	421,969	-	3,608,561	-		3,608,561
Result							
Operating profit	110,109	40,963	(9,937)	141,135	(91)	A	141,044
Finance cost				(17,776)	-		(17,776)
Profit before taxation				123,359	(91)		123,268
Taxation				(2,242)	-		(2,242)
Profit for the year				121,117	(91)		121,026
Segment assets							
Contract assets	915,988	53,364	-	969,352	-		969,352
Trade receivables	229,370	39,660	64	269,094	-		269,094
Total segment assets	1,145,358	93,024	64	1,238,446	-	B	1,238,446
Segment liabilities							
Contract liabilities	(151,115)	(5,294)	-	(156,409)	-		(156,409)
Total segment liabilities	(151,115)	(5,294)	-	(156,409)	-	C	(156,409)
Included in operating profit / (loss) are:							
Depreciation and amortisation	-	-	-	(78,156)	(38)		(78,194)
Assets written off	-	-	-	(14,287)	-		(14,287)
Net reversal of impairment loss - trade and other receivables (net)	-	2,934	(1,632)	1,302	-		1,302

Notes to the Financial Statements

For the financial year ended 31 December 2025

30. Segment information (cont'd.)

Management monitors the assets and liabilities on a group basis and not by operating segments.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Note

A Inter-segment revenues and transactions are eliminated on consolidation.

B The following items are deducted from total assets as reported in the statements of financial position to arrive at segment assets:

	2025 RM'000	2024 RM'000
Total assets	3,132,947	3,530,512
Property, plant and equipment	1,627,047	1,534,988
Right-of-use assets	179,953	187,480
Investment in joint ventures	57	57
Deferred tax assets	94,233	94,047
Inventories	3,314	2,637
Other receivables	7,082	15,266
Cash and bank balances	458,033	457,519
Tax recoverable	103	-
Adjustments and eliminations to total assets	2,369,822	2,292,066
Total segment assets	763,125	1,238,466
The segment assets comprise:		
Contract assets	588,060	969,352
Trade receivables	175,065	269,094
	763,125	1,238,446

C The following items are deducted from total liabilities as reported in the statements of financial position to arrive at segment liabilities:

	2025 RM'000	2024 RM'000
Total liabilities	1,643,351	2,150,156
Trade and other payables	1,274,715	1,723,985
Derivatives	1,239	1,278
Borrowing	251,950	261,252
Lease liabilities	6,868	7,232
Adjustments and eliminations to total liabilities	1,534,772	1,993,747
Total segment liabilities	108,579	156,409

The segment liabilities solely comprise of contract liabilities.

Notes to the Financial Statements

For the financial year ended 31 December 2025

30. Segment information (cont'd.)

Geographical information

Substantially all of the Group's revenue is derived locally and non-current assets are located within Malaysia.

Information about major customers

Breakdown of revenue from major customers are as follows:

	2025 RM'000	2024 RM'000
PETRONAS Carigali Sdn. Bhd., a related company - Heavy Engineering segment	563,835	1,695,302
Carigali-PTTEPI Operating Co., a related company - Heavy Engineering segment	155,336	1,075,046
TotalEnergies EP Sarawak Inc. - Heavy Engineering segment	29,288	41,172
SapuraOMV Upstream (Sarawak) Inc. - Heavy Engineering segment	-	197,160
Sarawak Shell Berhad - Heavy Engineering segment	57,267	131,309
MISC Offshore Floating Terminal (L) Ltd., a fellow subsidiary - Marine segment	47,886	95,062
MISC Berhad, an immediate holding company - Marine segment	101,387	47,606
Malaysian Refining Company Sdn. Bhd., a related company - Marine segment	32,012	28,487
MISC Shipmanagement (L) Pte. Ltd. (formerly known as Eaglestar Shipmanagement (L) Pte. Ltd.), a fellow subsidiary - Marine segment	-	28,273
Petrofac International Ltd. - Heavy Engineering segment	228,038	22,967
Uzma Engineering Sdn. Bhd. - Marine segment	17,175	22,549

Notes to the Financial Statements

For the financial year ended 31 December 2025

31. Significant events

31.1 Material litigations

Haumea Offshore Sdn. Bhd. (Haumea) v MMHE

On 15 April 2025, MMHE received a Notice of Arbitration (NOA) dated 11 April 2025 from the solicitors for Haumea Offshore Sdn. Bhd. (formerly known as Trans Fame Offshore Sdn. Bhd. (TFO)) in relation to claims arising from Subcontract No. 3900007170 titled "Hook-up And Commissioning Works And Marine Vessels For Bokor Phase 3 Redevelopment Project (Package A)" (hereinafter referred to as "the Subcontract").

Under the Subcontract, Haumea was appointed by MMHE as the subcontractor to provide Hook-up and Commissioning (HUC) works, including marine vessels, for the Bokor Phase 3 Redevelopment Project (the Works). In the NOA, Haumea claims that there were disputes between Haumea and MMHE under the Subcontract in relation to Haumea's performance of the Works. Haumea has included an indicative amount of its alleged loss as part of the NOA, at approximately RM57.3 million, including interest, costs and / or other reliefs.

On 20 May 2025, the High Court of Johor Bahru granted an ex-parte injunction in favour of MMHE, restraining Haumea from registering the NOA, commencing or proceeding with arbitration in connection with the NOA pending determination by the High Court of its validity.

The High Court has proceeded with the inter-parte hearing of the interim injunction application on 3 July 2025 and fixed the decision on 5 August 2025. The High Court also on the same date fixed for case management to MMHE's Originating Summons (OS) on:

- (a) A declaration that the NOA is invalid, premature and wrong in law; and
- (b) An injunction to restrain Haumea from registering, proceeding and / or commencing any arbitration proceedings in relation to the NOA.

On 5 August 2025, the High Court of Johor Bahru allowed Haumea's application to set aside MMHE's ex-parte injunction with cost of RM10,000 and on 27 October 2025 allowed Haumea's application to set aside MMHE's OS. MMHE had filed Notices of Appeal against both decisions.

Following the High Court's decision on the OS, Haumea may proceed with the arbitral proceedings under the NOA. Nevertheless, in the event MMHE's appeal against the High Court's decision is allowed by the Court of Appeal, the arbitral proceedings, if any, commenced under the NOA, would be rendered null and void. As at the date of this financial statements, Haumea has yet to proceed with the arbitration proceedings.

31.2 Update on the subcontracts to build offshore substations HVDC platforms for TenneT's 2GW programme

In March 2023, TenneT TSO B.V. (TenneT), Hitachi Energy Sweden AB (Hitachi), and Petrofac International (UAE) LLC (Petrofac) signed a multi-year framework agreement for six 2GW high voltage direct current (HVDC) platforms comprising offshore substations. Subsequently, in November 2023 and May 2024, Petrofac and MMHE entered into subcontract agreements for the fabrication of topsides and jackets including piles.

On 23 October 2025, Petrofac Limited had issued an announcement to the London Stock Exchange that it had received notification from TenneT terminating its scope of work on the 2GW programme with immediate effect.

Pursuant to that announcement, TenneT as the ultimate client is undertaking the novation of the subcontracts to formalise the transfer of contractual obligations to ensure the continuity of the projects. During this period, MMHE continues to perform its obligations under the original subcontracts agreements.

